



**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 9, 2024

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 (<i>via Teleconference</i>)	N/A	Voting
England, Julie	N/A	Voting
Flexon, Bob (Chair)	N/A	Voting

Other Board Members:

Director	Affiliation/Role (if any)	Voting Category
Cobos, Lori	Public Utility Commission of Texas (PUCT) Commissioner	Non-Voting
Gleeson, Thomas	PUCT Chair	Non-Voting
Vegas, Pablo	ERCOT President and Chief Executive Officer (CEO)	Non-Voting

Officers and Guests:

Officer/Guest	Role
Billo, Jeff	ERCOT Director of Operations Planning
Boren, Ann	ERCOT Senior Manager of Market Rules and Stakeholder Support
Collins, Keith	ERCOT Vice President of Commercial Operations
Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Drake, Gordon	ERCOT Director of Market Design and Analysis
Duggirala, Ravi	ERCOT Director of Enterprise Risk Management
English, Barksdale	PUCT Deputy Executive Director
Hjaltman, Courtney	PUCT Commissioner
Hobbs, Kristi	ERCOT Vice President of System Planning and Weatherization
Jackson, Kathleen	PUCT Commissioner
Martinez, Adam	ERCOT Vice President of Enterprise Risk and Strategy



McDonald, Jeff	Potomac Economics, ERCOT Independent Market Monitor (IMM), Director
Mereness, Matt	ERCOT Senior Director of Strategic Market Design Programs and Delivery
Parakkuth, Jayapal	ERCOT Senior Vice President and Chief Information Officer
Rainwater, Kim	ERCOT Senior 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
Rydell, Brandt	ERCOT Assistant General Counsel
Scheel, Richard	ERCOT Senior Vice President, Chief Financial Officer, and Chief Risk Officer
Schubert, Eric	Lyondell Chemical Regulatory Affairs Specialist
Seely, Chad V.	ERCOT Senior Vice President, General Counsel and Corporate Secretary
Woodfin, Dan	ERCOT Vice President of System Operations

Call General Session to Order (Agenda Item 1)

Bob Flexon, R&M Committee Chair, determined that a quorum was present and called the R&M Committee meeting to order at approximately 12:35 p.m. Chair Flexon announced Committee member Carlos Aguilar was attending the meeting via Webex and noted there was no Office of Public Utility Counsel (OPUC) Director for this meeting cycle and therefore the Committee was composed of three members for the meeting.

Chair Flexon recognized Thomas Gleeson, Chair of the PUCT. Chair Gleason convened an Open Meeting of the Commission to order to consider matters that had been duly posted with the Texas Secretary of State for October 9, 2024.

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 2, 2024, ERCOT had provided instructions for members of the public who were interested in commenting in person, and to date no members of the public had signed up to comment, which Chad Seely confirmed. Mr. Seely stated a representative from one Corporate Member was available to speak during Agenda Item 6.1.2, *Other Comments on NPRR1190, if any*.

August 19, 2024 General Session Meeting Minutes (Agenda Item 3)

Chair Flexon entertained a motion to approve the August 19, 2024, General Session Meeting Minutes (Minutes).

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



Notice of Annual Committee Self-Evaluation Questionnaire (Agenda Item 4)

Chair Flexon discussed the Notice of Annual Committee Self-Evaluation Questionnaire. The Committee planned to review the results during the meeting scheduled for December 2, 2024.

Recommendation regarding 2025 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements; ERCOT Recommendation regarding 2025 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements; TAC Endorsement of ERCOT Recommendation regarding 2025 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements (Agenda Items 5 - 5.2)

Chair Flexon took up Agenda Item 5 and associated agenda sub-items and observed that later this year would be the first time that the PUCT would officially approve the Ancillary Service Methodology following a recommendation from the Board.

Jeff Billo presented the ERCOT Recommendation regarding 2025 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements. Mr. Billo indicated Regulation Up (Reg-Up), Regulation Down (Reg-Down), and Non-Spin quantities would increase in 2025 compared to 2024 but would have been higher without the proposed methodology changes; Regulation Reserve Service (RRS) quantities would remain about the same; and ERCOT Contingency Reserve Service (ECRS) quantities would reduce on average in 2025 by accounting for low likelihood of simultaneous occurrence of both primary risks for which ECRS provides. Committee members and Mr. Billo manual interventions are available should both risks simultaneously occur. Other Board members and Mr. Billo discussed that the proposed methodologies better align Ancillary Services procurement with system needs, would be anticipated to result in lower consumer costs than would have been without the methodology changes, and would not have a detrimental effect on reliability. Committee members and Mr. Billo discussed modeling of batteries, and other Board members commented on the granularity of ERCOT's analysis.

