

DRAFT MINUTES OF THE BOARD OF DIRECTORS MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

ERCOT Met Center Offices
7620 Metro Center Drive
Austin, Texas 78744
10:00 a.m.
March 21, 2006

Pursuant to notice duly given, the meeting of the Board of Directors of Electric Reliability Council of Texas, Inc. (ERCOT) convened at approximately 10:20 a.m. on March 21, 2006.

Meeting Attendance:

Board Members:

Armentrout, Mark		Unaffiliated; Board Chairman
Cox, Brad	Tenaska Power Services	Independent Power Marketer
Dalton, Andrew	Valero Energy Corp.	Industrial Consumers
Espinosa, Miguel		Unaffiliated
Gahn, Scott	Just Energy	Independent REP
Gallagher, Carolyn Lewis		Unaffiliated
Gent, Michehl		Unaffiliated
Hayslip, Darrell	Calpine Corporation	Independent Generator – Segment Alternate
Hudson, Paul	Public Utility Commission of Texas - Chair	Public Utility Commission of Texas
Kahn, Bob	Austin Energy	Municipal
Manning, Bob	H-E-B Grocery Company	Consumer/Commercial; Board Vice-Chairman
McClellan, Suzi	Office of Public Utility Counsel	OPUC Residential & Small Commercial Consumers
Schrader, Tom	ERCOT President and CEO	ERCOT
Standish, Tom	CenterPoint Energy	IOU

Staff and Guests:

Ashley, Kristy	Exelon
Belk, Brad	LCRA
Bell, Wendell	TPPA
Bojorquez, Bill	ERCOT Staff
Brenton, Jim	ERCOT Staff
Bruce, Mark	FPL Energy
Byone, Steve	ERCOT Vice President and Chief Financial Officer
Comstock, Read	Strategic Energy
Connell, Robert	ERCOT Staff
Crozier, Richard	Brownsville PUB
Day, Betty	ERCOT Staff
Dreyfus, Mark	Austin Energy
Fernands, Stephen	Customized Energy Solutions
Fonmier, R.	Competitive Assets
Greer, Clayton	Constellation

Gresham, Kevin	Reliant Energy
Grimm, Larry	ERCOT Staff
Gruber, Richard	ERCOT Staff
Hager, Kathy	ERCOT Staff
Harder, Jim	Garland Power & Light
Headrick, Bridget	PUCT
Heino, Shari	ERCOT Staff
Hinsley, Ron	ERCOT Vice President and Chief Information Officer
Hobbs, Kristi	ERCOT Staff
Jones, Sam	ERCOT Executive Vice President and Chief Operating Officer
Kolodziej, Eddie	Customized Energy Solutions
López, Nieves	ERCOT Staff
Moore, John	Consultant
Moore, Scott	AEP
Morris, Sandy	LCRA
Petoskey, Lisa	ERCOT Staff
Pfannenstiel, Darrin	Stream Energy
Roark, Dottie	ERCOT Staff
Ryall, Jean	Constellation
Rydell, Brandt	ERCOT Staff
Seely, Chad	ERCOT Staff
Seymour, Cesar	Suez Energy
Shellman, Carolyn	ERCOT Vice President, General Counsel and Corporate Secretary
Shumate, Walt	Shumate & Associates
Smallwood, Aaron	ERCOT Staff
Smith, Barry	AEP
Smitherman, Barry	PUCT Commissioner
Totten, Jess	PUCT
Walker, DeAnn	CenterPoint Energy
Walker, Mark	NRG Texas
Webking, Catherine	TEAM
Wilkerson, Dan	Bryan Texas Utilities

Announcements

Mark Armentrout, Chairman of the ERCOT Board of Directors, called the meeting to order and determined that a quorum was present. Chairman Hudson of the Public Utility Commission of Texas (PUCT) called to order an Open Meeting of the PUCT. Chairman Armentrout indicated that the April 2006 Board meeting will be held at the ERCOT Taylor Facility. Chairman Armentrout introduced Michehl Gent as the newest Board member. Mr. Gent gave a brief opening statement and introduction to the Board.

Approval of February 21, 2006 Minutes

Chairman Armentrout requested comments on and approval of the minutes of the February 2006 Board of Directors meeting, as circulated. Mr. Manning moved to approve the February 21, 2006 minutes, as circulated. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

CEO Report

Tom Schrader, ERCOT President and Chief Executive Officer, reported to the Board on the status of ERCOT's fee filing case at the PUCT, retreat follow-up issues and issues relating to Nodal, ERO/RE and Capital Projects. Commissioner Smitherman commented that the PUCT Open Meeting record will show that the Commissioners recommended reducing the ERCOT fee by a certain amount and that ERCOT management would be left with the responsibility of figuring out how to accomplish this task within the 2006 ERCOT budget.

