**APPROVED**

**Wholesale Market Subcommittee (WMS) Meeting**

**ERCOT Austin – 7620 Metro Center Drive – Austin, Texas 78744**

**Wednesday, August 3, 2016 – 9:30 a.m.**

Attendance

*Members:*

|  |  |  |
| --- | --- | --- |
| Barnes, Bill | Reliant Energy Retail Services |  |
| Bierschbach, Erika | Austin Energy |  |
| Bonskowski, Ned | Luminant |  |
| Carpenter, Jeremy | Tenaska |  |
| Coleman, Diana | OPUC |  |
| Dotson-Westphalen, Peter | Enerwise Global Technologies | Via Teleconference |
| Dumas, John | LCRA |  |
| Franklin, Russell | Garland Power and Light |  |
| Goff, Eric | Citigroup Energy |  |
| Greer, Clayton | Morgan Stanley |   |
| Grimes, Mike | EDP Renewables |  |
| Gross, Blake | AEP Service Corporation |  |
| Helton, Bob | GDF Suez |  |
| Kee, David | CPS Energy |  |
| Lange, Clif | South Texas Electric Cooperative |  |
| Lindberg, Ken | Bryan Texas Utilities |  |
| Lyons, Chris | Exelon |  |
| Maduzia, Franklin | Dow Chemical |  |
| Messer, Tayaun | Brazos Electric Power | Via Teleconference |
| Morris, Sandy | Direct Energy |  |
| Schwarz, Brad | Sharyland Utilities |  |
| Such, Chris | E.ON |  |
| Thurnher, Greg | Shell Energy |  |
| Wall, Perrin | CenterPoint Energy |  |

*Guests:*

|  |  |  |
| --- | --- | --- |
| Abbott, Kristin | PUCT | Via Teleconference |
| Ainspan, Malcolm | NRG | Via Teleconference |
| Alford, Anthony | CenterPoint Energy | Via Teleconference |
| Allen, Travis | Enbridge | Via Teleconference |
| Bevill, Jennifer | CES |  |
| Brandt, Adrianne | CPS Energy |  |
| Bryant, Mark | PUCT | Via Teleconference |
| Bunch, Kevin | EDF Trading | Via Teleconference |
| Clark, Jack | NextEra | Via Teleconference |
| Cobos, Lori | Talen Energy |  |
| Cripe, Ramsey | Schneider Engineering | Via Teleconference |
| Donahoo, Ken | Oncor |  |
| Downey, Marty | Viridity Energy | Via Teleconference |
| English, Barksdale | Austin Energy |  |
| Evans, Doug | STEC |  |
| Frazier, Amanda | Luminant | Via Teleconference |
| Garza, Beth | Potomac Economics |  |
| Graham, Greg | Texas Reliability Entity | Via Teleconference |
| Gregory, Angela | EDF  |  |
| Henson, Martha | Oncor |  |
| Hoatson, Tom | LS Power | Via Teleconference |
| Hughes, Darren | LCRA | Via Teleconference |
| Hughes, Lindsey | Competitive Power | Via Teleconference |
| Jones, Randy | Calpine |  |
| Jones, Liz | Oncor |  |
| Juricek, Mike | Oncor | Via Teleconference |
| Kolo, Elta | GTM Research | Via Teleconference |
| Kroskey, Tony | Brazos Electric | Via Teleconference |
| LaMarr, Emelia Durdin | E.ON |  |
| Lane, Robert | Oncor | Via Teleconference |
| Looney, Sherry | Luminant | Via Teleconference |
| McCamant, Frank | Blue Bonnet Electric Cooperative |  |
| Meehan, Colin | First Solar |  |
| Moore, Sheri | CenterPoint Energy | Via Teleconference |
| Ordonez, Camilo | Luminant | Via Teleconference |
| Paff, Tom | Duke Energy | Via Teleconference |
| Peters, Patrick | CenterPoint Energy | Via Teleconference |
| Reedy, Steve | Potomac Economics |  |
| Reid, Walter | Wind Coalition |  |
| Ricketts, David | Energy Future Holdings | Via Teleconference |
| Ritter, Stephanie | Austin Energy |  |
| Rothschild, Eric | GDS | Via Teleconference |
| Sams, Bryan | NRG |  |
| Sandidge, Clint | Noble Energy Solutions | Via Teleconference |
| Siddiqi, Shams | Crescent Power |  |
| Tan, Paul | Boston Energy Trading & Marketing | Via Teleconference |
| Teng, Shuye | Austin Energy | Via Teleconference |
| Tijerina, Jonathan | CPS Energy |  |
| Walker, Mark | NRG |  |
| Wallin, Shane | DME Power | Via Teleconference |
| Watson, Mark | S & P Global Platts | Via Teleconference |
| White, Lauri | AEP | Via Teleconference |
| Whittle, Brandon | Megawatt Analytics |  |
| Whitworth, Doug | Texas Reliability Entity | Via Teleconference |
| Wittmeyer, Bob | DME |  |
| Woodruff, Taylor | Oncor | Via Teleconference |
| Zhang, Chunliang | Potomac Economics | Via Teleconference |
| Zilliox, Skylar | RES Americas | Via Teleconference |
|  |  |  |

