

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

ERCOT Austin Offices
7620 Metro Center Drive
Austin, Texas 78744
December 12, 2006 at 1:30 p.m.

Pursuant to notice duly given, the meeting of the Board of Directors of Electric Reliability Council of Texas, Inc. (ERCOT) convened at approximately 1:40 p.m. on the above-referenced date.

Meeting Attendance:

Board Members:

Armentrout, Mark		Unaffiliated; Board Chairman
Cox, Brad	Tenaska Power Services	Independent Power Marketer
Dalton, Andrew	Valero Energy Corp.	Consumer/Industrial
Fehrenbach, Nick	City of Dallas	Consumer/Commercial
Gahn, Scott	Just Energy	Independent REP
Gallagher, Carolyn Lewis		Unaffiliated
Gent, Michehl		Unaffiliated; Proxy for Mike Espinosa
Greene, Mike	TXU Energy	Proxy for Tom Standish; arrived at 2:00 p.m.
Hudson, Paul	PUCT Chairman	
Jones, Sam	ERCOT President/Chief Executive Officer	ERCOT
Karnei, Clifton	Brazos Electric Coop	Cooperatives
McClellan, Suzi	Office of Public Utility Counsel	Consumer/Residential
Newton, Jan		Unaffiliated
Taylor, William	Calpine Corporation	Independent Generator
Wilkerson, Dan	Bryan Texas Utilities	Municipal

Staff and Guests:

Barnes, Doug	City of Waxahachie	
Belk, Brad	LCRA	
Bell, Wendell	TPPA	
Bojorquez, Bill	ERCOT Staff	
Boyd, Phillip	City of Lewisville	
Brandt, Adrienne	PUCT	
Brenton, Jim	ERCOT Staff	
Brewster, Chris	City of Eastland	
Bruce, Mark	FPL Energy	
Byone, Steve	Vice President, Chief Financial Officer	
Capezzuti, Nancy	Vice President, Human Resources and Organizational Development	
Carlson, Trent	BP Energy	
Corr, Thomas	Sempra	
Cutrer, Michelle	Green Mountain Energy	

Day, Betty	ERCOT Staff
Dreyfus, Mark	Austin Energy
Flowers, BJ	TXU Energy
Fouriner, Margarita	Competitive Assets
Gage, Theresa	ERCOT Staff
Giuliani, Ray	Vice President, Chief of Market Operations
Grable, Mike	ERCOT Staff
Gruber, Richard	ERCOT Staff
Henry, Mark	ERCOT Staff
Hinsley, Ron	Vice President, Chief Information Officer
Hobbs, Kristi	ERCOT Staff
Janies, Craig	Shell Trading
Jones, Liz	TXU
Jones, Randy	Calpine
Kolodziej, Eddie	Customized Energy Solutions
Leech, Bob	Citigroup
Lozano, Rafael	PESG Texgen I
Manning, Bob	HEB
Manning, Linda	HEB
Marlett, Valerie	GDS Associates
McCalla, David	GEUS
Moore, John	
Morris, Sandy	LCRA
Ogelman, Kenan	OPUC
Oldham, Phillip	TIEC
Parsley, Julie	Commissioner, Public Utility Commission of Texas
Roark, Dottie	ERCOT Staff
Rodriguez, Robert	Constellation NewEnergy
Ryall, Jean	Constellation Energy
Schubert, Eric	PUCT
Shumate, Walt	Shumate & Associates
Smitherman, Barry	Commissioner, Public Utility Commission of Texas
Taylor, Keith	Valero LP
Thomas, Bob	Green Mountain Energy
Thorne, James	Vice President, General Counsel and Corporate Secretary
Wagner, Marguerite	Reliant Energy
Walker, DeAnn	CenterPoint Energy
Walker, Mark	NRG Texas
Wullenjohn, William	ERCOT Staff
Yager, Cheryl	ERCOT Staff
Zion, Mark	TPPA

Announcements

Sam Jones, ERCOT President and Chief Executive Officer (CEO), 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 a PUCT Open Meeting.

Selection of Board Chair and Vice Chair

William Taylor nominated Mark Armentrout for Chairman of the Board of Directors; Brad Cox seconded the motion. Mr. Armentrout was elected by a unanimous voice vote of the Directors.

Mr. Taylor nominated Michehl Gent for Vice-Chair of the Board of Directors; Mr. Cox seconded the nomination. Mr. Gent was elected by a unanimous voice vote of the Directors.