Operating Reports Discussion

Carolyn Shellman, ERCOT Vice President and General Counsel, clarified that this Section in the Agenda was dedicated as time to discuss the Operating Reports included in the Board packet. Chairman Armentrout called for any questions or comments on these Operating Reports, and there were none.

Market Redesign Update

Ron Hinsley, ERCOT Vice President and Chief Information Officer, presented an update regarding Market Redesign, including the Nodal Protocols approved by the PUCT on March 8, 2006. Mr. Hinsley introduced Kathy Hager as the new Nodal Program Director for ERCOT. Mr. Hinsley briefly discussed real time co-optimization under the Nodal system. Mr. Hinsley then discussed the Network Model Management System (NMMS) and indicated that a Transmission Service Provider (TSP) had appealed the Texas Nodal Transition Plan Task Force (TPTF) vote for the NMMS business requirements. He noted that ERCOT plans to facilitate discussions via a Nodal Modeling Forum on March 23, 2006 to address concerns raised by TSPs. Mr. Hinsley indicated that ERCOT plans to have an overall project plan ready for distribution to TPTF on April 15, 2006. ERCOT will also host a TPTF Open House in Taylor on March 30, 2006 for Market Participants to meet the Nodal team and see their work product. Mr. Schrader commented that there would also be time scheduled at the April 2006 Board meeting to see the "war room" for Nodal.

Chairman Armentrout asked the Board to confirm the information the Board wants to see on a monthly basis over the next six months from ERCOT regarding the Market Redesign. Chairman Armentrout requested that, in the future, ERCOT provide a one-page summary on resources and what action the Board needs to take during each Board meeting. There were no other comments by Board members. Mr. Hinsley indicated that at the next Board meeting, ERCOT will be talking about the timeline that will be disseminated to TPTF on April 15, 2006.

Data Center Constraints

Mr. Hinsley gave a presentation on ERCOT Data Centers which are nearing capacity in power consumption, cooling requirements and floor space. Mr. Hinsley indicated that upcoming projects, such as the FasTrak upgrade, EMS upgrade, Nodal, Windows Domain restructuring, and SCR745, are further driving up consumption needs. Mr. Hinsley discussed four options to remedy this problem: (1) enlarging existing data centers, (2) adding another data center facility, (3) co-hosting a data center and (4) optimizing current data centers. Mr. Hinsley indicated that the immediate resolution was to optimize current data centers. Tom Standish requested that ERCOT staff create a historical picture and trend analysis of budget dollars for proposed projects to resolve this concern to be presented at a future Board meeting.

Taylor Facility Space Planning for Nodal

Jim Brenton, ERCOT Director for Corporate Security & Facilities, presented options for a proposed Taylor facilities build-out for Texas Nodal. These options include the Taylor Control Center 2 (TCC2) facility build-out, remodeling the Blue Building and remodeling some of the Taylor Control Center 1 (TCC1) office space. Mr. Brenton indicated that work on the Texas Nodal project has started and that the Nodal team estimates the need for roughly 100 – 150 spaces for full-time employees (FTEs) and contractors in the future. ERCOT needs space to support extraordinary growth for Nodal, Independent Market Monitor (IMM), ERO/Regional Entity functions and organic ERCOT growth. ERCOT recommends that this project be completed in three parts: 1) build-out unfinished space in TCC2 at Taylor, 2) remodel the Blue Building behind TCC1 in Taylor, and 3) remodel the COO office suite in TCC1 in Taylor into open office spaces. Mr. Brenton indicated that Nodal cost benefit analysis estimates that every week of delay to implement Nodal will cost the Texas Electric market \$1.4 Million. Mr. Brenton further indicated that the Nodal project burn rate is estimated at \$300,000 per week. Chairman Armentrout asked for any comments or questions from Board members and indicated that a more in-depth discussion involving the budgetary concerns would be discussed during Executive Session.

Technical Advisory Committee (TAC) Report

Chairman Armentrout invited Read Comstock, TAC Chairman, to report on recent TAC activities. Mr. Comstock gave a brief overview to the Board on three Protocol Revision Requests (PRRs) (described below), Board Retreat action items and other high interest issues for TAC.

