



**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
March 22, 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
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility (IOU)
Dalton, Andrew	Valero Services, Inc.	Consumer/Industrial (beginning with Agenda Item 5c)
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO) (beginning with Agenda Item 5c)
Doll, Laura	Unaffiliated Director	Unaffiliated Director, Board Chairman
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel	Unaffiliated Director	Unaffiliated Director (Proxy for Jorge Bermudez)
Fehrenbach, Nick	City of Dallas	Consumer/Commercial
Gent, Michehl	Unaffiliated Director	Unaffiliated Director, Vice Chairman
Givens, Sheri	Office of Public Utility Counsel	Consumer/Residential
Helton, Bob	IPR-GDR SUEZ North America	Independent Generator
Karnei, Clifton	Brazos Electric Power Cooperative	Cooperative
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Commissioner (Alternate Representative for Chairman Barry T. Smitherman, except for Agenda Items 1 through 7)
Patton, A.D.	Unaffiliated Director	Unaffiliated Director
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer (IPM)
Smitherman, Barry T.	Public Utility Commission of Texas (PUCT)	Chairman (Agenda Items 1 through 7 only)
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider (IREP)



Guests:

Anderson, Ken	PUCT Commissioner (Agenda Items 1 through 7 only)
Anderson, Troy	ERCOT Manager of Enterprise Project Portfolio
Bauld, Mandy	ERCOT Manager of Settlements and Billing
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
Dreyer, Jerry	ERCOT Director of Application Services
Forfia, David	ERCOT Director of Information Technology (IT) Projects
Gage, Theresa	ERCOT Director of External Affairs (Agenda Items 4 through 5b only)
Garza, Beth	Independent Market Monitor, Potomac Economics
Grendel, Steve	ERCOT Director of Facilities and Site Development
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
Ierullo, Bruno	ERCOT Director of Human Resources
Jones, Brad	Luminant Energy, Technical Advisory Committee (TAC) Chair
Leady, Vickie	ERCOT Assistant General 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
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Ogelman, Kenan	CPS Energy, TAC Vice Chair
Prochazka, Scott	CenterPoint Houston Electric (IOU Segment Alternate)
Rickerson, Woodie	ERCOT Director of Grid Coordination
Roark, Dottie	ERCOT Manager of Corporate Communications
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Seely, Chad	ERCOT Assistant General Counsel
Smallwood, Aaron	ERCOT Director of IT Operations (on behalf of Richard Morgan, ERCOT Vice President and Chief Information Officer)
Woodfin, Dan	ERCOT Director of System Planning

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

Laura Doll, Board Chairman, determined a quorum was present and called the meeting to order at approximately 8:32 a.m. Chairman Doll called for a Board member roll call and each Board member in attendance introduced themselves, along with their affiliation and segment if applicable. Chairman Doll requested that each guest in attendance also introduce themselves for the benefit of those in attendance and viewing the webcast.

Chairman Doll noted the Antitrust and Security Admonitions and requested notice if there were any such concerns during the discussion in the meeting. Chairman Doll then announced that Miguel



Espinosa held the proxy for Jorge Bermudez, Andrew Dalton and Trip Doggett, ERCOT CEO, would be joining the meeting later in the morning, and the Nominating Committee would be convening after the Board meeting.

Barry T. Smitherman, Chairman of the Public Utility Commission of Texas (PUCT, Commission), called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for March 22, 2011.

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

Consent Agenda (Agenda Item 2)

Chairman Doll announced that all of the Consent Agenda items were removed at the request of various Board members and would be voted on individually under their respective Agenda Items. These included the following Agenda Items:

- 3a – January 18, 2011 Board of Directors Meeting Minutes;
- 3b – February 14, 2011 Special Board of Directors Meeting Minutes;
- 7a – Nodal Protocol Revision Requests (NPRRs) 289, 291, 296, 297, and 305;
- 7b – Nodal Operating Guide Revision Request (NOGRR) 057;
- 7c – System Change Request (SCR) 760; and
- 7d – Impact Assessments for NPRRs 208, 219, 251, 282, 285, 293 and NOGRR050.

Minutes (Agenda Items 3a and 3b)

Approval of January 18, 2011 Board of Directors Meeting Minutes (Agenda Item 3a)

Chairman Doll entertained a motion to approve the January 18, 2011 Board of Directors meeting minutes (Minutes) as presented.

Calvin Crowder moved to approve the Minutes as presented. Bob Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

February 14, 2011 Special Board of Directors Meeting Minutes (Agenda Item 3b)

Chairman Doll entertained a motion to approve the February 14, 2011 Special Board of Directors meeting minutes (Minutes) as presented.

Mr. Crowder moved to approve the Minutes as presented. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with one abstention (Nick Fehrenbach).

Chief Executive Officer Update (Agenda Item 4)

Chairman Doll announced that the CEO Update would be taken up later in the meeting because Mr. Doggett was at a legislative hearing.

Operating Reports (Agenda Item 5)



Financial Summary Report (Agenda Item 5a)

Mike Petterson, ERCOT Vice President of Finance and Treasury, invited Board member comments and questions regarding the Financial Summary Report. No comments or questions were voiced by the Board members.

External Affairs Update (Agenda Item 5b)

Theresa Gage, ERCOT Director of External Affairs, provided an External Affairs Update to the Board members. Chairman Smitherman requested that the ERCOT Board monitor the recently passed Environmental Protection Agency (EPA) rule on Hazardous Air Pollution that could affect reliability in the ERCOT merchant generation market in the next three to seven years.

