



**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
Austin, Texas 78744
September 15, 2009 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:

Director	Affiliation	Segment
Armentrout, Mark		Unaffiliated
Ballard, Don	Office of Public Utility Counsel	Residential Consumer
Cox, Brad	Tenaska Power Services Co.	Independent Power Marketer
Dalton, Andrew	Valero Energy Corp.	Industrial Consumer
Espinosa, Miguel		Unaffiliated
Fehrenbach, Nick	City of Dallas	Commercial Consumer
Gent, Michehl		Unaffiliated, Board Vice Chairman
Helton, Bob	International Power America Services	Independent Generator
Jenkins, Charles	Oncor Electric Delivery Company	Investor Owned Utility
Kahn, Bob	ERCOT	President and Chief Executive Officer
Karnei, Clifton	Brazos Electric Power Cooperative Inc.	Cooperative
Newton, Jan		Unaffiliated, Board Chairman
Patton, A.D.		Unaffiliated
Smitherman, Barry T.	Public Utility Commission of Texas	Commission Chairman
Thomas, Robert	Green Mountain Energy Company	Independent Retail Electric Provider
Wilkerson, Dan	Bryan Texas Utilities	Municipal

Staff and Guests:

Bell, Wendell	TPPA
Blakey, Eric	TXU Energy
Bruce, Mark	FPL Energy LLC
Burkhalter, Robert	ABB



Byone, Steve	ERCOT
Capezzuti, Nancy	ERCOT
Cleary, Mike	ERCOT
Clemenhausen, Barbara	Topaz
Doggett, Trip	ERCOT
Dreyfus, Mark	Austin Energy
Drost, Wendell	AREVA
Dumas, John	ERCOT
Flores, Isabel	ERCOT
Frazier, Robert	CNP
Gage, Theresa	ERCOT
Goff, Eric	Reliant
Grable, Mike	ERCOT
Gresham, Kevin	E.On Climate and Renewables NA
Grimes, Mike	Horizon Wind Energy
Hancock, Misti	ERCOT
Headrick, Bridget	PUCT
Hobbs, Kristi	ERCOT
Jones, Randy	Calpine
Kimbrough, Todd	Nextera Energy Resources
King, Kelso	Austin Energy
Kleckner, Tom	ERCOT
Lane, Terry	LSPower
Leady, Vickie	ERCOT
Manning, Charles	ERCOT
McRae, Russ	AREVA
Mickey, Joel	ERCOT
Morgan, Richard	ERCOT
Morris, Sandy	LCRA
Morse, Clint	Mosaic
Nixon, Murray	ERCOT
Oehlen, Melissa	PUCT
Oldham, Phillip	TIEC
Peacock, Bill	TPPF
Pieniazek, Adrian	NRG Texas
Porter, Lea Anne	ERCOT
Reid, Walter	Wind Coalition
Reid, Walter	Wind Coalition
Roark, Dottie	ERCOT
Seymour, Cesar	Suez
Shirley, Mike	TXU Cities
Soutter, Mark	Invenergy
Spears, Clay	Signal Hill
Starnes, Bill	DME
Troutman, Jennifer	AEP Energy Partners



TroxteLL, David	ERCOT
Whittington, Pam	PUCT

Call Open Session to Order and Announce Proxies (Agenda Item 1)

Jan Newton, Board Chairman, called the meeting to order at approximately 10:08 a.m., pointed out the Antitrust Admonition and determined a quorum was present. Chairman Newton noted the new legislation effective beginning September 1, 2009, which requires the live webcasting of the ERCOT Board meetings. Barry T. Smitherman, Chairman of the Public Utility Commission of Texas (Commission) also noted the addition of a court reporter during these meetings.

For scheduling convenience, Chairman Newton took the agenda items in the order below.

Consent Agenda (Agenda Item 2)

Nick Fehrenbach requested removal of PRR812 and NPRR 165 from the Consent Agenda. Mike Grable, ERCOT Vice President and General Counsel, requested removal of NPRRs 168 and 184, due to recently submitted ERCOT staff comments.

The following remaining items were handled in the consent agenda:

- Agenda Item 3 – Approval of August 18, 2009 Minutes;
- Agenda Item 12a – Protocol Revision Requests (PRR) 818; and
- Agenda Item 12b – Nodal Protocol Revisions (NPRRs) 183, 185, 186, 188 and 192;
- Agenda Item 12c – Nodal Operating Guide Revision Request (NOGRR) 025.

