



**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
October 20, 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
Barker, Laurie	Office of Public Utility Counsel	Residential Consumer; Proxy for Don Ballard
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 (commencing with Agenda Item 5)
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:

Anderson, Kenneth	Public Utility Commission of Texas
Ashley, Kristy	Exelon
Bartley, Steve	CPS Energy



Bell, Wendell	TPPA
Brandt, Adrienne	Austin Energy
Brewster, Chris	City of Eastland
Brown, Deryl	Hudson Energy Services
Bruce, Mark	MJB Consulting
Capezzuti, Nancy	ERCOT
Cleary, Mike	ERCOT
Cochran, Seth	Sempra Trading
Crozier, Richard	Brownsville
Crowder, Calvin	AEP Service Corp.
Day, Betty	ERCOT
Doggett, Trip	ERCOT
Dreyfus, Mark	Austin Energy
Dumas, John	ERCOT
Fox, Kip	AEP
Gage, Theresa	ERCOT
Goff, Eric	Reliant
Goodman, Dale	ERCOT
Grable, Mike	ERCOT
Grendel, Steve	ERCOT
Grimes, Mike	Horizon Wind Energy
Headrick, Bridget	Public Utility Commission of Texas
Hobbs, Kristi	ERCOT
Iacobucci, Jason	ERCOT
Jones, Don	Reliant
Jones, Liz	Oncor
Jones, Randy	Calpine
King, Kelso	King Energy
Kleckner, Tom	ERCOT
Lane, Terry	LS Power
Leady, Vickie	ERCOT
Lloyd, Brian	Office of the Governor
McRae, Russ	Areva
Morgan, Richard	ERCOT
Morris, Sandy	LCRA
Nelson, Donna	Public Utility Commission of Texas
Ogelman, Kenan	CPS Energy
Oldham, Phillip	TIEC
Pieniazek, Adrian	NRG
Roark, Dottie	ERCOT
Ryall, Jean	Constellation Energy
Saathoff, Kent	ERCOT
Soutter, Mark	Invenergy
Troutman, Jennifer	AEP Energy Partners
Walker, Mark	NRG Texas

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

Jan Newton, Chairman, called the meeting to order at approximately 10:08 a.m., pointed out the Antitrust Admonition and determined a quorum was present. Barry T. Smitherman, Public Utility Commission of Texas (Commission) Chairman, called to order an open meeting of the Commission to consider matters which have been duly posted with the Texas Secretary of State for October 20, 2009.

Consent Agenda (Agenda Item 2)

Chairman Newton noted that a request had been made to remove Protocol Revision Request (PRR) 811 from the Consent Agenda. Nick Fehrenbach requested removal of PRR817 from the Consent Agenda. Chairman Newton also noted that additional materials related to PRR831 had been distributed to the Board members earlier in the meeting.

The following items were handled in the consent agenda:

- Agenda Item 3 – Approval of September 15, 2009 Minutes;
- Agenda Item 12a – Protocol Revision Requests (PRR) 823, 829 and 831; and
- Agenda Item 12b – Nodal Protocol Revisions (NPRRs) 189, 191 and 193.

Bob Helton moved to approve the remaining items on the Consent Agenda. Miguel Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Approval of September 15, 2009 Minutes (Agenda Item 3)

The September 15, 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:

- ERCOT's 2009 Operating Budget; and
- An update on the two, unrelated power outages which occurred at the Met Center on October 7 and 8, 2009 (due to a independent contractor technician error during scheduled maintenance activities and the failure of the Met Center's uninterruptible power supply unit, respectively).

Chairman Newton announced that this was Mr. Kahn's last Board meeting, due to his resignation as ERCOT President and CEO, effective November 1, 2009. She thanked him for his service both as a Board member and as CEO.



Financial Summary Report (Agenda Item 5)

Chairman Newton invited comments or questions regarding the Financial Summary Report. Mike Petterson, ERCOT Controller, responded to Chairman Smitherman and Michehl Gent's questions regarding 2009 budget variances, projections and related timing matters. The discussion regarding the Financial Summary Report continued later in the meeting.