Wholesale Market Operations Report (Agenda Item 5c)

John Dumas, ERCOT Director of Wholesale Market Operations, invited comments and questions from the Board members on the standard monthly portion of the Wholesale Market Operations Report. No comments or questions were voiced by the Board members. Mr. Dumas then provided an extensive overview of the recent Nodal stabilization challenge regarding the pricing of de-energized resource nodes (also known as the "Dead Bus" issue) and addressed comments and questions by the Board members.

Sheri Givens, Marcie Zlotnik, and Jean Ryall requested that Mr. Doggett and Mr. Magness review the ERCOT Protocols and develop resettlement options to address the Dead Bus issue for Board member consideration at the April 2011 Board meeting.

After some discussion about the proposed mid-term solution of passing an NPRR to provide ERCOT with the authority to issue a market notice stating that there is a risk of resettlement or price correction to resolve an anomaly or defect in the market, **Ms. Ryall made a motion to authorize ERCOT to immediately issue a market notice stating that an anomaly or defect in the market has been identified and the market should stop transacting on the anomaly or defect until further notice during the interim period pending Board approval of the NPRR providing ERCOT with the authority to resettle the market or make a price correction to resolve an anomaly or defect in the market. Dr. Patton seconded the motion.** Chairman Doll requested that Ms. Ryall and Mr. Magness draft a Board Resolution for a vote by the Board members during the break of the Board meeting. PUCT Chairman Smitherman requested that the Board Resolution state that the market notice must include language stating that the failure of a Market Participant to get ERCOT's market notice is not a defense nor is it a defense that behavior prior to ERCOT's market notice is acceptable.

PUCT Chairman Smitherman then noted that there are Commission rules that, if read broadly, place a duty on a Market Participant that identifies a system flaw to bring the system flaw to the attention ERCOT, rather than taking advantage of the system flaw. He added that he and ERCOT Staff met with Independent Power Marketers prior to Nodal go-live to strongly encourage them to bring system flaws to the attention of ERCOT Staff during the first few months of the new Nodal market.

Miguel Espinosa asked Mr. Magness to evaluate whether ERCOT can take quicker action to fix an anomaly or defect in the market (*i.e.*, a Board meeting via conference call) for discussion at the April 2011 Board meeting. Dr. Patton requested that Mr. Dumas provide him with a one-line diagram of a substation configuration offline when feasible. Mr. Dalton and Mr. Crowder requested that Mr. Dumas



provide them with data offline on the reasoning behind the February 2011 Congestion Revenue Right (CRR) price convergence and whether the February 2011 number was primarily related to congestion in South Zone or ERCOT-wide.

Break

Chairman Doll briefly recessed the Board meeting for a break from approximately 10:14 a.m. to 10:24 a.m.

Chief Executive Officer Update (Agenda Item 4) – continued

Trip Doggett provided a CEO Update to the Board members. He highlighted that the North American Electric Reliability Corporation (NERC) Operating Committee unanimously passed a resolution that commended ERCOT operators for their decisive action in shedding load to maintain system security on February 2, 2011, but added that ERCOT was continuing to review lessons learned in the operations area to identify further improvements. No comments or questions were voiced by the Board members.

Wholesale Market Operations Report (Agenda Item 5c) - continued

Chairman Doll returned to the Dead Bus issue to address the discussion that Ms. Ryall and Mr. Magness had during the break about a Board Resolution to allow the immediate issuance of a market notice when an anomaly or defect is identified in the market. Ms. Ryall reported that Mr. Magness explained that ERCOT has the ability to issue a market notice and did so to address the Dead Bus issue. Ms. Ryall withdrew her motion based on an agreement that ERCOT would consult with the Independent Market Monitor (IMM) and Commission prior to issuing a market notice that incorporates PUCT Chairman Smitherman's suggested language if an anomaly or defect is identified during the interim period pending Board approval of an NPRR. Dr. Patton withdrew his second of the motion.

Mr. Dalton requested that Mr. Magness evaluate whether the ERCOT Board can unilaterally stop a Market Participant from transacting on an anomaly or defect in the market under the ERCOT Bylaws, Articles of Incorporation, or some other Commission authority for the April 2011 Board meeting.

Commercial Market Operations Report (Agenda Item 5d)

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

Mr. Doggett asked Ms. Day to provide a demo to the Board that shows the impact of co-optimization on energy and Ancillary Services after ERCOT is past the impact of the February 2, 2011 Event.

Grid Operations and Planning Report (Agenda Item 5e)

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.

Information Technology (IT) and Facilities Report (Agenda Item 5f)

Aaron Smallwood, Director of IT Operations, provided the IT and Facilities Report to the Board members, on behalf of Richard Morgan, ERCOT Vice President and Chief Information Officer, and answered Board member questions.



Business Integration Update (Agenda Item 5g)

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

Mr. Dalton requested that Mr. Cleary and Mr. Lowe provide a combined ERCOT and TAC report that shows what projects are supported by both ERCOT and TAC (*i.e.*, the market) to help the Board members understand a project's budget impact, implementation timeline, and priority beginning with the April 2011 Board meeting,

Due to concerns raised by Ms. Givens about the transparency of a project's impact on load and overall market in the Cost Benefit Analysis (CBA), Mr. Cleary agreed to provide more information in the CBA regarding the reason for supporting a project as a priority, project implementation costs, project operating costs, and feasibility of project implementation.

