



**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
April 7, 2014

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 Michehl Gent for Agenda Item 1</i>)
Comstock, Read	Direct Energy	Independent Retail Electric Provider Segment Alternate
Fehrenbach, Nick	City of Dallas	Consumer - Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Item 1 and part of Agenda Item 2</i>)
Gresham, Kevin	E.ON North America LLC	Independent Generator (<i>Not Present for Agenda Items 4.3 – 5</i>)
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative Inc.	Cooperative
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guests, Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Ashley, Kristy	Exelon Corporation	Independent Generator Segment Alternate
Carpenter, Mark	Oncor Electric Delivery Company	Investor Owned Utility (<i>Not Present for Agenda Items 4 – 11</i>)
Crowell, Craven	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 4 – 11</i>)
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive



		Officer (CEO) (<i>Not Present for 4.2 – 4.4</i>)
Dreyfus, Mark	Austin Energy	Municipal (<i>Not Present for Agenda Items 6 – 11</i>)
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 4 – 11</i>)

Other Guests:

Anderson, Troy	ERCOT Manager of Portfolio Management and Business Analysis
Clausen, Deena	Ernst & Young LLP (EY) Executive Director
Day, Betty	ERCOT Vice President of Business Planning & Integration (<i>Not Present for Agenda Items 4 – 11</i>)
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Jones, Brad	ERCOT Vice President of Commercial Operations
Ledy, Vickie	ERCOT Assistant General Counsel (<i>Not Present for Agenda Items 3 – 11</i>)
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary (<i>Not Present for Agenda Items 4 – 5</i>)
Mathews, Michael	Credit Work Group (CWG) Chair
McIntyre, Kenneth	ERCOT Vice President of Grid Planning and Operations
Peterson, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Director of Market Credit
Schue, Jamie	ERCOT Associate Corporate Counsel (<i>Not Present for Agenda Items 3 – 11</i>)
Sisson, Taylor	Ernst & Young LLP (EY) Senior Manager
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer
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 announced that he held a proxy for Unaffiliated Director Michehl Gent until his arrival and addressed the following Agenda Items in the order below.

Committee Education on Internal Controls related to Financial Reporting (Agenda Item 2)

Chairman Bermudez highlighted the importance of Board and F&A Committee member education and the educational benefits of this topic. Chairman Bermudez introduced Sean Taylor who presented the Committee Education on Internal Controls related to Financial Reporting. Mr. Taylor, Bill Magness and Kenneth McIntyre responded to questions and comments from Committee members.



February 10, 2014 General Session Meeting Minutes (Agenda Item 3)

Chairman Bermudez entertained a motion to approve the February 10, 2014 General Session Meeting Minutes (Minutes).

Clifton Karnei moved to approve the Minutes as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with one abstention (Chairman Bermudez).

Periodic Meeting with Independent Auditor; Review of Requirements for Annual Audit of Financial Statements; Report on Audit Fieldwork and Conclusions (Agenda Items 4, 4.1 and 4.2)

Mr. Taylor introduced Deena Clausen and Taylor Sisson of EY. Ms. Clausen and Mr. Sisson presented the Review of Requirements for Annual Audit of Financial Statements and Report on Audit Fieldwork and Conclusions. Ms. Clausen and Mr. Sisson responded to questions and comments from Committee members. Ms. Clausen reported that EY plans to issue an unqualified opinion for the year ending December 31, 2013.

The Committee was asked if it was aware of any fraud or financial improprieties that have arisen in the past year. In response to EY's question, Chairman Bermudez replied there were no comments from the Committee. The Committee was asked if there was any reason to believe EY may not be considered independent. In response to EY's question, Chairman Bermudez replied there was none.

Review of Audited Financial Statements; Recommendation regarding Acceptance of Financial Statement Audit Report (Agenda Items 4.3 and 4.4)

Mr. Taylor presented the Review of Audited Financial Statements and the Recommendation regarding Acceptance of Financial Audit Report. There were no questions or comments from Committee members. Chairman Bermudez entertained a motion regarding the Recommendation regarding Acceptance of Financial Statement Audit Report.

Michehl Gent moved to approve the Recommendation regarding the Acceptance of Financial Statement Audit Report as presented. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation regarding M2, Multiplier for URTA (Unbilled Real-Time Amount) (Agenda Item 5)

Mark Ruane presented the Recommendation regarding M2, Multiplier for URTA and responded to questions and comments from Committee members.

Judy Walsh moved to approve the Recommendation regarding M2, Multiplier for URTA as presented. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Report on Credit Work Group Activity (Agenda Item 6)

Michael Mathews presented the Periodic Report on Credit Work Group Activity. Mr. Mathews and Mr. Ruane responded to questions and comments from Committee members.



Committee Briefs (Agenda Item 7)

Michael Petterson invited Mr. Taylor to present the Committee Briefs.

Review 2014 Financial Summary (Agenda Item 7.1)

Mr. Taylor presented the 2014 Financial Summary. H.B. "Trip" Doggett highlighted the new reporting format that was recommended by the Committee and requested feedback from Committee members. Chairman Bermudez suggested that a few members of the F&A Committee meet with Mr. Petterson and Mr. Taylor to provide feedback on the reports and potential areas of improvement. Mr. Doggett, Mr. Taylor and Troy Anderson responded to questions and comments from Committee members.

Periodic Report on Investments (Agenda Item 7.2)

Mr. Petterson presented the Periodic Report on Investments and responded to questions and comments from Committee members.

Future Agenda Items (Agenda Item 8)

Mr. Petterson presented the Future Agenda Items. He discussed the meeting matrix and highlighted agenda items for the June 10, 2014 meeting.

Other Business (Agenda Item 9)

Mr. Petterson noted that standard practice is to have the Board review insurance policies and insurance premiums rather than the F&A Committee. He informed the Committee that the insurance broker will be providing an update in Executive Session during the April 8, 2014 Board meeting.

Executive Session

Chairman Bermudez recessed the General Session at approximately 2:02 p.m. and convened Executive Session at approximately 2:15 p.m. Chairman Bermudez reconvened General Session at approximately 3:40 p.m.

Vote on Matters from Executive Session (Agenda Item 10)

Chairman Bermudez announced that there were two voting items discussed during Executive Session.

Mr. Gent moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 3.4 as the ERCOT 401(k) Savings Plan Auditor for the calendar year ended December 31, 2013. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Karnei moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 3.5 as Independent Financial Auditor for the calendar year ending December 31, 2014. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Adjourn (Agenda Item 11)

Chairman Bermudez adjourned the meeting at approximately 3:42 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at http://www.ercot.com/committees/board/finance_audit/index.html

Jonathan Levine
Corporate Counsel