



**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  
March 23, 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
Doggett, Trip	ERCOT	Interim President and Chief Executive Officer
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel		Unaffiliated (after Agenda Item 2)
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
Karnei, Clifton	Brazos Electric Power Cooperative Inc.	Cooperative
Newton, Jan		Unaffiliated, Board Chairman
Patton, A.D.		Unaffiliated
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer
Smitherman, Barry T.	Public Utility Commission of Texas (PUCT)	PUCT Chairman
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider

Staff and Guests:

Anderson, Kenneth	PUCT – Commissioner
Bell, Wendell	TPPA
Bevill, Rob	Green Mountain Energy
Brandt, Adrienne	Austin Energy
Brenton, Jim	ERCOT



Brewster, Chris	City of Eastland
Brown, Jeff	Shell Energy
Bruce, Mark	NextEra Energy Resources
Burkhalter, Robert	ABB
Cleary, Mike	ERCOT
Clemenhagen, Barbara	Topaz Power Management
Crozier, Richard	City of Brownsville
Day, Betty	ERCOT
Delenela, Ann	ERCOT
Feuerbacher, Paula	ERCOT
Gedrich, Brian	NextEra Energy Resources
Goff, Eric	Reliant
Grable, Mike	ERCOT
Hobbs, Kristi	ERCOT
Ierullo, Bruno	ERCOT
Jones, Brad	Luminant Energy
Jones, Liz	Oncor
King, Kelso	King Energy Consulting
Lane, Terry	L S Power
Lasher, Warren	ERCOT
Leady, Vickie	ERCOT
Liebmann, Diana	Horizon
Manning, Charles	ERCOT
Morgan, Richard	ERCOT
Morris, Sandy	LCRA
Oehler, Melissa	PUCT
Ogelman, Kenan	CPS Energy
Petterson, Michael	ERCOT
Pieniazek, Adrian	NRG Texas
Prochazka, Scott	CenterPoint Houston Electric
Roark, Dottie	ERCOT
Roe, Evan	Public Utility Commission
Saathoff, Kent	ERCOT
Sandidge, Clint	Sempra Energy Solutions
Schwarz, Brad	E.ON Climate & Renewables
Schwertner, Ray	Garland Power & Light
Seymore, Cesar	Suez
Starnes, Bill	RJC Energy Consulting
Stephenson, Randa	Luminant Energy
Stewart, Roger	LCRA
Walker, Mark	NRG Texas
Whittmeyer, Bob	Longhorn Power
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 10:08 a.m., pointed out the Antitrust Admonition and determined a quorum was present.

### **Consent Agenda (Agenda Item 2)**

A.D. Patton requested the removal of Protocol Revision Request (PRR) 837 and Nodal Protocol Revision Request (NPRR) 198 from the Consent Agenda. Andrew Dalton requested the removal of PRR 841 from the Consent Agenda.

The following items were handled in the Consent Agenda:

- Agenda Item 3 – Approval of February 16, 2010 Board Meeting Minutes;
- Agenda Item 13b – NPRRs 169, 203 and 204; and
- Agenda Item 13c – System Change Request (SCR) 758.

Nick Fehrenbach thanked ERCOT staff for their assistance on NPRR169 last month.

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

### **Approval of February 16, 2010 Board Meeting Minutes (Agenda Item 3)**

The minutes of the February 16, 2010 Board Meeting were approved as part of the Consent Agenda under Agenda Item 2.

### **Chief Executive Officer (CEO) Update (Agenda Item 4)**

Barry T. Smitherman, Public Utility Commission of Texas (Commission) Chairman, called an open meeting of the Commission to order to consider matters which have been duly posted with the Texas Secretary of State for March 23, 2010.

Trip Doggett, ERCOT Interim President and CEO, reviewed the CEO Update presentation with the Board. Mr. Doggett and Kent Saathoff, ERCOT Vice President of System Planning and Grid Operations, responded to the Board members' questions on the presentation.

Michehl Gent commended ERCOT staff on the completion of the Joint Registration Order.

