



Macquarie Energy LLC Proposed Amendment

Amend ERCOT Bylaws, Article 4 (Board of Directors), Subsection 4.3(a)(4).

Original Proposal

- (a) Selection of Market Participant Directors and Segment Alternates: ...
- (4) Each Market Participant Director and each Segment Alternate, except as provided above for the Commercial Consumer Director, must be an employee of a Member, or a company which directly or indirectly controls Member. Unless otherwise provided in these Bylaws, if an employee of a Member or a company which directly or indirectly controls Member is elected or appointed to serve on the Board, such person is only eligible to serve in such capacity so long as he or she is an employee of the same Member, controlling entity or organization as he or she was at the time of such election or appointment.

The amendment was proposed by Mr. Vanus Priestley (Macquarie), who provided the following explanation for the proposal:

The current bylaws prohibit members of the Independent REP and Independent Power Marketer segment with common corporate structures to participate on the ERCOT Board. Specifically section 4.3(a)(4) limits market participant directors to "employees" of a member. Currently the Independent Generator and Investor Owned Utility Segments have provisions in the bylaws that allow their representatives to be employees of a controlling company. The bylaws change provided will expand that ability to the Independent REP, and Independent Power Marketer segments. Evident by the fact that it does not apply to Independent Generators and Investor Owned Utilities, the limitation does not appear to have a specific purpose.

Revised Proposal

- (4) Each Market Participant Director and each Segment Alternate, except as provided above for the Commercial Consumer Director, and Market Participant Directors for the Independent Power Marketer and Independent REP segments must be an employee of a Member, ~~or a company which directly or indirectly controls Member~~. Directors and Segment Alternates for the Independent Power Marketer and Independent REP segments must be employees of a Member or an entity that owns or controls a Member of those segments. Unless otherwise provided in these Bylaws, if an employee of a Member ~~or a company which directly or indirectly controls Member~~ is elected or appointed to serve on the Board, such person is only eligible to serve in such capacity so long as he or she is an employee of the same Member, controlling entity or organization as he or she was at the time of such election or appointment.



Reason for Revision

The proponent agreed to amend the original proposal after discussion of the proposal with members of the Technical Advisory Committee (TAC) on July 2, 2013. The revised proposal maintains the intent of the original proposal, but limits its application to the Board members representing the Independent Power Marketer (IPM) and Independent Retail Electric Provider (IREP) segments. The revised version was the version voted on by TAC as its recommendation to the HR&G Committee (TAC has prepared a separate presentation to the Committee outlining its recommendations on pending Bylaws revision proposals).

The following language includes changes to the TAC recommended revised proposal that would read more clearly:

(4) Each Market Participant Director and each Segment Alternate, **except for the Market Participant Directors for the Independent Power Marketer and Independent REP segments** **and** except as provided above for the Commercial Consumer Director, **and Market Participant Directors for the Independent Power Marketer and Independent REP segments** must be an employee of a Member, **or a company which directly or indirectly controls Member**. **Directors and Segment Alternates for the Independent Power Marketer and Independent REP segments must be employees of a Member or an entity that owns or controls a Member of those segments.** Unless otherwise provided in these Bylaws, if an employee of a Member **or a company which directly or indirectly controls Member** is elected or appointed to serve on the Board, such person is only eligible to serve in such capacity so long as he or she is an employee of the same Member, **controlling entity** or organization as he or she was at the time of such election or appointment.

This language does not change the intent or effect of the TAC recommended language, but moves a portion of the sentence to produce cleaner language.

ERCOT Staff Analysis

- *Financial/Full-Time Equivalent Impact*
 - **None expected**

- *Changes to Existing ERCOT Processes*
 - **ERCOT currently requires an employment letter from nominees to serve as Segment Board members or alternates (to ensure the nominee is employed by an entity that makes the nominee eligible under the Bylaws). ERCOT staff would change that process to the extent necessary to ensure that nominees for the IPM and IREP segments are “employees of a [Corporate] Member or an entity that owns or controls a Member of those segments.”**