

PETITION OF ELECTRIC RELIABILITY	§	PUBLIC UTILITY COMMISSION
COUNCIL OF TEXAS, INC., FOR	§	
APPROVAL OF RE-ELECTION OF	§	OF TEXAS
UNAFFILIATED DIRECTOR MR.	§	
MICHEHL GENT	§	

**PETITION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
FOR APPROVAL OF RE-ELECTION OF UNAFFILIATED
DIRECTOR MR. MICHEHL GENT**

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and, pursuant to P.U.C. SUBST. R. § 25.362(g)(5), respectfully requests Commission approval of the re-election of Mr. Michehl Gent to a third term as an Unaffiliated Director of the ERCOT Board of Directors (Board). Mr. Gent has been re-elected and approved as a director by the Corporate Members of ERCOT, and has met all requisite qualifications for service on the ERCOT Board. As discussed herein, ERCOT requests Commission approval of the re-election of Mr. Gent to service on the ERCOT Board beginning May 15, 2012.

I. BACKGROUND

In order for ERCOT to maintain certification as an independent organization under §39.151(g) of PURA¹, the 16-member ERCOT Board must include “five members unaffiliated with any market segment and selected by the other members of the governing body to serve three-year terms.”² The five “Unaffiliated Directors” are selected through a process that includes the following steps:

- Nomination of candidates by the Nominating Committee of the ERCOT Board. The Nominating Committee consists of all members of the Board other than the ERCOT Chief Executive Officer (CEO) and the Chairman of the Commission.³
- ERCOT provides notice to the Commission of the “candidates who have been identified and their qualifications, any recommendation that will be made to the [ERCOT Board], and any other information requested by a commissioner.”⁴

¹ Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.-16 (Vernon 2007 & Supp. 2011) (PURA).

² PURA § 39.151(g)(7).

³ See Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., approved on April 16, 2010 (ERCOT Bylaws) § 4.3(b)(1).

⁴ P.U.C. SUBST. R. § 25.363(g)(5).

- After consultation with the Commission and selection by the Nominating Committee, the nominated candidates are submitted to the ERCOT Corporate Members for approval. Corporate Members receive notice of a special meeting of the corporation called for consideration of the election, or re-election, of Unaffiliated Directors. If the requisite number of ballots are received by ERCOT prior to the special meeting (as occurred in this case), the meeting is cancelled and the results of the election are announced to the membership.⁵
- Unaffiliated Director nominees approved by ERCOT's Corporate Members are submitted to the Commission for final approval.

ERCOT began filing petitions for the approval of Unaffiliated Directors in 2003, in Docket No. 27652 (seeking approval of directors David Baggett, Miguel Espinosa and Mark Armentrout). Since that time, ERCOT has filed eleven (11) additional petitions for approval of Unaffiliated Directors for initial or renewal terms in P.U.C. Docket Nos. 30994, 32492, 33183, 33185, 35862, 36566, 38373, 38492, 39843, 39844 and 39845.

Prior to the adoption of the March 2011 amendments to the Commission's rules governing ERCOT oversight, Unaffiliated Directors were allowed to begin service on the ERCOT Board after their approval by the Corporate Members but before issuance of a Commission order approving their selection. The application for approval of the re-election of Mr. Gent is the first application for renewal to be filed since the adoption of the requirement that Commission approval must precede an Unaffiliated Director's service on the ERCOT Board (or the commencement of a second or third term on the Board).⁶

II. STATEMENT OF JURISDICTION AND AUTHORITY

The Commission has jurisdiction over this matter pursuant to PURA § 39.151.

⁵ ERCOT Bylaws, §§ 3.7(g), 4.3(b)(4).

⁶ P.U.C. SUBST. R. § 25.363(g)(5) provides: "A person who is selected may not serve as a member of the [ERCOT] board until the commission approves the selection. An unaffiliated board member whose three-year term has expired shall, if reappointed by the ERCOT governing board, cease serving as a member of the governing board until the reappointment is approved by the commission."

III. IDENTIFICATION OF APPLICANT

The name and address of the Applicant is Electric Reliability Council of Texas, Inc., 7620 Metro Center Drive, Austin, Texas 78744.

