

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

Room 206, Met Center, 7620 Metro Center Drive, Austin, Texas 78744

September 15, 2008

Directors

Mark Armentrout, Chair		Unaffiliated
Michehl R. Gent, Vice Chair		Unaffiliated
Don Ballard	Office of Public Utility Counsel	Residential Small Consumer
Brad Cox	Tenaska Power Services	Independent Power Marketer
Miguel Espinosa		Unaffiliated
Bob Helton	International Power America	Independent Generator
Charles Jenkins	Oncor Electric Delivery Company	Investor Owned Utility
Bob Kahn	CEO, ERCOT	
Clifton Karnei	Brazos Electric Power Cooperative	Cooperative
Jan Newton		Unaffiliated
A.D. Patton		Unaffiliated
Barry T. Smitherman	Chairman, Public Utility Commission of Texas (PUC)	
Robert Thomas	Green Mountain Energy	Ind. Retail Electric Provider
Dan Wilkerson	Bryan Texas Utilities	Municipal

Other Commissioners and Segment Alternates

Kenneth W. Anderson	Commissioner, PUC	
Donna L. Nelson	Commissioner, PUC	
Steve Bartley	CPS Energy	Municipal, Segment Alternate
Mark Walker	NRG Texas	Independent Generator, Segment Alternate

Other Attendees

Larry Grimm, Texas Regional Entity CEO and CCO
 Susan Vincent, Texas Regional Entity Director, Legal Affairs
 Victor Barry, Texas Regional Entity Director, Compliance
 Todd Brewer, Texas Regional Entity Senior Financial Analyst
 Ryan Clay, Texas Regional Entity Senior Paralegal
 Judith James, Texas Regional Entity Manager, Standards
 Mike Grable, ERCOT VP, General Counsel
 Kent Saathoff, ERCOT VP, System Operations
 Mark Bruce, FPL Energy
 Mark Dreyfus, Austin Energy

Tim JohnPress, Ascendte Advisors
Evan Rome, PUC
Trip Doggett, ERCOT, Sr. VP and COO
Jennifer Windler, LCRA
Joel Firestone, Direct Energy
Mark Soutter, Invenergy
Liz Jones, Oncor
Read Comstock, Direct Energy
Adrienne Brandt, Austin Energy
Caryn Rexrode, Customized Energy Solutions
Marguerite Wagner, PSEG Texas

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 **3:11 p.m.** on **September 15, 2008**. Chair Mark Armentrout called the meeting to order and ascertained that a quorum was present.

Approval of Previous Minutes

Mark Armentrout requested that the draft minutes from the August 18, 2008 Board of Directors meeting be corrected by removal of the last sentence before the Board of Directors 2008 & 2009 Meeting Schedule section, and Michehl Gent then made a motion to approve the corrected minutes; Dan Wilkerson seconded the motion. The motion passed by unanimous voice vote.

CEO Report

Larry Grimm provided the Board with an update of Texas Regional Entity activities and then discussed and invited the Directors to Texas RE's Critical Infrastructure Protection Workshop which was scheduled for October 1, 2008 at the Austin Met Center.

Mr. Grimm, in response to a request by the Board, stated he did not anticipate any federal legislation in the near future that would affect the activities of Texas RE.

In response to Michehl Gent's request that Mr. Grimm update the Board on the August meetings with the Federal Energy Regulatory Commission (FERC), Mr. Grimm informed the Directors that Texas RE staff had met with FERC, NERC, and the other Regional Entities for two days. He explained that, on the first day, the following was discussed: (1) event analysis and compliance violation investigations, (2) standards compliance, specifically including developing priorities, (3) FERC's Order on penalties, and (4) Critical Infrastructure Protection (CIP). On the second day, FERC presented a workshop describing how FERC conducted its investigations. Mr. Grimm noted that, even though the FERC investigations were different from NERC investigations in some ways, it was a useful workshop.

Chairman Smitherman from the Public Utility Commission of Texas introduced newly appointed Commissioner Ken Anderson to the Texas RE Board of Directors.

Compliance Report

The Directors discussed the much improved wind performance in August at length. Mr. Grimm noted that the wind only QSE (Barton) with greater than 90% performance was new and had only operated for approximately 2 days during the month. Victor Barry noted that increased monitoring by the Board and the addition of weather monitoring stations for the AWS Truewind forecasting tool resulting in better forecasts likely contributed to the improvements. Dr. A.D. Patton confirmed with Mr. Barry that the AWS Truewind tool underestimates wind performance, which would lead to higher SCPS2 performance. In response to a question by Miguel Espinosa and Clifton Karnei, Mr. Grimm said that the wind-only QSE exemption from the SCPS2 performance metrics are permanent and would not expire unless there was a modification to the Protocols. Mr. Karnei explained that the SCPS2 score represents how well a generator's schedule matches their actual output. In response to questions by Chair Armentrout and Don Ballard, Mark Dreyfus and Mark Bruce informed the Board that the Wind Task Force was not currently working on any new SCPS2 metrics for wind-only QSEs, although it was looking at related settlement issues. Mr. Bruce also noted the manner by which new wind farms were brought on line might be significant in the SCPS2 metric score for the new wind farm.

In response to a question from Jan Newton inquiring as to why Texas RE was experiencing difficulty closing investigations and having delays with completing mitigation plans submitted by Registered Entities, Victor Barry informed the Directors that all Regions were having difficulties in this area, it is a problem that has been recognized by Texas RE staff, appropriate measures are being taken to get the back log cleared, and Texas RE expects to close these much more quickly in the future.

At the request of the Directors, Mr. Barry agreed to categorize the violations into a more prioritized scheme in future reports.

In response to a question by Dr. Patton asking why there was a violation of a standard that is not enforceable, Mr. Grimm informed the Board that that particular violation is from a standard approved by NERC and FERC, but it relies on another standard not yet approved by FERC.

Standards Report

Mr. Armentrout confirmed that no Directors had any questions about the Standards Report.

Texas RE Advisory Committee Report

The Directors agreed to include the Texas RE Financial Report and any personnel matters under the Advisory Committee Report during this and all future Board meetings.

Mr. Gent provided an overview of the Texas RE Advisory Committee meeting activities, notifying the other Directors that the Committee had discussed human resources matters, including issues relating to attracting and retaining compliance engineers, and that Nancy Capezzuti would conduct a survey regarding salaries for these and other qualified engineers and report back to the Board with results in November. Mr. Gent also informed the Board that Texas RE had implemented an Ethicspoint reporting tool and that Texas RE and ERCOT legal would discuss the administration of the tool and Texas RE staff would report back to the Committee with a proposal for administration at its next meeting.

Unaffiliated Directors Compensation Update

The Directors concurred that they would discuss Unaffiliated Directors Compensation at the ERCOT Board meeting and at the next Texas RE Board meeting.

Future Agenda Items

Chair Armentrout confirmed that, as discussed in the Texas RE Advisory Committee, the Board agendas should have the Financial Report and any personnel matters discussed under the Committee portion of the Agenda.

Chairman Armentrout informed the Directors that the next Texas RE Board meeting will be on November 17, 2008.

Executive Session

At 3:59 p.m., Chair Armentrout adjourned the open session meeting and the Board went into executive session. Chair Armentrout informed all persons present that since there were no voting items to consider after the executive session concluded the Board meeting would not be reconvened in open session.

Adjournment

Chair Armentrout adjourned the executive session portion of the Board meeting at 4:08 p.m.

Susan Vincent
Corporate Secretary