Agenda

1. Antitrust Admonition // Zaldy Zapanta

2. Approval of Minutes (Vote) // Brenden Sager

None

3. Sub Group Organizational Matters // Brenden Sager

Brenden discussed leadership for 2024; vote expected in the new year.

4. NPRR1208, Creation of Invoice Report // Loretto Martin

* This Nodal Protocol Revision Request (NPRR) creates a new daily report which lists the ERCOT Invoices issued for the current day and day prior at a Counter-Party level.
* The Credit Finance Sub Group (CFSG) provided feedback to ERCOT that it is cumbersome for Counter-Parties to monitor the posting of Invoices that are posted at infrequent intervals (e.g. quarterly).
* ERCOT has observed this difficulty, noticing Qualified Scheduling Entities (QSEs) with a history of timely paying Settlement Invoices missing payment timelines for Wide Area Network (WAN) and Electric Reliability Organization (ERO) Invoices.
* This NPRR creates a daily report that lists the Invoices issued to all the QSEs and Congestion Revenue Right (CRR) Account Holders represented by the Counter-Party **for the current day and the prior day**.
* This report can be used by Counter-Parties to ensure they are aware of all Invoices posted, which helps assure timely payment. This also has the benefit of decreased administrative burden on ERCOT to manage late payments.

5. LC Issuing Bank Credit Limit Breaches // Sanchir Dashnyam

* ERCOT has issuer LC max limits of $750 million per issuer with sublimits based on ratings
* Once limit breached, no more new LC’s or increases from that issuer
* Credit Agricole and BBVA have breached, six other issuers in the "danger zone" at > 60% capacity
* ERCOT staff discussed with the group the possibility of raising limits
* No CFSG action taken but group will continue to monitor and staff will include a consolidated view of LC amounts at monthly meetings in the future
* Jett Price, utilization concerns



6. EAL Change Proposals // Sanchir Dashnyam

* DC and Rainbow requested changes to the Estimated Aggregate Liability report that represents parameters defining the CP’s collateral obligation to ERCOT
* Members expressed desire to have settlement from RT and DA combined in the calculation
  + Current forward adjustment factors apply separately to DA and RT
* Evaluating lookback period designed to protect against default mass transition
  + Varies but can reflect up to 40 days of invoices and financial market activity
* Evaluating Forward Adjustment Factors (FAFs), ratios of future and past prices scaling invoices
* CFSG will continue to review EAL calculation methodology
* ERCOT Credit team is evaluating four scenarios and presenting these to CFSG in detail.
  + Scenario 2 involves applying Forward Adjustment Factors against Real Time Liability and removing the “Max” function from the 40 day lookback period
  + Scenario 3 involves CP-level customized Forward Adjustment Factors based on a ratio of forward and settled prices
  + Waiting for scenarios 1 and 4

7. Standard Review of NPRRs for Credit Impacts (Vote) // Zaldy Zapanta

* NPRR1204, Considerations of State of Charge with Real-Time Co-Optimization Implementation – URGENT NPRR1181, Submission of Seasonal Coal and Lignite Inventory Declaration
* **ERCOT Credit Staff and CFSG have reviewed NPRR1204 and do not believe that it requires changes to credit monitoring activity or the calculation of liability**

8. ERCOT Updates // Credit Exposure // Zaldy Zapanta

9. New Business // Brenden Sager

None

Adjourn

Brenden Sager