



**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  
February 16, 2010 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:

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility
Dalton, Andrew	Valero Services, Inc.	Industrial Consumer (beginning with Agenda Item 4)
Doggett, Trip	ERCOT	Interim President and Chief Executive Officer
Dreyfus, Mark	Austin Energy	Municipal (Proxy for Clifton Karnei)
Espinosa, Miguel		Unaffiliated (beginning with Agenda Item 4)
Fehrenbach, Nick	City of Dallas	Commercial Consumer
Gent, Michehl		Unaffiliated, Board Vice Chairman
Givens, Sheri	Office of Public Utility Counsel	Residential Consumer
Helton, Bob	International Power America Services	Independent Generator
Newton, Jan		Unaffiliated, Board Chairman
Patton, A.D.		Unaffiliated
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider

Staff and Guests:

Bell, Wendell	TPPA
Bevill, Rob	Green Mountain Energy
Bowman, Roy	ERCOT
Brandt, Adrienne	Austin Energy
Brewster, Chris	City of Eastland
Burkhalter, Robert	ABB
Cleary, Mike	ERCOT



Cochran	Sempra Trading
Crozier, Richard	City of Brownsville
Day, Betty	ERCOT
Delenela, Ann	ERCOT
Drost, Wendell	Areva
Fox, Kip	AEP
Gage, Theresa	ERCOT
Goff, Eric	Reliant
Grable, Mike	ERCOT
Headrick, Bridget	Public Utility Commission of Texas
Hobbs, Kristi	ERCOT
Jones, Brad	Luminant
Jones, Liz	Oncor
King, Kelso	King Energy Consulting
Leady, Vickie	ERCOT
Medina, Eric	ERCOT
Morgan, Richard	ERCOT
Morris, Sandy	LCRA
Nelson, Donna	Public Utility Commission of Texas
Nikazm, Tamila	Austin Energy
Ogelman, Kenan	CPS Energy
Oldham, Phillip	KEC
Prochazka, Scott	CenterPoint Houston Electric (Segment Alternate)
Reid, Walter	Wind Coalition
Roark, Dottie	ERCOT
Roe, Evan	Public Utility Commission
Saathoff, Kent	ERCOT
Sandidge, Clint	Sempra Energy Solutions
Seymore, Cesar	Suez
Trout, Seth	Customized Energy Solutions
Troutman, Jennifer	AEP Energy Partners
Walker, Mark	NRG Texas (Segment Alternate)
Whittle, Brandon	DB Energy Trading (Segment Alternate)
Wullenjohn, Bill	ERCOT

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

Jan Newton, ERCOT Board Chairman, called the meeting to order at approximately 10:10 a.m., pointed out the Antitrust Admonition and determined a quorum was present.

**Consent Agenda (Agenda Item 2)**

Nick Fehrenbach requested the removal of Nodal Protocol Revision Request (NPRR) 201 from the Consent Agenda.



The following items were handled in the Consent Agenda:

- Agenda Item 3a – Approval of January 18, 2010 Joint Nominating Committee and Board Meeting Minutes;
- Agenda Item 3b – Approval of January 19, 2010 Board of Directors Meeting Minutes;
- Agenda Item 11a – NPRRs 199 and 200; and
- Agenda Item 11b – System Change Request (SCR) 755.

**Bob Helton moved to approve the above-noted items on the Consent Agenda. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Approval of Minutes – Minutes of January 18, 2010 Joint Nominating Committee and Board Meeting and Minutes of January 19, 2010 Board of Directors Meeting (Agenda Item 3, 3a and 3b)**

The minutes of the January 18, 2010 Joint Nominating Committee and Board Meeting and of the January 19, 2010 Board of Directors Meeting were both approved as part of the Consent Agenda under Agenda Item 2.

