

Wholesale Market Subcommittee Update

February 27th TAC Meeting

WMS Chair: Seth Cochran

Interaction of Shadow Price Caps for the power balance and transmission constraints

- Observation: during shortage conditions the power balance might be violated before transmission constraints are violated
 - Scenario: when a unit is constrained-down to manage transmission congestion, the options that are available to meet power balance are to either (1) violate the power balance penalty, or (2) violate the constraint
 - Shadow Price Caps for power balance and transmission impact whether (1) or (2) occurs
 - SCED compares cost of generation plus cost of the transmission penalty to the power balance penalty cost
 - *NPRR480 Removal of Language for Relaxing Transmission Constraints* removed ERCOT's ability to relax transmission constraints under an Emergency Condition
- Wanted to raise awareness to the TAC and pose the question: is this the right market design?

WMS Goals for 2014

- **2014 WMS Goals**
 - Assist in the development of appropriate Resource Adequacy related market changes.
 - TAC Resource Adequacy directives
 - Monitor whether enhancements are working
 - Explore market design enhancements and monitor ongoing market improvements.
 - Review market performance to ensure outcomes are consistent with design.
 - Out-of-market actions
 - Competitive vs. non-competitive solutions
 - Accommodate the expansion of demand response and emerging technologies.
 - Explore ways to improve credit practices.
 - Promote open access to ERCOT markets.
 - Assist in the development of appropriate Ancillary Service market redesign changes.
 - Review State of the Market Report and consider necessary recommendations.

One Voting Item

- Change M2 credit parameter from -days to 9-days
 - Recommended by WMS with 4 no votes from cooperatives
- ERCOT supporting slides