



**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
April 20, 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:

Director	Affiliation	Segment
Dalton, Andrew	Valero Services Inc.	Industrial Consumer
Doggett, Trip	ERCOT	Interim President and Chief Executive Officer
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel		Unaffiliated
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
Packard, Michael	South Texas Electric Cooperative Inc.	Cooperative
Patton, A.D.		Unaffiliated
Prochazka, Scott	CenterPoint Houston Electric LLC	Investor Owned Utility
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer
Smitherman, Barry T.	Public Utility Commission of Texas (Commission)	Commission Chairman
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider

Staff and Guests:

Anderson, Kenneth	Commission – Commissioner
Bell, Wendell	TPPA
Bevill, Rob	Green Mountain Energy
Brandt, Adrienne	Austin Energy
Brenton, Jim	ERCOT
Brewster, Chris	City of Eastland



Burkhalter, Robert	ABB
Cleary, Mike	ERCOT
Clemenhausen, Barbara	Topaz Power Management
Cochran, Seth	Sempra Energy
Crozier, Richard	City of Brownsville
Day, Betty	ERCOT
Drost, Wendall	Areva
Dumas, John	ERCOT
Fox, Kip	AEP
Gage, Theresa	ERCOT
Gedrich, Brian	NextEra Energy Resources
Goff, Eric	Reliant
Gresham, Kevin	E.ON Climate & Renewables
Grimes, Mike	Horizon Wind Energy
Hackett, David	KEMA
Headrick, Bridget	PUCT
Hobbs, Kristi	ERCOT
Ierullo, Bruno	ERCOT
Jones, Brad	Luminant Energy
Jones, Liz	Oncor
Jones, Randy	Calpine
King, Kelso	King Energy Consulting
Leady, Vickie	ERCOT
Lung, Melissa	Steering Committee of Cities Served by Oncor
Magness, Bill	ERCOT
Manning, Charles	ERCOT
Morgan, Richard	ERCOT
Nelson, Donna	Commission – Commissioner
Nikazim, Tamila	Austin Energy
Ogelman, Kenan	CPS Energy
Packard, Mike	South Texas Electric Cooperative
Petterson, Michael	ERCOT
Prentice, Rob	Topaz Power
Prochazka, Scott	CenterPoint Houston Electric
Roark, Dottie	ERCOT
Saathoff, Kent	ERCOT
Sandidge, Clint	Sempra Energy Solutions
Seely, Chad	ERCOT
Soutter, Mark	Invenergy
Starnes, Bill	RJC Energy Consulting
Taylor, William	Calpine
Trout, Seth	Customized Energy Solutions
Troutman, Jennifer	AED Energy Partners
Wagner, Marguerite	PSEG TX
Walker, DeAnn	CenterPoint Energy



Walker, Mark	NRG Texas
Whittle, Brandon	DB Energy Trading
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 10:05 a.m., pointed out the Antitrust Admonition and determined a quorum was present.

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 April 20, 2010.

Chairman Newton took the Agenda Items in the following order for scheduling convenience.

Consent Agenda (Agenda Item 2)

The following items were handled in the Consent Agenda:

- Agenda Item 3a – March 22, 2010 Joint Nominating Committee and Board Meeting Minutes;
- Agenda Item 3b – March 23, 2010 Board Meeting Minutes; and
- Agenda Item 3c – April 12, 2010 Special Board Meeting Minutes.

Bob Helton moved to approve the above-noted items on the Consent Agenda. Andrew Dalton seconded the motion. The motion passed by unanimous voice vote with one abstention (Scott Prochazka) as to Agenda Items 3a and 3c and no abstentions as to Agenda Item 3b.

Approval of Board Meeting Minutes (Agenda Item 3)

The minutes of the March 22, 2010 Joint Nominating Committee and Board Meeting, the March 23, 2010 Board Meeting, and the April 12, 2010 Special Board Meeting were approved as part of the Consent Agenda under Agenda Item 2.

