



Credit Subcommittee
Prepayments for PMA Reduction

OPTIONS MATRIX

#	Design Components ¹	Priority	Status Quo	Solution Options ²				
				A	B	C	D	E
1	Structure		One-tier by definition but two-tier when Current Exposure requirement considered	Two - Lead-Lag - historical and prospective			75% leading and 25% lagging indicators; credit exposure equal to weighted median credit exposure for one day * 7	
2	Current Exposure (CE) requirement		Current exposure can't exceed Working Credit Limit (75% of available credit)	Extrapolate Current Exposure to include collateral breach cure period				
3	Leading component		Current Exposure requirement	Extrapolation of potential billing using forward index such as ICE prices	Other "Seasonal" indicator		one week of projected market activity; use forward markets for price (hub prices as surrogate); daily projected activity * daily projected price (for one week); then take median activity \$ exposure for one week	
4	Lagging Component		Highest three weeks invoices during current 6-month cycle with semiannual reset	Status Quo but monthly reset based on Participant's last month's actual 3 week peak and following month's historical share of load costs; maintain CE requirement.	Reduce three week Peak (e.g. use second highest in 6 months, or other measure), but increase/ extend CE req'mt and remove Prepay option. May allow for use of some CE collateral to partial pay invoices.		Median \$ activity exposure for 3 weeks	
5	Prepayment* Eligibility		Only Participants with Unsecured Credit Allowance	All Participants	Complete removal	Complete removal if PMA solution includes more frequent reset		
6	Prepayment Dollar limits		Capped at Participant's Unsecured Credit Allowance	Unlimited	2X unsecured credit	1.5X unsecured credit	Based on member uncapped levels	
7	Prepayment Frequency		Ten per rolling 12 months	Unlimited	8 per PMA reset period	20 per rolling 12 months	15 per rolling 12 months	
8	Timing/frequency of PMA resets		Apr/Oct	Mar/Oct				
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10								
11								

* In this discussion, "Prepayment" means prepayment of invoice resulting in a reduction to the PMA credit requirement