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PUBLIC UTILITY COMMISSION
OF TEXAS

PETITION OF THE ELECTRIC
RELIABILITY COUNCIL OF TEXAS
FOR APPROVAL OF AMENDED AND
RESTATED BYLAWS

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PUBLIC UTILITY COMMISSION
OF TEXAS

**ERCOT'S SUPPLEMENTAL INFORMATION TO PETITION
FOR APPROVAL OF AMENDED AND RESTATED BYLAWS**

COMES NOW, the Electric Reliability Council of Texas, Inc. (ERCOT) and hereby files *ERCOT's Supplemental Information to Petition for Approval of Amended and Restated Bylaws* to provide additional information concerning Bylaw revisions relating to the Texas Regional Entity (Texas RE).

Specifically, ERCOT clarifies that the highlighted sections in Attachment A to the *Petition of the Electric Reliability Council of Texas for Approval of Amended and Restated Bylaws* (ERCOT's Petition), filed on January 7, 2010, indicate language that exists in the Bylaws specifically to govern the Texas RE as an independent division within ERCOT. ERCOT respectfully requests that the Commission approve the striking of the highlighted language contingent upon: (1) Federal Energy Regulatory Commission (FERC) action to terminate the existing Delegation Agreement structure that recognizes Texas RE as an independent division of ERCOT; and (2) Texas RE taking the steps necessary for Texas RE to exist as an entity that is fully independent of ERCOT.

I. Background

In 2007, Texas RE was established as an independent division of ERCOT primarily to perform duties assigned to it pursuant to a Delegation Agreement between Texas RE and North American Electric Reliability Corporation (NERC) as approved by FERC. ERCOT notes that there is currently an effort underway to separate Texas RE from ERCOT and establish Texas RE as an entity that is fully independent of ERCOT. Consistent with this effort, the ERCOT Board and Corporate Members approved the deletion of the highlighted Texas RE-related language from the Bylaws, contingent upon the two actions identified above.

II. Summary of Texas RE-Related Bylaw Language

The Texas RE-related Bylaw language proposed to be conditionally struck from Attachment A to ERCOT's Petition briefly includes the following:

- a. Article 1 – Offices: Section 1.3 requiring ERCOT to maintain separate facilities or a separate office within its existing facilities from Texas RE that will function independently to develop and enforce federal mandatory reliability standards in the ERCOT Region.
- b. Article 2 – Definitions: Definitions for “Delegated Authority,” “Federal Act,” “NERC,” “Reliability Standards,” and “Texas Regional Entity Division.”
- c. Article 3 – Members: Section 3.3(b) requiring Board Members to share information at Texas RE's request to further the exempt purposes or activities of Texas RE, consistent with the confidentiality rules of the Commission and NERC.
- d. Article 3 – Members: Section 3.7(e) removing language stating that the Texas RE Standards Development Process can provide an exception to the quorum requirements for Corporate Member meetings.
- e. Article 4 – Board of Directors: Section 4.6(b) providing notice requirements for Regional Standards Committee (RSC) meetings.
- f. Article 4 – Board of Directors: Section 4.10 prohibiting the ERCOT Board from delegating the management and oversight of Texas RE.
- g. Article 6 – Texas Regional Entity: Article 6 with sections relating to Texas RE's responsibilities and duties, independence from ERCOT, management, employees, and evaluation of Texas RE performance.
- h. Article 7 – Chief Executive Officers: Section 7.1 prohibiting Texas RE's Chief Compliance Officer (CCO), employees, contractors, and advisors from reporting to the ERCOT CEO.
- i. Article 7 – Chief Executive Officers: Section 7.2 providing the role and responsibilities of Texas RE's CCO.
- j. Article 8 – Officers: Sections 8.1 and 8.2 providing that Texas RE's CCO is an Officer of ERCOT and that the CCO office cannot be held by an officer holding another office and setting forth the selection requirements for Texas RE's CCO.
- k. Article 10 – Expenses, Books, and Records: Section 10.3 providing that Texas RE will have a separate budget from ERCOT for every fiscal year in accordance with the Delegation Agreement.
- l. Article 13 – Amendments: Section 13.1 (d)(4) providing that FERC and NERC permission to amend the Bylaws must be obtained before an amendment is effective if the Delegation Agreement requires permission from FERC and NERC.

III. Notice

ERCOT will provide a copy of *ERCOT's Supplemental Information to Petition for Approval of Amended and Restated Bylaws* by:

- e-mail to ERCOT's e-mail exploder lists for the ERCOT Board, Technical Advisory Committee (TAC), and all TAC subcommittees;
- posting on ERCOT's web site; and
- provide a copy of ERCOT's Supplemental Information by first-class U.S. mail or facsimile to parties in Docket No. 31824 *Application of the Electric Reliability Council of Texas for Approval of the ERCOT System Administration Fee* and parties to this Docket No. 37852.

IV. Prayer

In addition to approving the Bylaw revisions identified in ERCOT's Petition, ERCOT respectfully requests that the Commission issue an order approving the deletion of the Texas RE-related language described above from the Bylaws contingent upon FERC's termination of the existing ERCOT-TRE Delegation Agreement that recognizes Texas RE as an independent division of ERCOT.

Respectfully submitted,



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ATTORNEYS FOR THE ELECTRIC
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CERTIFICATE OF SERVICE

I am an attorney for ERCOT and certify that a copy of this document was served in this proceeding on January 27, 2010, in the following manner: by facsimile or first-class U.S. mail.

