



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

7620 Metro Center Drive, Room 206
Austin, Texas 78744
August 16, 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
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility (IOU)
Dalton, Andrew	Valero Services, Inc.	Industrial Consumer (Beginning with Agenda Item 2)
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO) (except for votes on NPRRs 299 and 347 during Agenda Item 7b)
Doll, Laura (Chair)	Unaffiliated	Unaffiliated Director
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Commercial Consumer
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 (REP)
Karnei, Clifton	Brazos Electric Power Cooperative, Inc.	Cooperative
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer

Guests:

Anderson, Ken	PUCT Commissioner (Beginning with Agenda Item 2)
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Bauld, Mandy	ERCOT Manager of Settlements and Billing
Brown, Jeff	Shell Energy North America (US) LP (Independent Power Marketer Segment Alternate)
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
Frazier, Bob	CenterPoint Energy
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)
Helm, Donny	Oncor Electric Delivery
Hobbs, Kristi	ERCOT Manager of Market Rules
Jones, Brad	Luminant Energy, Technical Advisory Committee (TAC) Chair
Jones, Dan	Independent Market Monitor (IMM)
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
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
Ogleman, Kenan	CPS Energy, TAC Vice Chair
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Prochazka, Scott	CenterPoint Houston Electric LLC (IOU Segment Alternate)
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Sullivan, Michael	Champion Energy
Stonehocker, Jeff	Champion Energy
Wood, Henry	South Texas Electric Cooperative (STEC)
Wright, Christine	PUCT Staff

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 there were no proxies and addressed the following Agenda Items in the order below.

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

Chair Doll entertained a motion to approve the July 19, 2011 Meeting Minutes (Minutes) as presented.



Bob Helton made a motion to approve the Minutes as presented. Miguel Espinosa seconded the motion. Calvin Crowder and Nick Fehrenbach abstained. The motion passed by voice vote.

CEO Update (Agenda Item 3)

Trip Doggett, ERCOT CEO, provided a CEO Update. Mr. Doggett, Kent Saathoff, Bill Magness, and Mandy Bauld responded to questions and comments from the Board members.

Donna Nelson, Chairman of the Public Utility Commission of Texas (PUCT, Commission), called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for August 16, 2011.

Chairman Nelson thanked ERCOT staff, particularly ERCOT's External Affairs team, and the stakeholders for their work over the last couple of weeks with the hot weather conditions and successfully implementing the lessons learned from the February 2, 2011 Event. Chairman Nelson also commended ERCOT for holding daily press conference calls to get the energy conservation message out to the public.

Operating Reports/Updates (Agenda Item 4)

The Board members addressed the following Operating Reports and Updates.

Financial Summary Report (Agenda Item 4a)

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

External Affairs Update (Agenda Item 4b)

Theresa Gage, ERCOT Director of External Affairs, provided an External Affairs Update. No comments or questions were voiced by the Board members.

Wholesale Market Operations Update (Agenda Item 4c)

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

Commercial Market Operations Report (Agenda Item 4d)

Dale Goodman, ERCOT Director of Market Services, provided a Commercial Market Operations Report. Mr. Goodman and Ms. Bauld responded to comments and questions from the Board members.

Grid Operations and Planning Report (Agenda Item 4e)

Kent Saathoff, ERCOT Vice President of Grid Operations and System Planning, provided a Grid Operations and Planning Report and responded to comments and questions from the Board members. Clifton Karnei thanked Mr. Saathoff for initiating ERCOT's analysis of gas supply risk.



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

Richard Morgan, ERCOT Vice President and Chief Information Officer, provided an IT and Facilities Report. No comments or questions were voiced by the Board members.

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

Betty Day, ERCOT Vice President of Business Integration, provided a Business Integration Update. Ms. Day and Mr. Cleary responded to comments and questions from the Board members.

Independent Market Monitor (IMM) Report (Agenda Item 5)

Dan Jones, IMM, provided an IMM Report and responded to comments and questions from the Board members.

Advanced Metering Implementation (Agenda Item 6)

Christine Wright, PUCT Staff, Michael Sullivan and Jeff Stonehocker, with Champion Energy, Donny Helm, with Oncor Electric Delivery, and Bob Frazier, with CenterPoint Energy, provided a Smart Meter Functionality Implementation Update and responded to the comments and questions from the Board members.

ERCOT's Update was deferred to the September 2011 Board meeting.