*ERCOT Staff:*

|  |  |  |
| --- | --- | --- |
| Albracht, Brittney |  | Via Teleconference |
| Anderson, Connor |  | Via Teleconference |
| Bezwada, Neelima |  | Via Teleconference |
| Billo, Jeff |  | Via Teleconference |
| Bivens, Carrie |  |  |
| Boswell, Bill |  | Via Teleconference |
| Butterfield, Lindsay |  | Via Teleconference |
| Chang, Sean |  | Via Teleconference |
| Chen, Jian |  | Via Teleconference |
| Chu, Zhengguo |  | Via Teleconference |
| Clifton, Suzy |  |  |
| Coon, Patrick |  | Via Teleconference |
| Gonzalez, Ino |  |  |
| Gnanam, Prabhu |  | Via Teleconference |
| Guo, Jack |  | Via Teleconference |
| Hailu, Ted |  |  |
| Hanson, Kevin |  | Via Teleconference |
| Holt, Blake |  | Via Teleconference |
| Hui, Hailong |  | Via Teleconference |
| Jones, Dan |  |  |
| Krein, Steve |  | Via Teleconference |
| Landry, Kelly |  |  |
| Maggio, Dave |  | Via Teleconference |
| Morehead, Juliana |  | Via Teleconference |
| Ögelman, Kenan |  |  |
| Pabbisetty, Suresh |  | Via Teleconference |
| Phillips, Cory |  | Via Teleconference |
| Reed, Bobby |  | Via Teleconference |
| Rickerson, Woody |  | Via Teleconference |
| Rosel, Austin |  | Via Teleconference |
| Ruane, Mark |  |  |
| Shaw, Pamela |  | Via Teleconference |
| Simons, Diane |  | Via Teleconference |
| Surendran, Resmi |  |  |
| Thompson, David |  | Via Teleconference |
| Townsend, Aaron |  | Via Teleconference |
| Wattles, Paul |  | Via Teleconference |
| White Steve |  |  |
| Woodfin, Dan |  |   |
| Xiao, Hong |  | Via Teleconference |

***Unless otherwise indicated, all Market Segments were present for a vote.***

2016 WMS Chair Jeremy Carpenter called the August 3, 2016 WMS meeting to order at 9:30 a.m.

Antitrust Admonition

Mr. Carpenter directed attention to the Antitrust Admonition, which was displayed.

Agenda Review

Mr. Carpenter reviewed proposed changes to the agenda order.

Approval of WMS Meeting Minutes (see Key Documents)[[1]](#footnote-1)

*July 6, 2016*

**Blake Gross moved to approve the July 6, 2016 WMS meeting minutes as submitted. Chris Such seconded the motion. The motion carried unanimously.**

ERCOT Operations and Market Items

*July 7, 2016 EMS Event*

Resmi Surendran provided an update on the July 7, 2016 Energy Management System (EMS) outage, stating a correction in the data base caused the EMS application to fail. Ms. Surendran reviewed the recovery timeline and market communications. Market Participants discussed Market Notices during pricing events. Mark Ruane stated ERCOT continues to review Settlement impacts and would provide an update as soon as possible.

