



ERCOT DIRECTOR ETHICS AGREEMENT

The Electric Reliability Council of Texas, Inc. (“ERCOT”) was certified as the Independent Organization for the ERCOT Region by the Public Utility Commission of Texas (“PUC”) and supported by an industry-wide task force consensus to be a confidential and impartial third party security operator, market facilitator and planning coordinator for the ERCOT bulk electric system. In order to make decisions about these functional requirements the Directors of ERCOT may be provided and entrusted with proprietary, confidential and/or market sensitive information (“Confidential Information”) of ERCOT, its market participants, and its vendors.

Directors of ERCOT are expected to conduct the business of ERCOT with total objectivity. Conflicts of interest (i.e., interests identified as “direct interests” in the ERCOT Bylaws) include situations where:

- A Director stands to gain or lose personally from an ERCOT business decision;
- A Director or his or her spouse, dependent children, or any household member has an interest, direct or indirect, in an entity dealing with ERCOT, and the interest is of such an extent or nature that his or her decision might be affected or determined by it; or
- With respect to Unaffiliated Directors only:
 - An Unaffiliated Director or his or her spouse, dependent children, or any household member has current or recent ties within the last two years as a director, officer or employee of a market participant or its affiliates ;
 - An Unaffiliated Director or his or her spouse, dependent children, or any household member has direct business relationships, other than retail customer relationships, with a market participant or its affiliates; or
 - An Unaffiliated Director or his or her spouse, dependent children, or any household member owns stocks or bonds of market participants. However, this conflict of interest may be resolved by divesting or placing in a blind trust the stocks or bonds of market participants owned prior to being seated on the Board.

If a conflict of interest or appearance of conflict is unavoidable, a Director should inform the ERCOT Board of Directors, CEO or General Counsel immediately and recuse himself or herself from any Board vote involving the conflict of interest.

The appearance of a conflict of interest may be just as damaging to ERCOT’s reputation as a real conflict. All Directors are expected to take an objective look at their actions from time to time to determine whether a reasonable observer would have grounds to believe that a conflict of interest exists.

Any information labeled private, proprietary and/or confidential or known to be confidential according to a statute, rule, law or ERCOT policy or procedure shall be treated as Confidential Information by ERCOT Directors. To preserve the integrity of the marketplace and the trust and credibility of ERCOT, it is essential that ERCOT Directors not disclose Confidential Information to anyone outside of ERCOT unless the disclosure is in accordance with at least one of the following exceptions:

1. The ERCOT Director discloses the information in the performance of and in accordance with established ERCOT procedures, work processes, and procedures.
2. All parties affected by the release of information agree to the release in writing and it is released in accordance with applicable Public Utility Commission of Texas (PUCT) and ERCOT rules and procedures.
3. The information has exceeded the confidentiality time periods as established by both federal and state regulatory agencies and ERCOT, and is subject to public release for audit purposes, and only then after it has been publicly released.
4. The release of information has been ordered by an appropriate legal authority, in writing, and the release is in accordance with the terms of that order.

The Ethics Agreement may be amended by ERCOT as necessary. Directors will be required to reaffirm the ERCOT Director Ethics Agreement on an annual basis.

By my signature I, _____, acknowledge that I have read and understand the above ERCOT Director Ethics Agreement and agree to be bound by its requirements.

Director Signature: _____ Date: _____