Clifton Karnei moved to approve the remaining items on the Consent Agenda. Bob Helton seconded the motion. The motion passed by unanimous voice vote for all items on the Consent Agenda except for the approval of the minutes which passed by voice vote with two abstentions (Charles Jenkins and Bob Thomas).

Approval of August 18, 2009 Minutes (Agenda Item 3)

The August 18, 2009 Board Meeting minutes were approved as part of the Consent Agenda under Agenda Item 2.

Chief Executive Officer (CEO) Report (Agenda Item 4)

Bob Kahn, ERCOT President and CEO, reported on the following items:

- The TCC-1 Data Center expansion;
- ERCOT's request for stimulus funds to expand the long-range system planning and analysis for the Texas grid;
- ERCOT's participation on the Technology Review and Advisory Committee for the Pecan Street Project, which is a smart grid demonstration project;



- ERCOT's proposed 2010 base operating budget noted on the agenda for Board vote later during General Session; and
- The departure of Steve Byone, ERCOT Vice President and Chief Financial Officer, effective September 21, 2009.

Mr. Karnei moved for a Board resolution in appreciation for Mr. Byone's service to ERCOT. Miguel Espinosa seconded the motion. The motion passed by unanimous voice vote.

Financial Summary Report (Agenda Item 5)

Chairman Newton noted that this was the first month that the Board did not have its Question and Answer session on the afternoon prior to the Board meeting. ERCOT staff responded to Board members' questions regarding the Financial Summary Report.

Market Operations Report (Agenda Item 6)

There were no questions regarding the Market Operations Report.

Advanced Metering – ERCOT Market Overview (Agenda Item 6a)

Christine Wright of the Public Utility Commission of Texas (Commission), Bob Frazier of CenterPoint Energy, Donny Helm of Oncor, and Heather Day, ERCOT Project Manager, provided a presentation on Advanced Metering. The speakers responded to Board members' questions regarding advanced metering topics.

IT Service Availability Metrics Report (Agenda Item 7)

Richard Morgan, ERCOT Vice President and Chief Information Officer, answered the Board members' questions regarding the IT Service Availability Metrics Report.

Grid Operations Report and Notice of Closely Related Element (CRE) Addition Request (Agenda Item 8)

Chairman Newton invited comments or questions regarding the Grid Operations Report and Notice of CRE Addition Request. There were none.

Recent EECF Terminology Changes (Agenda Item 8a)

Chairman Newton invited comments or questions regarding the presentation on Recent EECF Terminology Changes. There were none.

Special Nodal Program (SNP) Committee Report (Agenda Item 10)

Mr. Helton, SNP Committee Chairman, stated that the SNP Committee met on September 14, 2009, and considered the following matters:



- Nodal Program Update, including timeline and update on Single Entry Modal Go-Live;
- Market Readiness Update;
- Protocol Traceability Update;
- Financial Review; and
- Executive Session matters, including third-party overview and two contract matters.

A.D. Patton requested that ERCOT staff develop a strategic plan and blueprint for the Nodal system – how it should be organized, how it should operate, and how it should evolve in the future. After discussion between the Board members and ERCOT staff, Chairman Newton requested that a framework of a time frame to approach such a strategic plan be developed for consideration by the Board next month. Mr. Helton agreed to place this on the SNP agenda for next month.

Nodal Update (Agenda Item 9)

Mike Cleary, ERCOT Senior Vice President and Chief Technology Officer, provided the Board with an update on the Nodal Program. The Board members discussed risks associated with reconciling protocol systems and Market Participant expectations and contemplated potential issues with data center capacity. They also reviewed the status of the credit management system. Chairman Smitherman noted the issues potentially posed by Market Participants hiring ERCOT employees during this critical time in the Nodal Program. Mr. Cleary replied that he was not aware of any such issues at this time, but that he would continue to monitor the situation.

Mr. Byone provided the monthly financial review for the Nodal Program. Mr. Cleary thanked Mr. Byone for his contributions to the Nodal Program.

Lunch (Agenda Item 11)

For scheduling convenience, Chairman Newton adjourned the meeting for lunch at approximately 12:12 p.m. and reconvened it at approximately 12:58 p.m.

Technical Advisory Committee (TAC) Report (Agenda Item 12)

Chairman Newton invited Mr. Bruce to provide a report on recent TAC activities.

