**APPROVED**

**Minutes of the Wholesale Market Subcommittee (WMS) Meeting**

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

**Wednesday, April 4, 2018 – 9:30 a.m.**

Attendance

*Members:*

|  |  |  |
| --- | --- | --- |
| Barnes, Bill | Reliant Energy Retail Services | Via Teleconference at 10:16 a.m. |
| Caraway, Shannon | Solar Prime |  |
| Carpenter, Jeremy | Tenaska Power Services |  |
| Coleman, Diana | OPUC |  |
| Downey, Marty | Electranet Power |  |
| Evans, Mike | Brazos Electric Cooperative |  |
| Goff, Eric | Citigroup Energy |  |
| Greer, Clayton | Morgan Stanley |  |
| Gross, Blake | AEP Service Corporation |  |
| Kee, David | CPS Energy |  |
| Lange, Clif | South Texas Electric Cooperative |  |
| Lindberg, Ken | Bryan Texas Utilities |  |
| Maduzia, Franklin | Dow Chemical |  |
| Mauldin, Jamie | City of Eastland |  |
| Morris, Sandy | Direct Energy |  |
| Moss, Steven | E. ON | Alt. Rep. for Chris Such |
| Powell, Christian | LCRA | Alt. Rep. for John Dumas |
| Sandidge, Clint | Calpine Energy Solutions |  |
| Schwarz, Brad | Sharyland Utilities |  |
| Shaw, Marka | Exelon |  |
| Sithuraj, Murali | Austin Energy | Alt. Rep. for Erika Bierschbach |
| Surendran, Resmi | Shell Energy |  |
| Selvester, Michael | Infinite Energy | Alt. Rep. for Steve Madden  Via Teleconference |
| Trefny, Floyd | Nucor | Alt. Rep. for Mark Smith Via Teleconference |
| Wilson, Joe Dan | Golden Spread Electric Cooperative |  |
| Woodruff, Taylor | Oncor |  |
| Zerwas, Rebecca | Reliant Energy Retail Services | Alt. Rep. for Bill Barnes |

The following proxy was assigned:

* Russell Franklin to Ken Lindberg

*Guests:*

|  |  |  |
| --- | --- | --- |
| Abbott, Kristin | PUCT | Via Teleconference |
| Abbott, Bill | PUCT | Via Teleconference |
| Ainspan, Malcolm | NRG | Via Teleconference |
| Allen, Travis | Enbridge | Via Teleconference |
| Ashley, Kristy | Customized Energy Solutions |  |
| Blakey, Eric | Just Energy |  |
| Bunch, Kevin | EDF Energy Services |  |
| Capasso, Joe | Brilliant Energy | Via Teleconference |
| Cochran, Seth | DC Energy |  |
| Daigneault, Ralph | Potomac Economics |  |
| Donohoo, Ken | EPE Consulting | Via Teleconference |
| Eckhoff, Christina | Texas Reliability Entity | Via Teleconference |
| Ellliott, Christopher | Bank of America Merrill Lynch | Via Teleconference |
| Foos, Richard | Calpine | Via Teleconference |
| Garza, Beth | Potomac Economics |  |
| Haley, Ian | Vistra Energy |  |
| Harris, Brenda | Oxy | Via Teleconference |
| Helton, Bob | Dynegy |  |
| Hughes, Darren | LCRA | Via Teleconference |
| Juricek, Michael | Oncor | Via Teleconference |
| Kroskey, Tony | Brazos Electric Cooperative | Via Teleconference |
| Kueker, Dan | Brazos Electric Cooperative | Via Teleconference |
| Lee, Jim | AEP Service Corporation |  |
| Paez, Richard | Infinite Energy | Via Teleconference |
| Paff, Tom | Duke Energy | Via Teleconference |
| Reedy, Steve | Potomac Economics | Via Teleconference |
| Robinson, Rhonda | Calpine | Via Teleconference |
| Saini, Ishwar | Macquarie Group | Via Teleconference |
| Siddiqi, Shams | Crescent Power |  |
| Smith, Caitlin | Jewell and Associates |  |
| Stanfield, Leonard | Invenergy |  |
| True, Roy | ACES Power | Via Teleconference |
| Turner, Lucas | South Texas Electric Cooperative | Via Teleconference |
| Varnell, John | Tenaska | Via Teleconference |
| Wallin, Shane | DME |  |
| Whittle, Brandon | Megawatt Analytics | Via Teleconference |
| Whitworth, Dough | Texas Reliability Entity | Via Teleconference |
| Wittmeyer, Bob | DME |  |