Market Operations Report (Agenda Item 6)

Chairman Newton invited comments or questions regarding the Market Operations Report. Betty Day, ERCOT Director of Markets, responded to Mark Armentrout's questions regarding balancing energy usage and costs and to A.D. Patton's questions regarding the test environment and contingency dollars related to advanced metering.

Financial Summary Report (Agenda Item 5) – Continued

Chairman Smitherman inquired about ERCOT not being required to make payments under ERCOT's term loan agreement in 2009 and about the interest on ERCOT's term loan agreement and revolving credit facilities. Cheryl Yager, ERCOT Treasurer, responded that the interest rates are the same between the term loan agreement and the revolving credit facilities. She confirmed that the term loan agreement was amended last fall so that no payments are due in 2009, but that voluntary payments may be made without penalty. She answered additional questions related to ERCOT's debt. She added that a liquidity update would be provided to the Finance and Audit (F&A) Committee next month.

IT Service Availability Metrics Report (Agenda Item 7)

Chairman Newton invited comments or questions regarding the IT Service Availability Metrics Report. Richard Morgan, ERCOT Vice President and Chief Information Officer, briefed the Board on a working issue with the grid management system and responded to various questions by Board members regarding the IT Service Availability Metrics Report.

Grid Operations and Planning Report (including Notification regarding Reliability Must Run (RMR) Agreement for Permian Basin Unit 6 (Agenda Item 8)

Chairman Newton invited comments or questions regarding the Grid Operations and Planning Report. Kent Saathoff, ERCOT Vice President of Systems Planning and Grid Operations, responded to various questions by Board members related to significant system incidents in August 2009 and wind output. Chairman Smitherman requested that the Monthly Peak Demand and Monthly Minimum Demand slides in the Grid Operations and Planning Report be updated to reflect September 2009 data. Mr. Gent inquired about the status of the low voltage ride-through study. Mr. Saathoff responded that an update would be provided to the Board at the November 2009 Board meeting.



Local Congestion and Out of Merit Energy (OOME) (Agenda Item 8a)

Mr. Saathoff provided the Board with a Local Congestion and OOME presentation and responded to various questions regarding OOME from the Board members.

Non-Spinning Reserve (NSRS) Cost Analysis – PRR776 Implementation (Agenda Item 8b)

John Dumas, ERCOT Director of Operations Support, provided the Board with a NSRS Cost Analysis – PRR776 Implementation presentation and responded to various questions from the Board members. Chairman Smitherman asked that the Board be presented at its next meeting with potential scenarios if natural gas prices rise.

Special Nodal Program (SNP) Committee Report (Agenda Item 9)

Mr. Helton, SNP Committee Chairman, reported that the SNP Committee met on October 19, 2009, and considered the following matters:

- Executive Session matters, including contract matters;
- Nodal Program update;
- Protocol traceability update;
- Market readiness update; and
- Financial review.

Nodal Update including Nodal Strategic Plan Timeline (Agenda Item 10)

Mike Cleary, ERCOT Senior Vice President and Chief Technology Officer, provided the Board with an update on the Nodal Program. Chairman Newton requested that the Nodal Update include the severity or likelihood associated with each noted risk. Mr. Armentrout requested that Mr. Morgan send him and any other interested Board members a before-and-after view of the new Data Centers and configurations, illustrating the geography, vendors and equipment.

Mr. Petterson provided the monthly financial review for the Nodal Program.

Lunch (Agenda Item 11)

For scheduling convenience, Chairman Newton adjourned the meeting for lunch at approximately 12:15 p.m. and reconvened it at approximately 1:04 p.m.

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

Chairman Newton invited Mark Bruce, TAC Chair, to provide a report on recent TAC activities.

a. Protocol Revision Requests (PRRs) (Agenda Item 12a)

PRR823



PRR823 – Clarifying Language for Resource 12-Month Rolling Planned Outage Schedule Format and Reporting Requirement [Calpine].

