



**Date:** December 5, 2011  
**To:** Board of Directors  
**From:** Bill Magness, ERCOT Vice President, General Counsel and Corporate Secretary  
**Subject:** Proposed Revisions to Board Policies and Procedures

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** December 12-13, 2011

**Agenda Item No.:** 9b

**Issue:**

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve revisions to the Board Policies and Procedures, attached hereto as Exhibit A, to be effective immediately.

**Background/History:**

Section 9.1 of the Board Policies and Procedures, amended effective November 17, 2008, by the ERCOT Board, provides:

The Board may amend this document at any time by a vote that complies with Bylaws requirements, but at a minimum the Policies and Procedures shall be reviewed and reaffirmed annually, at or before the annual Strategic Planning Meeting.

After consideration and review, at its October 17, 2011 meeting, the Human Resources and Governance (HR&G) Committee of the Board requested that ERCOT Legal to propose revisions to the Board Policies and Procedures which would focus on the recently-amended Public Utility Commission of Texas (PUCT) rules on ERCOT regarding ERCOT oversight.

ERCOT Legal has proposed revisions to the Board Policies and Procedures, attached hereto as Exhibit A, which are intended to: (1) address the PUCT rules on ERCOT oversight as needed; (2) clean up the numbering within Section 2.4.4; and (3) remove the references to Texas Regional Entity throughout Section 2.8 and to the Texas Nodal Transition Plan Task Force throughout Section 2.9.

The HR&G Committee will consider the proposed revisions at its December 12, 2011 meeting and is expected to make a recommendation to the Board regarding such revisions.

**Key Factors Influencing Issue:**

- The Board may amend the Board Policies and Procedures at any time and reviewed and reaffirmed at least annually.
- The HR&G Committee has indicated that it would like to amend the Board Policies and Procedures to address the recent PUCT rule amendments on ERCOT oversight.

**Alternatives:**

- Approve the revisions to the Board Policies and Procedures as proposed by ERCOT Legal



to be effective immediately;

- Defer action on this matter and instruct ERCOT Legal to make other revisions; or
- Reject the proposed revisions and take no action on this matter at this time.

**Conclusion/Recommendation:**

ERCOT Legal respectfully recommends that the HR&G Committee recommend and the Board approve the proposed revisions to the Board Policies and Procedures, attached hereto as Exhibit A, to be effective immediately. The HR&G Committee will consider this matter at its December 12, 2011 meeting.



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

WHEREAS, Section 9.1 of the Board Policies and Procedures (amended effective November 17, 2008, by the ERCOT Board) provides that the Board may amend the Board Policies and Procedures at any time by a vote that complies with Bylaws requirements;

WHEREAS, after due consideration of the alternatives, the Human Resources and Governance (HR&G) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) has recommended that the Board approve the proposed revisions to the Board Policies and Procedures, attached hereto as Exhibit A, to be effective immediately; and

WHEREAS, the Board deems it desirable and in the best interest of ERCOT to accept the HR&G Committee's recommendation to approve the proposed revisions to the Board Policies and Procedures, attached hereto as Exhibit A, to be effective immediately;

THEREFORE, BE IT RESOLVED, that the Board hereby approves the proposed revisions to the Board Policies and Procedures, attached hereto as Exhibit A, to be effective immediately.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its December 12-13, 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 December, 2011.

\_\_\_\_\_  
Vickie G. Leady  
Assistant Corporate Secretary