Confirmation of TAC Representatives

Clifton Karnei moved to approve the 2007 TAC representatives. Andrew Dalton seconded the motion. The motion passed by a unanimous voice vote with no abstentions.

Resolutions Regarding Messrs Manning and Kahn

Mr. Karnei moved to approve the Resolution (attached as Attachment A) circulated in the Board materials recognizing Bob Manning for his years of service as a Director. Mr. Gent seconded the motion. The motion passed by a unanimous voice vote with no abstentions.

Mr. Karnei moved to approve the Resolution (attached as Attachment B) circulated in the Board materials recognizing Bob Kahn for his years of service as a Director. Dan Wilkerson seconded the motion. The motion passed by a unanimous voice vote with no abstentions.

Director Assignments to Committees

Chairman Armentrout encouraged all Directors to participate in a committee and asked each Director to submit his/her preference for committee assignments to James Thorne, ERCOT Vice President, General Counsel and Corporate Secretary, before the end of the meeting.

Commissioner Smitherman reminded new Directors to sign the Ethics Agreement as soon as possible and recommended [the Board consider also following the ERCOT employee Ethics Agreement. Chairman Armentrout agreed and directed that this be added to the agenda of the next HR/Governance Committee meeting.](#)

Consent Agenda

This month's consent agenda contains the following items:

- Approval of Protocol Revision Requests (PRR) PRR677, PRR681, PRR684, PRR698
- Load Profiling Guide Revision Request (LPGRR) 016
- Retail Market Guide Revision Request (RMGRR) 047

Nick Fehrenbach moved to approve the items on the Consent Agenda. Mr. Wilkerson seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Approval of Minutes

Mr. Dalton pointed out that certain additional requirements were requested to be included in the CREZ Report.

Jan Newton moved to approve the minutes of the November 2006 Directors meeting as amended by Mr. Dalton. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Fehrenbach).

CEO Report

Mr. Jones asked Kent Saathoff, ERCOT Director of System Operations, to make a presentation regarding the status of Protocol Revision Request (PRR) 674. Mr. Saathoff stated that the Board approved PRR674 in September 2006. PRR674 uplifts the cost of RPRS to all Qualified Scheduling Entities (QSEs) based on Load Ratio Share without including an under-scheduled capacity charge. Mr. Saathoff stated that ERCOT staff have seen a change in Balancing Energy Service since that time, but cannot attribute that change to PRR674 because the result is the opposite of what one would expect to have happened upon implementation of PRR674.

He stated that, as of August 2006, ERCOT began to see more deployment of Down Balancing Energy Service (DBES) than Up Balancing Energy Service (UBES) and Load Imbalance began decreasing. On the other hand, Resource Imbalance began increasing in August.

With respect to the Market Clearing Price for Energy (MCPE), ERCOT has seen a downward trend in prices since August 2006. He also stated that the implied Heat Rate (MCPE/Market Gas Price) has decreased very slightly since August.

Operating Reports

Chairman Armentrout invited questions about the following reports (previously circulated)

- Financial Summary Report
- Market Operations Report
- I.T. Report
- Compliance Report
- Critical Infrastructure Protection Advisory Group

Mr. Dalton asked a question about the Emergency Electric Curtailment Plan (EECP) update mentioning that ERCOT is looking at additional Load forecasts. Mr. Saathoff stated that ERCOT compares its internal Load forecast to the commercial Load forecast services to which it subscribes, then reconciles the differences and decides which forecast to use. ERCOT staff hopes to automate that process soon.

Mr. Dalton then asked about ERCOT's Mean Absolute Percent Error (MAPE). Mr. Saathoff stated that overall the MAPE has improved since the Spring. He also pointed out that the error tends to be larger in months with heavy rain.

Chairman Armentrout asked about the revised procedure for an EECP. Mr. Saathoff stated that the current EECP process gives ERCOT staff discretion on making a public appeal to reduce electric consumption.

Chairman Armentrout then asked about the status of the Emergency Interruptible Load Program. Mr. Saathoff replied that a task force was established and a presentation will be made to the Wholesale Market Subcommittee (WMS) this month. Additionally, the PUCT has a project established on the same subject, but is awaiting the outcome of ERCOT stakeholder activity on the subject.

