



## **Item 6: Periodic Report on Credit Work Group Activity**

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Chair, Credit Work Group

Urgent Finance & Audit Committee Meeting

ERCOT Public

April 12, 2021

# Reviewed NPRRs

- **Total NPRRs Reviewed**
  - 7
- **NPRRs Reviewed With Credit Impact**
  - 1- NPRR 1023 Change to CRR Repossession Process

# CWG Discussion Items

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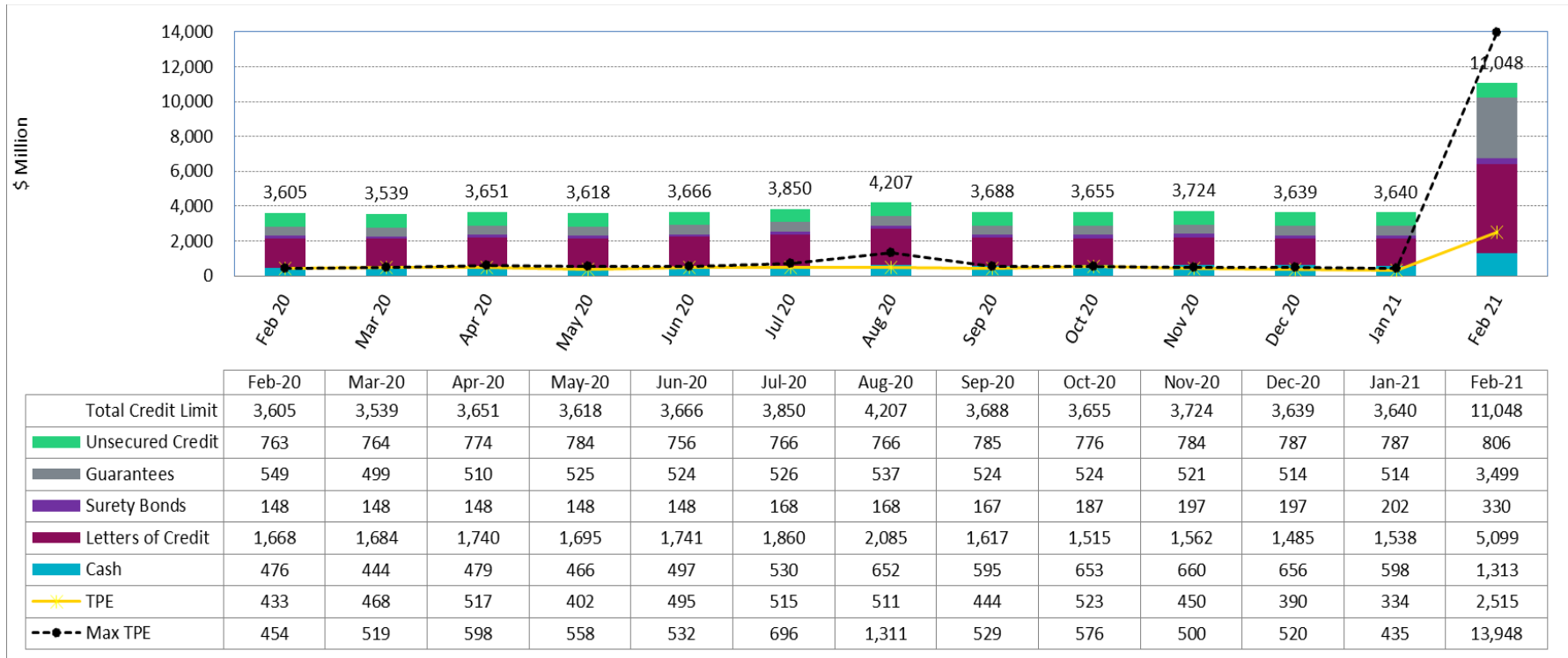
- Review of Credit Scoring Model and Parameters
- Review of Winter Event – Adjustments to TPE and other actions taken by ERCOT for collateral calculations, short pay balances as of 3/23/2021
- Review of Default Uplifts – current protocols

# ERCOT Credit Highlights and Statistics

## Monthly Highlights January 2021 - February 2021

- Market-wide average TPE increased from \$ 362.8 million in January to \$ 4,521.1 million in February
  - TPE increased mainly due to higher Real-Time and Day-Ahead Settlement Point prices and higher Forward adjustment Factors in February compared to January
  - Due to the winter event, adjustments were made to the TPE calculation in February
  - TPE ranged from \$ 317.01 million to \$13.95 billion in February
- Discretionary Collateral is defined as Secured Collateral in excess of TPE, CRR Locked ACL and DAM Exposure
  - Average Discretionary Collateral increased from \$ 1,378.5 million to \$3,254.2 million
  - The increase in Discretionary Collateral is largely due to increase in Secured Collateral.
- Number of active Counter-Parties decreased by 2

