

**Credit Working Group
ERCOT
Meeting Minutes
March 10, 2011**

Meeting by Webex

Attendance

Independent Retail Electric Providers	
Independent Power Marketers	Phil Priolo – Exelon Generation Company LLC Michelle Baer – Exelon Generation Company LLC
Independent Generators	Arleen Spangler- NRG Texas LLC Morgan Davies – Calpine Corp.
Investor Owned Utilities	
Municipals	Tamila Nikazm – Austin Energy Lee Starr – 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 Shams Siddiqui Ryan Evans Randy Baker
ERCOT Staff	Cheryl Yager Rizaldy Zapanta

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

NPRR 323

The group drafted the following comments on NPRR 323:

Credit Work Group Comments

Credit Work Group (CWG) concludes that NPRR 323

- 1) Has credit implications*
- 2) Does not negatively impact credit risk*
- 3) Provides for a more efficient use of capital without negatively impacting credit risk*

As a result of the benefit of the more efficient use of capital, CWG recommends that NPRR 323 be implemented as soon as possible. With the upcoming CRR balance of year auction collateral requirements as well as summer activity, it would be beneficial to market participants to obtain the efficiency from NPRR 323 prior to the CRR balance of year auction and/or summer activity.

Tim Coffing and Ms. Spangler suggested including in the comments the need to implement NPRR 323 by summer to achieve maximum benefit.

Ms. Yager pointed out that it is unlikely that NPRR 323 could be implemented within the next few months given project priorities and the amount of work to be completed; however, she noted that ERCOT would work to implement as soon as feasible. The group added a comment recommending implementation as soon as possible.

Mr. Coffing submitted a motion to endorse the drafted comments to NPRR 323. Tamila Nikazm seconded the motion. Motion passed.

Default Risk Timeline

Tim Coffing discussed reducing the mass transition timeline (and therefore default risk) by reducing or eliminating the cure period for payment breaches.

Ms. Nikazm suggested factoring in weekend days given that there could be instances wherein the need for a collateral call to a defaulting entity will fall on a weekend but will not be sent until the following business day.

Ms. Yager also suggested that this be aligned with the presentation on forward risk so that the group can look at this holistically. This can be taken up in detail in the next face-to-face meeting.

DALE Calculation

Mr. Coffing presented for the group's consideration some ideas for adjustments to the DALE calculation and how it relates to the use of CRR options and obligations.

Forward Risk Related to Reduced Invoice Cycles

Mr. Coffing provided the group with an overview of his Forward Risk Related to Reduce Invoice Cycle presentation. The group will review this at the next CWG/MCWG meeting.

The meeting was adjourned at 10:50 am.