Credit Management System (CMS) Implementation Update

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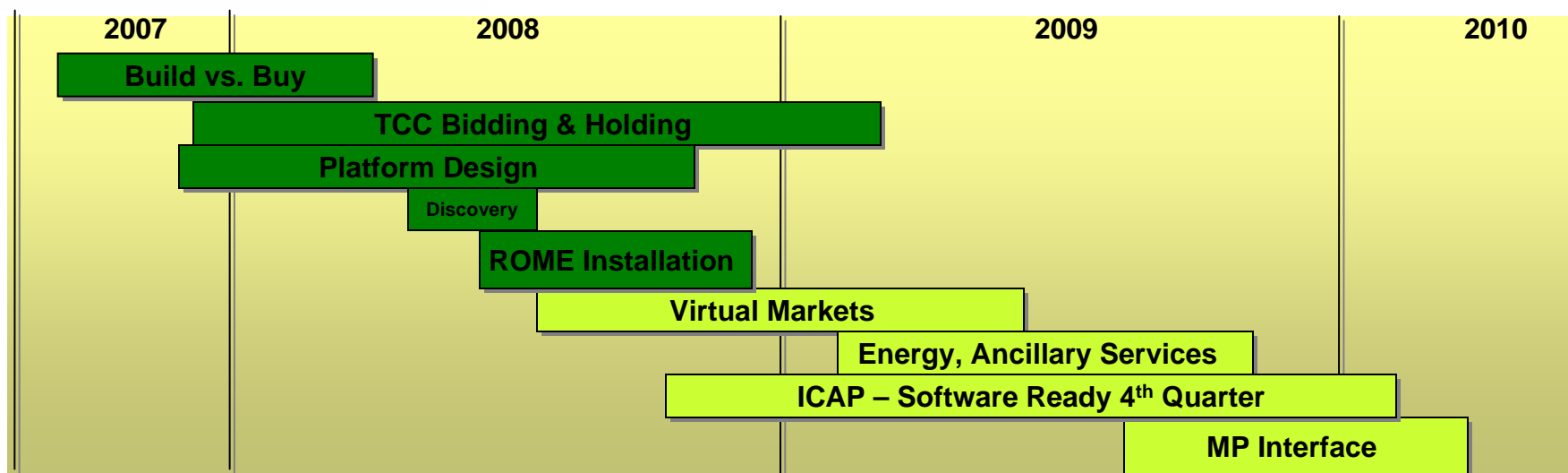## Joint CPTF/BPCTF

February 17, 2009

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Product Strategy

- ◆ Automate all credit management processes and calculations

- ◆ Utilize fact-based analyses and leverage automation to appropriately match credit requirements to market risk

- ◆ Enable the implementation of new credit requirements associated with market design enhancements

- ◆ Design the system technically for efficiency, performance and utilization of the most current data feeds

- ◆ Provide visibility and functionality for Market Participants to manage credit requirements as a portfolio

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Product Plan

2007	2008	2009	2010

Build vs. Buy

TCC Bidding & Holding

Platform Design

Discovery

ROME Installation

Virtual Markets

Energy, Ancillary Services

ICAP – Software Ready 4th Quarter

MP Interface

* Green denotes completed

Deployed Functionality

- November 18, 2008
  - *Standalone ROME Product Deployment*
  - *Credit Department ability to create, view, and maintain Market Participant contact information and financial instruments.*

- February 10, 2009
  - *Real-time collateral checking and credit requirement calculation for bid/offer sets and global offer sets submitted via the TCC automated system.*
  - *Includes new Mark-to-Market calculation approved by FERC on January 7, 2009*

Upcoming Milestones: Major Functionality

- ◆ Q2 2009 - Deployment
  - *Interface with rating agencies to capture MP ratings*
    - S&P
    - Fitch
    - Moody's
  - *Manual entry of ratings - including Dominion*
  - *Calculate Composite Rating*
  - *Interface with Mergent to receive Market Participant financial statement data*
  - *Calculate Tangible Net Worth*
  - *Calculate maximum unsecured credit*

Upcoming Milestones: Major Functionality

- Q2 2009 - Deployment
  - *Virtual Market automation using new Credit Requirements approved by the Board of Directors on November 17, 2008*
  - *Automation of TCC Secondary Market Transactions*
  - *Automation of Two-Year TCCs and LTFTRs*
- Q3 2009 - Deployment
  - *Energy and Ancillary Services Market automation*
    - WTSC
    - DSASP
    - DADRP
    - Trading Hubs
    - Paydown and Prepayment Programs

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Upcoming Milestones: Major Functionality

- Q4 2009 – Software Readiness
  - *ICAP Market Automation*
  - *Concentration Cap*
  - *Net Receivables*
  - *Administration of Credit Refunds*
- Q2 2010 - Deployment
  - *Market Participant User Interface and Portfolio Management*

Next Steps

- Continue with implementation path

- File Virtual Market Credit Requirements Tariff Changes with FERC

- Planning for Market Participant technical conferences to capture requirements for Market Participant Interface