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## **Item 5: Periodic Report on Credit Work Group (CWG) Activity**

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Finance & Audit Committee  
ERCOT Public  
September 16, 2013



- **Next meeting scheduled for September 25, 2013**

## **Key Outstanding Issues:**

- **Seasonal Adjustment Factor (SAF)**
  - Purpose is to adjust credit exposure for seasonal risk and higher caps
  - ERCOT presented proposed methodology for seasonally adjusting exposure
  - CWG agreed to proceeding to a draft of NPRR reflecting proposal

## Key Outstanding Issues:

- **Exposure Methodology for Trading Only Counter-Parties**
  - Current MCE calculation does not cover potential exposure in real time until after activity is completed
  - Proposed methodology for calculating exposure for traders:
    - Reduce M1 multiplier from 20 to 12 days
    - Reduce lookback for Real-Time Liability Extrapolated (RTLE) and Unbilled Real-Time Activity (URTA) from 40 to 20 days to better reflect current trading activity
    - Introduce a dollar based component in Minimum Credit Exposure (MC) for Counter-Parties with no load or generation

## Key Outstanding Issues:

- **ERCOT presented updated CRR duration and shortfall information.**
  - Motion to change discount factor from 80% to 90% was passed
  - Will go to WMS, TAC and then Board

## Questions