**DRAFT**

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

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

**Wednesday, October 10, 2018 – 9:30 a.m.**

Attendance

*Members:*

|  |  |  |
| --- | --- | --- |
| Barnes, Bill | Reliant Energy Retail Services |   |
| Bierschbach, Erika | Austin Energy |  |
| Caraway, Shannon | Solar Prime |  |
| Carpenter, Jeremy | Tenaska Power Services |  |
| Coleman, Diana | OPUC |  |
| Downey, Marty | Electranet Power  |  |
| Dumas, John | LCRA |  |
| Evans, Mike | Brazos Electric Cooperative |  |
| Goff, Eric | Citigroup Energy |  |
| Greer, Clayton | Morgan Stanley |  |
| Gross, Blake | AEP Service Corporation |   |
| Johnson, Anthony | CenterPoint Energy |  |
| 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 |  |
| Paez, Richard | Infinite Energy | Alt. Rep. for Stephen MaddenVia Teleconference |
| Schwarz, Brad | Sharyland Utilities |  |
| Shaw, Marka | Exelon |  |
| Smith, Mark | Nucor | Via Teleconference |
| Such, Chris | E.ON |  |
| Surendran, Resmi | Shell Energy |  |
| Velasquez, Ivan | Oncor | Alt. Rep. for Taylor Woodruff |
| Wilson, Joe Dan | Golden Spread Electric Cooperative |   |

The following proxies were assigned:

* Clint Sandidge to Marka Shaw

*Guests:*

|  |  |  |
| --- | --- | --- |
| Ainspan, Malcolm | NRG | Via Teleconference |
| Anderson, Kevin | Customized Energy Solutions |  |
| Ashley, Kristy | Customized Energy Solutions |  |
| Bertin, Suzanne | Texas Advanced Energy | Via Teleconference |
| Bruno, Mariana | GDS Associates | Via Teleconference |
| Bryant, Mark | PUCT | Via Teleconference |
| Bunch, Kevin | EDF Energy Services |  |
| Cochran, Seth | DC Energy |  |
| Crouch, Rebekah | NBU |  |
| Daigneault, Ralph | Potomac Economics |  |
| Detelich, David | CPS Energy | Via Teleconference |
| Elliott, Christopher | Bank Of America Merrill Lynch | Via Teleconference |
| Gregg, Michele | TCPA |   |
| Haley, Ian | Luminant Generation |   |
| Helton, Bob | Engie |  |
| Hourihan, Mike | CP Power Energy | Via Teleconference |
| Hughes, Darren | LCRA | Via Teleconference |
| Huynh, Thuy | Potomac Economics | Via Teleconference |
| Jones, Randy | Mountaineer | Via Teleconference |
| Kroskey, Tony | Brazos Electric | Via Teleconference |
| Lookadoo, Heddie | NRG | Via Teleconference |
| McCamant, Frank | McCamant Consulting | Via Teleconference |
| Ohrt, Jay | South Texas Electric Cooperative |  |
| Park, Soo-Seon | Shell Energy | Via Teleconference |
| Powell, Christian | Pedernales Electric Cooperative |  |
| Reedy, Steve  | Potomac Economics | Via Teleconference |
| Ritch, John | NextEra Energy | Via Teleconference |
| Robertson, Jennifer | LCRA |  |
| Robinson, Rhonda | Calpine | Via Teleconference |
| Sams, Bryan | NRG | Via Teleconference |
| Siddiqi, Shams | Crescent Power |   |
| Sithuraj, Murali | Austin Energy |  |
| Smith, Caitlin | Invenergy |  |
| Stanfield, Leonard | Invenergy |  |
| Trefny, Floyd |  | Via Teleconference |
| True, Roy | ACES Power | Via Teleconference |
| Turner, Lucas | South Texas Electric Cooperative | Via Teleconference |
| Van Booven, Ashley | New Braunfels Utilities | Via Teleconference |
| Wise, Michael | Golden Spread Electric Cooperative |  |
| Wittmeyer, Bob | DME | Via Teleconference |
| Woods, Brad | Texas Reliability Entity | Via Teleconference |
| Younger, Joseph | Texas Reliability Entity | Via Teleconference |

