

# FTR Credit Requirements

Harold Loomis  
Credit Subcommittee  
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- A proposal for revised FTR credit requirements to mitigate exposure from transmission upgrades was endorsed by the Credit Subcommittee and has been presented to the MIC and MRC
- Existing Issue Charges exist for consideration of
  - FTR Undiversified credit alternative
  - Minimum per-MWH credit requirement
- During stakeholder discussion of FTR credit for transmission upgrades, PJM also committed to discuss a Mark-to-Market option
- PJM intends to consider all of these possibilities during a unified stakeholder discussion over the next six months

- In 2016, a proposal was developed to replace the Undiversified adder with a modification to the underlying credit requirement
  - Change the historical value adjustment from 10% to 25% for counterflow FTRs
  - This proposal did not require sufficient credit to cover the defaults in 2007-2008
- An updated stakeholder proposal in 2017 included both the 25% historical value adjustment and also retention of the undiversified adder but with a threshold (“deductible”)

- A stakeholder proposal has been made to institute a minimum per-MWH credit requirement using a tiered MWH factor
- PJM supports the idea of a minimum credit requirement, but wants to also consider a single (flat) MWH factor

All FTR positions held on October 1, 2017	Total Credit Requirements With ARRs
Current Credit Rules	868,675,782
With tiered Per-MWH Min *	999,046,919
With 10¢/MWH Min	1,003,806,129
With 20¢/MWH Min	1,228,828,240
With 30¢/MWH Min	1,530,042,314

\* Per-MWH credit rate of \$.50, \$.25, \$.10, \$.01 for total account MWH within the following levels (millions): 0-1, 1-10, 10-100, >100