



Date: January 8, 2013
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: January 15, 2013

Item No.: 13.3

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve 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, does not propose any changes or clarifications, as reflected in *Attachment A*. The Finance and Audit (F&A) Committee is expected to recommend that the Board adopt, reject, or amend the Standard at its January 14, 2013 meeting, and that the Standard would become effective upon approval by the Board.

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 is expected to review the Standard at its meeting on January 14, 2013 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 January 14, 2013, 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 January 15, 2013 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of January, 2013.

Vickie G. Leady
Assistant Corporate Secretary