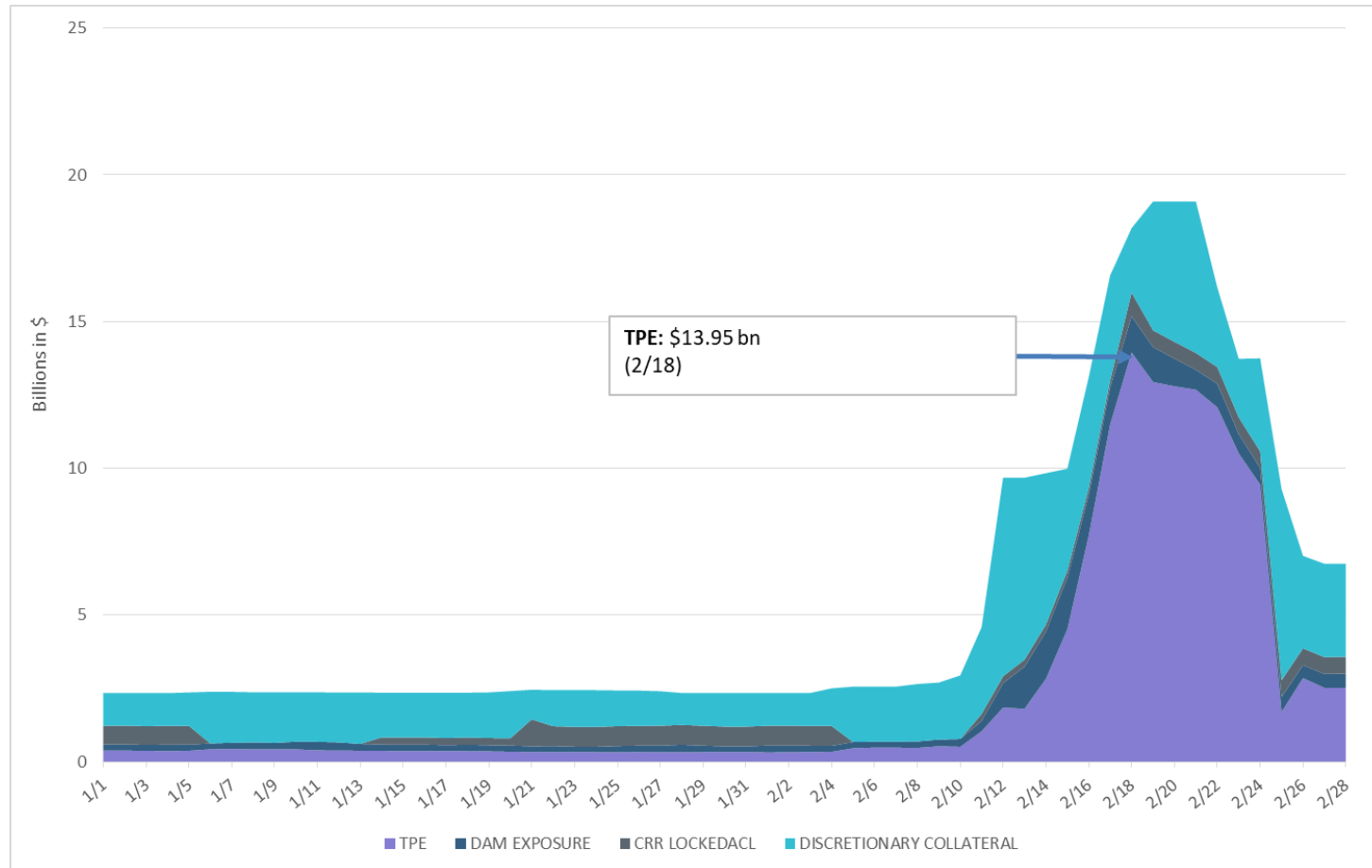
# Available Credit by Type Compared to Total Potential Exposure (TPE)