Wind Metrics Development Update (Agenda Item 12e)

Mr. Bruce provided the Wind Metrics Development Update. Chairman Newton noted that the Board would like for the Market Participants to put together the performance requirements and for performance metrics to be provided, but that realistically there must also be prioritization of matters while meeting budget and resource constraints. She agreed that TAC was taking the correct approach on this topic at this time.

PRRs (Agenda Item 12a)



PRR818

- **PRR818 – OOMC for Quick Start Units [Topaz] – URGENT.**

Proposed Effective Date: October 1, 2009

CEO Determination: No opinion on whether or not PRR818 is necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; minor impact to a business process to handle the additional settlement and billing disputes - can be accommodated by the current ERCOT staff; no impact to grid operations.

Revision Description: This PRR provides that a Quick Start Unit that is not synchronously interconnected to the ERCOT System that receives an Out-of-Merit Energy (OOME) Dispatch Instruction or Local Balancing Energy Instruction will be settled as providing OOMC Service.

Procedural History: PRR818 was posted on June 26, 2009. On July 1, 2009, the motion to grant PRR818 Urgent status failed via PRS email vote. On July 23, 2009 PRS unanimously voted to grant PRR818 Urgent status and to table PRR818 until the August 20, 2009 PRS meeting. On August 25, 2009 PRS unanimously voted to recommend approval of PRR818 as amended by the August 24, 2009 WMS comments and to forward to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of PRR818 as amended by the September 1, 2009 ERCOT comments.

PRR818 was approved as part of the Consent Agenda (Agenda Item 2).

PRR 812

- **PRR812 – Wind Generator Forecast Scheduling (formerly “Wind Generator Forecast for Scheduling Metric”) [Wind Coalition].**

Proposed Effective Date: October 1, 2009

Chief Executive Officer (CEO) Determination: No opinion on whether or not PRR812 is necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this PRR; no impact to grid operations.

Revision Description: This PRR specifies the process for Wind-powered Generation Resources (WGRs) to update Resource Plans and schedules every hour using the ERCOT provided most likely Short-Term Wind Power Forecast (STWPF) as the standard for accuracy.

Procedural History: PRR812 was posted on April 24, 2009. On May 21, 2009 the Protocol Revision Subcommittee (PRS) voted to reject PRR812. The motion failed via roll call vote. PRS then voted to approve PRR812 as amended by the Wholesale Market Subcommittee (WMS) comments via roll call vote. On June 18, 2009 PRS voted via roll call vote to recommend approval of PRR812 as revised by PRS, with the recommendation to change “shall” to “may” and convey to TAC and the ERCOT Board that WMS and the Qualified Scheduling Entity (QSE) Managers Working Group (QMWG) recommended the metric with “shall” language, but that the ERCOT CEO has determined Nodal resource impacts with this



language; and PRS requests that the ERCOT Board determine the priority of renewable energy metrics versus impacts to Nodal. On July 9, 2009 TAC unanimously voted to remand PRR812 to PRS to work out the issues identified by TAC and to bring back to TAC next month. On July 23, 2009, PRS voted to recommend approval of PRR812 as amended by Direct Energy comments and as revised by PRS. There was one (1) opposing vote from the Investor Owned Utility (IOU) Market Segment and one (1) abstention from the Independent Generator Market Segment. On August 6, 2009 TAC unanimously voted to recommend approval of PRR812 as amended by NEXtera Energy Resources comments and to direct TAC subcommittees to perform periodic analysis using this methodology.

Chairman Newton called for a vote on PRR812. Mr. Fehrenbach moved to approve PRR812 as presented and requested that ERCOT staff apprise the Board if wind generators switch to the ERCOT model and then switch back to their model after two months. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Nodal Protocol Revision Requests (NPRRs) (Agenda Item 12b)

NPRRs 183, 185, 186, 188 and 192

- **NPRR183 – Synchronization of PRR790, Load Profile ID Annual Validation Change Request [Profiling Working Group (PWG)].**
Proposed Effective Date: Upon Texas Nodal Market Implementation.
CEO Determination: Necessary prior to the TNMID.
ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations.
Revision Description: This NPRR synchronizes the Nodal Protocols with PRR790, Load Profile ID Annual Validation Change Request, which allows for changes in the Annual Validation process timeline due to extreme events.
Procedural History: NPRR183 was posted on June 22, 2009. On July 23, 2009 PRS unanimously voted to recommend approval of NPRR183 as submitted. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report and Impact Analysis for NPRR183 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR183 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.
- **NPRR185 – Cancellations of RUC-Committed Resources [WMS].**
Proposed Effective Date: Upon Texas Nodal Market Implementation.
CEO Determination: No opinion on whether or not NPRR185 is necessary prior to the TNMID.
ERCOT Impact Analysis: No cost impact; no ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impact to ERCOT grid operations and practices.
Revision Description: This NPRR will provide units that are cancelled after being RUC-committed in the Day-Ahead RUC (DRUC) or Hourly RUC (HRUC) a process to recover



