



**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
January 18, 2011 at 8:30 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
Bermudez, Jorge		Unaffiliated Director
Bivens, Danny	Office of Public Utility Counsel	Consumer/Residential (Alternate Representative for Sheri Givens beginning with Agenda Item 12)
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility (IOU)
Dalton, Andrew	Valero Services, Inc.	Consumer/Industrial
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO)
Doll, Laura		Unaffiliated Director, Board Chair
Espinosa, Miguel		Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Consumer/Commercial
Gent, Michehl		Unaffiliated Board Member, Vice Chair
Givens, Sheri	Office of Public Utility Counsel	Consumer/Residential (Agenda Items 1 through 11 only)
Helton, Bob	International Power America Services	Independent Generator
Karnei, Clifton	Brazos Electric Power Cooperative	Cooperative (proxy for Mark Dreyfus, <i>Municipal</i>)
Patton, A.D.		Unaffiliated Board Member
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer (IPM) (except Agenda Item 10e)
Smitherman, Barry T.	Public Utility Commission of Texas (PUCT or Commission)	Chairman (Agenda Items 1 through 11)
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider (IREP)



Guests:

Anderson, Troy	ERCOT Manager of Enterprise Project Portfolio
Brown, Jeff	Shell Energy North America (US) (IPM Segment Alternate)
Day, Betty	ERCOT Director of Commercial Market Operations
Dumas, John	ERCOT Director of Wholesale Market Operations
Cleary, Mike	ERCOT Senior Vice President and Chief Operating Officer
Cobos, Lori	ERCOT Associate Corporate Counsel
Gage, Theresa	ERCOT Director of External Affairs (Agenda Items 1 through 10b only)
Gresham, Kevin	E.ON Climate & Renewables NA (Independent Generator Segment Alternate)
Hendrick, Eric	Stream Energy (IREP Segment Alternate)
Hobbs, Kristi	ERCOT Manager of Market Rules
Jones, Dan	ERCOT Director of Independent Market Monitor (IMM) Group
Lasher, Warren	ERCOT Manager of Long-term Planning and Policy
Leady, Vickie	ERCOT Senior Corporate Counsel and Assistant Corporate Secretary
Lowe, Cagle	ERCOT (Interim) Director of Business Integration
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Manning, Chuck	ERCOT Vice President and Chief Compliance Officer
Morgan, Richard	ERCOT Vice President and Chief Information Officer
Nelson, Donna	PUCT Commissioner (Agenda Items 5a through 12)
Petterson, Mike	ERCOT Controller
Ogelman, Kenan	CPS Energy – Technical Advisory Committee (TAC) Vice Chair
Prochazka, Scott	CenterPoint Houston Electric (IOU Segment Alternate)
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Seely, Chad	ERCOT Senior Corporate Counsel
Surendran, Resmi	ERCOT Manager Market Analysis

Call Open Session to Order and Announce Proxies (Agenda Item 1)

Michehl Gent, Acting Board Chair, determined a quorum was present and called the meeting to order at approximately 8:33 a.m.

Chairman Gent noted the Antitrust and Security Admonitions and requested notice if there were any such concerns during the discussion in the meeting.

Election of Board Chair and Vice Chair (Agenda Item 2)

Trip Doggett, ERCOT CEO, called for nominations for the ERCOT Board Chair and Vice Chair for 2011.

Bob Helton made a motion to elect Laura Doll as Board Chair for 2011. Calvin Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Helton made a motion to elect Michehl Gent as Board Vice Chair for 2011. Miguel Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.



PUCT Chairman Smitherman congratulated Ms. Doll and thanked Mr. Gent on behalf of the Commission for serving as Acting Board Chair to help bring the Nodal Implementation Project to a successful conclusion.

