**DRAFT**

**Minutes of the Wholesale Market Subcommittee (WMS) Meeting**

**Webex Only**

**Wednesday, January 5, 2022 – 9:30 a.m.**

Attendance

*Members:*

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Allen, Thresa | Avangrid Renewables |  |
| Barnes, Bill | Reliant Energy Retail Services |  |
| Bierschbach, Erika | Austin Energy |  |
| Burke, Tom | Invenergy |  |
| Cochran, Seth | DC Energy |  |
| DeLeon, Amanda | Tenaska Power Services |  |
| Detelich, David | CPS Energy |  |
| Farhangi, Anoush | Demand Control 2 |  |
| Franklin, Russell | Garland Power & Light |  |
| Foster, Ashley | The Dow Chemical Company |  |
| Goff, Eric | Residential Consumer |  |
| Greer, Clayton | Morgan Stanley |  |
| Gross, Blake | AEP Service Corporation |  |
| Haley, Ian | Luminant Generation |  |
| Hunsaker, David | Chariot Energy |  |
| Johnson, Anthony | CenterPoint Energy |  |
| Lange, Clif | South Texas Electric Cooperative |  |
| Lindberg, Ken | Bryan Texas Utilities |  |
| Mauldin, Jamie | City of Eastland |  |
| Nguyen, Andy | Lower Colorado River Authority |  |
| Powell, Christian | Pedernales Electric Cooperative |  |
| Roberts, Bobby | TNMP |  |
| Simpson, Lori | Exelon |  |
| Surendran, Resmi | Shell Energy |  |
| Velasquez, Ivan | Oncor |  |
| Wilson, Joe Dan | Golden Spread Electric Cooperative |  |

The following proxy was assigned:

* Mark Smith to Ashley Foster

*Guests:*

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Ainspan, Malcolm | NRG |  |
| Aldridge, Ryan | AB Power Advisors |  |
| Anderson, Connor | AB Power Advisors |  |
| Anderson, Daren | The Energy Authority |  |
| Anderson, Kevin | Customized Energy Solutions |  |
| Ashley, Kristy | Customized Energy Solutions |  |
| Benson, Mariah | PUCT |  |
| Bivens, Carrie | Potomac Economics |  |
| Blackburn, Don | Hunt Energy Network Power |  |
| Blakey, Eric | Just Energy |  |
| Bruce, Mark | Cratylus Advisors |  |
| Carpenter, Jeremy | Tenaska Power Services |  |
| Chamberlin, Jennifer | CPower |  |
| Claiborn-Pinto, Shawnee | PUCT |  |
| Coleman, Diana | CPS Energy |  |
| Cripe, Ramsey | Schneider Engineering |  |
| Crouch, Rebekah | NBU |  |
| Daigneault, Ralph | Potomac Economics |  |
| Donohoo, Kenneth | EPE |  |
| Dreyfus, Mark | MD Energy Consulting |  |
| Evans, Mike | Brazos Electric Cooperative |  |
| Frank, Arushi Sharma | Tesla |  |
| Graham, Sophie | Adapt 2 Solutions |  |
| Hanson, Kevin | National Grid |  |
| Hayden, Jolly | GDS Associates |  |
| Hendrix, Chris | Demand Control 2 |  |
| Henry, Mark | Texas Reliability Entity |  |
| Henson, Martha | Oncor |  |
| Jones, Liz | Oncor |  |
| Kee, David | CPS Energy |  |
| Kilroy, Taylor | TPPA |  |
| King, Blake | RES |  |
| Kleckner, Tom | RTO Insider |  |
| Lasher, Warren | Lasher Energy |  |
| Lotter, Eric | GridMonitor |  |
| Loving, Alicia | Austin Energy |  |
| Miller, Alexandra | EDFR |  |
| Rainwater, Kim | Lower Colorado River Authority |  |
| Ramaswamy, Ramya | PUCT |  |
| Reed, Cyrus | CCON |  |
| Reedy, Steve | CIM Vie Consulting |  |
| Reid, Walter | Advanced Power Alliance |  |
| Rich, Katie | Golden Spread Electric Cooperative |  |
| Ritch, John | Gexa Energy |  |
| Roth, Werner | UCT |  |
| Sager, Brenden | Austin Energy |  |
| Sams, Bryan | Calpine |  |
| Siddiqi, Shams | Crescent Power Consulting |  |
| Sithuraj, Murali | Austin Energy |  |
| Smith, Caitlin | Jupiter Power |  |
| Smith, Chase | Southern Power Company |  |
| Thurnher, Greg | MP2 Energy |  |
| Townsend, Aaron | Potomac Economics |  |
| Trefny, Floyd | Texas Steel Mills |  |
| True, Roy | ACES Power |  |
| Turner, Lucas | South Texas Electric Cooperative |  |
| Uy, Manny | Hunt Energy |  |
| Varnell, John | Tenaska Power Services |  |
| Villasana, Kristi | NBU |  |
| Walcavich, Colin | National Grid Renewables |  |
| Walke, Pranil | Calpine |  |
| Wittmeyer, Bob | Longhorn Power |  |
| Yu, Joel | Enchanted Rock |  |
| Zhou, Emily | Potomac Economics |  |

