

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

ERCOT Austin Offices
7620 Metro Center Drive
Austin, Texas 78744
February 20, 2007 at 10:00 a.m.

Pursuant to notice duly given, the meeting of the Board of Directors of Electric Reliability Council of Texas, Inc. (ERCOT) convened 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
Espinosa, Miguel		Unaffiliated
Fehrenbach, Nick	City of Dallas	Consumer/Commercial
Gahn, Scott	Just Energy	Independent REP
Gallagher, Carolyn Lewis		Unaffiliated
Gent, Michehl		Unaffiliated
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
Standish, Tom	CenterPoint Energy	IOU Segment
Taylor, William	Calpine Corp.	Independent Generator
Wilkerson, Dan	Bryan Texas Utilities	Municipal

Staff and Guests:

Anderson, Troy	ERCOT Staff
Ashley, Kristy	Exelon
Barrow, Les	CPS Energy
Bartley, Steve	CPS Energy
Behroon, BJ	KEMA
Belk, Brad	LCRA
Bojorquez, Bill	Vice President, System Planning
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
Comstock, Read	Strategic Energy
Cutrer, Michelle	Green Mountain Energy
Day, Betty	ERCOT Staff

Doran, Kathe	CPS Energy
Dreyfus, Mark	Austin Energy, TAC Chair
Drost, Wendell	Areva
Fournier, Margarita	Competitive Assets
Giuliani, Ray	Vice President, Chief of Market Operations
Grable, Mike	ERCOT Staff
Greer, Clayton	Constellation
Gresham, Kevin	Reliant Energy
Gross, Blake	AEP
Gurley, Larry	TXU Wholesale
Hinsley, Ron	Vice President, Chief Information Officer
Hobbs, Kristi	ERCOT Staff
Hughes, Gilbert	AEP Texas
Jones, Liz	TXU
King, Kelso	King Energy Consulting
Kolodziej, Eddie	Customized Energy Solution
Lin, David	TXU ED
McAndrews, Neil	Deutsche Bank Energy
Meek, Don	ERCOT Staff
Moore, John	John Moore Consulting
Morris, Sandy	LCRA
Moseley, Cheryl	ERCOT Staff
Verret, Richard	Consultant
Pieniazek, Adrian	NRG Texas
Roark, Dottie	ERCOT Staff
Rodriguez, Robert	Constellation NewEnergy
Ruebsahm, Jamille	Deloitte
Saathoff, Kent	Vice President, System Operations
Schwerdtfeger, Kathie	Deloitte
Seely, Chad	ERCOT Staff
Seymour, Cesar	SUEZ
Sullivan, Jerry	ERCOT Staff
Thomas, Julie	ERCOT Staff
Thomas, Robert	Green Mountain Energy
Thorne, James	Vice President, General Counsel and Corporate Secretary
Trayers, Barry	Sempra Energy Trading Corp.
Trefny, Floyd	Reliant Energy
Twiggs, Thane Thomas	Direct Energy
Walker, DeAnn	CenterPoint Energy
Wittmeyer, Bob	RJ Covington
Wullenjohn, Bill	ERCOT Staff

Announcements

Mark Armentrout, Chairman, called the meeting to order at 10:15 a.m. and determined a quorum was present.

Consent Agenda

Andrew Dalton requested the removal of several items from this month's consent agenda, thus the consent agenda contained the following item:

- Approval of the minutes from the January 16, 2007 Board of Directors meeting.

Clifton Karnei moved to approve the item on the Consent Agenda. Dan Wilkerson seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chief Executive Officer (CEO) Report

Sam Jones, ERCOT President and CEO, began by recognizing Larry Grimm for ten years of service with ERCOT.

A. Recent Emergency Electric Curtailment Plan (EECP) Events & Responsive Reserve Adequacy

Mr. Jones invited Kent Saathoff, ERCOT Vice President of System Operations, to make a presentation regarding recent EECP events. He stated that ERCOT has had five (5) recent events involving Step 1 of the EECP (12/13/06, 12/22/06, 12/23/06, 1/20/07 and 2/8/07). This level of frequency results from changes made in the EECP procedure which require earlier notice of possible electric curtailment. He stated that ERCOT is operating close to minimum reserve levels is a function of good industry practice. No recent EECP event involved shedding firm Load and only one event involved shedding interruptible Load. Several events stemmed from typical winter Load activity (early morning and early evening steep increases in Load).

Mr. Saathoff then provided a detailed description of each event and how ERCOT System Operations dealt with those events. He stated that the only event causing him some concern was the event on December 22, 2006. On that day, five Generation Resources (totaling a loss of 1,900 MW) either tripped or ran-back in a short period of time. The system frequency dropped to 59.691 Hz (which triggered automatic dropping of interruptible Load).

Several Directors raised questions regarding specific issues related to these events.

Mr. Saathoff then provided background information on how ERCOT sets Responsive Reserve adequacy limits. He reported that, in approximately 1988, ERCOT conducted a stability study to determine the required level of reserves to prevent automatic under-frequency firm load shedding when the two largest generating units in ERCOT were simultaneously lost. The result was 4,000 – 8,000 MW. At that time, a policy decision was made to keep the existing 2,300 MW requirement and not require that the higher level of reserves due to the costs associated with doing so. Subsequently, in May 2003, a firm Load shed event occurred (in the early morning hours) that supported ERCOT's stability study. In 2004, ERCOT performed another stability study that determined that ERCOT could use up to 50% of interruptible Load to cover its Responsive Reserve needs and also verified the previous study results.

Consequently, ERCOT Staff believes that the current level of 2,300 MW for Responsive Reserve remains a reasonable amount.

Chairman Armentrout thanked Mr. Saathoff for the presentations and asked for a follow-up on the analysis of the December 22, 2006 EECP event.

B. ERCOT Long-Term Demand and Energy Forecasting

Bill Bojorquez, ERCOT Vice President of System Planning, then gave a presentation regarding ERCOT's long-term demand and energy forecasting.

Chairman Armentrout began this presentation by stating that resource adequacy has become a much publicized issue recently. He confirmed that ERCOT's role in the public debate is as a resource for data and information. ERCOT must present a position of neutrality regarding specific proposals being discussed in this debate. Finally, he stated that ERCOT cannot take the time to refute all incorrect information one may hear or read about in the process.

