



Date: February 2, 2015
To: Board of Directors
From: Bill Magness, General Counsel, Senior Vice President – Governance, Risk and Compliance & Corporate Secretary
Subject: Call for Special Meeting of ERCOT Corporate Members for Approval of Bylaws Amendment

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 9-10, 2015

Item No.: 17

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should call a Special Meeting of ERCOT’s Corporate Members for a vote to approve an amendment to the ERCOT Amended and Restated Bylaws (Bylaws) regarding Segment Alternates for the Industrial and Large Commercial Consumer Subsegments if recommended by the Human Resources and Governance (HR&G) Committee and approved by the Board, subject to approval by the Public Utility Commission of Texas (PUCT or Commission).

Background/History:

Section 3.7(b) of the Bylaws permits the Board to call a Special Meeting of Corporate Members. Section 13.1(c) of the Bylaws also provides that the Board has discretion to call a Special Meeting of the Corporate Members to vote on a Bylaws amendment.

At its meeting on February 9, 2015, the HR&G Committee is expected to consider a proposed Bylaws amendment on Segment Alternates for the Industrial and Large Commercial Consumer Subsegments. The HR&G Committee may recommend that the Board approve a proposed Bylaws amendment. The Board may accept this recommendation and approve the Bylaws amendment proposal for recommendation and presentation to the ERCOT Corporate Members, subject to approval by the PUCT.

The next regularly scheduled meeting of the Corporate Members is not anticipated to be held until the Annual Meeting of Corporate Members (Annual Meeting) on December 8, 2015. The proposed amendment to the ERCOT Bylaws on Segment Alternates for the Industrial and Large Commercial Consumer Subsegments must be approved by the Corporate Members and the PUCT before the Annual Meeting if it is to be effective prior to the 2016 Market Segment elections for Board members, which will occur in November 2015.

Key Factors Influencing Issue:

- Sections 3.7(b) and 13.1(c) of the Bylaws give the Board discretion to call Special Meetings of the Corporate Members.
- It is in the best interest of the Corporate Members, ERCOT, and the market for the Bylaws amendment to be considered by the Corporate Members as soon as practicable after approval by the Board.
- Calling a Special Meeting as soon as practicable after the February 9-10, 2015 Board meeting should allow sufficient time for approval by the Corporate Members and the PUCT



to allow the amendment to the ERCOT Bylaws related to such new Segment Alternate positions to be effective prior to the 2016 Market Segment elections for Board members in November 2015.

Conclusion/Recommendation:

ERCOT staff recommends that the Board call a Special Meeting of ERCOT's Corporate Members for a vote to approve an amendment to the ERCOT Bylaws regarding Segment Alternates for the Industrial and Large Commercial Consumer Subsegments as soon as practicable after the Board recommendation for such approval.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to call a Special Meeting of the ERCOT Corporate Members for a vote to approve an amendment to the ERCOT Amended and Restated Bylaws regarding Segment Alternates for the Industrial and Large Commercial Consumer Subsegments as soon as practicable after the Board recommendation for such approval.

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT's Corporate Members for a vote to approve an amendment to the ERCOT Amended and Restated Bylaws regarding Segment Alternates for the Industrial and Large Commercial Consumer Subsegments as soon as practicable after the Board recommendation for such approval.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 9-10, 2015 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of February, 2015.

Vickie G. Leady
Assistant Corporate Secretary