Mr. Dalton requested that Mr. Cleary develop a document, in conjunction with TAC or a separate ERCOT document, that shows ERCOT's position on each project and states whether ERCOT's position is different from TAC's position or not fully aligned with TAC's position for the April 2011 Board meeting.

In light of Mr. Dalton and Ms. Givens' concerns, Mr. Doggett requested that Mr. Lowe work with the market to better quantify market costs and benefits in the CBAs on a going forward basis.

PUCT Chairman Smitherman emphasized that ERCOT's annual budget and System Administrative Fee (SAF) changes are subject to Commission review and approval and ERCOT Staff is required to work with Commission Staff to develop the annual budget under the new PUCT rules on ERCOT Oversight effective on March 22, 2011. He strongly encouraged Mr. Doggett to work with Commission Staff to build a budget plan as soon as possible and provide a specific list of projects to Commission Staff to determine whether the additional project costs are acceptable to Commission Staff.

Troy Anderson, ERCOT Manager of Enterprise Project Portfolio, provided an overview of the phased approach of the Parking Deck Prioritization Schedule to the Board members and answered Board member questions.

Mr. Dalton made a motion to table all scheduled TAC approval items until the April 2011 Board meeting to allow ERCOT Staff to provide the Board members with more guidance and insight on projects that are must-need items versus wish list items and enable a more holistic review of the pending TAC approval items. Dr. Patton seconded the motion but he later withdrew his second due to his misunderstanding of Mr. Dalton's motion. Chairman Doll called for a second on Mr. Dalton's motion and the motion died for lack of a second.

In light of the annual budget review requirements in the new PUCT rules on ERCOT Oversight and Chairman Smitherman's strong emphasis that ERCOT consult with Commission Staff regarding the specific projects that will be included in the annual budget, the Board members, based on the advice of Mr. Magness, decided to consider the TAC approval items with the understanding that Board approval of the projects was contingent upon Commission approval of the projects, and therefore, ERCOT would not move forward with project implementation until the Commission approved the projects.



PUCT Commissioner Anderson expressed his interest in approving an overall project funding amount to be included in the annual budget, rather than approving the specific projects that will be included in the annual budget.

David Forfia, ERCOT Director of IT Projects, provided a Data Center Migration Update to the Board members and answered Board member questions.

Lunch (Agenda Item 8)

The meeting adjourned for lunch at approximately 11:59 a.m. and reconvened at approximately 12:44 p.m.

Technical Advisory Committee (TAC) Update (Agenda Item 7)

Mr. Doggett committed to include project costs and budget year in the TAC Update presentation on a going forward basis and mentioned a few areas, such as the project prioritization process and acceleration of CBAs, which may need further discussion in the future.

Brad Jones, TAC Chair, provided an overview of the project prioritization process, critical project list, and project phasing process.

Troy Anderson, ERCOT Manager of Enterprise Project Portfolio, walked the Board members through the CBA for NPRR323, Correct DAM Credit Exposure Language and Enable Qualified Expiring CRRs to Offset PTP Bid Exposure, to help the Board members understand the content and development of CBAs and provided an overview of the composition and development of the project priority list (PPL).

Nodal Protocol Revision Requests (NPRRs) (Agenda Item 7a)

Mr. B. Jones, TAC Chair, and Kenan Ogelman, TAC Vice Chair, presented the following NPRRs for Board approval.

Unanimous NPRRs

Mr. B. Jones presented the following group of NPRRs that were unanimously approved by TAC (NPRRs 289, 291, 296, 297, 305, 323 and 325) for Board approval:

NPRR289

- **NPRR289 – Clarify Use of Raise/Lower Block Status Telemetry [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR inserts language into Section 6.5.5.2, Operational Data Requirements, to clarify the proper use of Raise Block Status and Lower Block Status telemetry points by Resource operators in Real-Time operations.

Procedural History: NPRR289 was posted on October 28, 2010. On November 18, 2010, PRS unanimously voted to refer NPRR289 to WMS. On December 16, 2010, PRS unanimously voted to recommend approval of NPRR289 as amended by the December 15, 2010 WMS comments. On



January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR289 to TAC. On February 3, 2011, TAC unanimously voted to recommend approval of NPRR289 as recommended by PRS in the January 20, 2011 PRS Report.

NPRR291

- **NPRR291 – Reduce the Comment Period for NPRRs and SCRs [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR reduces the comment period for NPRRs and SCRs from twenty-one (21) days to fourteen (14) days and removes the requirement for the comment period to end at least three (3) Business Days prior to the next regularly scheduled meeting of the subcommittee considering the NPRR or SCR.

Procedural History: NPRR291 was posted on October 28, 2010. On November 18, 2010, PRS unanimously voted to recommend approval of NPRR291 as submitted. On December 16, 2010, PRS unanimously voted to endorse and forward the November 18, 2010 PRS Report and Impact Analysis for NPRR291 to TAC. On January 6, 2011, TAC unanimously voted to recommend approval of NPRR291 as recommended by PRS in the December 16, 2010 PRS Report.

NPRR296

- **NPRR296 – Remove Posting Requirement for the Annual Planning Model for the CRR Auction [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR removes the requirement to post a schedule for updating transmission information for the Annual Planning Model six (6) months prior to the annual and two-year CRR Auctions.

Procedural History: NPRR296 was posted on November 15, 2010. On December 16, 2010, PRS unanimously voted to recommend approval of NPRR296 as submitted. On January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR296 to TAC. On February 3, 2011, TAC unanimously voted to recommend approval of NPRR296 as recommended by PRS in the January 20, 2011 PRS Report.