Mr. Bojorquez stated that his presentation focuses on 2006 data and that ERCOT has three primary Load forecasts: long-term, mid-term and short-term. This presentation focuses on long-term only (*i.e.* one to fifteen years). ERCOT uses several key inputs in the study, including economic data, historic weather data and calendar data (*e.g.* holidays, week days, *etc.*). He explained that ERCOT uses a regression analysis on the economic data.

Several Directors raised questions regarding the premises, assumptions and calculations used in deriving the long-term demand and energy forecasts.

Mr. Bojorquez also responded to a previous question raised by Mr. Dalton regarding tracking congestion from what had previously been the Northeast Congestion Zone. Mr. Bojorquez stated that ERCOT Staff has created a manual process to review all OOME Service and RPRS to fulfill this request. He will report back to the Directors with the results of that review at a future date.

C. PRR674/676 Update

Mr. Jones made a brief report on the results of the appeal of PRR674 and PRR676 to the Public Utility Commission of Texas (PUCT). The PUCT struck down PRR676 and ordered that PRR674 remain in place indefinitely.

Mr. Gahn stated that he believes that certainty regarding RPRS is more important than addressing this issue again. Mark Dreyfus stated that the Protocols will be revised to address the PUCT order.

Operating Reports

Chairman Armentrout invited comments or questions on these reports.

Mr. Dalton raised a question about the registration list the ERCOT compliance group is establishing. Mr. Grimm stated that the list continues to evolve and should be provided to NERC relatively soon. He urged Market Participants to contact ERCOT regarding any comments or questions.

Chairman Armentrout mentioned an increase in the switching rate of retail customers, providing evidence of retail customers exercising their right of choice.

Nodal Status Report

Chairman Armentrout invited Jerry Sullivan, Executive Director of the Nodal Project, to provide an update on the status of the Nodal market redesign effort.

Mr. Sullivan stated that the project has three main dimensions – scope/quality, cost and schedule and the schedule and cost have been established.

Overall, he considers the schedule in “red” status (primarily because of the Energy Management System project); the cost and scope are in “amber” status. He then provided information on recent accomplishments and progress over the last month.

Mr. Sullivan concluded by providing an update regarding spending. For January 2007, total spending was approximately \$5.7 million (much of which was for hardware) and for the project overall, the amount is \$60.6 million (with \$36.2 million of commitments).

Several Directors raised questions regarding the information provided by Mr. Sullivan.

Chairman Armentrout asked that, in the future, Mr. Sullivan provide a break-down of project status (e.g. testing, *etc.*).

Finance & Audit (F&A) Committee Report

A. Internal Controls Review

A Deloitte & Touche (D&T) representative (Kathy Schwerdtfeger) provided the results of D&T’s review of ERCOT’s internal controls. The review addressed issues raised during audits conducted over the last few years. She stated that D&T conducted its review between April and December 2006 and issued a final report in December 2006. D&T found that the Internal Controls are appropriately designed and operate effectively.

She also stated that D&T representatives were impressed with the efforts ERCOT staff had undertaken to develop and implement internal controls.

D&T tested 145 key controls and found only seven (7) exceptions, concentrated in the following areas: fixed assets, corporate governance, expenditures and program management. Most exceptions involved documentation of controls.

Mr. Karnei stated that the F&A committee reviewed the D&T report and discussed it with ERCOT management. The committee is very pleased with the actions taken by ERCOT management. Ms. Schwerdtfeger referred to ERCOT’s internal controls as “best in class.”

B. Compliance, Risk and Audit Update

Steve Byone, ERCOT Chief Financial Officer, presented the semi-annual update of audit, risk and compliance matters. He stated that ERCOT has a fully funded internal audit group and has approved the 2007 internal audit program. ERCOT also has various audits conducted by external auditors. He presented slides showing the many audits undertaken over the last several years and the status of open audit points.

Regarding compliance, he stated that ERCOT has implemented a self-assessment plan to ensure it complies with laws, rules, regulations, *etc.* All officers have completed and signed an attestation regarding the status of compliance requirements in their respective groups. Outside counsel have reviewed the assessments and provided feedback. ERCOT will continue to conduct semi-annual reviews of compliance results with the Board of Directors.

Finally, he presented information regarding the Enterprise Risk Management program (originally established in 2005) and provided a slide showing risk inventory “stop lights.”

C. 2006 Actual v. Budgeted Variance

Mr. Byone also presented data regarding actual spending versus budget for 2006. He stated that ERCOT had approximately \$7.3 million of excess revenue versus the budget for the year. He then explained the basis for the largest variances. ERCOT management recommends that the Directors require that ERCOT use the excess funds to reduce debt funding of 2007 projects because doing so would assist in improving ERCOT’s debt/revenue ratio.

Mr. Karnei moved to approve ERCOT staff’s recommendation. Miguel Espinosa seconded the motion. Chairman Armentrout opened the floor to discussion.

Mr. Dalton asked if any of the excess funds would apply toward Nodal debt under ERCOT management’s recommendation. Mr. Byone stated that none of the money would go toward Nodal debt, except to the extent that some current projects are zonal/nodal interdependent.

Michehl Gent asked what would happen if the Directors did not approve management’s recommendation. In response, Mr. Karnei presented other possible alternatives (*e.g.* refund, lowering the system administration fee, *etc.*).

After discussion ceased, **the motion passed by unanimous voice vote with no abstentions.**

D. Selection of 2006 Benefit Plan Auditor

Mr. Karnei moved to approve the use of Maxwell Locke & Ritter, LLP to conduct an audit of ERCOT’s benefit plans. Mr. Wilkerson seconded the motion.

Mr. Dalton asked why ERCOT would use a new auditor for 2007 and 2008. Nancy Capezzuti, ERCOT Vice President for Human Resources and Organizational Development, stated that it would be more cost-effective to have the same firm conduct the audit for the two years.

The motion passed by unanimous voice vote with no abstentions.

E. Miscellaneous

Mr. Karnei presented a brief review of the activities at this morning’s F&A meeting, including internal audit, a review of the committee charter, SAS 70 audit issues and lessons learned, the nodal surcharge filing, liquidity issues for nodal funding and capital projects costing greater than \$1 million.

Mr. Byone presented a slide showing the impact of various approval dates on the Nodal Implementation Surcharge (NIS). ERCOT Staff recommended a June 1, 2007 effective date for the NIS to the PUCT. If the date is later, the NIS must be higher (*e.g.* a September effective date equates to a \$0.131/MWh NIS).