Mr. Gent asked about the responsiveness of Transmission and/or Distribution Service Providers (TDSPs) to ERCOT surveys. Mr. Saathoff said that ERCOT's client services and compliance groups will follow up with the TDSPs who have not responded to the survey.

Capital Project Update

Steve Byone, ERCOT Vice President and Chief Financial Officer (CFO), made a presentation regarding the status of capital projects for 2006. He began by stating that, in the past, ERCOT's rate of completion of capital projects was lacking. To respond to that issue, ERCOT management instituted several process improvements, including decentralizing project management, creating enhanced metrics, monitoring and reporting, strengthening the Project Management Office and project management processes and improving coordination with committees. As a result, ERCOT anticipates overall performance ahead of budget this year (\$27 million versus an original \$25 million in the budget for capital projects).

Mr. Karnei stated that he considers this report good news for the ERCOT Directors.

Nodal Market Redesign Status Report

Ron Hinsley, ERCOT Vice President and Chief Information Officer (CIO), provided an update on the status of the Nodal market redesign effort. He included the following matters in his presentation:

- The hiring of Jerry Sullivan as the new Executive Director of the Nodal project
- ERCOT has conducted training of the 500th training attendee
- The PUCT extended the deadline for ERCOT to file documents to support the Nodal surcharge
- The status of business requirements versus the expected timeline
- The project remains in "red" status
- ERCOT lost four subject matter experts in the last month
- Current status of the budget (which is on track)

Commissioner Smitherman asked about losing the subject matter experts to stakeholders. Mr. Hinsley stated that ERCOT management has considered mechanisms to persuade employees to remain at ERCOT. Mr. Hinsley indicated that there is an active market for people with nodal expertise.

Mr. Karnei asked about the status of the schedule for nodal implementation. Mr. Hinsley stated that ERCOT staff still hopes to meet the January 1, 2009 deadline, but he has concerns about the ability to do so.

In response to a discussion regarding the appropriateness of contingency funding in the nodal budget, Chairman Armentrout stated that IT projects typically have a higher contingency percentage early in the project and, as the project progresses, the contingency percentage decreases accordingly.

Technical Advisory Committee (TAC) Report

Chairman Armentrout then invited Read Comstock, TAC Chairman, to report on recent TAC activities. Mr. Comstock then discussed the matters set forth below.

Protocol Revision Requests

Mr. Comstock reported that TAC voted to recommend that the Directors approve the following PRRs, described as follows:

- **PRR689 – Down Balance Qualification for Renewable Resources. Proposed effective date: January 1, 2007.** This PRR modifies the Balancing Down Energy Service qualification for QSEs representing only Uncontrollable Renewable Resources to at or below the deployment level

requested by ERCOT. PRR689 was posted on August 28, 2006. On September 21, 2006, the Protocol Revisions Subcommittee (PRS) voted unanimously to recommend approval of PRR689 as revised by PRS. All Market Segments were present for the vote. On October 19, 2006, PRS noted there had been no changes to the Impact Analysis (IA) and voted to forward the IA and the PRS Recommendation Report to TAC. All Market Segments were present for the vote. On November 2, 2006, TAC voted to recommend approval of PRR689. The motion passed with one abstention from the Cooperative Market Segment. All Market Segments were present for the vote. Credit Work Group (Credit WG) evaluation pending.

- **PRR699 – Removal of the Northeast Congestion Zone in Trading Hub Transaction Conversions – URGENT. Effective Date: January 1, 2007.** This PRR synchronizes the ERCOT Protocols to reflect the removal of the Northeast Congestion Zone in the Trading Hub calculations beginning January 1, 2007. PRR699 was posted on November 13, 2006 and the submitter requested Urgent status. On November 15, 2006, there was insufficient support from PRS to grant Urgent status via email vote. On November 16, 2006, PRS unanimously voted to waive notice and grant Urgent status to PRR699. All Market Segments were present for the vote. Also on November 16, 2006, PRS unanimously voted to recommend approval of PRR699 as submitted. The Independent Power Marketer (IPM) and Independent Generator (IG) segments were not present for the vote. On December 1, 2006, TAC voted to recommend approval of PRR699 as recommended by PRS. There was one abstention from the Consumer segment; all Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed PRR699 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **PRR700 – Creation of Interim Measure for Collecting the Electric Reliability Organization (ERO)/Texas Regional Entity (TRE) Fee – URGENT. Effective Date: January 1, 2007.** This PRR revises the ERCOT System administration fees to include the Federal Energy Regulatory Commission (FERC) mandated fee for the ERCOT Region's share of the new ERO and the new TRE for the ERCOT Region. PRR700 was posted on November 15, 2006. On November 16, 2006, PRS unanimously voted to waive notice. PRS also voted to grant Urgent status with one opposing vote (Consumer) and three abstentions (Consumer and Municipal (2)). PRS voted to recommend approval of PRR700 as submitted with two abstentions from the Consumer segment. All Market Segments were present for the votes. On December 1, 2006, TAC voted to recommend approval of PRR700 as recommended by PRS and to direct PRS to research and develop alternative funding mechanisms to relieve Load that comply with federal and state law. There were two opposing votes (Investor Owned Utility and IPM) and one abstention (IPM). ERCOT credit staff and the Credit WG have reviewed PRR700 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.