Proposed Effective Date: December 1, 2009

CEO Determination: No opinion on whether or not PRR823 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; no impact to ERCOT business processes or functions; no impact to grid operations or practices.

Revision Description: This PRR clarifies language regarding the requirement for Resource Entities to input a 12-month rolling schedule for Outages in the Outage Scheduler application.

Procedural History: PRR823 was posted on July 14, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of PRR823 as amended by the July 17, 2009 CenterPoint Energy comments. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for PRR823 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of PRR823 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

PRR823 was approved as part of the Consent Agenda (Agenda Item 2).

PRR829

PRR829 – Total Transmission Capacity Correction [ERCOT] – URGENT.

Proposed Effective Date: November 1, 2009

CEO Determination: No opinion on whether or not PRR829 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; no impact to ERCOT business processes or functions; no impact to grid operations or practices.

Revision Description: This PRR replaces the acronym Total Transfer Capability (TTC) with Total Transmission Capacity (TTC), defined in Section 2.2, Acronyms.

Procedural History: PRR829 was posted on September 3, 2009. On September 10, 2009 PRS voted to grant Urgent status to PRR829 via PRS email vote. On September 17, 2009 PRS voted to recommend approval of PRR829 as submitted with one (1) abstention from the Municipal Market Segment. On October 1, 2009 TAC unanimously voted to recommend approval of PRR829 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

PRR829 was approved as part of the Consent Agenda (Agenda Item 2).

PRR831

PRR831 – Annual TCR Auction Amount [ERCOT] – URGENT.

Proposed Effective Date: November 1, 2009

CEO Determination: No opinion on whether or not PRR831 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 revision request; no impact to grid operations or practices.

Revision Description: This PRR revises the amount of TCRs sold in the annual TCR auction from 40% to 30%.

Procedural History: PRR831 was posted on September 9, 2009. On September 11, 2009 PRS voted to grant Urgent status to PRR831 via PRS email vote. September 17, 2009 PRS voted to recommend approval of PRR831 as revised by PRS with two (2) opposing votes from the Independent Generator and IPM Market Segments and three (3) abstentions from the IOU, IPM, and Consumer Market Segments. On October 1, 2009 TAC unanimously voted to recommend approval of PRR831 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

PRR831 was approved as part of the Consent Agenda (Agenda Item 2).

PRR811

PRR811 – Real Time Production Potential [Wind Coalition].

Proposed Effective Date: December 1, 2009

CEO Determination: No opinion on whether or not PRR811 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; no impact to ERCOT business processes or functions; no impact to grid operations or practices.

Revision Description: This PRR establishes a requirement for Wind-powered Generation Resources (WGRs) to telemeter a Real Time signal indicating the Real Time Production Potential (RTPP) which will be a function of wind and turbine availability at the time.

Procedural History: PRR811 was posted on April 17, 2009. On May 21, 2009 the Protocol Revision Subcommittee (PRS) unanimously voted to table PRR811 until the June 18, 2009 PRS meeting. On June 18, 2009 PRS voted to table PRR811. There was one (1) opposing vote from the Independent Retail Electric Provider (IREP) Market Segment. On July 23, 2009 PRS unanimously voted to recommend approval of PRR811 as amended by the July 22, 2009 Wholesale Market Subcommittee (WMS) comments. On August 25, 2009 PRS voted to recommend approval of PRR811 as revised by PRS. There was one (1) opposing vote from the Independent Generator Market Segment. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for PRR811 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of PRR811 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

Dr. Patton expressed concerns regarding the absence of specific methodology in PRR811. **Dr. Patton moved to remand PRR811 to TAC to request that specific methodology be included as part of the PRR. Mr. Gent seconded the motion.** The Board members, Mr. Bruce and ERCOT staff discussed the issues related to methodology and ERCOT's role. **The motion passed by unanimous voice vote with no abstentions.**



PRR817

PRR817 – Cease Late Payment Charges for Defaulted Entities [ERCOT].

