



**DRAFT GENERAL SESSION MINUTES OF THE FINANCE & AUDIT COMMITTEE
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS INC.**

7620 Metro Center Drive, Room 206
Austin, Texas 78744
November 18, 2013

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance & Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Bermudez, Jorge (Chairman)	Unaffiliated	Unaffiliated Director (<i>Proxy for Judy Walsh</i>)
Bowling, Shannon	Cirro Group	Independent Retail
Fehrenbach, Nick	City of Dallas	Consumer - Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 1 & 2</i>)
Gresham, Kevin	E.On Climate & Renewables NA LLC	Independent Generator
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative Inc.	Cooperative
Prochazka, Scott	CenterPoint Energy, Inc.	Investor Owned Utility (<i>Not Present for Agenda Items 1 & 2</i>)

Guests, Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Ashley, Kristy	Exelon	Independent Generator Segment Alternate
Doggett, H.B. "Trip"	ERCOT	President and Chief Executive Officer (CEO)
Dreyfus, Mark	Austin Energy	Municipal
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director

Other Guests:

Atherton, Allison	ERCOT Business Process Controls and Risk Manager
Breed, Ryan	ERCOT Principal Critical Infrastructure Security
Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Edmonds, Lauren	BrightLine CPAs & Associates, Inc. Audit Manager



Feuerbacher, Paula	ERCOT Strategic Projects Senior Advisor
Hellums, Joyce	EY Executive Director – Tax
Jones, Brad	ERCOT Vice President Commercial Operations
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 Grid Planning and Operations
Ogelman, Kenan	CPS Energy, Technical Advisory Committee (TAC) Chair
Pettersen, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Director of Market Credit
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Manager of Treasury
Wullenjohn, Bill	ERCOT Director Internal Audit

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

Jorge Bermudez, F&A Committee Chairman, determined that a quorum was present and called the F&A Committee meeting to order at approximately 12:03 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions. Chairman Bermudez announced that he held a proxy for Judy Walsh and addressed the following Agenda Items in the order below.

September 16, 2013 General Session Meeting Minutes (Agenda Item 2)

Chairman Bermudez entertained a motion to approve the September 16, 2013 General Session Meeting Minutes (Minutes).

Clifton Karnei moved to approve the Minutes as presented. Shannon Bowling seconded the motion. The motion passed by unanimous voice vote with one abstention (Kevin Gresham).

Committee Education on Best Practices, Emerging Issues, and Current Events relating to Finance and Audit Committee Activity (Agenda Item 3)

Sean Taylor introduced Joyce Hellums, EY’s Executive Director – Tax, who gave a committee education presentation on the Affordable Care Act and entertained questions from the Committee. H.B. “Trip” Doggett stated that implementation updates would be delivered to the Human Resource and Governance Committee while updates on the financial implications would be delivered to the F&A Committee.

2014 Key Performance Indicators (KPIs) (Agenda Item 4)

Paula Feuerbacher presented information to the Committee regarding proposed KPIs for 2014. Ms. Feuerbacher and Mr. Doggett responded to questions from the Committee.

Annual Committee Self-Evaluation Survey Results (Agenda Item 5)

Chairman Bermudez led a discussion on the results of the Annual Committee Self-Evaluation Survey.



Results of Examination and Independence Report from the Service Organization Control (SSAE 16) Auditor (Agenda Item 6)

Allison Atherton introduced Lauren Edmonds, BrightLine CPAs & Associates, Inc. Audit Manager, who presented the results of ERCOT's SSAE 16 Audit and entertained questions from the Committee.

Recommendation regarding Acceptance of 2013 Service Organization Control (SSAE 16) Audit Report (Agenda Item 7)

Chairman Bermudez entertained a motion to accept the 2013 SSAE 16 Audit Report.

Nick Fehrenbach moved to approve the Acceptance of 2013 Service Organization Control (SSAE 16) Audit Report. Ms. Bowling seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation regarding Letter of Credit Concentration Limits (Agenda Item 8)

Mark Ruane presented the recommendation regarding ERCOT's Letter of Credit Concentration Limits. Mr. Ruane and Mr. Doggett responded to questions and comments from the Committee.

Mr. Karnei moved to approve the Letter of Credit Concentration Limits. Scott Prochazka seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation regarding DAM Credit Parameters: Point to Point Obligation Discount Factor (Agenda Item 9)

Mr. Ruane presented the recommendation regarding the DAM Credit Parameters and responded to questions and comments from the Committee

Mr. Karnei moved to approve the DAM Credit Parameters: Point to Point Obligation Discount Factor. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Report on Credit Work Group (CWG) Activity (Agenda Item 11)

Noting that Simon Castillo was unable to attend the meeting, Mr. Ruane presented the Periodic Report on CWG Activity and entertained questions from the Committee.

Committee Briefs – Review of 2013 Financial Summary and Periodic Review of Investments (Agenda Items 12, 12.1, and 12.2)

Michael Petterson led the presentation of the Committee Briefs. Mr. Petterson presented the Review of 2013 Financial Summary and responded to questions and comments from the Committee. Leslie Wiley presented the Periodic Report on Investments and responded to questions and comments from the Committee.

Existing and New User Fees Issues (Agenda Item 10)

Bill Magness presented proposed changes to the Board Policies and Procedures regarding changes to User Fees. Mr. Magness and Mr. Doggett responded to questions and comments from the Committee.



Future Agenda Items (Agenda Item 13)

Mr. Petterson proposed scheduling a Letter of Credit item in April and October of 2014 and another Affordable Care Act update.

Other Business (Agenda Item 14)

No other business was discussed at this time.

Executive Session

Chairman Bermudez convened Executive Session at approximately 2:51 p.m. and reconvened General Session at approximately 4:31 p.m.

Vote on Matters from Executive Session (Agenda Item 15)

Chairman Bermudez entertained motions to approve matters discussed during Executive Session.

Mr. Karnei moved to recommend Board approval of the Contract Matter discussed during Executive Session under Agenda Item ES 3.2. Michehl Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Karnei moved to recommend Board approval of the Contract Matter discussed during Executive Session under Agenda Item ES 3.3. Michehl Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Prochazka moved to approve the Contract Matter discussed during Executive Session under Agenda Item ES 3.4. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Ms. Bowling moved to approve the Internal Audit Matter discussed during Executive Session. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjourn (Agenda Item 16)

Chairman Bermudez adjourned the meeting at approximately 4:34 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at <http://www.ercot.com/calendar/2013/05/20130513-FA>

Jamie Schue
Associate Corporate Counsel