Chairman Doll thanked the Board for their support, thanked Mr. Gent for graciously mentoring her on Board matters, acknowledged Jan Newton's service as Board Chair for the important two and a half years before Nodal launch, thanked the Committee Chairs for agreeing to serve another year, and acknowledged the important years ahead for ERCOT as it enters into a period of organizational stabilization.

Clifton Karnei announced that he held a proxy for Mark Dreyfus.

Chairman Doll shared her vision of the format of future Board meetings with the Board, including a Board member vocal roll call. Chairman Smitherman recommended that a microphone be circulated to allow all attendees at future Board meetings to introduce themselves for the benefit of the Board members and the public viewing the webcast. Ms. Doll requested that the affiliated Board members introduce their 2011 Segment Alternates and the affiliated Board members introduced the following Segment Alternates:

- Eric Hendrick with Stream Energy (*Independent Retail Electric Provider* – Segment Alternate for Marcie Zlotnik);
- Mike Packard with South Texas Electric Cooperative Inc. (*Cooperative* – Segment Alternate for Clifton Karnei);
- Kevin Gresham with E.ON Climate & Renewables NA (*Independent Generator* – Segment Alternate for Bob Helton);
- Jeff Brown with Shell Energy North America (US) (*Independent Power Marketer* – Segment Alternate for Jean Ryall);
- Scott Prochazka with CenterPoint Houston Electric (*Investor Owned Utility* – Segment Alternate for Calvin Crowder); and
- Ray Schwertner with Garland Power & Light (*Municipal* – Segment Alternate for Mark Dreyfus).

Chairman Doll addressed the following Agenda Items in the order below.

Election of Chief Executive Officer (CEO) and Ratification of Officers (Agenda Item 3)

Mr. Gent made a motion to elect Trip Doggett as ERCOT CEO for a term not to exceed one year and ratify the 2011 ERCOT Officers listed below:

- **Mike Cleary –Senior Vice President and Chief Operating Officer**
- **Bill Magness – Vice President, General Counsel and Corporate Secretary**
- **Charles B. Manning, Jr. – Vice President and Chief Compliance Officer**
- **Richard Morgan – Vice President and Chief Information Officer**
- **Kent Saathoff – Vice President of Grid Operations and System Planning**
- **Vickie Leady – Assistant Corporate Secretary**



Mr. Espinosa seconded the motion. The motion passed by voice vote with one abstention (Trip Doggett).

Committee Member Preferences/Assignments for 2011 (Agenda Item 4)

Chairman Doll noted the Board members' Committee assignments for 2011.

Technical Advisory Committee (TAC) Representatives (Agenda Item 5, 5a, and 5b)

Ratification of TAC Representatives for December 15-31, 2010 (Agenda Item 5a)

Mr. Helton made a motion to ratify the TAC Representatives for December 15-31, 2010. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

PUCT Commissioner Donna Nelson joined the Board Meeting and Chairman Smitherman called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for January 18, 2011.

Confirmation of TAC Representatives for 2011 (Agenda Item 5b)

Chairman Doll acknowledged the tremendous amount of hours of service provided by the TAC Representatives, noting that the thirty TAC Representatives provide approximately 4,500 hours of service a year. Ms. Doll recognized the five new TAC Representatives for 2011 – Barbara Clemenhagen (Topaz Power Holding LLC), Brian Gedrich (NextEra Energy Resources LLC), Keith Emery (Tenaska Power Services Co.), Mark Soutter (Invenergy Energy Management LLC), and Bill Hellinghausen (EDF Trading North America LLC).

Mr. Crowder made a motion to ratify the TAC Representatives for 2011. Andrew Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Confirmation of TAC Chair and Vice Chair (Agenda Item 6)

Chairman Doll informed the Board members that TAC unanimously voted to re-elect Brad Jones as TAC Chair and Kenan Ogelman as TAC Vice Chair for 2011.