Protocol Revision Requests

Mr. Comstock reported that TAC voted unanimously to recommend the following three PRRs:

- *PRR635 – Resource Plan Performance Metrics Update. Proposed effective date: April 1, 2006. No impact to ERCOT budget; updates can be processed by current staffing levels; no impact to ERCOT computer systems; an existing procedure can be used to process exclusion requests; no impact to grid operations.* PRR635 will accomplish the following: (1) exclude units undergoing required testing from having to bid down balancing; excludes units with and/or mechanical issues from having to show an inaccurate Low Sustainable Limit (LSL) and/or High Sustainable Limit (HSL); (2) exclude hours where the Qualified Scheduling Entity (QSE) updated their Resource Plan after the close of the Adjustment Period and failed to pass the Adjustment Period Zonal Schedule Measure for those hours; (3) clarify that the Down Bid & Obligation Measure is done by Congestion Zone when possible; and (4) update the Resource Plan Performance Metrics to include improvements being made to the Resource Plan as part of Release 4. ERCOT posted this PRR on 09/22/05. On 10/20/05, PRS tabled PRR635 to allow time to address issues raised in ERCOT Staff's comments. On 11/17/05, PRS again deferred PRR635. On 12/16/05, PRS voted to recommend approval of this PRR as revised by the QSE Managers Working Group's (QSEMWG) comments. The motion passed unanimously with all market segments present. On 01/19/06, with all market segments present, PRS voted unanimously to forward the PRS Recommendation Report and the Impact Analysis to TAC. On 02/02/06, TAC unanimously voted to recommend approval of PRR635 as recommended by PRS. All market segments were present for the vote. ERCOT credit staff and the Credit Working Group (CWG) have reviewed PRR635 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

- PRR640 – Update Provisions for Capacity/Energy Payments for RMR & Add New Standard Form Agreement for Synchronous Service. Proposed effective date: April 1, 2006. No impact to ERCOT budget; no impact to ERCOT staffing; no impact to ERCOT computer systems; no impact to ERCOT business functions; no impact to grid operations. PRR640 revises portions of Section 6, Ancillary Services, and the Reliability Must Run (RMR) Agreement to clarify and provide consistency between the two. Additionally, in the RMR Agreement, portions specific to synchronous condensers have been removed and a new Agreement (Attachment J, Standard Form Synchronous Condenser Agreement) has been created for Synchronous Condenser Service. Attachment J is based on language in Attachment F, Standard Form Reliability Must-Run Agreement. ERCOT posted this PRR on 10/21/05. On 11/17/05, PRS deferred action until its December meeting. On 12/16/05, PRS voted to recommend PRR640 as revised at PRS. The motion passed with one opposing vote from the Consumer segment. All market segments were present for the vote. On 01/19/06, with all market segments present, PRS voted unanimously to forward the PRS Recommendation Report and the Impact Analysis to TAC. On 02/02/06, TAC voted unanimously to recommend approval of PRR640 as recommended by PRS. All market segments were present for the vote. ERCOT credit staff and the CWG have reviewed PRR640 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.*
- PRR642 – Lower Limit to IDR Meters in MRE for True-Up Settlement IRD Threshold. Proposed effective date: April 1, 2006. No impact to ERCOT budget; no impact to ERCOT staffing; no impact to ERCOT computer systems; no additional business function required, the minor impact to the Market Operations group can be performed within current business functions; no impact to grid operations. PRR642 sets a lower limit on the number of Interval Data Recorder (IDR) meters represented by a Meter Reading Entity (MRE) that ERCOT will consider when determining whether or not the IDR threshold requirement has been met prior to issuing of True-Up Statement. ERCOT posted this PRR on 11/10/05. On 12/16/05, PRS unanimously voted to recommend approval of PRR642 as submitted. All market segments were present. On 01/19/06, with all market segments present, PRS voted unanimously to forward the PRS Recommendation Report and the Impact Analysis to TAC. On 02/02/06, with all segments present, TAC voted unanimously to recommend approval of PRR642 as recommended by PRS. ERCOT credit staff and the CWG have reviewed PRR642 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.*

Mr. Manning moved to approve PRRs 635, 640 and 642 as recommended by TAC. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

After the motion, Mr. Comstock reported on action items for TAC which were discussed at the Board Retreat last month. One action item included developing a strawman regarding the possibility of limiting Board approval to only PRRs with priority/ranking above the budget cut line. Mr. Comstock indicated that a TAC taskforce has been developed to address this issue and report back to TAC in May. Another TAC action item included discussing advantages and disadvantages of Market Participants directly funding some PRRs. Mr. Comstock indicated that this action item had been assigned to PRS for discussion at this month's PRS meeting. Mr. Comstock then discussed other high interest issues for TAC, such as credit risk management, ERO implementation and status of in-flight projects.

