**DRAFT**

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

**ERCOT Austin – 8000 Metropolis Drive (Building E), Suite 100 – Austin, Texas 78744**

**Wednesday, August 3, 2022 – 9:30 a.m.**

Attendance

*Members:*

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Allen, Thresa | Avangrid Renewables (Avangrid) | Via Teleconference |
| Barnes, Bill  | Reliant Energy Retail Services (Reliant) |  |
| Bierschbach, Erika | Austin Energy | Via Teleconference |
| Cochran, Seth | DC Energy |  |
| Couch, Andrea | Texas-New Mexico Power (TNMP) | Via Teleconference |
| DeLeon, Amanda | Tenaska Power Services (Tenaska) |  |
| Detelich, David | CPS Energy | Via Teleconference |
| Farhangi, Anoush | Demand Control 2 | Via Teleconference |
| Franklin, Russell | Garland Power & Light (GP&L) | Via Teleconference |
| Foster, Ashley | The Dow Chemical Company (Dow) | Via Teleconference |
| Goff, Eric | Residential Consumer |  |
| Greer, Clayton | Morgan Stanley |  |
| Gross, Blake | AEP Service Corporation (AEPSC) | Via Teleconference |
| Haley, Ian | Luminant Generation (Luminant) |  |
| Hunsaker, David | Chariot Energy | Via Teleconference |
| Jowlabar, Nicholas  | RWE Renewables  | Alt. Rep. for Tom Burke via Teleconference |
| Lange, Clif | South Texas Electric Cooperative (STEC)  | Via Teleconference |
| Lindberg, Ken | Bryan Texas Utilities (BTU)  | Via Teleconference |
| Mauldin, Jamie | City of Eastland | Via Teleconference |
| Nguyen, Andy | Lower Colorado River Authority (LCRA) |  |
| Powell, Christian | Pedernales Electric Cooperative (PEC) |  |
| Ritch, John | Gexa Energy |  |
| Sams, Bryan | Calpine Corporation (Calpine) | Via Teleconference |
| Smith, Mark | Nucor | Via Teleconference |
| Surendran, Resmi | Shell Energy North America (SENA) |  |
| Velasquez, Ivan | Oncor Electric Delivery (Oncor) |  |
| Wall, Perrin | CenterPoint Energy (CNP) |  |
| Wilson, Joe Dan | Golden Spread Electric Cooperative (GSEC) | Via Teleconference |

*Guests:*

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|  |  |  |
| Aldridge, Ryan | AB Power Advisors | Via Teleconference |
| Anderson, Connor | AB Power Advisors | Via Teleconference |
| Basaran, Harika | PUCT | Via Teleconference |
| Benson, Mariah | PUCT |  |
| Bivens, Carrie  | Potomac Economics | Via Teleconference |
| Blackburn, Don | Hunt Energy Network | Via Teleconference |
| Booth, Daniel | TexGen Power | Via Teleconference |
| Bruce, Mark | Cratylus Advisors | Via Teleconference |
| Bunch, Kevin | EDF Trading | Via Teleconference |
| Camet, Brooke | OPUC | Via Teleconference |
| Coleman, Diana | CPS Energy | Via Teleconference |
| Daigneault, Ralph | Potomac Economics | Via Teleconference |
| Haguewood, Ben | PUCT | Via Teleconference |
| Headrick, Bridget | CES | Via Teleconference |
| Horstmyer, Reid | Dynasty Power | Via Teleconference |
| Hubbard, John  | TIEC |   |
| Jones, Randy | Mountaineer Market Advisors | Via Teleconference |
| Kee, David | CPS Energy | Via Teleconference |
| Kolb, Lloyd | Invenergy | Via Teleconference |
| Kroskey, Tony | Brazos Electric Cooperative | Via Teleconference |
| Lacek, Mollie | Talen Energy | Via Teleconference |
| Lotter, Eric | GridMonitor | Via Teleconference |
| McKeever, Debbie | Oncor  | Via Teleconference |
| Mendoza, Albert | Occidental | Via Teleconference |
| Orr, Robb | Lone Star Transmission | Via Teleconference |
| Pokharel, Nabaraj | OPUC | Via Teleconference |
| Ramaswamy, Ramya | PUCT | Via Teleconference |
| Reid, Walter | Advanced Power Alliance | Via Teleconference |
| Rich, Katie | GSEC |   |
| Roberts, Vincent | TNMP | Via Teleconference |
| Sager, Brenden | Austin Energy | Via Teleconference |
| Schwarz, Brad | Sharyland Utilities |  |
| Seide, Richard | Apex Clean Energy |  |
| Siddiqi, Shams | Crescent Power Consulting | Via Teleconference |
| Sithuraj, Murali | Austin Energy | Via Teleconference |
| Smith, Chase | Southern Power Company | Via Teleconference |
| Snyder, Bill | AEPSC | Via Teleconference |
| True, Roy | ACES Power | Via Teleconference |
| Turner, Lucas | STEC | Via Teleconference |
| Varnell, John | Tenaska  | Via Teleconference |
| Walcavich, Colin | National Grid Renewables | Via Teleconference |
| Walker, Floyd | PUCT | Via Teleconference |
| Williams, Lori | BTU | Via Teleconference |
| Wittmeyer, Bob | Longhorn Power | Via Teleconference |
| Wu, Tiffany | PUCT | Via Teleconference |
| Xie, Fei | Austin Energy | Via Teleconference |
| Zerwas, Rebecca | PUCT | Via Teleconference |

