



# MEMO

**Date:** December 7, 2004  
**To:** Board of Directors  
**From:** Margaret Uhlig Pemberton  
**Subject:** Adjunct Membership Approval of Panda Energy

## **Issue for the ERCOT Board of Directors**

**ERCOT Board of Director Meeting Date:** December 14, 2004

**Agenda Item No.:** 14a

### **Issue:**

Panda Energy does not meet the Segment requirements for Membership; therefore it is applying as an Adjunct Member (Attachment A). Adjunct Membership requires approval by the Board of Directors.

### **Background/History:**

Panda Energy previously joined in the Independent Generator segment, however recently ceased having direct ownership in generation assets in ERCOT. It no longer meets the definition of any Segment.

### **Key Factors Influencing Issue:**

Whether Panda Energy's involvement benefits ERCOT membership.

### **Alternatives:**

If Adjunct Membership is denied, Panda Energy will not be a member of ERCOT.

### **Conclusion/Recommendation:**

Allow Panda Energy to become an Adjunct Member of ERCOT.

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November 9, 2004

Tisa Wilkins  
Executive Legal Secretary  
ERCOT  
7620 Metro Center Drive  
Austin, Texas 78744

Dear Tisa,

Panda Energy of Dallas, Texas, through its affiliate Panda Texas Merchant Holdings, recently ceased having direct ownership in generation assets in ERCOT. As such, Panda is no longer eligible for membership in the *Independent Generator segment as defined within the By-Laws*. Additionally, because of our current business position within ERCOT Panda does not qualify under any of the existing market segments for membership as an Associate member. Panda does continue to own and operate generation assets outside of ERCOT, and is actively engaged in the acquisition and development of generation throughout the United States, including ERCOT. Panda has a long history of investing in the ERCOT market, and plans to continue to do so. We believe in the stakeholder process, funded in part through membership fees in ERCOT, that is redefining how the market will function and provide compensation to generators.

Because Panda fully intends to be qualified for Associate membership in the near future and wishes to continue to protect our investments through participation (albeit limited) in the stakeholder process without lapse, we are requesting Adjunct membership in ERCOT for 2005. Included with this letter is an Adjunct membership application for Panda Development Corporation and our payment for the \$500 annual fee. Please feel free to contact me if you any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Wayne Morton', with a long, sweeping horizontal line extending to the right.

L. Wayne Morton, P.E.  
Director – Power Services

Enclosures

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