



**Date:** November 10, 2008  
**To:** Board of Directors  
**From:** Clifton Karnei, Chair, Finance and Audit Committee  
**Subject:** Financial Corporate Standard Approval

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** November 17, 2008

**Agenda Item No.:** 8c

**Issue:**

Whether to modify the ERCOT Financial Corporate Standard consistent with ERCOT staff's recommendation and the expected recommendation of the Finance and Audit Committee (Committee).

**Background/History:**

The Board of Directors (Board) of ERCOT has established a Financial Corporate Standard. The Finance and Audit Committee reviews this standard annually and makes recommendations to the Board. The Board must approve any modifications to the Standard.

The Financial Corporate Standard establishes a framework from which ERCOT's financial integrity is maintained while serving the long-term interests of the company and the ERCOT market. ERCOT recognizes that maintaining financial integrity is critical to accomplishing its corporate goals and discharging ERCOT's primary responsibilities. The Financial Corporate Standard defines the principles by which ERCOT performs its financial planning and budgeting.

ERCOT staff has reviewed the Financial Corporate Standard and recommends minor modifications to the Financial Corporate Standard, as reflected in Attachment A. The Committee is expected to recommend the Board approve these modifications to the Financial Corporate Standard.

**Key Factors Influencing Issue:**

The key factors influencing the issue are adherence to provisions of Board-approved corporate standards and improved clarity and consistency of policy documents.

**Alternatives:**

There are two primary alternatives:

1. Approve recommended revisions to the Financial Corporate Standard; or
2. Provide supplemental direction to management and instruct them to reconsider the Financial Corporate Standard and bring a new proposal to the Committee at a future date.

**Conclusion/Recommendation:**

ERCOT staff respectfully recommends that the Board approve modification of the Financial



Corporate Standard, as set forth in Attachment A.



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

WHEREAS, the Finance and Audit Committee (Committee) of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) has recommended to the Board approval of ERCOT staff's suggested revisions to ERCOT's existing Financial Corporate Standard as reflected in Attachment A, effective immediately; and

WHEREAS, after due consideration, the Board deems it desirable and in the best interest of ERCOT, in order to provide sound financial guidance for its business, to revise the Financial Corporate Standard as recommended by the Committee;

NOW, THEREFORE, BE IT RESOLVED, that the Board accepts the recommendation of the Committee and hereby authorizes and approves of the revised Financial Corporate Standard as reflected in Attachment A, in each and every respect, to be effective immediately.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its November 17, 2008 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by a vote of \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Michael G. Grable  
Corporate Secretary