



Date: June 14, 2011
To: Board of Directors
From: Bill Magness, Vice President, General Counsel and Corporate Secretary
Subject: Ratification of ERCOT Mission Statement

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: June 21, 2011

Agenda Item No.: 11b

Issue:

Whether the ERCOT Board of Directors (Board) should formally ratify ERCOT's currently effective Mission Statement as of March 23, 2010, which was most recently presented to the ERCOT Board at its March 23, 2010 meeting as part of the 2010-2014 ERCOT Strategic Plan and which would allow this version to be reflected as the formally approved version for ERCOT's 2010 Internal Revenue Service (IRS) Form 990 informational tax return.

Background/History:

ERCOT is required to file a Form 990 informational tax return annually with the IRS. ERCOT staff plans to provide the Board with its final draft of its 2010 Form 990 at its July 19, 2011 meeting for its review and to file the final form of its 2010 Form 990 with the IRS on or before August 15, 2011. For purposes of the 2010 Form 990, the IRS allows an organization to report publicly its mission as articulated in its mission statement that has been adopted or ratified by its governing body.

On March 23, 2010, the Board reviewed the 2010-2014 ERCOT Strategic Plan which was finalized utilizing the Board's feedback on such Plan from the February 17, 2010 Board Strategic Planning Event. The 2010-2014 ERCOT Strategic Plan included the following ERCOT Mission Statement:

ERCOT serves the public interest by:

- ensuring open access to transmission and distribution systems;
- maintaining system reliability and operations;
- enabling retail choice;
- operating fair and competitive wholesale markets;
- maintaining the renewable energy credits registry; and
- providing leadership and independent expertise to improve system reliability and market efficiency.

At this time, the Board did not formally vote to approve the 2010-2014 ERCOT Strategic Plan; however, the Board supported and did not voice any objection to the 2010-2014 Strategic Plan or the ERCOT Mission Statement. Based on the Board's noted consensus and support, ERCOT staff has been abiding by and publicly endorsing (for instance, on its website and other documents) this ERCOT Mission Statement since March 23, 2010.

Please note that the Board last formally approved an ERCOT Mission Statement in March



2008, which version has now been wholly superseded by the March 23, 2010 version.

ERCOT staff respectfully recommends that the Board ratify the ERCOT's currently effective Mission Statement as of March 23, 2010 so that this current version is accurately reflected as the formally approved version for ERCOT's 2010 Form 990 (rather than the now-outdated March 2008 version). The Human Resources and Governance (HR&G) Committee will be considering this matter for recommendation to the Board at its June 20, 2011 meeting.

Key Factors Influencing Issue:

- The Board will be reviewing the final draft of the 2010 Form 990 at its July 19, 2011 meeting. ERCOT expects to file the 2010 Form 990 with the IRS on August 15, 2011.
- The ERCOT Board reviewed and supported the ERCOT Mission Statement contained in the 2010-2014 ERCOT Strategic Plan which was presented to the Board on March 23, 2010.
- It would be more accurate to identify the ERCOT Mission Statement reviewed by the Board on March 23, 2010, which ERCOT currently follows, than to report the now-outdated ERCOT Mission Statement approved by the Board in March 2008 in ERCOT's 2010 Form 990.

Alternatives:

- Ratify the ERCOT Mission Statement as of March 23, 2010, which was contained in ERCOT's 2010-2014 Strategic Plan and which was presented to the Board on March 23, 2010.
- Do not ratify the ERCOT Mission Statement which was contained in ERCOT's 2010-2014 Strategic Plan and which was presented to the Board on March 23, 2010. If this alternative is approved, then ERCOT staff would report the last formally approved and now outdated Mission Statement from March 2008 in ERCOT's 2010 Form 990.

Conclusion/Recommendation:

ERCOT staff respectfully requests that the Board formally ratify ERCOT's currently effective Mission Statement as of March 23, 2010, which was most recently presented to the ERCOT Board at its March 23, 2010 meeting as part of the 2010-2014 ERCOT Strategic Plan and which would allow this version to be reflected as the formally approved version for ERCOT's 2010 Form 990. The HR&G Committee will be considering this matter for recommendation to the Board at its June 20, 2011 meeting.



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

WHEREAS, after due consideration of the alternatives, the Electric Reliability Council of Texas, Inc. (ERCOT) Board of Directors (Board) deems it desirable and in the best interest of ERCOT to ratify the following ERCOT Mission Statement, as of March 23, 2010:

ERCOT serves the public interest by:

- ensuring open access to transmission and distribution systems;
- maintaining system reliability and operations;
- enabling retail choice;
- operating fair and competitive wholesale markets;
- maintaining the renewable energy credits registry; and
- providing leadership and independent expertise to improve system reliability and market efficiency.

THEREFORE, be it RESOLVED, that ERCOT hereby ratifies the above-stated ERCOT Mission Statement as of March 23, 2010.

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