



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

Electric Reliability Council of Texas, Inc.  
7620 Metro Center Drive, Room 206  
September 16, 2008 at 10:00 a.m.

Pursuant to notice duly given, the meeting of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Board Members:

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Armentrout, Mark		Unaffiliated, Chair
Ballard, Don	OPC	Consumers/Residential & Small Commercial
Cox, Brad	Tenaska Power Services	Independent Power Marketers
Dalton, Andrew	Valero Energy Corp.	Consumers/Industrial
Espinosa, Miguel		Unaffiliated
Fehrenbach, Nick	City of Dallas	Consumers/Commercial
Gent, Michehl		Unaffiliated, Vice Chair
Helton, Bob	IPA	Independent Generators
Jenkins, Charles	Oncor Electric Delivery	Investor Owned Utilities
Kahn, Bob	ERCOT	ERCOT
Karnei, Clifton	Brazos Electric Coop	Cooperatives
Newton, Jan		Unaffiliated
Patton, A.D.		Unaffiliated
Smitherman, Barry T.	Chairman	Public Utility Commission of Texas
Thomas, Robert	Green Mountain Energy	Independent Retail Electric Providers
Wilkerson, Dan	Bryan Texas Utilities	Municipalities

Staff and Guests:

Abernathy, Rick	Eagle Energy – Lehman Brothers
Adib, Parviz	APX
Albrecht, Brittney	ERCOT
Anderson, Kenneth	Public Utility Commission of Texas (PUCT)
Bagwell, Jan	FPL Energy
Barrow, Les	CPS Energy
Barry, Victor	Texas Regional Entity (TRE)
Belk, Brad	LCRA
Bell, Wendell	TPPA
Brandt, Adrienne	Austin Energy
Brenton, Jim	ERCOT
Brewer, Todd	TRE



Brewster, Chris	City of Eastland
Brown, Jeff	Shell Energy
Bruce, Mark	FPL Energy
Byone, Steve	ERCOT
Capezzuti, Nancy	ERCOT
Clay, Ryan	TRE
Cochran, Seth	Sempra Energy Trading
Comstock, Read	Direct Energy
Crozier, Richard	Brownsville
Day, Betty	ERCOT
Doggett, Trip	ERCOT
Dreyfus, Mark	Austin Energy
Drost, Wendell	AREVA
Farhangi, Anoush	Wal-Mart
Firestone, Joel	Direct Energy
Forfia, David	ERCOT
Gage, Theresa	ERCOT
Garrett, Mark	Direct Energy
Goff, Eric	Reliant Energy
Goodman, Dale	ERCOT
Grable, Mike	ERCOT
Gurley, Larry	Luminant
Hinsley, Ron	ERCOT
Hobbs, Kristi	ERCOT
Jackson, Pat	Cities
Jones, Dan	Potomac Energy
Jones, Don	Reliant
Jones, Liz	Oncor
Jones, Pam	ERCOT
King, Kelso	King Energy
Leady, Vickie	ERCOT
Morris, Sandy	Lower Colorado River Authority (LCRA)
Moss, Steven	First Choice Power
Nelson, Donna	PUCT
Ogelman, Kenan	CPS Energy
Reid, Walter	Wind Coalition
Rexrode, Caryn	Customized Energy Solutions
Ross, Richard	American Electric Power (AEP)
Rowe, Evan	PUCT
Saathoff, Kent	ERCOT
Seely, Chad	ERCOT
Seymour, Cesar	SUEZ
Shummate, Walt	Shummate & Associates
Smallwood, Aaron	ERCOT
Smith, Mark	Chaparral Steel
Soutter, Mark	Invenergy



Stephenson, Randa	Luminant
Trefny, Floyd	Reliant Energy
Wagner, Maguerite	PSEG Texas
Walker, Mark	NRG Texas
Westbrook, Susan	ERCOT
Weston, Tisa	ERCOT
Whittle, Brandon	DB Energy
Wittmeyer, Bob	Denton Municipal Electric (DME)
Wullenjohn, William	ERCOT

## **1. Call to Order/Announcements**

Mark Armentrout, Chairman, called the meeting to order at approximately 10:05 a.m., pointed out the Antitrust Admonition, and determined that a quorum was present.

Barry T. Smitherman, Public Utility Commission of Texas (PUCT) Chairman, called the Open Meeting of the Public Utility Commission of Texas to order. Commissioner Smitherman welcomed Ken Anderson, new PUCT Commissioner. Mr. Armentrout also recognized Sam Jones, former ERCOT Chief Executive Officer, as being present.

