



**DRAFT 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
January 15, 2013 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 |
| Bowling, Shannon | Cirro Group | Independent Retail Electric Provider (IREP) Segment Alternate |
| Brown, Jeff | Shell Energy North America (US), LP | Independent Power Marketer 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 |
| Givens, Sheri | Office of Public Utility Counsel | Consumer / Residential |
| Gresham, Kevin | E.On Climate & Renewables NA LLC | Independent Generator |
| Karnei, Clifton | Brazos Electric Power Cooperative | Cooperative |
| Nelson, Donna | Public Utility Commission of Texas (PUCT) | Chairman |
| Pfirmsmann, Karl | Unaffiliated | Unaffiliated Director |
| Prochazka, Scott | CenterPoint Energy, Inc. | Investor-Owned Utility |
| Walsh, Judy (Vice-Chair) | Unaffiliated | Unaffiliated Director |



Guests:

| | |
|----------------------|--|
| Anderson, Kenneth | Public Utility Commission of Texas – Commissioner (<i>Present Except for Agenda Items 1-7</i>) |
| Bauld, Amanda | ERCOT Director of Commercial Market Operations |
| Billo, Jeffrey | ERCOT Manager of Transmission Planning |
| Carpenter, Mark | Oncor Electric Delivery Company (Investor-Owned Utility Segment Alternate) |
| Clemenhagen, Barbara | Topaz Power Holdings LLC (Independent Generator Segment Alternate) |
| Day, Betty | ERCOT Vice President of Business Integration |
| Dreyer, Jerry | ERCOT Vice President and Chief Information Officer |
| Dumas, John | ERCOT Director of Wholesale Market Operations |
| Gage, Theresa | ERCOT Director of External Affairs |
| Garza, Beth | Deputy Director of Potomac Economics, ERCOT Independent Market Monitor |
| Lasher, Warren | ERCOT Director of System Planning |
| 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 |
| Ögelman, Kenan | CPS Energy, Technical Advisory Committee (TAC) Chair |
| Petterson, Michael | ERCOT Vice President of Finance and Treasury |
| Ruane, Mark | ERCOT Vice President of Credit and Enterprise Risk Management |
| Shellman, Carolyn | CPS Energy (Municipal Segment Alternate) |
| Saathoff, Kent | ERCOT Vice President of Grid Operations and System Planning |
| Stephenson, Randa | Lone Star Transmission, TAC Vice-Chair |

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

Trip Doggett determined that a quorum was present and called the Board meeting to order at approximately 9:03 a.m. Mr. Doggett noted the Antitrust and Security Admonitions and requested notice if there were any such concerns during the discussion in the meeting. Mr. Doggett noted that Jeff Brown was attending as Independent Power Marketer Segment Alternate in Jean Ryall-Porter’s absence and Shannon Bowling was attending as Independent Retail Electric Provider Segment Alternate since the Director position previously held by Eric Hendrick was currently vacant.

Agenda Items were addressed in the order below.

Election of Board Chair (Agenda Item 2)

Mr. Doggett entertained a motion for the election of the Board Chair for the 2013 year.

Michehl Gent nominated Craven Crowell as the Board Chairman for the 2013 year. Karl Pfirrmann seconded the nomination. Mr. Crowell was elected as the Board Chairman for the 2013 year by unanimous voice vote with no abstentions.

Upon re-election as Board Chair, Chairman Crowell extended his appreciation for the confidence the Board has placed in him to serve as 2013 Board Chair.



Election of Board Vice Chair (Agenda Item 3)

Chairman Crowell entertained a motion for the election of Board Vice Chair for the 2013 year.

Clifton Karnei nominated Judy Walsh as the Board Vice Chair for the 2013 year. Andrew Dalton seconded the nomination. Ms. Walsh was elected as the Board Vice Chair for the 2013 year by unanimous voice vote with no abstentions.

Chairman Crowell provided an opening statement. He recognized Mr. Karnei and Mr. Dalton for their dedication, commitment and leadership while serving as Chairs of the Finance and Audit (F&A) Committee and Human Resources and Governance (HR&G) Committee, respectively.

Committee Member Preferences and Assignments (Agenda Item 4)

Chairman Crowell reviewed the Committee Member Preferences and Assignments.

Confirmation of Technical Advisory Committee (TAC) Chair and Vice Chair (Agenda Item 5)

Chairman Crowell entertained a motion for the confirmation of the TAC Chair and Vice Chair.

Mr. Karnei moved to confirm Kenan Ogelman of CPS Energy as 2013 TAC Chair and Randa Stephenson of Lone Star Transmission as 2013 TAC Vice Chair. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Consent Agenda (Agenda Items 6, 6.1, 6.2, 6.2.1, 6.2.2 and 6.2.3)

Chairman Crowell entertained a motion for the approval of the Consent Agenda, which included the following matters:

- Minimum PTP Option Bid Price Per Protocol Section 7.7.1, Charging of PTP Option Award Fee;
- Unopposed Nodal Protocol Revision Requests (NPRRs) and Planning Guide Revision Requests (PGRR) Recommended by TAC for Approval:
 - NPRR506, Correction of Reconfiguration SASM Language Inconsistency – URGENT;
 - NPRR507, Correction of PTP Obligation Settlement Language Related to NPRR322 and NPRR470 – URGENT; and
 - PGRR018, Clarify the Prerequisites for Adding a New Generation Resource to the Planning Models and Capacity Demand and Reserves Report.

Mr. Dalton moved to approve the Consent Agenda as presented. Scott Prochazka seconded the motion. The motion passed by unanimous voice vote with no abstentions.

