

Credit Risk Metrics

Gwen Kelly, Sr. Director,
Credit Risk & Surveillance

Risk Management Committee
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Full Portfolio Metrics *as of 8/26/2021*

Classification	Total Unsecured Credit Allowance (UCA)	Current			Last Month			Class % of Exposure	% ? m/m
		UCA with Exposure	Net Exposure	Class % of Exposure	Total Unsecured Credit Allowance	UCA with Exposure	Net Exposure		
Investment Grade	\$2,150,020,581	\$1,024,069,253	\$119,193,279	85%	\$2,193,844,741	\$1,076,017,111	\$108,236,378	86%	10%
Private IG	\$236,570,977	\$87,455,990	\$18,871,051	13%	\$234,853,187	\$83,452,381	\$16,597,243	13%	14%
Sub Inv-Grade	\$4,459,375	\$0	\$0	0%	\$4,459,375	\$0	\$30,165	0%	-100%
Private SG	\$28,122,373	\$10,253,287	\$1,697,298	1%	\$31,997,451	\$9,286,603	\$774,848	1%	119%
Not Rated	\$15,976,299	\$5,000,000	\$719,976	1%	\$16,178,299	\$5,202,000	\$849,367	1%	-15%
Total	\$2,435,149,605	\$1,126,778,530	\$140,481,604	100%	\$2,481,333,053	\$1,173,958,095	\$126,488,001	100%	11%

Unsecured Credit Allowance (UCA):

- Total credit extended by rating class per tariff Q
- Shows where PJM *is comfortable taking risk*

Highlights:

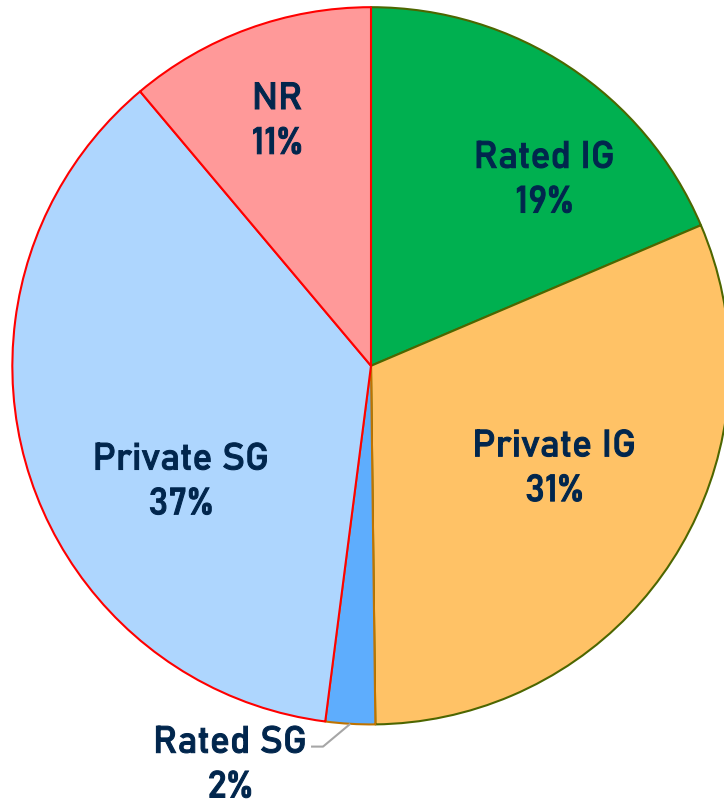
- 1 A- rated corporate family represents >10% of exposure exceeding collateral

Net Exposure:

- Unsecured Credit Allowance utilization
- Current outstanding invoices + unbilled – available market collateral
- Shows where PJM *is taking risk*

<u>Defaulting Member Company</u>	<u>Amt of Default</u>	<u>Date of Default</u>	<u>Date of Cure</u>	<u>Type of Default</u>
-	-	-	-	-

Source: eCredit member data reports (8-26-2021)