*ERCOT Staff:*

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| --- | --- | --- |
|  |  |  |
| Albracht, Brittney |  |  |
| Anderson, Troy |  |  |
| Bernecker, John |  |  |
| Billo, Jeff |  |  |
| Boren, Ann |  |  |
| Bracy, Phil |  |  |
| Chen, Jian |  |  |
| Cheng, Yong |  |  |
| Clifton, Suzy |  |  |
| Comstock, Read |  |  |
| Day, Betty |  |  |
| Deller, Art |  |  |
| Dinopol, Ohlen |  |  |
| Du, Pengwei |  |  |
| Flint, Alison |  |  |
| Flores, Isabel |  |  |
| Garcia, Freddy |  |  |
| Gonzalez, Ino |  |  |
| Gore, Amy |  |  |
| Hartmann, Jimmy |  |  |
| Holt, Blake |  |  |
| Huang, Fred |  |  |
| Jenkins, Darrell |  |  |
| Kane, Erika |  |  |
| Kettlewell, Bill |  |  |
| Krein, Steve |  |  |
| Lee, Alex |  |  |
| Madam, Vamsi |  |  |
| Maggio, David |  |  |
| Mago, Nitika |  |  |
| Mantena, Dan |  |  |
| Matlock, Robert |  |  |
| Moreno, Alfredo |  |  |
| Ögelman, Kenan |  |  |
| Opheim, Calvin |  |  |
| Phillips, Cory |  |  |
| Ragsdale, Kenneth |  |  |
| Roberts, Randy |  |  |
| Ruane, Mark |  |  |
| Sanchez, Daniel |  |  |
| Shanks, Magie |  |  |
| Sharma, Sandip |  |  |
| Singh, Vijay |  |  |
| Stice, Clayton |  |  |
| Sumruld, Lisa |  |  |
| Wattles, Paul |  |  |
| Wiley, Leslie |  |  |
| Woodfin, Dan |  |  |
| Xiao, Hong |  |  |

*Unless otherwise indicated, all Market Segments participated in the votes.*

Antitrust Admonition

Suzy Clifton directed attention to the Antitrust Admonition, which was displayed.

Election of 2022 WMS Chair and Vice Chair

Ms. Clifton reviewed the leadership election process codified in the Technical Advisory Committee Procedures and opened the floor for nominations.

**Ian Haley nominated Resmi Surendran for 2022 WMS Chair.** Ms. Surendran accepted the nomination. **Ms. Surendran was named 2022 WMS Chair by acclamation.**

**Anthony Johnson nominated Ivan Velasquez for 2022 WMS Vice Chair.** Mr. Velasquez accepted the nomination. **Mr. Velasquez was named 2022 WMS Vice Chair by acclamation.**

Agenda Review

There were no changes to the agenda.