Mr. Karnei moved to ratify the January vote regarding Attachment C to the minutes of the January Board of Directors meeting. William Taylor seconded the motion.

Nick Fehrenbach asked if this vote merely confirms last month’s vote or means the Director is in favor of the Resolution offered last month. It was explained that, if a Director voted against the motion last month, today’s vote would merely confirm that Director’s vote. For clarity, Mr. Dalton asked that the minutes

reflect that this month's vote merely ratifies or confirms the vote each Director cast at last month's months Board of Directors meeting and does not necessarily denote the Director's approval of the Resolution voted on last month.

With that clarification, **the motion passed by unanimous voice vote with two abstentions (Mr. Fehrenbach and Suzi McClellan).**

Technical Advisory Committee (TAC) Report

Chairman Armentrout then invited Mr. Dreyfus, TAC Chairman, to report on recent TAC activities.

A. Protocol Revision Requests (PRRs)

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

- ***PRR691 – Nodal Implementation Surcharge Verifiable Costs. Proposed effective date: March 1, 2007.*** This PRR adds the Nodal Implementation Surcharge (NIS) as a verifiable cost for Resources called on for reliability purposes. PRR691 was posted on September 14, 2006. On October 19, 2006, the Protocol Revision Subcommittee (PRS) deferred consideration to its next meeting. On November 16, 2006, PRS unanimously voted to recommend approval of PRR691 as revised by ERCOT Staff comments and PRS. All Market Segments attended the vote. On December 14, 2006, PRS unanimously voted to forward the PRS Recommendation Report and the Impact Analysis to TAC. All Market Segments attended the vote. On January 4, 2007, TAC voted to recommend approval of PRR691 as recommended by PRS, with one abstention from the Investor Owned Utility (IOU) Market Segment. All Market Segments attended the vote. The Credit Work Group (Credit WG) evaluated PRR691 and concluded that it introduces an additional fee assessed to Qualified Scheduling Entities (QSEs) paying for reliability services if the QSE representing a Resource elects to submit verifiable cost information.

Mr. Karnei moved to remand this PRR to TAC. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

- ***PRR694 – Modification of Certain Board Approvals. Proposed effective date: March 1, 2007.*** This PRR proposes refinements as set forth in the TAC resolution of June 1, 2006, regarding modification of certain Board approvals. PRR694 was posted on September 25, 2006. On November 16, 2006, PRS unanimously voted to recommend approval of PRR694 as revised by ERCOT Staff comments. All Market Segments attended the vote. On December 14, 2006, PRS unanimously voted to forward the PRS Recommendation Report and the Impact Analysis to TAC. On January 4, 2007, TAC voted to recommend approval of PRR694 as recommended by PRS, with one abstention from the IOU Market Segment. All Market Segments attended the vote. ERCOT credit staff and the Credit WG have reviewed PRR694 and do not believe it requires changes to credit monitoring activity or the calculation of liability.
- ***PRR695 – Unaccounted for Energy (UFE) Analysis. Proposed effective date: March 1, 2007.*** This PRR deletes outdated sections pertaining to UFE analysis and provides a more meaningful approach to annual UFE analysis reporting. ERCOT posted PRR695 on October 11, 2006. On November 16, 2006, PRS unanimously voted to recommend approval of PRR695 as submitted. All Market Segments attended the vote. On December 14, 2006, PRS unanimously voted to forward the PRS Recommendation Report and the Impact Analysis to TAC. On January 4, 2007,

TAC voted to recommend approval of PRR695 as recommended by PRS, with one abstention from the IOU Market Segment. All Market Segments attended the vote. ERCOT credit staff and the Credit WG have reviewed PRR695 and do not believe it requires changes to credit monitoring activity or the calculation of liability.

Mr. Gent moved to approve PRR694 and PRR695 with the language of PRR694 amended as set forth in the Board Action Report attached hereto as Exhibit A. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

B. Emergency Interruptible Load Service (EILS) Update

Mr. Dreyfus provided background into how this issue originally arose. He then stated that a Wholesale Market Subcommittee (WMS) task force has developed four PRRs which remain pending and will be considered at the PRS meeting on Thursday of this week.

Chairman Armentrout asked why TAC seems to have no enthusiasm for the EILS. Mr. Dreyfus stated that his impression is that Market Participants believe the service will not necessarily help prevent EECF events due to many changes in market design that have occurred since April 2007.

Mr. Taylor commended Mr. Dreyfus for his presentation and stated further that the PUCT has acknowledged the importance of stakeholder involvement in this service's design.

Mr. Dreyfus then reported on the status of various task forces under the TAC (including the disbanding and creation of some task forces).

Finally, Mr. Dreyfus reported on the accomplishments of the TAC during 2006. He stated that PRS handled fifty-six PRRs. Forty were approved, two withdrawn, six rejected and eight pending. There were thirty-eight Nodal Protocol Revision Requests (NPRRs) proposed, thirty approved, two rejected and six pending. One System Change Request (SCR) was proposed and approved. The PRS also developed a new Project Prioritization Process. PRS also intends to develop a plan to implement NPRRs that will not be implemented until after the date on which the Nodal market goes live.

The Retail Market Subcommittee (RMS) implemented significant improvements to the Mass Transition process and also updated and clarified the Interval Data Recorder (IDR) installation process. The RMS had several other accomplishments recapped by Mr. Dreyfus.

The Reliability and Operations Subcommittee (ROS) addressed frequency control issues, evaluated several incidents, including a detailed analysis of the April 2006 EECF event and reviewed fuel and winter issues. Mr. Dreyfus then reviewed several other accomplishments.

The Wholesale Market Subcommittee (WMS) reviewed and reported on System Control Error (SCE) and frequency control. They provided recommendations on eight PRRS related to that issue. They also established and approved QSE performance metrics, reported on Balancing Energy Neutrality Adjustment (BENA) and reviewed market design issues associated with the April 17th EECF event. Mr. Dreyfus then reviewed several other accomplishments.

The Commercial Operations Subcommittee (COPS) reviewed Transition Plan Task Force (TPTF) documents, worked with RMS to transition the Profiling Working Group (PWG) to COPS, developed web services training and analyzed historical trends of Unaccounted for Energy (UFE). Mr. Dreyfus then reviewed several other accomplishments.

Mr. Dreyfus then provided a list of goals for the TAC for 2007.

