

<b>PETITION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. FOR APPROVAL OF BYLAWS AMENDMENT</b>	<b>§ § § §</b>	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**PETITION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. FOR  
APPROVAL OF BYLAWS AMENDMENT**

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT) and, pursuant to P.U.C. SUBST. R. 25.362, respectfully requests Commission approval of an amendment to the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*<sup>1</sup> (Bylaws). The proposed amendment was approved by ERCOT’s Board of Directors (Board) on February 10, 2015, and by vote of ERCOT’s Corporate Members on May 15, 2015. The proposed Bylaws amendment is appended to this Petition as *Attachment A*.

Accordingly, ERCOT respectfully requests that the Commission assign a docket number to this matter and approve this amendment to the Bylaws.

**I. BACKGROUND**

A. Bylaws Review and Revision Process

ERCOT currently operates pursuant to the Bylaws, which were approved, as amended, by the Commission on September 11, 2014. The process for approval of ERCOT Bylaws amendments are set forth in PURA § 39.151(g),<sup>2</sup> P.U.C. SUBST. R. 25.362(c), Section 13.1 of the Bylaws, and the Charter of the Human Resources and Governance (HR&G) Committee of the ERCOT.

B. History of Approval of the Proposed Bylaws Amendment

In late 2014, legal counsel for Texas Industrial Electric Consumers (TIEC) proposed Bylaws amendment language to allow for a Segment Alternate for the Industrial Consumer Subsegment Director. After considering the proposal, the ERCOT Legal Department (ERCOT

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<sup>1</sup> In Docket No. 42548, *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, the Bylaws were approved by the Commission on September 11, 2014.

<sup>2</sup> Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 and Supp. 2013) (PURA).

Legal) did not identify any reason to object to the creation of such a Segment Alternate position and proposed a further amendment to create a similar alternate position for the Large Commercial Consumer Subsegment.

ERCOT Legal provided its proposal to the Board's HR&G Committee. The members of the HR&G Committee discussed the proposed amendment at the December 8, 2014 meeting of the Committee and instructed ERCOT Legal to include the amendment as a voting item on its February 9, 2015 meeting agenda. At its January 29, 2015 meeting, the Technical Advisory Committee (TAC) considered the proposed Bylaws amendment and unanimously voted to endorse it. At its February 9, 2015 meeting, the HR&G Committee unanimously recommended that the Board recommend approval of the proposed Bylaws amendment to the Corporate Members. After consideration and recommendation by the HR&G Committee, at the February 9-10, 2015 Board meeting, the Board unanimously recommended approval of the proposed Bylaws amendment as identified in *Attachment A* to the Corporate Members. At the same meeting, the Board called a Special Meeting of the Corporate Members for a vote to approve the proposed Bylaws amendment.

On April 24, 2015, pursuant to the direction of the Board, ERCOT issued its notice of Special Meeting of Corporate Members to be held on May 27, 2015 (Special Meeting) for a vote to approve an amendment to the Bylaws. A copy of the Special Meeting notice is provided for reference as *Attachment B*. Corporate Membership voting for this Bylaws amendment was conducted pursuant to the ERCOT Bylaws procedures requiring approval by a majority of Market Segments (*i.e.*, at least four out of seven Market Segments).<sup>3</sup> This Bylaws amendment received the requisite number of Corporate Member votes by ballot upon the conclusion of voting on May 15, 2015, in lieu of the Special Meeting, for Corporate Member approval.

## **II. STATEMENT OF JURISDICTION AND AUTHORITY**

The Commission has jurisdiction over this matter pursuant to PURA § 39.151 and P.U.C. SUBST. R. 25.362(c)(5).

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<sup>3</sup> See Bylaws §§ 4.3(b)(2)(ii)(b)(4) & 13.1(d).

### III. IDENTIFICATION OF APPLICANT

The name and address of the Applicant is Electric Reliability Council of Texas, Inc., 7620 Metro Center Drive, Austin, Texas 78744.

The name, address, telephone, and facsimile numbers of Applicant's authorized representatives are as follows:

Bill Magness General Counsel and Sr. Vice President – Governance, Risk & Compliance ERCOT 7620 Metro Center Drive Austin, Texas 78744 (512) 225-7076 (Telephone) (512) 225-7079 (Facsimile) <a href="mailto:bmagness@ercot.com">bmagness@ercot.com</a>	Vickie G. Leady Assistant General Counsel ERCOT 7620 Metro Center Drive Austin, Texas 78744 (512) 275-7436 (Telephone) (512) 225-7079 (Facsimile) <a href="mailto:vickie.leadyc@ercot.com">vickie.leadyc@ercot.com</a>
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### IV. SUMMARY OF BYLAWS AMENDMENT

This Bylaws amendment amends and restates Subsections (e) and (f) of Section 4.2 (entitled “The Board”) and paragraphs (a)(1) and (a)(4)(iii) of Section 4.3 (entitled “Selection, Tenure, and Requirements of Directors and Segment Alternates”) of the Bylaws as illustrated in *Attachment A*. Currently, Section 4.1 of the Bylaws provides for Segment Alternates for all Market Segment seats on the Board, except for the Consumer Subsegments. The proposed amendment would create Segment Alternate positions for both the Industrial and Large Commercial Consumer Subsegments. This change would create consistent treatment for all Market Segments, and facilitate active participation in Board matters by Market Segment Directors and Segment Alternates.<sup>4</sup>

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<sup>4</sup> The Residential and Small Commercial Consumers are represented by Public Counsel, who is appointed by the Governor, as an *ex officio* Director (that is, a director position held by virtue of such office) as provided by Bylaws Section 4.2(b) (The Board). Furthermore, pursuant to Bylaws Section 4.3(3) (Alternates and Proxies), Public Counsel may designate an alternate representative from the Office of Public Utility Counsel (OPUC) or a proxy to attend meetings in the Public Counsel's absence. Given the availability of an alternate representative from OPUC, no Bylaws amendment was proposed to create a Segment Alternate for the Public Counsel's Director position.

