



**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
July 16, 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
Bivens, Danny	Office of Public Utility Counsel	Consumer – Residential (<i>Alternate Representative for Public Counsel Sheri Givens</i>)
Bowling, Shannon	Cirro Group	Independent Retail Electric Provider (IREP)
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility 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
Dreyfus, Mark	Austin Energy	Municipal
Fehrenbach, Nick	City of Dallas	Consumer – Commercial (<i>Not Present for Agenda Items 1 – 4</i>)
Gent, Michehl	Unaffiliated	Unaffiliated Director
Gresham, Kevin	E.On Climate & Renewables NA LLC	Independent Generator
Karnei, Clifton	Brazos Electric Power Cooperative	Cooperative
Nelson, Donna	Commissioner	Public Utility Commission of Texas (PUCT) (<i>Not Present for Agenda Items 4.3 - 7.2 and 8 – 10.1.4</i>)
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director



Porter, Jean Ryall	CCNG Power, LLC	Independent Power Marketer
Walsh, Judy (Vice-Chair)	Unaffiliated	Unaffiliated Director

Guests:

Annab, Magie	ERCOT 2013 Summer Intern
Anderson, Kenneth	Commissioner, Public Utility Commission of Texas
Ashley, Kristy	Exelon Corporation (Independent Generator Segment Alternate)
Bishop, Jacob	Taylor High School Student
Brown, Jeff	Shell Energy North America (US), LP (Independent Power Marketer Segment Alternate)
Carr, Jeremy	Taylor High School Student
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
Goodman, Dale	ERCOT Director of Training and Professional Development
Hewett, Olivia	ERCOT 2013 Summer Intern
Howard, Jennifer	ERCOT 2013 Summer Intern
Jarmon, John	ERCOT Senior Outage Coordinator
Jones, Brad	ERCOT Vice President of Commercial Operations
Jones, Dan	Director of Potomac Economics, ERCOT Independent Market Monitor
Keehn, Melody	ERCOT 2013 Summer Intern
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
McIntyre, Ken	ERCOT Vice President of Grid Planning and Operations
Ögelman, Kenan	CPS Energy, Technical Advisory Committee (TAC) Chair
Opheim, Calvin	ERCOT Manager of Load Forecasting and Analysis
Perkins, Aaron	ERCOT 2013 Summer Intern
Petterson, Michael	ERCOT Vice President of Finance and Treasury
Ragsdale, Kenneth	ERCOT Principal Market Design and Analyst
Rose, Jonathan	ERCOT 2013 Summer Intern
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Shellman, Carolyn	CPS Energy (Municipal Segment Alternate)
Urquidez, Omar	ERCOT 2013 Summer Intern
Zhang, David	ERCOT 2013 Summer Intern

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

Donna Nelson, Chairman of the Public Utility Commission of Texas (PUCT, Commission), called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for July 16, 2013.



Craven Crowell, Board Chairman, determined that a quorum was present and called the Board meeting to order at approximately 9:00 a.m. Chairman Crowell noted the Antitrust and Security Admonitions. Chairman Crowell announced that Danny Bivens was attending as Alternate Representative for the Office of Public Utility Counsel in Sheri Givens' absence and Mark Carpenter was attending as Segment Alternate for the Investor Owned Utility Segment in Scott Prochazka's absence. Chairman Crowell provided his Chairman's opening statement and addressed the following Agenda Items in the order below.

Consent Agenda: Unopposed Nodal Protocol Revision Requests (NPRRs) and Planning Guide Revision Request (PGRR) Recommended by Technical Advisory Committee (TAC) for Approval (Agenda Items 2.1, 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6, 2.1.7, 2.1.8, 2.1.9, 2.1.10 and 2.1.11)

Chairman Crowell entertained a motion for the approval of the Consent Agenda as follows:

- NPRR491, Updated Demand Response Information for ERCOT;
- NPRR513, Removal of Nodal Implementation Surcharge;
- NPRR515, Day-Ahead Market Self-Commitment of Generation Resources;
- NPRR516, Change to Verifiable Cost Manual Revision Process;
- NPRR517, Revisions to the Telemetry Standards and State Estimator Standards Approval Process;
- NPRR522, Adjustment of Demand Response Performance for Distribution Losses;
- NPRR523, Available Credit Limit (ACLC and/or ACLD) Calculations During Computer System Failures;
- NPRR525, Elimination of Three-Year Expiration for CRR Auction Revenue Distribution Methodology;
- NPRR526, Frequency of Audit on ERCOT Model;
- NPRR531, Clarification of IRR Forecasting Process Posting Requirement; and
- PGRR027, Analysis of Subsynchronous Resonance Studies in Transmission Studies.

