

Member Default of Non-Performance Charges

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- Non-Performance Charges and Bonus Performance Credits are billed within three calendar months after the calendar month that included the Performance Assessment Hour
 - If PAH occurs on June 30, Charges and Credits billed starting with the September monthly bill
 - If PAH occurs on July 1, Charges and Credits billed starting with the October monthly bill
- Charges and Credits are billed by dividing the total dollar amounts owed/due by the number of months remaining in the Delivery Year
 - Only pay out Credits for same amount collected on Charges

If a PAH occurs in June, Charges and Credits will be billed starting with the September bill through the May bill

Delivery Year												Delivery Year + 1		
June	July	August	September	October	November	December	January	February	March	April	May	June	July	August
June														
	July													
		August												
			September											
				October										
					November									
						December								
							January							
								February						
									March					
										April				
											May			

- Performance Assessment Hour Occurs
- Non-Performance Charge/Bonus Performance Credit in Monthly Bill*

*Monthly bill is issued on the 5th business day following the end of the billing month

- Non-Performance Charges will be handled separately from normal default process
- Bonus Performance Credits are tied directly to Non-Performance Charges
- Default of Non-Performance Charges reduces Bonus Performance Credits on a pro-rata share

Company A has only a Non-Performance Charge. No Bonus Performance Credit.



PAH occurs on 6/5/16		
Company	Total Non-Performance Charge	Total Bonus Performance Credit
A	\$ 100,000.00	
B	\$ 60,000.00	\$ 7,500.00
C	\$ 25,000.00	
D		\$ 70,000.00
E		\$ 35,000.00
F		\$ 15,000.00
G		\$ 27,000.00
H		\$ 30,500.00
Total	\$ 185,000.00	\$ 185,000.00

All Charges and Credits are associated with a single PAH on 6/5/16

Example 1 - Company A Default

Totals are divided by 9 (remaining months in DY)

Company	Non-Performance Charges billed in September Bill	Bonus Performance Credits paid in September Bill	Total September Bill (Issued in Oct)
A	\$ 11,111.11		\$ 180,000.00
B	\$ 6,666.67	\$ 833.33	\$ 70,000.00
C	\$ 2,777.78		\$ (40,000.00)
D		\$ 7,777.78	\$ (105,000.00)
E		\$ 3,888.89	\$ (45,000.00)
F		\$ 1,666.67	\$ 10,000.00
G		\$ 3,000.00	\$ (22,000.00)
H		\$ 3,388.89	\$ (48,000.00)
Total	\$ 20,555.56	\$ 20,555.56	\$ -

**Standard Default Process
applies**

Default Breakdown	
All Other Charges	Non-Performance Charges
\$ 168,888.89	\$ 11,111.11

**Total Default for
September bill is \$180,000**

**Default of Non-Performance Charges directly impacts
Bonus Performance Credits on pro-rata share**

Example 1 - Company A Default

In Oct. bill (issued in Nov)		
Bonus Performance Credit		
Company	Bonus Performance Credits paid in September Bill	Adjustment for the September bill
A		
B	\$ 833.33	\$ (450.45)
C		
D	\$ 7,777.78	\$ (4,204.20)
E	\$ 3,888.89	\$ (2,102.10)
F	\$ 1,666.67	\$ (900.90)
G	\$ 3,000.00	\$ (1,621.62)
H	\$ 3,388.89	\$ (1,831.83)
Total	\$ 20,555.56	\$ (11,111.11)

$$\frac{\$11,111.11}{\$20,555.56} \times \$833.33$$

Adjustment to September bill

Example 1 - Company A Default

Company	In Oct. bill (issued in Nov)	In Oct. bill (issued in Nov)
	Bonus Performance Credit	Bonus Performance Credit
	Original Bonus Performance Credit amount	Adjustment for the October bill
A		
B	\$ 833.33	\$ (450.45)
C		
D	\$ 7,777.78	\$ (4,204.20)
E	\$ 3,888.89	\$ (2,102.10)
F	\$ 1,666.67	\$ (900.90)
G	\$ 3,000.00	\$ (1,621.62)
H	\$ 3,388.89	\$ (1,831.83)
Total	\$ 20,555.56	\$ (11,111.11)

Company B has both a Non-Performance Charge and a Bonus Performance Credit



PAH occurs on 6/5/16		
Company	Total Non-Performance Charge	Total Bonus Performance Credit
A	\$ 100,000.00	
B	\$ 60,000.00	\$ 7,500.00
C	\$ 25,000.00	
D		\$ 70,000.00
E		\$ 35,000.00
F		\$ 15,000.00
G		\$ 27,000.00
H		\$ 30,500.00
Total	\$ 185,000.00	\$ 185,000.00

All Charges and Credits are associated with a single PAH on 6/5/16

Totals are divided by 9 (remaining months in DY)

Company	Non-Performance Charges billed in September Bill	Bonus Performance Credits paid in September Bill	Total September Bill (Issued in Oct)
A	\$ 11,111.11		\$ 180,000.00
B	\$ 6,666.67	\$ 833.33	\$ 70,000.00
C	\$ 2,777.78		\$ (40,000.00)
D		\$ 7,777.78	\$ (105,000.00)
E		\$ 3,888.89	\$ (45,000.00)
F		\$ 1,666.67	\$ 10,000.00
G		\$ 3,000.00	\$ (22,000.00)
H		\$ 3,388.89	\$ (48,000.00)
Total	\$ 20,555.56	\$ 20,555.56	\$ -

**Difference between total charges
and Non-Performance Charge**

\$70,000 - \$6,666.67

Default Breakdown	
Default Amount	Default Amount Capacity Performance
\$ 63,333	\$ 6,667

**Total Default associated
with September bill is
\$70,270.27**

**\$270.27 is the portion
of Bonus Performance
Credit for Company B
that cannot be paid out**

Example 2 – Company B Default

In Oct. bill (issued in Nov)
 Bonus Performance Credit

Company	Bonus Performance Credits billed in September Bill	Adjustment for the September bill
A		
B	\$ 833.33	\$ (270.27)
C		
D	\$ 7,777.78	\$ (2,522.52)
E	\$ 3,888.89	\$ (1,261.26)
F	\$ 1,666.67	\$ (540.54)
G	\$ 3,000.00	\$ (972.97)
H	\$ 3,388.89	\$ (1,099.10)
Total	\$ 20,555.56	\$ (6,666.67)

$$\frac{\$6,666.67}{\$20,555.56} \times \$833.33$$

Adjustment to September bill

Example 2 – Company B Default

Company	In Oct. bill (issued in Nov)	In Oct. bill (issued in Nov)
	Bonus Performance Credit	Bonus Performance Credit
	Original Bonus Performance Credit amount	Adjustment for the October bill
A		
B	\$ 833.33	\$ (270.27)
C		
D	\$ 7,777.78	\$ (2,522.52)
E	\$ 3,888.89	\$ (1,261.26)
F	\$ 1,666.67	\$ (540.54)
G	\$ 3,000.00	\$ (972.97)
H	\$ 3,388.89	\$ (1,099.10)
Total	\$ 20,555.56	\$ (6,666.67)