Mr. Helton expressed his appreciation of TAC's leadership and made a motion to confirm Brad Jones as TAC Chair and Kenan Ogelman as TAC Vice Chair for 2011. Jean Ryall seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Consent Agenda (Agenda Item 7)

Chairman Doll noted the removal of Nodal Protocol Revision Request (NPRR) 260 and 282 from the Consent Agenda and Nick Fehrenbach requested the removal of NPRR302 from the Consent Agenda. The following items were covered under the Consent Agenda:



- December 14, 2010 Board of Directors Meeting Minutes (Agenda Item 8)
- Other Binding Documents Revision Request (OBDRR) 001 - Texas SET Implementation Guides Change Control Process [Texas SET Working Group] – URGENT (Agenda Item 12b)

Mr. Fehrenbach moved to approve the Consent Agenda. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Approval of the December 14, 2010 Board of Directors Meeting Minutes (Agenda Item 8)

The December 14, 2010 Board Meeting Minutes were approved as part of the Consent Agenda under Agenda Item 7.

Chief Executive Officer (CEO) Update (Agenda Item 9)

Mr. Doggett thanked Mr. Gent for his service as Acting Board Chair in 2010 and recognized Jan Newton's service as Board Chair. Mr. Doggett then provided a CEO Update to the Board members of ERCOT's 2010 accomplishments and recognized the dedicated efforts provided by all ERCOT employees in 2010.

Ms. Doll thanked Mr. Doggett for his leadership and Mike Cleary and the ERCOT team for their work. The Board members and all attendees showed their appreciation by applauding ERCOT's 2010 accomplishments.

Ms. Doll called a brief recess of the Board Meeting from 10:13 a.m. to 10:20 a.m. at which time she reconvened the meeting.

Operating Reports (Agenda Item 10)

Chairman Doll noted that some of the Operating Reports have a new format and new information since ERCOT is now operating in the Nodal market.

Financial Summary Report (Agenda Item 10a)

Chairman Doll invited questions regarding the Financial Summary Report. No comments or questions were voiced by the Board Members.

External Affairs Update (Agenda Item 10b)

Theresa Gage, ERCOT Director of External Affairs, provided an External Affairs Update to the Board members and requested Board member input on the informational one-page document related to the ERCOT Market's success. Chairman Smitherman requested that ERCOT start sending a representative to Southwest Power Pool (SPP) Board meetings, Entergy Regional State Committee (ERSC) meetings, and Western Electricity Coordinating Council (WECC) Board meetings to address questions about how ERCOT operates and emphasized that ERCOT should start looking beyond its boundaries to help other Independent System Operators (ISOs) tackle challenges that ERCOT has successfully overcome. Mr. Doggett agreed to address this recommendation.



Wholesale Market Operations Report (Agenda Item 10c)

John Dumas, ERCOT Director of Wholesale Market Operations, provided the Wholesale Market Operations Report to the Board members and answered Board member questions.

Mr. Fehrenbach asked Mr. Dumas to provide data on the amount of energy that is being purchased in Real-Time in the spot market versus self-arranged with bilateral contractual agreements at the February Board meeting.

Chairman Smitherman asked whether the higher \$3,000 per megawatt hour (MWh) offer cap that will be available after the Nodal guardrails expire at the end of the month (*i.e.*, 60 days from Nodal Go-Live) will incent Quick Start generation to participate during peak periods with price spikes and whether there should be concern about potential unintended consequences similar to those experienced with shadow prices. Mr. Dumas noted that price spikes during peak periods are normal and the ability to manage constraints resulting from price spikes during peak period is more precise in Nodal market than in the Zonal market. Chairman Smitherman noted the benefit that storage could provide under these circumstances.

Clifton Karnei asked Mr. Dumas to provide analysis on whether generation units are being cycled more on a daily or intra-daily basis in the Nodal Market at the February 2011 Board meeting.

Independent Market Monitor Report (Agenda Item 11)

Chairman Doll noted that the Independent Market Monitor (IMM) Report would be a new ongoing agenda item to address issues observed by the IMM in the Nodal market. Dan Jones, Director of the IMM Group, provided the IMM Report to the Board members and answered Board member questions.