Chairman Armentrout thanked ERCOT staff and Market Participants for their diligence and immediate response to Hurricane Ike. He noted the level of cooperation by Market Participants in their efforts to restore power on the Gulf Coast. As of the time of the meeting, 700,000 customers within the ERCOT Region had power restored; although many power outages still existed. He thanked Centerpoint, Oncor, Texas-New Mexico Power, San Bernard Electric Cooperative and Lower Colorado River Authority for all their hard work.

Bob Kahn, President and Chief Executive Officer (CEO) of ERCOT, asked Mr. Saathoff, Vice President of Systems Operation, for an update on the work being done to restore power in the Gulf Region.

Mr. Saathoff reported that there had been improvement in numbers in getting the transmission system up and running. He noted that much progress had been made in restoring the transmission, but not as quick progress for getting customers back on line. He explained that much work falls on the utilities and they were slowly making progress. Approximately 1.6 million customers did not have power as of the meeting date.

Mr. Saathoff further reported that two of the four transmission lines in Galveston were energized but only one distribution transformer had been energized. He noted that most of the island was without power.

Chairman Smitherman announced an Ike-related, new feature of the Commission website that allows the consumer to enter their zip code, and the site will describe the percentage of power outage and will give an indication of whether the neighborhood is back on line. He noted that the Commission web site also has links to the TDSP websites and that each has an interactive map that shows at a high level whether or not power has been restored.



## 2. Consent Agenda

The following items were handled in the consent agenda:

Minutes of the Open Session of the August 19, 2008 Board Meeting, and NPRR126, PRR743, and PRR772.

**Miguel Espinosa moved to approve the items on the Consent Agenda. Bob Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

## 3. Approval of Minutes

This matter was handled in the consent agenda.

## 4. Chief Executive Officer Report

Mr. Kahn, ERCOT President and CEO, reported on three things. First, he mentioned that the NERC audit occurred last week and nothing unusual occurred. He noted that the preliminary report would be issued in two weeks and then ERCOT would have the chance to file comments. He advised that the final report would be out in 60 days and then he would give the Board a full briefing.

Mr. Armentrout asked about the difference between this and past audits. Mr. Saathoff replied that the audit this time was more thorough and intense. He explained that this audit involved four 12-hour days with 13 auditors interviewing subject matter experts. He mentioned that ERCOT staff had been preparing for this audit for more than two months.

Second, with regard to the Nodal program, Mr. Kahn reported that at last Thursday's open meeting, the PUCT Commissioners directed PUCT Executive Director Lane Lanford to engage with ERCOT to refresh the Nodal cost benefit analysis from several years ago, and to complete the analysis within 60 to 90 days. He further reported that Chairman Smitherman asked that ERCOT stand down on the Nodal program schedule ERCOT has been preparing. He also explained that due to the delay in Nodal go-live, ERCOT would file a motion at the Commission to delay the 15-cent increase in the base administration fee for 2009 – this proposed increase was originally based on the presumption that the Nodal program would go live in December 2008. Mr. Kahn mentioned that once the new go-live date is established, the budget will be reviewed and he would get back with the Board to approve a revised 2009 budget before the end of the year.

Lastly, Mr. Kahn reported on the Market Participant Survey, which reflects the perception of how well ERCOT fulfills its responsibilities. He mentioned that overall he felt it reflected well on ERCOT staff and he congratulated the staff on a job well done.

## 5. Operating Reports



Chairman Armentrout invited comments or questions regarding the Financial Summary, Market Operations Report, Information Technology (IT) Report, Grid Operations Report, and System Planning Report.

There were no comments or questions about the Financial Summary, Market Operations and IT Reports. Chairman Armentrout reminded the audience that the Board has a Question and Answer session the day before the Board meeting to go over any issues that the Board may have with these reports.

With regard to the Grid Operations Report, Mr. Saathoff gave a brief update on the Emergency Interruptible Load Service (EILS) bids awarded for the October to January contract period. He reported that the amounts were similar to the last award period of June to September and that the Year-to-Date awards amounted to around \$20 million, which was well below the \$50 million cap. Mr. Saathoff stated that he will give a more detailed report in a future Board meeting. Mr. Ballard asked if the full report in October will include the times that EILS resources are called on to perform, and Mr. Saathoff confirmed that it would, although EILS has never been called to date. Mr. Saathoff also replied to Chairman Smitherman that he felt the price for EILS was reasonable, and that it was less than the price for responsive reserves.

