



**DRAFT GENERAL SESSION MINUTES OF THE FINANCE & AUDIT COMMITTEE
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Room 206
Austin, Texas 78744
December 10, 2012

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance & Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director (<i>Proxy for Jorge Bermudez</i>)
Gresham, Kevin	E.On Climate & Renewables North America	Independent Generator (<i>Except for Agenda Items 1 and 2</i>)
Hendrick, Eric	Stream Energy	Independent Retail Electric Provider
Karnei, Clifton (Chairman)	Brazos Electric Power Cooperative Inc.	Cooperative
Prochazka, Scott	CenterPoint Energy Houston Electric, LLC	Investor-Owned Utility
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive Officer (CEO)
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman (<i>Except for Agenda Items 1 and 2</i>)

Other Guests:

Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Ledy, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary (<i>Agenda Items 8 and 9 only</i>)
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Markham, Lori	ERCOT Corporate Governance Specialist
Petterson, Michael	ERCOT Vice President of Finance and Treasury



Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Wiley, Leslie	ERCOT Manager of Treasury
Wullenjohn, Bill	ERCOT Director of Internal Audit

Call General Session to Order, Announce Proxies and Segment Alternates (Agenda Item 1)

Clifton Karnei, F&A Committee Chairman, determined that a quorum was present and called the F&A Committee meeting to order at approximately 1:00 p.m. Chairman Karnei announced that Jorge Bermudez provided his proxy to Michehl Gent in his absence.

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

November 12, 2012 General Session Meeting Minutes (Agenda Item 2)

Chairman Karnei entertained a motion to approve the November 12, 2012 General Session Meeting Minutes (Minutes).

Michehl Gent moved to approve the Minutes as presented. Judy Walsh seconded the motion. The motion passed by unanimous voice vote with two abstentions (Eric Hendrick and Scott Prochazka).

User Fees Policy (Agenda Item 3)

Chairman Karnei announced Bill Magness to lead the discussion on the User Fees Policy. Mr. Magness presented the ERCOT User Fees Schedule, and discussed options for establishing policies on when to bring forward additional proposed user fees. Mr. Magness, Trip Doggett, Betty Day, and Mike Petterson responded to questions and comments from Committee members. Mr. Magness and Mr. Doggett agreed to provide additional information to the Committee at its March 2013 meeting.

Results of 2012 Committee Self-Evaluation Survey (Agenda Item 4)

Chairman Karnei entertained discussion on the 2012 Committee Self-Evaluation Survey results and, after receiving feedback from Committee members, recommended re-issuing the survey. Chairman Karnei encouraged Committee members to participate in the Committee Self-Evaluation Survey that will be available to Committee members and Segment Alternates.

Committee Briefs (Agenda Item 5)

Mr. Petterson reviewed the Committee Briefs and responded to questions and comments from Committee members.

Future Agenda Items (Agenda Item 6)

Chairman Karnei and Mr. Petterson reviewed the 2012 Committee calendar. Mr. Petterson responded to questions and comments from Committee members. Chairman Karnei informed the Committee that after serving over eight years as its Chairman, he would gladly serve another term; however, he asked Committee members to consider Jorge Bermudez as Committee Chairman for the 2013 year. Chairman Karnei expressed his support for an Unaffiliated Director as Committee Chairman.

Other Business (Agenda Item 7)

No other business was discussed at this time.



Executive Session

Chairman Karnei adjourned the meeting into Executive Session at approximately 1:57 p.m. and reconvened to General Session at approximately 3:01 p.m.

Vote on Matters from Executive Session (Agenda Item 8)

Chairman Karnei entertained a motion on matters discussed during Executive Session.

Ms. Walsh moved to approve the 2013 Internal Audit Plan as presented during Executive Session. Mr. Hendrick seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 9)

Chairman Karnei adjourned the meeting at approximately 3:03 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at http://www.ercot.com/committees/board/finance_audit/.

Lori Markham
Corporate Governance Specialist