H.R. & Governance Committee

Carolyn Lewis Gallagher stated that the committee performed a self-assessment and discussed it this morning. She also stated that the committee intends to implement a planning calendar and revise its charter in the March/April time frame.

A. Amendments to 401(k) Plan

Ms. Capezzuti reviewed proposed amendments to the 401(k) plan which will allow lower paid employees to take full advantage of legal limits on contributions.

Ms. Gallagher moved to amend ERCOT's 401(k) plan to allow for up to 99% of eligible wages after appropriate deductions and limited to the maximum allowable contributions as set forth in the Internal Revenue Code, to be contributed by employees (as set forth in the Resolution attached hereto as Exhibit B). Brad Cox seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chairman Armentrout moved to amend the 401(k) plan to allow an annual true-up of the employer match (as set forth in the Resolution attached hereto as Exhibit B). Ms. Gallagher seconded the motion. The motion passed by unanimous voice vote with no abstentions.

At that time, Ms. McClellan stated that Shannon McClendon resigned as the TAC residential consumer representative. She hopes to name a replacement shortly.

Other Business

No other business was raised and Chairman Armentrout moved the meeting into Executive Session.

Votes after Executive Session

Chairman Armentrout moved to approve the Resolutions regarding the contracts set forth as Items 13b(3) and 13b(5) in the Executive Session agenda previously circulated and attached to the Executive Session minutes as Exhibit B and Exhibit E. Mr. Wilkerson seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chairman Armentrout moved to approve the Resolution regarding the contract set forth as Item 13b(4) in the Executive Session agenda previously circulated and attached to the Executive Session minutes as Exhibit C. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with two abstentions (Mr. Dalton and Ms. McClellan).

Chairman Armentrout moved to approve the Resolution regarding the contract set forth as Item 13b(6) in the Executive Session agenda previously circulated and attached to the Executive Session minutes as Exhibit D. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with two abstentions (Mr. Dalton and Mr. Fehrenbach).

Mr. Wilkerson moved to approve a revised Resolution regarding the ERCOT facilities set forth as Item 13b(7) in the Executive Session agenda previously circulated and attached to the Executive Session minutes as Exhibit F. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Dalton moved to approve the remaining facilities-related items from Item 13b(7) in the Executive Session agenda previously circulated. Mr. Fehrenbach seconded the motion. The motion failed by a vote of seven in favor, six opposed and two abstentions.

Chairman Armentrout moved to approve the H.R. & Governance Committee's proposal regarding the CEO's bonus. Jan Newton seconded the motion. The motion passed by unanimous voice vote with no abstentions. Chairman Armentrout also thanked Mr. Jones for his work last year.

Mr. Fehrenbach moved to approve the Resolution regarding the matter set forth as Item 13b(2) in the Executive Session agenda previously circulated and attached to the Executive Session minutes as Exhibit A. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Gent moved to approve the minutes of the January Executive Session; Mr. Wilkerson seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment

After the Board of Directors briefly went back into Executive Session, Chairman Armentrout adjourned the meeting at approximately 5:10 p.m.

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

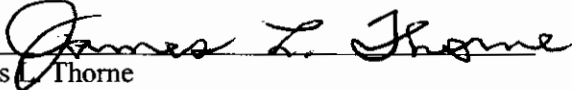

James L. Thorne
Vice President, General Counsel & Corporate Secretary

Exhibit A

PRR Number	694	PRR Title	Modification of Certain Board Approvals
Timeline	Normal	Action	Approved
Protocol Requiring Revision	Section(s)	10.14.1, Authority to Grant Exemptions 18.2, Methodology 18.2.2, Load Profiles for Non-Interval Metered Loads 18.2.9, Adjustments and Changes to Load Profile Development 21.4.6, Protocol Revision Subcommittee Review of Impact Analysis 21.4.7, Technical Advisory Committee Vote 21.4.8, ERCOT Impact Analysis Based on Technical Advisory Committee Recommendation Report 21.8.6, Assigned TAC Subcommittee Review of SCR Impact Analysis 21.8.7, Technical Advisory Committee Vote 21.8.8, ERCOT Impact Analysis Based on Technical Advisory Committee Recommendation Report 21.8.11, Urgent SCR Requests (new) 21.9, Review of Project Prioritization	
Proposed Effective Date	March 1, 2007		
Priority & Rank Assigned	N/A		
Revision Description	In keeping with the activities of the TAC Board Action Items Subgroup addressing this issue, TAC resolution and the Board's discussion, this PRR proposes refinements as set forth in the TAC resolution of June 1, 2006.		
Overall Market Benefit	This PRR enhances the current approval process and brings it in compliance with the direction of the Board regarding Board approvals.		
Overall Market Impact	None.		
Credit Impacts: Has the Credit Workgroup reviewed the PRR? If so, are there credit impacts?	Yes. ERCOT credit staff and the Credit Work Group (Credit WG) have reviewed PRR694 and do not believe that it requires changes to credit monitoring activity or the calculation of liability.		
Procedural History	<ul style="list-style-type: none"> ➤ On 09/25/06, PRR694 was posted. ➤ On 10/12/06, ERCOT Comments were posted. ➤ On 11/16/06, the PRS considered this PRR. ➤ On 12/07/06, ERCOT posted an Impact Analysis (IA). ➤ On 12/14/06, the PRS considered the Recommendation Report and IA. 		

		<ul style="list-style-type: none"> ➤ On 01/04/07, the TAC considered this PRR. ➤ On 02/20/07, the Board considered this PRR.
PRR Recommendation		<p>On 11/16/06, the PRS unanimously voted to recommend approval of PRR694 as revised by ERCOT Comments. All Market Segments were present for the vote.</p> <p>On 12/14/06, the PRS unanimously voted to forward the Recommendation Report and IA to TAC as presented. All Market Segments were present for the vote.</p>
Summary of PRS Discussion		<p>On 11/16/06, ERCOT Comments were reviewed. The addition of the Urgent System Change Request (SCR) Process was discussed.</p> <p>On 12/14/06, there was no discussion.</p>
TAC Recommendation		<p>On 01/04/07, the TAC voted to recommend approval of PRR694 as recommended by PRS. There was one abstention from the IOU segment. All Market Segments were present for the vote.</p>
Summary of TAC Discussion		<p>On 01/04/07, there was no discussion.</p>
Board Action		<p>On 02/20/07, the Board approved PRR694 as modified by the Board.</p>