Technical Advisory Committee (TAC) Caitlin Smith discussed the stakeholder process for reviewing ERCOT's proposed changes to Ancillary Services methodologies and presented the TAC Endorsement of ERCOT Recommendation. Ms. Smith described one opposing vote from the Independent Generator Market Segment, Calpine, at TAC and two abstentions from the Independent Generator and Independent Power Marketer Market Segments, Jupiter Power and Morgan Stanley, respectively, primarily regarding Ancillary Services quantities for 2025 that would be higher without the changes to the methodologies.

Chair Flexon observed the Independent Market Monitor (IMM) had not objected to the proposed changes to the Ancillary Services methodology and invited the IMM to comment. There were no further comments.

Chair Flexon entertained a motion on a Recommendation regarding 2025 ERCOT Methodologies for Determining Minimum Ancillary Service Requirements.

Ms. England moved to recommend that the Board recommend the PUCT authorize and approve ERCOT to implement the ERCOT Methodologies for Determining Minimum Ancillary Service Requirements, as recommended by ERCOT staff and as endorsed by



TAC, to be effective on January 1, 2025. Mr. Flexon seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Board-Tabled Revision Request; NPRR1190, High Dispatch Limit Override Provision for Increased Load Serving Entity Costs; ERCOT Comments on NPRR1190; Other Comments on NPRR1190, if any (Agenda Items 6 – 6.1.2)

Chair Flexon took up NPRR1190. Chair Flexon indicated that during the August meeting of the Reliability and Markets Committee, Ms. Smith presented TAC's recommendation to approve NPRR1190. The Committee recommended the Board table NPRR1190 to consider the quantitative data in ERCOT Comments prior to the October Board meeting.

Since the August R&M Committee meeting, ERCOT staff filed additional comments on September 19, 2024. Keith Collins presented ERCOT Comments on NPRR1190, including that NPRR649 took effect in 2017 to effectuate the payment policy for High Dispatch Limit (HDL) overrides that underlies NPRR1190; NPRR1190 would more fairly apply the payment policy but does not materially impact reliability; the total settlement impact of NPRR1190 changes would likely be small; and recently approved NPRR1230 will likely reduce the need for HDL overrides.

Since the August R&M Committee meeting, Joint Consumers submitted comments on October 2, 2024. Chair Flexon invited in-person comments from Eric Schubert. Mr. Schubert discussed Joint Consumers' basis for opposing NPRR1190 and recommended the Board remand NPRR1190 to TAC to re-consider the policy of compensating for HDL overrides.

Chair Flexon invited Ms. Smith to make in-person comments regarding the TAC recommendation regarding NPRR1190 and asked if there were any questions for Ms. Smith regarding TAC's recommendation. Hearing none, Chair Flexon entertained comments from PUCT staff. Barksdale English commented on Commission staff's recommendation for the R&M Committee to advise the Board to remand NPRR1190 to TAC for further consideration not because staff agrees with Joint Consumers that NPRR1190 would violate PUCT Substantive Rules, but because the scope current version of NPRR1190 is significantly broader than the original proposal.

Chair Flexon observed the Board had tabled NPRR1190 to further consider quantitative data in ERCOT Comments. However, quantitative data wouldn't necessarily resolve the policy concerns Joint Consumers since raised. Chair Flexon observed NPRR1190 does not have Urgent status, and ERCOT staff had indicated the policy issues don't impact reliability and NPRR1230 would likely reduce the need for HDL overrides. Chair Flexon stated based upon the foregoing reasons and Commission staff's in-person comments, Chair Flexon would entertain a motion to recommend the Board remand NPRR1190 to TAC for more information on the initial market policy framework introduced by NPRR649 into the Protocols in 2017 and whether there is still need for the compensation mechanism in today's market.

Ms. England moved to recommend that the Board remand NPRR1190 to the Technical Advisory Committee. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.



TAC Report (Agenda Item 7)

Ms. Smith presented the TAC Report that provided educational information regarding the stakeholder process, such as for Revision Requests. Committee members and Ms. Smith discussed potentially hundreds of individuals participating in the ERCOT Stakeholder Committee Structure represented in an illustration in the meeting materials.

Recommendations regarding Market Price Corrections (Agenda Item 8)

Chair Flexon invited Gordon Drake to present the Real-Time Market Price Corrections.

