Date: February 10, 2009
To: Board of Directors
From: Steve Byone, Vice President and Chief Financial Officer
Subject: Approval of Investment Corporate Standard

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 17, 2009
Agenda Item No.: 11b

Issue:
Whether to modify the ERCOT Investment Corporate Standard consistent with ERCOT Staff's recommendation and the expected recommendation of the Finance and Audit (F&A) Committee of the ERCOT Board of Directors (Board).

Background/History:
The ERCOT Board has established an Investment Corporate Standard. The F&A Committee reviews this Standard annually and makes recommendations to the Board. The Board must approve any modifications to the Standard.

The Investment Corporate Standard documents the guidelines and related activities approved by the ERCOT Board for the investment and management of funds held by ERCOT, whether those funds arise from ERCOT operations or are held by ERCOT on behalf of the ERCOT market.

ERCOT Staff has reviewed the Investment Corporate Standard and recommend modifications to the Standard, as reflected in *Attachment A*. The Committee will review the proposed changes and make their recommendation to the Board for approval of modifications to the Investment Corporate Standard.

Key Factors Influencing Issue:
ERCOT Staff and the F&A Committee have looked closely at the Investment Corporate Standard and investment practices in light of the market and credit events in late 2008. Changes proposed in this Standard arise from discussions with the F&A Committee in December 2008 and January 2009 and are intended to strengthen internal controls around and oversight of investment activity.

Alternatives:
1. Approve recommended revisions to the Investment Corporate Standard; or
2. Provide additional direction to ERCOT management and instruct them to reconsider the Investment Corporate Standard and bring a new proposal to the F&A Committee at a future date.

Conclusion/Recommendation:
ERCOT Staff respectfully recommends and the Committee is expected to recommend that the

Board approve modification of the Investment Corporate Standard, as set forth in *Attachment A*.

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

WHEREAS, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT, in order to provide sound financial guidance for its business, to accept the recommendation of the Finance and Audit Committee of the Board and approve the recommended revisions to ERCOT's Investment Corporate Standard as set forth in *Attachment A*;

THEREFORE, IT IS HEREBY RESOLVED, that the Board hereby authorizes and approves, in each and every respect, the revised Investment Corporate Standard, as set forth in *Attachment A*, which is hereby incorporated by reference for all purposes.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its February 17, 2009 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____, 2009.

_____
Michael G. Grable
Corporate Secretary