

**ERCOT**  
**Guidelines for Use of Proxies**

*Articles 4.3(e) and 13.6 of the ERCOT Bylaws provide:*

Section 4.3(e) Alternates and Proxies. Directors serving in segments with a Segment Alternate may not designate other alternate representatives and may not designate another Director as a proxy unless their Segment Alternate is unavailable. Unaffiliated Directors may designate another Director as a proxy if unable to attend a Board meeting. Consumer and *ex officio* Directors may designate a proxy or an alternate representative who may attend meetings and vote (if applicable) in the absence of such Director.

Section 13.6 Quorum and Proxies. Written proxies may be used for meetings of the Board, TAC or any subcommittees of the Board or TAC in accordance with any relevant provisions in these Bylaws and the Texas Non Profit Corporation Act. For any meeting of the Board, TAC or any subcommittee of the Board or TAC, a Segment Alternate or designated alternate representative attending in place of a member shall be counted towards a quorum, while proxies shall not be counted towards a quorum. For any meeting of Corporate Members, proxies shall count towards a quorum.

*The following guidelines are intended to implement these Bylaws provisions:*

1. A Proxy is a power of attorney given by one person to another to vote in his stead. Proxy voting by directors of a corporation is often discouraged because the essence of a director's duty is his or her fiduciary relationship to the corporation, a non-delegable function. Directors cannot make fully informed decisions unless they are present during board meetings and privy to the deliberations among and opinions of other board members and management.
2. Proxies may be used in meetings of the ERCOT Corporate Board and in meetings of ERCOT Corporate Members, the TAC and any Board subcommittee.
3. Designation of an Alternate Representative gives a person who is not already a voting member of ERCOT the right to exercise the vote of a voting member at the meeting. Since the following Directors have Segment Alternates, unless the Segment Alternate is unavailable, these Directors may not designate Alternate Representatives or give a proxy to another Director: Independent REP, Independent Generator, Independent Power Marketer, IOU, Municipal, and Cooperative. Any of these Directors may give a proxy or designate an alternate representative if his or her Segment Alternate is unavailable.
4. Under the Bylaws, the Public Counsel, the Chair of the PUCT, and the CEO are *ex officio* Directors and thus may designate Alternate Representatives.

5. Giving a proxy to another person does not bind the person to vote in any particular manner although the person giving the proxy may make his or her voting preference known.
6. A proxy must be given in writing on the ERCOT-approved form and must be delivered to the General Counsel or other designated person before the start of a meeting or, in the event a Director leaves a meeting before adjournment, before a vote is taken in which the proxy will be exercised.

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