



Date: June 14, 2011
To: Board of Directors
From: Michael Petterson, Vice President of Finance and Treasury
Subject: Correction of Scrivener's Error relating to the May 2011 Approval of Investment Corporate Standard

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: June 21, 2011

Agenda Item No.: 10b

Issue:

Whether to approve correction of a scrivener's error relating to the May 2011 approval of ERCOT's revised Investment Corporate Standard (Standard) and thereby provide the 60-day period management requested to implement key provisions of the revised Standard.

Background/History:

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

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

ERCOT staff reviewed the Standard and respectfully proposed several changes and clarifications which the Finance and Audit (F&A) Committee, on May 16, 2011, reviewed, amended, and recommended for Board approval. The Board adopted the recommended revisions at the May 17, 2011 Board meeting.

The Board's action was taken with an immediate effective date; however, management believes a 60-day implementation period is essential. The transition time requested by management is primarily needed to identify, qualify, and establish contractual terms with additional financial institutions necessary to enhance diversification and reduce risk of ERCOT's investment portfolio.

Key Factors Influencing Issue:

The key factor influencing the issue is ERCOT management's ability to adhere to provisions of Board-approved corporate standards.

Alternatives:

1. Approve correction of a scrivener's error relating to the May 2011 approval of ERCOT's revised Standard and thereby provide the 60-day period management requested to implement key provisions of the revised Standard;
2. Do not approve correction of the scrivener's error and recognize that ERCOT will not be able to comply with provisions of the Standard until late-July; or
3. Remand the issue to the F&A Committee with instructions.



Conclusion/Recommendation:

The F&A Committee will review this request for correction of a scrivener's error at its meeting on June 20, 2011 and is expected to recommend to the Board at the June 21, 2011 Board meeting that the record reflect approval of the time requested to implement the revised Standard.



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

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

WHEREAS, at the May 17, 2011 Board Meeting, the F&A Committee recommended that the Board approve the revisions to the Investment Corporate Standard as set forth in Exhibit A; and

WHEREAS, at the May 17, 2011 Board Meeting the revised Investment Corporate Standard, as set forth in Exhibit A, was authorized and approved by the Board in each and every respect to be effective immediately; and

WHEREAS, ERCOT management subsequently discovered a scrivener's error causing Board approval of the revised Investment Corporate Standard to not provide implementation time needed to ensure compliance with the revised Investment Corporate Standard;

WHEREAS, ERCOT believes it is prudent and preferable that the record reflect Board approval of time needed by ERCOT staff to implement and ensure compliance with the revised Investment Corporate Standard.

THEREFORE, BE IT RESOLVED, that the revised Investment Corporate Standard, as set forth in Exhibit A, which is attached hereto and incorporated herein by reference for all purposes, is hereby authorized and approved by the Board in each and every respect to be effective on July 18, 2011.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Corporate Secretary of ERCOT, do hereby certify that, at its June 21, 2011 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of June, 2011.

Bill Magness
Corporate Secretary