



To: Human Resources and Governance (HR&G) Committee
From: Bill Magness, ERCOT Vice President, General Counsel and Corporate Secretary
Vickie Ledy, ERCOT Assistant General Counsel and Assistant Corporate Secretary
Date: March 11, 2013
Re: Item 4: 2013 Bylaws Revision Review

At the request of HR&G Chairman Karl Pfirrmann and for the Committee's benefit, this memorandum will review:

- The Bylaws review and revision process;
- The proposed 2013 Bylaws review and approval schedule; and
- The initial proposed Bylaws revisions.

Bylaws Review and Revision Process

ERCOT currently operates pursuant to the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, which were approved by the Public Utility Commission of Texas (PUCT or Commission) on April 16, 2010.

Section 13.1 of these Bylaws, the Public Utility Regulatory Act (PURA) Section 39.151(g), PUCT Substantive Rule Section 25.362(c) and the HR&G Committee Charter provide the requirements and process for approval of any Bylaws amendments. In brief, the Bylaws amendment process may be summarized as follows:

1. Submission of Proposal: Any Corporate Member must submit a proposal of its proposed amendment with supporting documentation to the ERCOT Chief Executive Officer (CEO).
2. Placement of Proposal on Board Agenda After HR&G Committee Review and Recommendation: The CEO will place such proposal on the Board's agenda in the time and manner prescribed by the Board. Given the delegation of duties from the Board to the HR&G Committee for review of ERCOT's governing documents, the HR&G Committee would first review and make a recommendation to the Board on such proposal prior to placing the proposal on the Board agenda.
3. Board Recommendation to Corporate Members for Approval: If the Board votes to approve the proposal, the Board shall place the proposal on the agenda of the next Annual Meeting of the Corporate Members unless the Board in its discretion calls a Special Meeting of the Corporate Members.
4. Vote by Corporate Members: Corporate Members must vote using the procedure more particularly described in Section 13.1(d) of the Bylaws. At least four of the seven Market Segments must affirmatively vote to amend the Bylaws.
5. Filing of Petition for Approval of Bylaws Amendment with the Commission: If the Corporate Members vote to approve the proposal, then ERCOT Legal will seek the approval of the Commission by filing a petition for approval of amendments to the Bylaws. Any amendments to the Bylaws shall only be effective upon formal Commission approval.



By way of reference, the timeline for the most recent amendments to the Bylaws was as follows:

- November 17, 2009: Board of Directors voted to approve recommendation of amendments to the Corporate Members after the HR&G Committee made its recommendation to the Board on the same day. The HR&G Committee considered various amendments at several of its prior meetings throughout that year.
- December 15, 2009: Corporate Members voted to approve amendments at their Annual Meeting.
- January 7, 2010: ERCOT filed its petition to approve the amendments with the Commission.
- April 16, 2010: The Commission entered its order approving the amendments.

Proposed 2013 Bylaws Review and Approval Schedule

Based on prior feedback from the HR&G Committee and consideration of logistical timing, ERCOT Legal would propose the following Bylaws review and approval schedule:

Date	Action	Comments
March 18, 2013	HR&G Committee reviews initial revisions to the Bylaws proposed by ERCOT Legal at its meeting	Expected discussion only by HR&G Committee
Prior to May 1, 2013	ERCOT Legal would discuss with Commission staff any substantive revisions to the Bylaws which had been proposed by ERCOT Legal and Corporate Members to date	Feedback from Commission staff would be gathered for further discussion by the HR&G Committee at its May 2013 meeting
May 13, 2013	HR&G Committee reviews substantive revisions to the Bylaws proposed by ERCOT Legal and Corporate Members at its meeting	Expected discussion only by HR&G Committee
Prior to July 1, 2013	ERCOT Legal develops further analysis based on feedback from the HR&G Committee, Corporate Members and Commission staff	Feedback from Commission staff would be gathered for further discussion by the HR&G Committee at its July 2013 meeting
July 15, 2013	<ul style="list-style-type: none">• HR&G Committee reviews further feedback from ERCOT Legal and Corporate Members, as applicable• ERCOT Legal discusses any required amendments to the Bylaws arising from the legislative session• Deadline for proposed amendments to be considered by HR&G Committee	Expected discussion only by HR&G Committee
September 16, 2013	HR&G Committee reviews substantive revisions to the Bylaws proposed by ERCOT Legal and Corporate Members at its meeting	Expected discussion only by HR&G Committee



Date	Action	Comments
Prior to November 1, 2013	ERCOT Legal would discuss the feedback received by the HR&G Committee with Commission staff and Corporate Members who submitted proposals	Final red-lined edits prepared by ERCOT Legal for submission to the HR&G Committee
November 18, 2013	Assuming sufficient support, HR&G Committee votes to recommend that the Board approve recommendation of the amendments to the Bylaws to the Corporate Members	Expected vote by HR&G Committee
November 19, 2013	Assuming sufficient support, Board votes to recommend amendments to the Bylaws for approval by the Corporate Members at their Annual Meeting	Expected vote by the Board
December 10, 2013	Assuming sufficient support, Corporate Members vote to approve amendments to Bylaws at their Annual Meeting subject to Commission approval	Expected vote by Corporate Members
January 2013	Assuming approval by the Corporate Members, ERCOT Legal files a petition for approval of the amendments to the Bylaws with the Commission	
Upon approval by Commission	Amendments to the Bylaws become effective upon approval by the Commission and in accordance with Commission order	

This proposed schedule has been provided for the Committee's convenience and may be modified at the discretion of the Committee.

Initial Proposed Bylaws Revisions

ERCOT Legal has prepared administrative and clerical changes to the Bylaws as illustrated in the attached red-lined document. These changes are being presented to the Committee for review and consideration. ERCOT Legal is not requesting a vote on these proposed changes at this time.

Substantive changes proposed by Corporate Members will be presented to the Committee at its May 13, 2013 meeting.

We look forward to discussing these matters with you at the March 18, 2013 meeting.