The name, address, telephone, and facsimile numbers of Applicant's authorized representatives are as follows:

Bill Magness
General Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 225-7076 (Phone)
(512) 225-7079 (Fax)
bmagness@ercot.com

Vickie G. Leady
Assistant General Counsel
ERCOT
7620 Metro Center Drive
Austin, Texas 78744
(512) 275-7436 (Telephone)
(512) 225-7079 (Facsimile)
vleady@ercot.com

IV. SELECTION PROCESS FOR MR. GENT COMPLIED WITH COMMISSION AND ERCOT GOVERNING RULES

The ERCOT Bylaws provide that the term for all Unaffiliated Directors shall be staggered three-year terms unless changed by amendment to the Bylaws. An Unaffiliated Director may be re-elected for up to two additional terms.⁷ PURA requires that the ERCOT bylaws "prescribe professional qualifications for selection" as an Unaffiliated Director, and that "[t]he bylaws must require the use of a professional search firm to identify candidates for membership of unaffiliated members." In addition, PURA requires that the selection process for Unaffiliated Directors "must allow for commission input in identifying candidates."⁸ The selection process for Unaffiliated Directors is set forth in section 4.3 of the ERCOT Bylaws, and includes the requirements mandated by PURA. In addition, the Commission's SUBST. R. § 25.363(g)(5) includes standards that ERCOT must meet to ensure Commission input in identifying Unaffiliated Director candidates.

The re-election of Mr. Gent to a third term complied with the criteria established in PURA, Commission rules, and the ERCOT Bylaws. The ERCOT Bylaws require that Unaffiliated Directors must have "experience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of

⁷ See ERCOT Bylaws Section 4.3 (c).

⁸ PURA § 39.151(g).

utilities; risk management; and information technology.”⁹ An Unaffiliated Director must also demonstrate “independence of any Market Participant in the ERCOT Region,” including compliance with specific standards enumerated in the ERCOT Bylaws.¹⁰ Mr. Gent has met ERCOT’s qualification and independence requirements. The Nominating Committee unanimously selected Mr. Gent for presentation to ERCOT’s Corporate Members for re-election as an Unaffiliated Director. A summary of Mr. Gent’s professional qualifications and credentials is attached hereto as *Attachment A*.

On February 21, 2012, pursuant to the direction of the ERCOT Board, ERCOT issued its notice of Special Meeting of Corporate Members to be held on March 16, 2012 (Special Meeting) for the re-election of Mr. Gent (*Attachment B*). Corporate Membership voting for the Unaffiliated Director candidate was conducted pursuant to the ERCOT Bylaws procedures requiring approval by a majority of Member Segments (*i.e.*, at least four out of seven Member Segments). Mr. Gent received the requisite number of Corporate Member votes by ballot upon the conclusion of voting on March 14, 2012, in lieu of the Special Meeting, to be re-elected as an Unaffiliated Director for a third and final three-year term.

Having completed all other steps in the nomination and election process, ERCOT now requests Commission approval of Mr. Gent for re-election to a third and final three-year term as an Unaffiliated Director.

V. NOTICE PROVIDED BY ERCOT

ERCOT will post its Petition for Approval of an Unaffiliated Director to its website at http://www.ercot.com/about/governance/legal_notices; send a copy of its Petition via first-class U.S. mail to the parties of record in ERCOT’s last fee case, Docket No. 31824 *Application of the Electric Reliability Council of Texas for Approval of the ERCOT System Administration Fee*; and provide Notice of its Petition via electronic mail to ERCOT’s email exploder lists of committees as follows:

- ERCOT Board of Directors and Others;
- Technical Advisory Committee and Others (TAC);
- Retail Market Subcommittee (RMS);

⁹ ERCOT Bylaws § 4.3(b)(2)(i).

¹⁰ *Id.*, § 4.3(b)(2)(ii)(a)-(e).

- Wholesale Market Subcommittee (WMS);
- Reliability and Operations Subcommittee (ROS);
- Commercial Operations Subcommittee (COPS); and
- Protocol Revisions Subcommittee (PRS).

ERCOT will file an affidavit attesting to the completion of its proposed notice.

VI. REQUEST FOR PROCEDURAL SCHEDULE

Pursuant to P.U.C. SUBST. R. § 25.362(g)(5), ERCOT has notified the Commissioners regarding the re-election of Mr. Gent. If possible, ERCOT seeks to seat Mr. Gent as a re-elected Unaffiliated Director by May 15, 2012, the date of the regularly-scheduled ERCOT Board meeting for May 2012. In order to facilitate Commission approval of Mr. Gent by that time, ERCOT proposes the following procedural schedule, which aims toward approval of the re-electing of an Unaffiliated Director at the Commission's May 10, 2012 Open Meeting.