*ERCOT Staff:*

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Albracht, Brittney |  |  |
| Anderson, Troy |  | Via Teleconference |
| Chen, Jian |  | Via Teleconference |
| Clifton, Suzy |  |   |
| Gallo, Andrew |  | Via Teleconference |
| Garcia, Freddy |  | Via Teleconference |
| Gonzalez, Ino |  |   |
| Holden, Curry |  | Via Teleconference |
| Holt, Blake |  | Via Teleconference |
| Huang, Fred |  | Via Teleconference |
| Khodabakhsh, Fred |  | Via Teleconference |
| Magarinos, Marcelo |  | Via Teleconference |
| Maggio, Dave |  |   |
| Mago, Nitika |  | Via Teleconference |
| McGuire, Joshua |  | Via Teleconference |
| Mereness, Matt |  | Via Teleconference |
| Patterson, Mark |  | Via Teleconference |
| Phillips, Cory |  | Via Teleconference |
| Roberts, Randy |  | Via Teleconference |
| Rosel, Austin |  | Via Teleconference |
| Ruane, Mark |  |   |
| Sanchez, Daniel |  | Via Teleconference |
| Solis, Stephen |  | Via Teleconference |
| Warnken, Pete |  | Via Teleconference |

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

Antitrust Admonition

Resmi Surendran directed attention to the Antitrust Admonition, which was displayed.

Agenda Review

There were no changes to the agenda.

Approval of WMS Meeting Minutes (see Key Documents)[[1]](#footnote-1)

*May 4, 2022*

*June 1, 2022*

Market Participants reviewed the May 4, 2022 and June 1, 2022 WMS Meeting Minutes. Ms. Surendran noted these items could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

Technical Advisory Committee (TAC) Update

Clif Lange reviewed the disposition of items considered at the July 27, 2022 TAC meeting, noted the TAC recommendation to the ERCOT Board to approve the ERCOT proposed Reliability Unit Commitment (RUC) Cost Scaling Parameter Change in Protocol Section 5.5.2, Reliability Unit Commitment (RUC) Process, and summarized the TAC assignment to WMS to review RUC compensation. Market Participants discussed the appropriate forum for review of the issues in consideration of the leadership challenges at the Resource Cost Working Group (RCWG) and the current RUC issues assigned to the Wholesale Market Working Group (WMWG), and requested further review of the RUC process in conservative operations, RUC cost recovery and moving make-whole uplift into price formation, and how to improve the market to limit the current reliance on RUC. Ms. Surendran requested review of the issues by WMWG.

