



To: Human Resources and Governance Committee (Committee)
From: Bill Magness, Vice President, General Counsel & Corporate Secretary
Date: September 12, 2011
Re: Periodicity of ERCOT Board and Committee Meetings

ERCOT Legal staff has been considering various ways to respond to the provisions of the Public Utility Commission of Texas (either PUCT or Commission) rule on ERCOT oversight regarding “periodicity” of ERCOT Board meetings.¹ At the July 2011 HR&G Committee meeting, I circulated a proposed schedule of 2012 Board and Committee meetings. The proposal was endorsed by ERCOT executive management prior to the July 2011 meeting.

At the July 2011 meeting, the Committee discussed whether the schedule included the number of meetings necessary for the Board to conduct its business efficiently, and for ERCOT management to execute its objectives effectively. In addition, the Committee discussed whether the Board’s schedule of meetings was unduly driven by the need to address issues developed in the stakeholder process that require Board approval.

ERCOT executive management considered these issues in the development of the proposed 2012 Board meeting schedule that is scheduled for a vote at the September 2011 meeting (Item 16). Management proposes that the Board adopt the schedule proposed in July 2011, for the following reasons:

- A reduction in the number of ERCOT Board meetings addresses the critique that ERCOT meetings occur too frequently, but can be achieved without sacrificing performance of the Board’s critical functions. In management’s view, ERCOT can reach this goal by convening Board meetings in 10 of the 12 months of 2012 (*i.e.*, holding Board meetings in each month except March and November).
- The Board’s “policy” functions remain the primary driver of the frequency of Board meetings. While the need for Board action remains correlated to the number of issues arising from the Technical Advisory Committee (TAC) process, management is not convinced that changes in the TAC process would reduce the need for the full Board to attend to key issues and provide guidance to management as it seeks to resolve them. For example, in 2011, the Board played a key role in reviewing and improving ERCOT’s approach to emergency events; as generation adequacy issues have come to the forefront, the Board will continue to play a major role in developing and analyzing solutions. Moreover, market and reliability issues arising from the nodal transition continue to require regular attention from the Board.

¹ See P.U.C. SUBST. R. 25.362(i)(5): “Meeting Periodicity Report. Beginning with the effective date of this section, ERCOT shall recommend annually to the Commission the periodicity of governing board meetings. ERCOT’s recommendation shall be based on an examination of the frequency of meetings conducted by similar organizations and shall include an estimate of the costs associated with meeting more frequently than once per quarter.”



- Management also suggests that the Board’s “corporate” functions – *e.g.*, personnel, financial, budget, and audit reports – could be managed effectively by the Board and Committee leadership without meetings every month.

In sum, ERCOT management continues to endorse the schedule for 2012 Board and Committee meetings proposed in July 2011. That schedule provides for meetings as follows:

Month	Committee Meetings (Third Monday)	Board Meeting (Third Tuesday)
January		X
February	X	X
March		
April	X	X
May		X
June	X	X
July		X
August	X	X
September		X
October	X	X
November		
December	X	X

The Board meeting dates are reflected in the 2012 Board meeting schedule set for a vote by the Board (Item 16). The Committee meetings have not historically been included in the Board resolution establishing the date and location of Board meetings. Therefore, the proposed 2012 committee meeting schedule does not require a vote of the Board at this time. For planning purposes, however, ERCOT management requests that the Board provide guidance on whether the proposed Committee meeting schedule is acceptable for scheduling purposes.

Whatever schedule the Board adopts, the Board and Committees may revisit the schedule in the future. Formal notice of meetings of the ERCOT Board must be posted seven days in advance of the meeting, and the adoption of a 2012 schedule does not prevent the Board from revising meeting dates and adjusting meeting times or locations up to the time that formal notice is required. The purpose of adopting a 2012 schedule is to give advance notice of the Board’s plans to the public and all stakeholder groups, and to provide a basis for ERCOT’s report on “meeting periodicity” required by the PUCT’s oversight rule.