\* Numbers are as of month-end except for Max TPE

## Discretionary Collateral Jan 2021 - Feb 2021

Average Discretionary Collateral increased to \$3.2 bn in February

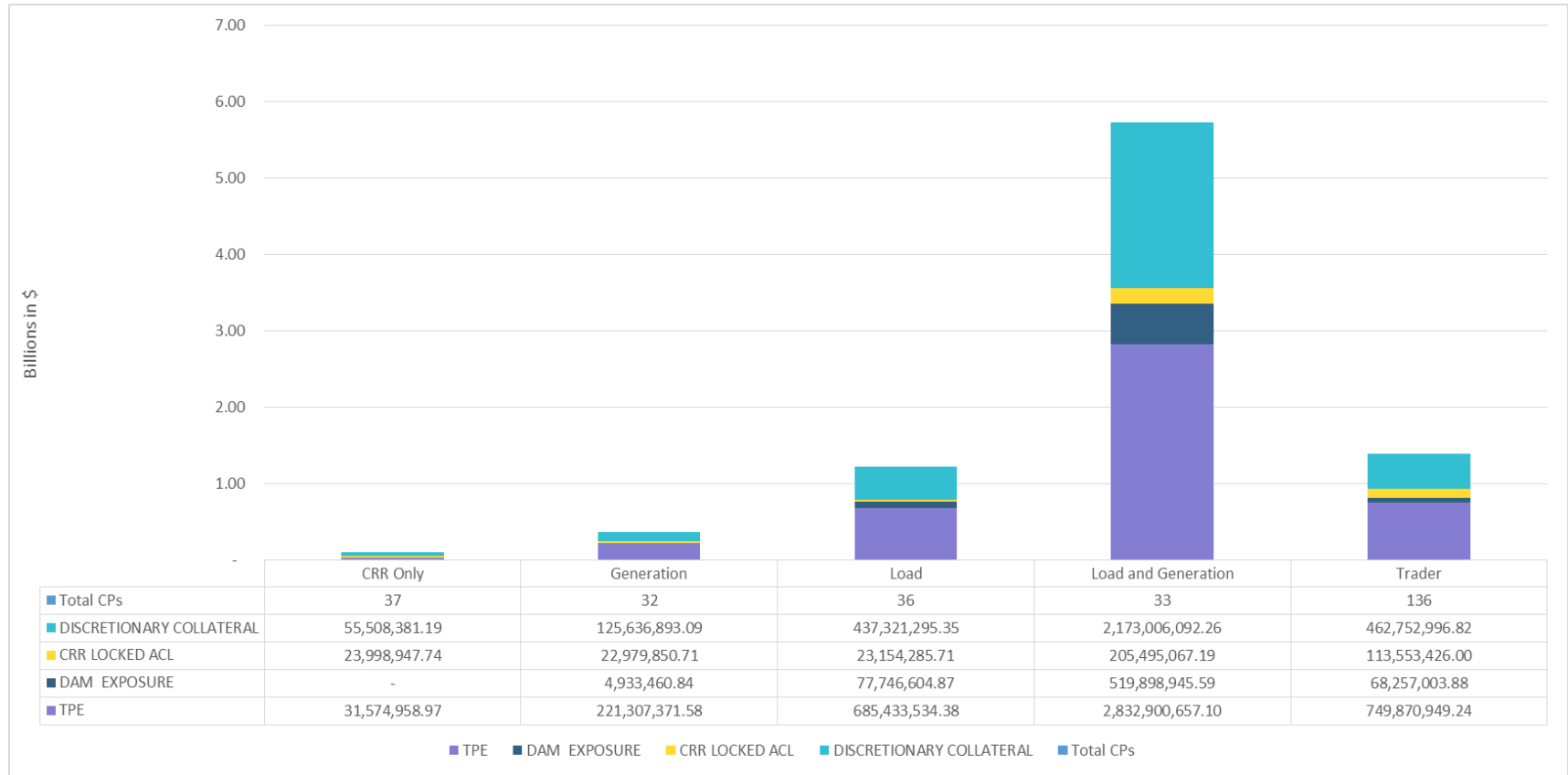


Note: Discretionary collateral does not include Unsecured Credit Limit or parent guarantees