Mr. Comstock stated that, with respect to PRR700, the TAC also passed a resolution to ask PRS to investigate other potential funding mechanisms.

Mr. Dalton asked how the ERCOT System Administration Fee and the Regional Entity (RE) fee would inter-relate. Mr. Jones stated that some of the compliance work to be done will not be pursuant to the federal legislation and, initially, the non-federal costs will come out of the System Administration Fee. Mr. Byone stated that ERCOT's funds will be commingled because ERCOT is one entity, but separate books and accounting will be done with respect to the RE. Mr. Dalton raised a concern about the possibility of all of ERCOT's accounting records being opened up to FERC inspection due to the way ERCOT collects the RE fee.

Suzi McClellan asked about how ERCOT will segregate the fees in light of the fact that the federal law requires that Load Serving Entities (LSEs) pay the RE fee while state law requires that all buyers and sellers pay the fee for the Independent Organization. Mr. Jones explained how ERCOT would handle this accounting issue.

Mr. Gent moved to approve PRR700. Scott Gahn seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Dalton).

Mr. Karnei moved to approve PRR699. Mr. Wilkerson seconded the motion. Chairman Armentrout opened the floor to discussion and asked if any consumer representative wished to make any comment regarding this PRR. Mr. Dalton stated that a question arose regarding the ability to track congestion if the Northeast zone is removed. **The motion passed by unanimous voice vote with no abstentions.**

Mr. Taylor moved to approve PRR689. Mr. Wilkerson seconded the motion. Chairman Armentrout opened the floor to discussion. **The motion passed by unanimous voice vote with no abstentions.**

Nodal Protocol Revision Requests (NPRRs)

- **NPRR019 – Black Start Testing Requirements.** This NPRR specifies the requirements for starting the Black Start Resource; specifies which tests are allowed to be run simultaneously. NPRR019 was posted on August 21, 2006. On September 21, 2006, PRS unanimously voted to defer NPRR019 to its October meeting to allow for Texas Nodal Transition Plan Task Force (TPTF) review; all Market Segments were present for the vote. On November 16, 2006, PRS unanimously voted to recommend approval of NPRR019 as submitted; all Market Segments were present for the vote. On December 1, 2006, TAC voted to recommend approval of NPRR019 as recommended by PRS. There were two abstentions from the Consumer segment; all Market Segments were present for the vote. Credit WG evaluation pending.
- **NPRR031 – Correction of Voltage Support Bill Determinants.** This NPRR corrects Voltage Support bill determinants and their calculations. NPRR031 was posted on October 13, 2006. On November 16, 2006, PRS unanimously voted to recommend approval of NPRR031 as submitted; all Market Segments were present for the vote. On December 1, 2006, TAC voted to recommend approval of NPRR031 as recommended by PRS. There were two abstentions from the Consumer segment; all Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed NPRR031 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **NPRR032 – Correction of Black Start Bill Determinants.** This NPRR corrects Black Start bill determinants. NPRR032 was posted on October 13, 2006. On November 16, 2006, PRS unanimously voted to recommend approval of NPRR032 as submitted; all Market Segments were present for the vote. On December 1, 2006, TAC voted to recommend approval of NPRR032 as recommended by PRS. There were two abstentions from the Consumer segment; all Market Segments were present for the vote. ERCOT credit staff and the Credit WG have reviewed NPRR032 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.
- **NPRR033 – Settlement of Congestion Revenue Rights (CRRs) When Day-Ahead Market (DAM) Does Not Execute.** This NPRR adds language and formulae that describe how ERCOT shall settle CRRs when ERCOT is unable to execute the Day-Ahead process. NPRR033 was posted on October 13, 2006. On November 16, 2006, PRS unanimously voted to recommend

approval of NPRR033 as revised by PRS and comments from the Credit WG; all Market Segments were present for the vote. On December 1, 2006, TAC voted to recommend approval of NPRR033 as recommended by PRS. There were two abstentions from the Consumer segment; all Market Segments were present for the vote.

