



**DRAFT MINUTES OF THE BOARD OF DIRECTORS MEETING OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Room 206
Austin, Texas 78744
July 19, 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
Dalton, Andrew	Valero Services, Inc.	Industrial Consumer (Proxy for Nick Fehrenbach)
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO)
Doll, Laura (Chair)	Unaffiliated	Unaffiliated Director (Proxy for Calvin Crowder)
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel	Unaffiliated	Unaffiliated Director
Gent, Michehl (Vice Chairman)	Unaffiliated	Unaffiliated Director
Givens, Sheri	Office of Public Utility Counsel	Residential Consumer
Helton, Bob	International Power America Services, Inc.	Independent Generator
Hendrick, Eric	Stream Energy	Independent Retail Electric Provider Segment Alternate
Karnei, Clifton	Brazos Electric Power Cooperative, Inc.	Cooperative
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer

Guests:

Bauld, Mandy	ERCOT Manager of Settlements and Billing
Brown, Jeff	Shell Energy North America (US) LP (Independent Power Marketer Segment Alternate)
Blevins, Bill	ERCOT Manager of Operations Support
Cleary, Mike	ERCOT Senior Vice President and Chief Operating Officer
Cobos, Lori	ERCOT Associate Corporate Counsel
Day, Betty	ERCOT Vice President of Business Integration
Dumas, John	ERCOT Director of Wholesale Market Operations



Forfia, David	ERCOT Director of Information Technology (IT) Projects
Gage, Theresa	ERCOT Director of External Affairs
Goodman, Dale	ERCOT Director of Market Services
Gresham, Kevin	E.ON Climate & Renewables NA LLC (Independent Generator Segment Alternate)
Hudson, Paul	Stratus Energy Partners
Hobbs, Kristi	ERCOT Manager of Market Rules
Jones, Brad	Luminant Energy, Technical Advisory Committee (TAC) Chair
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Lasher, Warren	ERCOT Manager of Long-Term Planning and Policy
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Manning, Chuck	ERCOT Vice President of Human Resources and Chief Compliance Officer
Morgan, Richard	ERCOT Vice President and Chief Information Officer
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Seely, Chad	ERCOT Assistant General Counsel

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

Laura Doll, Board Chair, determined a quorum was present and called the meeting to order at approximately 8:30 a.m. Chair Doll called for a Board member roll call and each Board member in attendance introduced themselves, along with their affiliation and segment if applicable. Chair Doll then requested that each guest introduce themselves for the benefit of those in attendance and viewing the webcast.

Chair Doll noted the Antitrust and Security Admonitions and requested notice if there were any such concerns during the discussion in the meeting. Chair Doll announced that she held a proxy for Calvin Crowder and Andrew Dalton held a proxy for Nick Fehrenbach. Chair Doll then noted that the Public Utility Commission of Texas (PUCT, Commission) Commissioners were unable to attend the Board meeting due to scheduling conflicts.

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

Approval of June 21, 2011 Meeting Minutes (Agenda Item 2)

Chair Doll entertained a motion to approve the June 21, 2011 Meeting Minutes (Minutes) as presented.

Miguel Espinosa made a motion to approve the Minutes as presented. Bob Helton seconded the motion. Clifton Karnei, Sheri Givens, and Mark Dreyfus abstained. The motion passed by voice vote.

CEO Update (Agenda Item 3)

Trip Doggett, ERCOT CEO, provided a CEO Update and responded to questions and comments from the Board members. ERCOT's summer interns provided presentations on their work projects.



Operating Reports/Updates (Agenda Item 4)

Chair Doll noted that the Operating Reports and Updates would be presented to the Board members in a question and answer format on a going forward basis.

Financial Summary Report (Agenda Item 4a)

Mike Petterson, ERCOT Vice President of Finance and Treasury, responded to comments and questions from the Board members regarding the Financial Summary Report.

External Affairs Update (Agenda Item 4b)

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

Commercial Market Operations Report (Agenda Item 4d)

Dale Goodman, ERCOT Director of Market Services, responded to comments and questions from the Board members regarding the Commercial Market Operations Report.

Grid Operations and Planning Report (Agenda Item 4e)

Bill Blevins, ERCOT Manager of Operations Support, responded to comments and questions from the Board members regarding the Grid Operations and Planning Report.

Information Technology (IT) and Facilities Report (Agenda Item 4f)

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

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

Betty Day, ERCOT Vice President of Business Integration, responded to comments and questions from the Board members regarding the Business Integration Update. David Forfia, ERCOT Director of IT Projects, responded to comments and questions from the Board members regarding the Data Center Update.

Wholesale Market Operations Update (Agenda Item 4c)

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

Chair Doll recessed the meeting for a brief break from approximately 10:07 a.m. to 10:20 a.m.

Texas Interconnection Long-Term Study Update (Agenda Item 7)

Warren Lasher, ERCOT Manager of Long-Term Planning and Policy, provided a Texas Interconnection Long-Term Study Update to the Board members. Mr. Lasher introduced Paul Hudson, ERCOT consultant with Stratus Energy Partners, who is assisting Mr. Lasher with the update and Mr. Lasher and Mr. Hudson responded to comments and questions from the Board members.



Proposed Price Correction related to Day-Ahead Market (DAM) Settlement Points (Agenda Item 5)

Mr. Dumas provided a Proposed Price Correction related to DAM Settlement Points to the Board members. Mr. Dumas, Mike Cleary, and Mandy Bauld responded to comments and questions from the Board members.

