



**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  
October 13, 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>
Bermudez, Jorge (Chairman)	Unaffiliated	Unaffiliated Director
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gent, Michehl	Unaffiliated	Unaffiliated Director
Gresham, Kevin	E.ON North America, LLC	Independent Generator
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>
Ashley, Kristy	Exelon Corporation	Independent Generator Segment Alternate <i>(Not Present for Agenda Items 3 – 5)</i>
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility <i>(Not Present for Agenda Items 1 – 5.1)</i>
Cox, Brad	Tenaska Power Services	Independent Power Marketer Segment Alternate <i>(Not Present for Agenda Items 1 – 5.1)</i>
Crowell, Craven	Unaffiliated	Unaffiliated Director <i>(Not Present for Agenda Items 1 – 5.1)</i>
Dreyfus, Mark	Austin Energy	Municipal <i>(Not Present for Agenda Items 1 – 5.1)</i>
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive Officer (CEO) <i>(Not Present for Agenda Items 1 – 5.1)</i>
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director <i>(Not Present for Agenda Items 1 – 5.1)</i>



Officers and Guests:

Brewster, Chris	City of Eastland, Technical Advisory Committee (TAC) Vice Chair ( <i>Not Present for Agenda Items 1 – 2</i> )
Clausen, Deena	Ernst & Young LLP (EY), Executive Director ( <i>Not Present for Agenda Items 4 – 9</i> )
Davis, Matt	EY, Sr. Manager, Information Security ( <i>Not Present for Agenda Items 4 – 9</i> )
Day, Betty	ERCOT Vice President of Business Planning & Integration ( <i>Not Present for Agenda Items 1 – 2 and 9</i> )
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer ( <i>Not Present for Agenda Item 9</i> )
Hobbs, Kristi	ERCOT Director of Enterprise Risk Management and Strategic Analysis
Jones, Brad	ERCOT Vice President of Commercial Operations ( <i>Not Present for Agenda Items 6 – 8</i> )
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary ( <i>Not Present for Agenda Items 1 – 5.1</i> )
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary ( <i>Not present for Agenda Items 1 – 3, 5 and 6 – 8</i> )
Manning, Chuck	Vice President and Chief Compliance Officer ( <i>Not Present for Agenda Items 1 – 5.1, 6 and 9</i> )
Mathews, Michael	Bryan Texas Utilities, Credit Work Group (CWG) Chair ( <i>Not Present for Agenda Items 6 – 9</i> )
McIntyre, Kenneth	ERCOT Vice President Grid Planning and Operations ( <i>Not Present for Agenda Items 1 – 2 and 6 – 9</i> )
Petterson, Michael	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Director of Market Credit ( <i>Not Present for Agenda Items 1 – 2 and 6 – 9</i> )
Stephenson, Randa	Lower Colorado River Authority, TAC Chair ( <i>Not Present for Agenda Items 1 – 2 and 9</i> )
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer
Williams, Diane	ERCOT Vice President of Human Resources ( <i>Present for Agenda Item 9 only</i> )
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 10:02 a.m. Chairman Bermudez announced that there were no proxies. Chairman Bermudez noted the Antitrust and Security Admonitions and addressed the following Agenda Items in the order below.

**August 11, 2014 General Session Meeting Minutes (Agenda Item 2)**

Chairman Bermudez entertained a motion to approve the August 11, 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.**

**Committee Education on Current Audit Committee Issues (Agenda Item 3)**

Chairman Bermudez introduced Deena Clausen, EY Executive Director, who introduced Matt Davis, EY Sr. Manager Information Security. Mr. Davis presented the Committee Education on Current Audit Committee Issues. He responded to questions and comments from Committee members.

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

Michael Mathews, CWG Chair, presented the Period Report on Credit Work Group Activity. Mr. Mathews responded to questions and comments from Committee members.

**Market Credit Update; Backtesting Analysis for NPRR638 (Agenda Items 5 and 5.1)**

Mark Ruane presented the Market Credit Update and Backtesting Analysis for NPRR638. Mr. Ruane responded to questions and comments from Committee members.

**Letter of Credit Issuer Limits (Agenda Item 5.2)**

Mr. Ruane presented the Letter of Credit Issuer Limits. There were no questions or comments from Committee members. Chairman Bermudez entertained a motion to approve the Letter of Credit Issuer Limits.

**Judy Walsh moved to approve the Letter of Credit Issuer Limits as presented. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Annual Committee Self-Evaluation (Agenda Item 6)**

Michael Petterson discussed the Annual Committee Self-Evaluation. Mr. Petterson informed the Committee that the Annual Committee Self-Evaluation form would be provided via Diligent Boardbooks. Chairman Bermudez stressed the importance of this self-evaluation and encouraged participation by all members.

**Committee Briefs (Agenda Item 7)**

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

**Review 2014 Financial Summary (Agenda Item 7.1)**

Mr. Taylor presented the Review of the 2014 Financial Summary. There were no questions or comments from Committee members.

**Periodic Report on Investments (Agenda Item 7.2)**

Ms. Wiley presented the Periodic Report on Investments. There were no questions or 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 December 8, 2014 meeting. There were no questions or comments from Committee members.

**Other Business (Agenda Item 9)**

No other business was discussed at this time.

**Executive Session**

Chairman Bermudez recessed the General Session at approximately 11:47 a.m. and convened Executive Session at approximately 12:00 p.m. Chairman Bermudez reconvened General Session at approximately 1:16 p.m.

**Vote on Matters from Executive Session (Agenda Item 10)**

There were no voting items from Executive Session.

**Adjournment (Agenda Item 11)**

Chairman Bermudez adjourned the meeting at approximately 1:16 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