



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

7620 Metro Center Drive, Room 206
Austin, Texas 78744
September 20, 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 (except for Agenda Items 1, 2, 2a, 2b and 3)
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO)
Doll, Laura (Chair)	Unaffiliated	Unaffiliated Director
Dreyfus, Mark	Austin Energy	Municipal (Proxy for Clifton Karnei for Agenda Items 1, 2, 2a, 2b, 3, 4, 5, 5a and 5b)
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 (REP)
Karnei, Clifton	Brazos Electric Power Cooperative, Inc.	Cooperative (Except for Agenda Items 1, 2, 2a, 2b, 3, 4, 5, 5a and 5b)
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer

Guests:

Anderson, Kenneth	PUCT Commissioner (except for Agenda Items 1, 2, 2a and 2b)
Anderson, Troy	ERCOT Manager of Enterprise Project Portfolio



Billo, Jeffrey	ERCOT Manager of Mid-Term Planning
Bowling, Shannon	Cirro Group (Independent REP Segment Alternate)
Brown, Jeff	Shell Energy North America (US) LP (Independent Power Marketer Segment Alternate)
Cleary, Mike	ERCOT Senior Vice President and Chief Operating Officer
Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Dumas, John	ERCOT Director of Wholesale Market Operations
Gage, Theresa	ERCOT Director of External Affairs
Goff, Eric	Reliant, Wholesale Market Subcommittee Chair
Goodman, Dale	ERCOT Director of Market Services
Hobbs, Kristi	ERCOT Manager of Market Rules
Jones, Dan	Vice President of Potomac Economics, 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
Ogleman, Kenan	CPS Energy, Technical Advisory Committee (TAC) Vice Chair
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Wattles, Paul	ERCOT Supervisor of Demand Response
Woodfin, Dan	ERCOT Director of System Planning
Zlotnik, Marcie	StarTex Power

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 8:31 a.m. At Chair Doll's request, all Board members in attendance introduced themselves and announced their affiliations and segments, if applicable; and all guests in attendance introduced themselves.

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 Mark Dreyfus was holding a proxy for Clifton Karnei and addressed the following Agenda Items in the order below.

Minutes (Agenda Item 2)

Chair Doll entered motions to approve minutes from the August 2011 Board meetings.

Approval of August 16, 2011 Meeting Minutes (Agenda Item 2a)

Michehl Gent made a motion to approve the August 16, 2011 Meeting Minutes as presented. Miguel Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Approval of August 17, 2011 Strategic Planning Event Meeting Minutes (Agenda Item 2b)

Mr. Gent made a motion to approve the August 17, 2011 Strategic Planning Event Meeting Minutes as presented. Bob Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

CEO Update (Agenda Item 3)

Trip Doggett, ERCOT CEO, provided a CEO Update.

Donna Nelson, Chairman of the Public Utility Commission of Texas (PUCT or 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 September 20, 2011.

Mr. Doggett responded to questions and comments from the Board members.

North American Electric Reliability Corporation (NERC) Update (Agenda Item 4)

Gerry Cauley, NERC President and CEO, provided the Board with a NERC Update. Mr. Cauley responded to questions and comments from the Board members.

Operating Reports/Updates (Agenda Item 5)

Chair Doll requested presentation of the Operating Reports and Updates.

Financial Summary Report (Agenda Item 5a)

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

External Affairs Update (Agenda Item 5b)

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

Wholesale Market Operations Update (Agenda Item 5c)

John Dumas, ERCOT Director of Wholesale Market Operations, provided a Wholesale Market Operations Update. Mr. Dumas and Mike Cleary, ERCOT Senior Vice President and Chief Operating Officer, responded to questions and comments from the Board members.

Commercial Market Operations Report (Agenda Item 5d)

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

Grid Operations and Planning Report (Agenda Item 5e)

Kent Saathoff, ERCOT Vice President of Grid Operations and System Planning, provided a Grid Operations and Planning Report. Mr. Saathoff, Mr. Doggett, Mr. Cleary and Paul Wattles, ERCOT Supervisor of Demand Response, responded to questions and comments from the Board members.