NPRR297

- **NPRR297 – Add Administrative NPRR Process to Nodal Protocols [ERCOT].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR adds a process for “Administrative NPRRs” to the Nodal Protocols modeled on the similar process for administrative market guide revisions contained in each of the market guides.



Procedural History: NPRR297 was posted on November 23, 2010. On December 16, 2010, PRS unanimously voted to recommend approval of NPRR297 as submitted. On January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR297 to TAC. On February 3, 2011, TAC unanimously voted to recommend approval of NPRR297 as recommended by PRS in the January 20, 2011 PRS Report.

NPRR305

- **NPRR305 – Timeline for Calculating the Value of X [ERCOT] - URGENT.**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR removes from the Nodal Protocols language describing the effective date for the value of X for the purpose of determining verifiable startup costs and instead refers to the Verifiable Cost Manual as the source for such information.

Procedural History: NPRR305 was posted on January 11, 2011. On January 13, 2011, PRS granted NPRR305 Urgent status via PRS email vote. On January 20, 2011, PRS unanimously voted to recommend approval of NPRR305 as submitted and to forward NPRR305 and its Impact Analysis to TAC. On February 2, 2011, TAC unanimously voted to recommend approval of NPRR305 as recommended by PRS in the January 20, 2011 TAC Report.

NPRR323

- **NPRR323 – Correct DAM Credit Exposure Language and Enable Qualified Expiring CRRs to Offset PTP Bid Exposure [Tenaska] – URGENT.**

Proposed Effective Date: Upon System Implementation – Priority High; Rank 12.75

ERCOT Impact Analysis: \$375,000 - \$475,000; no impacts to ERCOT staffing; impacts to MMS, Market Participant Registration System (REG), and Enterprise Integration (EIP); no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR revises the language in Section 4.4.10, Credit Requirement for DAM Bids and Offers, to match the implemented DAM credit exposure calculations for Three-Part Supply Offers as they relate to combined cycle and to PTP bid calculations currently identified in paragraph (6)(d) of Section 4.4.10; right size the credit exposure calculation for DAM transactions submitted via the use of an energy-only bid curve to equate to the maximum exposure; and right size the credit exposure calculation for DAM PTP bids where a qualified expiring CRR offsets cleared DAM exposure.

Procedural History: NPRR323 was posted on February 10, 2011. On February 16, 2011, the motion to grant NPRR323 Urgent status failed via PRS email vote. On February 17, 2011, PRS unanimously voted to grant NPRR323 Urgent status. PRS then unanimously voted to recommend approval of NPRR323 as amended by the February 17, 2011 ERCOT comments and to forward NPRR323 to TAC. On March 3, 2011, TAC unanimously voted to recommend approval of NPRR323 as amended by the March 2, 2011 ERCOT comments and as revised by TAC with a recommended priority of High and a rank of 12.75. *See March 11, 2011 CWG comments.*



NPRR325

- **NPRR325 – Price Correction during SCED Process Failure [ERCOT] – URGENT.**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no impacts to ERCOT staffing; no impact to ERCOT computer systems; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR clarifies the Settlement method that will be used if ERCOT identifies that Real-Time Settlement Point Prices are erroneous and correcting the error will affect Real-Time Dispatch.

Procedural History: NPRR325 was posted on February 10, 2011. On February 16, 2011, the motion to grant NPRR325 Urgent status failed via PRS email vote. On February 17, 2011, PRS unanimously voted to grant NPRR325 Urgent status. PRS then unanimously voted to recommend approval of NPRR325 as revised by PRS and to forward NPRR325 to TAC. On March 3, 2011, TAC unanimously voted to recommend approval of NPRR325 as recommended by PRS in the February 17, 2011 PRS Report.

Mr. Karnei made a motion to approve NPRRs 289, 291, 296, 297, 305, 323, and 325 as recommended by TAC in their respective TAC Reports. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with one abstention (Andrew Dalton).

Non-Unanimous NPRRs

NPRR275

- **NPRR275 – Clarify QSE's Ability to Make Changes to Ancillary Service Resource Responsibility in Real Time [ERCOT].**

Proposed Effective Date: April 1, 2011

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 NPRR clarifies the responsibility of QSEs to telemeter the Ancillary Service Resource Responsibility for each Resource in Real-Time.

Procedural History: NPRR275 was posted on September 16, 2010. On September 23, 2010, the Protocol Revision Subcommittee (PRS) unanimously voted to reject NPRR275. On October 7, 2010, ERCOT appealed the September 23, 2010 PRS Decision to TAC. On November 14, 2010, TAC unanimously voted to remand NPRR275 to PRS and to request that the Nodal Advisory Task Force (NATF) also consider NPRR275 and provide feedback to PRS. On November 18, 2010, PRS voted to recommend approval of NPRR275 as amended by the November 16, 2010 NATF comments and as revised by PRS. There were two (2) abstentions from the Investor Owned Utility (IOU) and Consumer Market Segments. On December 16, 2010, PRS voted to endorse and forward the November 18, 2010 PRS Report and Impact Analysis for NPRR275 to TAC with a proposed effective date of March 1, 2011. There were two (2) abstentions from the Consumer and IOU Market Segments. On January 6, 2011, TAC voted to recommend approval of NPRR275 as recommended by PRS in the December 16, 2010 PRS Report and as revised by TAC. There were two (2) abstentions from the Cooperative and IOU Market Segments.