Technical Advisory Committee (TAC) Update including Reliability and Operations Subcommittee (ROS) Planning Criteria Review Report (Agenda Item 7)

Unanimous Revision Request Recommendations from TAC: Nodal Protocol Revision Requests (NPRRs); System Change Request (SCR); Planning Guide Revision Request (PGRR) (Agenda Item 7a)

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:

- NPRR313 – Revisions to the Resource Plan Reference to Current Operating Plan for Emergency Interruptible Load Service (EILS) and Synchronous Condensers and Black Start Notification Requirements (formerly “Updating the Term Resource Plan to Current Operating Plan”)
- NPRR355 – Adjust the Calculation of the Real-Time Settlement Point Price for a Load Zone
- NPRR356 – Energy Emergency Alert (EEA) Changes related to Dispatch Instructions and Block Load Transfers (BLTs)
- NPRR359 – Monthly Transmission and/Distribution Provider (TDSP) Load Report
- NPRR361 – Real-Time Wind Power Production Data Transparency
- NPRR362 – Changes to Physical Responsive Capability (PRC) Calculation
- NPRR369 – Black Start Service Requirement Revisions – URGENT
- NPRR388 – Clarification of Quick Start Generation Resource Performance Criteria – URGENT
- NPRR390 – Clarification of the Applicability of the Use of the Refund Option – URGENT



- NPRR392 – Credit Review during Congestion Revenue Rights (CRR) Auction – URGENT
- SCR766 – Load Zone and Hub Locational Marginal Pricing (LMPs) Distributed by Inter-Control Center Communications Protocol (ICCP)
- PGRR005 – New Planning Guide Section 4, Transmission Planning Criteria (formerly “New Planning Guide Section 5, Planning Criteria”)

Mr. Helton made a motion to approve NPRRs 355, 356, 359, 361, 362, 369, 388, 390, and 392, SCR766, and PGRR005 as recommended by TAC in their respective TAC Reports and NPRR313 as amended by the August 5, 2011 ERCOT comments. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Non-unanimous Revision Request Recommendations: NPRRs (Agenda Item 7b)

Mr. B. Jones provided an overview of the following NPRRs that were not unanimously recommended by TAC for Board approval:

- NPRR299 – Remove Requirements for ERCOT Board Approval of PUCT, IMM, and Federal Energy Regulatory Commission (FERC) Required Report

Calvin Crowder made a motion to approve NPRR299 as recommended by TAC in the July 7, 2011 TAC Report. Eric Hendrick seconded the motion. The motion passed by unanimous voice vote with no abstentions.

- NPRR347-Single Daily Settlement Invoice and Updates to Credit Calculations, including Addition of a Minimum Collateral Exposure Component (formerly “Counter-Party Invoice and Single Daily Settlement Invoice”) – URGENT

Mr. Helton made a motion to approve NPRR347 as recommended by TAC in the August 4, 2011 TAC Report. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

- NPRR357 – Revisions to Collateral Requirements concerning Congestion Revenue Right (CRR) Auctions (formerly “Multi-Month CRR Auction and Revisions to Collateral Requirements”) - URGENT

Nick Fehrenbach made a motion to approve NPRR357 as recommended by TAC in the August 4, 2011 TAC Report. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Holistic Approach to Congestion Irresolvable by Security Constrained Economic Dispatch (SCED) (Agenda Item 7c)

Mr. B. Jones provided an overview of the status of the Holistic Approach to Congestion Irresolvable by SCED. Henry Wood, with the South Texas Electric Cooperative (STEC), provided commentary regarding STEC’s concerns with the Holistic Approach. Mr. B. Jones, Mr. D. Jones, and Mr. Doggett responded to comments and questions from the Board members.



TAC Update (Agenda Item 7) – Continued

Kenan Ogleman, TAC Vice Chair, provided an update on TAC activities associated with the Board Task Force recommendations related to the February 2, 2011 Event, including a status update on NPRR365 related to Change in Resource Outage Approvals from eight (8) to forty-five (45) days. Mr. Ogleman, Kristi Hobbs, and Mr. Magness responded to comments and questions from the Board members.

Mr. Crowder made a motion to waive notice of consideration of NPRR365. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Crowder made a motion to urge the stakeholders to grant Urgent Status to NPRR365. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

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 items that the F&A Committee recommended for Board approval.

2012 Base Operating Budget and Project Priority List (PPL) (Agenda Item 9a)

Mr. Espinosa made a motion to approve the 2012 Base Operating Budget and PPL as recommended by the F&A Committee. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Acceptance of 2010 401(k) Savings Plan Audit Report (Agenda Item 9b)

Mr. Karnei made a motion to accept the 2010 401(k) Savings Plan Audit Report as 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 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.

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 13-18)

Chair Doll adjourned the meeting into Executive Session at approximately 1:09 p.m. The Board did not reconvene Open Session and there were no voting items from Executive Session. Therefore, the Board meeting was adjourned at approximately 1:35 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/>.

Vickie G. Leady
Assistant Corporate Secretary