



**DRAFT 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
September 20, 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.

Board Members:

Director	Affiliation	Segment
Anderson, Kenneth	Public Utility Commission of Texas	Commissioner (Alternate Representative for Chairman Barry T. Smitherman) (beginning with Agenda Item 3b)
Bermudez, Jorge		Unaffiliated
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility
Dalton, Andrew	Valero Services, Inc.	Consumer/Industrial (Proxy from Nick Fehrenbach)
Doggett, Trip	ERCOT	President and Chief Executive Officer
Doll, Laura		Unaffiliated
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel		Unaffiliated
Gent, Michehl		Unaffiliated, Acting Board Chairman
Givens, Sheri	Office of Public Utility Counsel	Consumer/Residential
Helton, Bob	International Power America Services	Independent Generator
Patton, A.D.		Unaffiliated
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider

Staff and Guests:

Allen, Thresa	Iberdrola Renewables
Anderson, Troy	ERCOT
Bevill, Jennifer	AEP Energy Partners
Bevill, Rob	Green Mountain Energy
Bohart, Jim	ERCOT
Brandt, Adrienne	Austin Energy
Cleary, Mike	ERCOT



Delenela, Ann	ERCOT
Drost, Wendall	Alstrom
Dumas, John	ERCOT
Forfia, David	ERCOT
Fox, Kip	AEP
Grimes, Mike	Horizon Wind Energy
Headrick, Bridget	Lone Star Transmission
Hobbs, Kristi	ERCOT
Ierullo, Bruno	ERCOT
Jones, Brad	Luminant
Jones, Dan	Potomac
Jones, Liz	Oncor
Leady, Vickie	ERCOT
Kolodziej, Eddie	Customized Energy Solutions
Magness, Bill	ERCOT
Oehler, Melissa	PUCT
Petterson, Mike	ERCOT
Prochazka, Scott	CenterPoint Houston Electric (Segment Alternate)
Ragsdale, Kenneth	ERCOT
Ridin, Naomi	LCRA
Saathoff, Kent	ERCOT
Schwertner, Ray	GP&L (Segment Alternate)
Taylor, William	Calpine
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 1:05 p.m. He commended Chairman Barry T. Smitherman of the Public Utility Commission of Texas (Commission) for his appointment to the prestigious U.S. Secretary of Energy’s Electricity Advisory Committee and announced that Chairman Smitherman was currently in Washington, D.C. for this reason. Chairman Gent pointed out the Antitrust and Security Admonitions. Chairman Gent welcomed Sheri Givens, representative for the Office of Public Utility Counsel and Residential Consumer Segment, who had returned from leave. He added that Nick Fehrenbach had given his proxy for the meeting to Andrew Dalton.

Approval of the August 16, 2010 Special Board Meeting Minutes (Agenda Item 2)

Bob Helton moved to approve the August 16, 2010 Special Board Meeting minutes. Laura Doll seconded the motion. The motion passed by voice vote with two abstentions (Miguel Espinosa and Mr. Dalton).



Nodal Program Update (Agenda Item 3)

Mike Cleary, ERCOT Senior Vice President and Chief Operating Officer, expressed ERCOT's well wishes and support to Randy Jones with Calpine, who was experiencing serious medical issues, and to the Jones family.

Mr. Cleary reviewed the general components of the Nodal Program Update for the Board meeting.

Program Status (Agenda Item 3a)

Mr. Cleary provided the Program Status of the Nodal Program Update to the Board members. Mr. Cleary announced that ERCOT would be hosting a Retail Electric Providers workshop on October 6, 2010 and in November 2010. Mr. Cleary responded to Board members' questions regarding this topic.

168 Hour/72 Hour Load Frequency Control Test Overview and Certified Systems Update (Agenda Items 3b and 3c)

Kenneth Ragsdale, ERCOT Principal of Market Design and Analysis, provided an overview of the 168 Hour Load Frequency Control Test (168 Hour LFC Test). Mr. Ragsdale, Mr. Cleary and John Dumas, ERCOT Director of Wholesale Market Operations, responded to Board members' questions on this topic.

Chairman Gent inquired about pricing issues noted in a recent Commercial Operations Subcommittee (COPS) report. Mr. Ragsdale requested clarification as to whether these pricing issues related to the 168 Hour LFC Test. Mr. Cleary agreed to coordinate with Chairman Gent after the meeting to respond to his questions.

