**Credit Working Group**

**ERCOT**

**Meeting Minutes**

**January 19, 2022 (Webex Meeting)**

**Attendance**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Independent Retail Electric Providers | Loretto Martin – NRG/Direct Energy | | | |
| Independent Generators | Ian Haley - Luminant Generation | | | |
| Investor Owned Utilities | Deborah McKeever – Oncor | | | |
| Municipals | Josephine Wan - Austin Energy  Don Daugherty - City of Garland  Michael Mathews - Bryan Texas Utilities | | | |
| Cooperatives | Richard Ramirez - Lower Colorado River Authority | | | |
| Others | Alicia Loving  Allison Duensing  Andy Nguyen  Bill Barnes  Bob Wittmeyer  Brenden Sager  Bryan Sams  Callie Boggs  Clayton Greer  Constance McDaniel Wyman  Curtis Campo  Danielle Fazio |  | David Hastings  Diana Coleman  Eric Lotter  Erica Contreras  Evan Truitt  Grant Inman  Jeff Lamp  Jerry Flanary  Jimmy Kuo  Katie Rich  Kim Rainwater  Kristy Ashley  Mariah Benson | Matt Robson  Murali Sithuraj  Orijit Ghoshal  Paige Winegar  Philip diPastena  Ramsey Cripe  Ryan Evans  Sandra Ionescu  Seth Cochran  Shams Siddiqi  Steve Reedy  Tony Marsh |
| ERCOT Staff | Austin Rosel  Cory Phillips  Donald House | | Judy Luu  Julio Dovalina  Mark Ruane | Maruthi Gaddam  Samantha Findley  Spoorthy Papudesi |

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

**Approval of Meeting Minutes – November 11, 2021**

Brenden Sager submitted a motion to approve the November 11, 2021 minutes. Loretto Martin seconded the motion. Motion passed.

**CWG/MCWG 2022 Leadership**

Rizaldy Zapanta informed the group that the following were elected as CWG/MCWG officers:

CWG Chair Loretto Martin

MCWG Chair Brenden Sager

MCWG Vice Chair Seth Cochran

**2022 Goals**

The group reviewed the 2021 goals and agreed to pursue the same goals during the year and revise the goals as necessary after any inputs from the upcoming ERCOT Board meeting in March. Ms. Martin submitted a motion to adopt the 2021 Goals for 2022 and amend after the March ERCOT Board meeting as appropriate. Mr. Sager seconded the motion. Motion passed.

**NPRRs for Review**

|  |  |
| --- | --- |
| NPRR 1099 | Managing Network Operations Model Resource Nodes |
| NPRR 1102 | ERCOT Discretion for Adjusting Non-Interval Data Recorder (NIDR) Backcasted Load Profiles |
| NPRR 1113 | Clarification of Regulation-Up Schedule for Controllable Load Resources in Ancillary Service Imbalance |
| NPRR 1092 | Remove RUC Offer Floor |
| NPRR 1111 | Related to SCR819, Improving IRR Control to Manage GTC Stability Limits |

Jimmy Kuo submitted a motion that the above NPRRs are operational and have no credit impact. Ms. Martin seconded the motion. Ian Haley abstained. Motion passed.

On NPRR 1114 Securitization – PURA Subchapter N Uplift Charges, Mr. Haley submitted a motion that ERCOT Credit Staff and the Credit Work Group (Credit WG) have reviewed NPRR1114 and believe this NPRR will provide positive credit impacts which establish processes to assess and collect Uplift Charges to Qualified Scheduling Entities (QSEs) representing Load Serving Entities (LSEs) pursuant to the Debt Obligation Order (DOO) issued in PUCT Docket No. 52322, Subchapter N, of PURA. Ms. Martin seconded the motion. Motion passed.

**NPRR 1112 – Elimination of Unsecured Credit Limits**

Mark Ruane presented to the group for review NPRR 1112, Elimination of Unsecured Credit Limits, and relevant statistics regarding unsecured credit in the ERCOT market. The group discussed the NPRR and members provided their comments regarding the potential positive and negative impacts of the NPRR.

Mr. Sager submitted a motion to table NPRR 1112 and submit a proposal to lower the unsecured limit cap. Debbie McKeever seconded the motion. Motion passed.

**NPRR 1067 Market Entry Qualifications**

The group agreed to table NPRR 1067 and further discuss in future meetings.

**NPRR 1088 Applying Forward Adjustment Factors to Forward Market Positions**

Shams Siddiqi informed the group that he has a presentation of an example of trader-only credit requirements. Since the members did not have sufficient time to review the presentation, the group agreed to discuss this in the next meeting.

**Default Uplift Methodology**

Seth Cochran presented to the group a draft NPRR proposing a revision of the default uplift methodology to a method based on absolute dollar ratio shares similar to the current one used by PJM. Austin Rosel presented to the group the results of an analysis of the default uplifts under this proposed method for different time periods from 2019 through 2021.

Members discussed the issues regarding this method and provided their comments. The group agreed to further discuss in the next meeting.

**Locked CRR Auction Credit**

Donald House presented to the group the observed and projected credit reduction and positive benefits resulting from the implementation in September 2021 of NPRR867 Revisions to CRR Auction Credit Lock Amount to Reduce Excess Collateral. The group noted the positive benefits of the NPRR.

**ERCOT Updates**

Spoorthy Papudesi presented the monthly update on credit exposure.

**Other Business**

Mr. Zapanta informed the group that the CWG/MCWG meeting scheduled on March 23, 2022 would need to be rescheduled as it coincides with the rescheduled TAC meeting. The group agreed to reschedule the meeting to March 14, 2022.

On the default uplifts, Mr. Ruane informed the group that there is no firm schedule on when the default uplift will be done but it will likely be sometime in February. He reported that there will only be a one-time uplift of approximately $1.9 Million representing short payments outside of the period of emergency for defaulted entities excluding Brazos and Rayburn.

The meeting was adjourned at 12:03 p.m.