Information Technology (IT) and Facilities Report (Agenda Item 5f)

Mr. Doggett introduced Jerry Dreyer, ERCOT Vice President and Chief Information Officer, to the Board members. Mr. Dreyer provided an IT and Facilities Report. No questions or comments were voiced by the Board members.

Business Integration Update including Data Center Update (Agenda Item 5g)

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

Independent Market Monitor (IMM) Report (Agenda Item 6)

Dan Jones, Vice President of Potomac Economics, IMM, provided an IMM Report and responded to questions and comments from the Board members.

Advanced Metering Implementation (Agenda Item 7)

Ms. Day and Mr. Wattles provided the Board with an Advanced Metering Implementation Update and responded to questions and comments from the Board members. Marcie Zlotnik, StarTex Power, also provided the Board with perspective from the Independent Retail Electric Provider (REP) segment.

Lunch (Agenda Item 13)

Chair Doll recessed the meeting for lunch at 11:40 a.m. and reconvened the meeting at 12:33 p.m.

Resource Adequacy Assessment Methodology Improvements (Agenda Item 8)

Dan Woodfin, ERCOT Director of System Planning, provided the Board with a report on Resource Adequacy Assessment Methodology Improvements. Mr. Woodfin and Mr. Saathoff responded to questions and comments from the Board members.

Proposed Revisions to Modify Previously-Approved Price Correction (Agenda Item 9)

Mr. Dumas provided an update to the Board on the proposed revisions to modify the previously-approved price correction.

Mr. Helton moved to approve the proposed revisions to modify the previously-approved price correction as presented and recommended by ERCOT staff. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation on Board-Approved Point-to-Point (PTP) Obligations for Annual Congestion Revenue Rights (CRR) Auction (Agenda Item 10)

Mark Ruane, ERCOT Vice President of Credit and Enterprise Risk Management, provided the Board with a recommendation on the Board-approved PTP Obligations for Annual CRR Auction.

Mr. Helton moved to approve the PTP Obligations for annual CRR auction as presented and recommended by ERCOT staff. Eric Hendrick seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Endorsement of Laredo to Lower Rio Grande Valley (LRGV) Regional Planning Group (RPG) Project (Agenda Item 11)

Jeff Billo, ERCOT Manager of Mid-Term Planning, presented an endorsement of Laredo to LRGV RPG Project to the Board. Mr. Billo and Mr. Dumas responded to comments and questions.

Andrew Dalton moved to endorse Option 1R and deem critical to the reliability of the ERCOT system the Laredo to LRGV RPG Project. Clifton Karnei seconded the motion. The motion passed by voice vote with one abstention (Calvin Crowder).

Technical Advisory Committee (TAC) Update (Agenda Item 12)

Kenan Ogelman, TAC Vice Chair, provided a TAC Update to the Board.

Unanimous Revision Request Recommendations from TAC: Nodal Protocol Revision Requests (NPRRs) (Agenda Item 12a)

Mr. Ogelman 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:

- NPRR321 – Allow Change to Energy Offer Curve Megawatt (MW) Amounts in the Adjustment Period (formerly “Allow Change to Energy Offer Curve MW Amounts in the Adjustment Period for Qualifying Facilities”)
- NPRR348 – Generation Resource Start-Up and Shut-Down Process
- NPRR354 – Revisions to Non-Spin Performance Criteria Language and Provision for Inter-Control Center Communication Protocol (ICCP) Telemetry of Non-Spin Deployment
- NPRR358 – Clarification of Responsible Entity for Binding Obligations
- NPRR360 – Summary Report of High Dispatch Limit (HDL) and Low Dispatch Limit (LDL)
- NPRR374 – Modification of System Change Request (SCR) Process and Urgency Requirements
- NPRR375 – Extend the Reporting Horizon for Current Day Report (CDR) Inputs with 09/14/2011 ERCOT Comments
- NPRR380 – Minor Changes to Default Uplift Invoice
- NPRR382 – Verbal Reliability Unit Commitment (RUC) Committed or Decommited Resources Report
- NPRR383 – Unconfirmed Trades Reports
- NPRR384 – Revisions to Support SCR766, Load Zone and Hub Location Marginal Prices (LMPs) Distributed by ICCP (formerly “Load Zone Price Distributed by ICCP”)