ERCOT/Market Segment Impacts and Benefits

Assumptions	1	<i>Compliance with the direction of the Board regarding Board approval process.</i>	
	2		
		Impact Area	Monetary Impact
Market Cost	1	<i>None anticipated – procedural changes only.</i>	<i>None anticipated – procedural changes only.</i>
	2		
		Impact Area	Monetary Impact
Market Benefit	1	<i>Enhanced approval processes.</i>	<i>Enhanced approval processes.</i>
	2		
Additional Qualitative Information	1	<i>Implements request from the Board to streamline Board approval processes.</i>	
	2		
Other	1		

Comments	2	
----------	---	--

Original Sponsor	
Name	Mark Walker, on behalf of TAC Board Action Items Subgroup
E-mail Address	Mark.Walker@nrgenergy.com
Company	NRG Texas LLC

Comments Received	
Comment Author	Comment Description
101206 ERCOT	Proposes a new section for Urgent SCRs and adds additional clarifications.

10.14 Exemptions from Compliance to Metering Protocols

10.14.1 Authority to Grant Exemptions

ERCOT may grant on a case by case basis, exemptions from compliance on a temporary basis until new arrangements can be completed in accordance with the guidelines as listed below. Any permanent exemption to this Section requires approval by the Technical Advisory Committee (TAC) ~~and the ERCOT Board~~. Any permanent exemption shall be subject to periodic review and revocation by ~~the ERCOT Board~~ TAC.

18.2 Methodology

ERCOT will develop Load Profiles for both non-interval metered loads and Non-Metered Loads. A Load Profiling Methodology is the fundamental basis on which Load Profiles are created. The implementation of a Load Profiling Methodology may require statistical Sampling, engineering methods, econometric modeling, or other approaches.

The following Load Profiling methods will be used for market open:

Type of Load	Load Profiling Methodology
Non-Interval Metered	Adjusted Static Models
Non-Metered	Engineering Estimates

Load Profiles will also be developed for Interval Data Recorders (IDRs) for use in settlements when actual IDR data is not available. All Load Profiles will conform to the ERCOT-defined Settlement Interval length.

Any change from one methodology to another will require approval of the ~~ERCOT Board~~ TAC, without the necessity of complying with the procedures in Section 21, Process for Protocols Revision. ~~The Board~~ TAC shall establish the implementation date for approved changes, as the ~~Board~~ TAC deems appropriate, recognizing the magnitude of the impacts on Market Participants.

18.2.2 Load Profiles For Non-Interval Metered Loads

Load Profiles for non-interval metered loads will be created using statistical models developed from appropriate load research sample data. These models are referred to as "adjusted static." These model equations will relate daily Settlement Interval load patterns to relevant weather descriptors such as maximum and minimum dry-bulb temperature and humidity. Other daily characteristics such as day-of-the-week and sunrise/sunset times will also be employed.

[PRR478: Replace Section 18.2.2 above with the following upon system implementation:]

For market open, Load Profiles for non-interval metered loads were created using statistical models developed from appropriate load research sample data. These models are referred to as "adjusted static." These model equations relate daily Settlement Interval Load patterns to relevant weather descriptors such as maximum and minimum dry-bulb temperature and

humidity. Other daily characteristics such as day-of-the-week and sunrise/sunset times are also employed.

Following market open, new Load Profile segments may be introduced. After these Load Profile segments receive final approval under the provisions of the Load Profiling Guides, Section 12, Request for Profile Segment Changes, Additions, or Removals, they may be settled by using appropriately sized and representative lagged dynamic samples or adjusted static models. The decision to use a lagged dynamic sample or adjusted static model shall be based on the judgment of ERCOT's Load Profiling Department, subject to ERCOT Board TAC approval.

18.2.9 Adjustments and Changes to Load Profile Development

ERCOT and the appropriate ERCOT TAC subcommittee will conduct an ongoing evaluation of the current Load Profiling Methodology. Together they will determine whether appropriate changes to the methodology should be made or whether another approach or combination of approaches is warranted. Any Market Participant may request a review of the Load Profiling Methodology. A change from one Load Profiling Methodology to another must be approved by the ERCOT Board TAC, as provided in Section 18.2, Methodology.

Any Market Participant may petition ERCOT for adjustments to the existing Load Profiles and for development of new Load Profiles. The Market Participant making the request shall submit their proposal in writing to ERCOT. ERCOT will post to the Market Information System (MIS) the request and respond to such requests within sixty (60) days. ERCOT shall coordinate with the appropriate ERCOT TAC subcommittee for each change request. ERCOT shall strive to make the necessary changes within a reasonable period of time.

ERCOT, in coordination with the appropriate ERCOT TAC subcommittee, may make changes to existing Load Profiles and establish additional Load Profiles. All changes to Load Profiles shall adhere to these Protocols. When additional Load Profiles are established, ERCOT shall evaluate the impact on existing Load Profiles and associated load research samples.

A Market Participant may submit a request to ERCOT for conditional approval of a new Load Profile segment following the approval process as specified in the Load Profiling Guides, Section 12, Request for Profile Segment Changes, Additions, or Removals. In conjunction with this request, ERCOT staff shall specify the requirements for additional Load research sampling and shall define specific and objective criteria to be met by the analysis of this Load research data to meet the requirements for final approval. Provided the request for conditional approval has received the appropriate ERCOT committee approval and ERCOT staff determines the specified criteria are met, the request shall be granted final approval. If ERCOT staff determines the specified criteria are not met, the request shall be denied.

Section 9.9, Profile Development Cost Recovery Fee for a Non-ERCOT Sponsored Load Profile Segment, describes the process for compensating the originator of a profile segment change request by REPs wishing to subscribe to the profile segment.

ERCOT shall give at least one hundred fifty (150) days notice to all Market Participants prior to market implementation of any change in Load Profile Methodology, existing Load Profiles, or when any additional Load Profiles are developed. This notice shall include a Load Profile change implementation timeline, which specifies dates on which key events during the Load Profile change process will take place. Upon any change in Load Profile Types, TDSPs shall send any revised ESI Load Profile assignments required by the change to the registration system within the implementation timeline. After the new Load Profile(s) becomes available, changes to Load Profile Types will be effective on the next meter read date for each ESI ID.

