



Up-to Congestion Credit Requirements

Markets and Reliability Committee
May 30, 2013

- Twelve meetings and conference calls held from December 2011 through April 2013
- Seven alternatives analyzed and discussed by Credit Subcommittee
- Credit Subcommittee Polling Results:
 - Recommended Credit Policy enhancements supported by 91% of participants in Credit Subcommittee polling, with highest weighted preference ranking
 - Other alternatives polled received 23% to 48% support with weighted preference rankings all less than half of the weighted preference ranking for Credit Subcommittee Recommendation

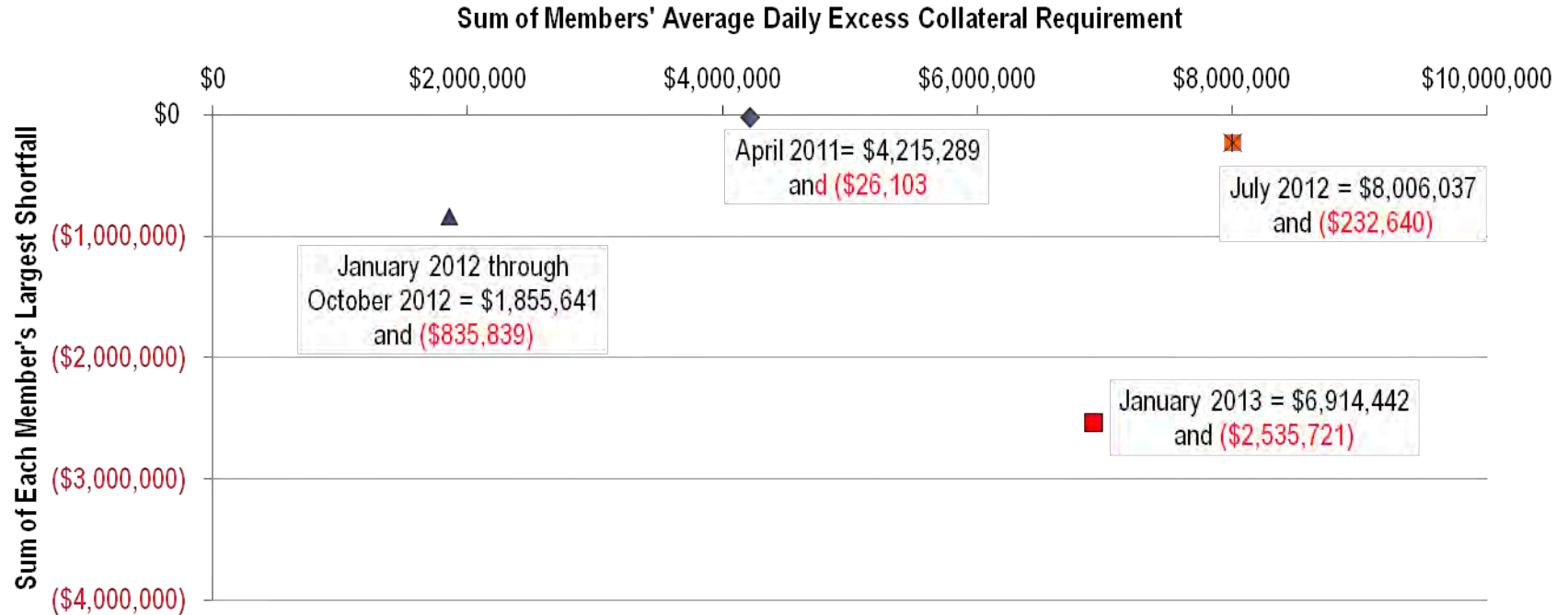


Description of Credit Subcommittee Recommendation

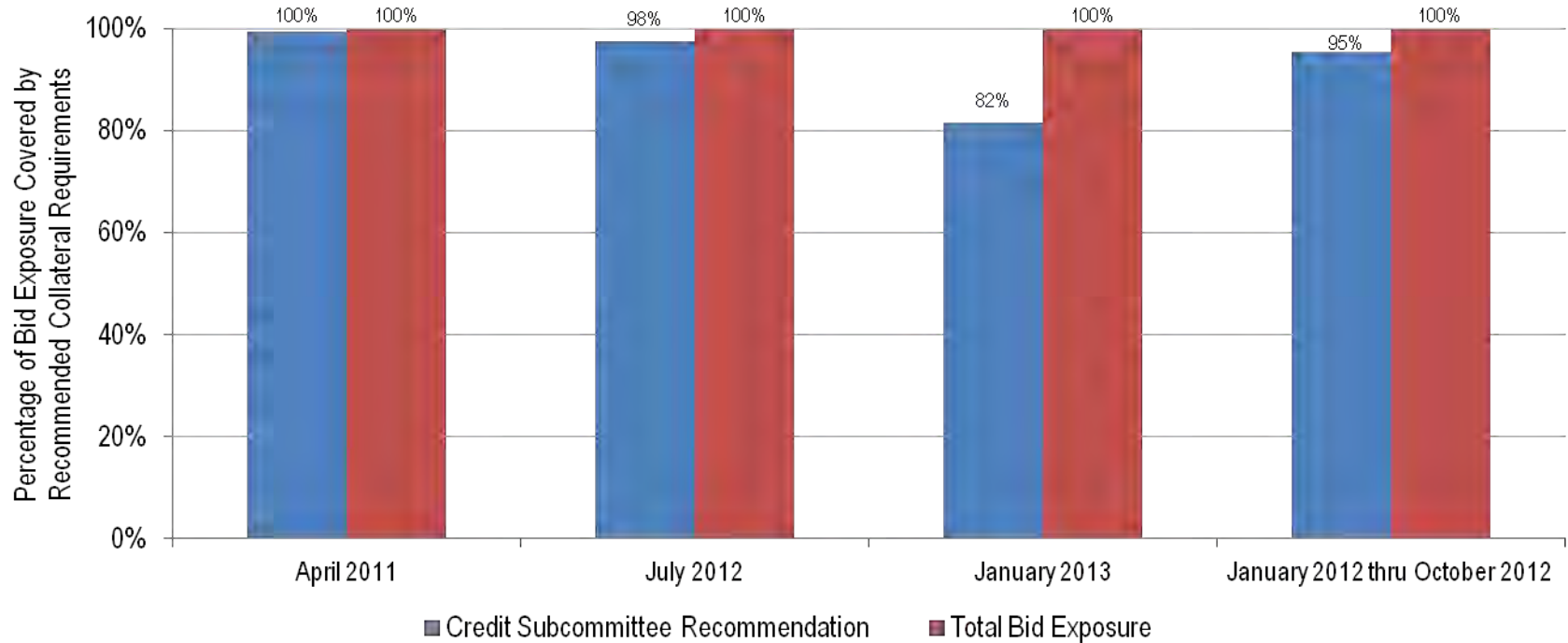
1. Bid Screen Credit Requirements: Prevailing paths at the 70th percentile and counterflow paths at the 80th percentile of differences between each member's bid price and the two-month rolling historical real-time value per path.
2. Cleared Portfolio Credit Requirements: Prevailing paths at the 70th percentile and counterflow paths at the 95th percentile of differences between each member's cleared price and the two-month rolling historical real-time value per path.
3. Minimum Financial Participation Requirements: The same minimum financial participation requirements as currently apply to increment and decrement transactions – (a) tangible net worth of at least \$0.5 million, or (b) tangible assets of at least \$5 million, or (c) posting \$200,000 of financial security against which the member may not trade, plus a 10% reduction in additional collateral.



