

# Virtual Transactions Credit Requirement Timeframe

Credit Subcommittee

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- Current virtual transactions credit requirement includes current day plus three prior days
  - Referred to as “1+3” calculation
- Enhancements to credit data availability appear to be working well and now include virtual transactions through two days prior to current day
- It appears that PJM now has the actual data necessary to safely reduce the virtual transactions credit requirement hold period from four days to two

- PJM proposes to:
  - Reduce the virtual transactions credit requirement from four days to two
    - One day of submitted bids for next market day plus one day of cleared bids
  - Eliminate current alternative of two days of submitted bids (if less than the four)
  - Modify the Credit Available for Virtual Transactions to exclude billed profits
    - Risk that value from billed profits won't actually be available to cover transaction losses
      - Results from Thursday virtual transactions submitted and screened Wednesday using Tuesday billed profits aren't sent to eCredit until Friday
      - Bills issued on Tuesday are already being prepared Friday for Monday payment commitment
        - » Although it is still technically possible to withhold payment on Monday, the tight timeframe and required one-off processing together increase process risk
  - PJM is asking for CS consensus endorsement to move this proposal forward in the stakeholder process