



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

Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive, Room 206
Austin, Texas 78744
June 19, 2012 at 9:00 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
Bivens, Danny	Office of Public Utility Counsel	Consumer / Residential (Alternate Representative for Public Counsel Sheri Givens)
Carpenter, Mark	Oncor Electric Delivery Company	Investor Owned Utility Segment Alternate
Crowell, Craven (Chairman)	Unaffiliated	Unaffiliated Director
Dalton, Andrew	Valero Services, Inc.	Consumer/Industrial
Doggett, H.B. "Trip"	ERCOT	President and Chief Executive Officer (CEO)
Dreyfus, Mark	Austin Energy	Municipal
Fehrenbach, Nick	City of Dallas	Consumer/Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director
Gresham, Kevin	E.On Climate & Renewables NA LLC	Independent Generator (<i>Except for Agenda Item 13</i>)
Hendrick, Eric	Stream Energy	Independent Retail Electric Provider
Nelson, Donna	Public Utility Commission of Texas (PUCT or Commission)	Chairman (<i>Except for Agenda Items 10 and 13a</i>)
Packard, Mike	South Texas Electric Cooperative, Inc.	Cooperative Segment Alternate
Pfaffmann, Karl	Unaffiliated	Unaffiliated Director
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer (<i>Except for Agenda Items 11 – 13</i>)



Walsh, Judy (Vice-Chair)	Unaffiliated	Unaffiliated Director
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Guests:

Anderson, Kenneth	Public Utility Commission of Texas – Commissioner (<i>Except for Agenda Items 1 – 5</i>)
Brown, Jeff	Shell Energy North America (US), LP (Independent Power Marketer Segment Alternate)
Clemenhausen, Barbara	Topaz Power Holdings LLC (Independent Generator Segment Alternate)
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Dumas, John	ERCOT Director of Wholesale Market Operations
Forfia, David	ERCOT Director of Information Technology (IT) Architecture
Hobbs, Kristi	ERCOT Manager of Market Rules and Stakeholder Support
Jones, Dan	Potomac Economics, ERCOT Independent Market Monitor
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
Mickey, Joel	ERCOT Director of Market Design and Development
Newell, Sam	The Brattle Group
Ögelman, Kenan	CPS Energy, Technical Advisory Committee (TAC) Chair
Roberts, Grady	ERCOT Director of Finance
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Seely, Chad	ERCOT Assistant General Counsel
Voltz, Denny	ERCOT Supervisor of Physical Security
Wittmeyer, Bob	TAC Vice-Chair

Call Open Session to Order and Announce Proxies (Agenda Item 1)

Craven Crowell, Board Chairman, determined a quorum was present and called the meeting to order at approximately 9:05 a.m. Chairman Crowell noted the Antitrust and Security Admonitions and requested notice if there were any such concerns during the discussion in the meeting. Chairman Crowell announced that Mike Packard was attending as the Segment Alternate for the Cooperative Segment in Clifton Karnei's absence, Mark Carpenter was attending as the Segment Alternate for the Investor Owned Utility Segment in Scott Prochazka's absence and Danny Bivens was attending as the Alternate Representative for Public Counsel Sheri Givens. Chairman Crowell opened the meeting with a statement about the role of the Board in the continued efforts to address resource adequacy, the recently published Brattle Group Report and the 2013 ERCOT budget.

Chairman Crowell addressed the following Agenda Items in the order below.

Consent Agenda (Agenda Item 2)

Chairman Crowell entertained a motion for the approval of the Consent Agenda as follows:

- Unopposed Nodal Protocol Revision Requests (NPRRs) Recommended by the Technical Advisory Committee (TAC) for Approval



- NPRR453, Separation of Year 1 and Year 2 of the Annual Congestion Revenue Right (CRR) Auctions by Timing – URGENT; and
- NPRR463, CRR Auction Structure Enhancements – URGENT.

Jorge Bermudez moved to approve the Consent Agenda as presented. Andrew Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

CEO Update (Agenda Item 4)

Trip Doggett, ERCOT President and CEO, provided Board members with the CEO Update and responded to questions and comments from Board members.

Mr. Doggett recognized Denny Voltz, ERCOT Supervisor of Physical Security, thanked him for his dedicated efforts with the Security Department and announced his upcoming retirement. He also recognized John Dumas, ERCOT Director of Wholesale Market Operations, for his leadership and contributions and noted Mr. Dumas' spotlight article in the Winter 2011 EPRI Journal.

Financial Summary and Operating Reports (Agenda Item 5)

Mr. Doggett presented the Financial Summary and Operating Reports. Mr. Doggett and John Dumas responded to questions and comments from Board members regarding the Operating Reports.

Approval of May 15, 2012 Board of Directors Meeting Minutes (Agenda Item 3)

Chairman Crowell entertained a motion to approve the May 15, 2012 Board of Directors Meeting minutes (Minutes) as presented.

Mr. Bermudez moved to approve the Minutes as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with one abstention (Kevin Gresham).