Proposed Effective Date: November 1, 2009

CEO Determination: No opinion on whether or not PRR817 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 modifies language to enable ERCOT to cease charging late fees to defaulting Entities prior to the initiation of the Uplift process, provided that ERCOT has determined that the recovery of late fees from the defaulting Entity is unlikely and clarify how much security may be held back to be used to pay minor Final, True Up and other Invoices as they become due and payable to reduce the administrative burden to the ERCOT market of processing short payments.

Procedural History: PRR817 was posted on June 25, 2009. On July 23, 2009 PRS unanimously voted to recommend approval of PRR817 as submitted. On August 25, 2009 PRS unanimously voted to endorse and forward the July 23, 2009 PRS Recommendation Report and Impact Analysis for PRR817 to TAC. On September 3, 2009 TAC unanimously voted to recommend approval of PRR817 as recommended by PRS in the August 25, 2009 PRS Recommendation Report.

Mr. Fehrenbach noted that he had requested that PRR817 be pulled from the Consent Agenda due to concerns regarding not charging late fees to defaulting entities and the potential effect on any potential recovery through bankruptcy or litigation. He added that, after discussions with ERCOT staff, his concerns were addressed satisfactorily. **Mr. Fehrenbach moved to approve PRR817. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

PRR822

PRR822 – Removing Access to Restricted Computer Systems, Control Systems and Facilities – URGENT [TRE].

Proposed Effective Date: January 1, 2010

CEO Determination: No opinion on whether or not PRR822 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 modifications to ERCOT business processes regarding identify and access management; no impact to grid operations or practices.

Revision Description: This PRR defines the requirement for all Market Participants and ERCOT to have processes in place for removing access to restricted computer systems, control systems, and Facilities upon termination or where access is no longer required. This PRR also defines the reporting requirement for incidents where improper access by terminated employees, contractors, consultants and affiliates has occurred.

Procedural History: PRR822 was posted on July 14, 2009. On July 16, 2009 the motion to grant PRR822 Urgent status failed via PRS email vote. On July 23, 2009 PRS unanimously



voted to grant PRR822 Urgent status and to refer PRR822 to the Retail Operations Subcommittee (ROS). On September 22, 2009 PRS voted to recommend approval of PRR822 as amended by the September 21, 2009 Luminant comments and as revised by PRS with two (2) abstentions from the Independent Generator Market Segment. On October 1, 2009 TAC voted to recommend approval of PRR822 as recommended by PRS in the September 22, 2009 PRS Recommendation Report and as revised by TAC. There were seven (7) abstentions from the Independent Generator, IREP, Investor Owned Utility (IOU) – three (3), and Independent Power Marketer (IPM) – two (2) Market Segments.

Dr. Patton directed the Board's attention to a revised version of PRR822 with ERCOT staff's changes distributed to the Board earlier in the meeting. **Dr. Patton moved to approve PRR822 as modified by ERCOT staff. Mr. Gent seconded the motion.**

Mr. Karnei noted that, although he supported the concept, he would oppose the vote due to his concerns regarding the details and outstanding questions which needed to be resolved. He continued that PRR822 should be remanded to TAC. Mr. Fehrenbach expressed his concern about the lack of details in PRR822. Charles Jenkins mentioned that he shared some of Mr. Karnei's concerns and that PRR822 could have potential unintended consequences. He added that he would consider changes to physical access rather than to remand to TAC. Mr. Helton agreed with Mr. Jenkins. Dr. Patton noted that he would consider accepting a friendly amendment to modify the PRR so that it only applies to cyber issues.

Chairman Newton deferred the vote until the Board members could consider alternate language for PRR822. Laurie Barker inquired whether the Texas Regional Entity (Texas RE) had proposed language for PRR822. Mr. Bruce response that the Texas RE requested that physical facilities be included in PRR822. Chairman Newton reminded the Board that this request was initiated by the Board.