Mr. Doggett presented Charles King, ERCOT Facilities Assistant, with an Exceptional Performer Award for his life-saving efforts of assisting a severely injured gentleman immediately after an automobile accident on a rural road near Taylor during the snowfall in February. The Board members and all attendees gave Mr. King a standing ovation. Chairman Newton expressed her appreciation for the recognition of Mr. King and all ERCOT staff who make significant contributions to the community.



Mike Grable, ERCOT Vice President and General Counsel, reminded the Board members that the ERCOT Ethics Agreement for Directors and Segment Alternates had been provided to them for execution.

#### Operating Reports

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

Chairman Newton invited comments or questions regarding the Financial Summary Report, but there were none at this time. The discussion 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, and Mr. Saathoff responded to the Board members' questions regarding non-spinning reserves and capacity services cost. The discussion continued later in the meeting.

##### **Financial Summary Report (Agenda Item 5) – Continued**

Chairman Smitherman requested that the Board be provided with materials explaining ERCOT's interest rate swaps at the April or May 2010 Board meeting. Michael Petterson, ERCOT Controller, agreed to do so.

##### **Market Operations Report (Agenda Item 6) – Continued**

Ms. Day continued responding to the Board members' questions regarding load price zone data in the Market Operations Report.

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

Richard Morgan, ERCOT Vice President and Chief Information Officer, provided an update on the system limitations and operational issues with MarkeTrak. Mr. Morgan and Mike Cleary, ERCOT Senior Vice President and Chief Technology Officer, responded to the Board members' questions regarding the IT Service Availability Metrics Report.

##### **Grid Operations and Planning Report (including Notification regarding City of Garland Reliability Must Run (RMR) Agreement for Spencer Unit 5 & High Wind Forecast Error Analysis) (Agenda Item 8)**

Chairman Newton invited comments or questions regarding the Grid Operations and Planning Report. Mr. Saathoff provided the Board members with notice of the RMR Agreement between ERCOT and the City of Garland for Spencer Unit 5, signed on February 26, 2010, and effective on March 1, 2010. Mr. Saathoff advised that this RMR Agreement is expected to be a short-term contract pending completion of a transmission project in the Denton area by May or June 2010.



Mr. Saathoff and John Dumas, ERCOT Manager of Operations Planning, responded to the questions of Kenneth Anderson, PUC Commissioner, and the Board members regarding the Grid Operations and Planning Report and the high wind forecast error analysis. The Board members requested that Mr. Dumas advise as to the nature of the algorithm, that is, whether it is self correcting and adaptive. Mr. Dumas agreed to do so.

The discussion regarding the Grid Operations and Planning Report continued later in the meeting.

### **Long-Term Planning Study (DOE) Overview (Agenda Item 9)**

Warren Lasher, ERCOT Manager of System Assessment, provided a presentation to the Board on ERCOT's Long-Term Planning Study and responded to Board members' questions on the presentation.

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

Mr. Helton, SNP Committee Chairman, reported that the SNP Committee met during the prior day and considered in part the following matters:

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

### **Nodal Update (Agenda Item 11)**

Mr. Cleary responded to the Board members' questions regarding the Nodal Update.

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

The meeting adjourned for lunch at approximately 11:40 p.m. and reconvened at approximately 12:35 p.m.

### **Technical Advisory Committee (TAC) Report (Agenda Items 13, 13a, 13b, 13c, 13d and 13e)**

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

### **PRRs (Agenda Item 13a)**

#### **PRR 837**

- **PRR837 – Load Used in RMR Studies [Public Service Enterprise Group, Incorporated – PSEG TX].**  
**Proposed Effective Date:** April 1, 2010.



**CEO Determination:** No opinion on whether or not PRR837 is necessary prior to the Texas Nodal Market Implementation Date.

**ERCOT Impact Analysis:** No budgetary impact; ERCOT staffing impacts of 0.15 to 0.23 full-time equivalents; no impacts to ERCOT computer systems; impacts to ERCOT business functions to modify Steady State Working Group (SSWG) cases which would take an additional four (4) to six (6) days for every RMR study; impacts to resources and business processes in ERCOT grid operations and practices.

