**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**July 15, 2020 (Webex Meeting)**

**Attendance**

|  |  |  |  |
| --- | --- | --- | --- |
| Independent Retail Electric Providers | Loretto Martin - Direct Energy | | |
| Independent Power Marketers | Mark Holler - Tenaska Power Inc. | | |
| Independent Generators | Ian Haley - Luminant Generation | | |
| Investor Owned Utilities | Deborah McKeever – Oncor | | |
| Municipals | Michael Mathews - Bryan Texas Utilities | | |
| Others | Bob Wittmeyer  Brenden Sager  Seth Cochran  Darice Ridge  Kevin Bunch  Matt Robson  Eric Blakey  Bryan Sams |  | Ryan Evans  Sandy Morris  Tony Marsh  Evan Truitt  Josephine Wan  Mariah Benson  Lori Williams  Jennifer Rochelle-Bradburn |
| ERCOT Staff | Mark Ruane  Vanessa Spells  Spoorthy Papudesi  Rizaldy Zapanta  Julio Dovalina  Maruthi Gaddam  Cory Phillips | | Gibson Hull  Juliana Morehead  Rob Orr  Ohlen Dinopol  Alfredo Moreno  Shalesh Ganjoo |

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

**Approval of Meeting Minutes – June 17, 2020**

Debbie McKeever submitted a motion to approve the June 17, 2020 minutes. ­ Mark Holler seconded the motion. Motion passed.

**Software Error Identified in CMM-FCE Exposure**

Vanessa Spells reported that a CMM process error was recently identified affecting the calculation of the Future Credit Exposure (FCE) beginning January 1, 2020. ERCOT staff implemented a software fix on July 5, 2020 to correct the error. The error did not affect the FCE for any Counter-Party (CP) until March 19, 2020 and only 25 CPs were impacted. There was only one instance in which the error resulted in a request for additional collateral and there were no instances of breach or default. Ms. Spells added that ERCOT staff will automate the process in order to prevent future errors.

**Counter-Party Credit Risk Assessment**

Mark Ruane informed the group that ERCOT staff has been evaluating credit risk assessment models as part of the market entry qualifications initiative. He presented the results of the optimization of the R-squares of the MISO Scoring Model. Mr. Ruane also informed the group that ERCOT staff has met with Moody’s regarding its proprietary model, Risk Calc and presented the key features of the model. He asked the group to provide their feedback particularly regarding the model considerations or using an internally developed model versus vendor models.

**ERCOT Updates**

Spoorthy Papudesi presented the monthly update on credit exposure.

**Credit Release Date/CRR Calendar**

Seth Cochran discussed the possibility of unlocking the collateral allocated for CRR auctions simultaneously with the posting of auction invoices in order to make previously locked funds available for the Day-Ahead market. Ms. Spells responded that based on the initial review by ERCOT staff, this would entail changing the CRR calendar. ERCOT staff will provide more details in future meetings.

**New Business**

Mr. Holler reminded the group there is a second workshop on Proposed Qualifications for Market Entry and Continued Participation on July 29.

Ms. Spells reminded the group that the August through October meetings have been moved to 1:30 to 5 pm. The CWG/MCWG meeting sites have been updated with the new schedule.

The meeting was adjourned at 10:33 a.m.