



**GENERAL SESSION MINUTES OF THE
FINANCE & AUDIT COMMITTEE
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive (Room 206) - Austin, Texas 78744
April 18, 2011

Pursuant to notice duly given and after determination by the Committee Chairman that a quorum was present, the meeting of the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

General Session Attendance

Committee Members:

Bermudez, Jorge (Vice Chair)	Unaffiliated Director	Unaffiliated Director
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel	Unaffiliated Director	Unaffiliated Director (Proxy for Nick Fehrenbach)
Karnei, Clifton (Chair)	Brazos Electric Power Cooperative	Cooperative
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider

Guest Board Members and Segment Alternates:

Brown, Jeff	Shell Energy North America	Segment Alternate – Independent Power Marketer
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO)
Doll, Laura	Unaffiliated Director	Unaffiliated Director
Givens, Sheri	Office of Public Utility Counsel	Residential Consumer
Gresham, Kevin	E.ON Climate & Renewable NA LLC	Segment Alternate – Independent Generator
Helton, Bob	IPR-GDF SUEZ North America	Independent Generator
Hendrick, Eric	Stream Energy	Segment Alternate - Independent Retail Electric Provider
Patton, Dr. A. D.	Unaffiliated Director	Unaffiliated Director (Beginning



		with Agenda Item 5)
Prochazka, Scott	CenterPoint Houston Electric LLC	Segment Alternate -- Investor Owned Utility
Ryall, Jean	Constellation Energy	Independent Power Marketer (Beginning with Agenda Item 2)
Smitherman, Barry T.	Public Utility Commission of Texas (PUCT)	Chairman (Beginning with Agenda Item 2)

Other Guests:

Anderson, Ken	Public Utility Commission of Texas - Commissioner
Beckham, Rebecca	ERCOT Manager of Financial Reporting
Cobos, Lori	ERCOT Associate Corporate Counsel
Cleary, Mike	ERCOT Senior Vice President and Chief Operating Officer
Day, Betty	ERCOT Director of Commercial Market Operations
Dumas, John	ERCOT Director of Wholesale Market Operations
Gunn, Phillip	Ernst & Young
Hobbs, Kristi	ERCOT Manager of Market Rules
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Manning, Chuck	ERCOT Vice President of Human Resources and Chief Compliance Officer
Morais, Matt	ERCOT Assistant General Counsel
Morgan, Richard	ERCOT Vice President and Chief Information Officer
Pettersen, Mike	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Swanson, Leslie	ERCOT Treasury Manager
Woodfin, Dan	ERCOT Director of System Planning
Wullenjohn, Bill	ERCOT Director of Internal Audit
Yager, Cheryl	ERCOT Director of Credit

Chairman Karnei convened the General Session of the F&A Committee meeting at approximately 12:01 p.m. and announced that Nick Fehrenbach provided his proxy to Miguel Espinosa prior to the meeting.

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

Approval of March 21, 2011 General Session Minutes (Agenda Item 1)

Chairman Karnei entertained a motion to approve the March 21, 2011 F&A Committee General Session Meeting Minutes (Minutes) with a modification that would move Danny Bivens' attendance in General Session from the Committee Members attendance list to the Other Board Members and Segment Alternates attendance list in the Minutes.



Miguel Espinosa moved to approve the Minutes substantially as presented with the recommended modification. Jorge Bermudez seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Meeting with Independent Auditor (Agenda Item 2)

Phillip Gunn, with Ernst & Young, discussed the annual financial statements audit and forward-looking accounting developments with the Committee members. Mr. Gunn noted that the audit report would include an unqualified opinion. No Committee members voiced comments or questions regarding the audit or forward-looking accounting developments.

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 April 18, 2011.

Mike Petterson noted that Ernst & Young would issue the audit report following the completion of the management representation letter, and therefore, the Committee members would be recommending that the Board accept the 2010 Audited Financial Statements substantially in the form presented to the F&A Committee.

Mr. Espinosa moved to recommend Board acceptance of the 2010 Audited Financial Statements substantially in the form presented to the F&A Committee. Calvin Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Committee Approval of Non-Audit Services by Independent Auditor (Agenda Item 3)

Rebecca Beckham discussed the need for F&A Committee approval of non-audit services by an independent auditor in an amount not to exceed \$10,000, in case tax advisory services are needed for the preparation of ERCOT's 2010 Internal Revenue Service (IRS) Form 990 filing, and responded to comments and questions from the Committee members.

Mr. Espinosa moved to approve the use of non-audit services by an independent auditor in an amount not to exceed \$10,000. Mr. Bermudez seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommend Revision of ERCOT Security Screening Study Fee (Agenda Item 4)

Bill Magness noted that the new PUCT rules on ERCOT Oversight allow the Board to approve changes to ERCOT's User fees, which include the ERCOT Security Screening Study Fee. Mr. Magness stated that Dan Woodfin would discuss the proposed fee changes with the Committee members this month and bring back a recommendation for F&A Committee and Board approval next month. Mr. Woodfin discussed the proposed fee changes with the Committee members and responded to questions and comments from the Committee members.

Discussion of Commodity Exchange Act (Agenda Item 5)

Mark Ruane and Matt Morais provided the Committee members with an extensive overview of Commodity Futures Trading Commission (CFTC) exemption issues and Federal Energy Regulatory Commission (FERC) Credit Rule implications and responded to questions and comments from the Committee members.



Credit Update (Agenda Item 6)

Cheryl Yager provided a Credit Update to the Committee members, including a follow-up discussion on ERCOT's use of discretion in the future, and responded to comments and questions from the Committee members.

Review Committee Briefs (Agenda Item 7)

No Committee members voiced comments or questions.

Future Agenda Items (Agenda Item 8)

Mr. Petterson noted that the following items would be presented for consideration at next month's F&A Committee meeting:

- Approval of the Investment Corporate Standard;
- Status update on the impact of Environmental Protection Agency (EPA) regulations on Reserve margins;
- Discussion of proposed changes to ERCOT's Security Screening Study Fee;
- Status update on CFTC exemption issues (new standing item); and
- Review of revisions to credit procedures related to adjustments to collateral as requested by the Committee.

Other Business (Agenda Item 9)

There was no other business considered at this time.

Convene to Executive Session

Chairman Karnei adjourned the General Session to convene the Executive Session of the F&A Committee meeting at approximately 1:32 p.m.

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

A handwritten signature in black ink, appearing to read "Lori Cobos", is written over a horizontal line.

Lori Cobos
Committee Secretary