Mr. Karnei made a motion to approve NPRR275 as recommended by TAC in the January 6, 2011 TAC Report. Dr. Patton seconded the motion. The motion passed by unanimous voice vote with one abstention (Andrew Dalton).

NPRR292

- **NPRR292 – Add Key Provisions of RPG Charter to Protocols [Planning Working Group (PLWG)].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR adds certain key provisions of the Regional Planning Group (RPG) Charter and Procedures, approved by the ERCOT Board in January 2009, to the Nodal Protocols without changing requirements or process. This NPRR also revises certain language within the existing Nodal Protocols for consistency with the added provisions and to coordinate with future Planning Guides. If needed, substantive changes to the planning process will be addressed through other NPRR and Planning Guide Revision Requests (PGRRs).

Procedural History: NPRR292 was posted on October 29, 2010. On November 18, 2010, PRS voted to recommend approval of NPRR292 as submitted. There were two (2) opposing votes from the IPM and Independent Generator Market Segments. On December 16, 2010, PRS unanimously voted to endorse and forward the November 18, 2010 PRS Report and Impact Analysis for NPRR292 to TAC. On January 6, 2011, TAC voted to recommend approval of NPRR292 as recommended by PRS in the December 16, 2010 PRS Report. There were two (2) opposing votes from the Independent Generator and IPM Market Segments and four (4) abstentions: one (1) from the Independent Generator and three (3) from the IPM Market Segments.

Mr. Fehrenbach made a motion to approve NPRR292 as recommended by TAC in the January 6, 2011 TAC Report. Mr. Crowder seconded the motion. The motion passed by voice vote with one opposed (Andrew Dalton) and no abstentions.

NPRR283

- **NPRR283 – Clarification of PCRR Allocation Eligibility [Tex-La].**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no additional full-time equivalents needed; no system changes required; no impacts to ERCOT business functions; no impact to grid operations.

Revision Description: This NPRR extends PCRR eligibility for certain wholesale supply over the high voltage Direct Current Ties (DC Ties).

Procedural History: NPRR283 was posted on September 30, 2010. On October 21, 2010, PRS unanimously voted to refer NPRR283 to the Wholesale Market Subcommittee (WMS) to discuss (1) whether the DC Tie import in question is a Generation Resource for purposes of PCRR allocation; and (2) the expected duration of pre-1999 contracts and PCRR implications. On December 16, 2010, PRS voted to recommend approval of NPRR283 as amended by the December 15, 2010 WMS comments. There were three (3) abstentions from the Consumer, Independent Power Marketer (IPM), and IOU Market Segments. On January 20, 2011, PRS unanimously voted to endorse and forward the December 16, 2010 PRS Report and Impact Analysis for NPRR283 to TAC. On



February 3, 2011, TAC voted to recommend approval of NPRR283 as recommended by PRS in the January 20, 2011 PRS Report. There was one (1) abstention from the IPM Market Segment.

Mr. Helton made a motion to approve NPRR283 as recommended by TAC in the February 3, 2011 TAC Report. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with one abstention (Andrew Dalton).

Mr. Jones and Mr. Ogelman committed to include the original sponsor on all NPRRs and TAC Approval Items on a going forward basis.

NPRR303

- **NPRR303 – Requirement to Post PTP Options Cleared in DAM or Taken to Real-Time [Luminant Energy] – URGENT.**

Proposed Effective Date: Upon System Implementation (will be implemented with NPRR293, Requirement to Post PTP Obligation Quantities Awarded in DAM (formerly “Requirement to Post CRR Option and Obligation Quantities Cleared in DAM or Taken to Real Time”)) – Priority High; Rank 14.

ERCOT Impact Analysis: Less than \$5,000; no impacts to ERCOT staffing; impacts to Market Management System (MMS), Current Day Reports (CDR), and Market Information System (MIS); implement automated process to generate and post quantities of PTP Options cleared in the DAM or taken in Real-Time; no impacts to ERCOT grid operations and practices.

Revision Description: This NPRR adds language to specify the need for ERCOT to post quantities of PTP Options and PTP Options with Refund that were not cleared in the DAM and taken to Real-Time for Settlement.

Procedural History: NPRR303 was posted on December 5, 2010. On January 20, 2011, PRS voted to recommend approval of NPRR303 as submitted. There were two (2) opposing votes from the Municipal Market Segment and one (1) abstention from the IPM Market Segment. On February 17, 2011, PRS unanimously voted to grant NPRR303 Urgent status, to endorse and forward the January 20, 2011 PRS Report, Impact Analysis and Cost Benefit Analysis for NPRR303 to TAC, and to recommend a priority of High and a rank of 14. On March 3, 2011, TAC voted to recommend approval of NPRR303 as recommended by PRS in the February 17, 2011 PRS Report. There was one (1) opposing vote from the Cooperative Market Segment and four (4) abstentions: three (3) from the Cooperative and one (1) from the Municipal Market Segments.

Mr. Helton made a motion to approve NPRR303 as recommended by TAC in the March 3, 2011 TAC Report. Mr. Gent seconded the motion. The motion passed by voice vote with one abstention (Andrew Dalton) and one opposed (Nick Fehrenbach).

NPRR307

- **NPRR307 – Change SASM Offer Procedures [Morgan Stanley] – URGENT.**

Proposed Effective Date: Upon System Implementation – Priority High; Rank 9.5

ERCOT Impact Analysis: \$15,000 - \$20,000; no impacts to ERCOT staffing; impacts to MMS; no impacts to ERCOT business functions; no impacts to ERCOT grid operations and practices.