**Chief Executive Office (CEO) Update (Agenda Item 4)**

Trip Doggett, ERCOT Interim President and CEO, reviewed the CEO Update presentation with the Board. The Board, Mike Grable, ERCOT Vice President and General Counsel, and Mike Cleary, ERCOT Senior Vice President and Chief Technology Officer, discussed matters presented in the CEO Update.

**Operating Reports**

**Financial Summary Report (Agenda Item 5)**

Chairman Newton invited comments or questions regarding the Financial Summary Report, but there were none.

**Market Operations Report (Agenda Item 6)**

Chairman Newton invited comments or questions regarding the Market Operations Report, but there were none.

**Information Technology (IT) Service Availability Metrics Report (Agenda Item 7)**

Chairman Newton invited comments or questions regarding the IT Service Availability Metrics Report, but there were none.



## **Grid Operations and Planning Report (Agenda Item 8 and 8a)**

Chairman Newton invited comments or questions regarding the Grid Operations and Planning Report. Mr. Saathoff responded to Board members' various questions regarding the Grid Operations and Planning Report. Michehl Gent congratulated Mr. Saathoff on the day-ahead load forecast performance. Mr. Doggett responded to Mr. Dalton's question regarding the driver of wind variation on different days on the "January 2010: Actual Wind Output w/Curtailment Added Back vs. Wind Day-Ahead Resource Plan Based on AWS Forecast for All Hours" slide and offered to provide a review of the results. Chairman Newton requested that the entire Board be provided with such a review. The Board members continued their discussion of the Grid Operations and Planning Report.

## **ERCOT Sensitivity to Gas Curtailment (Agenda Item 8a)**

Mr. Saathoff provided a presentation to the Board on ERCOT Sensitivity to Gas Curtailment. Mr. Saathoff responded to Board members' questions regarding the presentation, including the event of January 28, 2010. Mr. Crowder commended ERCOT staff on their handling of this non-emergency event and their efforts to manage these events better.

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

Mr. Helton, SNP Committee Chairman, reported that the SNP Committee met during the prior day and viewed the Macomber Map Nodal Functionality Demonstration.

Mr. Helton further reported that the SNP Committee considered in part the following matters:

- Nodal Program status;
- Program risks;
- Market readiness update; and
- Financial review.

## **Nodal Update (Agenda Item 10)**

Mr. Cleary briefed the Board on the progress of the Nodal Program. Mr. Cleary responded to the Board members' various questions regarding the Nodal Update.

## **Technical Advisory Committee (TAC) Report (Agenda Items 11, 11a and 11b)**

Chairman Newton invited Brad Jones, TAC Chair, to provide a report on recent TAC activities.

## **NPRRs (Agenda Item 11a)**

### **NPRR 169**

**NPRR169 – Clarify the Calculation and Posting of LMPs for the Load Zone and LMPs for each Hub [TPTF].**



**Proposed Effective Date:** Post Texas Nodal Market Implementation Date.

**CEO Determination:** Not necessary prior to the Texas Nodal Market Implementation Date.

**ERCOT Impact Analysis:** To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.

**Revision Description:** This NPRR Clarifies language that specifies the calculation and posting of LMPs for the Load Zone and “LMPs for each Hub.”

**Procedural History:** NPRR169 was posted on December 16, 2008. On December 18, 2008, the Protocol Revision Subcommittee (PRS) unanimously voted to waive notice to consider NPRR169. Then, PRS unanimously voted to recommend approval of NPRR169 as amended by the December 16, 2008 CPS Energy comments and as revised by PRS. The Independent Generator Market Segment was not present for the votes. On January 22, 2009, PRS unanimously voted to table NPRR169. On November 19, 2009, PRS unanimously voted to endorse and forward the December 18, 2008 PRS Recommendation Report for NPRR169 to TAC with a priority of High/Medium and rank of 1. On December 3, 2009, TAC unanimously voted to change the priority for NPRR169 to High and to table NPRR169 for one (1) month. On January 6, 2010, TAC unanimously voted to recommend approval of NPRR169 as recommended by PRS in the November 19, 2009 PRS Recommendation Report and with a priority of High. On January 19, 2010, the ERCOT Board tabled NPRR169 for one (1) month.