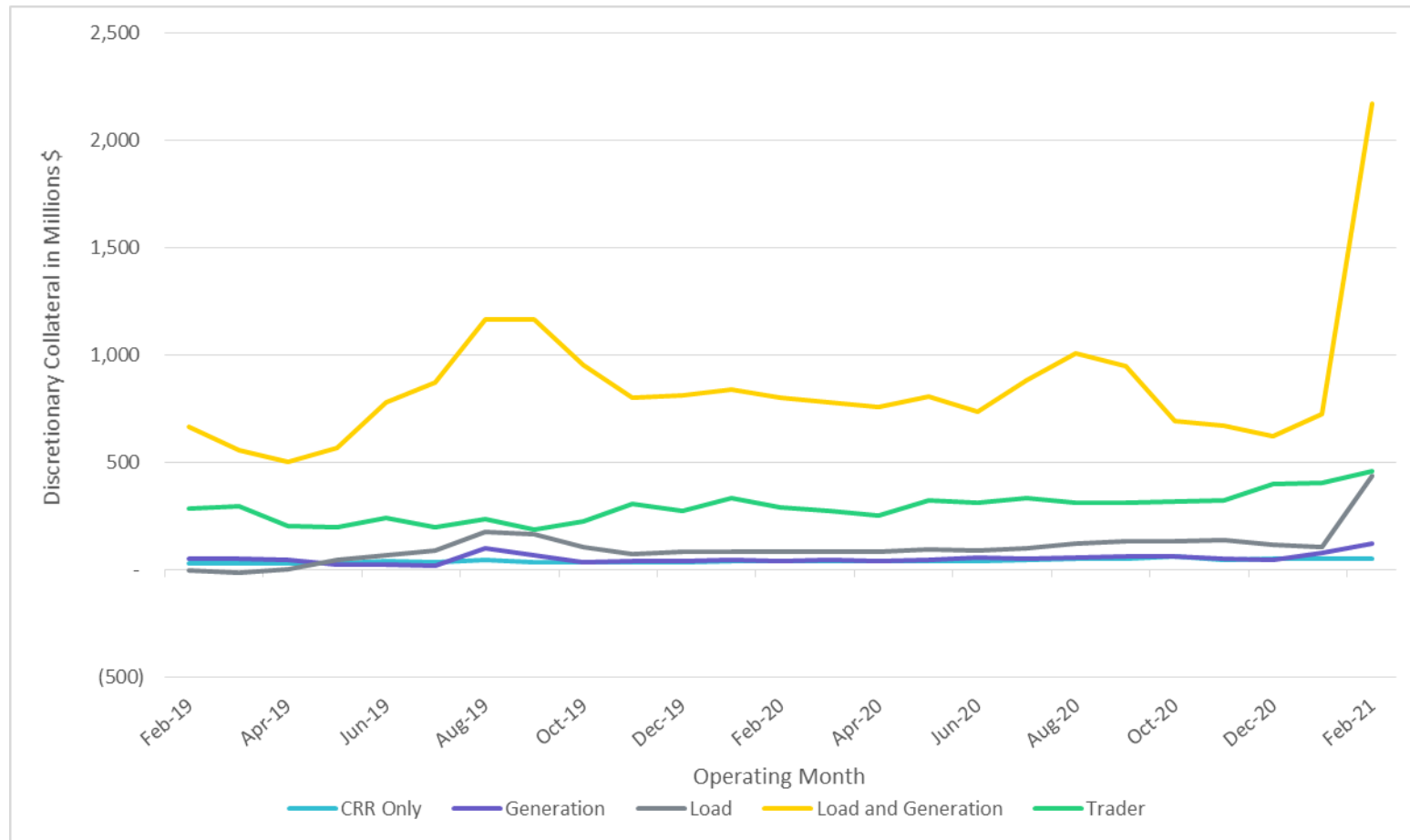


# TPE and Discretionary Collateral by Market Segment - Feb 2021

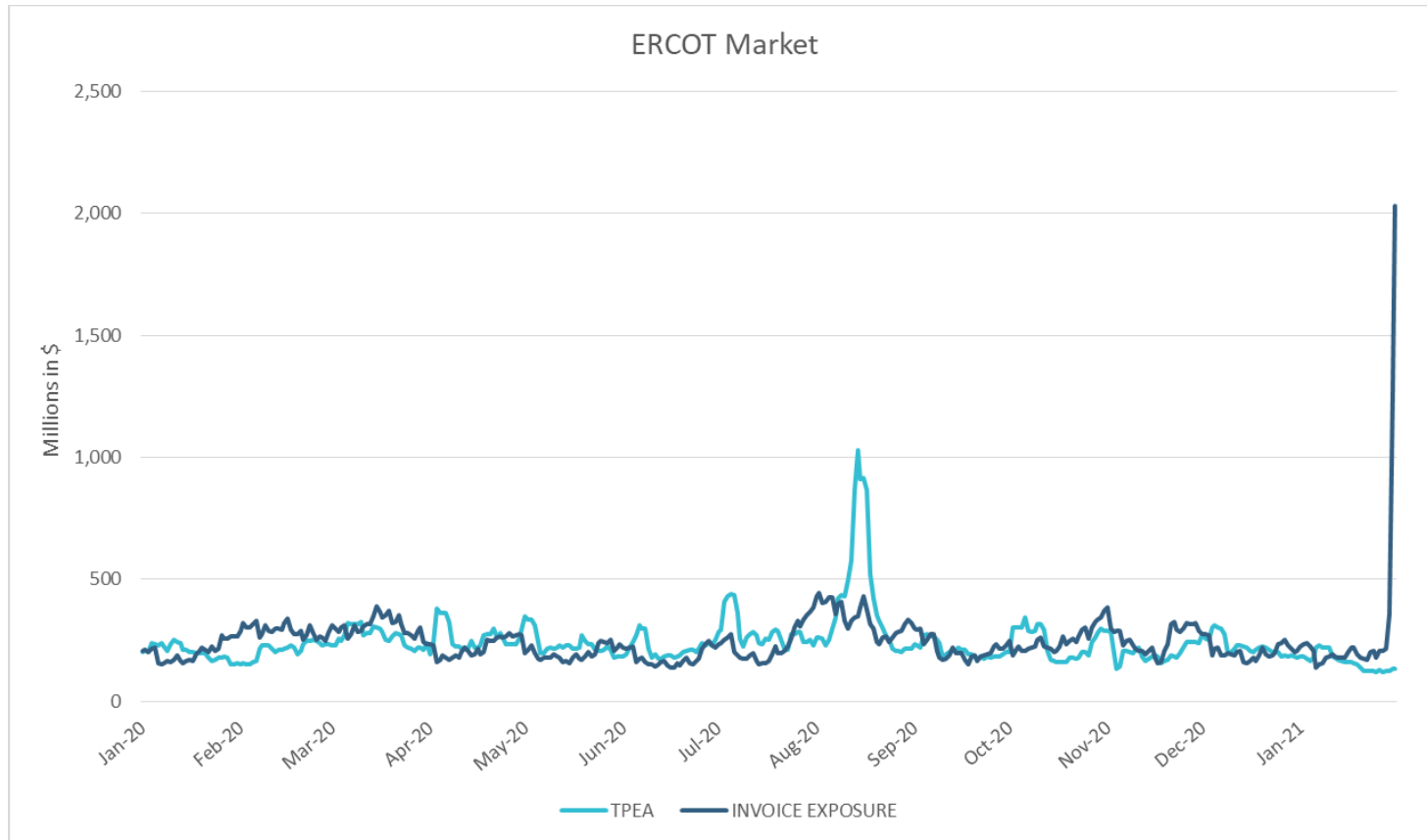
Load and Generation entities accounted for the largest portion of discretionary collateral



## Discretionary Collateral by Market Segment Feb 2019 - Feb 2021



## TPE Coverage of Settlements Jan 2020 - Jan 2021



TPEA closely approximates actual/invoice exposure except during weather event

## Summary of Distribution by Rating Group

Summary of distribution by Rating Group									
Rating Group	Counter-Party Distribution			Average TPE Distribution			Average Excess Collateral		
	Jan-21	Feb-21	Change	Jan-21	Feb-21	Change	Jan-21	Feb-21	Change
AAA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AA- to AA+	5.07%	5.47%	0.40%	3.65%	1.06%	-2.59%	2.00%	1.23%	-0.77%
A- to A+	8.33%	10.58%	2.25%	10.12%	5.74%	-4.38%	25.77%	14.39%	-11.37%
BBB- to BBB+	12.32%	18.98%	6.66%	31.90%	48.29%	16.39%	32.35%	52.22%	19.87%
<b>Investment Grade</b>	<b>25.72%</b>	<b>35.04%</b>	<b>9.31%</b>	<b>45.66%</b>	<b>55.09%</b>	<b>9.42%</b>	<b>60.11%</b>	<b>67.84%</b>	<b>7.73%</b>
BB- to BB+	2.54%	4.74%	2.21%	15.82%	12.63%	-3.18%	9.53%	22.00%	12.46%
B- to B+	1.09%	1.46%	0.37%	2.93%	1.95%	-0.98%	1.21%	1.61%	0.40%
CCC+ and below	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Not Rated	70.65%	58.76%	-11.89%	35.59%	30.32%	-5.26%	29.15%	8.56%	-20.59%
<b>Non-investment Grade</b>	<b>74.28%</b>	<b>64.96%</b>	<b>-9.31%</b>	<b>54.34%</b>	<b>44.91%</b>	<b>-9.42%</b>	<b>39.89%</b>	<b>32.16%</b>	<b>-7.73%</b>