ERCOT Operations and Market Items (see Key Documents)

*2022 Q2 Settlement Stability Report*

Austin Rosel presented the 2nd Quarter 2022 Settlement Stability Report.

*2022 Q2 Unregistered Distributed Generation (DG) Report*

Fred Khodabakhsh presented the 2nd Quarter 2022 Unregistered DG Report.

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

*Nodal Protocol Revision Request (NPRR) 1138, Communication of Capability and Status of Online IRRs at 0 MW Output*

Stephen Solis summarized NPRR1138. Market Participants discussed compensation for Intermittent Renewable Resources (IRRs) to provide Reactive Power support, noted the need for a cost benefit analysis, and requested further review of the compensation issues at WMWG after the Reliability and Operations Subcommittee (ROS) considered the reliability issues of NPRR1138. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

*NPRR1139, Adjustments to Capacity Shortfall Ratio Share for IRRs*

Mr. Rosel summarized NPRR1139, discussion at the November 26, 2022 WMWG meeting, and the 7/29/22 ERCOT comments. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot) Ian Haley stated that to maximize meeting efficiencies, he would not object to including NPRR1139 on the combined ballot, however, he would vote to abstain in consideration of NPRR1139.

*NPRR1140, Recovering Fuel Costs for Generation Above LSL During RUC-Committed Hours*

Ino Gonzalez summarized NPRR1140 and offered administrative clarifications. Mr. Haley reviewed the 6/3/22 Luminant comments to NPRR1140. Daniel Booth reviewed the 7/7/22 TexGen Power comments to NPRR1140. Mr. Gonzalez opined that the concepts proposed in the 7/7/22 TexGen Power comments should be considered in a separate Revision Request. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

WMS Revision Requests (See Key Documents)

*Verifiable Cost Manual Revision Request (VCMRR) 033, Excluding Exceptional Fuel Costs from Fuel Adders*

Mr. Gonzalez summarized VCMRR033 and noted the effort to add clarity to the Verifiable Cost Manual, whether exceptional fuel costs should or should not be included in the calculation of fuel adders. Market Participants requested further review of the issues by WMWG. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

*VCMRR034, Excluding RUC Approved Fuel Costs from Fuel Adders*

Mr. Gonzalez summarized VCMRR034. Market Participants requested further review of the issues by WMWG. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

*VCMRR035, Allow Verified Contractual Costs in Fuel Adder Calculation*

Mr. Booth summarized VCMRR035. Market Participants discussed that the current process of justifying fuel adders via historical data does not reflect recent market conditions; that cost recovery is based on variable rather than fixed costs; and that as currently proposed, VCMRR035 does not clarify what variable costs should be included. Market Participants noted that VCMRR035 removes language but proposes no replacement language, and proposed that VCMRR035 be taken up at WMWG after allowing time for interested stakeholders to file clarifications. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

WMWG (see Key Documents)

Bryan Sams reviewed WMWG activities.

Revision Requests Tabled at PRS or ROS and Referred to WMS (see Key Documents)

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

*NPRR1070, Planning Criteria for GTC Exit Solutions*

*NPRR1132, Communicate Operating Limitations during Cold and Hot Weather Conditions*

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

WMS took no action on these items.

*NPRR981, Day-Ahead Market Price Correction Process*

Mr. Sams requested WMS direction on NPRR981. Market Participants noted that NPRR981 has not been discussed since January 8, 2020, asked the sponsor to provide clarifications for review at the August 30, 2022 WMWG meeting, and requested WMWG provide their recommendation for consideration at the September 7, 2022 WMS meeting.

*NPRR1118, Clarifications to the OSA Process*

Mr. Sams summarized NPRR1118 discussion at the July 26, 2022 WMWG meeting and stated that WMWG was in consensus to support a recommendation to WMS for NPRR1118 as amended by the 6/13/22 ERCOT comments. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

*NPRR1126, Default Uplift Allocation Enhancement*

Seth Cochran summarized NPRR1126, the 6/30/22 DC Energy comments, and previous NPRR1126 discussions at the May 18, 2022 and July 20, 2022 Credit Work Group (Credit WG) and Market Credit Working Group (MCWG) meetings. Some Market Participants opposed to NPRR1126 opined that the default uplift allocation methodology was decided in 2010 as a compromise solution and expressed concern for the proposed concepts in NPRR1126. Other Market Participants requested additional time to review the issues. Ms. Surendran noted that NPRR1126 would be considered at the September 7, 2022 WMS meeting.