costs that they incur between the time of RUC commitment and the cancellation of the RUC. These costs would include actual fuel and Operations and Management (O&M) expenses that were incurred by the cancellation.

Procedural History: NPRR185 was posted on July 6, 2009. On July 23, 2009 PRS unanimously voted to recommend approval of NPRR185 as submitted. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report and Impact Analysis for NPRR185 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR185 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.

- **NPRR186 – Naming Convention Clarification [Network Data Support Working Group (NDSWG)].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: No opinion on whether or not NPRR186 is necessary prior to the TNMID.

ERCOT Impact Analysis: No cost impact; no ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impact to ERCOT grid operations and practices.

Revision Description: This NPRR clarifies the Nodal Protocols regarding the naming convention approved by TAC by removing the requirement for use of a prefix within the name of Transmission Elements. The naming convention does not and should not require inclusion of a prefix to identify Transmission Service Providers (TSPs).

Procedural History: NPRR186 was posted on July 9, 2009. On July 23, 2009 PRS unanimously voted to recommend approval of NPRR186 as submitted. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report and Impact Analysis for NPRR186 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR186 as recommended by PRS in the August 25, 2009 PRS Recommendation Report and as revised by TAC.

- **NPRR188 – MVA for SCED Input [NDSWG].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: No opinion on whether or not NPRR188 is necessary prior to the TNMID.

ERCOT Impact Analysis: No cost impact; no ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impact to ERCOT grid operations and practices.

Revision Description: This NPRR removes the TSP requirement to provide MVA to be used in Real-Time sequence and SCED. This NPRR also corrects the use of Common Information Model (CIM) and corrects the Dynamic Rating requirement.

Procedural History: NPRR188 was posted on July 10, 2009. On July 23, 2009 PRS voted to recommend approval of NPRR188 as submitted with one (1) abstention from the Independent Generator Market Segment. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report and Impact Analysis for NPRR188 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR188 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.



- **NPRR192 – QSE Energy and Ancillary Service Compliance Criteria [PUCT/TRE/ERCOT].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: No opinion on whether or not NPRR192 is necessary prior to the Texas Nodal Implementation Date.

ERCOT Impact Analysis: Less than \$50K – budget impact will be accommodated by anticipated cost savings for Nodal Program; no ERCOT staffing impacts; impacts to ERCOT Energy Management System (EMS) and Enterprise Data Warehouse (EDW); no impacts to ERCOT business functions; no impact to ERCOT grid operations and practices.

Revision Description: This NPRR establishes performance criteria for following energy deployments and/or providing Ancillary Services which must be met by Generation and Load Resources. For performance in providing Ancillary Services, the NPRR includes criteria for both Ancillary Service Capacity Monitoring and for periods during which ERCOT has deployed Ancillary Services. The calculation of energy deployment performance is also updated.

Procedural History: NPRR192 was posted on August 11, 2009. On August 25, 2009 PRS voted to recommend approval of NPRR192 as amended by CPS Energy comments and as revised by PRS, with X=5%, Y=5MW, and Z=10% and values to be reevaluated and modified as necessary by TAC and the Texas Regional Entity (TRE) beginning two (2) months prior to the TNMID and as necessary after the TNMID. There were two (2) abstentions from the Consumer and Investor Owned Utility (IOU) Market Segments. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR192 as recommended by PRS in the August 25, 2009 PRS Recommendation Report and as revised by TAC, with X=5%, Y=5MW, and Z=10% and values to be reevaluated and modified as necessary by TAC and the TRE beginning two months prior to the TNMID and as necessary after the TNMID.

NPRRs 183, 185, 186, 188 and 192 were approved as part of the Consent Agenda (Agenda Item 2).

NPRR 165

- **NPRR165 – Synchronizing Section 1 with PRR697 [ERCOT].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

Chief Executive Officer (CEO) Determination: Necessary prior to the Texas Nodal Market Implementation Date (TNMID).