*ERCOT Staff:*

|  |  |  |
| --- | --- | --- |
| Albracht, Brittney |  | Via Teleconference |
| Blevins, Bill |  |  |
| Bracy, Phil |  | Via Teleconference |
| Butterfield, Lindsay |  | Via Teleconference |
| Chen, Jian |  | Via Teleconference |
| Clifton, Suzy |  |  |
| Dansro, Ben |  |  |
| Fohn, Doug |  |  |
| Gonzalez, Ino |  |  |
| Guo, Jack |  | Via Teleconference |
| Hanson, Kevin |  | Via Teleconference |
| Holt, Blake |  |  |
| Hunsucker, Brett |  |  |
| Kane, Erika |  | Via Teleconference |
| Landry, Kelly |  |  |
| Lee, Alex |  | Via Teleconference |
| Maggio, Dave |  |  |
| Manning, Brian |  | Via Teleconference |
| Morehead, Juliana |  | Via Teleconference |
| Moreno, Alfredo |  | Via Teleconference |
| Ögelman, Kenan |  |  |
| Patterson, Mark |  |  |
| Phillips, Cory |  |  |
| Roberts, Randy |  |  |
| Ruane, Mark |  |  |
| Scott, Vicki |  | Via Teleconference |
| Shaw, Pam |  |  |
| Smith, Nathan |  | Via Teleconference |
| Wattles, Paul |  |  |

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

Antitrust Admonition

David Kee directed attention to the Antitrust Admonition, which was displayed.

Agenda Review

Mr. Kee reviewed items scheduled for a vote at this meeting and noted changes to the order for which items would be taken up.

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

*February 28, 2018*

**Resmi Surendran moved to approve the February 28, 2018 WMS meeting minutes as submitted. Taylor Woodruff seconded the motion. The motion carried unanimously.**

Technical Advisory Committee (TAC) Update and Assignments

Mr. Kee reviewed the disposition of items considered at the March 22, 2018 TAC meeting.

TAC Subcommittee Restructuring Task Force Update (see Key Documents)

Jim Lee provided an update on subcommittee restructuring, including moving wholesale market Settlements, the Commercial Operations Market Guide, and other supplemental documents and reports under WMS. Mr. Lee reviewed the implementation timeline, summarized the potential changes to subcommittee quorum requirements and attendance policy.

ERCOT Operations and Market Items (see Key Documents)

*4-Coincident Peak (4-CP) Methodology*

Randy Roberts reviewed the 4-CP methodology following implementation of NPRR830, Revision of 4-Coincident Peak Methodology, and presented the 2017 adjustment amounts. In response to Market Participant questions, Mr. Roberts stated that the estimated difference between the new and old methodology is approximately six Megawatts (MWs) and that it may be more significant with inclusion of Southern Cross Transmission due to an increase in inadvertent energy. Mr. Roberts presented four potential adjustment options and requested Market Participant input. Market Participants discussed the options, including data transparency and potential costs. Market Participants requested additional time to consider the issue and that after the subcommittee restructuring alignment it be referred to the Communications and Settlements Working Group (CSWG).

New Protocol Revision Subcommittee (PRS) Referrals

*NPRR866, Mapping Registered Distributed Generation and Load Resources to Transmission Loads in the Network Operations Model*

Market Participants and ERCOT Staff discussed the merits of NPRR866 and the issue referred to WMS by PRS. In response to Market Participant questions, Bill Blevins stated that the intent of NPRR866 is not to increase the number of registered Distributed Generation facilities or Load Resources, but rather it is to improve mapping in the Network Operations Model of such current and future facilities so that ERCOT will have visibility of their capacity. Paul Wattles noted to Market Participants that ERCOT is in the process of developing a concept to extend nodal pricing for larger DG Resources and offered to bring that concept forward at a future WMS meeting. Mr. Wattles further specified that this concept is separate and apart from NPRR866.

**Mr. Woodruff moved to comment that NPRR866 proposes no pricing impacts to the energy market. Clayton Greer seconded the motion. The motion carried unanimously.**

OBDRR003, Change Validation Rules to Preclude Certain Transactions at Resource Nodes within Private Use Networks

*SCR796, Change Validation Rules to Preclude Certain Transactions at Resource Nodes within Private Use Networks*

Dave Maggio reviewed Other Binding Document Revision Request (OBDRR) 003 and the related System Change Request (SCR) 796. Some Market Participants expressed support for the interim solution proposed in OBDRR003, but requested additional time for review of other potential long term solutions. Other Market Participants objected to the lack of transparency in the OBDRR process and stated the solutions proposed should be codified in the Protocols.

**Ms. Surendran moved to table OBDRR003 and request PRS continue to table SCR796 to allow additional time for review by WMS. Eric Goff seconded the motion. The motion carried unanimously.**

Resource Cost Working Group (RCWG) (see Key Documents)

Bob Helton reviewed recent RCWG activities, including the Houston Ship Channel fuel price liquidity options.

*VCMRR020, Delay the Fuel Adder Sunset Related to VCMRR014, Revise Fuel Adder Factor for Coal and Lignite Resources*

*Urgent Status*

*Language Consideration*

Mr. Helton summarized the issues in developing a long term solution to the coal index price, reviewed the history of Verifiable Cost Manual Revision Request (VCMRR) 014, Revise Fuel Adder Factor for Coal and Lignite Resources, and presented VCMRR020. Mr. Helton stated by extending the sunset date of VCMRR014 to June 1, 2019, as proposed in VCMRR020, an alternate approach could be developed in a new Revision Request, while ensuring coal and lignite unites are not started up below their cost. Market Participants and ERCOT Staff reviewed the criteria for designating a Revision Request Urgent. Market Participants opined that due to the implementation timeline and in consideration of potential market costs if not implemented timely, the requirement for Urgent status had been met.