Chairman Armentrout thanked Mr. Saathoff for the level of analysis from the AWS TrueWind forecast data. He commented that he would assume that ERCOT will continue to think through wind forecasting. Mr. Saathoff said that intra-day planning has been used since March and that the forecasts will improve as data increases. Mr. Saathoff mentioned that we do not want to over-forecast wind.

There were no questions about the System Planning Report.

## **6. Oncor Nacogdoches to Lufkin 345 kV Project**

Dan Woodfin, Director of System Planning, gave a report detailing the necessity of endorsing Oncor's Nacogdoches to Lufkin 345 kV Line Project. He discussed the reliability and economic needs for the Project. He advised that the Project is necessary because loss of any of the two double-circuit lines will cause congestion on the Nacogdoches Southeast autotransformer. In addition, the new line allows the exit of the Special Protection System (SPS) that curtails generation to prevent the overload of the Nacogdoches autotransformer. He reported that the Project is identified as economic in the 2007 Five-Year Plan with production cost savings of \$13.4 million in 2012. He added that there were no dissenting comments submitted during the RPG comment period and that the Project was endorsed by TAC on September 4, 2008.

**Mr. Kahn moved to approve the Oncor Nacogdoches to Lufkin 345 kV Project. Mr. Espinosa seconded the motion. The motion passed by voice vote with thirteen votes in favor and two abstentions (Messrs. Cox and Jenkins).**



## 7. Nodal Update

Mr. Hinsley, Vice President and Chief Information Officer, provided the Texas Nodal Market Implementation Program Update. He reported that in the last couple of months the Nodal program has turned the corner. He advised that the changes which were put in place are having a positive effect. He reviewed recent Nodal program accomplishments including: the hosting of a successful technical communications workshop on September 3, 2008 with a scheduled follow-up session on September 10, 2008; the completion of the User Acceptance Test for State Estimator and Telemetry reports and extracts and their subsequent approval by ERCOT Business for posting to the Early Delivery System (EDS) environment; TAC's approval of the Single Entry Model Go-Live procedure on September 4, 2008; and the completion of the critical path in the integrated schedule. In addition, Mr. Hinsley reported on the status of the Integrated Schedule. He explained that presentations to TPTF were on hold until the Commission-requested cost benefit analysis was complete.

Mr. Hinsley reported on the Nodal program controls and transparency efforts. He explained that ERCOT is focusing efforts to provide improved communications to the market and to the Board. As part of those efforts, he advised that ERCOT was implementing a set of new and improved program controls that will provide more timely reporting and accurate communications of program status. He discussed regular status reporting, quality reporting, project schedule reporting and budget reporting. Mr. Helton mentioned that he would like to see a dashboard report that provided an action plan to make the indicators green. Mr. Hinsley replied that it was their intent to do so.

Mr. Hinsley then addressed staffing and vendor management. He stated that more attention was being paid to vendor management. With regards to staffing, Mr. Hinsley reported that there were a few areas that were thin and in need of succession planning. He advised that succession planning had been implemented at the level that reports directly to him and that for those who had expressed a need to move, a transition had been started. In other areas of the program, there are areas for people to shadow. He also reported the need to build up the support base in the event of staff turnover. In addition, he explained that ERCOT was working more on site with vendors and that these actions have gone a long way to improving communications. He gave examples of AREVA being onsite at ERCOT working on issues and of the NMMS team planning on being onsite at Siemens to conduct pre-FAT for the October NMMS release.

Mr. Hinsley explained that ERCOT was developing a vendor scorecard. Chairman Armentrout asked if the vendor report card would be a part of the regular briefing going forward to which Mr. Hinsley affirmatively replied. Chairman Armentrout inquired as to whether the vendors were aware of these report cards. Mr. Hinsley stated that they would. Mr. Hinsley advised that he and Mr. Kahn were planning several vendor visits in the upcoming months, including Siemens and/or Nexant.

With regard to Protocol - Requirement Coverage, Mr. Hinsley reviewed traceability observations. Mike Grable, ERCOT Vice President and General Counsel, addressed Board members' questions regarding the meaning of greyboxing – that it referred to approved Protocols



that were not currently implemented for some reason. Mr. Hinsley mentioned that he did not believe that there were any protocols to greybox.