If one or more Load Profiles require changes to reduce excessive UFE, as determined by the appropriate ERCOT TAC subcommittee, TAC may provide a shorter notice period and implementation date, than otherwise provided herein, for such required changes to Load Profiles. If the Load Profile Methodology requires changes to reduce excessive UFE, as determined by the appropriate ERCOT TAC subcommittee, ~~the Board~~ TAC may provide an expedited notice period and implementation date. TAC may require the standard Load Profile revision process follow such expedited revisions for long-term resolution.

21.4 Protocol Revision Procedure

21.4.6 Protocol Revision Subcommittee Review of Impact Analysis

After ERCOT posts the results of the PIA, PRS shall review the PIA at its next regularly scheduled meeting. PRS may revise its PRS Recommendation Report after considering the information included in the PIA.

If PRS revises its Recommendation Report, a revised PRS Recommendation Report shall be issued by PRS to TAC and posted on the MIS. Additional comments received regarding the revised PRS Recommendation Report shall be accepted up to three (3) Business Days prior to the TAC meeting at which the PRR is scheduled for consideration. If PRS revises its recommendation, ERCOT shall update the PIA and issue the updated PIA at least three (3) Business Days prior to the regularly scheduled TAC meeting. If a longer review period is required for ERCOT Staff to update the PIA, ERCOT Staff shall submit a schedule for completion of the PIA to the TAC chair.

After consideration of the final PIA and PRS Recommendation Report (and any revisions made), and if the PRR would require an ERCOT project for implementation, at the same meeting PRS shall assign a priority and ranking for the associated project.

21.4.7 Technical Advisory Committee Vote

TAC shall consider any PRRs that PRS has submitted to TAC for consideration for which both a PRS Recommendation Report has been posted and a PIA based on such PRS recommendation (as updated if modified by PRS under Section 21.4.6, Protocol Revision Subcommittee Review of Impact Analysis) has been posted on the MIS for at least three (3) days. The following information must be included for each PRR considered by TAC:

- (1) the PRS Recommendation Report and PIA;
- (2) the recommended PRS priority and ranking if an ERCOT project is required; and
- (23) any comments timely received in response to the PRS Recommendation Report.

TAC shall take one of the following actions regarding the PRS Recommendation Report:

- (1) recommend approval of the PRR as recommended in the PRS Recommendation Report or as modified by TAC including modification of the recommended priority and ranking if the PRR requires a project;
- (2) reject the PRR; or
- (3) remand the PRR to the PRS with instructions.

If TAC recommends approval of a PRR that does not require an ERCOT project for implementation or requires an ERCOT project which can be performed in the current ERCOT budget cycle based upon its priority and ranking, ERCOT shall prepare a TAC Recommendation Report, issue the report to the ERCOT Board and post the report on the MIS within three (3) Business Days of the TAC recommendation concerning the PRR. The TAC Recommendation Report shall contain the following items:

- (1) identification of the submitter of the PRR;
- (2) modified Protocol language proposed by TAC;
- (3) identification of the authorship of comments;
- (4) proposed effective date(s) of the PRR;
- (5) priority and rank for any PRR requiring a system change request;
- (6) PRS recommendation; and
- (7) TAC recommendation.

If TAC recommends approval of a PRR that requires a project for implementation that cannot be completed funded within the current ERCOT budget cycle, ERCOT shall prepare a TAC Recommendation Report and post the report on the MIS within three (3) Business Days of the TAC recommendation concerning the PRR. ERCOT shall assign the approved PRR to the "Unfunded Project List" until the ERCOT Board approves an annual ERCOT budget in a manner that indicates funding would be available in the new budget cycle to implement the project if approved by the Board; in such case, the TAC Recommendation Report would be provided at the next Board meeting following such budget approval for the Board's consideration under Section 21.4.9, ERCOT Board vote.

Notwithstanding the above, a PRR in the Unfunded Project List may be removed from the List and provided to the Board for approval, as set forth in Section 21.9, Review of Project Prioritization, Review of Unfunded Project List, and Annual Budget Process.

ERCOT shall maintain the Unfunded Project List to track projects that cannot be funded in the current ERCOT budget cycle.

Any PRR approved by TAC but assigned to the Unfunded Project List may be challenged by appeal as otherwise set forth in this Section.

21.4.8 *ERCOT Impact Analysis Based on Technical Advisory Committee Recommendation Report*

For PRRs not designated Urgent, ERCOT shall review the TAC Recommendation Report and update the PIA as soon as practicable, but no later than thirty (30) days after the TAC Recommendation Report is issued, unless a longer period is warranted due to the complexity of the changes proposed by TAC. If the PRR does not require a project assigned to the Unfunded

Project List, ERCOT shall issue the updated PIA (if any) to the ERCOT Board and post it on the MIS within three (3) Business Days of issuance. If a longer review period is required for ERCOT Staff to update the PIA, ERCOT Staff shall submit a schedule for completion of the PIA to the TAC and ERCOT Board chairs.

For PRRs designated Urgent, ERCOT shall prepare the PIA within thirty (30) days after the TAC Recommendation Report is issued or based on a TAC approved accelerated schedule, unless a longer period is warranted due to the complexity of the changes proposed by TAC. If the PRR does not require a project assigned to the Unfunded Project List, ERCOT shall issue the PIA to the ERCOT Board and post it on the MIS. If a longer review period is required for ERCOT Staff to update the PIA, ERCOT Staff shall submit a schedule for completion of the PIA to the TAC and ERCOT Board chairs.

21.4.9 ERCOT Board Vote

Upon approval of a PRR by the TAC and issuance of a PIA by ERCOT to the Board, the ERCOT Board shall review the TAC Recommendation Report and the PIA at its next regularly scheduled meeting; provided that the PIA is available for distribution to the Board at least eleven (11) days in advance of the Board meeting.

The ERCOT Board shall take one of the following actions regarding the TAC Recommendation Report:

- (1) approve the TAC Recommendation Report as originally submitted or as modified by the ERCOT Board;
- (2) reject the TAC Recommendation Report; or
- (3) remand the TAC Recommendation Report to TAC with instructions.

If the TAC Recommendation Report is approved by the ERCOT Board, as recommended by TAC or modified by the Board, the ERCOT Board shall review and approve or modify the proposed effective date.

21.4.10 Posting of Board Decision and Filing of Approved Protocol Modification

The Board's decision regarding approval or rejection of a PRR shall be posted on the MIS as a Board Action Report within three (3) Business Days after the Board's decision.