**Mr. Fehrenbach moved to remand NPRR169 to TAC to allow TAC to consider additional changes to NPRR169 and hopefully to bring forth NPRR169 at the March 2010 Board meeting. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

#### NPRR 199

##### **NPRR199 – Shift Factors by Resource Node [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 ERCOT staffing impacts; no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

**Revision Description:** This NPRR adds the reporting requirement for ERCOT to provide Shift Factors by Resource Node.

**Procedural History:** NPRR199 was posted on November 20, 2009. On December 17, 2009, PRS unanimously voted to recommend approval of NPRR199 as submitted. On January 21, 2010, PRS unanimously voted to endorse and forward the December 17, 2009 PRS Recommendation Report and Impact Analysis for NPRR199 to TAC. On February 4, 2010, TAC unanimously voted to recommend approval of NPRR199 as recommended by PRS in the January 21, 2010 PRS Report.

NPRR 199 was approved as part of the Consent Agenda under Agenda Item 2.

#### NPRR 200

##### **NPRR200 – MMS DC Tie Schedule Data Source [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 (costs incurred by removing functionality are recovered in savings from not having to further test); no ERCOT staffing impacts; impacts to the MMS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

**Revision Description:** This NPRR changes the source of DC Tie Schedules for use by the MMS to an associated Qualified Scheduling Entity (QSE) submitted Electronic Tag (e-Tag). This NPRR also revises the definition of DC Tie Schedule and adds a new acronym to Section 2, Definitions and Acronyms.

**Procedural History:** NPRR200 was posted on November 30, 2009. On December 17, 2009, PRS unanimously voted to recommend approval of NPRR200 as submitted. On January 21, 2010, PRS unanimously voted to endorse and forward the December 17, 2009 PRS Recommendation Report and Impact Analysis for NPRR200 to TAC. On February 4, 2010, TAC unanimously voted to recommend approval of NPRR200 as recommended by PRS in the January 21, 2010 PRS Report.

NPRR 200 was approved as part of the Consent Agenda under Agenda Item 2.

#### NPRR 201

#### **NPRR201 – Calculation of Transmission and Distribution Losses [ERCOT].**

**Proposed Effective Date:** Upon Texas Nodal Market Implementation.

**CEO Determination:** No opinion on whether or not NPRR201 is necessary prior to the Texas Nodal Market Implementation Date.

**ERCOT Impact Analysis:** No budgetary impact; no ERCOT staffing impacts (however, if NPRR201 is not approved, there is an estimated 1.4 full-time equivalent increase to perform calculations as currently documented in Nodal Protocols.); no impacts to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

**Revision Description:** This NPRR revises the Nodal Protocol language to align with the current practice for calculation of Transmission Losses and Distribution Losses on a seasonal versus monthly basis.

**Procedural History:** NPRR201 was posted on December 3, 2009. On December 17, 2009, PRS unanimously voted to recommend approval of NPRR201 as submitted. On January 21, 2010, PRS unanimously voted to endorse and forward the 12/17/09 PRS Recommendation Report and Impact Analysis for NPRR201 to TAC. On February 4, 2010, TAC unanimously voted to recommend approval of NPRR201 as recommended by PRS in the January 21, 2010 PRS Report and as revised by TAC.

Mr. Fehrenbach raised questions regarding the impact analysis related to NPRR201. Dan Woodfin, ERCOT Director of System Planning, responded to the Board members' questions regarding this NPRR.

**Mr. Crowder moved to approve NPRR201 as presented. Mr. Helton made a friendly amendment to include the ERCOT revisions to NPRR201. Mr. Crowder accepted the**



friendly amendment and clarified that his motion was to approve NPRR201 with ERCOT's revisions. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Fehrenbach).

