



**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
June 9, 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 Kevin Gresham for Agenda Items 2 – 10</i>)
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Fehrenbach, Nick	City of Dallas	Consumer – Commercial (<i>Not Present for Agenda Item 1</i>)
Gent, Michehl	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Item 1</i>)
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative Inc.	Cooperative
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

Director / Segment Alternate	Affiliation	Segment
Carpenter, Mark	Oncor Electric Delivery Company	Investor Owned Utility (<i>Present only for Agenda Item 1</i>)
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive Officer (CEO) (<i>Present only for Agenda Item 1</i>)
Dreyfus, Mark	Austin Energy	Municipal (<i>Present only for Agenda Item 1</i>)
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director (<i>Present only for Agenda Item 1</i>)

Officers and Guests:

Clausen, Deena	Ernst & Young (EY) Executive Director (<i>Not Present for Agenda Items 5 – 10</i>)
Day, Betty	ERCOT Vice President of Business Planning & Integration



Dreyer, Jerry	ERCOT Vice President and Chief Information Officer (<i>Present only for Agenda Item 1</i>)
Garner, Lisa	EY Manager of Assurance Services (<i>Not Present for Agenda Items 5 – 10</i>)
Jones, Brad	ERCOT Vice President of Commercial Operations
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary (<i>Not Present for Agenda Items 3 – 5 and 7.2 – 10</i>)
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary (<i>Not Present for Agenda Items 2 – 4.2</i>)
Mathews, Michael	Credit Work Group (CWG) Chair
Petterson, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Director of Market Credit
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 12:07 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions. Chairman Bermudez addressed the following Agenda Items in the order below.

Executive Session

Chairman Bermudez recessed the General Session at approximately 12:08 p.m. and convened Executive Session at approximately 12:09 p.m. Chairman Bermudez reconvened General Session at approximately 3:49 p.m.

During Executive Session, Kevin Gresham provided his proxy to Chairman Bermudez.

Vote on Matters from Executive Session (Agenda Item 2)

There were no voting items from Executive Session.

April 7, 2014 General Session Meeting Minutes (Agenda Item 3)

Chairman Bermudez entertained a motion to approve the April 7, 2014 General Session Meeting Minutes (Minutes).

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

Periodic Meeting with Independent Auditor; Review Requirements for 2013 A-133 Department of Energy Grant Audit Report (Agenda Items 4 and 4.1)

Sean Taylor reviewed the requirements regarding the 2013 A-133 Department of Energy Grant Audit Report and introduced Deena Clausen of EY. Ms. Clausen presented the 2013 A-133 Department of Energy Grant Audit Report and responded to questions and comments from Committee members.



Acceptance of ERCOT’s 2013 A-133 Department of Energy Grant Audit Report (Agenda Item 4.2)

Chairman Bermudez entertained a motion to accept ERCOT’s 2013 A-133 Department of Energy Grant Audit Report.

Mr. Karnei moved to accept ERCOT’s 2013 A-133 Department of Energy Grant Audit Report as presented. Judy Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Report on Credit Work Group Activity (Agenda Item 5)

Michael Mathews, CWG Chair, presented the Periodic Report on Credit Work Group Activity. Mr. Mathews, Mark Ruane, Brad Jones and Bill Magness responded to questions and comments from Committee members. Mr. Mathews explained that the CWG plans to consider whether to recommend an increase in the Seasonal Adjustment Factor (SAF), which is a component of the Counter-Party Minimum Current Exposure (MCE) calculation, to mitigate the additional risk of increasing offer caps, and that CWG expects to present its recommendation to the Technical Advisory Committee (TAC). In response to questions from Chairman Bermudez and Mr. Karnei, Mr. Mathews and Mr. Jones explained that the governing Protocol section provides ERCOT staff discretion to adjust the SAF without approval by TAC, but that ERCOT staff and CWG prefer to provide an opportunity for broader stakeholder input. Ms. Walsh commented, and Chairman Bermudez and Mr. Karnei concurred, that given ERCOT staff’s discretion on this matter, ERCOT staff should proceed to adjust the SAF without waiting for stakeholder input if it determines such an increase would help mitigate the additional risk of increasing offer caps.

Recommendation regarding DAM Credit Parameters (Agenda Item 6)

Mr. Ruane presented the recommendation regarding DAM Credit Parameters.

Ms. Walsh moved to recommend for Board approval the DAM Credit Parameters as recommended by TAC and ERCOT staff. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Committee Briefs (Agenda Item 7)

Michael Petterson and Mr. Taylor presented the Committee Briefs.

Review 2014 Financial Summary (Agenda Item 7.1)

Mr. Taylor presented the 2014 Financial Summary and responded to questions and comments from Committee members

Periodic Report on Investments (Agenda Item 7.2)

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



Future Agenda Items (Agenda Item 8)

Mr. Petterson presented the Future Agenda Items meeting matrix. He proposed the August 11, 2014 F&A Committee meeting convene at 1:00 p.m. as there is no Committee education training scheduled.

Other Business (Agenda Item 9)

No other business was discussed at this time.

Adjournment (Agenda Item 10)

Chairman Bermudez adjourned the meeting at approximately 4:36 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