*ERCOT Staff:*

|  |  |  |
| --- | --- | --- |
| Albracht, Brittney |  | Via Teleconference |
| Anderson, Connor |  | Via Teleconference |
| Billo, Jeff |  | Via Teleconference |
| Bivens, Carrie |  | Via Teleconference |
| Bracy, Phil |  | Via Teleconference |
| Butterfield, Lindsay |  |  |
| Chang, Sean |  | Via Teleconference |
| Chen, Jian |  | Via Teleconference |
| Clifton, Suzy |  |  |
| Covington, Austin |  | Via Teleconference |
| Gilbertson, Jeff |  | Via Teleconference |
| Gonzalez, Ino |  |   |
| Guiyab, Rochie |  | Via Teleconference |
| Guo, Jack |  | Via Teleconference |
| Hailu, Ted |  | Via Teleconference |
| Hanson, Kevin |  | Via Teleconference |
| Hilliard, Marie |  | Via Teleconference |
| Huang, Fred  |  | Via Teleconference |
| Jones, Dan |  |  |
| Krein, Steve |  | Via Teleconference |
| Levine, Jon |  |  |
| Li, Katherine |  | Via Teleconference |
| Maggio, Dave |  |  |
| Mickey, Joel |  |  |
| Moorty, Sai |  | Via Teleconference |
| Morehead, Juliana |  | Via Teleconference |
| Moreno, Alfredo |  |   |
| Phillips, Cory |  |   |
| Roberts, Randy |  | Via Teleconference |
| Rosel, Austin |  | Via Teleconference |
| Ruane, Mark |  |  |
| Shanks, Magie |  | Via Teleconference |
| Sharma, Sandip |  |  |
| Shaw, Pam |  |  |
| Smith, Nathan |  | Via Teleconference |
| Thompson, Chad |  |   |
| Townsend, Aaron |  |   |
| Warnken, Pete |  |  |
| White, Steve |  |  |
| Woodfin, Dan |  |  |
| Zhang, Wen |  | Via Teleconference |

***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 and noted changes to the order for which items would be taken up.

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

*September 5, 2018*

**Joe Dan Wilson moved to approve the September 5, 2018 WMS meeting minutes as submitted. Diana Coleman seconded the motion. The motion carried unanimously.**

Technical Advisory Committee (TAC) Update and Assignments

Mr. Kee reviewed the disposition of items considered at the September 26, 2018 TAC meeting and provided an update on the TAC and TAC Subcommittee Structural and Procedural Review.

ERCOT Operations and Market Items (see Key Documents)

*Recent Reliability Unit Commitments (RUCs) for Capacity Review*

Aaron Townsend summarized the RUC activity on specific dates in July and August 2018 and presented the re-run of the analysis simulating implementation of NPRR864, RUC Modifications to Consider Market-Based Solutions. Market Participants expressed concern for pricing issues and other alternate solutions that are not considered in the RUC tool. Independent Market Monitor (IMM) Staff summarized their recommendation in Public Utility Commission of Texas (PUCT) Project 48551, Review of Summer 2018 ERCOT Market Performance. Market Participants requested a comprehensive analysis of the impacts of NPRR864 and a review of the information in the RUC report be conducted by the Qualified Scheduling Entity (QSE) Managers Working Group (QMWG).

*Proposed Changes to AS Methodology for 2019*

Sandip Sharma presented the proposed changes to the ERCOT Methodologies for Determining Minimum Ancillary Service Requirements for 2019. Eric Goff summarized discussions at the September 23, 2018 QMWG meeting and proposed that the current 1375 Megawatt (MW) floor on Non-Spinning Reserve (Non-Spin) quantities during On-peak hours, Hours Ending (HE) 7 thru 22 be removed. Market Participants reviewed the history of Non-Spin floors and debated removing it. Some Market Participants opposed removing the Non-Spin floor and stated that it was necessary due to the uncertainty of using Ancillary Services to manage risk and potential RUC commitments. In response to Market Participant questions, Mr. Sharma stated removing the floor would not have a major effect as ERCOT routinely buys above the floor.

**Bill Barnes moved to endorse the ERCOT Methodologies for Determining Minimum Ancillary Service Requirements for 2019, without the 1375 MW floor on Non-Spinning quantities during On-peak hours (HE 7 thru 22). Mr. Goff seconded the motion. The motion carried via roll call vote with five objections from the Cooperative (3) (LCRA, Brazos, GSEC), Independent Generator (Exelon), and Municipal (BTU) Market Segments; and four abstentions from the Cooperative (STEC) and Independent Generator (3) (E.ON, Calpine, and Solar Prime) Market Segments.** *(Please see ballot posted with Key Documents.)*

New Protocol Revision Subcommittee (PRS) Referrals

*NPRR850, Market Suspension and Restart*

Mr. Kee summarized the action taken by PRS on NPRR850 at its September 13, 2018 PRS meeting. John Dumas reviewed the 9/10/18 LCRA comments and stated that additional clarifications were needed on the method of allocating costs of a market restart, and that it would be prudent to have the ERCOT Board involved prior to a market restart. Market Participants debated the potential impacts for various scenarios. Mark Ruane stated ERCOT Staff had communicated their concerns on the settlement calculations to LCRA, and that ERCOT Legal would need additional time to review the issues relating to obligating the ERCOT Board to approve a market restart.

**Mr. Dumas moved to request PRS continue to table NPRR850 to allow further review by PRS. Marty Downey seconded the motion. The motion carried unanimously.**

*NPRR871, Customer or Resource Entity Funded Transmission Projects Review Process*

Market Participants reviewed the merits of NPRR871.

**Blake Gross moved to endorse NPRR871 as amended by the 10/1/18 Reliant Energy Joint comments. Mr. Barnes seconded the motion. The motion carried unanimously.**

*NPRR891, Removal of NOIE Capacity Reporting Threshold for the Unregistered Distributed Generation Report*

Market Participants discussed the merits of NPRR891 and requested additional review of the issues by the Supply Analysis Working Group (SAWG).