Approval of WMS Meeting Minutes

*November 3, 2021*

*December 1, 2021*

Market Participants reviewed the November 3 and December 1, 2021 WMS Meeting Minutes. Ms. Surendran noted these items could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

New Protocol Revision Subcommittee (PRS) Referrals (see Key Documents)

*Nodal Protocol Revision Request (NPRR) 1110, Black Start Requirements Update*

Isabel Flores summarized NPRR1110 and discussion at the December 15, 2021 Black Start Working Group (BSWG) meeting and stated that ERCOT anticipates additional clarifications. Market Participants discussed the issues and requested further review by the Wholesale Market Working Group (WMWG). Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

*NPRR1111, Related to SCR819, Improving IRR Control to Manage GTC Stability Limits – Urgent*

*System Change Request (SCR) 819, Improving IRR Control to Manage GTC Stability Limits – Urgent*

Ms. Surendran noted that that the concepts in NPRR1111 and SCR819 had been reviewed at the Credit Working Group (Credit WG) and Market Credit Working Group (MCWG) meetings. Ms. Surendran noted these items could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

WMWG (see Key Documents)

David Detelich reviewed WMWG activities.

*Nodal settlement of Load Resources*

Market Participants discussed the issues of Nodal Settlement of Load Resources and whether the appropriate forum was at WMWG or at a Technical Advisory Committee (TAC) Task Force. Ms. Surendran offered to request TAC consideration on the issues.

*Implementation of Public Utility Commission of Texas (PUCT) directed changes to High System-Wide Offer Cap (HCAP) and Operating Reserve Demand Curve (ORDC)*

Jian Chen stated that at their open meetings in December, the PUCT approved an amendment to §25.505 of the PUCT Substantive Rules, lowering the HCAP from its current value of $9,000/MWh to a value of $5,000/MWh and an order directing ERCOT to change the minimum contingency level used in the ORDC process from 2,000 MW to 3,000 MW, and that these changes and changes to the parameters driven by HCAP, or the effective System-Wide Offer Cap (SWCAP) were all effective on January 1, 2022. Mr. Chen noted that ERCOT issued Market Notices on December 7 and December 17, 2021, summarized discussion at the December 17, 2021 WMWG meeting, and reviewed Other Binding Document Revision Request (OBDRR) 037, Power Balance Penalty Updates to Align with PUCT Approved High System-Wide Offer Cap, and OBDRR038, Minimum Contingency Level Updates to Align with PUCT Order, and the update to the HCAP per paragraph (1) of Protocol Section 4.4.11, System-Wide Offer Caps, and stated that these items would be considered at the January 26, 2022 TAC meeting and the February 8, 2022 ERCOT Board of Directors meeting. Some Market Participants expressed concern that the PUCT changes were implemented prior to Revision Requests proceeding through the stakeholder process and requested that in the future ERCOT consider emergency Board meetings to advance Revision Requests related to PUCT directives prior to the implementation date.

Revision Requests Tabled at PRS, Technical Advisory Committee (TAC), or Reliability and Operations Subcommittee (ROS) and Referred to WMS (see Key Documents)

*NPRR981, Day-Ahead Market Price Correction Process*

*NPRR1058, Resource Offer Modernization for Real-Time Co-Optimization*

*NPRR1067, Market Entry Qualifications, Continued Participation Requirements, and Credit Risk Assessment*

*NPRR1070, Planning Criteria for GTC Exit Solutions*

*NPRR1084, Improvements to Reporting of Resource Outages and Derates*

*NPRR1088, Applying Forward Adjustment Factors to Forward Market Positions and Un-applying Forward Adjustment Factors to Prior Market Positions*

*NPRR1096, Require Sustained Six Hour Capability for ECRS and Non-Spin*

*NPRR1100, Emergency Switching Solutions for Energy Storage Resources*

*NPRR1108, ERCOT Shall Approve or Deny All Resource Outage Requests*

*OBDRR026, Change Shadow Price Caps to Curves and Remove Shift Factor Threshold*

*Nodal Operating Guide Revision Request (NOGRR) 215, Limit Use of Remedial Action Schemes*

WMS took no action on these items.

*NPRR1092, Remove RUC Offer Floor*

Market Participants discussed NPRR1092, the 12/23/22 ERCOT comments, and discussion at the November 15, 2021 WMWG meeting. Some Market Participants expressed concerns that reducing the Reliability Unit Commitment (RUC) offer floor could result in unnecessary price suppression and undercut market-based offers. Other Market Participants expressed support for NPRR1092 to address ongoing market power issues. In response to Market Participant questions, the Independent Market Monitor (IMM) stated that nothing has changed with regards to incentives created by the offer floor and buy back provision in conjunction with how ERCOT is using RUC in the conservative approach, recent ORDC changes have not made a difference, and that the IMM sees the same incentive problems as when the Revision Request was filed.