Mr. Gent moved to approve NPRR019, NPRR031, NPR032 and NPRR033. Mr. Cox seconded the motion. Chairman Armentrout opened the floor to discussion. Chairman Armentrout proposed a friendly amendment to require the removal of the budget impact of \$100K to \$250K from NPRR033. In other words, he wanted to make it clear that the budget for the Nodal project would not change as a result of the Directors approving this NPRR.

At that time, Mr. Dalton asked if ERCOT could continue to track congestion from the Northeast zone after the passage of PRR699. Mr. Jones stated ERCOT staff would attempt to do so.

The motion regarding the NPRRs passed by unanimous voice vote with no abstentions.

Guide Revision Requests

Mr. Comstock reported on the following guide revisions:

- **Load Profile Guide Revision Request (LPGRR) 016 – Load Profile Transition Mitigation – URGENT. Proposed effective date: upon system implementation.** This LPGRR implements new ERCOT Load Profile Models and requires an implementation plan for Load Profile Model transition. This LPGRR incorporates ERCOT Load Profile Models into the Load Profiling Guide as Appendix E and adds language for a new Profile Model implementation plan approval process. This LPGRR was posted on October 13, 2006. The Commercial Operations Subcommittee (COPS) granted urgent status via email vote to ensure a May 15, 2007 implementation day for the new profile models. On 10/24/06, COPS unanimously voted to remand LPGRR016 to the Profiling Working Group (PWG) for further analysis of the accuracy of the Load Profile Models and the timeline of the implementation plan. All Market Segments were present for the vote. On November 16, 2006, COPS unanimously voted to recommend approval of LPGRR016 with the “Option 3 Modified” Implementation Plan, the Cost Benefit Analysis (CBA) and IA with a priority of 2-High and a rank of 12.5. The Consumer segment was not present for the vote. On November 16, 2006, PRS unanimously voted to recommend approval of a priority of 2-High and a rank of 12.5 for LPGRR016. All Market Segments were present for the vote. On 12/1/06, TAC unanimously voted to recommend approval of LPGRR016 as recommended by COPS and PRS.
- **Retail Market Guide Revision Request (RMGRR) 047 – Transfer from Outgoing Provider of Last Resort (POLR) to Incoming POLR Upon Termination of POLR Status – URGENT.** This RMGRR describes the process for transferring Electric Service Identifiers (ESI IDs) from an outgoing POLR to an incoming POLR where POLR status has been terminated. (This RMGRR relates to PRR660, Texas Standard Electronic Transaction (SET) Transactional Solution for a Mass Transition Event, and 672, Retail Market Timing Necessary for PUCT Project 29637.) RMGRR047 was posted on November 2, 2006. On November 3, 2006, the Retail Market Subcommittee (RMS) granted Urgent status via email vote. On November 8, 2006, RMS unanimously voted to recommend approval of RMGRR046 as submitted. All Market Segments were present for the vote. On December 1, 2006, TAC unanimously voted to recommend approval RMGRR047 as recommended by RMS. All Market Segments were present for the vote.

Other Items

Mr. Comstock stated that stakeholders have asked for more information on the RE budget.

At the conclusion of the TAC report, Chairman Armentrout thanked Mr. Comstock for his service as TAC Chairman since Mr. Comstock will be stepping down from that position next month.

Finance & Audit (F&A) Committee Report

Clifton Karnei, F&A Committee Chair, reported on the following matters discussed at the committee's monthly meeting:

- Internal audit staffing
- Audit reports
- EthicsPoint reports
- Quality Assurance review
- Subscription purchase from PricewaterhouseCoopers
- Materiality guidelines for financial statement creation
- The upcoming credit workshop (scheduled for January 15, 2007 at 11:00 a.m.)
- An assessment of the committee's performance over the last year

Mr. Giuliani stated that a SAS 70 market call will take place Friday, December 15, 2006.

