



MEMO

Date: January 10, 2006
To: ERCOT Board of Directors
From: Carolyn Shellman
Subject: Status of Bylaws Amendments

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: January 17, 2006

Agenda Item No.: 15a

Issue:

Approval of revised Amended and Restated Bylaws as required by the Public Utility Commission of Texas.

Background/History:

On December 15, 2005, in an Interim Order in Docket No. 32025, the Public Utility Commission of Texas approved ERCOT's Amended and Restated Bylaws, as approved by the Corporate Members of ERCOT in November 2005, on an interim basis. The Commission provided interim approval of the Amended and Restated Bylaws with direction to ERCOT to further modify its Bylaws to (1) remove of the ability of the Board and its subcommittees to take action in writing without a meeting [Section 13.8] and (2) revise of the definition of direct interest of a Board member to include financial interest in a person with a direct interest [Section 8.2(a)].

The Interim Order provides that ERCOT shall file the required modifications with the Commission by March 31, 2006. The Interim Order also provides that ERCOT may adopt additional Bylaws changes, such as the revisions recommended by Commission Staff, during the revision process.

Attached hereto is a draft of the revised Amended and Restated Bylaws showing changes from the December 15, 2005 approved interim Bylaws in redline. These changes include the revisions required by the Interim Order as well as revisions based upon suggested changes from Commission Staff. The HR & Governance Committee will review and discuss this draft at its meeting prior to the Board meeting.

Key Factors Influencing Issue:

The Commission has ordered that ERCOT revise its Bylaws as described above.



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Alternatives:

1. Approve the revised Amended and Restated Bylaws as attached.
2. Approve the revised Amended and Restated Bylaws with further revisions.

Conclusion/Recommendation:

ERCOT staff recommends that the Board approve the revised Amended and Restated Bylaws as attached and instruct ERCOT staff to conduct a vote of the Corporate Members on these revised Bylaws via written ballot. Due to the fast-approaching deadline for filing, ERCOT staff recommends that any additional substantive changes not be included as part of these revisions. Additional proposed changes can be fully vetted through a public process at later time.