

## Current and Proposed Methods of CRR Auction Impact on EAL

	<b>Current</b>	<b>Proposed</b>
Available Credit for an auction	Amount that can be used for a CRR auction is fixed and known by the auction participant prior to the auction	An auction participant may have less available credit than they thought because of EAL increases unrelated to the auction; e.g., availability of new settlements data, Convergence Bids, etc.
Exceeding bid limit	Total bids exceeding the CRR Bid Reservation will result in rejected bids and the need to post additional collateral and resubmission of the rejected bids	Total bids exceeding the Available Credit limit will result in rejected bids and the need to post additional collateral and resubmission of the rejected bids
Effective utilization of posted collateral	Collateral allocated to the auction is unavailable for any other market transactions for approx. 2 weeks	Credit is consumed as bids are made allowing participants to have available credit for other market transactions including Convergence Bids
Amount of available credit that can be used in the auction	90% of Available Credit (i.e., Aggregate Credit Limit minus Estimated Aggregate Liability times 0.90); rule originally put in place to avoid an immediate collateral call when auction participants used all Available Credit	100% of Available Credit may be used; collateral calls will continue to be triggered when EAL reaches 90% of ACL as with any other market transaction; is not a relaxation of credit rules in any way
Auction participant cost of credit	Higher opportunity cost of credit to auction participants	Lower opportunity cost of credit to auction participants
Software development and maintenance	Longer development time and higher development costs and maintenance fees to put credit functionality into an operations system	Potentially shorter development time and lower cost to develop credit functionality in a standalone credit module
Strategic vision of credit decisions being made at the time of bid in the credit module and not the operations systems	Does not support the strategic vision	Supports the strategic vision