ERCOT Impact Analysis: No incremental cost to ERCOT; no impact to ERCOT staffing; no impact to computer systems; existing business processes can accommodate this NPRR; no impact to grid operations and practices.

Revision Description: This NPRR synchronizes the Nodal Protocols with PRR697, Posting Requirement Changes, which incorporated disclosure requirement changes resulting from P.U.C. SUBST. R. 25.505, Resource Adequacy in the Electric Reliability of Texas Power Region, adopted under Public Utility Commission of Texas (PUCT) Project No. 33490, Rulemaking Proceeding to Address Pricing Safeguards in the Markets Operated by the Electric Reliability Council of Texas.



Procedural History: NPRR165 was posted on November 18, 2008. On December 18, 2008 the Protocol Revision Subcommittee (PRS) unanimously voted to refer NPRR165 to the Transition Plan Task Force (TPTF) for review. The Independent Generator Market Segment was not present for the vote. On March 19, 2009 PRS unanimously voted to table NPRR165. On April 23, 2009 PRS unanimously voted to table NPRR165 until NPRR156, Transparency for PSS and Full Interconnection Studies, is approved by the ERCOT Board. On June 18, 2009 PRS unanimously voted to recommend approval of NPRR165 as amended by ERCOT comments and as revised by PRS. On July 23, 2009 PRS unanimously voted to recommend approval of NPRR165 as amended by the July 20, 2009 ERCOT comments and to table NPRR165 pending an Impact Analysis and CEO Revision Request Review. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Action Report as revised by PRS and Impact Analysis for NPRR165 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR165 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.

Chairman Newton called for a vote on NPRR165. Mr. Fehrenbach moved to approve NPRR165 as amended by ERCOT staff. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

NPRRs 168 and 184

- **NPRR168 – Change the Definition of “Start-up” and Include the Fuel from Breaker Close to LSL in Start-up Costs (formerly titled “Verifiable Costs General Corrections”) [Verifiable Cost Working Group (VCWG)].**

Proposed Effective Date: Upon Texas Nodal Market Implementation

CEO Determination: No opinion on whether or not NPRR168 is necessary prior to the TNMID.

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; existing business processes can accommodate this NPRR; no impact to grid operations.

Revision Description: This NPRR allows QSEs or Resource Entities to file Resource fuel consumption from breaker close to LSL and breaker open to shutdown. This NPRR includes a reduction to the startup cost that reflects an estimate of the expected revenue that would be credited to the QSE for output during the time period between breaker close and LSL. This reduction is determined by calculating a heat rate proxy that when multiplied by the appropriate fuel price will yield an estimate of the Settlement Point Price (SPP) as described in the Verifiable Cost Manual.

Procedural History: NPRR168 was posted on November 24, 2009. On December 18, 2008 PRS unanimously voted to refer NPRR168 to TPTF for review. The Independent Generator Market Segment was not present for the vote. On March 19, 2009 PRS unanimously voted to refer NPRR168 to the Wholesale Market Subcommittee (WMS) for review. On July 23, 2009 PRS unanimously voted to recommend approval of NPRR168 as amended by WMS comments and as revised by PRS. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report and Impact Analysis for NPRR168 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR168 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.



- **NPRR184 – Section 2, Addition of Definitions and Acronyms from Zonal Protocols and Clarifications [ERCOT].**

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the TNMID.

ERCOT Impact Analysis: No cost impact; no ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impact to ERCOT grid operations and practices.

Revision Description: This NPRR incorporates certain definitions and acronyms from the zonal Protocols for terms that are used in the Nodal Protocols but are not defined in Section 2, Definitions and Acronyms. Some of these definitions have been slightly modified for use in the Nodal Protocols. This NPRR also makes clarifying revisions to Section 2.

Procedural History: NPRR184 was posted on June 24, 2009 PRS unanimously voted to recommend approval of NPRR184 as submitted. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report as amended by the August 21, 2009 ERCOT comments and Impact Analysis for NPRR184 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of NPRR184 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.

Chairman Newton called for a vote on NPRRs 168 and 184. Mr. Helton moved to approve NPRRs 168 and 184, both as amended by ERCOT staff. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Nodal Operating Guide Revision Request (NOGRR) 025 (Agenda Item 12c)

- **NOGRR025 – Monitoring Programs for QSEs, TSPs and ERCOT – URGENT [ERCOT].**

Chief Executive Officer (CEO) Determination: Only the sixteen (16) reports (as identified in the July 30, 2009 Revised CEO Revision Request Review) should continue to be implemented prior to the Texas Nodal Market Implementation Date (TNMID) and the remaining reports (as identified in Appendix A of the July 30, 2009 Revised CEO Revision Request Review) should be delayed until after the TNMID.