**Clif Lange moved to reject NPRR1092. Andy Nguyen seconded the motion. The motion failed via roll call vote with 14 objections from the Consumer (4) (City of Eastland, Nucor, Dow, Residential Consumer), Independent Generator (Invenergy), Independent Retail Electric Provider (IREP) (3) Reliant, Demand Control 2, Chariot), Investor Owned Utility (IOU) (3) (AEP, CenterPoint, TNMP), and Municipal (3) (Austin, BTU, CPS) Market Segments and three abstentions from the Independent Power Marketer (IPM) (DC Energy), IOU (Oncor), and Municipal (Garland) Market Segments**. *(Please see ballot posted with Key Documents.)*

**Eric Goff moved to endorse NPRR1092 as amended by the 12/23/21 ERCOT comments. Bill Barnes seconded the motion. The motion carried via roll call vote with six objections from the Cooperative (3) (STEC, Golden Spread, LCRA), Independent Generator (2) (Luminant, Exelon) and IPM (Shell) Market Segments and five abstentions from the Cooperative (Pedernales), Independent Generator (Avangrid Renewables), IPM (Tenaska), IOU (Oncor) and Municipal (Garland) Market Segments.** *(Please see ballot posted with Key Documents.)*

Revision Requests Tabled at WMS (see Key Documents)

*VCMRR031, Clarification Related to Variable Costs in Fuel Adders*

WMS took no action on this item.

ERCOT Operations and Market Items (see Key Documents)

*Securitization Subchapter N Implementation NPRR*

Mark Ruane reminded Market Participants of the securitization process pursuant to the Debt Obligation Order issued in PUCT Docket No. 52321, Application of Electric Reliability Council of Texas, Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, Winter Storm Uri Default Balance Financing and N, Winter Storm Uri Uplift Financing, of the Public Utility Regulatory Act (PURA), presented Next Steps and the implementation timeline for both Subchapter M and N, and noted that NPRR1114, Securitization – PURA Subchapter N Uplift Charges will be considered at the January 13, 2022 PRS meeting.

*Discussion on implementation of Phase 1 per December 6, 2021 PUCT Memo in Project No. 52373, Review of Wholesale Electric Market Design*

Kenan Ögelman summarized the implementation of Phase 1 items as directed by the PUCT, discussed pursuing market modifications to improve transparency of price signals for Load Resources, such as nodal pricing and Settlement, and stated that the appropriate forum could be at WMS or at a TAC Task Force level, but highlighted concerns of expanding the scope of issues due to potential system changes and impacts to complex projects such as Energy Management Systems (EMS).

Combined Ballot

**Mr. Velasquez moved to approve the Combined Ballot as follows:**

* **To approve the November 3 and December 1, 2021 Meeting Minutes as presented**
* **To request PRS continue to table NPRR1110 for further review by the WMWG**
* **To endorse NPRR1111 as submitted**
* **To endorse SCR819 as submitted**

**Mr. Barnes seconded the motion. The motion carried unanimously via roll call vote.** *(Please see ballot posted with Key Documents.)*

Other Business

*Reliability Must Run (RMR) of substation equipment*

Market Participants and ERCOT Staff discussed potential issues in ordering non-decommissioning of substation equipment owned by a Generation Owner, including compensation and whether RMR is appropriate. Ms. Surendran assigned the issues to WMWG.

*2022 WMS Goals*

Ms. Surendran encouraged Market Participants to offer revisions for the 2022 Goals for consideration at the February 2, 2022 WMS meeting.

*2022 Working Group Leadership*

Ms. Surendran encouraged Market Participants to consider leadership opportunities at the Market Settlement Working Group (MSWG) and stated that WMS Working Group leadership will be considered at the February 2, 2022 WMS meeting.

*Review Open Action Items*

Ms. Surendran presented the proposed clarifications to items on the WMS Action items. There were no objections to the proposed clarifications.

*No Report*

* Congestion Management Working Group (CMWG)
* Demand Side Working Group (DSWG)
* Market Credit Working Group (MCWG)
* MSWG
* Metering Working Group (MWG)
* Resource Cost Working Group (RCWG)
* Supply Analysis Working Group (SAWG)

Adjournment

Resmi Surendran adjourned the January 5, 2022 WMS meeting at 1:40 p.m.