Mr. Helton made a motion to approve NPRRs 321, 348, 354, 358, 360, 374, 380, 382, 383 and 384 as recommended by TAC in their respective TAC Reports and to approve NPRR375 with the September 14, 2011 ERCOT Comments. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Nonunanimous Revision Request Recommendations from TAC: NPRRs and Impact Assessments for Parking Deck NPRRs (Agenda Item 12b)

Mr. Ogelman provided an overview of the following NPRRs and Impact Assessments for Parking Deck NPRRs that were not unanimously recommended by TAC for Board approval:

- NPRR365 – Change in Resource Outage Approvals from Eight to 45 Days (formerly “Change in Resource Outage Approvals from Eight to 90 Days”)
- NPRR379 – Emergency Interruptible Load Service (EILS) Dispatch Sequence and Performance Criteria Upgrades with 09/07/2011 ERCOT Comments
- NPRR396 – Reduce Standard Operations and Maintenance (O&M) Costs – URGENT
- NPRR207 – Unit Deselection (formerly “Hour Start Unit Deselection and Half Hour Start Unit RUC Clawback”) (Impact Assessment)
- NPRR210 – Wind Forecasting Change to P50, Synchronization with PRR841 (Impact Assessment)
- NPRR222 – Half-Hour Start Unit RUC Clawback (Companion to NPRR207) (Impact Assessment)
- NPRR240 – Proxy Energy Offer Curve (Impact Assessment)
- NPRR241 – Aggregate Incremental Liability (AIL) Calculation and Credit Reports Publish Corrections (Impact Assessment)
- NPRR244 – Clarification of Other Binding Documents (Impact Assessment)
- NPRR256 – Synchronize Nodal Protocols with PRR787, Add Non-Compliance Language to Qualified Scheduling Entity (QSE) Performance Standards (formerly “Add Violation Language to QSE Performance Standards”) (Impact Assessment)
- NPRR272 – Definition and Participation of Quick Start Generation Resources (Impact Assessment)

Troy Anderson, ERCOT Manager of Enterprise Project Portfolio, Ms. Day and Kristi Hobbs, ERCOT Manager of Market Rules, responded to questions and comments from the Board members.

Mr. Dalton made a motion to approve NPRR365 as recommended by TAC. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Crowder made a motion to approve NPRR379 with the September 7, 2011 ERCOT Comments. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Dalton).

Mr. Helton made a motion to approve NPRR396 as recommended by TAC. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Gent made a motion to approve the impact assessment for Parking Deck NPRR256 as recommended by TAC. Mr. Helton seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Mr. Helton made a motion to approve the impact assessments for Parking Deck NPRRs 207, 210, 222, 240, 241, 244 and 272 as recommended by TAC. Mr. Espinosa 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 12c)

Mr. Ogelman provided an overview of the status of the Holistic Approach to Congestion Irresolvable by SCED.

Mr. Karnei made a motion to: remand the Holistic Approach to Congestion Irresolvable by SCED to TAC, instruct ERCOT staff and TAC to review the information and calculations provided by South Texas Electric Cooperative Inc. (STEC) at the September 1, 2011 TAC meeting and provide a position to the Board; and request that the IMM provide input on this matter. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Q2 2011 Quarterly Emerging Technologies Integration Plan (Agenda Item 12d)

Mr. Ogelman provided an update on the Q2 2011 Quarterly Emerging Technologies Integration Plan and responded to questions and comments from the Board members.

