

Initial Margin Bid Collateral

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What is bid collateral?

Bid collateral ensures that the collateral collected during open FTR auction windows is commensurate with the collateral required for the cleared FTR positions at the intra-auction step.

- PJM has an operational requirement to minimize intra-auction collateral calls in order to maintain timely auction clearing.
- Calculation is required to solve quickly during the bidding window to ensure timely bid submission.

Bid collateral requires a balance between minimizing intra-auction collateral calls and the total bid collateral charged to participants

Fast solve time for IM-H on participant bids

CONSTRAINT



Minimize intra-auction collateral calls

CONSTRAINT

1

IM-H

Calculate IM-H on all bids entered into an FTR auction

2

IM-H Adjusted Historical

Calculate IM-H on all bids entered into an FTR auction, then adjust the bid collateral based on historical cleared statistics

3

IM-H Adjusted Latest Auction

Determine which bids would clear based on previous FTR auction's clearing price then calculate IM-H on resultant bids

4

\$/MWh Tier

Use historical analysis to determine a \$/MWh charge for bids