**Revision Description:** This PRR would provide guidance to ERCOT to use the peak Load forecast posted pursuant to P.U.C. SUBST. R. 25.505, Resource Adequacy in the Electric Reliability Council of Texas Power Region, for the next twelve (12) months for the RMR study. This aligns the Load forecast period with the RMR contract period and ensures that the Load forecast used for the analysis is one with a reasonable probability of occurrence.

**Procedural History:** PRR837 was posted on October 16, 2009. On November 19, 2009, the Protocol Revisions Subcommittee (PRS) unanimously voted to table PRR837 for one (1) month. On December 17, 2009, PRS voted to recommend approval of PRR837 as revised by the November 12, 2009 PSEG TX comments. There was one (1) abstention from the Investor Owned Utility (IOU) Market Segment. On January 21, 2010, PRS unanimously voted to endorse and forward the December 17, 2009 PRS Recommendation Report and Impact Analysis for PRR837 to TAC. On February 4, 2010, TAC unanimously voted to recommend approval of PRR837 as recommended by PRS in the January 21, 2010 PRS Report and as revised by TAC.

Mr. Jones and Mr. Saathoff responded to Board members' questions regarding PRR837.

**Bob Helton moved to approve PRR837 as recommended by TAC with ERCOT staff's comments. Mark Dreyfus seconded the motion. The motion passed by voice vote with one opposed (A.D. Patton) and no abstentions.**

#### PRR 841

- **PRR841 – Revise Total ERCOT Wind Power Forecast (TEWPF) [Luminant].**

**Proposed Effective Date:** April 1, 2010.

**CEO Determination:** No opinion on whether or not PRR841 is 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 processes or functions; no impacts to ERCOT grid operations or practices.

**Revision Description:** This PRR revises the probability of exceedance percentage applicable to the Total ERCOT Wind Power Forecast (TEWPF) from eighty percent (80%) to fifty percent (50%) to better reflect the total ERCOT Wind-powered Generation Resource (WGR) production that has been historically experienced.

**Procedural History:** PRR841 was posted on November 30, 2009. On January 21, 2010, PRS unanimously voted to recommend approval of PRR841 as amended by the December 22, 2009 ERCOT comments. On February 18, 2010, PRS unanimously voted to endorse and forward the January 21, 2010 PRS Report and Impact Analysis for PRR841 to TAC. On



March 4, 2010, TAC unanimously voted to recommend approval of PRR841 as recommended by PRS in the February 18, 2010 PRS Report.

**Mr. Helton moved to approve PRR841 as presented. Calvin Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **NPRRs (Agenda Item 13b)**

The NPRRs were considered in non-sequential order.

#### **NPRR 198**

- **NPRR198 – Load Used in RMR Studies [PSEG TX].**  
**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 would provide guidance to ERCOT to use the peak Load forecast posted pursuant to P.U.C. SUBST. R. 25.505, Resource Adequacy in the Electric Reliability Council of Texas Power Region, for the next twelve (12) months for the RMR study. This aligns the Load forecast period with the RMR contract period and ensures that the Load forecast used for the analysis is one with a reasonable probability of occurrence.  
**Procedural History:** NPRR198 was posted on November 10, 2009. On November 19, 2009, PRS unanimously voted to table NPRR198 for one (1) month. On December 17, 2009, PRS voted to recommend approval of NPRR198 as revised by the November 13, 2009 PSEG TX comments. There was one (1) abstention from the Investor Owned Utility (IOU) Market Segment. On January 21, 2010, PRS unanimously voted to endorse and forward the December 17, 2009 PRS Recommendation Report and Impact Analysis for NPRR198 to TAC. On February 4, 2010, TAC unanimously voted to revise the January 21, 2010 PRS Report and to table NPRR198 for one (1) month. On March 4, 2010, TAC unanimously voted to recommend approval of NPRR198 as recommended by TAC in the February 4, 2010 TAC Report.

**Bob Helton moved to approve NPRR198 as presented. Mark Dreyfus seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

#### **NPRR 156**

- **NPRR156 – Transparency for PSS and Full Interconnection Studies [Public Service Enterprise Group, Incorporated - PSEG Texas].**  
**Proposed Effective Date:** Upon Texas Nodal Market Implementation.  
**CEO Determination:** No opinion on whether or not NPRR156 is 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; minor business process impacts – ERCOT will continue to



periodically update and post a spreadsheet with PSS status; no impacts to ERCOT grid operations and practices.

