

**MINUTES OF THE BOARD OF DIRECTORS OF
THE TEXAS REGIONAL ENTITY DIVISION OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Room 206, 7620 Metro Center Drive, Austin Texas 78744

June 17, 2008

Directors

Mark Armentrout, Chair		Unaffiliated
Michehl R. Gent, Vice Chair		Unaffiliated
Commissioner Barry Smitherman	Chairman, Public Utility Commission of Texas	
Don Ballard	Office of Public Utility Counsel	Residential Small Consumer
Andrew Dalton	Valero	Industrial Consumer
Miguel Espinosa		Unaffiliated
Nick Fehrenbach	City of Dallas	Large Commercial Consumer
Bob Helton	International Power America	Independent Generator
Calvin Crowder	American Electric Power Service	Investor Owned Utility
Bob Kahn	CEO, ERCOT	
Jan Newton		Unaffiliated
Dr. A.D. Patton		Unaffiliated
Jean Ryall	Constellation Energy	Independent Power Marketer
Robert Thomas	Green Mountain Energy	Ind. Retail Electric Provider
Dan Wilkerson	Bryan Texas Utilities	Municipal

Segment Alternates

Mark Walker	NRG Texas	Independent Generator
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Other Attendees

Larry Grimm, Texas Regional Entity CEO and CCO
 Susan Vincent, Texas Regional Entity
 Todd Brewer, Texas Regional Entity
 Ryan Clay, Texas Regional Entity
 Nancy Capezzuti, ERCOT VP HR & OD
 Mike Grable, ERCOT General Counsel
 DeAnn Walker, Centerpoint Energy
 Mark Bruce, FPL Energy

Call to Order

Pursuant to notice duly given, the meeting of the Texas Regional Entity Division of Electric Reliability Council of Texas, Inc. (Texas RE) Board of Directors convened at approximately 3:40 p.m. on **June 17, 2008**. Chairman Mark Armentrout called the meeting to order and ascertained that a quorum was present.

Approval of Previous Minutes

Miguel Espinosa moved for approval of the minutes from the May 20, 2008 meeting; Robert Thomas seconded the motion. The motion passed by unanimous voice vote.

Operating Reports

CEO Report

Larry Grimm provided the Directors with an update of compliance performance highlights and Texas Regional Entity activities over the previous month, noting that: (1) budget preparation continued for the statutory budget (filing for approval by the Federal Energy Regulatory Commission (FERC)) and the non-statutory budget (filing of the system administration fee case with the Public Utility Commission of Texas (PUCT) for approval), (2) Texas RE had arranged and begun monthly meetings with staff of the PUCT to discuss Protocol-related compliance matters, (3) the ERCOT Compliance Process was being updated to address the ERCOT/Texas RE organizational changes, and (4) vacant Texas RE positions continued to be filled.

Compliance & Standards and Financial Operating Reports

Mr. Grimm asked if any Director had questions regarding either the Compliance and Standards Report or the Financial Report. In response to a question by Commissioner Smitherman, Mr. Grimm confirmed that wind has an exemption from the PRR525 metric. In response to a question by Michehl Gent, Mr. Grimm discussed the joint registration process and progress.

Amended Delegation Agreement

The Directors discussed the modifications to the Texas Regional Entity Delegation Agreement with North American Electric Reliability Corporation (NERC), and Chairman Armentrout asked if any Director had any question about the proposed changes. The Directors discussed the approval, with conditions, by the Federal Energy Regulatory Commission (FERC) of the current Delegation Agreement.

Michehl Gent made a motion to approve the Amended and Restated Delegation Agreement, as presented in the materials with a change to update Larry Grimm's title on the final Delegation Agreement, but with no material changes; Bob Helton seconded the motion. The motion passed by unanimous voice vote.

Finance and Audit Committee Report

Mr. Espinosa provided an update to the Board regarding the activities of the Finance & Audit (F&A) Committee and informed the Board that the F&A Committee recommended the proposed Texas RE 2009 Business Plan & Budget that had been reviewed and discussed by the F&A Committee in detail in May and had been presented to the Board in May.

Mr. Espinosa made a motion to approve the proposed 2009 Texas RE Business Plan & Budget; Robert Thomas seconded the motion. The Motion passed by unanimous voice vote.

Human Resources and Governance Committee Report

Jan Newton provided the Board an update on the activities of the Human Resources & Governance (HR&G) Committee. Ms. Newton informed the Board that the HR&G Committee recommended that the Board approve a new Board committee be formed to make recommendations to the Board regarding Texas RE budget, audit, finance, human resources, and other administrative matters, which committee would replace the functions of the current F&A and HR&G Committees. She explained that the HR&G Committee recommended that this new committee be comprised of the Unaffiliated Directors, the PUC Chair or his or her designee (as a non-voting member), and the Texas Public Counsel (from the Office of Public Utility Counsel) and that the new committee have its first meeting on the Monday prior to the July Board meeting.

Ms. Newton made a motion to approve the formation of a new committee, which would replace the HR&G and the F&A Committees, comprised of Unaffiliated Directors, the Chair of the Public Utility Commission of Texas, or his or her designee, and the Texas Public Counsel that would make recommendations to the Board regarding Texas RE budget, audit, finance, human resources, and other administrative matters, and the new committee would first meet on July 14, 2008 at 3:00 p.m. Bob Helton seconded the motion. The motion passed by unanimous voice vote.

Board Calendar and Future Agenda Items

Larry Grimm and the Committee discussed the Board calendar and the future agenda items proposed by Mr. Grimm. Chairman Armentrout asked the Directors their preferences regarding the Board meeting schedule for 2008 and 2009. The Committee indicated its preference to move to quarterly meetings, except when Texas RE staff needed more frequent input or approval from the Board. Nick Fahrenbach suggested that the 2008 monthly Board meetings remain on the calendar, but that, for each month the Texas RE staff did not need a meeting, Texas RE staff send an email proposing to cancel the meeting and asking if any Director wanted to hold a meeting. The Board concurred with this suggestion for 2008, Chair Armentrout asked Mr. Grimm to propose a Board meeting schedule for 2009 and have the proposed schedule reviewed by the new Texas RE Committee and the Board at the July meetings.

Executive Session

At 4:10 p.m., the meeting was adjourned and the Board of Directors went into Executive Session. Mr. Armentrout informed all persons present that since there were no voting items to consider after the executive session concluded; so, the Board Meeting would not be reconvened in open session.

Adjournment

Chairman Armentrout adjourned the Executive Session at 4:26 p.m.



Susan Vincent
Corporate Secretary