Technical Advisory Committee (TAC) Update and Assignments

*Develop communication issue list during SCED/Operational anomalies*

Mr. Carpenter conveyed the July 28, 106 TAC request that WMS develop a list of communication issues during Security Constrained Economic Dispatch (SCED) anomalies, requested Market Participants input as to the issues identified in the July 7, 2016 EMS outage and ERCOT provide a response to the issue list at the September 7, 2016 WMS meeting.

Verifiable Cost Manual Revision Request (VCMRR) 013, Clarifications to Verifiable Cost Appeals Process

Bob Helton stated there was consensus at the Resource Cost Working Group (RCWG) to endorse the 7/22/16 Luminant comments to VCMRR013 and related Nodal Protocol Revision Request (NPRR) 769, Alignment with VCMRR013, Clarifications to Verifiable Cost Appeals Process. Market Participants provided additional clarifications to Verifiable Cost Manual Section 12, Appealing Rejected Verifiable Costs, regarding the threshold for adjustment to a filing Entity’s costs resulting from an appeal.

**Mr. Helton moved to recommend approval of VCMRR013 as amended by the 7/22/16 Luminant comments and as revised by WMS. Ned Bonskowski seconded the motion. The motion carried unanimously.**

New Protocol Revision Subcommittee (PRS) Referrals

*There were no referrals to WMS from July 2016 PRS.*

Revision Requests Tabled at PRS, Referred to WMS (see Key Documents)

*NPRR759, Segmentation of the Total New Capacity Estimate in the ERCOT CDR*

*NPRR768, Revisions to Real-Time On-Line Reliability Deployment Price Adder Categories*

*NPRR776, Voltage Set Point Communication*

WMS took no action on these items.

*NPRR769, Alignment with VCMRR013, Clarifications to Verifiable Cost Appeals Process*

**Mr. Helton moved to endorse NPRR769 as amended by the 6/7/16 Luminant comments. Mr. Bonskowski seconded the motion. The motion carried unanimously.**

*NPRR772, Clarification of Process for Transmission Outages Related to a Service Disconnection Request for a Generation Resource*

**Russell Franklin moved to endorse NPRR772 as submitted. Greg Thurnher seconded the motion. The motion carried unanimously.**

*NPRR775, Enhanced Implementation of Limits for Fast Responding Regulation Service*

**Eric Goff moved to endorse NPRR775 as submitted. David Kee seconded the motion. The motion carried unanimously.**

*NPRR777, ERCOT-directed Dispatch of Price-Responsive Distributed Generation (DG)*

*Settlement Review*

Mr. Thurnher reviewed the Settlement issues for mapped distribution resources, including nodal versus zonal for payment, dispatch, and participation in the Day-Ahead Market (DAM) and Congestion Revenue Rights (CRR) markets. Market Participants discussed the pricing options. Proponents of zonal pricing opined that moving to nodal pricing was too costly and that NPRR777 was an interim solution.

**Clayton Greer moved to endorse the concept of Load Zone payment for distribution resources to be incorporated into WMS comments for NPRR777, to be voted at a later date. Bill Barnes seconded the motion. The motion carried unanimously.**

*Reliability Unit Commitment (RUC)*

Market Participants discussed if distribution resources that elect to be mapped distribution resources participating in SCED dispatch should have the obligation to respond to RUC instruction; and should they be recognized in planning models. Market Participants further discussed the related issues, RUC for capacity, definition of a Resource, registration process, and if a minimum threshold should apply. Market Participants did not come to consensus on the RUC issues. Mr. Goff offered to review the RUC issues at the August 24, 2016 QSE Managers Working Group (QMWG) meeting.

Market Credit Working Group (MCWG)

Mr. Barnes reviewed recent MCWG activities.

QMWG

Mr. Goff reviewed recent QMWG activities.

RCWG (see Key Documents)

Mr. Helton reviewed recent RCWG activities.

*Applicability of Incentive Factor to Reservation and Transportation Costs associated with Firm Fuel Supplies*

Mr. Helton stated RCWG could not come to consensus on whether fuel reservation and transportation costs should be considered fuel costs and excluded from the 10% incentive factor for future RMR units, or continue to be recoverable in the standby payment and included in the incentive factor. Market Participants debated the various scenarios and came to the consensus that these costs should be considered fuel costs excluded from the incentive factor. Beth Garza reminded Market Participants that in VCMRR009, Calculation of the Minimum Requirements Fee, some reservation and transportation costs are included in the fuel adder and encouraged Market Participants to be consistent. Mr. Helton offered to develop draft language at RCWG for WMS consideration.

