



**DRAFT GENERAL SESSION MINUTES OF THE
RELIABILITY AND MARKETS COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

8000 Metropolis Drive (Building E), Suite 100, Boardroom B
Austin, Texas 78744
October 16, 2023

Pursuant to notice duly given, the meeting of the Reliability and Markets (R&M) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT), convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation/Role (if any)	Voting Category
Aguilar, Carlos	N/A	Voting
England, Julie	N/A	Voting
Flexon, Bob (Chair)	N/A	Voting
Hjaltman, Courtney	Office of Public Utility Counsel, Public Counsel	Voting

Officers and Guests:

Officer/Guest	Role
Cobos, Lori	Public Utility Commission of Texas (PUCT) Commissioner
Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Hobbs, Kristi	ERCOT Vice President of System Planning and Weatherization
Lange, Cliff	South Texas Electric Cooperative, Inc., Technical Advisory Committee (TAC) Chair
Levine, Jonathan	ERCOT Assistant General Counsel and Assistant Corporate Secretary
McAdams, Will	PUCT Commissioner
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
Parakkuth, Jayapal	ERCOT Vice President and Chief Information Officer
Rainwater, Kim	ERCOT Corporate Counsel
Rickerson, Woody	ERCOT Senior Vice President and Chief Operating Officer
Rosel, Austin	ERCOT Director of Settlements, Retail, and Credit
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Senior Vice President, General Counsel, and Corporate Secretary
Smith, Stephanie	Eolian, LP



Tamby, Jeyant	ERCOT Senior Vice President, Chief Administrative Officer, and Chief of Staff
Taylor, Sean	ERCOT Vice President and Chief Financial Officer
Woodfin, Dan	ERCOT Vice President of System Operations
Zerwas, Rebecca	ERCOT Director of State Policy and PUC Relations and Board Liaison

Call General Session to Order (Agenda Item 1)

Bob Flexon, R&M Committee Chair, determined that a quorum was present and called the meeting to order at approximately 12:03 p.m. Chair Flexon highlighted the Antitrust Admonition and addressed the following Agenda Items in the order below.

Notice of Public Comment, if Any (Agenda Item 2)

Chair Flexon announced that on the agenda for the meeting, which was posted publicly on October 9, 2023, ERCOT had provided instructions for members of the public who were interested in commenting in person, and to date, no individuals had expressed interest in commenting, which Jonathan Levine confirmed.

August 30, 2023 General Session Meeting Minutes (Agenda Item 3)

Chair Flexon entertained a motion to approve the August 30, 2023 General Session Meeting Minutes (Minutes).

Carlos Aguilar moved to approve the Minutes as presented. Julie England seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation regarding R&M Committee Charter (Agenda Item 4)

Chair Flexon presented the Recommendation regarding R&M Committee Charter. He summarized the Charter revisions discussed during the Committee meeting on August 30, 2023 and indicated today's meeting materials include the proposed revisions for a vote. Chair Flexon indicated there may be further updates to the Charter in the future, as well as revisions to the Board Policies and Procedures and Protocol Section 21, based on ongoing discussions about the process for Board and Committee consideration of Revision Requests. Chair Flexon invited comments on the current proposed revisions to the R&M Committee Charter.

Ms. England moved to recommend Board approval of the R&M Committee Charter as presented. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Notice of Annual Committee Self-Evaluation Questionnaire (Agenda Item 5)

Chair Flexon presented the Notice of Annual Committee Self-Evaluation Questionnaire and highlighted Committee review of the questionnaire contents and form during the Committee's meeting on April 17, 2023. Chair Flexon indicated ERCOT staff will electronically administer the questionnaire to Committee members following today's meeting, and the Committee will review results during the meeting scheduled for December 18, 2023. At the August Board meeting, the Board also approved changes to membership of Committees in connection with the formation of the new Technology and Security (T&S) Committee. Chair Flexon invited feedback from former



R&M Committee members during this year's evaluation of the R&M Committee and invited final feedback on the questionnaire.

Recommendations regarding Non-Unanimous and other Selected Revision Requests Recommended by TAC for Board Approval; TAC Report regarding Non-Unanimous and Other Selected Revision Requests Recommended by TAC for Board Approval; NPRR1186, Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring (Agenda Items 6, 6.1, and 6.1.1)

Chair Flexon invited Clif Lange to present the TAC Report, including Nodal Protocol Revision Request (NPRR) 1186, which TAC non-unanimously recommended for approval following Board remand to TAC of the limited scarcity deployment issue discussed during the August 30, 2023 Committee meeting and the August 31, 2023 Board meeting. Mr. Lange presented the TAC recommendation regarding NPRR1186. Dan Woodfin commented on the ERCOT staff recommendation, including a request for the Board to direct one or more Board Priority NPRRs to strengthen compliance and financial penalties to mitigate the reliability risk from the proposed change to NPRR1186. Stephanie Smith commented on behalf of Eolian, LP and requested the Board remand NPRR1186 or recommend approval without directing development of penalties. Commissioners, Committee members, ERCOT staff, and Ms. Smith discussed changes proposed to NPRR1186 following remand to TAC that allow Resource flexibility in bidding for Ancillary Services; impacts of Resources charging during emergency conditions; non-distinction regarding Resource state of charge between scarcity intervals and non-scarcity intervals; potential impacts of NPRR1186 on investment and development of longer-duration batteries; and Qualified Scheduling Entity (QSE) management of reserves. Ms. England and Mr. Woodfin discussed how the Priority NPRRs could describe how penalties are not discriminatory.