Andrew Dalton made a motion to approve the Proposed Price Correction related to DAM Settlement Points as presented. Sheri Givens seconded the motion. The motion passed by unanimous voice vote.

Technical Advisory Committee (TAC) Update (Agenda Item 6)

Unanimous Revision Requests: Nodal Protocol Revision Requests (NPRRs); System Change Requests (SCRs); Planning Guide Revision Request (PGRR) (Agenda Item 6a)

Brad Jones, TAC Chair, provided a summary of the TAC items that were unanimously recommended by TAC for Board approval. The following unanimous TAC items were considered for Board approval:

- NPRR314 – Requirement to Post Generation Resources Temporal Constraints
- NPRR319 – Required Documentation to Recover Fuel Costs for Reliability Unit Commitment Deployments
- NPRR324 – Conductor/Transformer Transmission Facility Rating
- NPRR328 – Clarifies Duplicative or Vague Requirements Related to Reactive Resources (formerly “Removes ERCOT Requirement for Reactive Resource Planning and the Associated Compliance Process”)
- NPRR332 – Revise Quick Start Generation Resource (QSGR) Processes for Current Operating Plan (COP) Reporting of QSGR Assigned Off-Line Non-Spinning Reserve (Non-Spin) and Application of Emergency Operations Settlement
- NPRR333 – Removal of Redundant Reporting Requirement Related to Equipment Ratings
- NPRR337 – Correct Section Reference in Section 1.3.1.1 Pertaining To Protected Information of Direct Current Ties
- NPRR338 – Modifications to Support Revenue Neutrality
- NPRR344 – Define Reliability Must Run Fuel Adder
- NPRR346 – Removal of Redundant Posting Requirement Related to Electrical Bus Changes
- NPRR376 – Congestion Revenue Right Volume Limitation Enhancements
- NPRR387 – Hydro Responsive Reserves (RRS) Deployment Under Frequency Relay Set Point
- Impact Assessment, NPRR258 – Synchronization with Protocol Revision Request (PRR) 824 and PRR833 and Additional Clarifications
- SCR761 – Provide Price Republication Notifications via Application Programming Interface and Provide Price Corrections via Extensible Markup Language
- SCR762 – Enable a Single Step Cancel/Resubmit of Trades
- SCR763 – Modify COP Validation Rule for RRS
- PGRR006 – New Planning Guide Section 6.5, Annual Load Data Request



Mr. Karnei made a motion to approve NPRRs 314, 319, 324, 328, 332, 333, 337, 338, 344, 346, 376, and 387; the Impact Assessment for NPRR258; SCRs 761, 762, and 763; and PGRR006 as recommended by TAC in their respective TAC Reports. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote.

Non-Unanimous Revision Request: NPRR 312 (Agenda Item 6b)

The following non-unanimous TAC item was considered for Board approval:

- NPRR312 – Clarification of Qualified Scheduling Entity Requirements for Split Generation Resources

Mr. Helton made a motion to approve NPRR312 as recommended by TAC in the July 7, 2011 TAC Report. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote.

DAM Collateral Parameters Process (Agenda Item 6c)

Mr. B. Jones provided a summary of proposed changes to the DAM Collateral Parameters Process recommended by TAC for Board approval and responded to comments and questions from the Board members.

Mr. Helton made a motion to approve the proposed changes to the DAM Collateral Parameters Process as recommended by TAC. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote.

Quarterly Emerging Technologies Integration Plan (Agenda Item 6d)

Mr. B. Jones provided a Quarterly Emerging Technologies Integration Plan and responded to comments and questions from the Board members. Mr. B. Jones then provided a list of future TAC Agenda Items and no comments or questions were voiced by the Board members.

Finance & Audit (F&A) Committee Report (Agenda Items 9)

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.

Standard Forms of Letter of Credit and Market Participant (MP) Guarantee Agreements (Agenda Item 9a)

Mr. Karnei made a motion to approve the Standard Forms of Letter of Credit as presented and MP Guarantee Agreements as revised by the F&A Committee. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote.

Human Resources & Governance (HR&G) Committee Report (Agenda Items 10)

Mr. 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. Mr. Dalton presented the following items that the HR&G Committee recommended for Board approval.



Conflicts of Interest Corporate Standard (Agenda Item 10a)

Mr. Dalton made a motion to approve language limiting the scope of affected parties to ERCOT employees, their spouses and domestic partners, and their minor children. Mr. Helton seconded the motion. The motion passed by unanimous voice vote.

Mr. Dalton noted that the HR&G Committee deferred a recommendation on language permitting investments in publicly traded Affiliates of Market Participants until the August 2011 HR&G Committee meeting to allow time to consult with the PUCT.

Ratification of Officer (Agenda Item 10b)

Mr. Dalton made a motion to ratify Betty Day as Vice President of Business Integration. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote.

Ratification of Employee Benefit Program

Mr. Dalton made a motion to ratify the ERCOT Employee Benefit Plan as presented and modification of the HR&G Committee Charter to include language related to the ratification of employee benefit plans. Jorge Bermudez seconded the motion. The motion passed by unanimous voice vote.

Other Business (Agenda Item 11)

No other business was discussed.

Future Agenda Items (Agenda Item 12)

No future agenda items were discussed.

Executive Session and Adjournment (Agenda Items 13-22)

Chair Doll adjourned the meeting into Executive Session at approximately 11:22 a.m., and because there would be no voting items in Executive Session, she noted that the Board would not reconvene into Open Session. Therefore, the Board meeting was adjourned at approximately 12:50 p.m. at the end of Executive Session.

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