**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**November 22, 2019 (Face-to-Face Meeting, MET Center Room 206B)**

**Attendance**

|  |  |  |  |
| --- | --- | --- | --- |
| Independent Retail Electric Providers | Bill Barnes - Reliant Energy  Loretto Martin – Direct Energy | | |
| Independent Generators | Ian Haley - Luminant Generation | | |
| Municipals | Donald Meek – Austin Energy  Don Daugherty - City of Garland | | |
| Cooperatives | Richard Ramirez - Lower Colorado River Authority | | |
| Others | Seth Cochran  Clayton Greer  Ryan Evans  Bob Wittmeyer  Daniel  Brian Kozlowski  Brenden Sager  Sandy Morris |  | Matt Robson  Robert Miller  Tony Marsh  Jennifer Rochelle  Mariah Benson  Tyler Kuhn  Darice Ridge |
| ERCOT Staff | Mark Ruane  Vanessa Spells  Spoorthy Papudesi  Rizaldy Zapanta  Julio Dovalina | | Maruthi Gaddam  Jordan Troublefield  Pamela Shaw  Phillip Bracy |

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

**Approval of Meeting Minutes – October 17, 2019**

Bill Barnes submitted a motion to approve the October 17, 2019 minutes. Donald Meek seconded the motion. Motion passed.

**NPRRs for Review**

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| --- | --- |
| NPRR 826 | Mitigated Offer Caps for RMR Resources |
| NPRR 838 | Updated O&M Cost for RMR Resources |
| NPRR 963 | Creation of Generation and Controllable Load Resource Group GCLR Group) |
| NPRR 964 | Improvement of RMR Process and Removal of Synchronous Condenser Unit and Agreement |
| NPRR 967 | Allow Limited Duration Resource Energy Offer Curve Updates Near Real-Time and Remove the 10 MW Limit |
| NPRR 971 | Changing Energy Offer Curve Caps for Make-Whole Calculation Purposes and Replacing the Real-Time Average Incremental Energy Cost |
| NPRR 974 | Capacity Insufficiency Operating Condition Notice (OCN) Transparency |
| NPRR 977 | Create MIS Posting for RUC Cancellations |
| NPRR 978 | Alignment with Amendments to PUCT Substantive Rule 25.505 |

Mr. Meek submitted a motion that the NPRRs have no credit implications. Mr. Barnes seconded the motion. Motion passed.

**NPRR 976**

Mark Ruane presented for the group’s review NPRR 976, Provisions for Resource Entities to Act as a Virtual QSE or Emergency QSE, which addresses allowable transactions for Resource Entities utilizing a Virtual QSE or Emergency QSE. The group suggested that one option would be to allow the RE of a defaulting QSE to continue to operate but restrict its activity to just real-time generation with no day-ahead or energy trades.

**Impact of RTCTF on Credit Exposure Calculations**

Vanessa Spells presented to the group the impact of the RTCTF on credit exposure calculations based on initial assessments. ERCOT staff will continue to evaluate and monitor the impact as discussions on RTCTF progress.

**CRR Future Credit Exposure Improvements**

Seth Cochran presented to the group the following recommendations to improve CRR future credit exposure calculations: 1) calculating one portfolio weighted adder calculation where CRR obligations and options are considered together; and 2) include the value of time diversification in the FCE. The group will further discuss in future meetings.

**Remedies for Late Payments**

The group suggested the following changes to tighten the remedies for late payments:

* Impose Level 2 enforcement requirements as Level 1 enforcement requirements Impose Level 3 enforcement requirements as Level 2 enforcement requirements
* For Level 1 enforcement, require half of the collateral required to be in the form of secured collateral.
* Impose Level 3 enforcement on the 3rd late payment.

**Suspension of Trading Activity Proposal**

Wolfranium Power proposed to the group an activity suspension mechanism. The group reviewed the proposal and agreed to further discuss in the next meeting.

**ERCOT Updates**

Spoorthy Papudesi presented the monthly update on credit exposure.

**CWG/MCWG Goals**

Mr. Meek asked the group for any suggestions for the 2020 CWG/MCWG goals.

**New Business**

Mr. Meek asked the group to provide their nominees for Chair and Vice Chair for 2020.

Mr. Ruane informed the group that a suggestion was made by a Market Participant for ERCOT to allow automatic debits for invoice payments. It was noted, however, that the proposal could result in several timing issues, foremost of which is that banks may not notify ERCOT’s bank (JP Morgan) until after 5 p.m. or next day if there are available funds in the account. There is also no specific requirement of how quickly the bank must send the funds to ERCOT.

The group agreed to cancel the December meeting.

The meeting was adjourned at 12:20 p.m.