Chairman Smitherman asked Mr. Doggett and Ms. Gage to work with Mr. D. Jones to develop a comparison between prices in 2008 versus what prices would likely be in the Nodal market under similar circumstance to show the significant cost savings realized in the Nodal market. In response to Chairman Smitherman inquiry, Mr. D. Jones noted that the current transmission system topology, excluding the Competitive Renewable Energy Zone (CREZ) transmission development, will be able to move more wind generation from West to North in the Nodal market.

Chairman Doll concluded the discussion by inviting Market Participants present to share their observations on how the Nodal market is working 45 days after Nodal Go-Live.

Commercial Market Operations Report (Agenda Item 10d)

Betty Day, ERCOT Director of Commercial Market Operations, presented the Commercial Market Operations Report to the Board members and answered Board member questions.

During the advanced meter discussion, Marcie Zlotnik asked Ms. Day to provide data in the next few months showing how many advanced meters are relying on estimated settlement data and the accuracy of the settlement data over certain time periods. Commissioner Nelson noted that there will be a



differentiation among the products and service offered to customers by different Retail Electric Providers (REPs) over the next two years as advanced meters are fully deployed in ERCOT in the First Quarter of 2013.

During the discussion of Total Resources Approved for Verifiable Costs, Mr. Dalton asked Ms. Day to provide the number of generation units that rely on Standard Cost and Generic Cost on a going forward basis and noted that he would like to see a significant increase in the number of generation units relying on Verifiable Costs. Mr. Crowder asked Ms. Day to add the number of MWs represented in the Total Resources Approved for Verifiable Costs chart on a going forward basis. Mr. Dalton asked Ms. Day to provide the number of applications for Verifiable Costs that are included in the 447 Resources in the Total Resources Approved for Verifiable Costs chart at the February Board Meeting.

During the discussion of challenges with the timing of settlements, Ms. Day asked for the Board members' preference in receiving settlement information on a historical basis, monthly basis, or partial month basis and stated that she would be providing partial month settlement information on the Friday before Board meetings to the Board members. Mr. Karnei expressed his interest in receiving current, up-to-date settlement information at Board meetings and that receiving partial month settlement information on the Friday before Board meetings would provide Board members sufficient time to review the information.

Grid Operations and Planning Report (Agenda Item 10e)

Kent Saathoff, ERCOT Vice President of Grid Operations and System Planning, provided the Grid Operations and Planning Report to the Board members and answered Board member questions.

During the discussion of the Day-Ahead Load Forecast Performance in December 2010, Mr. Dalton asked Mr. Saathoff for the date of the lowest and highest monthly MAPE and requested that the date be added to the chart on a going forward basis.

In discussing the December 11, 2010 wind generation record, Mr. Saathoff confirmed that ERCOT did not experience any operational challenges on December 11, 2010 and Chairman Smitherman requested that Mr. Saathoff calculate the balancing energy prices on an hourly basis throughout the day on December 11, 2010. Mr. Smitherman asked Mr. Doggett and Ms. Gage to develop a one-page document showing the effects, operational challenges, and customer impact experienced on December 11, 2010 or another comparable day where wind generation constituted 15% of load on the ERCOT system.

Information Technology (IT) and Facilities Report (Agenda Item 10f)

Richard Morgan, ERCOT Vice President and Chief Information Officer, provided the Information Technology and Facilities Report to the Board and noted that there would be further discussion of ERCOT's hardware recovery capability in the Executive Session of the Board meeting.

Mr. Crowder asked Mr. Cleary to add the Locational Marginal Price (LMP) Contour Map to the ERCOT website when feasible.



Business Integration Update (Agenda Item 10g)

Cagle Lowe, ERCOT Director of Business Integration, provided the Business Integration Update to the Board members and answered Board member questions.