If the ERCOT Board approves a change or changes to the Protocols, such change(s) shall be:

- (1) filed with the PUCT for informational purposes as soon as practicable, but no later than one (1) day before the effective date of the changes; and
- (2) incorporated into the Protocols and posted on the MIS as soon as practicable, but no later than one (1) day before the effective date of the changes.

21.4.11 Appeal of Decision

If PRS rejects the PRR, any ERCOT Member, Market Participant, the PUCT Staff or ERCOT Staff may appeal directly to the TAC. Such appeal to the TAC must be submitted to ERCOT within ten (10) Business Days after the date of the relevant decision. Appeals made after this time shall be rejected. Appeals to the TAC shall be posted on the MIS within three (3) Business

Days and placed on the agenda of the next available regularly scheduled TAC meeting, provided that the appeal is provided to ERCOT at least eleven (11) days in advance of the TAC meeting; otherwise the appeal will be heard by the TAC at the next regularly scheduled TAC meeting.

If TAC rejects the PRR, any ERCOT Member, Market Participant, the PUCT Staff or ERCOT Staff may appeal directly to the ERCOT Board. Such appeal to the ERCOT Board must be submitted to ERCOT within ten (10) Business Days after the date of the relevant decision. Appeals made after this time shall be rejected. Appeals to the ERCOT Board shall be posted on the MIS within three (3) Business Days and placed on the agenda of the next available regularly scheduled ERCOT Board meeting, provided that the appeal is provided to the ERCOT General Counsel at least eleven (11) days in advance of the Board meeting; otherwise the appeal will be heard by the Board at the next regularly scheduled Board meeting.

Any ERCOT Member, Market Participant or PUCT Staff may appeal any decision of the ERCOT Board regarding the PRR to the PUCT or other Governmental Authority. Such appeal to the PUCT or other Governmental Authority must be made within thirty-five (35) days of the date of the relevant decision. If the PUCT or other Governmental Authority rules on the PRR, ERCOT shall post the ruling on the MIS.

21.8 System Change Request Procedure

21.8.6 Assigned TAC Subcommittee Review of SCR Impact Analysis

After ERCOT posts the results of the SIA, the Assigned TAC Subcommittee shall review the SIA at its next regularly scheduled meeting. The Assigned TAC Subcommittee may revise its SCR Recommendation Report after considering the information included in the SIA.

If the Assigned TAC Subcommittee revises its recommendation, ERCOT shall prepare a revised SCR Recommendation Report shall be issued, issue the report to TAC and such revised post the report on the MIS within three (3) Business Days of the Assigned TAC Subcommittee recommendation concerning this SCR. Additional comments received regarding the revised SCR Recommendation Report will be accepted up to three (3) Business Days prior to the TAC meeting at which the SCR is scheduled for consideration.

~~If the Assigned TAC Subcommittee revises its recommendation, ERCOT shall also update the SIA as necessary and issue the updated SIA to TAC at least three (3) Business Days prior to the regularly scheduled TAC meeting. If a longer review period is required for ERCOT Staff to update the SIA, ERCOT Staff shall submit a schedule for completion of the PIA to the TAC chair.~~

If the SCR requires an ERCOT project for implementation, the SCR will be posted for the next PRS meeting for which proper notice can be given. At such meeting, PRS shall assign a priority and ranking for the associated project. The priority and ranking designation shall be added to the SCR Recommendation Report within three (3) Business Days of the PRS priority and ranking assignment recommendation concerning this SCR.

21.8.7 Technical Advisory Committee Vote

At its next regularly scheduled meeting after receiving the information described below, TAC shall consider:

- (1) the SCR Recommendation Report based on the Assigned TAC Subcommittee's review of the SIA;
- (2) the recommended PRS priority and ranking if an ERCOT project is required;
- (23) comments timely received in response to the SCR Recommendation Report; and
- (34) ERCOT's SIA.

TAC shall take one of the following actions regarding the SCR Recommendation Report:

- (1) recommend approval of the SCR as recommended in the SCR Recommendation Report or as modified by TAC, including modification of the Project Priority List priority and ranking if the PRR requires a project;
- (2) reject the SCR; or
- (3) remand the SCR to a standing TAC Subcommittee.

If TAC recommends approval of a SCR that does not require an ERCOT project for implementation or requires an ERCOT project which can be performed in the current ERCOT budget cycle based upon its priority and ranking, ERCOT shall prepare a TAC Recommendation Report, issue the report to the ERCOT Board and post the report on the MIS within three (3) Business Days of the TAC recommendation concerning the SCR. The TAC Recommendation Report shall contain the following items:

- (1) identification of the submitter of the SCR;
- (2) identification of the authorship of comments;
- (3) proposed effective date(s) of the SCR;
- (4) priority and rank for any SCRs requiring a system change project; and
- (5) TAC recommendation.

If TAC recommends approval of an SCR that requires a project for implementation that cannot be completed funded within the current ERCOT budget cycle, ERCOT shall prepare a TAC Recommendation Report and post the report on the MIS within three (3) Business Days of the TAC recommendation concerning this SCR. ERCOT shall assign the approved SCR to the Unfunded Project List until the ERCOT Board approves an annual ERCOT budget in a manner that indicates funding would be available in the new budget cycle to implement the project if approved by the Board; in such case, the TAC Recommendation Report would be provided at the next Board meeting following such budget approval for the Board's consideration under Section 21.4.9, ERCOT Board Vvote. Any SCR approved by TAC but assigned to the Unfunded Project List may be challenged by appeal as otherwise set forth in this Section.

Notwithstanding the above, an SCR in the Unfunded Project List may be removed from the List and provided to the Board for approval, as set forth in Section 21.9, Review of Project Prioritization, Review of Unfunded Project List, and Annual Budget Process.

Any SCR approved by TAC but assigned to the Unfunded Project List may be challenged by appeal as otherwise set forth in this Section.

21.8.8 *ERCOT Impact Analysis Based on Technical Advisory Committee Recommendation Report*

ERCOT shall review the TAC Recommendation Report for SCRs and update the SIA as soon as practicable, but no later than thirty (30) days after the TAC Recommendation Report is issued, unless a longer period is warranted due to the complexity of the changes proposed by TAC. If the SCR does not require a project assigned to the Unfunded Project List, ERCOT shall issue the updated SIA (if any) to the ERCOT Board and post it on the MIS within three (3) Business Days of issuance. If a longer review period is required for ERCOT Staff to update the SIA, ERCOT Staff shall submit a schedule for completion of the SIA to the TAC and Board chairs.

