

**MINUTES OF THE BOARD OF DIRECTORS OF THE
TEXAS REGIONAL ENTITY DIVISION OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**
TCC 1 Room 252/253, 2705 West Lake Drive, Taylor, Texas
April 15, 2008

Member

Mark Armentrout, Chair		Unaffiliated
Laurie Pappas ¹	Office of Public Utility Counsel	Residential Small Consumer
Brad Cox	Tenaska Power Services	Independent Power Marketer
Andrew Dalton	Valero	Industrial Consumer
Miguel Espinosa ²		Unaffiliated
Nick Fehrenbach	City of Dallas	Large Commercial Consumer
Bob Helton	International Power America	Independent Generator
Charles W. Jenkins, III	Oncor Electric Delivery Company	Investor Owned Utility
Jan Newton		Unaffiliated
Robert Thomas	Green Mountain Energy	Ind. Retail Electric Provider
Dan Wilkerson	Bryan Texas Utilities	Municipal

Segment Alternates

Steve Bartley	CPS Energy	Segment Alternate – Municipal
Marcie Zlotnik	StarTex Power	Independent Retail Electric Provider Segment Alternate

Other Attendees

Larry Grimm, Texas Regional Entity Chief Compliance Officer
Susan Vincent, Texas Regional Entity Director, Legal Affairs
Ryan Clay, Texas Regional Entity Senior Paralegal
Todd Brewer, Texas Regional Entity Senior Financial Analyst
Nancy Capezzuti, ERCOT VP of HR & OD
Mike Grable, ERCOT General Counsel
Steve Byone, ERCOT VP and CFO
Mike Petterson, ERCOT Comptroller
Bruce Walencyk, NERC CFO

¹ Mr. Don Ballard, Public Utility Counsel, designated Ms. Laurie Pappas, Office of Public Utility Counsel, as his Alternative Representative for representation in this meeting.

² Mr. Michehl Gent designated Mr. Miguel Espinosa as his Alternative Representative for representation in this meeting.

Call to Order

Pursuant to notice duly given, the meeting of the Texas Regional Entity Division of Electric Reliability Council of Texas, Inc. Board of Directors convened at approximately 2:50 p.m. on **April 15, 2008**. Chairman Armentrout called the meeting to order and ascertained that a quorum was present.

Approval of Previous Minutes

Charles Jenkins requested the draft of the February 19, 2008 minutes be modified to correct the spelling of his name and his affiliation, and Mr. Jenkins moved for approval of the minutes as amended; Miguel Espinosa seconded the motion. The motion passed by voice vote, with one abstention by Andrew Dalton.

CCO Report

Larry Grimm provided the Directors with an update of Texas Regional Entity activities and compliance in the ERCOT Region. The Board briefly discussed the decrease in CPS1 performance and the increase in the wind-only QSEs, and which QSEs are exempt from current performance measures. In response to a question by Bob Helton regarding the increase in wind-only QSEs, Mr. Grimm estimated that there were eight wind-only QSEs in 2007 and there were 11 wind-only QSEs in March 2008. Mr. Helton asked if Mr. Grimm knew the trend of the wind-only QSEs, and whether their SCPS (PRR 525 metric) performance was increasing or decreasing. Mr. Grimm responded that he would check on this and would report back to the Board in May. Chairman Armentrout requested that Mr. Grimm call him to discuss this topic prior to the next Board meeting.

Ms. Newton asked Mr. Grimm if he could add more information to the Texas RE Violation Tracking Report to help the Board to determine the number of different entities with violations. Mr. Grimm presented the Directors with a revised version of the document, prepared in response to Ms. Newton's question at the Board Q&A the day before, and asked the Directors to let him know of any other requested report improvements.

NERC CFO Presentation

Chairman Armentrout welcomed Mr. Bruce Walencyk, Chief Financial Officer for North American Electric Reliability Corporation (NERC), and thanked NERC and FERC for developing Reliability Standards and helping to ensure reliability. Mr. Walencyk gave an overview of NERC and the activities of NERC and the Regional Entities over the past year. Mr. Walencyk then overviewed the 2007 and 2008 budgets of NERC and the regional entities, showing a comparison of the regional entities' budgets per registered entity. Mr. Walencyk noted that staffing comprised approximately 50 to 60 percent of NERC's budget and the cost per FTE had increased approximately 44 percent from 2007 to 2008. Mr. Walencyk complimented the performance of Texas RE, and noted it had the lowest budget per registered entity. In his discussions regarding the upcoming 2009 budget process, Mr. Walencyk noted that NERC and the Regional Entities had a number of challenges for 2009, including difficulty in estimating the number and cost of 2009 appeals (since appeals of compliance violations and penalties had not yet begun), additional costs associated with required 2009 review/assessment of NERC and the Regional Entities, and increased costs for meetings and travel.

Executive Session

At 3:28 p.m., the meeting was adjourned and the Board of Directors went into Executive Session until 3:48 p.m., when the meeting returned to Open Session.

Open Session Reconvened

The Board of Directors resumed Open Session at 3:48.

Chairman Armentrout explained the Board had discussed the Chief Compliance Officer (CCO) Terms of Employment during Executive Session. Chairman Armentrout stated the Human Resources & Governance Committee had voted to recommend a salary adjustment for Mr. Grimm based on his performance. However, Chairman Armentrout noted the Board Agenda did not publicize a formal vote on this for the Board, so the Board would need to confirm any action at the May meeting.

Ms. Newton moved that the Board approve the recommendations of the HR & Governance Committee, subject to confirmation by the Board at its next meeting; Chairman Armentrout seconded the motion, the motion passed by unanimous voice vote.

Announcements

Mr. Grimm announced Texas Regional Entity had hired its new Director of Compliance, Victor Barry. The Board welcomed Mr. Barry and asked for him to provide his background. Mr. Barry shared his background and experience in the electric industry with the Board.

Adjourn

Chairman Armentrout adjourned the Open Session at 3:51 p.m.



Susan Vincent
Corporate Secretary