Lunch (Agenda Item 13)

The meeting adjourned for lunch at approximately 11:45 p.m. and reconvened at approximately 12:30 p.m.

Technical Advisory Committee (TAC) Update (Agenda Item 12)

Kenan Ogelman, TAC Vice Chair, provided a report on recent TAC activities, noting that TAC re-appointed Brad Jones as TAC Chair and Mr. Ogelman as Vice Chair and TAC was bringing the following NPRRs for Board approval:

Nodal Protocol Revision Requests (NPRRs) and Other Binding Documents Revision Request (OBDRR) (Agenda Items 12a and 12b)

NPRRs (Agenda Item 12a)

NPRR260

- **NPRR260 – Providing Access to MIS Secure Area to MIS Registered Users [Crescent Power].**
Proposed Effective Date: Upon System Implementation – Priority Medium.
ERCOT Impact Analysis: Impact Analysis will be conducted at a future date due to “Not Needed for Go-Live” designation by the ERCOT CEO.
Revision Description: This NPRR adds “Independent Market Information System Registered Entity (IMRE)” to Section 2.1, Definitions, and Section 22, Attachment A, Standard Form Market Participant Agreement. By doing so, the Standard Form Market Participant Agreement would bind IMREs to the Nodal Protocols and, in particular, provisions in Section 16.12, Use Security Administrator and Digital Certificates.
Procedural History: NPRR260 was posted on August 5, 2010. On August 19, 2010, the Protocol Revision Subcommittee (PRS) unanimously voted to table NPRR260 for one (1) month. The Independent Power Marketer (IPM) Market Segment was not present for the vote. On September 23, 2010, PRS unanimously voted to table NPRR260. There was one (1) abstention from the IPM Market Segment. On October 21, 2010, PRS voted to recommend approval of NPRR260 as amended by the September 17, 2010 ERCOT comments and as revised by PRS. There were three (3) abstentions from the Consumer, IPM, and Independent Generator Market Segments. On November 18, 2010, PRS voted to endorse and forward the October 21, 2010 PRS Report as revised by PRS and Impact Analysis for NPRR260 to TAC and to assign NPRR260 a priority of Medium. There was one (1) abstention from the Independent Generator Market Segment. On December 6, 2010, TAC unanimously voted to recommend approval of NPRR260 as recommended by PRS in the November 18, 2010 PRS Report and to assign NPRR260 a priority of Medium.



Mr. Fehrenbach moved to approve NPRR260 as recommended by TAC in the December 6, 2010 TAC Report (later confirmed to be Medium priority as recommended by TAC). Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Cleary noted that an Impact Analysis of NPRR260 had not yet been completed and that an Impact Analysis would be brought to the Board through the normal process.

NPRR282

- **NPRR282 – Dynamic Ramp Rates Use in SCED [Calpine].**
Proposed Effective Date: Upon System Implementation – Priority Critical.
ERCOT Impact Analysis: Impact Analysis will be conducted at a future date due to “Not Needed for Go-Live” designation by the ERCOT CEO.
Revision Description: This NPRR proposes revisions that are intended to result in more reasonable Dispatch of Generation Resources when a telemetered Base Point requires the Resource to employ technologies that in turn change the Resource’s ramp rate.
Procedural History: NPRR282 was posted on September 28, 2010. On October 21, 2010, PRS voted to recommend approval of NPRR282 as amended by the October 18, 2010 Luminant comments. There was one (1) abstention from the Municipal Market Segment. On November 18, 2010, PRS unanimously voted to endorse and forward the October 21, 2010 PRS Report and Impact Analysis for NPRR282 to TAC and to assign NPRR282 a priority of Critical. On December 6, 2010, TAC unanimously voted to recommend approval of NPRR282 as recommended by PRS in the November 18, 2010 PRS Report and to assign NPRR282 a priority of Critical.