TAC Update (Agenda Item 12) – Continued

Mr. Ogelman provided an update on TAC activities associated with the Board Task Force recommendations related to the February 2, 2011 Energy Emergency Alert (EEA) Event. Mr. Ogleman, Mr. Doggett, Mr. Saathoff and Eric Goff, Reliant and Wholesale Market Subcommittee Chair, responded to questions and comments from the Board members.

Executive Session (Agenda Items 20 to 25)

Chair Doll adjourned the meeting into Executive Session at approximately 2:40 p.m. and reconvened Open Session at 3:30 p.m.

Vote on Matters from Executive Session (Agenda Item 26)

Chair Doll called for motions on matters considered during Executive Session

Mr. Dalton made a motion to approve the Personnel matter (Agenda Item 21) as discussed during Executive Session. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Helton moved to approve the Litigation and Regulatory matter (Agenda Item 24) – that is, a non-routine regulatory filing to allow ERCOT to intervene in the Southern Cross proceedings at the Federal Energy Regulatory Commission – as discussed during Executive Session. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Finance & Audit (F&A) Committee Report (Agenda Item 14)

Mr. Bermudez, F&A Committee Vice Chair, reported that the F&A Committee met during the prior day and highlighted the items discussed at the F&A Committee meeting. Mr. Ruane



responded to questions and comments from the Board members.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 15)

Mr. Dalton, HR&G Committee Chairman, reported that the HR&G Committee met during the prior day and highlighted the items discussed at the HR&G Committee meeting for the Board members.

Ratification of Officer (Agenda Item 15a)

Mr. Dalton reported the HR&G Committee recommended the ratification of Mr. Dreyer as ERCOT's Vice President and Chief Information Officer.

Mr. Dalton made a motion to accept the HR&G Committee's recommendation and to ratify Jerry Dreyer as ERCOT's Vice President and Chief Information Officer. Mr. Espinosa seconded the motion. The motion passed by unanimous voice vote with no abstentions.

2012 ERCOT Board Meeting Schedule (Agenda Item 16)

Chair Doll entertained a motion to approve the 2012 ERCOT Board Meeting Schedule. Mr. Magness and Ms. Leady responded to questions and comments from the Board members.

Mr. Espinosa made a motion to approve the 2012 ERCOT Board Meeting Schedule as presented. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

2011 Annual Meeting Planning (Agenda Item 17)

Mr. Magness reported on planning for the 2011 Annual Meeting and responded to questions and comments from the Board members.

Other Business (Agenda Item 18)

No other business was discussed.

Future Agenda Items (Agenda Item 19)

No future agenda items were discussed.

Recess for Nominating Committee Meeting

Chair Doll recessed the Board meeting at approximately 3:49 p.m. so that the Nominating Committee could be convened.

Chair Doll advised that the Nominating Committee would be considering the selection of three Unaffiliated Director candidates – to fill the vacancy for the seat previously occupied by A.D. Patton until mid-June 2011, the upcoming vacancy for the seat currently held by Mr. Espinosa until the expiration of his third and final term, and the upcoming vacancy due to her expected resignation in early 2012. Chair Doll announced that she expected to transition off the Board upon the selection and approval of an Unaffiliated Director successor, due to an opportunity which is geographically distant and would not allow her sufficient time to devote to the Board.



Upon the conclusion of the Nominating Committee meeting, Chair Doll reconvened the Board meeting at approximately 4:23 p.m.

Call for Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Directors (Agenda Item 27)

Chair Doll announced that the Nominating Committee had selected three Unaffiliated Director candidates for presentation to the ERCOT Corporate Members. Chair Doll entertained a motion to call a Special Meeting of the ERCOT Corporate Members for the election of three new Unaffiliated Directors.

Mr. Helton made a motion to call a Special Meeting of the ERCOT Corporate Members for the election of three new Unaffiliated Directors. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 28)

The Board meeting was adjourned at approximately 4:24 p.m.

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