*Switchable Generation Resources Whitepaper*

Mr. Helton stated RCWG reviewed the Settlement options ERCOT presented in the Switchable Generation Resources Whitepaper and was in consensus that Option 1 would not provide the correct incentives in the market, and that it should be up to the unit owner or Qualified Scheduling Entity (QSE) to make the final commitment decision. ERCOT and Market Participants further discussed the Command Control option and the associated compensation challenges. Mr. Carpenter requested RCWG develop a scope of appropriate costs to be compensated under Command Control and provide Settlement options. Mr. Carpenter requested Market Participants be prepared to consider at the September 7, 2016 WMS meeting the option of Command Control or a voluntary commitment by the unit owner or QSE, and the Settlement option under Command Control.

Outage Coordination Improvement Task Force (OCITF) (see Key Documents)

Liz Jones presented the methodology to develop the High Impact Transmission Elements (HITEs) list.

**Mike Grimes moved to waive notice in order to consider the methodology to develop the HITEs List. Mr. Gross seconded the motion. The motion carried unanimously.**

**Mr. Grimes moved to approve the methodology to develop the HITEs List as presented. Mr. Gross seconded the motion. The motion carried unanimously.**

Other Business

Mr. Carpenter announced the annual TAC/TAC Subcommittee Structural and Procedural Review following the August 25, 2016 TAC meeting.

Mr. Carpenter noted that due to the Gulf Coast Power Association Conference the October WMS meeting would be rescheduled to Monday, October 17, 2016.

*No Report*

* Congestion Management Working Group (CMWG)
* Demand Side Working Group (DSWG)
* Emerging Technologies Working Group (ETWG)
* Meter Working Group (MWG)
* Supply Analysis Working Group (SAWG)

Reliability Must-Run (RMR) Issues (see Key Documents)

*NPRR795, Provisions for Refunds of Capital Contributions Made in Connection with an RMR Agreement*

Ino Gonzalez reviewed NPRR795 language, stating ERCOT’s intent was to create clawback provisions for capital contributions after the RMR contract expires for participating and non-participating units. Market Participants discussed the issues of mothballed units versus retiring units, and how salvage value or book value would be calculated. WMS took no action on this item.

*Draft NPRR, RMR process*

Dan Woodfin stated ERCOT is considering the RMR process and Must-Run Alternative (MRA) in parallel. Some Market Participants were opposed to the 180 day timeline, and opined it was too long to be unprofitable and would interfere with budget decisions.

*NPRR793, Clarifications to RMR RUC Commitment and Other RMR Cleanups*

Market Participants discussed NPRR793 language, the RMR RUC commitment process and eligible costs. Market Participants expressed concern with general fund transfers incurred by a Municipally Owned Utility (MOU) if it is required to pay a portion of its revenues to the municipality and the 10% fee. Mark Ruane offered to draft ERCOT comments to NPRR793. WMS took no action on this item.

*NPRR788, RMR Study Modifications*

*Coastal Forecast Methodology*

Market Participants discussed NPRR788, the need for consistency in forecast and planning cases, and that the 90% probability of exceedance (P90) forecast and planning contingency criteria found in the Steady State Working Group (SSWG) cases are overly conservative, resulting in increased RMR contracts for reliability concerns with minimal probability of occurrence. Jeff Billo reviewed the 8/2/16 ERCOT comments and opined that the proposed language is the best path forward until ERCOT and the industry develop more probabilistic analysis tools. WMS took no action on this item.

*RMR Issues Prioritization*

Mr. Carpenter offered to follow up with working group leadership, update the RMR Prioritization Matrix, and distribute the updated document to Market Participants within the next few weeks.

Mr. Carpenter encouraged Market Participants to notify him in advance of future RMR agenda items for consideration by WMS.

Adjournment

Mr. Carpenter adjourned the August 3, 2016 WMS meeting at 4:15 p.m.

1. <http://www.ercot.com/calendar/2016/8/3/77680-WMS> [↑](#footnote-ref-1)