



Date: November 9, 2010
To: Board of Directors
From: Michael Petterson, Controller
Subject: Approval of Investment Corporate Standard

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: November 16, 2010

Agenda Item No.: 9b

Issue:

Whether to approve any or all of the Staff-proposed modifications or recommend and approve any other changes to the ERCOT Investment Corporate Standard (Standard).

Background/History:

The Board of Directors (Board) of ERCOT has established this Standard, which is reviewed annually and updated as needed. The Board must approve any modifications to this Standard.

This Standard documents the guidelines and related activities approved by the Board for the investment and management of funds held by ERCOT, whether those funds arise from ERCOT operations or are held by ERCOT on behalf of the ERCOT market.

ERCOT staff has reviewed the Standard and respectfully proposes several minor changes and clarifications, as reflected in Exhibit A. The Finance and Audit (F&A) Committee is expected to recommend the Board adopt, reject, or amend the revisions at its November 15, 2010 meeting.

Key Factors Influencing Issue:

The key factors influencing the issue are adherence to provisions of Board-approved Corporate Standards and improved clarity and consistency of policy documents.

Alternatives:

1. Approve revisions to the Standard as recommended by the F&A Committee;
2. Leave the Standard in its current form; or
3. Remand the Standard to the F&A Committee with instructions

Conclusion/Recommendation:

The F&A Committee will review these changes at their meeting on November 15, 2010, and is expected to recommend to the Board whether any revisions should be made to the Standard.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT, in order to provide sound financial guidance for its exempt purposes, to approve requested revisions to the Investment Corporate Standard; and

THEREFORE, BE IT RESOLVED, that the revised Investment Corporate Standard, as set forth in Exhibit A, which is attached hereto and incorporated herein by reference for all purposes, is hereby authorized and approved by the Board in each and every respect.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its November 16, 2010 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of November, 2010.

Bill Magness
Corporate Secretary