ERCOT requests this accelerated schedule based on the fact that no party has intervened in ERCOT's prior Unaffiliated Director approval proceedings. As noted above, ERCOT has filed eleven (11) dockets since 2003 seeking approval of Unaffiliated Directors, and all have been approved without the need for discovery or hearing. ERCOT's proposed schedule provides twenty (20) days for parties to intervene. Moreover, as noted above, ERCOT will provide extensive notice to affected parties prior to the publication of its application in the *Texas Register*. ERCOT's request for a 20-day intervention period conforms with P.U.C. PROC. R. 22.104, which permits intervention motions to be filed within forty-five (45) days of "the date an application is filed with the commission," but provides that intervention deadlines may be adjusted based on an order of the presiding officer in a particular docket.¹¹ Given the history of prior cases for approval of ERCOT Unaffiliated Directors, the notice already provided by ERCOT, and the need to continue Mr. Gent's service as an Unaffiliated Director as quickly as feasible, ERCOT submits that a 20-day intervention period is reasonable in this docket.

If no interventions or hearing requests are filed, ERCOT requests completion of the proceeding pursuant to the Commission's procedural rules for informal disposition of

¹¹ P.U.C. PROC. R. 22.104(b). Notably, ERCOT requests a 20-day period beginning not from the date of its filing this application with the Commission, but beginning with the later date of expected publication in the *Texas Register*.

uncontested dockets.¹² The informal process authorizes the Presiding Officer to file a Proposed Order that is eligible for consideration by the Commission twenty (20) days after it is filed. Assuming informal disposition is possible, ERCOT's proposes the following procedural schedule:

ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	March 16, 2012
<i>Texas Register</i> publication of the Commission's Notice of Petition for Approval of an Unaffiliated Director	March 30, 2012
Deadline for Intervention and requests for hearing (20 days from date of <i>Texas Register</i> notice) and for Commission Staff recommendation on final disposition if no hearing requested.	April 19, 2012
Proposed Order filed by Presiding Officer for approval pursuant to P.U.C. PROC. R. § 22.35(b)(2)	April 20, 2012
Consideration of Proposed Order at Commission Open Meeting	May 10, 2012

If parties do intervene, or Commission Staff requests a hearing, the schedule will necessarily be extended. If informal disposition is possible, however, ERCOT would appreciate the Commission accommodating the request for an accelerated schedule.

VII. CONCLUSION

ERCOT respectfully requests that the Commission approve the re-election of Mr. Gent to a third and final three-year term as an Unaffiliated Director for the ERCOT Board, adopt the procedural schedule requested by ERCOT in this Petition, and grant ERCOT all other relief to which it is entitled.

¹² See P.U.C. PROC. R. § 22.35.

Respectfully submitted,

By: _____

Bill Magness
General Counsel
Texas Bar No. 12824020
(512) 225-7076 (Phone)
(512) 225-7079 (Fax)
bmagness@ercot.com

Vickie G. Leady
Assistant General Counsel
Texas Bar No. 08122090
(512) 275-7436 (Phone)
(512) 225-7079 (Fax)
vleady@ercot.com

ERCOT
7620 Metro Center Drive
Austin, Texas 78744

ATTORNEYS FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record in this proceeding on March 16, 2012 in the following manner: by facsimile, email, or first-class U.S. mail.

Vickie G. Leady



Michehl Gent

Biography

Michehl Gent, former president and CEO of the North American Electric Reliability Council (NERC), has more than 40 years of experience in electric reliability, primarily with reliability councils. He has expertise in building organizations, developing operating rules and procedures, and fostering communication between partner organizations.

Mr. Gent joined NERC in 1980 as executive vice president and was elected president in 1982. Under his leadership, NERC grew from an organization of five people to more than 50 employees. He was at the forefront of the industry's efforts to improve the protection of critical and cyber assets, both before and after September 11, 2001. He also led the technical investigations into the August 14, 2003, blackout and implementation of recommendations resulting from the investigation. Mr. Gent retired as president and CEO of NERC in 2005.

Prior to joining NERC, Mr. Gent was general manager of the Florida Electric Power Coordinating Group, a voluntary power pool for Florida's electric utilities. He also held several positions in both operations and planning at the Los Angeles Department of Water & Power.

Mr. Gent has taught in the graduate schools of the University of Southern California and Loyola University and is a registered professional engineer. He currently serves on several policy committees and boards including the United States Energy Association and the IEEE-USA Energy Policy Committee.

A native of New York, Mr. Gent is a veteran of the U.S. Army and holds a bachelor of science degree in electrical engineering from Texas A&M University and a master of science degree from USC.



February 23, 2012

ERCOT Corporate Member:

On February 20, 2012, the Nominating Committee of the ERCOT Board of Directors (Board) unanimously selected Michehl Gent as an Unaffiliated Director to serve on the Board for his third and final term beginning after approval by ERCOT Corporate Members and upon approval by the Public Utility Commission of Texas (Commission).

