EGS Credit Exposure Formula

$$\left[\left[\sum_{n-12}^{n} Peak_n\right] \div n\right] * LMP_{max} * LMP_{CF} * DAY_{CF}$$

Where,

n	month count where **n > 0 with greater weight given to most current month**
Peak	each months aggregated load maximum peak; non-coincident with the local control area peak
LMP_{max}	Previous 12 calendar months' maximum single hour total LMP (includes marginal loss and marginal congestion components)
LMP_{CF}	Critical Factor multiplier for LMP_{max}. Represents potential for future price exposure to be greater than previous 12 months' LMP.
DAY_{CF}	Critical Factor multiplier for the number of days may occur for future months duration of potential exposure

Currently the Critical Factors are set to the following:

LMP_{CF}	3	300% of previous 12 months' LMP
DAY_{CF}	5	5 Days of potential duration of exposure

Example of Credit Exposure Formula

EGS Supplier

Monthly Peak (kw)	
Month	Monthly Peak (KW)
Sep-10	15,576
Oct-10	15,087
Nov-10	17,473
Dec-10	21,567
Jan-11	19,379
Feb-11	17,871
Mar-11	17,201
Apr-11	17,454
May-11	19,209
Jun-11	32,950
Jul-11	26,347
Aug-11	30,847

Weighted Average Monthly Peak = 29,227
Max. LMP $0.32
LMP Critical Factor 3
Critical Factor Day 5

A	B	C	D	A*B*C*D
YTD AVG EGS's KW's Supplied	LMP_{max}	LMP_{CF}	DAY_{CF}	Exposure Amount
29,227	$0.32	3	5	$140,290

Rounded Credit Exposure	$140,000