Proposed Effective Date: As noted above, sixteen (16) reports will be effective upon TNMID. Remaining reports will be delayed until after the TNMID.

ERCOT Impact Analysis: Sixteen (16) reports can be delivered within the current schedule and budget of the Nodal program; increased development work if all reports are to be delivered prior to TNMID; post TNMID business and Information Technology (IT) staffing impacts are expected to support NOGRR025 reporting; system impacts to ERCOT Enterprise Data Warehouse (EDW), Energy Management System (EMS) and Market Information System (MIS); ERCOT business processes will be modified to accommodate this NOGRR; improves the management of grid operations and practices.

Revision Description: This NOGRR adds Section 9, Monitoring Programs for QSEs, TSPs, and ERCOT, to incorporate metrics to be monitored and reported on for QSEs, Resources, Transmission Service Providers (TSPs), and ERCOT by ERCOT.

Procedural History: NOGRR025 was posted on February 6, 2009. On March 27, 2009 the Operations Working Group (OWG) was in consensus to table NOGRR025. On April 23, 2009 OWG was in consensus to table NOGRR025 for one (1) month. On May 14, 2009 the



Reliability and Operations Subcommittee (ROS) unanimously voted to grant Urgent status to NOGRR025 and to table NOGRR025 until June. On June 11, 2009 ROS unanimously voted to table NOGRR025 for one (1) month. On June 30, 2009 ROS, via roll call vote, unanimously voted to recommend approval of NOGRR025 as amended by the June 30, 2009 Wholesale Market Subcommittee (WMS) comments. On July 9, 2009 TAC unanimously voted to table NOGRR025 for one (1) month. On August 6, 2009 TAC unanimously voted to table NOGRR025 for one (1) month. On September 3, 2009 TAC unanimously voted to recommend approval of NOGRR025 as amended by the August 25, 2009 WMS comments and as revised by TAC with the intent to continue to work with ERCOT on NOGRR025 implementation issues.

NOGRR025 was approved as part of the Consent Agenda (Agenda Item 2).

2010 Commercially Significant Constraints (CSCs) Recommendation (Agenda Item 12d)

Chairman Newton called for a vote on the 2010 CSCs as recommended by TAC. Mr. Espinosa moved to approve the 2010 CSCs as recommended by TAC. Dr. Patton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chairman Smitherman thanked Mr. Bruce and Isabel Flores of ERCOT for their work on the CSCs matter.

Finance & Audit (F&A) Committee Report (Agenda Item 13)

Mr. Karnei, F&A Committee Chairman, announced that the F&A Committee met earlier in the morning and considered in part the following matters:

- Internal Audit status report;
- Update on timeline for 2010 Internal Audit plan;
- Security of control room workstations;
- Selection and recommendation of independent auditors for financial statements and for Statement on Auditing Standards No. 70 (SAS 70);
- Recommendation of the 2010 base operating budget which would keep the System Administration Fee at the current level; and
- Recommendation of the acceptance of the 2008 401(k) Audit Report.

Mr. Karnei continued his Report later after a vote on the 2010 base operating budget and the 2008 401(k) Audit Report.

ERCOT 2010 Base Operating Budget (Agenda Item 13a)

Mr. Byone provided an overview of the ERCOT 2010 Base Operating Budget. The Board members discussed proposed reduction in planning services. Trip Doggett, ERCOT Senior Vice President and Chief Operating Officer, advised that ERCOT was comfortable with the proposed level of reduction of outside services. The Board members discussed the assumptions in cost reductions and fee rates for the projections.



Mr. Karnei announced that the F&A Committee recommended that the Board approve both the current, unchanged rate for the System Administration Fee and the proposed base operating budget for 2010 and moved to approve the current, unchanged rate for the System Administration Fee and the proposed base operating budget for 2010 as recommended by the F&A Committee. Mr. Espinosa seconded the motion. The motion passed by voice vote with one opposed (Don Ballard) and no abstentions.

Chairman Newton acknowledged the difficulties associated with balancing ERCOT's critical projects with ongoing budget constraints and thanked ERCOT staff for their budget reduction efforts.