*NPRR1128, Allow FFR Procurement up to FFR Limit Without Proration*

Mr. Sams summarized NPRR1128 discussion at the July 26, 2022 WMWG meeting and stated that WMWG was in consensus to support a recommendation to WMS for NPRR1128 as amended by the 7/15/22 ERCOT comments. Ms. Surendran noted this item could be considered for inclusion in the [Combined Ballot.](#Combined_Ballot)

Revision Requests Tabled at WMS (see Key Documents)

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

WMS took no action on this item.

Market Credit Working Group (MCWG) (see Key Documents)

Brenden Sager reviewed MCWG activities.

Combined Ballot

**Bill Barnes moved to approve the Combined Ballot as follows:**

* **To approve the May 4, 2022 WMS Meeting Minutes as submitted**
* **To approve the June 1, 2022 WMS Meeting Minutes.v2 as submitted**
* **To request PRS continue to table NPRR1138 for further discussion by WMWG after ROS**
* **To endorse NPRR1139 as amended by the 7/29/22 ERCOT comments**
* **To endorse NPRR1140 as amended by the 6/30/22 Luminant comments as revised by WMS**
* **To table VCMRR033 and refer the issue to WMWG**
* **To table VCMRR034 and refer the issue to WMWG**
* **To table VCMRR035 and refer the issue to WMWG**
* **To endorse NPRR1118 as amended by the 6/13/22 ERCOT comments**
* **To endorse NPRR1128 as amended by the 7/15/22 ERCOT comments.**

**Andy Nguyen seconded the motion. The motion carried with two abstentions from the Independent Generator (Luminant) and Independent Retail Electric Provider (IREP) (Gexa Energy) Market Segments.** *(Please see ballot posted with Key Documents.)*

Congestion Management Working Group (CMWG) (see Key Documents)

Katie Rich summarized CMWG activities.

Demand Side Working Group (DSWG) (see Key Documents)

There was no DSWG report.

Supply Analysis Working Group (SAWG) (see Key Documents)

Pete Warnken reviewed SAWG activities, including the Capacity, Demand, and Reserves (CDR)/Seasonal Assessment of Resource Adequacy (SARA) issues associated with large flexible Loads and Private Use Networks (PUNs) and the Cost of New Entry (CONE) Study, and encouraged Market Participants to attend the August 29, 2022 SAWG meeting to further discuss the issues.

Other Business

*Annual TAC Subcommittee Structural Review*

Ivan Velasquez expressed appreciation to WMS working group leadership for their submittal of the annual review criteria for meeting efficiencies and presented the comprehensive review for WMS consideration. There were no objections. Mr. Lange highlighted TAC leadership discussions with ERCOT Board members regarding the TAC proposed enhancements to the Stakeholder process, encouraged Market Participants to attend the September 12, 2022 TAC and TAC Subcommittee Structural and Procedural Review by Webex only, and stated that changes brought forth from the review would be considered at the September 28, 2022 TAC meeting.

*2023 Meeting Schedule*

Market Participants reviewed the Draft 2023 Block Meeting Calendar.

*Review Open Action Items*

Market Participants reviewed the Open Action Items List.

*No Report*

* Market Settlement Working Group (MSWG)
* Meter Working Group (MWG)
* RCWG

Adjournment

Ms. Surendran adjourned the August 3, 2022 WMS meeting at 12:29 p.m.

1. Key Documents referenced in these minutes may be accessed on the ERCOT website at:

[https://www.ercot.com/calendar/event?id=1623079914163](https://www.ercot.com/calendar/event?id=1623079955087) [↑](#footnote-ref-1)