**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**February 15, 2017 (Face-to-Face Meeting, MET Center Room 206)**

**Attendance**

|  |  |  |  |
| --- | --- | --- | --- |
| Independent Retail Electric Providers | Bill Barnes – Reliant Energy  Heather Lottering - Direct Energy | | |
| Independent Power Marketers | Mark Holler – Tenaska Power Services Co.  Eric Goff - Citigroup Energy Inc. | | |
| Independent Generators | Ian Haley– Luminant Energy | | |
| Municipals | Donald Meek – Austin Energy  Michael Mathews - Bryan Texas Utilities  Simon Castillo – CPS Energy | | |
| Cooperatives | Richard Ramirez - Lower Colorado River Authority | | |
| Others | Clayton Greer  Casey McCowen  Ryan Michel  Seth Cochran  Malcolm Ainspan  Jan Fudoa  Marty Downey |  | Tom Burke  Shams Siddiqi  Bob Wittmeyer  Andrew Barkley  Kristy Ashley  Josephine Wan  Ryan Evans |
| ERCOT Staff | Mark Ruane  Vanessa Spells  Rizaldy Zapanta  Spoorthy Papudesi  Kelly Landry | | Cory Phillips  Vicki Scott  Juliana Morehead  Erica Kane  Samantha Findley |

The meeting was called to order at 9:30 a.m.

**Approval of Meeting Minutes – January 18, 2017**

Donald Meek submitted a motion to approve the January 18, 2017 minutes. Bill Barnes seconded the motion. Motion passed.

**Review of NPRRs**

The following NPRRs were reviewed:

|  |  |
| --- | --- |
| NPRR 776 | Voltage Set Point Communication |
| NPRR 799 | Updates to Outages of Transmission Facilities |
| NPRR 802 | Settlements Clean-up |
| NPRR 804 | Remove Posting Requirement for One-Line Diagram |
| NPRR 808 | Three Year CRR Auction |

Bill Barnes submitted a motion that the above NPRRs except for NPRR 808 do not have any credit implications. Donald Meek seconded the motion. Motion passed.

**NPRR 811 - Two Day Cure Period for Foreign Market Participant Guarantee Agreements**

Mr. Barnes informed the group that the sponsor of NPRR 811 is not able to attend the meeting and suggested deferring action until the next meeting. Erica Kane informed the group that there are no regulatory issues for having a two-day cure period as it remains within substantial compliance with FERC regulation of not having more than two days cure period.

Eric Goff pointed out that increasing the two-day cure period may increase the M2 factor which accounts for the breach period.

**NPRR 808 – Three-Year CRR Auction**

After reviewing the Future Credit Exposure formulas, the group determined that the current credit calculations will capture any potential increased exposure that may arise from 3-year CRRs and therefore no system changes are required to accommodate changes proposed under NPRR 808. The group also noted that there could be more overlapping monthly and long-term CRR auctions as having three year CRRs will result in more 6-month sequences.

The group also reviewed the current parameters for the following exposure components: Portfolio Weighted Adder (PWA), the Portfolio Weighted Auction Clearing Price (PWACP) and the Path Specific DAM Based Adder.

Mr. Barnes submitted a motion to file the following comments:

“In its meeting on 2/15/17, the CWG reviewed NPRR 808. The CWG voted to endorse NPRR 808 as amended by the 1/18/17 DC Energy comments. The CWG reviewed the FCE and CRR auction credit exposure calculations in detail and found that they appropriately manage the potential increase in credit risk.”

Mr. Mathews seconded the motion. Motion passed.

**CRR Repossession**

Mr. Ruane informed the group about the recent event that led to the repossession of CRRs held by a defaulting Counter-Party. He told the group that ERCOT staff did not see any deficiencies in the credit exposure calculations that would have prevented the default.

Mr. Ruane also informed the group that ERCOT will draft an NPRR to better document the process of re-auctioning repossessed CRRs.

**2017 CWG Goals**

Mr. Meek asked the group if the goal of having a calculation tool for CRR auction collateral requirements is appropriate for CWG.

Mr. Barnes submitted a motion to include the development of a calculation tool to estimate CRR auction exposure as one of the CWG’s goals. Ian Haley seconded the motion. Motion passed.

**Credit Updates**

Ms. Spells updated the group on recent developments and credit items for the February F&A meeting. Ms. Spells added that NPRR 800 had been approved by the Board.

The meeting was adjourned at 11:12 a.m.