Mr. Aguilar moved to recommend that the Board recommend approval of NPRR1186 as recommended by TAC and recommend that the Board direct ERCOT to file one or more NPRRs to strengthen the compliance and financial penalties to mitigate the reliability risk from the proposed change to NPRR1186, and to designate these as Board Priority Revision Requests pursuant to Protocol Section 21.5. Ms. England seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Committee Briefs (Agenda Item 7)

Chair Flexon invited ERCOT staff to present the Committee Briefs.

System Planning and Weatherization Update (Agenda Item 7.1)

Kristi Hobbs presented the System Planning and Weatherization Update. Commissioners, Committee members, Ms. Hobbs, and Woody Rickerson discussed the generation interconnection queue and the impact of regulatory certainty on speculative generation and the decrease over time in the number of generation interconnection applications that have commissioned into service, as well as adding to future reporting the number of projects and their average size. Discussion also included primary sources of backlogged interconnection requests in the ERCOT Region compared to other Independent System Operators. Committee members, Ms. Hobbs, and Mr. Rickerson also discussed the Monthly Outlook of Resource Adequacy (MORA), particularly the storm scenario based on Winter Storm Elliott weather conditions that shows an almost 18% chance of experiencing emergency conditions and associated risk



mitigation measures including more dispatchable generation, demand response, and short-term capacity contracts. Discussions also included the mix of staff and contracted labor to perform weatherization inspections and weatherization assumptions for MORA scenarios.

Update on Reliability Standard Study Results (Agenda Item 7.1.1)

Ms. Hobbs presented the Update on Reliability Standard Study Results. ERCOT filed simulation results with the PUCT for 48 scenarios and proposed additional scenario simulations, which include a Resource mix with more Inverter Based Resources; and suggested narrowing the range of exceedance probabilities to a specific target level for further analysis. Topics also included an open request for proposal (RFP) for a Cost of New Entry (CONE) study and the Value of Lost Load (VOLL) customer survey to begin around January 2024.

System Operations Update (Agenda Item 7.2)

Dan Woodfin presented the System Operations Update. Commissioners, Committee members, and Mr. Woodfin discussed the pending ERCOT Requests for Information issued to Resources to help identify possible causes of the September 6, 2023 Energy Emergency Alert (EEA) event during which frequency dropped while systems showed more than 2,000 MW of Primary Frequency Response (PRC).

Commercial Markets Update (Agenda Item 7.3)

Kenan Ögelman presented the Commercial Markets Update, including an update on Aggregate Distributed Energy Resource (ADER) Pilot Project. Mr. Ögelman reported increased volumes of ADERs in the program and acceptance of aggregation forms from ADERs comprising ERCOT-wide energy of 8.3 MW and ERCOT-wide Non-Spinning Reserve (Non-Spin) capacity of 2.7 MW. Commissioners and Mr. Ögelman discussed possible candidates to increase the pool of participants in the ADER Pilot Project and the impact on the pool of participants of the requirement to be able to follow Security-Constrained Economic Dispatch (SCED) Base Points. Commissioners, Committee members, and Mr. Ögelman compared the Peaker Net Margin to the level of dispatchable generation in the interconnection queue and discussed price formation. Committee members and Mr. Ögelman discussed impacts on system prices and congestion management of Energy Storage Resource (ESR) capacity offers and potential impact if ESR capacity offers were capped at \$150, with Mr. Ögelman noting that recently passed Protocol revisions related to ESRs require review of provisions.

Real-Time Co-optimization Update (Agenda Item 7.3.1)

Mr. Ögelman presented the Real-Time Co-optimization (RTC) Update, highlighting ERCOT RTC projects are in-flight with initial plans to deliver RTC in 2026. ERCOT staff highlighted the need for stakeholder feedback especially regarding incorporation of demand curves.

Market Credit Update (Agenda Item 7.4)

Mr. Ögelman presented the Market Credit Update. He highlighted credit-related NPRRs and the recent default of two trader-only entities.

Revision Request Status Update (Agenda Item 7.5)

Mr. Seely presented the Revision Request Status Update, highlighting the three Revision Requests for October Board consideration, including NPRR1186. Mr. Seely indicated that since



meeting materials were posted on October 9, Revision Requests in process have reduced to 58 from 77 primarily due to Commission approval of Revision Requests, and 24 new Revision Requests have been submitted since the August 31 Board meeting, up from the 12 shown in the meeting materials. Mr. Seely reported four Revision Requests in the Aging category, with one removed and one added.

Future Agenda Items (Agenda Item 9)

Mr. Ögelman presented the Future Agenda Items, including items anticipated for the December 18, 2023 Committee meeting. ERCOT staff highlighted December consideration of the 2024 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements.

Other Business (Agenda Item 9)

No other business was discussed at this time.

Vote on Matters from Executive Session; Adjournment (Agenda Items 10 – 11)

Chair Flexon observed the only item on the agenda for Executive Session today would be prior meeting minutes and proposed to defer consideration of those minutes until next meeting. With no objections, Chair Flexon adjourned the meeting at approximately 1:54 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at <https://www.ercot.com/committees/board/reliabilitymarkets>.

Jonathan M. Levine
Assistant Corporate Secretary