**Revision Description:** This NPRR proposes updates to Section One (1), Overview, to provide transparency to status of PSS equipment and interconnection requests.

**Procedural History:** NPRR156 was posted on September 19, 2008. On October 23, 2008, the Protocol Revisions Subcommittee (PRS) unanimously voted to table NPRR156. The Cooperative Market Segment was not present for the vote. On November 20, 2008, PRS unanimously voted to table NPRR156. On December 18, 2008, PRS unanimously voted to table NPRR156 until the January 22, 2009 PRS meeting. The Independent Generator Market Segment was not present for the vote. On January 22, 2009, PRS voted to recommend approval of NPRR156 as amended by the December 11, 2008 PSEG comments. There were three (3) abstentions from the Consumer, Independent Generator and Independent Power Marketer (IPM) Market Segments. On April 23, 2009, PRS unanimously voted to recommend approval of NPRR156 as amended by the April 22, 2009 PSEG Texas comments. On May 20, 2009, PRS unanimously voted to table NPRR156. On November 19, 2009, PRS unanimously voted to table NPRR156. On December 17, 2009, PRS unanimously voted to table NPRR156. On January 21, 2010, PRS unanimously voted to table NPRR156. On February 18, 2010, PRS unanimously voted to endorse and forward the April 23, 2009 PRS Recommendation Report as amended by the February 11, 2010 Luminant comments and as revised by PRS to TAC and to recommend a priority of Medium. On March 4, 2010, TAC voted to recommend approval of NPRR156 as amended by the March 4, 2010 ERCOT comments, with the recognition that ERCOT will continue with Option Three (3), Manual Interim Option (described in the March 4, 2010 ERCOT comments), to fulfill the requirement of item seven (7) of Section 3.15.3, QSE Responsibilities Related to Voltage Support, until Option Two (2), Include PSS Status Information in the RARF, can be implemented to automate the solution. There was one (1) opposing vote from the Independent Generator Market Segment.

**Bob Helton moved to approve NPRR156 as presented with ERCOT comments. Mark Dreyfus seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

#### NPRR 169

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

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

**CEO Determination:** No opinion on whether or not NPRR169 is necessary prior to the Texas Nodal Market Implementation Date.

**ERCOT Impact Analysis:** Less than fifty thousand dollars (\$50K); no additional full time equivalents (FTEs) needed; impacts to Market Management System (MMS), Integration Testing (INT); Market Information System (MIS), and Current Day Reports (CDR); no impacts to ERCOT grid operations and practices.

**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, 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 one (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. On February 16, 2010, the ERCOT Board remanded NPRR169 to TAC. On March 4, 2010, TAC unanimously voted to recommend approval of NPRR169 as amended by the March 2, 2010 NATF comments and as revised by TAC.

**NPRR 169 was approved as part of the Consent Agenda under Agenda Item 2.**

#### NPRR 203

- **NPRR203 – Amend Telemetry Bus Accuracy Requirements [NDSWG].**

**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 proposes a new term, State Estimator Bus, and proposes language changes to Section 3.10.7.5.2, Continuous Telemetry of the Real-Time Measurements of Bus Load, Voltages, Tap Position, and Flows.

**Procedural History:** NPRR203 was posted on December 22, 2009. On January 21, 2010, PRS unanimously voted to recommend approval of NPRR203 as submitted. On February 18, 2010, PRS unanimously voted to endorse and forward the January 21, 2010 PRS Report and Impact Analysis for NPRR203 to TAC. On March 4, 2010, TAC unanimously voted to recommend approval of NPRR203 as recommended by PRS in the February 18, 2010 PRS Report.

**NPRR 203 was approved as part of the Consent Agenda under Agenda Item 2.**

#### NPRR 204

- **NPRR204 – Update Generic Startup Cost for Reciprocating Engines [STEC].**

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

**CEO Determination:** No opinion on whether or not NPRR204 is 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 an Operations and Maintenance (O&M) cost for the “Reciprocating Engines” Resource category to the Resource Category Startup Offer Generic Cap determination.