According to Section 3.7(b) of the ERCOT Amended and Restated Bylaws (Bylaws), the Board can call a Special Meeting of the Corporate Members to seek approval without a meeting as provided in Section 3.7(g): "Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted."

The Board has called a Special Meeting of the Corporate Members for March 16, 2012 at 10:00 a.m. in Room 209 at 7620 Metro Center Drive, Austin, Texas 78744, for the purpose of voting on the proposed Unaffiliated Director.

Thus, we are seeking Corporate Membership approval to have the vote on the proposed Unaffiliated Director in writing, in lieu of a Special Meeting of the Corporate Members. Please review the enclosed Official Consent and Ballot form (Ballot). If you agree to take action on the proposed Unaffiliated Director without a Special Meeting, please indicate your voting preference, sign the Ballot and return it to ERCOT by 5:00 p.m. on March 14, 2012. On March 15, 2012, we will count the Ballots received to determine if we have sufficient number to allow a vote on the proposed Unaffiliated Director in lieu of the Special Meeting. We will post a notice of either a successful vote or of the need to have the March 16, 2012 Special Meeting on the website at <http://www.ercot.com/calendar/2012/03/20120316-OTHER>, by March 15, 2012 at 12:00 p.m.

The Nominating Committee members include all voting members of the ERCOT Board with the exception of ERCOT President and Chief Executive Officer, H. B. "Trip" Doggett. As further detailed in the ERCOT Bylaws, Unaffiliated Board Members must have "experience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of utilities; risk management; and information technology," and be independent from any Market Participant to prevent any potential conflict of interest. Texas residents are preferred.

Information regarding Mr. Gent's professional experience is provided below. Mr. Gent's second term expires on March 20, 2012.

So that Mr. Gent may be reelected as an Unaffiliated Director on the Board for his third and final term beginning upon approval by the Commission, please review his professional experience, sign the ballot, and make every effort to return it to ERCOT as noted in the Ballot no later than 5:00 p.m., March 14, 2012.

Sincerely,

Tisa Wilkins

Tisa Wilkins

External Relations Specialist

ERCOT



Michehl Gent

Biography

Michehl Gent, former president and CEO of the North American Electric Reliability Council (NERC), has more than 40 years of experience in electric reliability, primarily with reliability councils. He has expertise in building organizations, developing operating rules and procedures, and fostering communication between partner organizations.

Mr. Gent joined NERC in 1980 as executive vice president and was elected president in 1982. Under his leadership, NERC grew from an organization of five people to more than 50 employees. He was at the forefront of the industry's efforts to improve the protection of critical and cyber assets, both before and after September 11, 2001. He also led the technical investigations into the August 14, 2003, blackout and implementation of recommendations resulting from the investigation. Mr. Gent retired as president and CEO of NERC in 2005.

Prior to joining NERC, Mr. Gent was general manager of the Florida Electric Power Coordinating Group, a voluntary power pool for Florida's electric utilities. He also held several positions in both operations and planning at the Los Angeles Department of Water & Power.

Mr. Gent has taught in the graduate schools of the University of Southern California and Loyola University and is a registered professional engineer. He currently serves on several policy committees and boards including the United States Energy Association and the IEEE-USA Energy Policy Committee.

A native of New York, Mr. Gent is a veteran of the U.S. Army and holds a bachelor of science degree in electrical engineering from Texas A&M University and a master of science degree from USC.



**Official Consent and Ballot Form
for Approval of Unaffiliated Director for the ERCOT Board of Directors**

The undersigned, Corporate Member of ERCOT, hereby approves the reelection of Michehl Gent as an Unaffiliated Director for his third and final term to be seated on the ERCOT Board of Directors (Board) for a term beginning upon approval of the Public Utility Commission of Texas.

For	Against
<input type="checkbox"/>	<input type="checkbox"/>

I hereby certify that:

1. I am a duly authorized representative of the Corporate Member of ERCOT listed below;
2. I consent to this action in writing in lieu of the Special Meeting of the Corporate Members currently scheduled for March 16, 2012;
3. My vote on the Unaffiliated Director is listed above.

Signature

Name:

Corporate Member (Organization or Company):

Date:

Please make every effort to return this Official Consent and Ballot Form (Ballot) no later than **5:00 p.m. on March 14, 2012**. The Ballot can be submitted via email (.pdf version) to twilkins@ercot.com, via facsimile to 512-225-7079, or via first class mail to ERCOT, Attention: Tisa Wilkins, 7620 Metro Center Drive, Austin, Texas 78744. If you have any questions, please contact Tisa Wilkins at twilkins@ercot.com.