The discussion of PRR822 was continued later in the meeting.

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

NPRR189

NPRR189 – Ancillary Service Deployment Clarification [ERCOT].

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no staffing impacts; no system changes required; no impacts to business functions; no impact to grid operations and practices.

Revision Description: This NPRR clarifies the difference between Ancillary Service capacity deployment and energy deployment and how it affects Security Constrained Economic Dispatch (SCED).

Procedural History: NPRR189 was posted on July 24, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR189 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report as amended by the September 17, 2009 ERCOT comments and



Impact Analysis for NPRR189 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of NPRR189 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

NPRR189 was approved as part of the Consent Agenda (Agenda Item 2).

NPRR191

NPRR191 – Synchronization of PRR819, Changes to Support Revisions to the PUCT POLR and Expedited Switch Rules [TX SET].

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no staffing impacts; no system changes required; no impacts to business functions; no impact to grid operations and practices.

Revision Description: This NPRR synchronizes the Nodal Protocols with PRR819 which provides that ERCOT shall identify, for 60 days, Electric Service Identifiers (ESI IDs) acquired in a Mass Transition to a POLR so that Customers that switch from the POLR are not charged for an out-of-cycle meter read and it will also implement changes necessary to expedite the customer switching process.

Procedural History: NPRR191 was posted on July 30, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR191 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for NPRR191 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of NPRR191 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.

NPRR191 was approved as part of the Consent Agenda (Agenda Item 2).

NPRR193

NPRR193 – Application of Nodal Implementation Surcharge in Verifiable Costs [WMS].

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: No opinion on whether or not NPRR193 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 functions can accommodate this revision request; no impact to grid operations and practices.

Revision Description: This NPRR allows Resources to include in their verifiable costs the Nodal Implementation Surcharge for periods while ramping up from breaker close to Low Sustained Limit (LSL).

Procedural History: NPRR193 was posted on August 17, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR193 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for NPRR193 to TAC. On October 1, 2009 TAC unanimously voted to recommend approval of NPRR193 as recommended by PRS in the September 17, 2009 PRS Recommendation Report.



NPRR193 was approved as part of the Consent Agenda (Agenda Item 2).

NPRR174

NPRR174 – FIP Modifications in Verifiable Startup and Minimum Energy Cost and Recovery of Exceptional Fuel Costs During RUC Intervals [WMS].

Proposed Effective Date: Upon Texas Nodal Market Implementation.

Chief Executive Officer (CEO) Determination: No opinion on whether or not NPRR174 is necessary prior to the Texas Nodal Market Implementation Date.

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 modifies the verifiable Startup Cost and verifiable minimum energy cost calculation to include a \$0.50 adder for the FIP. This NPRR also allows through the dispute process for the recovery of the difference between the RUC Guarantee based on the actual price paid for delivered natural gas and a fuel price of FIP*1.X.

Procedural History: NPRR174 was posted on April 14, 2009. On April 23, 2009 the Protocol Revision Subcommittee (PRS) voted to refer NPRR174 to the Wholesale Market Subcommittee (WMS) for further discussion on how to settle the disputed charges with one (1) abstention from the Independent Retail Electric Provider (IREP) Market Segment. On June 18, 2009 PRS unanimously voted to recommend approval of NPRR174 as submitted. On July 23, 2009 PRS unanimously voted to endorse and forward the PRS Recommendation Report and Impact Analysis for NPRR174 to TAC. On August 6, 2009 TAC unanimously voted to table NPRR174. On September 3, 2009 TAC unanimously voted to table NPRR174 for one (1) month. On October 1, 2009 a motion to reject NPRR174 failed with five (5) votes in favor from the Consumer [three (3)] and IREP [two (2)] Market Segments and one (1) abstention from the IREP Market Segment. The remaining TAC votes were in opposition to the motion. TAC then voted to recommend approval of NPRR174 as amended by the September 2, 2009 NRG Texas Power and City of Eastland comments. There were two (2) abstentions from the Consumer and IREP Market Segments.