Andrew Dalton requested that ERCOT staff provide an update on telemetry and offer curves at the October 19, 2010 Board meeting—specifically, what the Board can expect to see after December 1, and what remedies will be available to the market if there are problems. Mr. Cleary agreed to provide such information.

Mr. Dalton inquired about the consequences of leaving Load Distribution Factors static—specifically, the potential effect on price signals, the potential impact on the Houston or Corpus Christi ship channels, and the potential price impact. Mr. Cleary agreed to provide as much information as possible for the Board meeting on the following day and to provide any remaining information by the October 19, 2010 Board meeting.

Mr. Doggett encouraged the Board members to provide ERCOT staff as soon as possible with notice of any critical Nodal issues which they are concerned have not been addressed so that a resolution plan can be developed.



Review of Full Nodal Operations Go-Live Items (Agenda Item 3d)

Mr. Ragsdale and Mr. Cleary reviewed the Full Nodal Operations Go-Live Items as well as the “Nodal Program Readiness Certification” draft document, containing the Go-Live sequence, to be executed by ERCOT management as part of the certification process. Mr. Ragsdale and Mr. Cleary responded to the Board members’ questions regarding the certification process.

Mark Dreyfus expressed his appreciation for the efforts of ERCOT staff to resolve the issues related to the Non-Opt-In Entities’ ability to take Congestion Revenue Right (CRR) Point-to-Point (PTP) Options into Real Time as reflected in the Market Reform Risk Assessment Report presented in the prior month’s Board meetings; however, Mr. Dreyfus expressed concern with Market Reform’s communications and analysis related to this issue. He further expressed his reservations about ERCOT’s reliance on Market Reform’s analysis for organizational staffing after Nodal Go-Live. Chairman Gent thanked Mr. Dreyfus for his efforts to resolve this issue and for his expression of the shared concerns of several Board members.

Brad Jones, Chair of the Technical Advisory Committee (TAC), inquired about a possible issue regarding unusually high pricing in Supplemental Ancillary Services Market. Mr. Cleary agreed to review the matter.

Chairman Gent inquired whether the Wind Generation Resources Inter-Control Center Communications Protocol Metrological Telemetry issues, as applicable, would be reported to the Texas Reliability Entity (TRE). Mr. Dumas responded this matter was currently being reviewed by ERCOT Legal prior to any reports being made to TRE.

Mr. Dalton requested a one-page, high-level summary of the contingency plan for each type of failure which identifies ERCOT’s backup plan after Nodal Go-Live. Mr. Cleary agreed to do so and to update the Board on any major issues before the next Board meeting on October 19, 2010.

Nodal Parking Deck Items; and Monthly Financial Review (Agenda Items 3e and 3f)

Chairman Gent announced that the presentations on the Nodal Parking Deck Items and the Monthly Financial Review would be considered at the Board meeting on the following day.

Appendix (Agenda Item 3g)

There was no discussion regarding the Appendix at this time.

Discussion of Readiness Criteria Certifications for Go-Live (Agenda Item 4)

The discussion of this agenda item was deferred to the Board meeting on the following day.

Independent Market Monitor Review of Market Reform Risk Assessment Report (Agenda Item 5)

Dan Jones, Vice President of Potomac Economics and Director of the Independent Market



Monitor (IMM), presented the IMM Review of the Nodal Assessment Performed by Market Reform and answered the questions of the Board members and Mr. B. Jones on this topic.

Ms. Doll requested that ERCOT staff integrate the issues identified by the IMM into the ERCOT Nodal metrics by the October 19, 2010 Board meeting. Calvin Crowder added that he would also like an update on the PTP computational issues at the October 19, 2010 Board meeting. Mr. Cleary agreed to provide an update by such Board meeting.

Mr. D. Jones, Mr. Cleary and Mr. Dumas responded to the Board members' questions on this topic.

Other Business (Agenda Item 6)

There was no other business considered at this time.

Executive Session (Agenda Items 7 to 11)

Chairman Gent adjourned the meeting to Executive Session at approximately 3:44 p.m. until approximately 4:06 p.m.

Vote on Matters from Executive Session (Agenda Item 12)

Chairman Gent called for a vote to approve the Contract matter discussed in Executive Session under Agenda Item 10.

A. D. Patton moved to approve the Contract matter discussed in Executive Session under Agenda Item 10. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 13)

Chairman Gent adjourned the meeting upon conclusion of Executive Session at approximately 4:07 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