

Revised Prepayment Program Proposal

Con Edison
SPWG/CPTF
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Consistency with Other Energy Related Payment Programs and Creditworthiness Requirements

- The Operating Requirement and Paydown Agreement both have several days of credit coverage built into its method to protect the market during any default and cure period.
- The Prepayment Program does not have any days of credit coverage built in to protect the market during the default and cure period.
 - Built into the design is seven days of credit exposure

Proposal – Eliminate the seven days of credit exposure

- Two days: Shift the prepayment due date from Friday to Monday
- Two days: Reduce the cure period from three days down to one day
- Three days: Expand credit requirement to require three days of collateral coverage to cover default and cure period

NYISO Proposal

	Fri	Sat	Sun	Mon	Tues	Weds	Thurs	Fri	Sat	Sun
Current	7-day payment	1	2	3	4	5	6	7		
	Due 4PM			Margin Call Due	3 day cure period		Terminate Service	DAM Bids from Thursday settled		
	Mon	Tues	Weds	Thur	Fri	Sat	Sun	Mon	Tues	Weds
Revised Proposal	7-day payment	1	2	3	4	5	6	7		
	Due 4PM	Margin Call Due	3 day collateral		One day Cure— Terminate Service	DAM Bids from Wed. settled				

 Day of Credit Risk

 Day of No Credit Risk

Transition Period

- One time prepayment for 3 days (covering Sat to Mon) to “catch-up” to new billing period
- Meet the three day credit requirement utilizing available unsecured credit or collateral

Ongoing

- MP makes weekly prepayments each Monday
- Calculate three-day credit requirement similar to operating requirement method, prorated to three days.
- Pre-payer credit requirement:
 - **Higher of:**
 1. Month with greatest energy purchases in previous capability period extrapolated for three days or;
 2. Average purchases for previous 10 days extrapolated for three days