**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**October 16, 2020 (Webex Meeting)**

**Attendance**

|  |  |  |  |
| --- | --- | --- | --- |
| Independent Retail Electric Providers | Loretto Martin - Direct Energy  Bill Barnes – Reliant 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  Don Daugherty - City of Garland | | |
| Cooperatives | Richard Ramirez - Lower Colorado River Authority | | |
| Others | Bob Wittmeyer  Brenden Sager  Seth Cochran  Darice Ridge  Josephine Wan  Cliff Lange  Kristy Ashley  Tony Marsh |  | Jimmy Kuo  Kim Rainwater  Lori Williams  Matt Gasparovich  Jeff Slaughter  Rob Stupar  Brian Koz |
| ERCOT Staff | Mark Ruane  Vanessa Spells  Spoorthy Papudesi  Rizaldy Zapanta  Maruthi Gaddam  Julio Dovalina | | Cory Phillips  Gibson Hull  Matt Mereness  Juliana Morehead  Ino Gonzalez  Shalesh Ganjoo |

The meeting was called to order at 9:35 a.m.

**Approval of Meeting Minutes – September 16, 2020**

Loretto Martin submitted a motion to approve the September 16, 2020 minutes. Bill Barnes seconded the motion. Motion passed.

**NPRRs for Review**

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| NPRR 1001 | Clarification of Definitions of Operating Condition Notice, Advisory, Watch, Emergency Notice, and Related Clarifications |
| NPRR 1026 | BESTF-7 Self-Limiting Facilities and Self-Limiting Resources |
| NPRR 1039 | Replace the Term MIS Public Area with ERCOT Website |
| NPRR 1042 | Planned Capacity Adjustment in the Report on Capacity, Demand and Reserves in the ERCOT Region |
| NPRR 1043 | Clarification of NPRR986 Language Related to Wholesale Storage Load |
| NPRR 1046 | Additional Revisions to Remove Dynamically Scheduled Resource (DSR) from the Protocols |
| NPRR 1047 | Consolidate Greybox re NPRR973 and NPRR1016 |

Mark Holler submitted a motion that the above NPRRs are operational and have no credit impact. Mr. Barnes seconded the motion. Motion passed.

**Real-Time Co-optimization NPRRs and Efforts**

Matt Mereness updated the group of recent efforts and progress developments by the RTC Task Force. He reminded the group that approval of the NPRRs associated with RTC are due in November. Mr. Holler requested members of the group provide their comments or concerns regarding the impact of the NPRRs prior to next month’s meeting to enable the group to approve the NPRRs in the next meeting.

**Counter-Party Credit Risk Assessment**

Mark Ruane presented to the group the draft NPRR and its key provisions as well as the results of the updated run of the MISO-based financial scoring model using 2019 Counter-Party data. Based on the recent run, Mr. Ruane observed that results of the 2019 financial data calibrated using 2018 financial data exhibited a better fit.

Seth Cochran provided the following suggestions: 1) provide a written explanation to entities deemed as unreasonable credit risk; 2) provide a cure period; 3) provide Counter-Parties deemed as unreasonable credit risk the ability to challenge the designation thru the ADR process; 4) clarify adverse changes distinction from material changes; and 5) combine both NPRRs or drive both NPRRs on the same track.

Mr. Ruane informed the group that the current objective is to move both proposals on the same track together with the Other Binding Document.

Mr. Holler asked the group to review the NPRR and the scoring model results and provide any comments particularly on the weightings used. He also added that he has apprised the F&A Committee regarding this initiative.

**Review August 2020 DAM/CRR Credit Exposure**

Cliff Lange presented for the group’s review a potential DAM-CRR credit risk misalignment that resulted in exacerbated collateral requirements in August arising from a significant amount of congestion in August due to outages of two AEP transmission lines. He indicated that CRR settlements are not projected forward using DFAF which can result in over-collateralization as credits from CRR positions don’t offset DALE exposure.

The group requested Mr. Lange provide numeric examples in addition to his presentation for discussion at the next meeting.

**Review Forward Adjustment Factors**

Spoorthy Papudesi presented the results of the impact of different weightings for Forward Adjustment Factors. The group requested she apply the different weightings during periods of high prices and apply the resulting RFAF/ DFAF to TPEA.

**ERCOT Updates**

Ms. Papudesi presented the monthly update on credit exposure.

**Other Business**

Vanessa Spells asked the group for nominations for 2021 Officers for voting in December.

The meeting was adjourned at 11:43 p.m.