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

Trip Doggett, ERCOT Interim President and CEO, reviewed the CEO Update presentation with the Board. Mr. Prochazka commended ERCOT staff on the Black Start training and noted the positive feedback on the training. Mr. Doggett and Kent Saathoff, ERCOT Vice President of System Planning and Grid Operations, responded to Chairman Smitherman’s questions regarding the impact of the weather on load forecast error. Bruno Ierullo, ERCOT Director of Human Resources, responded to Chairman Smitherman’s questions regarding full-time equivalents at ERCOT.

Mr. Doggett recognized ERCOT’s Operators for their ongoing professional efforts, particularly in light of the record integration levels of wind power. Specifically, Mr. Doggett recognized



Shift Supervisor Greg Moore, Transmission Operators Wayne Campbell and Curtis Parsons, Frequency Desk Operators Richard Leal and Alan Miller, Eugene Mitschke from the operating period desk and Shift Engineer Ray Manzanilla. Mr. Moore thanked the Board for its support of providing various tools used for operations, such as, the simulator and the Macomber Map. Chairman Newton, on behalf of the Board, thanked all of the ERCOT employees in the Operations Room and expressed the Board's commitment to providing the Operators with the necessary operational tools.

Operating Reports

Financial Summary Report (Agenda Item 5)

Chairman Newton invited comments or questions regarding the Financial Summary Report. Chairman Smitherman requested additional, specific information on ERCOT's interest rate swaps as soon as it could be obtained. Michael Petterson, ERCOT Controller, agreed to provide such information.

Market Operations Report (Agenda Item 6)

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

Information Technology (IT) Report (Agenda Item 7)

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

Grid Operations and Planning Report (Agenda Item 8)

Chairman Newton invited comments or questions regarding the Grid Operations and Planning Report. Mr. Helton noted correspondence that he received on the Comanche Peak congestion mitigation proposal and related issues. Mr. Doggett and Chairman Newton replied that such issues could be considered with appropriate advance notice at the May Board meeting. Chairman Newton asked that Board members contact Mr. Doggett if they would like additional information prior to the May Board meeting.

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 considered in part the following matters:

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



Mr. Helton thanked Mike Cleary, ERCOT Senior Vice President and Chief Technology Officer, and the Nodal team for their efforts in hitting critical milestones and preparing for Nodal go-live.

Nodal Update (Agenda Item 10)

Don Jefferis, ERCOT Interim Director of the Nodal Financial Management Officer, and Mr. Cleary provided the Monthly Financial Review of the Nodal Program, including an update on the contingency fund for the first quarter of 2010. Mr. Jefferis responded to the Board members' questions regarding this topic.

Review of 2010 Methodology for Determining Non-Spin Reserve Service Requirements (Agenda Item 12)

John Dumas, ERCOT Manager of Operations Planning, presented the Review of 2010 Methodology for Determining Non-Spin Reserve Service Requirements and additionally responded to Board members' questions from the March 23, 2010 Board meeting regarding the methodology used by the AWS Truewind forecast.

Review of Wind Generation Impact on Ancillary Services (Agenda Item 13)

Mr. Dumas presented the Review of Wind Generation Impact on Ancillary Services and responded to Board members' questions regarding this topic. Mr. Doggett noted that, after the March 23, 2010 Board meeting, his objective was to provide the Board with data collected on zonal operation and that he recognized there would be differences with nodal operation. He commented that ERCOT could try to model or forecast the impact of Nodal on ERCOT's ancillary service needs. Mr. Dumas and Mr. Doggett responded to questions from the Board members and PUCT Commissioner Kenneth Anderson on the subject. Chairman Newton requested that this topic be added as a future agenda item for the July 2010 Board meeting.

Lunch (Agenda Item 11)

The meeting adjourned for lunch at approximately 12:15 p.m. and reconvened at approximately 1:05 p.m.

Technical Advisory Committee (TAC) Report (Agenda Item 14)

Chairman Newton invited Brad Jones, TAC Chair, to provide a report on recent TAC activities. Mr. Jones reported that no Protocol Revision Requests, Nodal Protocol Revision Requests (NPRRs) or System Change Requests would be presented to the Board this month.