Mr. Helton moved to approve NPRR282 as recommended by TAC in the December 6, 2010 TAC Report. Dr. Patton seconded the motion. The motion passed by unanimous voice vote with one abstention (Nick Fehrenbach).

NPRR302

- **NPRR302 – Correct Fuel Type Language for Mitigated Offer Cap [Morgan Stanley] – URGENT.**
Proposed Effective Date: Upon System Implementation
ERCOT Impact Analysis: Less than \$5,000; can be incorporated into a future scheduled Market Management System (MMS) release; no ERCOT staffing impacts; impacts to MMS; eliminates use of Fuel Oil Price (FOP) in calculation for Mitigated Offer Cap; no impacts to ERCOT grid operations and practices.
Revision Description: This NPRR revises the language for the Mitigated Offer Cap to eliminate use of the FOP in the calculation.
Procedural History: NPRR302 was posted on December 7, 2010. On December 9, 2010, the motion to grant NPRR302 Urgent status passed via PRS email vote. On December 16, 2010, PRS voted to recommend approval of NPRR302 as submitted. There was one (1) abstention from the Consumer Market Segment. On January 6, 2011, TAC unanimously voted to recommend approval of NPRR302 as recommended by PRS in the December 16, 2010 PRS Report.

Mr. Dalton stated that this issue should be tracked and TAC should provide a long term fix schedule. He asked that Mr. Ogelman and Ms. Hobbs provide an update at March Board meeting. Mr. Helton asked



Mr. Ogelman to provide a timeframe when possible for the Impact Analyses to be completed and a re-examination of economic criteria.

Mr. Helton moved to approve NPRR302 as recommended by TAC in the January 6, 2011 TAC Report and to request that TAC continue to track this NPRR with ERCOT staff assistance. Dr. Patton seconded the motion. The motion passed by voice vote with one opposed (Mr. Fehrenbach) and no abstentions.

OBDRR 011 (Agenda Item 12b)

- **OBDRR001 – Texas SET Implementation Guides Change Control Process [Texas SET Working Group] - URGENT.**

Proposed Effective Date: Upon ERCOT Board approval.

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 OBDRR incorporates the revision process into the Texas Standard Electronic Transaction Implementation Guides.

Procedural History: OBDRR001 was posted on December 13, 2010. On December 15, 2010, the motion to grant OBDRR001 Urgent status failed via a Protocol Revision Subcommittee (PRS) email vote. On December 16, 2010, PRS unanimously voted to grant OBDRR001 Urgent status. PRS then voted to recommend approval of OBDRR001 as submitted. There was one (1) abstention from the Independent Generator Market Segment. On January 6, 2011, TAC unanimously voted to recommend approval of OBDRR001 as recommended by PRS in the December 16, 2010 PRS Report.

See Consent Agenda (Agenda Item 7) for vote on this Item.

Mr. Ogelman noted that TAC passed NPRR275 (Clarifying a Qualified Scheduling Entities' ability to make changes to a Ancillary Resource's responsibility in Real Time), NPRR291 (Reduction of NPRR and SCR comment period from 21 days to 14 days), and NPRR292 (Addition of Key Provisions of Regional Planning Group's Charter to the ERCOT Protocols) at last month's TAC meeting. Mr. Ogelman also noted that TAC referred issues regarding the frequency of SCED re-runs, management of constraints when Shadow Price Cap limits are not met, and calculation of Settlement Point Prices versus the calculation of LMPs to the Wholesale Market Subcommittee (WMS).

Proposed Real-Time Settlement Point Price Correction (Agenda Item 14)

Mr. Dumas discussed the Proposed Real-Time Settlement Point Price Correction to address SCED picking up proxy offers, instead of submitted offers, to calculate LMP due to a software glitch on December 15, 2010.