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

Dan Jones, Director with Potomac Economics, the ERCOT IMM, provided Board members with the ERCOT Wholesale Electricity Market Monthly Report and IMM Report and responded to questions and comments from Board members.

Upon PUCT Commissioner Kenneth Anderson's arrival, PUCT Chairman Donna Nelson called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for June 19, 2012.

The Brattle Group's Evaluation of ERCOT Investment Incentives (Agenda Item 7)

Chairman Crowell introduced Sam Newell, Principal with The Brattle Group, who provided an update on the evaluation of ERCOT's investment incentives and answered questions and comments from Board members.

Independent System Operator/Regional Transmission Organization Council (IRC) Smart Grid Standards – Wholesale Demand Response Project (Agenda Item 8)

David Forfia, ERCOT Director of IT Architecture, reviewed the IRC Smart Grid Standards – Wholesale Demand Response Project presentation and answered questions and comments from Board members.



Pilot Project: 30-Minute Emergency Response Service (ERS) (Agenda Item 9)

Chairman Crowell entertained discussion regarding the ERCOT recommended Pilot Project: 30-Minute ERS. Mr. Dumas, Mr. Doggett and Chad Seely, Assistant General Counsel, answered questions and comments from Board members.

Karl Pfirrmann moved to approve the 30-Minute ERS pilot project at 150 megawatts (MW) as recommended by ERCOT staff. Judy Walsh, Board Vice-Chair, seconded the motion. After further discussion by the Board members, Mr. Doggett agreed to return to the Board with quarterly progress reports on this pilot project. **Andrew Dalton made a friendly amendment to Mr. Pfirrmann's motion to require ERCOT staff to: (1) obtain Board approval prior to the third procurement period of this pilot project; (2) perform a cost-benefit analysis on this pilot project; (3) perform a seasonality analysis related to this pilot project; and (4) compare this pilot project with the existing 10-minute product.** After further Board discussion, Mr. Pfirrmann and Vice-Chair Walsh accepted Mr. Dalton's friendly amendment. Chairman Crowell called for a vote on Mr. Pfirrmann's motion as amended. The motion passed by show of hands vote with fourteen in favor, none opposed and one abstention (Eric Hendrick).

The meeting adjourned for lunch at approximately 11:34 a.m. and reconvened at approximately 12:14 p.m.

User Fees - Congestion Revenue Right (CRR) Account Holder and Independent Market Information System Registered Entity (IMRE) Application Fees (Agenda Item 10)

Mr. Seely provided an overview of the Congestive Revenue Right (CRR) Account Holder and Independent Market Information System Registered Entity (IMRE) Application User Fees and responded to Board members' questions and comments. Mr. Seely announced that these User Fees will be presented to the Finance & Audit Committee and the Board in July 2012 for consideration.

Non-Unanimous Revision Requests Recommended by TAC for Approval (Agenda Item 13a)

Kenan Ögelman, TAC Chair, presented the item referenced below to the Board which TAC recommended for Board Approval:

- Impact Assessment for Parking Deck NPRR260, Providing Access to MIS Secure Area to MIS Registered Users.

Mr. Ögelman and Board members discussed the Impact Assessment for Parking Deck NPRR260.

Michehl Gent moved to approve the Impact Assessment for Parking Deck NPRR260, as recommended by TAC, in the April 5, 2012 TAC Report. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

TAC Update (Agenda Item 13)

Mr. Ögelman presented the TAC Update to the Board.

Finance & Audit (F&A) Committee Report (Agenda Item 11)

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



2013 Budget (Agenda Item 11a)

Mr. Bermudez reported that the F&A Committee recommended Board approval of the 2013 Budget as presented by ERCOT staff.

Mr. Bermudez moved to approve the 2013 Budget as recommended by the F&A Committee. Vice-Chair Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 12)

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.

Modifications to ERCOT Employee and ERCOT Director/Segment Alternate Ethics Agreements (Agenda Item 12a)

Mr. Dalton reported that the HR&G Committee recommended modifications to the ERCOT Employee and ERCOT Director/Segment Alternate Ethics Agreements as presented by ERCOT Legal.

Mr. Dalton moved to approve the modifications to the ERCOT Employee and ERCOT Director/Segment Alternate Ethics Agreements as recommended by the HR&G Committee. Mr. Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Other Business (Agenda Item 14)

No other business was discussed at this time.

Executive Session (Agenda Items 15 - 21)

Chairman Crowell adjourned the meeting into Executive Session at approximately 12:44 p.m. and reconvened Open Session at approximately 2:15 p.m.

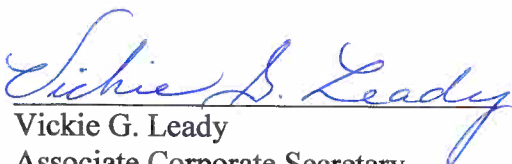
Vote on Matters from Executive Session (Agenda Item 22)

Chairman Crowell announced that there were no matters discussed during Executive Session for vote in General Session.

Adjournment (Agenda Item 23)

Chairman Crowell adjourned the meeting at approximately 2:16 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
Associate Corporate Secretary