



## FTR Credit Enhancements

### Problem / Opportunity Statement

- There is a loophole (i.e., some FTR portfolios have zero or very small collateral requirements) in the current credit requirements for some FTR portfolios
- There are other tools, not currently employed by PJM, that could improve the credit coverage of the FTR market
- The so called 'undiversified counterflow adder' applies to all net counterflow portfolios, not simply undiversified FTR portfolios and therefore over collateralizes some FTR portfolios
- Additional tools and/or procedures could improve the credit coverage, provide additional coverage against 'material' portfolio defaults and reduce or eliminate the need for re-clearing of auctions

*More detailed instructions and next steps in the process available in M34, Section 6.2: Issue Identification.*