



**MINUTES OF THE SPECIAL 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
August 16, 2010 at 1:00 p.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
Bermudez, Jorge		Unaffiliated
Bivens, Danny	Office of Public Utility Counsel	Residential Consumer (Alternate Representative for Sheri Givens)
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility
Doggett, Trip	ERCOT	President and Chief Executive Officer
Doll, Laura		Unaffiliated
Dreyfus, Mark	Austin Energy	Municipal
Fehrenbach, Nick	City of Dallas	Commercial Consumer
Gent, Michehl		Unaffiliated, Acting Board Chairman
Helton, Bob	International Power America Services	Independent Generator
Patton, A.D.		Unaffiliated
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer
Smitherman, Barry T.	Public Utility Commission of Texas	Chairman
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider

Staff and Guests:

Anderson, Kenneth	Commissioner, Public Utility Commission of Texas
Anderson, Troy	ERCOT
Bell, Wendell	TPPA
Carroll, M.	TCPA
Cleary, Mike	ERCOT
Clemenhagen, Barbara	Topaz
Day, Betty	ERCOT



DiPastena, Phil	ERCOT
Dreyer, Jerry	ERCOT
Drost, Wendall	Alstrom
Dumas, John	ERCOT
Forfia, David	ERCOT
Goff, Eric	Reliant
Goodman, Dale	ERCOT
Hobbs, Kristi	ERCOT
Jones, Brad	Luminant
Jones, Liz	Oncor
Leady, Vickie	ERCOT
Nelson, Donna	Commissioner, Public Utility Commission of Texas
Magness, Bill	ERCOT
Manning, Chuck	ERCOT
Manz, Laura	ERCOT
McElfresh, Brandon	ERCOT
Morgan, Richard	ERCOT
Oehler, Melissa	PUCT
Ogleman, Kenan	CPS Energy
Payton, Tom	Oxy
Pieniazek, Adrian	NRG Texas
Ragsdale, Kenneth	ERCOT
Reedy, Steve	ERCOT
Ridin, Naomi	LCRA
Ruff, Larry	Market Reform
Saathoff, Kent	ERCOT
Smallwood, Aaron	ERCOT
Walker, DeAnn	CenterPoint Energy
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)

Michehl Gent, Acting ERCOT Board Chairman, determined a quorum was present and called the meeting to order at approximately 1:03 p.m. Chairman Gent pointed out the antitrust admonition and requested that ERCOT staff advise of any possible security implications to the Board discussions. Chairman Gent announced that Danny Bivens, Alternate Representative for the Office of Public Utility Counsel and Residential Consumer Segment, was attending the meeting in place of Sheri Givens. He added that Miguel Espinosa had given his proxy to Clifton Karnei for the meeting.

Chairman Gent welcomed Laura Doll, ERCOT’s newest Unaffiliated Director, pending Public Utility Commission (Commission) approval, whose term began on August 1, 2010.



Nodal Program Update; Discussion of Market Readiness Criteria Certifications; Congestion Revenue Rights Go-Live; and Outage Scheduler Go-Live (Agenda Items 2, 3, 3a and 3b)

Mike Cleary, ERCOT Senior Vice President and Chief Operating Officer, noted that supplemental materials for the Nodal Program Update had been distributed to the Board members at the inception of the meeting. Mr. Cleary provided the Program Status of the Nodal Program Update to the Board members.

Barry T. Smitherman, Commission Chairman, called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for August 16, 2010.

Mr. Cleary and Kenneth Ragsdale, ERCOT Market Operations Principal, responded to Board members' questions regarding the Nodal Program Update, including those related to network and transactional data quality and to status of known defects. Chairman Gent invited Calvin Crowder and Mark Dreyfus to speak to the Transmission Service Provider (TSP) perspective on the status of the network data, which they did. Bob Helton provided the generation perspective on this issue.

Chairman Gent inquired about the potential effect of Market Participants not using the proper data during the market trials. Mr. Cleary identified the potential risks if Market Participants do not use proper data during the market trials. Mr. Cleary requested the Board's support in encouraging Market Participants to participate in the market trials using accurate data to provide the most accurate market simulation possible prior to Nodal Go-Live on December 1, 2010. He noted that ERCOT may be looking to the Commission for additional support on this issue. The Board members, Mr. Cleary and Bill Magness, ERCOT Vice President and General Counsel, discussed the issues involved in and the importance of Market Participant participation in the market trials and other topics including collateral and training. Marcie Zlotnik requested that ERCOT staff coordinate training for the Retail Electric Providers (REPs) to identify potential risks and to allow for the REPs' development of possible hedging strategies in the new Nodal market. At Laura Doll's request, Mr. Cleary reviewed the trends of the Nodal defects.

