



**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
May 17, 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	Unaffiliated Director
Bivens, Danny	Office of Public Utility Counsel	Alternate Representative for Sheri Givens – Residential Consumer (Except for Agenda Item 6b)
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility (IOU)
Dalton, Andrew	Valero Services, Inc.	Industrial Consumer (Beginning with Agenda Item 3)
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO) (Except for Agenda Item 4g)
Doll, Laura (Chairman)	Unaffiliated	Unaffiliated Director
Dreyfus, Mark	Austin Energy	Municipal (Except for Agenda Item 4g)
Espinosa, Miguel	Unaffiliated	Unaffiliated Director (Beginning with Agenda Item 4e)
Fehrenbach, Nick	City of Dallas	Commercial Consumer
Gent, Michehl (Vice Chairman)	Unaffiliated	Unaffiliated Director
Helton, Bob	International Power America Services	Independent Generator
Karnei, Clifton	Brazos Electric Power Cooperative	Cooperative
Patton, A.D. Dr.	Unaffiliated	Unaffiliated Director
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer (IPM)
Smitherman, Barry T.	Public Utility Commission of Texas (PUCT, Commission)	Chairman (Beginning with Agenda Item 3; except Agenda Items 4b, 4f, and 4g)
Zlotnik, Marcie	StarTex Power	Independent Retail Electric Provider (IREP) (Except Agenda Items 4e to



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Guests:

Anderson, Ken	Public Utility Commission of Texas – Commissioner (Beginning with Agenda Item 3)
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
Forfia, David	ERCOT Director of Information Technology (IT) Projects
Gage, Theresa	ERCOT Director of External Affairs
Gresham, Kevin	E.ON Climate & Renewables NA (Independent Generator Segment Alternate)
Jones, Brad	Luminant Energy, Technical Advisory Committee (TAC) Chair
Jones, Dan	Potomac Economics, Independent Market Monitor (IMM)
Lasher, Warren	ERCOT Manager of Long-term Planning and Policy
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
McIntyre, Kenneth	ERCOT Director of Standards and Protocol Compliance (on behalf of Chuck Manning, ERCOT Vice President of Human Resources and Chief Compliance Officer)
Morgan, Richard	ERCOT Vice President and Chief Information Officer
Nelson, Donna	Public Utility Commission of Texas – Commissioner (Beginning with Agenda Item 3; except Agenda Item 4b)
Ogelman, Kenan	CPS Energy, TAC Vice Chair
Petterson, 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
Schwertner, Ray	Garland Power & Light (Municipal Segment Alternate)

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 then requested that each guest 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 noted that there were no proxies, and prior to the meeting, Sheri Givens designated Danny Bivens as her Alternate Representative for the meeting.

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



Approval of April 19, 2011 Meeting Minutes (Agenda Item 2)

Chairman Doll entertained a motion to approve the April 19, 2011 Board of Directors Meeting Minutes (Minutes) as presented.

Michehl Gent moved to approve the Minutes as presented. Marcie Zlotnik seconded the motion. The motion passed by unanimous voice vote with one abstention (Jorge Bermudez).

CEO Update (Agenda Item 3)

Trip Doggett, ERCOT CEO, provided the Board members with a CEO Update and responded to questions and comments from the Board members. Mr. Doggett recognized Alan Allgower, ERCOT Supervisor of Systems Operations, for his work and dedication during the February 2, 2011 event.

Barry T. Smitherman, Chairman of the PUCT, called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for May 17, 2011.

IMM Report (Agenda Item 5)

Dan Jones, IMM, provided the Board members with the IMM Report, including a summary of the IMM's investigative report of the February 2, 2011 event, and responded to comments and questions from the Board members.

Operating Reports/Updates (Agenda Item 4)

Financial Summary Report (Agenda Item 4a)

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

External Affairs Update (Agenda Item 4b)

Theresa Gage, ERCOT Director of External Affairs, provided the Board members with an External Affairs Update and responded to comments and questions from the Board members.

Wholesale Market Operations Update (Agenda Item 4c)

John Dumas, ERCOT Director of Wholesale Market Operations, provided the Board members with a Wholesale Market Operations Update and responded to comments and questions from the Board members.

Commercial Market Operations Report (Agenda Item 4d)

Betty Day, ERCOT Director of Commercial Market Operations, provided the Board members with a Commercial Market Operations Report and responded to comments and questions from the Board members.

Break

Chairman Doll recessed the Board meeting for a break from approximately 10:10 a.m. to 10:22 a.m.

Grid Operations and Planning Report (Agenda Item 4e)



Kent Saathoff, ERCOT Vice President of Grid Operations and System Planning, provided the Board members with a Grid Operations and Planning Report and responded to questions and comments from the Board members.

Warren Lasher, ERCOT Manager of Long-term Planning and Policy, provided the Board members with an overview of the recently completed ERCOT study on the potential impacts of proposed Environmental Protection Agency (EPA) regulations on generation facilities in ERCOT and responded to comments and questions from the Board members.

IT and Facilities Report (Agenda Item 4f)

Richard Morgan, ERCOT Vice President and Chief Information Officer, provided the Board members with the IT and Facilities Report and responded to questions and comments from the Board members.

Business Integration Update, including Data Center Update (Agenda Item 4g)

Cagle Lowe, ERCOT Director of Business Integration, provided the Board members with a Business Integration Update and responded to questions and comments from the Board members.

