**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**March 25, 2021 (Webex Meeting)**

**Attendance**

|  |  |  |  |
| --- | --- | --- | --- |
| Independent Retail Electric Providers | Loretto Martin – NRG/Direct Energy | | |
| Independent Power Marketers | Mark Holler - Tenaska Power Inc. | | |
| Independent Generators | Ian Haley - Luminant Generation  James Spaulding – Calpine | | |
| Investor Owned Utilities | Deborah McKeever – Oncor | | |
| Municipals | Josephine Wan - Austin Energy  Michael Mathews - Bryan Texas Utilities | | |
| Cooperatives | Richard Ramirez - Lower Colorado River Authority | | |
| Others | Bill Barnes  Bob Wittmeyer  Brenden Sager  Seth Cochran  Ryan Evans  Kristy Ashley  Lucas Turner  Jimmy Kuo  Tony Marsh  Kim Rainwater  Christopher Smith  Shawnee Claiborn-Pinto  Tom Burke  Jeff Lamp  Donald Meek  Gurpreet Neeraj  Darice Ridge  Samuel Mackey  Allison Duensing  Malcolm Ainspan |  | Eric Goff  Chris Such  Ned Bonskowski  John Ritch  Shams Siddiqi  Anoush Farhangi  Brad Bell  James DiSciullo  Dan Bailey  Blake Gross  Thresa Allen  Ruta Skucas  Mariah Benson  Jack Brown  Valery Kogan  Chris Price  Wes Williams  Jeff Conn  Michael Flaherty |
| ERCOT Staff | Mark Ruane  Vanessa Spells  Spoorthy Papudesi  Julio Dovalina  Rizaldy Zapanta  Maruthi Gaddam  Cory Phillips | | Ino Gonzalez  Donal House  Ohlen Dinopol  Shalesh Ganjoo  Juliana Morehead  Erika Kane |

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

**Approval of Meeting Minutes – January 20, 2021**

Brenden Sager submitted a motion to approve the January 20, 2021 minutes. Mark Holler seconded the motion. Motion passed.

**NPRRs for Review**

|  |  |
| --- | --- |
| NPRR 1023 | Change to CRR Repossession Process |
| NPRR 1060 | Improvements to ERS Testing Requirements and Other ERS Items |
| NPRR 1065 | Implementation Adjustment for NPRR917 |
| NPRR 1066 | Interconnection of Existing Generation Owned by a Municipally Owned Utility (MOU) or Electric Cooperative (EC) Transferring Load into the ERCOT System |
| NPRR 1069 | Align Ancillary Service Responsibility for ESRs with NPRR987 |
| NPRR 979 | Incorporate State Estimator Standards and Telemetry Standards into Protocols |
| NPRR 1062 | Modify IDR Meter Requirement and Eliminate IDR Meter Requirement Report |

Mr. Sager submitted a motion that NPRRs 1060, 1065, 1066, 1069, 979 and 1062 are operational and have no credit impact. Mr. Holler seconded the motion. Motion passed.

On NPRR 1023, Mr. Sager submitted a motion to provide the comment below. Mr. Holler seconded the motion. Motion passed.

The Credit Work Group believes this NPRR will have beneficial credit impacts over the current methodology as the valuation of the portfolio should be higher offsetting more of the default as well as dividing the risk of the portfolio over more participants.

**Review 2021 Goals**

The group reviewed and noted the Credit Working Group goals for 2021.

**Proposed Modifications to CRR Future Credit Exposure**

Seth Cochran presented for the group’s consideration the CRR Future Credit Exposure Improvements proposal presented last year. Shams Siddiqi suggested looking into whether changing the percentile of the path specific adders could address the objective of the proposal.

**Credit Scoring Model**

Mark Ruane presented to the group the results of the credit scoring model reflecting the changes to the ratio weightings suggested during the January meeting. The group suggested reversing the agency rating numeric mapping.

**ERCOT Updates**

Ms. Papudesi presented the monthly update on credit exposure.

Vanessa Spells updated the group on recent developments during the recent winter storm including the changes made to the TPE, mass transitions and the one-time CRR auction.

Group members raised the following points that need to be addressed in future meetings:

* Rethink credit exposure calculations given that the credit requirements were relaxed during the period when there were potential defaults
* Provide a presentation of how the Brazos and Rayburn losses will be handled operationally as well as how all default uplifts will be invoiced
* Provide short payment information in Excel format that shows the invoice date and type, operating date and payments applied
* Ensure that defaulting entities are effectively prevented from re-entering market through creation of new entities
* Clarify the calculation of PUL in the TPE as specified in Sec. 16.11.4.1.
* Disclose all the names of terminated CPs.

The meeting was adjourned at 12:27 p.m.