Troy Anderson, ERCOT Manager of Enterprise Project Portfolio, reviewed the status of the Nodal Parking Deck Items with the Board members. Mr. Cleary and Mr. Anderson responded to the Board members' questions regarding the Nodal Parking Deck process.

Mr. Ragsdale provided the 24-Hour Full System Market and Reliability Test Overview to the Board members. Mr. Ragsdale, Kent Saathoff, ERCOT Vice President of Grid Operations and System Planning, John Dumas, ERCOT Manager of Supply Integration and Grid Applications, and Mr. Cleary responded to the Board members' questions regarding issues encountered with, issues anticipated with and the frequency of such testing. Chairman Gent requested public disclosure to the Board of those Market Participants that do not follow base point sets, which Mr. Cleary agreed to provide.



Brad Jones, Chairman of the Technical Advisory Committee (TAC), noted that TAC would not complete its voting on the 168-hour testing methodology until later that day; however, he added that TAC's straw vote indicated that TAC would endorse the non-contiguous 168 hours of closed loop testing to address, in part, the financial risk to generators associated with such testing. He continued that he anticipated that TAC would support the combination of more than 168 non-contiguous hours in the closed-loop style test and another 168 contiguous hours in the open-loop style test. Chairman Gent inquired about the number of Market Participants who did not intend to follow the Base Points. Mr. Jones commented that only one Market Participant indicated that it would not follow Base Points at a TAC meeting; however, there may be other information that was not available during the TAC meeting. Mr. Jones indicated that he was still trying to contact this Market Participant. He added that the Independent Market Monitor (IMM) expressed the importance of following the Base Points for reliability and financial reasons and that the IMM requested that the ERCOT Compliance team weigh in on this issue. Mr. Cleary and Mr. Dumas responded to Chairman Gent's questions on the testing as it related to telemetry data.

Jerry Dreyer, ERCOT Director of Application Services, provided the Network Model Management System (NMMS) Update to the Board members and responded to Board members' questions on this topic.

Mr. Ragsdale and Mr. Cleary provided the Nodal Go-Live Update – Review of Outage Scheduler (OS) and Congestion Revenue Rights (CRR) Go-Live Items to the Board members. Mr. Cleary responded to the Board members' questions regarding defects and the readiness certifications.

Chairman Gent confirmed with Mr. Cleary that the Nodal financial update would be discussed at the Board meeting on the following day. Mr. Cleary added that the Board would be asked to vote on the market readiness certification for OS Go-Live and CRR Go-Live also at the Board meeting on the following day.

Chairman Gent requested that Mr. Cleary provide the Board at the Board meeting on the following day with any suggested approaches to encourage Market Participants to follow the Base Points and reminded Mr. Cleary that a request had been made for REP workshops.

Brandon McElfresh, ERCOT Nodal Readiness and Transition Lead, provided the Market Readiness presentation to the Board members. Chairman Gent inquired about the results noted for Wind Generation Resources (WGRs) related to Market Participant Metric MP21 and suggested that ERCOT report any WGRs not meeting reasonability tests to the Texas Reliability Entity. Mr. Cleary responded that ERCOT would do so. Mr. Dumas added that ERCOT staff planned to report those WGRs whose data was older than six weeks regardless of their mitigation plans. Chairman Gent noted his support for that approach.

Discussion of Proposed Method of Future Nodal Program Updates (Agenda Item 4)

There was no discussion of proposed method of future Nodal Program Updates at this time.



Other Business (Agenda Item 5)

There was no other business considered at this time.

Executive Session (Agenda Items 6 to 9)

Chairman Gent adjourned the meeting to Executive Session at approximately 3:15 p.m. He noted that there would be no voting items from Executive Session and that the meeting would adjourn upon conclusion of the Executive Session.

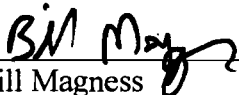
Vote on Matters from Executive Session (Agenda Item 10)

There were no voting items from Executive Session.

Adjournment (Agenda Item 11)

Chairman Gent adjourned the meeting upon conclusion of Executive Session at approximately 4:54 p.m.

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



Bill Magness
Corporate Secretary