Mr. Hinsley turned to the status of the Common Information Model (CIM) and explained that CIM extensible markup language (XML) that is populated with production data is the next major milestone for ERCOT. He reported that the CIM integration completion is central to Nodal functionality. He also discussed the status of the EMS CIM importer.

Mr. Hinsley continued his report by reviewing the ERCOT readiness slide. He explained that the readiness was based on the schedule and that the metrics were originally designed around dates. With regard to Market Participant readiness, he also reported that it is necessary to go back to TAC and redefine based on event triggers rather than data triggers. He mentioned that this would change the current slides that were provided to the Board. He stated he will have more accurate information ready next month. He also reviewed the Cost Element Summary slide.

## **8. Proposal to Establish a Nodal Oversight Sub-Committee**

Mr. Helton reported that the Human Resources & Governance (HR&G) Committee recommended approval for establishment of a Board committee in order to have more direct Board oversight of the Nodal program. He explained that this committee would be comprised of volunteers who would work with external auditors to identify risks and keep the board fully apprised of any noted risks until the go-live date. Mr. Grable will work on drafting a charter for the committee.

Mr. Helton reported that the first meeting of the committee would be next month (tentatively the Monday prior to the regularly scheduled Board meeting) and the committee would be comprised of the following volunteers: Bob Helton (chair), M. Espinosa, N. Fehrenbach, M. Gent, R. Thomas, A. D. Patton, J. Ryall (alternate) and M. Armentrout.

Clifton Karnei apprised the Board that the Finance and Audit Committee was working on an RFP for a vendor to provide Nodal program third party review and was coordinating with Bill Wullenjohn, ERCOT Director of Internal Audit. He further mentioned that the F&A Committee thought this would be more appropriate for a Nodal oversight committee.

**Ms. Newton moved to establish a Nodal oversight committee. Mr. Ballard seconded the motion. The motion passed by a unanimous voice vote with no abstentions.**

*Chairman Armentrout took the agenda out of order to avoid scheduling confusion for those coming to participate in the Technical Advisory Committee Report Agenda Item. The Board heard Agenda Items 11, 12 and 13 (noted below in Sections 11, 12 and 13) prior to lunch.*

## **9. Lunch**

The meeting adjourned for lunch at 12:05 p.m.



## 10. Technical Advisory Committee (TAC) Report

Chairman Armentrout invited Mr. Dreyfus to report on recent TAC activities. The following matters were discussed:

a. Nodal Protocol Revision Requests (NPRRs)

Approved in the consent agenda (noted in Section 2 above).

b. Protocol Revision Requests (PRRs)

Approved in consent agenda (noted in Section 2 above).

c. FPL Appeal of TAC Decision on 2009 Commercially Significant Constraints (CSCs)

and

d. Consideration of 2009 CSCs

Mark Dreyfus, TAC Chairman, reviewed the process for determining CSCs and zones. He disclosed that his company had a financial interest in the outcome of this discussion, but he explained that he would try to separate his company's interest from the facilitation of these discussions.

Chairman Armentrout asked that all following speakers offer the same disclaimer.

He continued his report by reviewing the process TAC took to arrive at its decision to recommend Option 3i.

Chairman Smitherman asked, as there were many days of congestion and extremely high prices in the south zone, whether TAC also considered the appropriate locations of CSCs between other zones as well in the context of this summer. Mr. Dreyfus replied that most of that consideration was in ERCOT's analysis and reflected in the opinions forwarded.

Beth Garza, Manager, Congestion Revenue Rights, stated that ERCOT can and will manage the grid reliably under any of the choices in the report. She mentioned that Option 3i provides ERCOT both sets of congestion management tools (intrazonal and interzonal) to best manage the interface.

Mark Bruce, TAC Vice-Chairman, stated that he was not representing TAC, but rather FPL Energy, and that FPL Energy had a financial interest in this decision. Mr. Bruce mentioned having procedural and technical concerns. He explained that the Market Participants had insufficient time days to vet the scenario and that he didn't believe a case was made to make this sort of change in the market. He stated he believed the decision should be remanded to TAC.

Richard Ross of American Electric Power (AEP) reported that AEP owned a significant option of and operated the Oklaunion plant. Mr. Ross further stated the issue is over the configuration





of zones and discriminatory application of evaluation criteria, in that he believed the scenarios were not analyzed equally. Mr. Ross stated that Option 3h is fully transparent and consistent with procedures and historical practice. He explained that Option 3i was not considered by WMS because it was inconsistent with procedures and historical practice, and urged the Board to adopt 3h based on WMS' endorsement.