Credit Subcommittee Recommendation – Bid Screen Test Periods



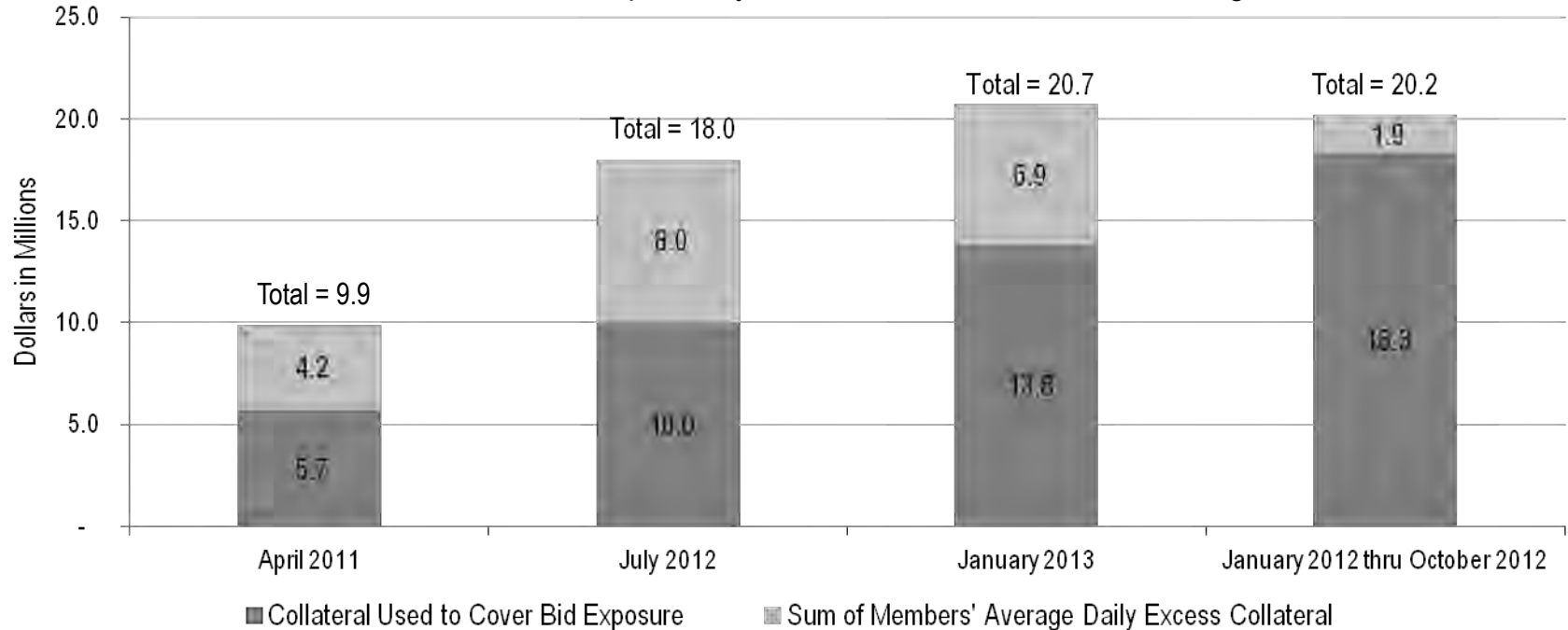
Recommended Bid Screen Credit Exposure Coverage





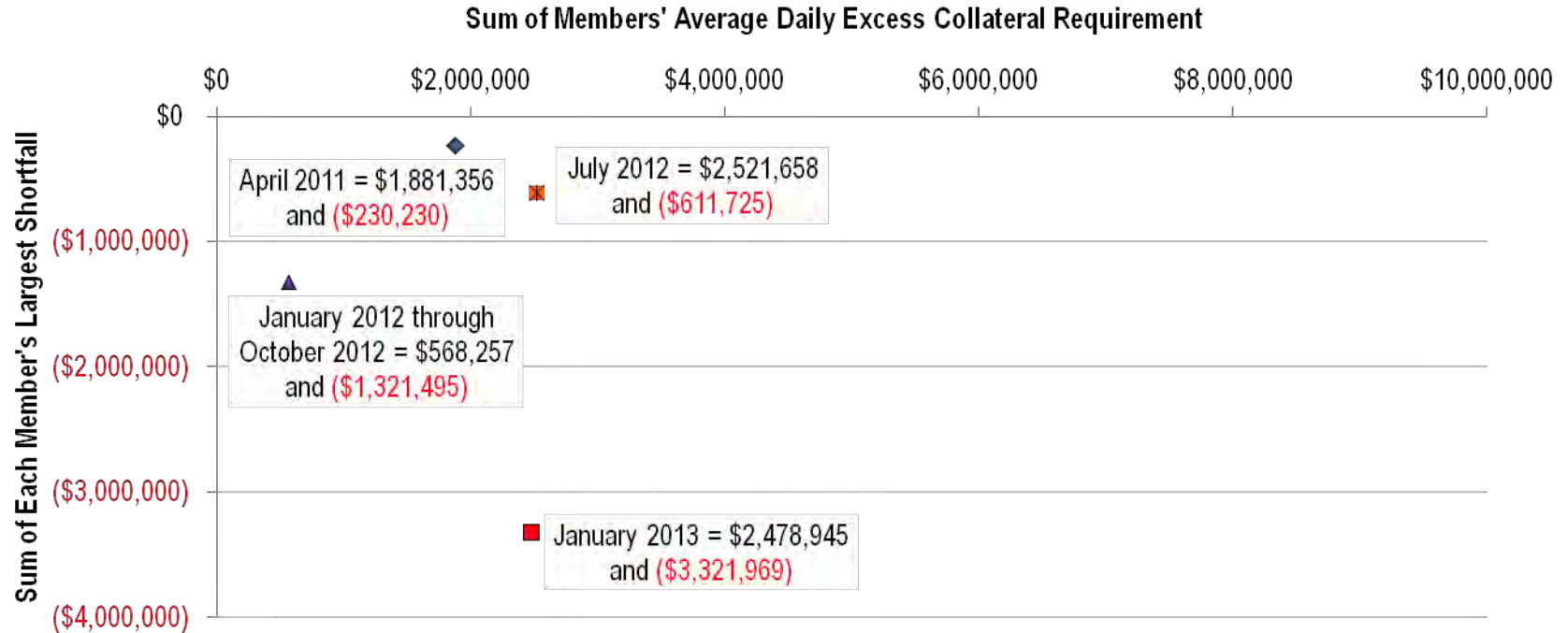
Recommended Bid Screen Credit Requirements – Test Periods Collateral Summary

