

Con Edison Modification to Prepayment Program Proposal as Approved by BIC on May 17, 2006

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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 into its prepayment to protect the market during the default and cure period.
- The current proposal does reduce the credit risk for the other market participants by four days.
 - But, two days of credit exposure remain and could be eliminated

Proposal – Eliminate the two days of Credit Exposure

- Modify the prepayment period so that the period covered is the seven-day period starting on a Thursday and ending on the following Wednesday.
 - Together with the BIC approved proposal, this change will allow sufficient time to cure a prepayment default before energy is delivered
 - This proposal reduces credit exposure to other market participants from two days to zero days
 - The prepayment program will now be more consistent with other payment and creditworthiness requirements

CE Modification to NYISO Proposal

	Mon	Tues	Weds	Thur	Fri	Sat	Sun	Mon	Tues	Weds
Current Proposal	7-day payment	1	2	3	4	5	6	7		
	Due 4PM	Margin Call Due	One day Cure	Disc LSE Service						
	Mon	Tues	Weds	Thur	Fri	Sat	Sun	Mon	Tues	Weds
CE Modification	7-day payment			1	2	3	4	5	6	7
	Due 4PM	Margin Call Due	One day Cure	Disc LSE Service						

 Day of Credit Risk

 Day of No Credit Risk