Mr. Jones noted that he, Kenan Ogelman and all the members of TAC want to ensure that TAC remains a trusted advisor to the Board and that TAC wants to make the commitment to the Board that TAC will vigorously investigate any questions of process to determine that all processes have been followed appropriately. He further noted that he requested that Kristi Hobbs, ERCOT Manager of Market Rules, to perform this function and that she normally performs this function as a matter of course.

#### NPRR 206

##### **NPRR206 – Nodal Market Day-Ahead Market Credit Requirements [Luminant].**

**Proposed Effective Date:** Upon Texas Nodal Market Implementation.

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

**ERCOT Impact Analysis:** Preliminary Impact Analysis review resulted in budgetary impact of \$100,000 to \$250,000; ERCOT staffing increase of 0.25 full-time equivalents to accommodate resulting revised business processes; impacts to ERCOT MMS and Integration Testing; existing business processes will be modified to accommodate this NPRR; no impacts to ERCOT grid operations and practices.

**Revision Description:** This NPRR revises the Nodal collateral requirements by QSEs who participate in the Day-Ahead Market (DAM). The change will potentially reduce the collateral burden for QSEs' bids while sufficiently collateralizing ERCOT. The revisions are based on discussions held at the Market Credit Working Group (MCWG). The proposed NPRR language has been developed for implementation by the Texas Nodal Market Implementation Date (December 2010). Additional changes to further improve Nodal collateralization may be proposed in the future, some of which may require Nodal system changes. Revisions requiring significant nodal system changes following this NPRR are not expected to be implemented by the December 2010 Texas Nodal Market Implementation Date.

**Procedural History:** NPRR206 was posted on January 20, 2010. On January 26, 2010, PRS voted to recommend approval of NPRR206 as amended by the January 26, 2010 Reliant Energy Services comments and as revised by PRS and to forward the NPRR to TAC. There was one (1) opposing vote from the Consumer Market Segment. On February 4, 2010, TAC voted via roll call vote to recommend approval of NPRR206 as amended by the February 1, 2010 Luminant comments and as revised by TAC with direction to the MCWG to provide a proposal to TAC for a conservative nodal market start paradigm for the first sixty (60) days of DAM operation and to further define the "e" variables. Credit review is pending.

Mr. Jones noted that a question was raised during the Finance and Audit (F&A) Committee meeting as to whether the process regarding NPRR206 was appropriate and that Ms. Hobbs has verified that it was. He added that there was another question raised earlier in the morning about the involvement of the Credit Working Group (CWG) in reviewing NPRR206. Mr. Jones reviewed the history of CWG's involvement and background on NPRR206. Mr. Cleary provided additional background on NPRR206. Mr. Ogelman and Mr. Jones responded to the Board members' questions regarding NPRR206.



**Mr. Helton moved to approve NPRR206 as amended with ERCOT's comments.**

Phillip Oldham provided the position of Texas Industrial Energy Consumers (TIEC) on NPRR206 to the Board and responded to Board members' questions on this topic. The Board members and ERCOT staff continued their discussion regarding the wording of NPRR206.

**Mr. Helton modified his motion to approve NPRR206 as amended with ERCOT's comments and to direct TAC to bring back the definition for the variables by the April 2010 Board meeting.**

The Board members continued their discussion regarding the language of NPRR206.

**Mr. Crowder seconded the motion. The motion passed by voice vote with one opposed (Mr. Fehrenbach) and no abstentions.**

### **SCR 755 (Agenda Item 11b)**

**SCR755 – ERCOT.com Website Enhancements [Commercial Operations Subcommittee (COPS) Communication Working Group (CCWG)].**

**Proposed Effective Date:** Post Texas Nodal Market Implementation Date.

**CEO Determination:** Not necessary prior to the Texas Nodal Market Implementation Date.

**ERCOT Impact Analysis:** To be determined – Due to “Not Needed for Go-Live” designation by the ERCOT CEO, the Impact Analysis for this item will be conducted at a future date.