Finance & Audit (F&A) Committee Report

Darrell Hayslip, Vice Chairperson of the Finance & Audit Committee, presented the Committee report to the Board. Mr. Hayslip indicated that the F&A Committee unanimously approved the nomination of Morgan Davies as Chair of the Credit Working Group (CWG). Mr. Hayslip indicated that

Mr. Davies provided an update to the F&A Committee on credit exposure during the mass transition process. The F&A Committee instructed the CWG to bring back a plan to the F&A Committee regarding reducing credit risk exposure and showing costs, time to implement and benefits to the marketplace. Mr. Hayslip indicated that the preferred solution was to reduce the timeframe it takes to complete a mass transition. Mr. Hayslip informed the Board that the Committee had been provided a brief overview on pending large projects and a brief update on corporate policy framework for corporate policies, procedures and standards.

Mr. Hayslip then discussed a proposed resolution to seek authority from the PUCT to impose a system administration fee surcharge or other mechanism to recover costs from the Nodal Market Redesign project. Mr. Hayslip outlined five debt financing options and indicated that the F&A Committee recommended an option which would allow for a flat fee. This option uses a blend of borrowed funds and the Nodal surcharge to produce a relatively flat fee from years 2006 to 2012, which encompasses the Nodal development period and the estimated average useful life of the assets. Using the current estimate of \$125 Million total cost for the Market Redesign, the fee surcharge would be approximately 6.6 cents per MWh for seven years.

After Mr. Hayslip's presentation, Board members discussed the scope and duration of a Nodal fee filing case with the PUCT, whether ERCOT has an approved mechanism to recover costs for Nodal expenditures, whether the surcharge would cover all costs associated with Nodal up to implementation, whether this would be a year by year approval by the Board and whether this surcharge would be in addition to the pending ERCOT fee case.

Commissioner Smitherman asked ERCOT to take existing debt profiles and incorporate the five Nodal options/scenarios presented into a consolidated view so that a combined debt profile and associated repayment timelines would be available. Steve Byone, ERCOT Vice President and Chief Financial Officer, indicated that this would be prepared and included with the surcharge filing. Commissioner Smitherman further inquired as to the worst case scenario on borrowing over the next ten months for Nodal expenditures.

Mr. Byone indicated that the worst case scenario, given the current Nodal project plan, is \$30 Million borrowed by the end of 2006; however, ERCOT expects to achieve some recovery of funds through its surcharge before incurring that total amount of debt. Mr. Byone clarified to the Board that ERCOT was asking for Board approval to incur debt as necessary to cover costs associated with the Nodal Market Redesign until ERCOT receives PUCT approval to recover the money for Nodal via a surcharge. Mr. Byone indicated that the Board had previously approved spending up to \$5.1 Million on the Nodal project and that those funds were provided from budget savings relative to the 2005 budget. Mr. Byone further stated that ERCOT would need to borrow money to keep the project moving forward since a Nodal recovery mechanism was not currently in place. Mr. Hinsley indicated to the Board that approximately \$528,000 has been incurred in Nodal spending through the end of February 2006.

Commissioner Hudson commented that a Nodal fee filing case could take approximately five months to complete at the PUCT. Commissioner Hudson further commented that he envisioned the Nodal fee as a multi-year filing.

Mr. Byone indicated that ERCOT is proposing filing a request for all years of the Nodal surcharge with interim PUCT updates regarding actual versus projected spending and recoveries. This surcharge would be separate from the base ERCOT Administrative Fee. Mr. Byone indicated that ERCOT is seeking Board approval for ERCOT to make this regulatory filing and for ERCOT to borrow funds, as needed, to finance Nodal costs, over and above the \$5.1 Million amount, until the PUCT approves a surcharge mechanism.

Mr. Hayslip moved to approve the Resolution regarding Nodal costs, attached hereto as Exhibit A. Mr. Manning seconded the motion, subject to a restriction that ERCOT would be limited to borrowing up to an additional \$20 million, for a total authorization of \$25.1 million to finance Nodal project costs for 2006. The motion passed by unanimous voice vote with no abstentions.