Acceptance of 2008 401(k) Audit Report (Agenda Item 13b)

Mr. Karnei advised that there were no issues identified with the 2008 401(k) Audit Report, prepared by an external audit firm.

Mr. Karnei announced that the F&A Committee recommended that the Board accept the 2008 401(k) Audit Report and moved to accept the 2008 401(k) Audit Report as recommended by the F&A Committee. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Finance & Audit (F&A) Committee Report (Agenda Item 13) – Continued

Mr. Karnei continued his report on the F&A Committee meeting earlier in the morning and advised that the F&A Committee considered in part the following matters:

- Update of 2009 financial forecast; and
- Review of alternative investments for ERCOT and Market Participant collateral.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 14) and 2009 Annual Meeting Planning Discussion (Agenda Item 14b)

Mr. Armentrout, HR&G Committee Chairman, stated that the HR&G Committee met this morning and considered the following matters:

- Costs and logistics of the 2009 Annual Meeting in December;
- Compensation for Unaffiliated Directors;
- Update on flex schedules and telecommuting;
- ERCOT's strategic plan;
- Update on the Sunset Commission;
- Update on employee staffing levels; and
- Update on Unaffiliated Director succession planning.

The Board members discussed the 2009 Annual Meeting of ERCOT Members.



The Board members discussed the HR&G Committee's recommendation to continue the regular monthly Board meetings and to maintain the Board retreat as an optional meeting. The Board members also discussed the recent discontinuation of the Board Question and Answer (Q&A) session prior to the Board meetings and their use of the ERCOT staff contact list in lieu of the Q&A session. Dr. Patton thanked ERCOT staff for their assistance with regard to his questions prior to this month's Board meeting.

Update on Proposed Amendments to Bylaws (Agenda Item 14a)

Mr. Armentrout provided an update on the proposed amendments to the Bylaws. He advised that a proposed change to require the TAC Chair and Vice Chair to be employees of member companies or members would be modified so that it was not so restrictive. He noted that there may be additional clarifications related to legacy language regarding quorums and memberships.

2010 ERCOT Board Meeting Schedule (Agenda Item 15)

Mr. Karnei moved to approve the 2010 ERCOT Board meeting schedule as presented. Dr. Patton seconded the motion.

The Board members discussed the 2010 Board meeting schedule.

The motion passed by voice vote with one abstention (Mr. Fehrenbach).

Other Business (Agenda Item 16)

Mr. Kahn announced his resignation as President and CEO of ERCOT, effective November 1, 2009. He thanked the Board, the Market Participants, the ERCOT executive team and the ERCOT Staff for their support. Chairman Newton and Chairman Smitherman, on behalf of the Commission, thanked Mr. Kahn for his service to ERCOT during such a challenging time.

Executive Session (Agenda Items 18 to 24)

Chairman Newton adjourned the meeting to Executive Session at approximately 2:15 p.m. Chairman Newton reconvened the meeting to General Session at approximately 4:27 p.m.

Vote on Matters from Executive Session (Agenda Item 25)

Chairman Newton called for a vote on matters from Executive Session.

Michehl Gent moved to approve the Executive Session Contract Matter resolution in the Board materials noted as Agenda Item 21a as presented. Mr. Kahn seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Mr. Helton moved to approve the Executive Session Contract Matter resolution in the Board materials as Agenda Item 21b as amended. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Helton moved to approve the Executive Session Contract Matter resolution in the Board materials noted as Agenda Item 21c as presented. Mr. Gent seconded the motion. The motion passed by voice vote with one abstention (Dr. Patton).

Mr. Karnei moved to approve the Executive Session Contract Matter resolution in the Board materials noted as Agenda Item 24 related to the SAS 70 audit as recommended by the F&A Committee. Mr. Jenkins seconded the motion. The motion passed by voice vote with one opposed (Mr. Espinosa).

Mr. Karnei moved to approve the Executive Session Contract Matter resolution in the Board materials noted as Agenda Item 24 related to the financial statement audit as recommended by the F&A Committee. Mr. Jenkins seconded the motion. The motion passed by voice vote with two opposed (Messrs. Espinosa and Gent).

Future Agenda Items (Agenda Item 17)

Chairman Newton asked for requests for any new future agenda items. There were none.

Adjournment (Agenda Item 26)

Chairman Newton adjourned the meeting at approximately 4:30 p.m.

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

Michael G. Grable
Corporate Secretary