



Item 5: Periodicity of Meetings Pursuant to Public Utility Commission Rule

Bill Magness

Vice President, General Counsel and Corporate Secretary

Human Resources and Governance Committee Meeting

ERCOT Public

November 18, 2013

Summary

- **This is a discussion item only. No recommendation to the Board of Directors is required.**
- **Public Utility Commission of Texas (PUCT) Rule Reporting Requirement on Periodicity of Meetings**
- **2014 Board Meeting Schedule**
- **2013 Independent System Operator (ISO)/Regional Transmission Organization (RTO) Meeting Frequency Comparison**
- **Proposed Board Policies and Procedures Modification**

PUCT Rule Reporting Requirement on Periodicity of Meetings

- **PUCT Substantive Rule Section 25.362(i)(5), adopted in 2011, provides:**

Meeting Periodicity Report. Beginning with the effective date of this section, ERCOT shall recommend annually to the commission the periodicity of governing board meetings. ERCOT's recommendation shall be based on an examination of the frequency of meetings conducted by similar organizations and shall include an estimate of the costs associated with meeting more frequently than once per quarter.

- **ERCOT staff plans to file such report by year end. A copy of the proposed filing is provided with the meeting materials.**

2014 Board Meeting Schedule

- **At the September 17, 2013 Board Meeting, the Board approved a total of seven Board meetings in 2014 (that is, in January and even-numbered months on the second Tuesday of these months).**
- **Committee meetings would be held the day prior to the Board meetings.**

2013 ISO/RTO Meeting Frequency Comparison

ISO / RTO	2013 Schedule	
	Board of Directors	Board Committees
ERCOT	7 times	<ul style="list-style-type: none"> · Finance and Audit – 6 times · Human Resources and Governance – 6 times · Nominating – As Needed
NYISO	10 times	<ul style="list-style-type: none"> · Audit and Compliance – 5 times · Commerce and Compensation – 8 times · Governance – 4 times · Reliability and Markets – 9 times
ISO-NE	8 times	<ul style="list-style-type: none"> · Audit and Finance – 8 times · Compensation and Human Resources – 7 times · Markets – 14 times · Nominating and Governance – 4 times · System Planning and Reliability – 9 times
MISO	7 times	<ul style="list-style-type: none"> · Audit and Finance – 4 times · Corporate Governance and Strategic Planning – 4 times · Human Resources – 6 times + 1 closed session · Information Technology – 4-6 times · Markets – 12 times · System Planning – 7 times · Nominating – As needed
PJM	6 times	<ul style="list-style-type: none"> · Audit – 5 times · Reliability – 5 times · Competitive Markets – 5 times · Governance – 5 times · Human Resources – 5 times · Regulatory – 5 times
CAISO	10 times	<ul style="list-style-type: none"> · Audit – 7 times
SPP	4 times	<ul style="list-style-type: none"> · Members – 4 times · Markets and Operations Policy – 4 times · Strategic Planning – 3 times · Human Resources – 4 times · Oversight – 4 times · Finance – 5 times · Corporate Governance – 3 times



2013 ISO/RTO Meeting Frequency Comparison – *cont'd*

- **A review of the 2013 ISO/RTO Board meeting frequency indicates:**
 - There has been little change in ISO/RTO Board meeting frequency generally from 2012; and
 - ERCOT Board meeting frequency falls within the mid-range of the ISOs/RTOs.

Proposed Board Policies and Procedures Modification

- **Among other modifications, ERCOT Legal is proposing a modification to the Board Policies and Procedures to add a provision which would allow the Board Chair and Vice Chair to serve in their positions until their respective successors are elected.**
- **This provision would avoid any break in service of Board leadership from the end of a Board year (that is, December 31st of any given year) until the first Board meeting of the immediately following year.**
- **If this provision is recommended by the Human Resources and Governance (HR&G) Committee and approved by the Board, then the Board could potentially cancel its January 2014 meeting, which was proposed primarily to avoid an extended break in Board leadership. If so, then ERCOT would modify its filing to reflect this change.**

PROJECT NO. 27706

REPORTS OF THE ELECTRIC § PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS § OF TEXAS

ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
RECOMMENDATIONS FOR PERIODICITY
OF GOVERNING BOARD MEETINGS IN 2014

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT), pursuant to PUC SUBST. R. §25.362(i)(5), and files its *Recommendations for Periodicity of Governing Board Meetings in 2014*.

The Commission's rules regarding ERCOT oversight include the following requirement at PUC SUBST. R. §25.362(i)(5):

Meeting Periodicity Report. Beginning with the effective date of this section, ERCOT shall recommend annually to the commission the periodicity of governing board meetings. ERCOT's recommendation shall be based on an examination of the frequency of meetings conducted by similar organizations and shall include an estimate of the costs associated with meeting more frequently than once per quarter.