Brad Belk of LCRA, as TAC Advocate, stated that he did not believe that LCRA had a direct impact in the decision. He stated that ERCOT can reliably operate the system for any of the CSC choices being discussed and that the choice will only impact how well the market performs and the cost. He stated that the TAC vote demonstrated strong and broad market support.

Chairman Armentrout thanked all of the speakers. Several Board members discussed the various options presented and the procedural implications of voting on the options at this Board meeting. Ms. Newton said this decision had big implications for the market, and she noted the importance of this decision. She explained that the Board wanted to ensure that the market has full opportunity to vet these issues that have a financial impact to the market and that TAC and ERCOT staff were not trying to circumvent the appropriate procedures.

**Ms. Newton made a motion to remand the issue to TAC. Mr. Gent seconded the motion.**

Additional discussion ensued among Board members regarding this proposal.

**Ms. Newton revised her original motion and then moved to remand this issue to TAC, to have ERCOT staff and TAC re-look at Options 3b, 3h, and 3i, and to have TAC return with a single recommendation on CSCs and CREs given the current timeframe for consideration. Mr. Wilkerson seconded the motion. The motion passed by a voice vote with twelve votes in favor, 2 opposed (Messrs. Patton and Ballard) and one abstention (Mr. Jenkins).**

Finally, Mr. Bruce gave a report on the status of stakeholder activities on wind integration. He provided an overview of wind penetration on the ERCOT system.

Mr. Bruce listed various issues on the horizon: TAC and RPG communication and coordination with PUCT on CREZ implementation; understanding and implementing A/S requirements (Wrestling with Net Load concept); maintaining system reliability during high wind/low load scenarios and volatile wind resource scenarios; developing and implementing meaningful wind generator contribution to system reliability and performance measures; and maximizing the values of clean, low-cost, renewable resources when available.

Mr. Armentrout thanked Mr. Bruce for a good report and stated he looked forward to more information in the future.



## **11. Finance & Audit (F&A) Committee Report**

Mr. Karnei reported that the F&A Committee met in executive session this morning on audit, EthicsPoint, and contract (specifically, the Nodal third-party reviewer RFP and the Met Center disposition project) matters.

Mr. Karnei explained that the Committee had discussed and rejected the R.W. Beck Report recommendation to create separate Finance and Audit Committees, because of the difficulty of selecting which Committee members go to which Committees, and the fact that four of the six other U.S. independent system operators (ISOs) have combined Finance and Audit Committees.

In addition, Mr. Karnei reported that the F&A Committee had reviewed progress on the financing plan and the 2008 financial results. He explained that ERCOT staff will address any lower than budgeted revenues as a result of Hurricane Ike at the October Committee meeting.

### **a. Acceptance of 2007 401(k) Audit Report**

Mr. Karnei reported that ERCOT received a clean 2007 401(k) audit report from Maxwell, Locke and Ritter, auditors of ERCOT's 401(k) plan, and that the F&A Committee recommended that the Board accept this audit report.

**Mr. Karnei moved to accept the 2007 401(k) Audit Report. Mr. Espinosa seconded the motion. The motion passed by a unanimous voice vote with no abstentions.**

### **b. Application of the 2007 Actual v. Budget Revenue Requirement Variance**

Mr. Karnei also reminded the Board that the F&A Committee recommended in June 2008 to apply the \$2.5 million variance from 2007 to the Met Center disposition project. He advised that the F&A Committee met with Mr. Ballard last month to discuss alternatives and that Mr. Ballard withdrew his alternative proposal and supported the Committee's current action on this topic. Mr. Karnei reported that the F&A Committee continued to request that the Board approve the Committee's original recommendation.

**Mr. Karnei moved to accept the Application of the 2007 Actual v. Budget Revenue Requirement Variance. Mr. Espinosa seconded the motion. The motion passed by a unanimous voice vote with no abstentions.**

## **12. Human Resources & Governance Committee**

Jan Newton, the Chair of the HR&G Committee, stated that the Committee met and considered the establishment of the Nodal Program Oversight Committee and that the Committee recommended approval of this proposal.

Ms. Newton reported on discussion in the Committee regarding the possibility of broadcasting the Board meetings. She added that Mr. Kahn and ERCOT staff will analyze the options and that the consensus was that this would offer more open access to the meetings.



Ms. Newton reported that the External Relations update indicated that we were moving into an active time. She noted that several Control Room tours have taken place with legislators and the Committee will now receive regular updates on legislative matters.