Note: Excess collateral is primarily concentrated in members with high bid volumes.

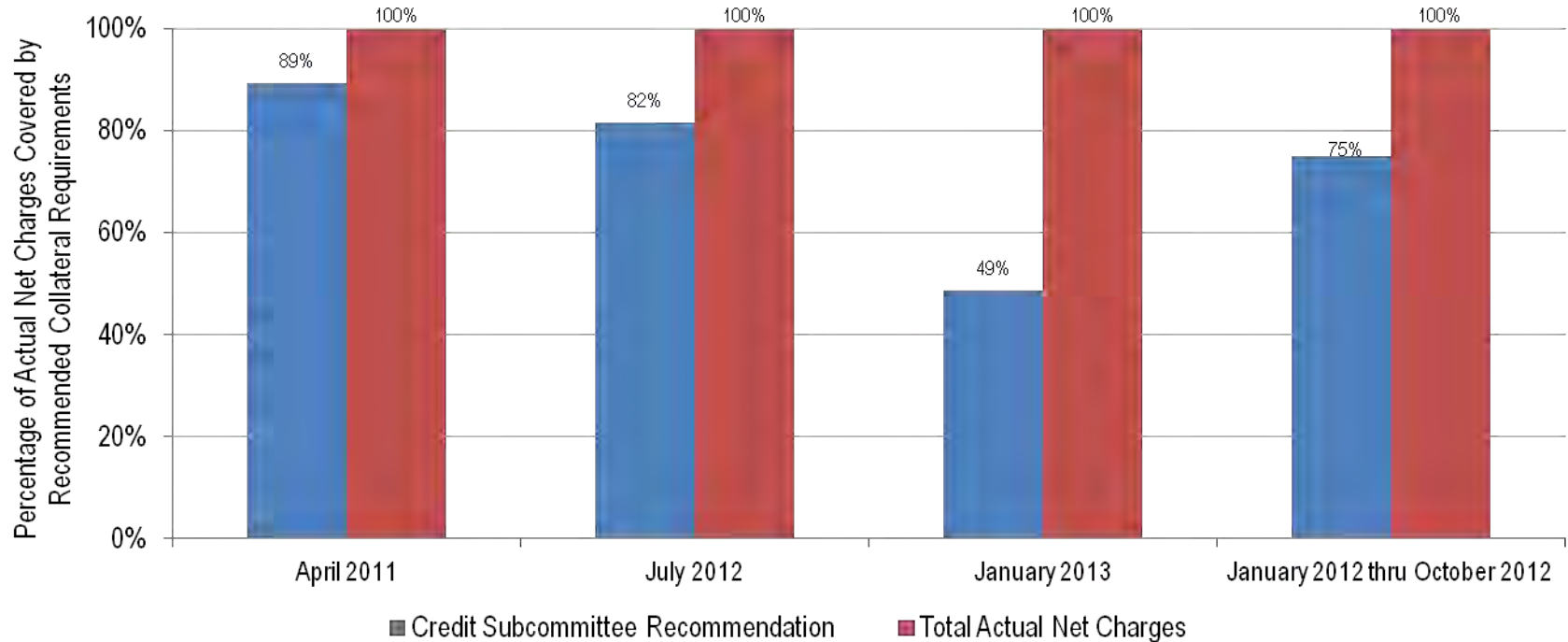




Credit Subcommittee Recommendation – Cleared Portfolio Test Periods

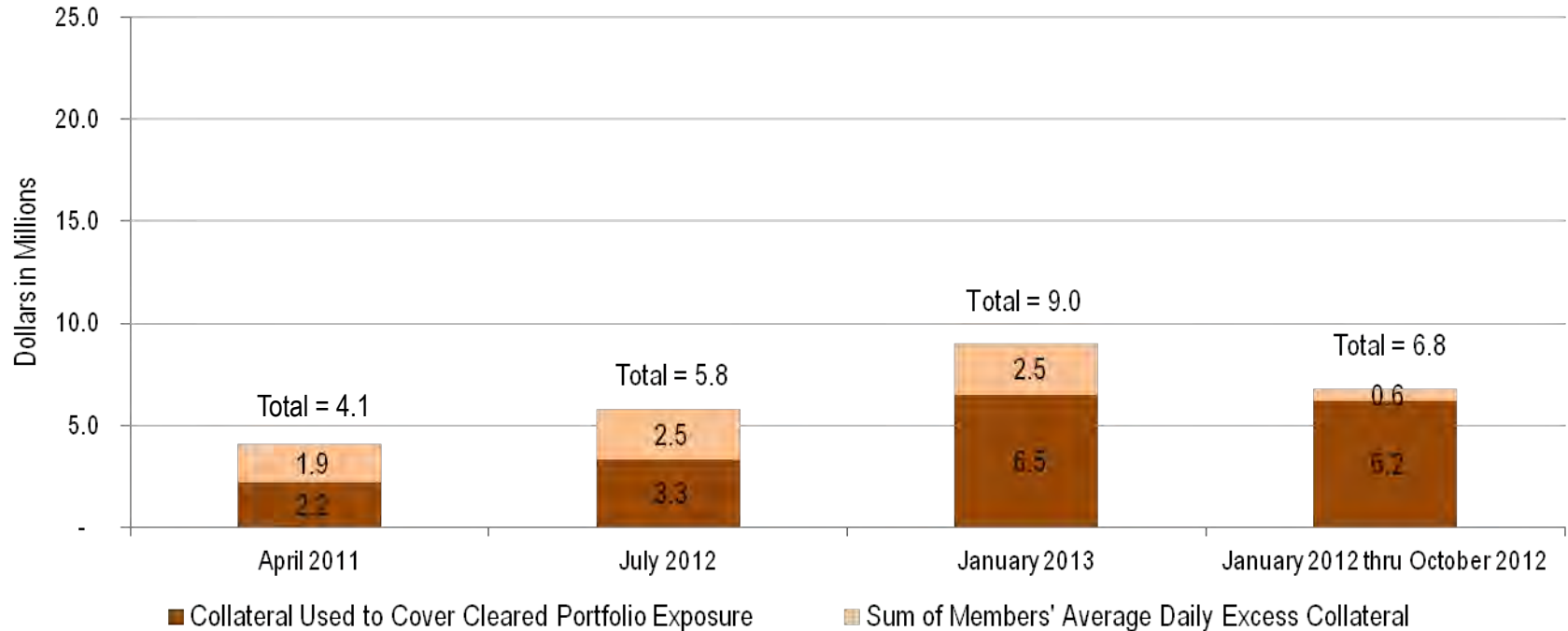


Recommended Cleared Portfolio Credit Exposure Coverage





Recommended Cleared Portfolio Credit Requirements – Test Periods Collateral Summary



- **Market Implementation Committee:** May 8 vote – Passed by acclamation with three abstentions
- **Markets and Reliability Committee:** May 30 vote
- **Members Committee:** May 30 vote
- **FERC:** Filing as soon as possible after Members Committee endorsement
- **Target implementation:** ~ 60 days following FERC filing *(no need to be on first day of a calendar month)*



MRC Endorsement Requested – Proposed Insertions in Tariff Attachment Q

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