Jorge Bermudez moved to approve the Consent Agenda as presented. Karl Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

May 14, 2013 General Session Meeting Minutes (Agenda Item 3)

Chairman Crowell entertained a motion to approve the May 14, 2013 General Session Meeting Minutes (Minutes).

Andrew Dalton moved to approve the Minutes as presented. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chief Executive Officer (CEO) Presentation and CEO Update (Agenda Items 4 and 4.1)

Trip Doggett provided the CEO Update. Mr. Doggett and Calvin Opheim responded to questions and comments from Board members. Mr. Doggett recognized John Jarmon and Jonathan Rose for their contribution to the Beginners Learning Alternate Designs for Energy (BLADE) program at Taylor High School. Mr. Jarmon and Mr. Rose provided an overview of the program and the State Energy Conservation Office (SECO) grant. Mr. Rose thanked ERCOT and the Board of Directors for the



support of the program. Mr. Jarmon introduced Jeremy Carr and Jacob Bishop, Taylor High School students and BLADE program members who provided brief remarks.

Mr. Doggett introduced Dale Goodman, who provided an overview of the 2013 ERCOT internship program. Mr. Goodman introduced Jennifer Howard, Aaron Perkins, David Zhang, Omar Urquidez, Melody Keehn, Olivia Hewett and Magie Annab who provided brief descriptions of their projects at ERCOT.

Financial Summary (Agenda Item 4.2)

Mr. Doggett presented the Financial Summary. There were no questions and comments from Board members.

Operations Reports (Agenda Item 4.3)

Mr. Doggett presented the Operations Reports. Mr. Doggett and Brad Jones responded to questions and comments from Board members.

Independent Market Monitor (IMM) Report (Agenda Item 5)

Dan Jones provided the IMM Report and responded to questions and comments from Board members.

Price Reversal Assignment Update (Agenda Item 6)

Kenan Ögelman provided the Price Reversal Assignment update and responded to questions and comments from Board members.

TAC Report (Agenda Item 7)

Mr. Ögelman presented the TAC Report and responded to questions and comments from Board members.

Phase 2, Implementation of NPRR509, Shortened RTM Settlement Timeline (Agenda Item 7.1)

Mr. Ögelman presented Phase 2, Implementation of NPRR509, Shortened RTM Settlement Timeline and responded to questions and comments from Board members. As a vote was not required to proceed with the Phase 2 Implementation, Chairman Crowell did not call for a vote on this matter. Mr. Ögelman agreed to return to the Board with additional information regarding the opportunity for further reductions in Settlement timeline.

Methodology for Setting the Shadow Price Caps and Power Balance Penalties in Security-Constrained Economic Dispatch (Agenda Item 7.2)

Mr. Ögelman presented the Methodology for Setting the Shadow Price Caps and Power Balance Penalties in Security-Constrained Economic Dispatch (Methodology). There were no questions or comments from Board members.

Mark Carpenter moved to approve the Methodology as recommended by TAC. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation on Planning Reserve Margin and Effective Load Carrying Capability of Wind (Agenda Item 7.3)

Chairman Crowell provided remarks on the timing of the Board's consideration of this matter and requested that ERCOT staff review and consider issues identified in comments filed by stakeholders



regarding the Planning Reserve Margin, which Mr. Doggett agreed to do. At the suggestion of Chairman Crowell, this item was deferred until the September 17, 2013 Board meeting. The Board took no action on this matter.

Break

Chairman Crowell recessed General Session for break at approximately 10:29 a.m. and reconvened General Session at approximately 10:51 a.m.

Pilot Projects; Request for Extension of Fast Responding Regulation Service (FRRS); and Request for Additional 30-Minute Emergency Response Service (ERS) Pilot Project Contract Period (Agenda Items 8, 8.1 and 8.2)

Chairman Crowell invited Kenneth Ragsdale to provide an update on the FRRS and ERS Pilot Projects.