Revision Description: This NPRR deletes the requirement of valid Supplemental Ancillary Services Market (SASM) offers to be at or below the value of the offers in the DAM.

Procedural History: NPRR307 was posted on January 11, 2011. On January 13, 2011, PRS granted NPRR307 Urgent status via PRS email vote. On January 20, 2011, PRS voted via roll call vote to refer NPRR307 to WMS. On February 17, 2011, PRS voted to recommend approval of NPRR307 as amended by the February 14, 2011 Occidental Chemical Corporation comments and as revised by PRS and to forward NPRR307 to TAC. There was one (1) abstention from the Independent Retail Electric Provider (IREP) Market Segment. On March 3, 2011, TAC voted to recommend approval of NPRR307 as amended by the March 2, 2011 Luminant comments and as revised by TAC with a recommended priority of High and rank of 9.5. There were two (2) abstentions from the IOU Market Segment.

Mr. Karnei made a motion to approve NPRR307 as recommended by TAC in the March 3, 2011 TAC Report. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Nodal Operating Guide Revision Request (NOGRR) 057 (Agenda Item 7b)

Mr. Ogelman presented NOGRR057 for Board approval.

NOGRR057

- **NOGRR057 – Texas SET Daily Report Containing Loss of Generation Greater than 450 MW [LCRA] - URGENT.**

Proposed Effective Date: April 1, 2011

ERCOT Impact Analysis: No budgetary impact; no ERCOT staffing impacts; no impacts to ERCOT computer systems; existing business functions can accommodate this NOGRR; System Operators will enter notifications into Notice Builder on a daily basis.

Revision Description: This NOGRR adds a requirement for ERCOT to post loss of generation greater than 450 MW.

Procedural History: NOGRR057 was posted on January 16, 2011. On January 13, 2011, the Reliability and Operations Subcommittee (ROS) unanimously voted to grant NOGRR057 Urgent status. ROS then unanimously voted to recommend approval of NOGRR057 as revised by ROS. On February 3, 2011, TAC unanimously voted to recommend approval of NOGRR057 as recommended by ROS in the January 13, 2011 ROS Report and as revised by TAC.

Mr. Karnei made a motion to approve NOGRR057 as recommended by TAC in the February 3, 2011 TAC Report. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with one abstention (Andrew Dalton).

System Change Request (SCR) 760 (Agenda Item 7c)

Mr. Ogelman presented SCR760 for Board approval.

SCR760

- **SCR760 – Recommended Changes Needed for Information Model Manager and Topology Processor for Planning Models [Steady State Working Group (SSWG)] - URGENT.**



Proposed Effective Date: Upon System Implementation – Priority Critical.

ERCOT Impact Analysis: \$1.9 million - \$2.4 million (annual recurring costs - \$245,000 – \$290,000; biennial recurring costs - \$310,000 – \$390,000); requires 2.2 full-time equivalents (FTEs); ERCOT systems impacted included Topology Processor (TP), Information Model Manager (IMM), Energy Management System (EMS), Market Management System (MMS), Enterprise Information Services (EIS), Enterprise Integration Platform (EIP), Congestion Revenue Rights (CRR), Outage Scheduler (OS), Network Model Management Systems (NMMS), Commercial Systems (COMS), Registration (REG), Current Day Reports (CDR), Management Information System (MIS), Settlements & Billing (S&B); impacts to ERCOT business functions; no impact to grid operations and practices.

Revision Description: This SCR proposes changes to the Information Model Manager and Topology Processor to fix a number of deficiencies with the proposed Annual Planning Model creation process.

Procedural History: SCR760 was posted on November 14, 2010. On November 11, 2010, the Reliability and Operations Subcommittee (ROS) unanimously voted to grant Urgent status to SCR760. ROS then voted to recommend approval of SCR760 as submitted. There was one (1) abstention from the Independent Power Marketer (IPM) Market Segment. On November 18, 2010, the Protocol Revision Subcommittee (PRS) voted to recommend a priority of Critical and to endorse and forward the November 11, 2010 ROS Report for SCR760 to TAC. There were three (3) abstentions from the Independent Generator, IPM, and Consumer Market Segments. On December 6, 2010, TAC unanimously voted to table SCR760 for one (1) month. On January 6, 2011, TAC unanimously voted to table SCR760 for one (1) month. On February 3, 2011, TAC unanimously voted to table SCR760 and to direct ERCOT to complete an impact assessment based on the January 24, 2011 ROS comments. On March 3, 2011, TAC unanimously voted to recommend approval of SCR760 as amended by the January 24, 2011 ROS comments with a recommended priority of Critical and rank of 3.5.

Mr. Karnei made a motion to approve SCR760 as recommended by TAC in the March 3, 2011 TAC Report. Mr. Doggett seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Impact Assessments for NPRRs 208, 219, 251, 282, 285, 293, and NOGRR050 (Agenda Item 7d)

Mr. B. Jones informed the Board members that the Impact Assessments for NPRR219 and NOGRR050 did not indicate a positive benefit to cost ratio for implementation at this time and that the items would remain on the Parking Deck for future consideration.

Mr. Anderson provided the Board members with an overview of the Impact Assessments for NPRRs 208, 251, 282, 285 and 293 that were part of Phase 1 of the Parking Deck NPRR/SCR Prioritization Schedule and answered Board member questions.