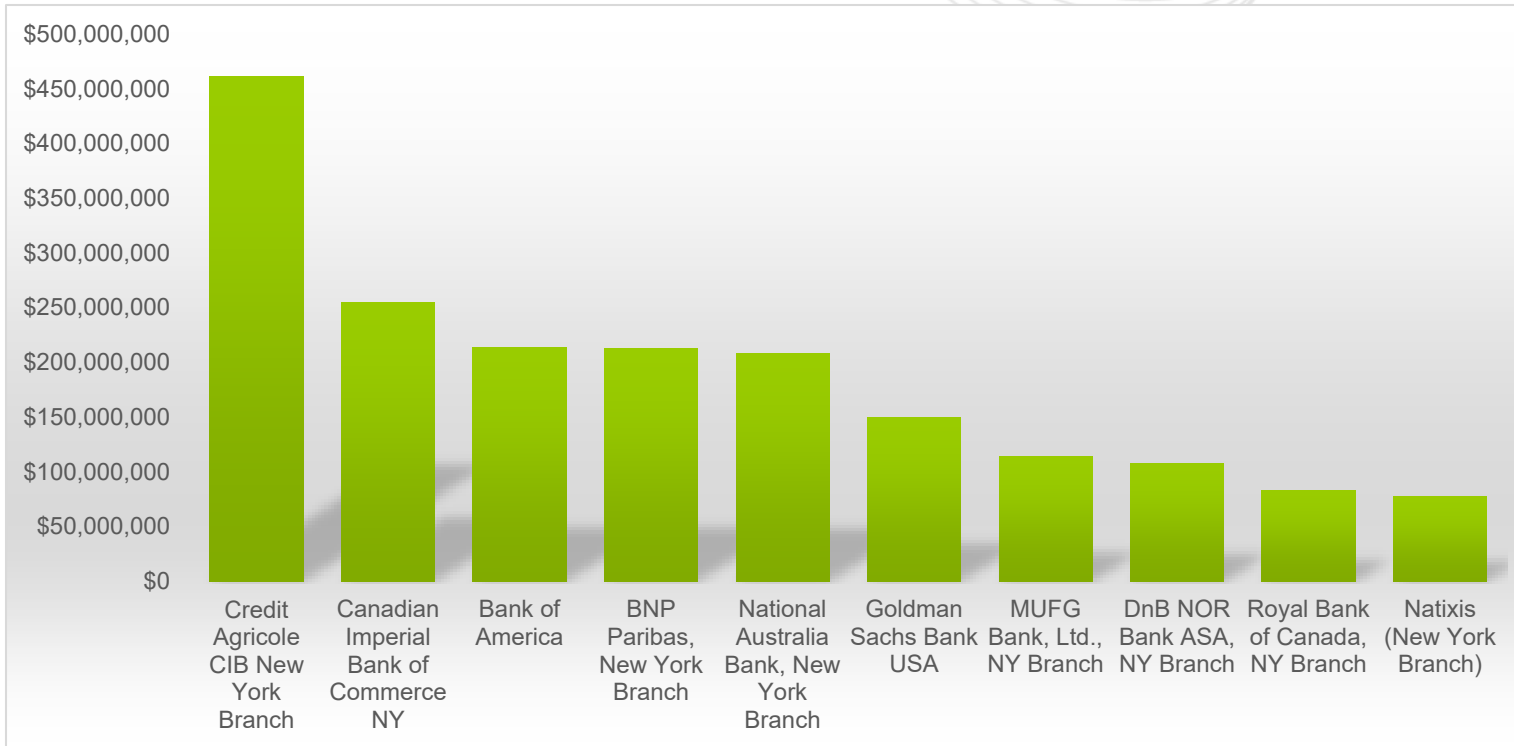
Classification	Current		Last Month		\$ ▲ m/m
	FTR Credit Req.	% of Port.	FTR Credit Req.	% of Port.	
Rated Investment-Grade	\$262,717,961	19%	\$232,716,175	18%	13%
Private IG	\$441,191,356	31%	\$427,663,328	32%	3%
Rated Sub Inv-Grade	\$31,515,878	2%	\$28,479,323	2%	11%
Private SG	\$520,526,728	37%	\$497,290,609	37%	5%
Not Rated	\$157,349,004	11%	\$140,469,169	11%	12%
Total	\$1,413,300,927	100.00%	\$1,326,618,604	100.00%	7%

FTR Portfolio Metrics as of August 26

- 100% of the FTR credit requirement is collateralized by Cash or Letter of Credit
- 49% of the portfolio is concentrated in the top 10 market participants (down 2% m/m)
- No market participants or corporate families represent over 10% of the portfolio

Source: eCredit member data reports (8-26-2021)

Top 10 LC Concentrations (Total PJM) *as of 8/26/2021*



- Every issuer holds a rating greater than A-
- 77% of PJM's LC's are with the top 10 banks
- 2 Banks represent more than 10% of the portfolio
- 36 banks have issued Letters of Credit to PJM
- Total LCs held by PJM: \$2.44Bn
- Total Cash held by PJM: \$1.98Bn

LC Source: eCredit Bank LC Summary Report (8-26-2021)
Cash Source: PJM Treasury (8-26-2021)

August News:

- Remnants of Hurricane Ida washed over the PJM footprint during the month. The PJM Credit team researched and identified a portion of membership across Ida's pathway. The study found that members with excess positive exposure (after netting available collateral) were located in lesser-impacted areas of Ida's footprint and posed minimal risk to the market.
- A PJM member saw a Credit Rating downgrade during the month. Market challenges and a stressed capital structure were cited as the cause. PJM had no unsecured exposure or credit extended to this generator.

Facilitator:
Jim Gluck, Jim.Gluck@pjm.com

Secretary:
Emmy Messina,
Emmy.Messina@pjm.com

SME/Presenter:
Gwen Kelly, Gwen.Kelly@pjm.com

Credit Risk Metrics



Member Hotline

(610) 666 – 8980

(866) 400 – 8980

custsvc@pjm.com

Appendix

Portfolio Viewpoint:

- Exposure Pie 1: PJM FTR \$\$\$ Exposure by rating

Portfolio Concentrations:

- Sum of Top 10 concentrations as % of total exposure – FTR group
- Concentrations at Unrated, rated investment-grade, rated below-investment grade partners
- # of Single partner concentrations greater than 10% of the FTR book

Defaults, Collateral, Downgrades:

- # of Defaults this month + \$ amounts
- LC Concentrations (Financial Institutions)
- Surety Concentrations (Insurance Companies)
- Unsecured credit extended by rating (All companies)
- Rating Agency downgrades this month: monologue with industry and non-member specific downgrade info