**Procedural History:** NPRR204 was posted on December 22, 2009. On January 21, 2010, PRS voted to recommend approval of NPRR204 as submitted. There were two (2) opposing votes from the Independent Generator and the Consumer Market Segments and one (1) abstention from the IPM Market Segment. On February 18, 2010, PRS voted to endorse and forward the January 21, 2010 PRS Report and Impact Analysis for NPRR204 to TAC. There was one (1) opposing vote from the Consumer Market Segment. On March 4, 2010, TAC unanimously voted to recommend approval of NPRR204 as recommended by PRS in the February 18, 2010 PRS Report.

**NPRR 204 was approved as part of the Consent Agenda under Agenda Item 2.**

### **Generation Adequacy Task Force Report (Agenda Item 13e)**

Mr. Jones provided the Board members with an update on the Generation Adequacy Task Force Report. Mr. Jones, Mr. Saathoff and Dan Woodfin, ERCOT Director of System Planning, responded to the Board members’ questions regarding the Report.

**Calvin Crowder moved to remand the Generation Adequacy Task Force Report to TAC for correction. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **Wind Cost Allocation Proposal (Agenda Item 13d)**

Mr. Jones noted the memorandum and position statements contained in the Board materials related to the Wind Cost Allocation Proposal. Mr. Jones, the Board members and Evan Rowe of Commission staff discussed the Proposal.

**A.D. Patton moved to direct TAC to continue their study of cost allocation (including methodology to charge ancillary services to wind generators), to gather necessary data from ERCOT and through the stakeholder process, and to come forward with NPRR(s). Michehl Gent seconded the motion.** The Board members continued their discussion about cost allocation. **Dr. Patton amended his motion to consider cost allocation explicitly. Mr. Gent agreed to the amendment.** The Board members continued their discussion about the changes necessary for cost allocation. Mr. Dalton requested more information on this topic to determine if such a change was feasible. **Chairman Newton called for a vote on Dr. Patton’s motion. The motion failed by voice vote with five in favor (Miguel Espinosa, Mr. Fehrenbach, Mr. Gent, Dr. Patton, and Marcie Zlotnik), seven opposed (Calvin Crowder, Mr. Dalton, Mr. Doggett, Mark Dreyfus, Sheri Givens, Mr. Helton and Clifton Karnei) and two abstentions (Chairman Newton and Jean Ryall).**



The Board members continued their discussion. Mr. Doggett agreed to have ERCOT staff continue to gather some data for cost causation. **Mr. Dalton moved to table the Wind Cost Allocation Proposal for one month to give the Board more time to consider the Proposal and for ERCOT to provide further information. Mr. Dreyfus seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

### **SCR 758 (Agenda Item 13c)**

- **SCR758 – Enhancements to the Proposed Transmission Outage Report [Direct Energy].**

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

**CEO Determination:** No opinion on whether or not SCR758 is necessary prior to the Texas Nodal Market Implementation Date.

**ERCOT Impact Analysis:** Minor cost impact managed under operations and management Operations and Maintenance (O&M) budget; a System Investigation Report (SIR) will be initiated to implement requirements; no additional full time equivalents (FTEs) needed; changes will be made to the Market Operations System; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

**Revision Description:** This SCR proposes to continue to enhance ERCOT's publishing of transmission Outage details as started with SCR753, Transmission Outage Notice Detail Enhancements, by requesting the publication of additional data which exists in the ERCOT database.

**Procedural History:** SCR758 was posted on December 17, 2009. On January 14, 2010, the Reliability and Operations Subcommittee (ROS) unanimously voted to recommend approval of SCR758 as submitted. On February 11, 2010, ROS unanimously voted to endorse and forward the January 14, 2010 ROS Report and the Impact Analysis for SCR758 to TAC. On March 4, 2010, TAC unanimously voted to recommend approval of SCR758 as recommended by ROS in the February 11, 2010 ROS Report.

### **SCR 758 was approved as part of the Consent Agenda under Agenda Item 2.**

Mr. Jones reviewed the remainder of the TAC Report with the Board. Mr. Jones, Kristi Hobbs, ERCOT Manager of Market Rules, and Cheryl Yager, ERCOT Treasurer, responded to the Board members' questions on NPRR206.