Human Resources & Governance Committee Report

Mr. Kahn, Chairman of the Human Resources & Governance Committee, gave a brief report to the Board on the HR & Governance Committee's recent topics of discussion.

2006 Dashboard/Key Goals

Mr. Kahn indicated that the ERCOT Dashboard Goals for 2006 reflect an improvement over past performance and the long-term performance expected for each goal measured. Mr. Kahn indicated that the HR & Governance Committee met during lunch and made some modifications to the 2006 Dashboard Goals. Mr. Kahn briefly went over those changes with the Board. Such changes included increasing the minimum, target and stretch goals for several major objectives.

Mr. Kahn moved to approve the Resolution regarding the 2006 Dashboard Goal, attached hereto as Exhibit B. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chairman Armentrout praised Committee members for their commitment and significant time spent on this issue.

Compensation Strategy

Mr. Kahn discussed the ERCOT Compensation Strategy. Mr. Kahn indicated that the purpose of this strategy is to attract, retain, reward and motivate qualified employees, to align employee behaviors/performance with corporate objectives and to promote both individual performance and teamwork. Mr. Kahn indicated that every three years ERCOT will conduct a market study of ERCOT's compensation structure and benchmark positions to determine the competitive posture of the company. Suzi McClellan inquired about whether it was appropriate to review the benefits every three years as well, not just base salary. Mr. Kahn indicated that the review would be for total compensation. Mr. Schrader confirmed that the review would be for the entire compensation structure, not just base salary. Ms. Gallagher stated that the HR & Governance Committee is working diligently to ensure that ERCOT has an appropriate compensation structure.

Mr. Kahn moved to approve the Resolution regarding the ERCOT Compensation Strategy, attached hereto as Exhibit C. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

FERC ERO Rule Compliance

Mr. Kahn noted that the HR & Governance Committee had discussed issues associated with the Electric Reliability Organization (ERO) Rule adopted by FERC. Sam Jones, ERCOT Executive Vice President and Chief Operating Officer, gave a brief report on the timeline for compliance with the Federal Energy Policy Act and ERO Rule. Mr. Jones indicated that on March 28, the North American Electric Reliability Council (NERC) Board expects to approve application documents to the Federal Energy Regulatory commission requesting certification as the ERO described in the Energy Policy Act. After the NERC application is finalized on March 28, ERCOT plans to host a public meeting to gather input from

stakeholders. Ms. Shellman welcomed comments from Market Participants on this issue. Ms. Shellman further indicated that the meeting will be posted and open to the public.

Mr. Jones indicated that at the April 2006 Board meeting, the Board will discuss and vote on ERCOT options for a Regional Entity (RE) structure that would comply with the FERC ERO rule. Ms. Shellman commented that this will be discussed further in Executive Session. Mr. Jones indicated that ERCOT will be expected to submit a budget, business plan and organizational chart to NERC for review by June 1. Between June and mid-July, NERC will review the RE budget and other related documents. Mr. Jones indicated that NERC certification is expected by August 8; however, this could be earlier or later depending on information needed. The RE budget must be approved by FERC by the end of September. Mr. Jones commented that all changes will be in place by November 1 and the RE will be prepared to fulfill its obligations by January 2007. Ms. Shellman handed out an ERO/RE timeline and milestones document indicating that this timeline is subject to change. Chairman Armentrout commented that the ERCOT Board wants to achieve three goals during this process: 1) ensure federal compliance as understood by appropriate state and federal entities; 2) develop efficient relationships with related federal and state entities; and 3) keep costs as low as possible for consumers in Texas.

Future Agenda Items

The Board briefly discussed future Board meeting topics and the ERCOT Board yearly schedule.

Other Business

Chairman Armentrout inquired as to whether there was any other business that needed to be addressed before adjourning to Executive Session. Steve Byone indicated that ERCOT would be including subcommittee minutes (HR & Governance and Finance & Audit) in future Board packets. Chairman Hudson adjourned the Open Meeting of the PUCT.

Executive Session

Beginning at approximately 2:00 p.m., the Board met in Executive Session to discuss Regional Entity creation options, contract matters and the Taylor facilities build-out plans. The Board returned to Open Session at approximately 3:50 p.m.

General Comments

After reconvening the Board in Open Session, Chairman Armentrout indicated that, during Executive Session, the Board received advice from ERCOT counsel on various options regarding Regional Entity creation, but that no Board action would need to be taken at this time. He noted that, during Executive Session, the Board also received a more detailed report on the Taylor facilities buildout plans and asked for additional information from ERCOT staff on this project.