In addition, she reported that the modifications continue to be made to the Employee Ethics Agreement. Mr. Grable advised that he will work with Dr. Patton on reviewing the terms.

Finally, Ms. Newton raised the topic of PRR753 relating to the process for appeals to the Board. Ms. Newton advised that the Committee was dissatisfied with the length and detail of the PRR, and accepted Mr. Grable's offer to rewrite the process. Mr. Armentrout asked Mr. Dreyfus and Mr. Bruce to let TAC know that the Board appreciates all the work on this PRR.

**a. Report of the Unaffiliated Director Compensation Subcommittee**

Ms. Newton reported that Andrew Dalton, Chair of the Unaffiliated Director Compensation (UDC) Subcommittee, gave a report to the HR&G Committee on compensation for Unaffiliated Board members. Mr. Armentrout asked the Unaffiliated Board members to leave the meeting for this discussion. Mr. Dalton reported to the remaining Board members that there had been no changes in director compensation in three years and that the Subcommittee reviewed the 2007 Towers Perrin study which compared director compensation from different ISOs.

Mr. Dalton reported that effective this year, unaffiliated Director total annual compensation was approximately \$81,000 for F&A Committee members and \$78,300 for HR&G Committee members. He explained that initially when the unaffiliated Director compensation was set, the recent workload related to the Texas Regional Entity (TRE) was not contemplated, nor was the fact that TRE meetings could occur on separate days and increase the compensation potential. He advised that the Subcommittee recommended adopting a cap on the total unaffiliated Director compensation at \$89,800 annually, which is approximately 10% above the Towers Perrin study median (including 2008 COLA), and revisit this issue again in the summer of 2009. He added that given the amount of TRE work and ERCOT's fulfillment of both ISO and regional reliability duties unlike other ISOs, the Subcommittee believed that this approximate 10% increase above the Towers Perrin study median (including 2008 COLA) is warranted and reasonable. The Subcommittee recommended approval of the proposal and to revisit the issue in the summer of 2009.

**Mr. Ballard moved to approve the compensation for Unaffiliated Directors as amended. Mr. Helton seconded the motion. The motion passed by a voice vote of ten votes in favor with five abstentions (Unaffiliated Board members – Chairman Armentrout; Messrs. Espinosa, Gent and Patton; and Ms. Newton).**

**b. Market Participant Survey Action Plan**

Ms. Newton briefly covered the key components of the action plan developed at the conclusion of the Market Participant Survey. She reported that the executive committee made recommendations for the action plan, that they are planning to work with TAC to solicit and



clarify areas of improvement, and that ERCOT staff will continue to provide feedback to the Board.

**13. 2009 Board Meeting Dates**

Chairman Armentrout inquired about the annual Board meeting and Board retreat. Mr. Kahn noted that these meetings will be added to the Board meeting calendar.

**Mr. Espinosa moved to approve 2009 Board Meeting Dates. Mr. Gent seconded the motion. The motion passed by a unanimous voice vote with no abstentions.**

**14. Other Business**

Chairman Armentrout invited anyone with any additional business before the Board to speak. There was no other business brought forth.

**15. Future Agenda Items**

Chairman Armentrout invited anyone to raise items they wish to be addressed at future Board meetings.

Ms. Newton requested an analysis of IBM's performance as the third-party reviewer of the Nodal program.

Chairman Smitherman requested that Nodal vendors be scheduled to meet with the Board every month and give updates and reports.

Chairman Armentrout advised that the 2009 Board Strategic Planning Session would be intended to address strategic, structural and governance matters. He requested that Nancy Capezzuti, ERCOT Vice President of Human Resources and Organizational Development, and Mr. Grable begin developing the agenda and share a draft list of topics at the November 2008 Board meeting.

**16. Executive Session**

Chairman Armentrout adjourned the meeting to Executive Session at approximately 4:00 p.m.

**17. Voting on Executive Session Items**

**Chairman Armentrout reconvened the open session at 5:25 p.m.**

**Mr. Gent moved to approve Agenda Item 16e. Dr. Patton seconded the motion. The motion passed by voice vote with thirteen votes in favor, one opposed (Mr. Fehrenbach) and one abstention (Mr. Ballard).**



**Mr. Fehrenbach moved to approve Agenda Item 16f. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Adjournment**

After the Executive Session ended, Chairman Armentrout adjourned the meeting at approximately 5:30 p.m.

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

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Michael G. Grable  
Corporate Secretary