Real-Time Market Price Correction – Incorrect Recall of ERCOT Contingency Reserve Service (Agenda Items 8.1)

Mr. Drake presented Real-Time Market Price Correction – Incorrect Recall of ERCOT Contingency Reserve Service. Committee members confirmed that the Technology and Security (T&S) Committee discussed the same price correction with the Information Technology (IT) group during the T&S Committee meeting this morning and that the price correction would result in claiming back money from Generators that were paid too much.

Ms. England moved to recommend the Board (1) determine that Real-Time Locational Marginal Prices, Real-Time Settlement Point Prices, Real-Time Price for Energy Metered for Resources, and Real-Time Price for Energy Metered for Settlement Only Generators for Operating Day August 20, 2024, were affected by the incorrect recall of ECRS, and (2) direct ERCOT staff to implement the appropriate price corrections pursuant to Protocol Section 6.3. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Real-Time Market Price Correction – Incorrect Resource Data Impacting the Real-Time Market (Agenda Item 8.2)

Mr. Drake presented the Real-Time Market Price Correction – Incorrect Resource Data Impacting the Real-Time Market. Committee members commented on the corrective action plan.

Ms. England moved to recommend the Board (1) determine that Real-Time Locational Marginal Prices, Real-Time Settlement Point Prices, Real-Time Price for Energy Metered for Resources, and Real-Time Price for Energy Metered for Settlement Only Generators for Operating Days August 9-10, 2024, were affected by incorrect Resource data, and (2) direct ERCOT staff to implement the appropriate price corrections pursuant to Protocol Section 6.3. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Independent Market Monitor (IMM) Report (Agenda Item 9)

IMM Director Jeff McDonald presented the IMM Report. Committee members and Mr. McDonald discussed whether the IMM's proposal to deploy ECRS earlier would inhibit price signals that otherwise help incent new generation, and that Real-Time Co-optimization plus Batteries (RTC+B) will help resolve the IMM's concern with timing ECRS deployment. Dan Woodfin discussed ECRS triggers and ongoing ERCOT improvements. Committee members, Mr. McDonald, and Woody Rickerson discussed Energy Storage Resource contributions to meet Load in the Day-Ahead Market and during shortages in Real-Time.



Committee Briefs (Agenda Item 10)

Chair Flexon invited ERCOT staff to present the Committee Briefs.

System Planning and Weatherization Update (Agenda Item 10.1)

Kristi Hobbs presented the System Planning and Weatherization Update. Committee members commended the strategic planning the Permian Basin, including integration of various feedback and consideration of the potential for higher voltage Transmission lines.

System Operations Update (Agenda Item 10.2)

Dan Woodfin presented the System Operations Update, including ERCOT recommendations from a holistic study of Ancillary Services. Committee members and Mr. Woodfin discussed integration of cybersecurity risks into the Reliability Standard.

Commercial Markets Update (Agenda Item 10.3)

Mr. Drake presented the Commercial Markets Update

Real-Time Co-optimization Update (Agenda Item 10.3.1)

Matt Mereness presented the Real-Time Co-optimization (RTC) Update, including that ERCOT recently announced via a variety of communication channels that the RTC+B target go-live is planned for December 5, 2025. Mr. Mereness reported ERCOT staff drafted and posted an Ancillary Services Demand Curves whitepaper to TAC. Following Mr. Mereness' presentation, Mr. Mc Donald discussed the IMM's development of Ancillary Services Demand Curves that would not delay implementation of RTC.

Market Credit Update (Agenda Item 10.4)

Austin Rosel presented the Market Credit Update.

Revision Request Status Update (Agenda Item 10.5)

Ann Boren presented the Revision Request Status Update. Committee members and Ms. Boren discussed that no Revision Requests that affect RTC+B are currently listed as needing expeditious processing by stakeholders.

Future Agenda Items (Agenda Item 11)

The Future Agenda Items table were included in the meeting materials.

Other Business (Agenda Item 12)

No other business was discussed at this time.

Executive Session; Vote on Matters from Executive Session; Adjournment (Agenda Items 13-14)

Chair Flexon announced that no voting items from Executive Session were expected; accordingly, he would adjourn the meeting immediately upon conclusion of Executive Session.

Chair Flexon adjourned General Session at approximately 3:28 p.m. and convened Executive Session at approximately 3:43 p.m.



There were no voting items from Executive Session. Chair Flexon adjourned the meeting upon the conclusion of Executive Session at approximately 4:32 p.m.

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

Chad V. Seely
Corporate Secretary

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