The Board took the following votes:

Approval of Executive Session Minutes for January 17 and February 21, 2006

Mr. Kahn moved to approve the Executive Session minutes for the January 17 and February 21, 2006 meetings, subject to modifications described during the Executive Session. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Update to Replace SBC Managed Optical Network – Project 50078

Mr. Manning moved to approve the Resolution to allow ERCOT to move forward with implementation of PR-50078 – ERCOT Network Replacement, attached hereto as Exhibit D. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Austin Test (QA) Environment – Project 40070

Chairman Armentrout moved to approve the Resolution, attached hereto as Exhibit E, to allow ERCOT to move forward with implementation of PR-40070 – Austin Test Environment in 2006, subject to a not to exceed amount of 15% less than the amount discussed in Executive Session. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

The Board then reconvened briefly in Executive Session to discuss personnel matters not requiring a vote.

Adjournment

Chairman Armentrout adjourned the meeting at approximately 4:05 p.m.

Board materials and presentations from the meeting are available on ERCOT's website at: <http://www.ercot.com/calendar/index.html>.

Carolyn E. Shellman
Vice President, General Counsel & Corporate Secretary

Exhibit A

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, ERCOT is required to request approval by the Public Utility Commission of Texas (“PUCT”) for ERCOT to collect a fee in the form of a surcharge to its System Administration fee (or some other comparable mechanism) to pay for Nodal costs ERCOT incurs, and

WHEREAS, until the PUCT approves a surcharge or another comparable mechanism to finance ERCOT’s costs associated with the Nodal project, ERCOT will be required to borrow money to provide a source of revenue.

NOW THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized to make a filing at the PUCT requesting authority to impose a surcharge or some other comparable mechanism to recover costs ERCOT incurs in connection with the Nodal market redesign project, and

RESOLVED FURTHER, that ERCOT is hereby authorized to borrow funds up to a limit of \$20MM in 2006, as necessary, to finance Nodal project costs until a cost recovery mechanism is approved by the PUCT.

Exhibit B

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, the Board of Directors (“the Board”) of the Electric Reliability Council of Texas, Inc. (“ERCOT”), a non-profit corporation (“Company”), deems it desirable and in the best interests of the Company that a set of goals and objectives be established for calendar year 2006 to measure ERCOT’s performance and the performance of its officers, managers, and directors against important goals that are related to ERCOT’s SB 7 responsibilities and the management of the Company.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves the 2006 Dashboard/Key Goals as recommended by the H.R. & Governance Committee for use with the ERCOT Variable Compensation Plan that the Board has already approved.

Exhibit C

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, the Board of Directors (“the Board”) of the Electric Reliability Council of Texas, Inc. (“ERCOT”), a non-profit corporation (“Company”), deems it desirable and in the best interests of the Company that a Compensation Strategy be adopted to document and explain the Company’s philosophy, objectives and programs for employee compensation.

NOW THEREFORE, BE IT RESOLVED, that the Board hereby approves the ERCOT Compensation Strategy as recommended by the H.R. & Governance Committee.

Exhibit D

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, the board of directors (the “Board”) of the Electric Reliability Council of Texas (ERCOT), Inc., a non-profit corporation (the “Company”) deems it desirable and in the best interest of the Company and the Texas electric market to move forward with this project for implementation of PR-50078 – ERCOT Network Replacement.

RESOLVED, that ERCOT is authorized to move forward with PR-50078 – ERCOT Network Replacement as discussed in executive session.

BE IT FURTHER RESOLVED, that Thomas F. Schrader, Chief Executive Officer of ERCOT, or his designee, is hereby authorized to act on behalf of ERCOT and negotiate and execute in the name of and on behalf of ERCOT such contracts and documents necessary to complete this project.

Exhibit E

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, the Board of Directors (the “Board”) of the Electric Reliability Council of Texas (ERCOT), Inc., a non-profit corporation, (the “Company”) deems it desirable and in the best interest of the Company and the Texas electric market to proceed with the implementation of PR-40070 – Austin Test Environment in 2006.

THEREFORE, BE IT RESOLVED, that ERCOT is authorized to proceed with PR-40070 – Austin Test Environment as discussed in executive session.

BE IT FURTHER RESOLVED, that Thomas F. Schrader, Chief Executive Officer of ERCOT, or his designee, is hereby authorized to act on behalf of ERCOT and negotiate execute in the name of and on behalf of ERCOT such documents necessary to complete this project.