Pursuant to Section 4.6(a) of the ERCOT Amended and Restated Bylaws (Bylaws), the ERCOT "Board shall meet at least quarterly, with at least one meeting occurring in conjunction with the Annual Meeting of the Members." The ERCOT Board must set the time and place of the ERCOT Board meetings.

At its September 17, 2013 meeting, the ERCOT Board of Directors adopted a meeting schedule for 2014 that is the basis for ERCOT's meeting periodicity recommendation for calendar year 2014. ERCOT's recommendations are attached hereto as Exhibit 1. In summary, ERCOT recommends: (a) that the ERCOT Board hold seven (7) regular meetings in 2014 (allows for Board meetings in January and on dates in even-numbered months); (b) that the Board's Finance & Audit (F&A) Committee and Human Resources & Governance (HR&G) Committee are expected to be held on the day prior to the Board meetings; and (c) that the Board's standing Nominating Committee hold meetings only as needed.

The ERCOT Board approved the date of the 2014 Annual Meeting of ERCOT Members, to be called on the same date as the December 2014 ERCOT Board meeting as required by Section 4.6(a) of the Bylaws.

Respectfully submitted,

By: _____

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**ERCOT’S RECOMMENDATIONS FOR PERIODICITY
OF GOVERNING BOARD MEETINGS IN 2014**

SUMMARY OF RECOMMENDATIONS FOR 2014 ERCOT BOARD AND COMMITTEE MEETINGS

A schedule for a total of seven (7) meetings in January and even-numbered months as follows:

Meeting Month	Proposed 2014 Committee/Board Meeting Schedule	
	Committee Meetings	Board Meetings
January	Mon, January 13	Tues, January 14
February	Mon, February 24	Tues, February 25
April	Mon, April 7	Tues, April 8
June	Mon, June 16	Tues, June 17
August	Mon, August 18	Tues, August 19
October	Mon, October 20	Tues, October 21
December	Mon, December 8	Tues, December 9

INDUSTRY PRACTICES

The frequency of governing body meetings of U.S. Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) varies widely. Although the governing documents of most require a minimum of quarterly meetings (as is required by the ERCOT Bylaws), only Southwest Power Pool (SPP) maintained such a schedule. For 2013, the ISO/RTOs scheduled regular meetings as follows:

ISO / RTO	2013 Schedule	
	Board of Directors	Board Committees
ERCOT	7 times ¹	<ul style="list-style-type: none"> • Finance and Audit – 6 times • Human Resources and Governance – 6 times • Nominating – As Needed
NYISO	10 times	<ul style="list-style-type: none"> • Audit and Compliance – 5 times • Commerce and Compensation – 8 times • Governance – 4 times • Reliability and Markets – 9 times
ISO-NE	8 times	<ul style="list-style-type: none"> • Audit and Finance – 8 times • Compensation and Human Resources – 7 times • Markets – 14 times • Nominating and Governance² – 4 times • System Planning and Reliability – 9 times
MISO	7 times	<ul style="list-style-type: none"> • Audit and Finance – 4 times • Corporate Governance and Strategic Planning – 4 times • Human Resources – 6 times + 1 closed session • Information Technology – 4-6 times • Markets – 12 times • System Planning – 7 times • Nominating – As needed
PJM	6 times	<ul style="list-style-type: none"> • Audit – 5 times • Reliability – 5 times • Competitive Markets – 5 times • Governance – 4 times • Human Resources – 5 times • Regulatory – 5 times

¹ This does not include the Board’s Strategic Planning Event.

² This does not include the nomination process meetings with stakeholders.

ISO / RTO	2013 Schedule	
	Board of Directors	Board Committees
CAISO	10 times ³	<ul style="list-style-type: none"> • Audit – 7 times
SPP	4 times ⁴	<ul style="list-style-type: none"> • Members – 4 times • Markets and Operations Policy – 4 times • Strategic Planning – 3 times • Human Resources – 4 times • Oversight – 4 times • Finance – 5 times • Corporate Governance – 3 times

COST OF MEETINGS

ERCOT’s recommended 2014 meeting schedule for the Board, HR&G Committee and F&A Committee results in a total estimated cost savings of \$140,140 when compared to the prior practice of monthly Board meetings. ERCOT’s implementation of a system for providing Board materials electronically to its Board members has significantly reduced the cost of reproducing and delivering paper Board materials. This cost was offset by the expenses associated with setting up the electronic distribution system, but ERCOT believes the electronic system has proved to be much more efficient than the previous practice.

The Board revisits its meeting schedule annually, and has determined that, for 2014, reducing the number of Board meetings to a quarterly schedule would unnecessarily impair the Board’s ability to conduct its business effectively.

³ This includes one educational summit and one executive session teleconference.

⁴ This does not include an educational meeting and an organizational effectiveness meeting.