21.8.9 *ERCOT Board Vote*

Upon approval of a SCR by the TAC and issuance of a SIA by ERCOT to the Board, the ERCOT Board shall review the TAC Recommendation Report and the SIA at its next regularly scheduled meeting; provided that the SIA is available for distribution to the Board at least eleven (11) days in advance of the Board meeting.

The ERCOT Board shall take one of the following actions regarding the TAC Recommendation Report:

- (1) approve the TAC Recommendation Report as originally submitted or as modified by the ERCOT Board; or
- (2) reject the TAC Recommendation Report; or
- (3) remand the TAC Recommendation Report to TAC with instructions.

21.8.10 *Posting of Board Decision and Filing of Approved SCR*

The Board's decision to approve or reject an SCR shall be posted on the MIS as a Board Action Report within three (3) Business Days after the Board's decision.

21.8.11 *Urgent SCR Requests*

The party submitting an SCR may request that the SCR be considered on an urgent basis ("Urgent") only when the submitter can reasonably show that an existing condition is impairing or could imminently impair ERCOT System reliability or wholesale or retail market operations.

If a submitter requests Urgent status for an SCR, or upon a valid motion in a regularly scheduled meeting of the PRS and the PRS determines that such SCR:

- (1) requires immediate attention from TAC due to serious concerns about ERCOT System reliability or market operations under the unmodified language; and
- (2) is of a nature that allows for rapid implementation without negative consequence to the reliability and integrity of the ERCOT System or market operations; then

PRS may designate the SCR for Urgent consideration. The PRS shall consider the Urgent SCR at its earliest regularly scheduled meeting, or at a special meeting called by the PRS chair to consider the Urgent SCR.

If approved, ERCOT shall submit an Urgent SCR Recommendation Report to the TAC within three (3) Business Days after PRS takes action. The TAC chair may request action from TAC to accelerate or alter the procedures described herein, as needed, to address the urgency of the situation.

Notice of an Urgent SCR pursuant to this subsection shall be posted on the MIS. Any SCRs that take effect pursuant to an Urgent request shall be subject to an ERCOT SIA pursuant to Section 21.8.5, System Change Request Impact Analysis, and ERCOT Board consideration pursuant to Section 21.8.9, ERCOT Board Vote.

21.9 Review of Project Prioritization, Review of Unfunded Project List, and Annual Budget Process

The PRS shall recommend to TAC an assignment of a Pproject Ppriority for each approved PRR and SCR that involves a change in ERCOT's computer systems.

Annually during the ERCOT budget process, the PRS shall review the priority of all market-requested projects and recommend new or revised pProject pPriorities for market-requested projects. This review shall include review of projects on the Unfunded Project List.

TAC shall consider the Pproject Ppriority of each PRR and SCR and make recommendations to the ERCOT Board.

The ERCOT Board shall take one of the following actions regarding the pProject Pprioritization recommended by TAC:

- (1) approve the TAC recommendation as originally submitted or as modified by the ERCOT Board; or
- (2) reject the TAC recommendation; or
- (3) remand the TAC recommendation to TAC with instructions.

As part of each project development, ERCOT staff shall review the Unfunded Project List and evaluate whether any unfunded projects could be included in the new project in development. If ERCOT determines that such Unfunded Project List project can be cost effectively included in the current project development, ERCOT shall post the unfunded PRR or SCR for the next scheduled PRS meeting for which proper notice can be given for PRS consideration to modify the priority and ranking assignment.

If at any time PRS modifies the priority and ranking assignment of a project associated with a PRR or SCR such that it can be funded (and thus moved out of the Unfunded Project List) in the

current ERCOT budget cycle, or if ERCOT project development changes such that a project on the Unfunded Project List can be implemented, the associated PRR or SCR shall be presented to TAC for consideration of ratification of the project priority change at the next TAC meeting for which proper notice can be given. If TAC approves a priority and ranking designation of a PRR or SCR such that the associated project can be funded in the current ERCOT budget cycle, ERCOT shall revise the TAC Recommendation Report, issue the report to the ERCOT Board and post the report on the MIS within three (3) Business Days of the TAC recommendation concerning the PRR or SCR and present the PRR or SCR to the Board for consideration at the next meeting for which proper notice can be given for consideration in accordance with this Section.

Each calendar quarter, ERCOT Staff and the Chair of PRS shall brief the TAC and the ERCOT Board on projects on the Unfunded Project List, which shall include distinguishing any projects originating from PUCT or ERCOT requirements and cost benefit analysis of Unfunded Project List projects.

All projects in the Unfunded Project List for more than two (2) years shall be re-evaluated by PRS as part of the annual ERCOT budget process for a possible recommendation to TAC to reject the associated PRR or SCR – which may include a recommendation to modify the PRR or SCR to eliminate the associated project; if such rejection or modification is recommended by PRS, ERCOT shall revise the associated Recommendation Report, issue the report to TAC and post the report on the MIS within three (3) Business Days of the PRS recommendation concerning the PRR or SCR for consideration at next TAC meeting for which proper notice can be given.

Exhibit B

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

WHEREAS, the Board of Directors (“Board”) of Electric Reliability Council of Texas, Inc. (“ERCOT”) deems it desirable and in the best interest of ERCOT to approve amendment of the current ERCOT 401(k) Savings Plan (“401(k) Plan”) to allow for up to 99% of wage contribution by employees and an annual true-up provision;

THEREFORE, be it RESOLVED that:

1. The amendment to the 401(k) Plan, to allow for up to 99% of eligible wages after appropriate deductions and limited to the maximum allowable contributions as set forth in the Internal Revenue Code, to be contributed by employees and an annual true-up of the employer match, is hereby, in all respects, authorized, approved, and confirmed;
2. ERCOT management is hereby authorized and directed to take such actions and/or execute such contracts as may be necessary or desirable to effectuate the foregoing resolution;
3. All actions of ERCOT officers in executing such documents as may be required or desirable in taking such other actions as may be necessary or desirable to effectuate the foregoing resolution, to render said amendments fully effective, and to otherwise maintain the 401(k) Plan in compliance with the IRS Code and other legal requirements be and hereby are, in all respects, authorized, approved, ratified, and confirmed.