December 11, 2012 General Session Meeting Minutes (Agenda Item 7)

Chairman Crowell entertained a motion for approval of the December 11, 2012 General Session Meeting Minutes (Minutes).

Mr. Pfirrmann moved to approve the Minutes as presented. Sheri Givens seconded the motion. Nick Fehrenbach suggested the Minutes and future meeting minutes reflect “not present” instead of “except for” with regard to Board member attendance. The motion passed by unanimous voice vote with two abstentions (Jorge Bermudez and Shannon Bowling).



Chief Executive Officer (CEO) Presentations; CEO Update (Agenda Items 8 and 8.1)

Mr. Doggett presented the CEO Update. Mr. Doggett, Warren Lasher, and Theresa Gage responded to questions and comments from Board members.

Upon arrival of Kenneth Anderson, Commissioner of the Public Utility Commission of Texas (PUCT or Commission), 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 January 15, 2013.

Mr. Gent commended Mr. Doggett and ERCOT staff on their implementation of business continuity plans with regard to the storage array outage. Mr. Doggett thanked ERCOT employees for their diligent efforts, particularly during the holidays.

Financial Summary and Operations Reports (Agenda Items 8.2 and 8.3)

Mr. Doggett presented the Financial Summary and Operations Reports. There were no questions and comments from Board members at this time.

Independent Market Monitor (IMM) Report (Agenda Item 9)

Beth Garza provided the IMM Report and responded to questions and comments from Board members.

TAC Update (Agenda Item 10)

Kenan Ögelman expressed his appreciation to Bob Wittmeyer, the 2012 TAC Vice Chair, for his service to TAC during the prior year. Mr. Ögelman presented the TAC Update. He and John Dumas responded to questions and comments from Board members.

NPRR461, Energy Storage Settlements Consistent with PUCT Project 39917: Revised Effective Date and Settlement Implementation Process (Agenda Item 11)

Amanda Bauld presented a proposed revised effective date and settlement implementation process for NPRR461, and Ms. Bauld and Mr. Ögelman responded to questions and comments from Board members.

Mr. Dalton moved to approve the revised effective date and settlement implementation process for NPRR461 as presented and to direct ERCOT to advise the Board if ERCOT encounters any significant issues in implementing this alternative implementation approach. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with one abstention (Kevin Gresham).

AEPSC Airline/North Padre Regional Planning Group (RPG) Project (Agenda Item 12)

Jeffery Billo presented the AEPSC Airline/North Padre Island Area Improvements RPG Project and responded to questions and comments from Board members.

Mr. Karnei moved to endorse the AEPSC Airline/North Padre Island Area Improvements RPG Project as recommended in the ERCOT Independent Review (Option 2). Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Finance & Audit (F&A) Committee Report; Committee Charter; and Financial Corporate Standard (Agenda Items 13, 13.1 and 13.3)

Mr. Bermudez, F&A Committee Chairman, reported that the F&A Committee met during the prior day and highlighted items discussed at the F&A Committee meeting. He reported that voting on the F&A Committee Charter and Financial Corporate Standard would be deferred until the March 2013 F&A Committee and Board meetings.

Market Credit Risk Corporate Standard; Investment Corporate Standard (Agenda Items 13.2 and 13.4)

Mr. Bermudez moved to approve the Market Credit Risk Corporate Standard and the Investment Corporate Standard, both 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 14)

Mr. Pfirrmann, HR&G Committee Chairman, reported that the HR&G Committee met during the prior day and highlighted items discussed at the HR&G Committee meeting.

Election of Chief Executive Officer (CEO) and Ratification of Officers (Agenda Item 14.1)

Mr. Pfirrmann moved to elect Trip Doggett as ERCOT President and CEO and to ratify the list of ERCOT Officers as presented. Ms. Givens seconded the motion. The motion passed by unanimous voice vote with one abstention (Trip Doggett).

Nominating Committee Report (Agenda Item 15)

Chairman Crowell reported that the Nominating Committee met during the prior day and noted that Mr. Bermudez's first term as an Unaffiliated Director will expire on June 30, 2013. Chairman Crowell reported that the Nominating Committee unanimously selected Mr. Bermudez as an Unaffiliated Director candidate for presentation to and election by the ERCOT Corporate Members.

Call for Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Director (Agenda Item 16)

Chairman Crowell entertained a motion to call a Special Meeting of the ERCOT Corporate Members for the election of Mr. Bermudez as an Unaffiliated Director.

Mr. Karnei moved to call a Special Meeting of ERCOT Corporate Members for the election of Mr. Bermudez as an Unaffiliated Director. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Bermudez).

Ethics Agreements for Directors and Segment Alternates (Agenda Item 17)

Bill Magness provided an update on the Ethics Agreements for Directors and Segment Alternates and reported there were no changes to the form. He encouraged Board members to complete and return the form as soon as possible.

Other Business (Agenda Item 18)

There was a brief discussion regarding the scheduling of a group photograph of the Board.



Executive Session

Chairman Crowell recessed the General Session at approximately 10:40 a.m., and convened Executive Session at approximately 11:10 a.m. Chairman Crowell reconvened General Session at approximately 1:27 p.m.

Vote on Matters from Executive Session (Agenda Item 19)

Chairman Crowell announced that during Executive Session the sole voting item was the approval of the December 11, 2012 Executive Session Meeting Minutes so there were no voting items to be considered at this time.

Adjournment (Agenda Item 20)

Chairman Crowell adjourned the meeting at approximately 1:28 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
Assistant Corporate Secretary