



**MINUTES OF THE BOARD OF DIRECTORS**  
**STRATEGIC PLANNING EVENT**  
**OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Omni Austin Hotel at Southpark  
4140 Governor's Row, Austin, Texas 78744  
February 18, 2009 at 8:30 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:

| Director             | Affiliation                             | Segment  |
|----------------------|---|--|
| Armentrout, Mark     |   | Unaffiliated                                       |
| Ballard, Don         | Office of Public Utility<br>Counsel     | Residential Consumers                              |
| Cox, Brad            | Tenaska Power Services Co.              | Independent Power Marketers                        |
| Dalton, Andrew       | Valero Energy Corp.                     | Industrial Consumers                               |
| Espinosa, Miguel     |   | Unaffiliated                                       |
| Fehrenbach, Nick     | City of Dallas                          | Commercial Consumers                               |
| Gent, Michehl        |   | Unaffiliated, Vice Chairman                        |
| Helton, Bob          | International Power America<br>Services | Independent Generators                             |
| Kahn, Bob            | ERCOT                                   | President and CEO                                  |
| Newton, Jan          |   | Unaffiliated, Chairman                             |
| Patton, A.D.         |   | Unaffiliated                                       |
| Smitherman, Barry T. | Chairman                                | Public Utility Commission of Texas<br>(Commission) |
| Thomas, Robert       | Green Mountain Energy<br>Company        | Independent Retail Electric Providers              |
| Wilkerson, Dan       | Bryan Texas Utilities                   | Municipally-Owned Utilities                        |

Staff and Guests:

|                    |   |
|--------------------|---|
| Bruce, Mark        | FPL Energy LLC                              |
| Byone, Steve       | ERCOT                                       |
| Capezzuti, Nancy   | ERCOT                                       |
| Coe, Carlos        | Xtreme Power                                |
| Crowder, Calvin    | American Electric Power Service Corporation |
| Day, Betty         | ERCOT                                       |
| Dickerman, Larry   | American Electric Power Service Corporation |
| Doggett, Trip      | ERCOT                                       |
| Doolin, Estrellita | ERCOT                                       |

|                       |  |
|-----------------------|--|
| Fenoglio, Walt        | Edison Mission   |
| Gage, Theresa         | ERCOT  |
| Grable, Mike          | ERCOT  |
| Haas, Jason           | Commission   |
| Hinsley, Ron          | ERCOT  |
| Jones, Don            | Reliant Energy   |
| Leady, Vickie         | ERCOT  |
| Manning, Charles      | ERCOT  |
| McClendon, Shannon    | Vice Chairman, Technical Advisory Committee (TAC)                                    |
| Meyers, Ph.D., Jeremy | Assistant Professor of Mechanical Engineering with The University of Texas at Austin |
| Ryall, Jean           | Constellation Energy Commodities Group   |
| Saathoff, Kent        | ERCOT  |
| Walker, Mark          | NRG Texas LLC  |
| Weston, Tisa          | ERCOT  |

**Call Open Session to Order (Agenda Item 1)**

Jan Newton, Chairman, opened the retreat at 8:31 a.m. She explained last-minute agenda changes, including Bob Helton presenting in place of Mike Cleary; Vickie Leady, ERCOT Associate Corporate Counsel, presenting in place of Matt Morais, ERCOT Assistant General Counsel; and Barry T. Smitherman, Commission Chairman, and Mark Bruce’s presentation times switching.

**Ethics Training (Agenda Item 2)**

Ms. Leady delivered the Board’s required annual ethics training, explaining duties that exist under the ERCOT Articles of Incorporation, the ERCOT Bylaws, Texas state laws, and the Commission.

The Board discussed ethical and antitrust responsibilities.

**Strategic Plan for Nodal Delivery (Agenda Items 3 and 5)**

Trip Doggett, ERCOT Senior Vice President and Chief Operating Officer, presented information on, and the Board discussed, Nodal milestones, Nodal tasks, the critical path, Market Participant readiness, the role of TAC, communication regarding the Nodal Program, management of the Nodal testing effort, alignment between Nodal functionality and the ERCOT Nodal Protocols, and integration issues.

Mr. Helton presented information on how to define success, focusing on: going live on-time and on-budget with market clearing on time with locational marginal prices (LMPs) posted and verified for correctness; with IT systems stable; with reliability confirmed; with credit disputes limited in number and scope; and with settlement disputes limited in number and scope.

### **Lunch (Agenda Item 6)**

The Board broke for lunch.

### **Governmental Update (Agenda Item 7)**

Theresa Gage, ERCOT Government Relations Manager, made a presentation on activities that have occurred thus far in the Texas Legislature, including bill filings, committee assignments, and ERCOT communication efforts. Chairman Smitherman also spoke on recent meetings and activities, including legislative interest in the Nodal Program and in advanced metering. Mike Grable, ERCOT Vice President and General Counsel, discussed recent developments at the Federal Energy Regulatory Commission (FERC), in Congress, and with the Obama Administration.

### **ERCOT-TRE Structure (Agenda Item 12)**

Estrellita Doolin, ERCOT Assistant General Counsel, discussed the pros and cons of the current ERCOT-Texas Regional Entity (Texas RE) corporate structure. The Board decided that the Texas RE Committee should examine the potential costs of corporate separation.

### **Board – TAC Relationship (Agenda Item 8)**

Mark Bruce, TAC Chairman, discussed Board-TAC relations, potential changes to the structure of TAC information-sharing at the Board meetings, the potential re-purposing of stakeholder activities with respect to the Nodal Program, ERCOT study resource constraints, and other TAC matters.

### **Energy Storage (Agenda Item 11)**

Dr. Jeremy Myers made a presentation on various storage technologies and their power, longevity, and cost aspects. Carlos Coe made a presentation on the research and outlook of Xtreme Power's efforts to develop large-scale power systems integrating energy storage and enabling load leveling. Larry Dickerman presented AEP's perspective on electricity storage in transmission and distribution applications.

The Board discussed storage possibilities and how storage could be implemented in ERCOT.

### **Smart Grid and Advanced Metering (Agenda Item 10)**

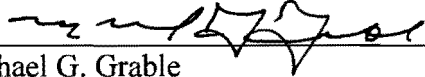
Mr. Doggett discussed the importance of adapting the grid to new technologies. Betty Day, ERCOT Director of Markets, presented the current state and future prospects of advanced metering efforts in ERCOT, focusing on the central repository and the ERCOT settlement process, and interim and long-term solution possibilities.

Ms. Day expressed confidence that that ERCOT will be able to fully implement the interim solution for 15-minute interval information for full deployment and implementation of AMS

market information by the end of December 2009. She indicated a final budget would be presented for Board approval at the March 17, 2009 meeting.

**Wrap-up (Agenda Item 13)**

Ms. Newton thanked the Board and the presenters, and adjourned the meeting at 3:20 p.m.



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Michael G. Grable  
Corporate Secretary