Dr. Patton moved to approve NPRR174. Mr. Kahn seconded the motion. The Board members discussed the index included in NPRR174. **The motion passed by voice vote with one opposed (Mr. Fehrenbach) and no abstentions.**

NPRR195

NPRR195 – Removal of McCamey Congestion Management from Nodal Protocols [ERCOT].

Proposed Effective Date: Upon Texas Nodal Market Implementation.

CEO Determination: Necessary prior to the Texas Nodal Market Implementation Date.

ERCOT Impact Analysis: No budgetary impact; no staffing impacts; no system changes required; no impacts to business functions; no impact to grid operations and practices.



Revision Description: This NPRR removes the unique congestion management procedures for the McCamey Area from the Nodal Protocols, consistent with zonal Protocol revisions made pursuant to PRR810, Remove McCamey Congestion Management, which was approved by the ERCOT Board on August 18, 2009. This NPRR removes all mention of McCamey Flowgate Rights (MCFRIs) while leaving intact the description of Flowgate Rights (FGRs) and related Settlement equations.

Procedural History: NPRR195 was posted on August 19, 2009. On August 25, 2009 PRS unanimously voted to recommend approval of NPRR195 as submitted. On September 17, 2009 PRS unanimously voted to endorse and forward the August 25, 2009 PRS Recommendation Report and Impact Analysis for NPRR195 to TAC. On October 1, 2009 TAC voted to recommend approval of NPRR195 as recommended by PRS in the September 17, 2009 PRS Recommendation Report with one (1) abstention from the Independent Generator Market Segment.

Mr. Armentrout moved to approve NPRR195. Dr. Patton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

2010 Closely Related Element (CRE) Recommendation (Agenda Item 12c)

Mr. Helton moved to approve the 2010 CRE recommendation. Andrew Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

PRR822 (Agenda Item 12a) – Continued

The Board members discussed the proposed modifications to the language of PRR822.

Dr. Patton and Mr. Gent accepted the proposed modifications to the language of PRR822. Dr. Patton moved to approve PRR822 as modified. Mr. Gent seconded the motion. Andrew Dalton proposed a friendly amendment to conform language in subparagraph 7 of PRR822 to the defined term of “Restricted Systems.” Dr. Patton and Mr. Gent accepted Mr. Dalton’s friendly amendment. The motion as amended passed by voice vote with two opposed (Messrs. Fehrenbach and Karnei) and one abstention (Mr. Cox).

Seasonal Analysis of PRR763 (Agenda Item 12d)

Mr. Dumas provided the Board with a seasonal analysis of PRR763. Chairman Smitherman requested that, in the future, the Board be provided with a graph like the Histograms of Day-Ahead Forecast Error on page 5 of the presentation using an 80-percent probability of exceedance metric. Mr. Dumas responded to Board members’ questions regarding the determination and use of 80-percent probability of exceedance metric. Mr. Bruce provided TAC’s perspective on PRR763.

Chairman Newton called for a brief recess of the meeting at approximately 2:23 p.m. and reconvened the meeting at approximately 2:30 p.m.



Finance & Audit (F&A) Committee Report (Agenda Item 13) & Approval of F&A Committee Charter and Structure (Agenda Item 13a)

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

- Annual review of the F&A Committee Charter which will continue to be reviewed at the F&A Committee meeting for approval in November 2009;
- Internal Audit status report;
- EthicsPoint update;
- Review of timeline for 2010 Internal Audit plan;
- Quarterly private discussion with Chief Audit Executive;
- Quarterly investment update;
- Credit briefing on Potential Future Exposure which may be discussed with the Board in November 2009; and
- Semi-annual credit report and review and approval of Credit Work Group charter and membership requirements.

