



**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  
August 11, 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:

<b>Director</b>	<b>Affiliation</b>	<b>Segment</b>
Ashley, Kristy	Exelon	Independent Generator Segment Alternate
Bermudez, Jorge (Chairman)	Unaffiliated	Unaffiliated Director
Comstock, Read	Direct Energy	Independent Retail Electric Provider <i>(Present only for Agenda Items 8 – 9)</i>
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Walsh, Judy	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

<b>Director/ Segment Alternate</b>	<b>Affiliation</b>	<b>Segment</b>
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility <i>(Present only for Agenda Items 8 – 9)</i>
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive Officer (CEO) <i>(Not Present for Agenda Items 8 and 9)</i>
Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility Segment Alternate

Officers and Guests:

Dreyer, Jerry	ERCOT Vice President and Chief Information Officer <i>(Not Present for Agenda Items 1 – 3, 8 and 9)</i>
Hobbs, Kristi	ERCOT Director of Enterprise Risk Management and Strategic Analysis <i>(Not Present for Agenda Items 1 – 3, 8 and 9)</i>
Jones, Brad	ERCOT Vice President of Commercial Operations <i>(Not Present for</i>



	<i>Agenda Items 8 and 9)</i>
Landry, Brianna	Maxwell, Locke & Ritter, LLP ( <i>Present only for Agenda Items 1 – 3)</i> )
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary ( <i>Not Present for Agenda Items 1 – 5.1, 8 and 9)</i> )
Mathews, Michael	Bryan Texas Utilities, Credit Work Group (CWG) Chair ( <i>Not Present for Agenda Items 5 – 9)</i> )
McIntyre, Kenneth	ERCOT Vice President Grid Planning and Operations ( <i>Not Present for Agenda Items 8 and 9)</i> )
Mil, Diana	Maxwell, Locke & Ritter, LLP ( <i>Present only for Agenda Items 1 – 3)</i> )
Petterson, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Director of Market Credit
Stephenson, Randa	LCRA, TAC Chair ( <i>Not Present for Agenda Items 1 – 3)</i> )
Taylor, Sean	ERCOT Controller ( <i>Not Present for Agenda Items 8 and 9)</i> )
Westbrook, Susan	ERCOT Director of Human Resources ( <i>Not Present for Agenda Items 8 and 9)</i> )
Wiley, Leslie	ERCOT Treasurer ( <i>Not Present for Agenda Items 8 and 9)</i> )
Wullenjohn, Bill	ERCOT Director Internal Audit
Zimmerhanel, A.J.	Maxwell, Locke & Ritter, LLP ( <i>Present only for Agenda Items 1 – 3)</i> )

**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 1:00 p.m. Chairman Bermudez noted the Antitrust and Security Admonitions and addressed the following Agenda Items in the order below.

**June 9, 2014 General Session Meeting Minutes (Agenda Item 2)**

Chairman Bermudez entertained a motion to approve the June 9, 2014 General Session Meeting Minutes (Minutes).

**Judy Walsh moved to approve the Minutes as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Recommendation regarding Acceptance of ERCOT’s 401(k) Savings Plan Audit Report (Agenda Item 3)**

Susan Westbrook presented the ERCOT staff recommendation regarding Acceptance of ERCOT’s 401(k) Savings Plan Audit Report. Ms. Westbrook noted that representatives of Maxwell, Locke & Ritter, LLP were present to address any questions or comments from the Committee.

**Michehl Gent moved to recommend that the Board accept ERCOT’s 401(k) Savings Plan Audit Report as presented. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Periodic Report on Credit Work Group Activity (Agenda Item 4)**

Michael Mathews, CWG Chair, presented the Periodic Report on Credit Work Group Activity. Mr. Mathews and Mark Ruane responded to questions and comments from Committee members. Mr. Mathews reviewed the currently methodology for determining Counter-Parties’ collateral



requirements and steps CWG is considering to improve the alignment between collateral and risk, including Nodal Protocol Revision Request (NPRR) 638, Revisions to Certain Price Components of EAL, and pursuing credit insurance. In response to questions from Mr. Karnei regarding who would pay for credit insurance and what would trigger payment, Mr. Mathews explained that insurance would be paid for via uplift and that coverage levels would need to be set, with the details to be determined and set forth in the Protocols. Pursuant to a request from Mr. Karnei, Mr. Mathews and Mr. Ruane agreed to provide numerical examples regarding NPRR638, with different scenarios that could result in Market Participants being both over-collateralized and under-collateralized, at a future Committee meeting.

#### **Committee Briefs (Agenda Item 5)**

Michael Petterson invited Sean Taylor and Leslie Wiley to present the Committee Briefs.

#### **Review 2014 Financial Summary (Agenda Item 5.1)**

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

#### **Periodic Report on Investments (Agenda Item 5.2)**

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

#### **Financial Institutions Which Are Market Participants (Agenda Item 5.3)**

Ms. Wiley presented the Financial Institutions which are Market Participants. Ms. Wiley and Mr. Petterson responded to questions and comments from Committee members.

#### **Future Agenda Items (Agenda Item 6)**

Mr. Petterson presented the Future Agenda Items. He discussed the meeting matrix, highlighted agenda items for the October 13, 2014 meeting, and responded to questions and comments from Committee members.

#### **Other Business (Agenda Item 7)**

No other business was discussed at this time.

#### **Executive Session**

Chairman Bermudez convened Executive Session at approximately 1:42 p.m. and reconvened General Session at approximately 3:24 p.m.

#### **Vote on Matters from Executive Session (Agenda Item 8)**

Chairman Bermudez announced that there was one voting item discussed during Executive Session.

**Mr. Gent moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 3.1 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.**



**Adjournment (Agenda Item 9)**

Chairman Bermudez adjourned the meeting at approximately 3:25 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at [http://www.ercot.com/committees/board/finance\\_audit/](http://www.ercot.com/committees/board/finance_audit/)

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Jonathan Levine  
Corporate Counsel