

**Credit Working Group****ERCOT****Meeting Minutes****February 23, 2011** (Face-to-Face Meeting, ERCOT Rm 211 and by webex)**Attendance**

Independent Retail Electric Providers	Peter J. Karculias – Cirro Group Inc. Ryan Evans – ACES Power
Independent Power Marketers	Michelle Baer – Exelon Generation Company LLC James Farrell – Constellation Energy Commodities Group Inc. Clayton Greer – Morgan Stanley Vanus Priestly – Macquarie Energy LLC
Independent Generators	Arleen Spangler- NRG Texas LLC
Investor Owned Utilities	Laura Seeberg – American Electric Power Services Corp. Don Blackburn – Luminant Generation Company LLC Tim Coffing – Luminant Generation Company LLC Mark Holler – Tenaska Power Services Co. Angelina Sulyandziga – First Choice Power Special Purpose Corp. LP
Municipals	Tamila Nikazm – Austin Energy Josephine Wan – Austin Energy Donald Meek - Austin Energy Dan Bailey – City of Garland Lee Starr – Bryan Texas Utilities (BTU) Michael Matthews – Bryan Texas Utilities (BTU) Domingo Villarreal – CPS Energy
Cooperatives	Roger Stewart – Lower Colorado River Authority Loretto Martin – Lower Colorado River Authority
Others	Seth Cochran – DC Energy Jim Reynolds Brandon Whittle Jonathan Laine Stephen Hess Bob Wittmeyer
ERCOT Staff	Mark Ruane Cheryl Yager Vanessa Spells Rizaldy Zapanta

Arleen Spangler called the meeting to order at 9:00 am.

**Feedback from F&A Meeting**

Tamila Nikazm informed the group that the F&A Meeting has confirmed the election of the CWG Chair and Vice Chair.

**LOC and Guarantee Forms**

Cheryl Yager reminded the group that ERCOT Legal is waiting for comments from the market regarding the draft of the revised Letter of Credit and Guarantee Agreement form and that the deadline for submitting comments is March 11. ERCOT Legal plans to distribute a revised draft to the market based on the comments received with the goal of submitting revised forms for review by the ERCOT Board at its April meeting.

**CWG Charter**

Ms. Yager noted that it was time for the annual review of the CWG Charter and highlighted minor clean up changes in the CWG Charter proposed by Ms. Nikazm to remove references to the zonal market. The CWG Charter is slated for its annual review by F&A at its March meeting.

Tamila Nikazm submitted a motion to adopt revisions to the CWG Charter deleting references to the zonal market. Tim Coffing seconded the motion. Motion passed.

**Review PRRs/NPRRs**

The group discussed the following PRRs/NPRRs and agreed there were no credit implications:

- NPRR 306** Revisions to Protected Information to Include Black Start Documents Considered CEII
- NPRR 307** Change SASM Offer Procedures
- NPRR 310** Expand Output Schedule Acceptable Range to Include HSL and LSL
- NPRR 325** Price Correction during SCED Process Failure

Ms. Nikazm submitted a motion that there are no credit implications on the above PRRs and NPRRs. Mr. Coffing seconded the motion. Motion passed.

**NPRR 320, Minimum PTP Option Bids and CRR Auction Fees was discussed**

The group reviewed the NPRR and determined that there were credit implications related to fees that may be charged. The group crafted comments and proposed Protocol language to address the concern.

Mr. Coffing submitted a motion that the CWG sponsor the drafted comments on NPRR 320 for consideration by the TAC. Ms. Spangler seconded the motion. Motion passed.

**NPRR 323, Correct DAM Credit Exposure Language and Enable Qualified Expiring CRRs to Offset PTP Bid Exposure**

Mr. Coffing expressed a concern that the early morning deadline set in the ERCOT comments to the NPRR would preclude entities from making full use of the offset as information may not be fully available until closer to 10 am. Ms. Spangler expressed a similar concern. Ms. Yager replied that the early deadline noted in the Protocols did not preclude *all* activity after that time. . She noted that providing information early was necessary to avoid operational constraints in running DAM.

Also, Ms. Yager noted that ERCOT had, in its comments, proposed providing ERCOT discretion to change the credit parameters for the DA-RT spread to provide a more effective means to mitigate the impact on the DA-RT spread of pricing events similar to what occurred in the first week of February.

Given that this NPRR was still under review with the market, CWG decided to meet on March 10<sup>th</sup> by conference call to finalize comments around credit impact of this NPRR after TAC had approved a final version.

**Real-Time Invoice Cycle Update**

Loretto Martin informed the group that an NPRR is currently being drafted to reduce the number of days to settle and generate RTM statements from 10 days to 9 days. She also reported that ERCOT is still working on the mechanics of combining available DAM and RTM statements in one invoice

**CRR Subcommittee Update**

Mr. Coffing presented a list of ideas around CRR credit that was identified at the sub-group meeting. He indicated that these topics will be discussed in the next sub-group meeting and encouraged the group to provide their comments before the next meeting.

### **Review of Feb 2-9 Collateral Adjustments and Abacus Mass Transition**

Ms. Yager briefed the group on the actions taken by ERCOT to adjust collateral requirements to mitigate the impact of the weather event beginning February 2<sup>nd</sup>. She also provided an update on the Abacus default and mass transition including the short payments expected.

### **Default Risk Timeline**

Mr. Coffing provided the group with an overview of the Default Risk Timeline and indicated that he would have more detailed information and ideas for reducing risk soon.

### **Forward Risk Related to Reduced Invoice Cycles**

Mr. Coffing provided the group with an overview of the expected impact on historical risk of reducing the invoice cycle. . The group will review at the next CWG/MCWG meeting and consider whether collateral can be reduced as a result.

The meeting was adjourned at 3:30 pm.