He noted that the F&A Committee was not presenting any action items for the Board at this meeting.

Human Resources & Governance (HR&G) Committee (Agenda Item 14)

Mr. Armentrout, HR&G Committee Chairman, reported that the HR&G Committee met earlier in the morning and considered in part the following matters:

- In Executive Session
 - CEO compensation;
 - Interim CEO compensation;
 - Job requirements for the new Unaffiliated Director;
 - Job requirements for the CEO;
 - Ratification of the Interim Chief Financial Officer; and
 - Review of the management and officer succession planning.

Discussion regarding Possible Recommendations on Proposed Amendments to Bylaws (Agenda Item 14)

Mr. Armentrout further reported that the HR&G Committee discussed the proposed amendments to the Bylaws. He advised that the proposed Bylaws amendments would be submitted to the Board for approval at the November 2009 meeting so that the Corporate Members may vote on this matter at the Annual Meeting in December 2009. Mr. Armentrout reviewed two proposed new changes with the Board members. Mr. Grable also addressed one of Mr. Gent's proposed changes. Chairman Newton requested that the proposed changes be outlined in a memorandum as had been done in previous months. Mr. Grable agreed to do so.



Ratification regarding Benefits Committee (Agenda Item 14b)

Mr. Armentrout reported that the HR&G Committee considered the ratification regarding the Benefits Committee. Mr. Grable and Ms. Capezzuti discussed the composition of the Benefits Committee. **Mr. Armentrout moved to ratify the Benefits Committee. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

Discussion regarding Possible Recommendations on Proposed Amendments to Bylaws (Agenda Item 14) -- Continued

The Board members discussed the procedural process of the Board recommending the proposed Bylaws to Corporate Members for approval and, assuming the Corporate Members approve them, then submitting the Bylaws for approval to the Commission, FERC and NERC. The Board members also discussed the possibility of the Texas RE becoming a separate legal entity from ERCOT and the effect on the delegation agreement between ERCOT and Texas RE. Chairman Newton requested that Mr. Grable and Susan Vincent, Legal Director for the Texas RE, develop a proposed plan regarding the Bylaws and the delegation agreement. The Board members and Commissioner Donna Nelson discussed possibilities for coordination of the Bylaws approval by the Corporate Members and FERC.

Human Resources & Governance (HR&G) Committee (Agenda Item 14) -- Continued

Mr. Armentrout continued to report that the HR&G Committee considered at its earlier meeting the following matters:

- External relations update; and
- Sunset review update.

Other Business (Agenda Item 15)

Mr. Grable reported about new jurisdictional issues at the federal level with the U.S. Commodities Futures Trading Commission (CFTC) and possible oversight of electricity contracts.

Chairman Newton inquired about the recent public announcement of the Tres Amigas project by New Mexico Governor Bill Richardson and requested that the Board be provided with updates on this project. Mr. Grable and Mr. Cleary responded that ERCOT had not been approached about this project and that a meeting was being scheduled with Phil Harris and others involved in the project to discuss ERCOT's potential involvement.

Future Agenda Items (Agenda Item 16)

Chairman Newton invited discussion on future agenda items. The following items were discussed:



- 2011 ERCOT Strategic Plan to be presented during 2010 year and to be aligned with the development of the 2010 budget, requested by Chairman Newton.

Executive Session (Agenda Items 17 to 24)

Chairman Newton adjourned the meeting to Executive Session at approximately 3:03 p.m. Chairman Newton reconvened the meeting to General Session at approximately 4:37 p.m.

Vote on Matters from Executive Session (Agenda Item 25)

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

Mr. Armentrout moved to ratify Roy Bowman as ERCOT's Interim Chief Financial Officer as presented in the resolution in Board materials noted as Agenda Item 19a. Miguel Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Armentrout moved to approve the compensation of ERCOT's Interim CEO as discussed in Executive Session. Mr. Helton 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 21b. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 26)

Chairman Newton adjourned the meeting at approximately 4:40 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