## Distribution of TPE by Rating and Category

Rating Group	CRR Only	Generation Only	Load Only	Load and Generation	Trader	Total TPE	Percent TPE
AAA	0	0	0	0	0	0	0.00%
AA- to AA+	1,146,413	0	262,372	45,530,529	877,016	47,816,330	1.06%
A- to A+	0	2,267,570	54,849,236	167,001,668	35,426,875	259,545,349	5.74%
BBB- to BBB+	2,140,136	63,124,748	171,542,530	1,394,240,605	552,220,560	2,183,268,580	48.29%
<b>Investment Grade</b>	<b>3,286,549</b>	<b>65,392,318</b>	<b>226,654,138</b>	<b>1,606,772,802</b>	<b>588,524,452</b>	<b>2,490,630,259</b>	<b>55.09%</b>
BB- to BB+	0	106,428,535	136,898,991	294,902,956	32,949,435	571,179,915	12.63%
B- to B+	0	0	0	81,915,850	6,403,224	88,319,073	1.95%
CCC+ and below	0	0	0	0	0	0	0.00%
Not Rated	28,288,410	49,486,519	321,880,406	849,309,050	121,993,839	1,370,958,224	30.32%
<b>Non-Investment Grade</b>	<b>28,288,410</b>	<b>155,915,054</b>	<b>458,779,396</b>	<b>1,226,127,855</b>	<b>161,346,497</b>	<b>2,030,457,213</b>	<b>44.91%</b>
<b>Total TPE</b>	<b>31,574,959</b>	<b>221,307,372</b>	<b>685,433,534</b>	<b>2,832,900,657</b>	<b>749,870,949</b>	<b>4,521,087,471</b>	<b>100.00%</b>
<b>Percent TPE</b>	<b>0.70%</b>	<b>4.90%</b>	<b>15.16%</b>	<b>62.66%</b>	<b>16.59%</b>	<b>100.00%</b>	

## Distribution of Excess Collateral by Rating and Category

Rating Group	CRR Only	Generation Only	Load Only	Load and Generation	Trader	Excess Collateral	Percent Excess Collateral
AAA	0	0	0	0	0	0	0.00%
AA- to AA+	7,482,686	0	124,967	47,167,486	23,142,816	77,917,955	1.23%
A- to A+	116,644	495,204	121,098,880	670,799,384	120,558,214	913,068,325	14.39%
BBB- to BBB+	21,471,243	66,630,487	414,829,582	2,186,809,644	622,979,994	3,312,720,949	52.22%
<b>Investment Grade</b>	<b>29,070,573</b>	<b>67,125,690</b>	<b>536,053,429</b>	<b>2,904,776,513</b>	<b>766,681,024</b>	<b>4,303,707,229</b>	<b>67.84%</b>
BB- to BB+	0	131,385,890	161,658,055	988,917,485	113,479,708	1,395,441,138	22.00%
B- to B+	0	0	0	99,190,703	2,711,779	101,902,481	1.61%
CCC+ and below	0	0	0	0	0	0	0.00%
Not Rated	53,477,256	6,288,625	399,952,005	(291,663,595)	375,034,477	543,088,768	8.56%
<b>Non-Investment Grade</b>	<b>53,477,256</b>	<b>137,674,514</b>	<b>561,610,060</b>	<b>796,444,594</b>	<b>491,225,963</b>	<b>2,040,432,387</b>	<b>32.16%</b>
<b>Total Excess Collateral</b>	<b>82,547,829</b>	<b>204,800,205</b>	<b>1,097,663,489</b>	<b>3,701,221,107</b>	<b>1,257,906,987</b>	<b>6,344,139,616</b>	<b>100.00%</b>
<b>Percent Excess Collateral</b>	<b>1.30%</b>	<b>3.23%</b>	<b>17.30%</b>	<b>58.34%</b>	<b>19.83%</b>	<b>100.00%</b>	

Note: Excess collateral does not include Unsecured Credit Limit



# Questions?