Mr. Crowder made a motion to approve the Impact Assessments for NPRRs 208, 251, 282, 285 and 293 as recommended by TAC in their respective TAC Reports. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with one abstention (Andrew Dalton).



Technical Advisory Committee (TAC) Update (Agenda Item 7) - continued

In order to achieve greater transparency, Mr. Dalton requested that ERCOT staff provide information regarding which projects were removed from the PPL to accommodate the approval of new projects. Mr. Crowder requested the identification of any offsets.

Fourth Quarter 2010 Emerging Technologies Implementation Plan (ETIP) (Agenda Item 7e)

Mr. B. Jones directed the Board members to the Fourth Quarter 2010 ETIP Update in the meeting materials and noted that the plan would be provided to the Commission. No comments or questions were voiced by the Board members. He noted that TAC was closely following the Dead Bus issue and working with ERCOT Staff on the necessary decisions. He highlighted that TAC voted to create an Emergency Response Task Force to serve as a vehicle to quickly respond to Board and TAC requests related to the February 2, 2011 Event, rather than following the normal TAC timelines, and Mr. Ogelman would be serving as the Chair of the Task Force. He also reported that TAC voted to disband the Nodal Advisory Task Force (NATF) since the issues that NATF was addressing were being raised in other subcommittees.

Ratification of Emergency Interruptible Load Service (EILS) Petition (Agenda Item 6d)

Bill Magness, Vice President – General Counsel and Corporate Secretary, provided the Board members with background information regarding ERCOT's EILS Petition and requested Board member ratification of the EILS Petition.

Ms. Givens requested that the General Counsel's Office and External Affairs communicate more with the Board members prior to submitting emergency regulatory filings in the future.

Mr. Dreyfus expressed his interest in a thorough report and discussion on the value of EILS and noted an issue in the ERCOT Protocols that, at a minimum, needs to be corrected to ensure that distribution companies are notified about EILS contracts in their territory.

Mr. Crowder made a motion to ratify the EILS Petition as presented. Ms. Givens seconded the motion. The motion passed by unanimous voice vote. Mr. Dalton was not present for the vote, but he asked that the minutes reflect his opposition to the vote.

Finance & Audit (F&A) Committee Report (Agenda Item 9, 9a, 9b, 9c, 9d, 9e, and 9f)

Mr. Karnei, F&A Committee Chairman, reported that the F&A Committee met the prior day and presented Agenda Items 9a through 9f for Board approval and consideration:

Approval of F&A Committee Charter (Agenda Item 9a)

Mr. Karnei made a motion to approve the F&A Committee Charter as presented. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with one abstention (Michehl Gent).

Acceptance of Type 1, SAS 70 Audit Report (Agenda Item 9b)

Mr. Karnei made a motion to accept the Type 1, SAS 70 Audit Report as presented. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Acceptance of Investment Corporate Standard (Agenda Item 9c)

Mr. Karnei noted that the F&A Committee members had some concerns with the Counter-Party concentration in the Investment Corporate Standard and that F&A Committee and Board approval of the standard was deferred to the April 2011 F&A Committee and Board meeting.

Approval of Financial Corporate Standard (Agenda Item 9d)

Mr. Karnei made a motion to approve the Financial Corporate Standard as presented. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Approval of Market Credit Risk Standard (Agenda Item 9e)

Mr. Karnei made a motion to approve the Market Credit Risk Standard as presented. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Plans for ERCOT 2010 Internal Revenue Service (IRS) Form 990 Filing (Agenda Item 9f)

Mike Petterson, ERCOT Vice President of Finance and Treasury, directed the Board members to the ERCOT 2010 IRS Form 990 in the meeting materials and highlighted the following deadlines:

- Completed questionnaires from the Board members, Segment Alternates, and ERCOT Staff are due on April 19, 2011.
- A copy of the draft form will be provided for Board review at the July 2011 Board meeting.
- The final form will be filed with the IRS on August 15, 2011.

Mr. Petterson committed to provide an electronic Word version of the questionnaire to the Board members, Segment Alternates, and ERCOT Staff pursuant to the request of the F&A Committee members. Mr. Gent and Mr. Espinosa requested that Mr. Petterson provide the Board members with a copy of their 2009 Form 990 Questionnaire.

Human Resources & Governance (HR&G) Committee Report (Agenda Items 10, 10a, 10b, and 10c)

Chairman Doll recessed the Board meeting at approximately 2:45 p.m. to allow the HR&G Committee to briefly convene and reconvened the Board meeting at approximately 2:51pm.

Mr. Dalton, HR&G Committee Chairman, reported that the HR&G Committee met the prior day and presented Agenda Items 10c, 10a, and 10b for Board approval and consideration.

Ratification of Officers (Agenda Item 10c)

Mr. Espinosa made a motion to ratify Mark Ruane as Vice President of Credit and Enterprise Risk Management and Mike Petterson as Vice President of Finance and Treasury. Ms. Zlotnik seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Doggett asked Vickie Leady, Assistant General Counsel and Assistant Corporate Secretary, to revise the Board Resolution to correct Mr. Ruane's title.



Approval of the HR&G Committee Charter (Agenda Item 10a)

Mr. Dalton made a motion to approve the HR&G Committee Charter as presented. Ms. Givens seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Acceptance of the Benefits Committee Annual Status Report (Agenda Item 10b)

Mr. Dalton noted that the HR&G Committee found no issues with the Benefits Committee Annual Status Report and the report was included in the meeting materials for informational purposes.