**Revision Description:** This SCR requests for ERCOT to apply needed improvements to the ERCOT website identified as a result of ERCOT's request to TAC and other subcommittees to help identify desired improvements to the ERCOT website.

**Procedural History:** SCR755 was posted on February 25, 2009. On April 14, 2009, COPS unanimously voted to recommend approval of SCR755 as amended by Retail Market Subcommittee (RMS) comments. The Consumer Segment was not present for the vote. On May 12, 2009, COPS unanimously voted to table SCR755 for one (1) month. The Consumer Market Segment was not present for the vote. On June 9, 2009, COPS unanimously voted to table SCR755. On December 8, 2009, COPS unanimously voted to endorse and forward the April 14, 2009 COPS Recommendation Report for SCR755 to PRS with a recommended priority of Medium and rank of 3. The Consumer Market Segment was not present for the vote. On December 17, 2009, PRS unanimously voted to recommend a priority of Medium and to endorse and forward the December 8, 2009 COPS Recommendation Report for SCR755 to TAC. On January 6, 2010, TAC unanimously voted to recommend approval of SCR755 as recommended by PRS in the December 17, 2009 PRS Recommendation Report.

SCR 755 was approved as part of the Consent Agenda under Agenda Item 2.

Mr. Jones reviewed remainder of the TAC Report with the Board and responded to the Board members' questions.

### **Lunch (Agenda Item 12)**





The meeting adjourned for lunch at approximately 12:42 p.m. and reconvened at approximately 1:33 p.m.

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

Miguel Espinosa, F&A Committee Vice-Chairman, reported that the F&A Committee met earlier in the morning and considered in part the following matters:

- NPRR 206;
- Internal Audit status report;
- Audit of IT Disaster Recovery processes;
- ISO employee confidentiality agreements and Texas Regional Entity information;
- Update on Internal Audit goals;
- Financing update;
- Confirmation of CWG Chair and Vice-Chair.

### **Semiannual Audit, Compliance and Enterprise Risk Management (ERM) Update (Agenda Item 13a)**

Cheryl Yager, ERCOT Treasurer, provided the Semiannual Audit, Compliance and ERM Update to the Board.

### **Risk Management Event Profile Matrix (Agenda Item 13b)**

There was no discussion of the Risk Management Event Profile Matrix.

### **Human Resources & Governance (HR&G) Committee Report, HR&G Committee Charter Approval, and 2010 Key Performance Indicators (KPIs) (Agenda Items 14, 14a and 14b)**

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

- Executive session topics of personnel, contract and litigation matters;
- Results of the HR&G Committee's self-evaluation study;
- External relations update;
- Review of proposed changes to the HR&G Committee Charter; and
- 2009 and 2010 Key Performance Indicators (KPIs).

Mr. Dalton noted that neither the HR&G Charter nor the 2010 KPIs would be presented to the Board for approval this month due to ongoing consideration of revisions, but they would both likely be presented to the Board for approval at the March 2010 Board meeting.



### **Other Business (Agenda Item 15)**

Chairman Newton invited comments on other business for the Board's consideration. Mr. Grable noted that the agenda and some materials for the Board's Strategic Planning Event on the following day had been distributed to the Board members at the lunch break.

### **Future Agenda Items (Agenda Item 16)**

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

- Update on cyber-security issues in March or April 2010 (requested by Chairman Newton).

### **Executive Session (Agenda Items 17 to 21)**

Chairman Newton adjourned the meeting to Executive Session at approximately 1:53 p.m. Chairman Newton reconvened the meeting to General Session at approximately 3:31 p.m.

### **Vote on Matters from Executive Session (Agenda Item 22)**

Chairman Newton noted that there were no voting items for the Board's consideration.

Mr. Grable provided information on the location of the Board's Strategic Planning event scheduled for the following day.

### **Adjournment (Agenda Item 23)**

Chairman Newton adjourned the meeting at approximately 3:33 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