In response to several Board members' inquiries about the total dollar amount of the resettlement, Mr. Cleary committed to bring back the total dollar amount of the resettlement to the Board for discussion purposes and noted that ERCOT had to go through the full resettlement process to determine the total dollar amount. In discussing the root cause of the December 15, 2010 incident, Mr. Crowder requested that ERCOT provide clearer issue write-ups for similar situations going forward. Mr. Dalton requested



an update on whether this situation can or will happen again under similar circumstances at the February Board Meeting.

Mr. Helton moved to approve the Proposed Real-Time Settlement Point Price Correction and have ERCOT and stakeholders through TAC or its Subcommittee review the re-settlement process in the Nodal market. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Summary of Competitive Renewable Energy Zones Reactive Study (Agenda Item 15)

Warren Lasher, ERCOT Manager of Long-term Planning and Policy, presented a detailed summary of the CREZ Reactive Study, highlighting that the study is leading the nation due to the amount of wind generation on the ERCOT system and study recommendations.

In discussing the steps going forward, Ms. Doll asked Mr. Dalton to work with Mr. Saathoff and Mr. Lasher to develop a strategic point that can be rolled into the Strategic Plan for discussion next month and stressed the importance of ERCOT's role in ensuring that the study's technical considerations are properly communicated to the PUCT for cost allocation decisions.

Chairman Doll called a brief recess from 2:40 pm to 2:57 pm at which time she reconvened the meeting.

Finance & Audit (F&A or Committee) Committee Report (Agenda Item 16)

Mr. Karnei, F&A Committee Chairman, noted that the F&A Committee had no action items for the Board from the Committee meeting the prior day and reported on the following items:

- Re-election of Clifton Karnei as Committee Chair and election of Jorge Bermudez as Committee Vice Chair;
- Review of the Committee Charter to be presented for Committee and Board in February;
- Agreement to keep the 2011 Committee Meeting planner;
- ERCOT Credit status update; and
- Discussion of Committee self-assessment results.

Mr. Doggett discussed the updated Risk Management Event Profile Matrix (Stoplight Report) with different categories of risks and steps being taken by ERCOT to mitigate the risks. Mr. Crowder mentioned that he had shared the Stoplight Report with Mary Ober, the facilitator engaged for the Board Strategic Planning Event, for agenda planning purposes.

Human Resources & Governance (HR&G or Committee) Committee Report; and Discussion regarding 2011 Board Strategic Planning Event (Agenda Items 17 and 17a)

Mr. Dalton, HR&G Committee Chairman, reported that the HR&G Committee met on the prior day and reported on the following items considered at the meeting:

- Re-election of Andrew Dalton as Committee Chair and Dr. A. D. Patton as Committee Vice Chair;



- Review of the 2010 and 2011 Key Performance Indicators (KPIs);
- Discussion of Committee Self-Evaluation results;
- Discussion of Performance Goals and Standards for 2011;
- Board Training (Lunch and Learn sessions with focus on the on ERCOT organization);
- Personnel Update;
- Strategic Planning Event;
- Review of Committee Charter; and
- Modeling of the Committee calendar after the F&A “Charter Responsibilities as Planned Future Agenda Items” matrix.

Mr. Dalton noted that the Committee Charter would be up for approval at the February Board meeting.

Other Business (Agenda Item 18)

None.

Future Agenda Items (Agenda Item 19)

In response to Chairman Doll’s request for additions to the Future Agenda Items, Dr. Patton requested that a CREZ Reactive Study update be added to the Future Agenda Items.

Executive Session (Agenda Items 20-26)

Chairman Doll adjourned the meeting into Executive Session at approximately 3:10 p.m. and reconvened Open Session at approximately 5:10 p.m.

Vote on Matters from Executive Session (Agenda Item 27)

Mr. Espinosa moved to approve the Contract Matter considered in Executive Session by the Board identified as Agenda Item 25a in the Board materials as presented. Calvin Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 28)

Chairman Doll adjourned the meeting at approximately 5:15 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