HSIM Update

Gwen Kelly, Sr. Director- Credit & Collateral

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Risk Management Committee

August 23, 2022
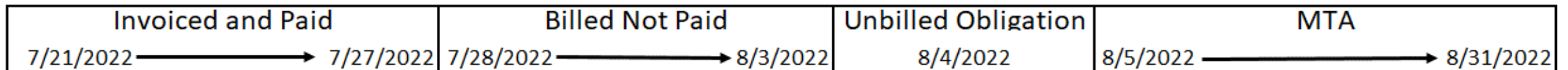
Realized Gains and Losses (RGL)

- Realized Gains and Losses – are capture in FTR requirement on a daily basis as gains/losses are realized

- RGL component is removed from the Total Current Exposure – (TCE) in eCredit
    - RGL Adjustments - net realized G/L portion removed TCE
    - Effect of RGL Adjustments – the effect on the TCE of moving realized gains/losses from TCE to the FTR credit requirement.

RGL & MTA Continuum (view as of 8/4/2022)

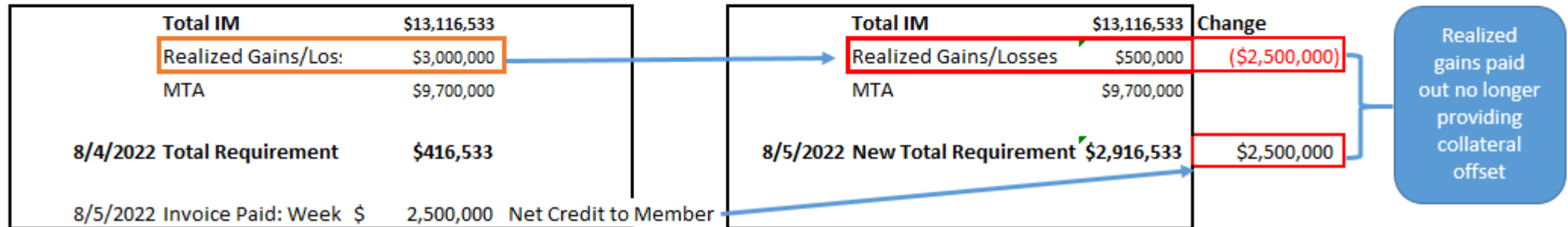| Invoiced and Paid	Billed Not Paid	Unbilled Obligation	MTA
7/21/2022 ⟶ 7/27/2022	7/28/2022 ⟶ 8/3/2022	8/4/2022	8/5/2022 ⟶ 8/31/2022

- Invoice payment changes the RGL total and impacts collateral requirement by removing credits that were offsetting requirements or charges that were adding to credit collateral requirements

- Maintain enough collateral balance to account for RGL fluctuation

MEASUREMENT_DATE	RUNDATE	PERIOD_START_DATE	PERIOD_END_DATE	HSIM_IM	PER_MWH	CLEARED_ARR	MTA	IM_OPTION	Net IM	IM sqared-monthly
8/4/2022	8/4/2022 1:12 AM	8/1/2022	8/31/2022	$2,380,000	$60,000	$2,320,000	$1,100,000	0	$60,000	$3,600,000,000
8/4/2022	8/4/2022 1:12 AM	9/1/2022	9/30/2022	$2,490,000	$50,000	$2,400,000	$1,300,000	0	$90,000	$8,100,000,000
8/4/2022	8/4/2022 1:12 AM	10/1/2022	10/31/2022	$2,140,000	$50,000	$2,570,000	$3,200,000	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	11/1/2022	11/30/2022	$1,400,000	$70,000	$2,490,000	$600,000	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	12/1/2022	12/31/2022	$1,740,000	$80,000	$2,570,000	($600,000)	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	1/1/2023	1/31/2023	$1,510,000	$90,000	$2,570,000	($600,000)	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	2/1/2023	2/28/2023	$1,370,000	$90,000	$2,320,000	($600,000)	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	3/1/2023	3/31/2023	$910,000	$70,000	$2,570,000	$1,000,000	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	4/1/2023	4/30/2023	$750,000	$60,000	$2,490,000	$0	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	5/1/2023	5/31/2023	$620,000	$50,000	$2,570,000	($600,000)	0	$0	$0
8/4/2022	8/4/2022 1:12 AM	6/1/2023	5/31/2024	$6,460,000	$300,000	$0	$2,700,000	0	$6,460,000	
8/4/2022	8/4/2022 1:12 AM	6/1/2024	5/31/2025	$4,010,000	$200,000	$0	$2,200,000	0	$4,010,000	
8/4/2022	8/4/2022 1:12 AM	6/1/2025	5/31/2026	$2,530,000	$130,000	$0	$0	0	$2,530,000	

Total IM	$13,116,533
Realized Gains/Los:	$3,000,000
MTA	$9,700,000
8/4/2022 Total Requirement	**$416,533**
8/5/2022 Invoice Paid: Week $	2,500,000 Net Credit to Member

		Change
Total IM	$13,116,533	
Realized Gains/Losses	$500,000	($2,500,000)
MTA	$9,700,000	
8/5/2022 New Total Requirement	**$2,916,533**	$2,500,000

Realized gains paid out no longer providing collateral offset

– Two new FTR Class Types
  - DailyOffPeak
  - WkndOnPeak
  - Existing OffPeak class type phasing out

– HSIM requires historical p-node price history from 2008
  - DA settled prices will be calculated using the corresponding hourly settled prices
  - Historical Off-Peak auction prices will be used for both DailyOffPeak and WkndOnPeak auction prices
  - The auction prices represent what were actually traded in past auctions, without subjective price shaping
  - HSIM for existing positions are not impacted
  - We will examine and refine the OffPeak auction price splitting methodology as more FTR auction prices for new class types become available

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HSIM Update

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5