### **Finance & Audit (F&A) Committee Report (Agenda Item 14)**

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

- Internal Audit status report;
- Internal Audit staffing update;
- EthicsPoint update;
- Chief Audit Executive compensation and salary adjustment; and
- Financing update, including a request by Chairman Smitherman to review outstanding interest rate swaps.



Ms. Yager provided an overview of ERCOT's current debt status and responded to Board members' questions on this topic. Mr. Karnei noted that the F&A Committee asked ERCOT staff to prepare a Request for Proposal for debt rates for the F&A Committee's consideration and that the F&A Committee will make a formal recommendation to the Board regarding debt levels later in the year.

Chairman Smitherman mentioned that he had not been able to attend the F&A Committee meeting earlier in the day and requested that the Executive Session minutes for the February 16, 2010 F&A Committee meeting be revised to omit the statement that he had met with Roy Bowman, ERCOT Interim Vice President and Chief Financial Officer, and Ms. Yager. Mr. Karnei agreed to have corrected minutes prepared for approval by the F&A Committee.

**Grid Operations and Planning Report (including Notification regarding City of Garland Reliability Must Run (RMR) Agreement for Spencer Unit 5 & High Wind Forecast Error Analysis) (Agenda Item 8) – Continued**

Mr. Saathoff responded to Chairman Newton's question regarding the "cleaning" of the database.

**Risk Management Event Profile Matrix (Agenda Item 14a)**

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

**Human Resources & Governance (HR&G) Committee Report (Agenda Item 15)**

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, including two voting matters for the Board's consideration;
- External relations update;
- Review of proposed changes to the HR&G Committee Charter; and
- 2010 Key Performance Indicators (KPIs).

**HR&G Committee Charter Approval (Agenda Item 15a)**

**Mr. Dalton moved to approve the HR&G Committee Charter as unanimously recommended by the HR&G Committee.** Mr. Dalton responded to the Board members' questions regarding the Charter. **Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**2010 Key Performance Indicators (KPIs) (Agenda Item 15b)**



**Mr. Dalton moved to approve the 2010 KPIs as unanimously recommended by the HR&G Committee. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

#### **2009 Annual Status Report of Benefits Committee (Agenda Item 15c)**

This agenda item was not discussed at this time as it is expected to be discussed in April 2010.

#### **ERCOT Strategic Plan (2010-2014) (Agenda Item 16)**

Paula Feuerbacher, ERCOT Manager of Strategic and Organizational Development, presented the ERCOT Strategic Plan (2010-2014) to the Board members. Ms. Feuerbacher requested that the Board continue to provide feedback on the Plan. Ms. Feuerbacher and Mr. Doggett responded to the Board members' questions on the Plan.

#### **Other Business (Agenda Item 17)**

No other business was considered.

#### **Break**

Chairman Newton noted that the Joint Nominating Committee and Board Meeting met on March 22, 2010, and adjourned the Board meeting briefly in order to reconvene such Joint Nominating Committee and Board Meeting for a vote on a matter from Executive Session – specifically, a vote to recommend Jorge Bermudez to the ERCOT Corporate Membership as an Unaffiliated Director to be seated effective July 1, 2010.

#### **Future Agenda Items (Agenda Item 18)**

Chairman Newton invited discussion on future agenda items. There was none.

#### **Executive Session (Agenda Items 19 to 23)**

Chairman Newton adjourned the meeting to Executive Session at approximately 2:26 p.m. Chairman Newton reconvened the meeting to General Session at approximately 5:35 p.m.

#### **Vote on Matters from Executive Session (Agenda Item 24)**

Chairman Newton noted that there were two voting items for the Board on Personnel matters.

**Mr. Helton moved to approve the two voting items considered in Executive Session by the Board under Agenda Item 20 (Personnel). Ms. Ryall seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

#### **Adjournment (Agenda Item 25)**



Chairman Newton adjourned the meeting at approximately 5:36 p.m.

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

---

Bill Magness  
Interim Corporate Secretary