Michehl Gent moved to approve both the Request for Extension of FRRS as presented and the Request for Additional 30-Minute ERS as presented. Mr. Carpenter seconded the motion. Mr. Ragsdale and John Dumas responded to questions and comments from the Board members. Chairman Crowell called for a vote on Mr. Gent's motion. The motion passed by unanimous voice vote with no abstentions.

Finance and Audit (F&A) Committee Report (Agenda Item 9)

Jorge Bermudez, F&A Committee Chairman, reported that the F&A Committee met during the prior day and highlighted items discussed at the F&A meeting.

2014/2015 Biennial Budget (Agenda Item 9.1)

Mr. Bermudez moved to approve the 2014/2015 Biennial Budget, and associated request for a change in the ERCOT System Administration Fee, as recommended by the F&A Committee. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Credit Parameters (Agenda Item 9.2)

Mr. Bermudez moved to approve the Credit Parameters as recommended by the F&A Committee. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 10)

Karl 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.

Proposed Bylaws Amendments (Agenda Item 10.1)

Mr. Pfirrmann provided an update on the HR&G Committee's consideration of the proposed Bylaws Amendments.

ERCOT Legal Proposed Administrative Amendments (Agenda Item 10.1.1)

Mr. Pfirrmann moved to approve the ERCOT Legal Proposed Administrative Amendments as recommended by the HR&G Committee. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.



ERCOT Legal Proposed Budget Provision Amendment (Agenda Item 10.1.2)

Mr. Pfirrmann moved to approve the ERCOT Legal Proposed Budget Provision Amendment as recommended by the HR&G Committee. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Morgan Stanley Capital Group, Inc. Proposed Amendment (Agenda Item 10.1.3)

Mr. Pfirrmann moved to approve the Morgan Stanley Capital Group, Inc. Proposed Amendment as recommended by the HR&G Committee. Mr. Dalton seconded the motion. The Board members discussed the proposed amendment. The motion passed by voice vote with one opposed (Mr. Fehrenbach) and no abstentions.

Calpine Corporation Proposed Amendment (Agenda Item 10.1.4)

Mr. Pfirrmann moved to approve the Calpine Corporation Proposed Amendment as recommended by the HR&G Committee. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Macquarie Energy LLC Proposed Amendment (Agenda Item 10.1.5)

Mr. Pfirrmann reported that, after extensive discussion and considerable efforts, the HR&G Committee could not arrive at consensus with regard to a recommendation on the Macquarie Energy LLC Proposed Amendment. Mr. Pfirrmann suggested that, in conjunction with ERCOT Legal, the Committee continue to work to consider issues raised by the proposed amendment. Mr. Pfirrmann and Chairman Crowell responded to questions and comments from Board members and from Commissioner Anderson.

Scheduling of 2013 Strategic Planning Event (Agenda Item 13)

At Chairman Crowell's request, Mr. Pfirrmann provided a proposed schedule for the September 2013 Board Strategic Planning Event.

Call for Special Meeting of ERCOT Corporate Members for Approval of Bylaws Amendments (Agenda Item 11)

Bill Magness reviewed the process for calling a Special Meeting of ERCOT Corporate Members for approval of the Board-recommended Bylaws Amendments.

Mr. Dalton moved to call a Special Meeting of ERCOT Corporate Members for approval of the Board-recommended Bylaws Amendments as requested. Mr. Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Designation of Additional Members of the Benefits Committee and Approval of Charter Amendments (Agenda Item 12)

Chuck Manning presented the Designation of Additional Members of the Benefits Committee and Approval of Charter Amendments.

Mr. Gent moved to approve the Designation of Additional Members of the Benefits Committee and the Charter Amendments as presented. Mr. Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Other Business (Agenda Item 14)

No other business was discussed at this time.

Executive Session

Chairman Crowell recessed General Session into Executive Session at approximately 11:25 a.m. and reconvened General Session at approximately 12:55 p.m.

Vote on Matters from Executive Session (Agenda Item 15)

Chairman Crowell called for a motion to approve a matter discussed during Executive Session.

Vice Chair Judy Walsh moved to approve the Litigation and Regulatory matter as discussed during Executive Session. Mr. Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjourn (Agenda Item 16)

Chairman Crowell adjourned the meeting at approximately 12:56 p.m.

Board materials and presentations from the meeting are available on ERCOT's website at <http://www.ercot.com/committees/board>.

A handwritten signature in blue ink that reads "Vickie G. Leady".

Vickie G. Leady
Assistant Corporate Secretary