

DRAFT Minutes of the Emergency Meeting
of the Board of Directors
of Electric Reliability Council of Texas, Inc. (Via Teleconference)

ERCOT Austin Office
7620 Metro Center Drive
Austin, Texas 78744
7:30 a.m.
June 8, 2006

Pursuant to an emergency notice duly given, the meeting of the Board of Directors of Electric Reliability Council of Texas, Inc. (ERCOT) convened at approximately 7:30 a.m. on June 8, 2006.

Meeting Attendance:

Board Members:

Armentrout, Mark		Unaffiliated; Board Chairman
Dalton, Andrew	Valero Energy Corp.	Consumer/Industrial
Espinosa, Miguel		Unaffiliated
Gahn, R. Scott	Just Energy	Independent REP
Gent, Michehl		Unaffiliated
Helton, Bob	American National Power, Inc.	Independent Generator – Segment Alternate
Jones, Sam	ERCOT President and CEO	ERCOT
Kahn, Bob	Austin Energy	Municipal
Karnei, Clifton	Brazos Electric Power Cooperative	Electric Cooperatives
Manning, Bob		Consumer/Commercial; in attendance only through approximately 8:00 a.m.
Ryall, Jean	Constellation Energy	Independent Power Marketer – Segment Alternate
Standish, Tom	CenterPoint Energy	IOU

Staff and Guests:

Byone, Steve	ERCOT
Casey, Robin	Casey, Gentz & Magness
Greer, Clayton	Constellation Energy
Hinsley, Ron	ERCOT
Petterson, Mike	ERCOT
Reeder, Chris	Competitive Market Participants

Shellman, Carolyn	ERCOT
Vincent, Susan	ERCOT
Walker, Mark	Texas GenCo
Yager, Cheryl	ERCOT

The Emergency Meeting of the ERCOT Board of Directors was called to order at 7:30 a.m. Carolyn Shellman took role and determined that a quorum was present. She also announced that the reason for the emergency meeting was to obtain Board authorization regarding an interim settlement that had been proposed by some parties to ERCOT's pending application at the PUC for approval of a nodal fee surcharge.

Nodal Surcharge Proposed Settlement

Finance & Audit Committee Chair Clifton Karnei informed the Board that ERCOT, the Public Utility Commission of Texas (PUC) and some other parties to the Nodal Surcharge docket (Docket No. 32686) have discussed a potential interim settlement that would provide an interim nodal surcharge of 4.5 cents. This is a lower amount than the 6.63 cent surcharge proposed in ERCOT's application, but if a settlement were reached, it could be implemented immediately without the need for a lengthy contested hearing. Mr. Karnei indicated that he thought the proposed interim fee was reasonable.

Ms. Shellman explained that one potential roadblock to a settlement is that some parties want a nodal surcharge to be allocated to generators rather than being billed to QSEs representing load as the ERCOT system administration fee is currently billed. Ms. Shellman requested that the Board discuss and provide guidance to ERCOT regarding whether ERCOT could agree to the proposed interim settlement.

The Board discussed the potential ramifications, costs and benefits of an immediate interim surcharge, including the fact that a 4.5 cent surcharge would be lower than the amount ultimately required to fund the Nodal effort. ERCOT's CFO, Steve Byone, discussed materials furnished to the Board evaluating the effect of the lower 4.5 cent fee. He indicated that a 4.5 cent surcharge would not be reasonable if it were to last as an interim surcharge beyond the end of 2006 and that the permanent surcharge would need to be higher than 6.63 cents to make up the difference. Mr. Dalton expressed an objection to approval of an interim surcharge unless there were some mechanism to true-up the billing if the PUC ultimately decides that the Nodal surcharge should be allocated to generators or some other group. ERCOT is currently investigating how long it might take to modify its systems to accommodate allocated billing of the Nodal surcharge.

Bob Kahn moved to approve the proposed 4.5 cent interim Nodal Surcharge, subject to ERCOT being able to immediately implement and collect it. Clifton Karnei seconded the motion. The motion passed by a vote of 9 to 2, as follows:

Board Member	Vote
Armentrout, Mark	Yes
Dalton, Andrew	No

Espinosa, Miguel	Yes
Gahn, R. Scott	No
Gent, Michehl	Yes
Helton, Bob	Yes
Jones, Sam	Yes
Kahn, Bob	Yes
Karnei, Clifton	Yes
Manning, Bob	Left Early (no vote)
Ryall, Jean	Yes
Standish, Tom	Yes

Adjournment

Chairman Armentrout adjourned the meeting at approximately 8:12 p.m.

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