



**Date:** February 14, 2012  
**To:** Board of Directors  
**From:** Michael Petterson, Vice President of Finance and Treasury  
**Subject:** Approval of Financial Corporate Standard

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** February 21, 2012

**Agenda Item No.:** 13a(2)

**Issue:**

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve any or all of the ERCOT staff-proposed modifications or recommend and approve any other changes to the ERCOT Financial Corporate Standard (Standard) to become effective upon approval by the Board.

**Background/History:**

The Board has established a Financial Corporate Standard, which is reviewed annually and updated as needed. The Board must approve any modifications to the document.

This Standard establishes a framework from which ERCOT's financial integrity is maintained while serving the long-term interests of the company and the ERCOT market. ERCOT recognizes that maintaining financial integrity is critical to accomplishing its corporate goals and discharging ERCOT's primary responsibilities. The Standard defines the principles by which ERCOT performs its financial planning and budgeting.

ERCOT staff has reviewed the Standard and respectfully proposes several minor changes and clarifications, as reflected in *Attachment A*, to become effective upon approval by the Board. The Finance and Audit (F&A) Committee is expected to recommend the Board adopt, reject or amend the revisions at its February 20, 2012 meeting.

**Key Factors Influencing Issue:**

The key factors influencing the issue are adherence to provisions of Board-approved corporate standards, improved clarity and consistency of policy documents, and the need to provide sound financial guidance for ERCOT's exempt purposes.

**Conclusion/Recommendation:**

The F&A Committee will review the ERCOT staff-proposed modifications at its meeting on February 20, 2012, and is expected to recommend to the Board whether any revisions should be made to the Standard and whether they should become effective upon approval by the Board.



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

WHEREAS, after its meeting on February 20, 2012, the Finance and Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) has recommended that the Board approve revisions to the Financial Corporate Standard as forth in *Attachment A*;

WHEREAS, after due consideration of the alternatives, the Board deems it desirable and in the best interest of ERCOT, in order to provide sound financial guidance for its exempt purposes, to approve revisions to the Financial Corporate Standard as recommended by the F&A Committee; and

THEREFORE, BE IT RESOLVED, that the revised Financial Corporate Standard, as set forth in *Attachment A*, which is attached hereto and incorporated herein by reference for all purposes, is hereby authorized and approved by the Board in each and every respect to be effective immediately.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 21, 2012 meeting, the ERCOT Board passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of February, 2012.

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