David Forfia, ERCOT Director of IT Projects, provided the Board members with a Data Center Project Update and responded to comments and questions from the Board members.

TAC Update (Agenda Item 6)

Nodal Protocol Revision Requests (NPRRs) Unanimously Recommended by TAC for Approval and Other Revision Requests Unanimously Recommended by TAC for Approval (Agenda Items 6a and 6b)

Brad Jones, TAC Chair, and Kenan Ogelman, TAC Vice Chair, provided a summary of the TAC items unanimously recommended by TAC for Board approval and responded to questions and comments from the Board members. The following TAC items were considered for Board approval:

NPRRs Unanimously Recommended by TAC for Approval – (Agenda Item 6a)

- NPRR306 – Revisions to Protected Information to Include Black Start Documents Considered Critical Energy Infrastructure Information (CEII)
- NPRR310 – Expand Output Schedule Acceptable Range to Include High Sustained Limit (HSL) and Low Sustained Limit (LSL)
- NPRR350 – Change to the Security Classification of the System Ancillary Service Capacity Monitor Dashboard – URGENT
- NPRR352 – Real-Time HSL Telemetry for Wind-powered Generation Resources (WGRs) – URGENT

Other Revision Requests Unanimously Recommended by TAC for Approval – (Agenda Item 6b)

- SCR764 – Public Access to Select Market Information System (MIS) Dashboards – URGENT
- NOGRR054 – Change in Facilitator for the Annual Operations Training Seminar
- PGRR004 – New Planning Guide Section 2, Synchronization with NPRR291, Reduce the Comment Period for NPRRs and SCRs



Clifton Karnei made a motion to approve the TAC items unanimously recommended by TAC for Board approval as presented under Agenda Items 6a and 6b. Calvin Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Valley Import Constraint – Revised Maximum Shadow Price Cap (Agenda Item 6c)

Mr. B. Jones provided the Board members with an overview of the Valley Import Constraint issue and the related Revised Maximum Shadow Price Cap recommended by TAC for Board approval. Mr. B. Jones and Mr. Dumas addressed comments and questions from the Board members.

Lunch (Agenda Item 11)

The meeting adjourned for lunch at approximately 12:18 p.m. and reconvened at approximately 1:05 p.m.

Valley Import Constraint – Revised Maximum Shadow Price Cap (Agenda Item 6c) - continued

After further discussion among the Board members, Chairman Doll called for a motion for approval of the Valley Import Constraint (Revised Maximum Shadow Price Cap) as recommended by TAC. Bill Magness, ERCOT Vice President, General Counsel and Corporate Secretary, noted that the Board Resolution included a revised Attachment A.

Andrew Dalton made a motion to approve the Valley Import Constraint (Revised Maximum Shadow Price Cap) recommended by TAC with Revised Attachment A in the Board Resolution. Mr. Bivens seconded the motion. The motion passed by unanimous voice vote with one abstention (Jean Ryall).

Mr. Ogelman then provided an update on TAC activities, including the assignment of the recommendations from the Board Task Force on Operations to the Reliability Operations Subcommittee (ROS) and Wholesale Market Subcommittee (WMS) and NPRRs that will be presented for the Board's consideration at next month's Board meeting, and responded to questions and comments from the Board members.

Finance & Audit (F&A) Committee Report (Agenda Items 7)

Clifton Karnei, F&A Committee Chairman, reported that the F&A Committee met the prior day and highlighted the items discussed at the F&A Committee meeting for the Board members. Mr. Karnei presented the following item that the F&A Committee recommended for Board approval:

Investment Corporate Standard (Agenda Item 7a)

Mr. Karnei provided an overview of the revised Investment Corporate Standard, including modifications recommended by the F&A Committee, for the Board's consideration and responded to comments and questions from the Board members.

Mr. Karnei made a motion to approve the revised Investment Corporate Standard as presented with the modifications recommended by the F&A Committee. Jorge Bermudez seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 8)



Andrew Dalton, HR&G Committee Chairman, reported that the HR&G Committee met the prior day and highlighted the items discussed at the HR&G Committee meeting for the Board members.

Future Agenda Items (Agenda Item 9)

Chairman Doll noted that the Nominating Committee met the prior day and provided a brief status update on the Nominating Committee's activities.

No other future agenda items were discussed.

Other Business (Agenda Item 10)

No other business was discussed.

Executive Session (Agenda Items 12 - 18)

Chairman Doll adjourned the meeting into Executive Session at approximately 1:40 p.m. and reconvened General Session at approximately 3:05 p.m.

Vote on Matters from Executive Session (Agenda Item 19)

After reconvening the General Session, Chairman Doll called for a motion to approve the litigation and regulatory matter from Executive Session.

Mr. Karnei made a motion to approve the Litigation and Regulatory matter from Executive Session (under Agenda Item 17). Miguel Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chairman Doll recognized Dr. A. D. Patton for his three years of service as an Unaffiliated Director on the Board and the Board members thanked him for his contributions.

Adjournment (Agenda Item 20)

Bob Helton made a motion to adjourn the Board meeting. Mr. Crowder seconded the motion. Chairman Doll adjourned the Board meeting at approximately 3:08 p.m.

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

Lori Cobos
Associate Corporate Counsel