**Mr. Barnes moved to request PRS continue to table NPRR891 to allow further review by SAWG. Mr. Downey seconded the motion. The motion carried unanimously.**

*NPRR893, Clarification of Fuel Index Price and Incorporation of System-Wide Offer Cap and Scarcity Pricing Mechanism Methodology into Protocols*

Market Participants reviewed the merits of NPRR893.

**Clayton Greer moved to endorse NPRR893 as submitted. Mr. Barnes seconded the motion. The motion carried unanimously.**

*NPRR896, Reliability Must-Run and Must-Run Alternative Evaluation Process*

Market Participants discussed the merits of NPRR896 and requested additional review of the issues by QMWG.

**Mr. Greer moved to request PRS continue to table NPRR896 to allow further review by QMWG. Mr. Barnes seconded the motion. The motion carried unanimously.**

QMWG

Mr. Goff summarized recent QMWG activities, including review of Revision Requests assigned to QMWG and potential QMWG efficiencies.

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

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

*NPRR872, Modifying the SASM Shadow Price Cap*

*NPRR885, Must-Run Alternative (MRA) Details and Revisions Resulting from PUCT Project No. 46369, Rulemaking Relating to Reliability Must-Run Service*

WMS took no action on these items.

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

Clif Lange reviewed the history of NPRR863 and the 10/1/18 STEC comments. Market Participants debated the merits of NPRR863 and reviewed the implementation timeline. Some Market Participants expressed concern for moving NPRR863 forward without an associated Nodal Operating Guide Revision Request (NOGRR).

**Mr. Gross moved to endorse NPRR863 as amended by the 10/1/18 STEC comments. Mr. Greer seconded the motion. The motion carried with six abstentions from the Consumer (2) (Dow, Nucor), Cooperative (LCRA), Independent Generator (Solar Prime), Independent Retail Electric Provider (IREP) (Direct Energy), and Municipal (BTU) Market Segments.**

*NPRR884, Adjustments to Pricing and Settlement for Reliability Unit Commitments (RUCs) of On-Line Combined Cycle Generation Resources*

**Mr. Barnes moved to endorse NPRR884 as submitted. Mr. Goff seconded the motion. The motion carried unanimously.**

Market Settlement Working Group (MSWG)

Heddie Lookadoo summarized recent MSWG activities and presented a draft Revision Request that provides resettlement to reflect proper distribution of the Congestion Revenue Rights (CRR) Balancing Account (CRRBA) for WMS consideration.

**Sandy Morris moved to approve the MSWG draft Revision Request, CRR Balancing Account Resettlement, for posting. Ms. Coleman seconded the motion. The motion carried unanimously.**

Supply Analysis Working Group (SAWG)

Bryan Sams summarized recent SAWG activities, including review of the Economically Optimum Reserve Margin (EORM) and Market Equilibrium Reserve Margin (MERM) Study and the Comparison of December 2017 Capacity, Demand, Reserves (CDR) Report and Final Summer Seasonal Assessment of Resources Adequacy (SARA) Report verses Preliminary Summer 2018 Results. In response to Market Participant questions on inclusion of line items and verbiage to identify different data points, ERCOT Staff stated they are internally reviewing holistic changes.

Congestion Management Working Group (CMWG)

David Detelich summarized CMWG activities, announced the High Revenue Neutrality Allocation (RENA) Workshop on October 12, 2018, and requested WMS direction on the issue of outage placeholders. Market Participants discussed the issue and Mr. Kee directed CMWG to continue to review the issue and potential solutions, including implementing the designation of “received at ERCOT outages”.

Market Credit Working Group (MCWG)

Mr. Barnes summarized MCWG activities, including a review of the Greenhat Energy, LLC default in PJM. Market Participants discussed the liquidation issues. Mr. Kee requested MCWG review the liquidations procedures as they impact CRR’s and recommend potential changes.

Other Business

*Reliability Deployment Price Adder*

Mr. Barnes expressed a concern for the performance of the Reliability Deployment Price Adder during the RUC events on October 4, 2018 and requested ERCOT prepare a detailed analysis, specifically including fluctuations of the adder between zero and non-zero values that aren’t intuitive to be reviewed at QMWG.

Mr. Kee directed QMWG to review the methodology to calculate the Reliability Deployment Price Adder. ERCOT Staff offered to present the analysis at the November 12, 2018 QMWG meeting.

*2019 Meeting Calendar*

Market Participants reviewed the proposed 2019 Meeting Schedule.

*2019 Membership/Segment Elections*

ERCOT Staff reminded Market Participants that the membership date of record is Friday, November 9, 2018 and stated that 2019 Segment Representative Elections would begin on Monday, November 12, 2018.

*Review of Open Action Items*

Mr. Kee requested WMS Working Group Leadership provide updates on Open Action Items in their monthly reports.

*No Report*

* Demand Side Working Group (DSWG)
* Metering Working Group (MWG)
* Resource Cost Working Group (RCWG)

Adjournment

Mr. Kee adjourned the October 10, 2018 WMS meeting at 12:54 p.m.

1. http://www.ercot.com/calendar/2018/10/10/138550-WMS [↑](#footnote-ref-1)