Day Ahead Market (DAM) Collateral Parameters (Agenda Item 14b)

Brad Jones provided the Board members with an update on the DAM Collateral Parameters called for in NPRR 206 and provided additional background on NPRR 226. Miguel Espinosa advised that the Finance and Audit (F&A) Committee endorsed TAC's recommendation on the DAM Collateral Parameters. Cheryl Yager, ERCOT Treasurer, provided an overview of the



briefing she provided earlier to the F&A Committee on the procedures for setting DAM Auction Credit Requirement Parameters. Ms. Yager responded to questions from Commissioner Anderson and the Board members regarding about whether ERCOT is staffed to perform the monitoring necessitated by these changes in a timely manner and about credit requirements and the parameters.

Mr. Helton moved to approve the DAM Collateral Parameters called for in NPRR 206 as recommended by TAC. Marcie Zlotnik seconded the motion. The motion passed by voice vote with three opposed (Mr. Dalton, Nick Fehrenbach and Michael Packard) and no abstentions.

Generation Adequacy Task Force Report Recommendation (Agenda Item 14a)

Mr. Jones presented the Generation Adequacy Task Force Report Recommendation. Dan Woodfin, ERCOT Director of System Planning, responded to A.D. Patton's question regarding terminology.

Mr. Doggett moved to approve the Generation Adequacy Task Force Report Recommendation. Dr. Patton seconded the motion. Mr. Woodfin and Mr. Saathoff responded to Mr. Dalton's questions regarding methodology. **The motion passed by unanimous voice vote with no abstentions.**

Technical Advisory Committee (TAC) Report (Agenda Item 14) -- Continued

Mr. Jones concluded the TAC Report and responded to the Board members' questions on this agenda item.

2009 Audited Financial Statements (Agenda Item 15a)

Mr. Espinosa introduced Philip Gunn, the managing partner of Ernst & Young LP, the independent audit firm engaged to perform the audit of ERCOT's 2009 financial statements. Mr. Gunn provided a report to the Board on ERCOT's 2009 financial statement audit and advised that Ernst & Young LP was ready to issue an unqualified opinion with no exceptions.

Mr. Espinosa moved to accept the F&A Committee's recommendation to accept the 2009 Audited Financial Statements as presented by Ernst & Young LP. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Gunn also provided the Board with an assessment of the governance and oversight responsibilities of the F&A Committee and with suggestions. Mr. Gunn responded to PUCT Commissioner Donna Nelson's inquiry about ERCOT's fraud controls.



Finance & Audit (F&A) Committee Report (Agenda Item 15)

Mr. Espinosa, F&A Committee Vice Chairman, reported that the F&A Committee met earlier in the morning and, in addition to the 2009 Audited Financial Statements, considered in part the following matters:

- Review of Internal Audit department charter; and
- Quarterly private discussion with the Chief Audit Executive.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 16 and 16a)

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

- Staffing and turnover;
- Performance management;
- Succession planning;
- Severance benefits policy;
- Board confidentiality;
- Brief external relations update; and
- Report on responses to Market Participant Survey.

2009 Annual Status Report of Benefits Committee (Agenda Item 16a)

Mr. Ierullo and Mr. Doggett provided a brief update on the 2009 Annual Status Report of the Benefits Committee.

Other Business (Agenda Item 17 and 17a)

Bill Magness, ERCOT Interim Vice President and General Counsel, provided an update on the PUCT's approval of ERCOT's Amended and Restated Bylaws in April 2010.

Future Agenda Items (Agenda Item 18)

There was no discussion on future agenda items at this time.

Executive Session (Agenda Items 19 to 23)

Chairman Newton adjourned the meeting to Executive Session at approximately 2:10 p.m. Chairman Newton reconvened the meeting to General Session at approximately 4:08 p.m.

Vote on Matters from Executive Session (Agenda Item 24)

Chairman Newton noted that there was one voting item for the Board on a contract matter.



Michehl Gent moved to approve the voting item considered in Executive Session by the Board noted in the Board's materials under tab 22a. Dr. Patton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 25)

Chairman Newton adjourned the meeting at approximately 4:10 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