H.R. & Governance Committee

Mr. Thorne introduced Theresa Gage, ERCOT's Government Relations Manager and Mike Grable, Assistant General Counsel Regulatory/Legislative/Communications.

Carolyn Lewis Gallagher reported on the following matters discussed at the committee's monthly meeting:

- The government relations plan for the legislative session
- Hiring statistics

Other Business

Chairman Armentrout opened the floor to discussion of other business. He began by announcing that this month is Sam Jones's ten year anniversary at ERCOT. Chairman Armentrout presented Mr. Jones with a commemorative plaque for his service. He then reviewed Mr. Jones's career in the electric industry.

Future Agenda Items

Chairman Armentrout asked for suggestions for future agenda items. None were mentioned.

Executive Session

Chairman Armentrout adjourned the open portion of the meeting into Executive Session at approximately 3:40 p.m. to handle contract, personnel and litigation matters.

After the Executive Session (at approximately 4:00 p.m.), the following votes took place in open session:

- Personnel title changes as reflected in Executive Session discussions – **Mr. Karnei moved to approve the personnel matters discussed in Executive Session. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with two abstentions (Messrs. Dalton and Fehrenbach).**
- Contracts as discussed in Executive Session
 - **Chairman Armentrout moved to approve the contract included in the Board packet as Item No. 16(b)(1) and attached to the Executive Session minutes as Attachment 1. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.**
 - **Chairman Armentrout moved to approve the contract included in the Board packet as Item No. 16(b)(2) and attached to the Executive Session minutes as Attachment 2. Mr. Taylor seconded the motion. The motion passed by unanimous voice vote with no abstentions.**
 - **Mr. Wilkerson moved to postpone consideration of the contract included in the board packet as Item No. 16(b)(3). Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.**
 - **Chairman Armentrout moved to approve the contract included in the Board packet as Item No. 16(b)(4) and attached to the Executive Session minutes as Attachment 3. Mr. Wilkerson seconded the motion. The motion passed by unanimous voice vote with no abstentions.**
- **Mr. Cox moved to approve the minutes of the Board’s Executive Session in November 2006. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with two abstentions (Messrs. Fehrenbach and Wilkerson).**

Adjournment

Chairman Armentrout adjourned the meeting at approximately 5:20 p.m.

Board materials and presentations from the meeting are available on ERCOT’s website at <http://www.ercot.com/calendar/2006/11/20061114-BOARD.html>.

James L. Thorne
Vice President, General Counsel & Corporate Secretary

Attachment A

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

WHEREAS, Robert Manning of HEB Grocery Company LP was originally elected to serve as a Director on the Board of Directors of the Electric Reliability Council of Texas, Inc. ("ERCOT") in August 1999; and

WHEREAS, Mr. Manning has served with distinction as a Director since that time; and

WHEREAS, Mr. Manning has served as Vice-Chairman of the Board of Directors since December 2002; and

WHEREAS, Mr. Manning has provided guidance and wisdom through his tenure as a Director on various matters affecting ERCOT and, specifically, the Commercial Consumer segment; and

WHEREAS, Mr. Manning has chosen to cease serving as an ERCOT Director as of December 2006.

After full discussion and due consideration thereof, it was duly:

RESOLVED, that the ERCOT Board of Directors wishes to express its most sincere appreciation and thanks to Mr. Manning for his time, guidance and wisdom during his tenure as a member of the ERCOT Board of Directors.

Attachment B

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

WHEREAS, Bob Kahn of Austin Energy was originally elected to serve as a Director on the Board of Directors of the Electric Reliability Council of Texas, Inc. (“ERCOT”) in January 2002; and

WHEREAS, Mr. Kahn has served with distinction as a Director since that time; and

WHEREAS, Mr. Kahn has provided guidance and wisdom through his tenure as a Director on various matters affecting ERCOT and, specifically, the Municipal segment; and

WHEREAS, Mr. Kahn has served as the Chair of the Human Resources & Governance Committee of the Board; and

WHEREAS, Mr. Kahn has chosen to cease serving as an ERCOT Director as of December 2006.

After full discussion and due consideration thereof, it was duly:

RESOLVED, that the ERCOT Board of Directors wishes to express its most sincere appreciation and thanks to Mr. Kahn for his time, guidance and wisdom during his tenure as a member of the ERCOT Board of Directors.