**Mr. Greer moved to grant VCMRR020 Urgent status. Murali Sithuraj seconded the motion. The motion carried unanimously.**

**Mr. Greer moved to recommend approval of VCMRR020 as submitted. Mr. Sithuraj seconded the motion. The motion carried unanimously.**

Qualified Scheduling Entity (QSE) Managers Working Group (QMWG) (see Key Documents)

Mr. Goff summarized recent QMWG activities including review of the power balance penalty curve and Revision Requests assigned to QMWG. Mr. Goff stated QMWG reviewed Southern Cross Directive #10, Price Formation, and discussed various methods of modifying prices based on Direct Current Tie (DC Tie) reliability dispatches by ERCOT; however, they did not reach a resolution and requested WMS direction. ERCOT Staff offered to develop a whitepaper to present at a future WMS meeting.

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

*NPRR845, RMR Process and Agreement Revisions*

*NPRR848, Separate Clearing Prices for RRS*

*NPRR850, Market Suspension and Restart*

*NPRR856, Treatment of OFFQS Status in Day-Ahead Make Whole and RUC Settlements*

*NPRR862, Updates to Address Revisions under PUCT Project 46369*

*NPRR863, Creation of Primary Frequency Response Service Product and Revisions to Responsive Reserve*

WMS took no action on these items.

*NPRR838, Updated O&M Cost for RMR Resources*

Mr. Helton provided an update on NPRR838 and stated that RCWG concluded that using historical averages to establish an Reliability Must-Run (RMR) Unit’s Operations and Maintenance (O&M) costs was not reflective of the reliability requirements under RMR contracts, but that building the actual O&M costs for RMR Units into the Mitigated Offer Caps could result in very high Locational Marginal Prices (LMPs). Mr. Helton continued that RCWG and the Independent Market Monitor (IMM) are collaborating on other potential solutions, including adopting a fixed price. Beth Garza stated the IMM supports using a fixed number for the purpose of increased transparency and visibility. Mr. Helton inquired whether any WMS members objected to RCWG’s continued development of the concept of using a fixed number to be applied for the RMR Unit O&M costs that would be used for the mitigated price at that location. There were no objections.

*NPRR807, Day-Ahead Market Price Correction*

Mr. Kee reviewed the 3/23/18 ERCOT comments and conveyed ERCOT’s request to discuss NPRR807 at the May 2, 2018 WMS meeting.

**Marty Downey moved to table NPRR807. Blake Gross seconded the motion. The motion carried unanimously.**

*NPRR832, Disallow PTP Obligation Bids and DAM Energy Bids that Sink at Private Use Network Settlement Points Without a Load Distribution Factor - Urgent*

Mr. Kee noted the withdrawal of NPRR832.

*NPRR851, Procedure for Managing Disconnections for Bidirectional Electrical Connections at Transmission Level Voltages*

Market Participants discussed the merits of NPRR851.

**Mr. Woodruff moved to endorse NPRR851 as amended by the 3/22/18 ERCOT comments. Joe Dan Wilson seconded the motion. The motion carried unanimously.**

Congestion Management Working Group (CMWG) (see Key Documents)

Ian Haley reviewed recent CMWG activities and stated that the April CMWG meeting was rescheduled to Monday, April 30, 2018, due to the Gulf Coast Power Association (GCPA) Pre-conference activities.

Market Credit Working Group (MCWG) (see Key Documents)

Bill Barnes reviewed recent MCWG activities, including NPRR867 and the Retail Electric Provider (REP) default process.

*NPRR867, Revisions to CRR Auction Credit Lock Amount to Reduce Excess Collateral*

**Mr. Greer moved to endorse NPRR867 as submitted. Sandy Morris seconded the motion. The motion carried unanimously.**

Other Business

*Report of Market Inefficiency by Market Participant*

Seth Cochran stated his intent to provide formal notice of a market inefficiency, in accordance with paragraph (f)(12) of P.U.C. Subst. R. 25.503, Oversight of Wholesale Market Participants, related to virtuals in the Day-Ahead Market (DAM) being settled at a Resource Node while in Real-Time they are settled at the connectivity node, particularly if there is congestion between the generator's connectivity node and where the generator's Resource Node is located. Mr. Kee referred the issue to CMWG.

*Draft OBDRR, Updates to Emergency Response Service Procurement Methodology*

Mark Patterson summarized the proposed changes to the Emergency Response Service (ERS) Procurement Methodology, reminded Market Participants of the fourteen day comment period, and reviewed the approval process.

*Review Open Action Items*

Market Participants reviewed the Open Action Items list.

*No Report*

* Emerging Technologies Working Group (ETWG)
* Metering Working Group (MWG)
* Supply Analysis Working Group (SAWG)

Adjournment

Mr. Kee adjourned the April 4, 2018 WMS meeting at 12:17 p.m.

1. <http://www.ercot.com/calendar/2018/2/28/138530-WMS> [↑](#footnote-ref-1)