Before concluding the HR&G Committee Report, Mr. Dalton noted that the HR&G Committee discussion about the timing of the Strategic Planning Event was postponed until the June 2011 HR&G Committee meeting to allow for the completion of the Legislative session and he would report back to the Board once he had more information about the timing of the event.

Ethics Agreements for Directors and Segment Alternates (Agenda Item 11)

Chairman Doll emphasized the importance of the Ethics Agreement and requested that Board members and Segment Alternates thoughtfully complete the agreement by April 19, 2011. Mr. Magness requested that Board members contact him or Ms. Leady with questions about the agreement.

Break

Chairman Doll recessed the Board meeting for a break from approximately 3:02 p.m. to 3:14 p.m.

Preliminary Reports related to the February 2, 2011 Energy Emergency Alert (EEA) Event (Agenda Items 6a, 6b, and 6c)

Chairman Doll noted that Board Task Forces were created to address operations, communications, and credit issues resulting from the February 2, 2011 EEA Event at the February 14, 2011 Special Board meeting and requested an update from the Board Task Forces on their progress.

Board Task Force on Operations (Agenda Item 6a)

Mr. Gent, Chair of the Board Task Force on Operations, provided an overview of the Operations Task Force Report to the Board members and answered Board member questions. Mr. Gent acknowledged the Task Force members, Dr. Patton and Mr. Karnei, as well as Bill Blevins, Manager of Operations Support, Chad Seely, Assistant General Counsel, and Ms. Leady for their contributions to the Report.

Chairman Doll and Mr. Gent requested that Mr. Doggett review and respond to the conclusions and recommendations in the Report at the May 2011 Board meeting. Mr. Doggett offered to bring back some responses to the April 2011 Board meeting and the remaining responses to the May 2011 Board meeting to allow time for consultation with Commission Staff regarding some of the recommendations. Ms. Doll disbanded the Operations Task Force and thanked the Task Force for their work on the Report.

Board Task Force on Communications (Agenda Item 6b)

Jean Ryall, Chair of the Board Task Force on Communications, noted that the goal of the Task Force was to conduct a thorough review of ERCOT's emergency communications plan and crisis communication procedures and provide recommendations for improvements to the Board members. Ms. Ryall acknowledged Task Force members, Ms. Givens, Ms. Zlotnik, Mr. Dreyfus and Mr. Crowder, and noted that the Task Force worked closely with Theresa Gage, Director of External Affairs, and her team to identify needed improvements in the emergency communications plan and crisis communication



procedures. Ms. Ryall noted that significant changes had already been made to the crisis communications plan, including the automation of direct alerts from the control room via the emergency notification system, before the Task Force began reviewing the procedures. Ms. Ryall commended Ms. Gage for her leadership and proactive approach in identifying the communication deficiencies that arose during the February 2, 2011 EEA Event.

Ms. Gage provided an overview of changes that have been made and short-term and long-term improvements that will be made on a going forward basis to the Board members. Ms. Gage noted that Dottie Roark, Manager of Corporate Communications, is conducting a lessons learned for public information officers from all of the agencies and Market Participants that were affected by the February 2, 2011 EEA Event on April 8, 2011 and Ms. Gage and Ms. Roark will report back to the Board members the results of the meeting. Mr. Doggett added that Commission Staff, Regina Chapline and David Featherston, helped facilitate discussions with the State Operations Center to get feedback on necessary improvements.

Ms. Roark briefly discussed the revised EEA communications matrix and emergency drill procedures and responded to questions from PUCT Commissioner Donna Nelson and Board members.

Mr. Crowder asked Mr. Doggett to identify the electric utilities that ERCOT should contact directly in an emergency event.

PUCT Commissioner Nelson commended ERCOT on proactively improving its crisis communications procedures. Chairman Doll thanked the Task Force for their work on the Report and requested that the Task Force report back on open issues at the April 2011 Board meeting.

Finance & Audit (F&A) Committee on Credit (Agenda Item 6c)

Mr. Karnei reported that the F&A Committee and Credit Work Group found that the Nodal credit procedures worked as intended during the February 2, 2011 EEA Event, and therefore, the F&A Committee did not have any recommendations at this time. Mr. Karnei noted that the F&A Committee will be discussing the need to add more boundaries on when ERCOT can make credit calculation adjustments in the future at the April 2011 F&A Committee meeting.

Ms. Zlotnik stated that her concerns are about future ERCOT credit calculation adjustments and noted that she is having offline discussions with Cheryl Yager, Treasurer, and Mr. Magness about the potential legal precedent set by ERCOT's credit calculation adjustments for the February 2, 2011 EEA Event. Mr. Doggett added that he committed to look at whether the credit calculation adjustment process could be better defined and made more predictable for Market Participants and provide examples of when such adjustments could be made in the future.

Chairman Doll thanked the F&A Committee and Cheryl Yager for their work thus far and noted that the issue would continue to be discussed at the April 2011 F&A Committee meeting and Board meeting.

Future Agenda Items (Agenda Item 12)

None.

Other Business (Agenda Item 13)

None.



Executive Session (Agenda Items 14-20)

Chairman Doll adjourned the meeting into Executive Session at approximately 4:13 p.m. and reconvened Open Session at approximately 6:18 p.m.

Vote on Matters from Executive Session (Agenda Item 21)

There were no agenda items for vote in General Session.

Adjournment (Agenda Item 22)

Chairman Doll adjourned the meeting at approximately 6:19 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