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| NPRR Number | [1007](http://www.ercot.com/mktrules/issues/nprr1007) | NPRR Title | RTC – NP 3: Management Activities for the ERCOT System |
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| Date | | November 17, 2020 | |
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| Submitter’s Information | | | |
| Name | | Mark Holler on behalf of the Credit Work Group (Credit WG) | |
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| Phone Number | | 817-303-1113 | |
| Cell Number | |  | |
| Market Segment | | Not applicable | |

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| Comments |

On November 17, 2020, the Credit WG reviewed the collection of Real-Time Co-Optimization (RTC) Nodal Protocols Revision Request (NPRRs) (1007-1013) and acknowledges there are changes to credit risk and credit calculations within the RTC revisions to the Protocols.  After Credit WG review, the group agrees the primary areas of change have been properly identified and addressed in the Protocol changes.  The summary of changes are as follows:

* Section 4.4.10, Credit Requirement for DAM Bids and Offers, (within NPRR1008, RTC – NP 4: Day-Ahead Operations) introduces a new Day-Ahead Market (DAM) product, Ancillary Service Only Offers.  Section 4.4.10 has been appropriately updated to reflect the risk between DAM Market Clearing Price for Capacity (DAMCPC) and Real-Time Market Clearing Price for Capacity (RTMCPC) for this new transaction.
* Section 16.11.4, Determination and Monitoring of Counter-Party Credit Exposure, (within NPRR1013, RTC – NP 1, 2, 16, and 25: Overview, Definitions and Acronyms, Registration and Qualification of Market Participants, and Market Suspension and Restart) introduces credit modifications to multiple sections reflecting the new market transactions and credit risk.  The specific sections below have been updated below to reflect the credit changes as described:
  + Section 16.11.4.1, Determination of Total Potential Exposure for a Counter-Party, updates the Minimum Current Exposure (MCE) component of Total Potential Exposure (TPE) calculation to include price risk between DAMCPC and RTMCPC for virtual Ancillary Service Offers;
  + Section 16.11.4.3.2, Real-Time Liability Estimate, updates the Real-Time Liability Completed and Not Settled (RTLCNS) component of Estimated Aggregate Liability (EAL) calculation to include RTC Ancillary Service activity; and
  + Section 16.11.4.3, Determination of Counter-Party Estimated Aggregate Liability, changes in the Real-Time liability carry over into the aggregate liability.

Overall, from a credit standpoint, the changes proposed by these RTC NPRRs are an improvement over the existing Supplemental Ancillary Services Market (SASM) process by allowing for a more precise application of credit liability.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None