**V. NOTICE PROVIDED BY ERCOT**

ERCOT will post its Petition for Approval of Amendments to Amended and Restated Bylaws to its website at [http://www.ercot.com/about/governance/legal\\_notices](http://www.ercot.com/about/governance/legal_notices); provide notice to Market Participants of ERCOT Petition filings with the Commission by issuing a Market Notice to the NOTICE\_LEGAL\_NOTIFICATIONS Listserv; and provide Notice of its Petition via electronic mail to ERCOT’s email exploder lists of committees as follows:

- ERCOT Board of Directors and Others;
- Technical Advisory Committee and Others (TAC);
- Retail Market Subcommittee (RMS);
- Wholesale Market Subcommittee (WMS);
- Reliability and Operations Subcommittee (ROS);
- Commercial Operations Subcommittee (COPS); and
- Protocol Revisions Subcommittee (PRS).

ERCOT will file an affidavit attesting to the completion of its proposed notice.

**VI. REQUEST FOR PROCEDURAL SCHEDULE**

ERCOT proposes the following procedural schedule, which aims toward approval of the amendment to the Bylaws no later than the August 14, 2015 Commission Open Meeting:

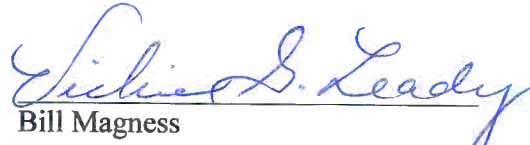
ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	May 18, 2015
<i>Texas Register</i> publication of the Commission’s Notice of Petition for Approval of Bylaws Amendment	May 29, 2015 (or as soon thereafter as possible)
Deadline to Intervene (within 45 days from the date the Petition is filed with the Commission)	July 2, 2015
Deadline for Intervenors to request a hearing; Deadline for Intervenor comments on the merits if no hearing requested	July 9, 2015

Deadline for Commission Staff to request a hearing; Deadline for Commission Staff's recommendation if no hearing requested	July 16, 2015
Deadline for ERCOT to request a hearing; Deadline for ERCOT's response to Intervenor comments and Commission Staff's recommendation if no hearing requested; Deadline for Parties' proposed order, if no disputed issues	July 30, 2015
Proposed Order filed by Presiding Officer for approval, pursuant to P.U.C. PROC. R. 22.35(b)(2)	August 6, 2015
Consideration of Proposed Order at Commission Open Meeting	August 14, 2015

## VII. CONCLUSION

ERCOT respectfully requests that the Commission approve the Bylaws amendment approved by the Corporate Members, as described in this Petition and in substantially the same form as identified in *Attachment A*, save and except any scrivener's errors, adopt the procedural schedule requested by ERCOT in this Petition, and grant ERCOT all other relief to which it is entitled.

Respectfully submitted,



Bill Magness  
General Counsel and Sr. Vice President –  
Governance, Risk & Compliance  
Texas Bar No. 12824020  
(512) 225-7076 (Phone)  
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[bmagness@ercot.com](mailto:bmagness@ercot.com)

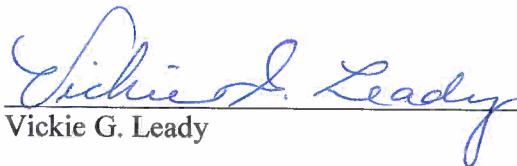
Vickie G. Leady  
Assistant General Counsel  
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(512) 225-7079 (Fax)  
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ERCOT  
7620 Metro Center Drive  
Austin, Texas 78744

ATTORNEYS FOR ELECTRIC  
RELIABILITY COUNCIL OF TEXAS, INC.

#### CERTIFICATE OF SERVICE

I, Vickie G. Leady, attorney for ERCOT, certify that a copy of this document was served in this proceeding on May 18, 2015 in the following manner: by facsimile or first-class U.S. mail.



Vickie G. Leady

## Attachment C

### Proposed Bylaws Amendment

#### Purpose for Amendment

Currently, Section 4.1 of the Bylaws provides for Segment Alternates for all of the Market Segments seats on the Board of Directors, except for the Consumer Subsegments. The proposed amendment would create Segment Alternates for both the Industrial and Large Commercial Consumer Subsegments.

#### Proposed Language

Upon approval by the Members and the PUCT, Sections 4.2 (entitled “The Board”) and 4.3 (entitled “Selection, Tenure, and Requirements of Directors and Segment Alternates”) of the *Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc.*, approved on September 5, 2014 (Bylaws), would be replaced in their entirety by Sections 4.2 and 4.3 noted immediately below.

### **Amended and Restated Section 4.2**

Section 4.2 The Board. The Board shall be composed of a total of sixteen (16) Directors as follows:

- (a) The Chair of the PUCT as an ex officio non-voting Director;
- (b) The Public Counsel of OPUC as an ex officio voting Director representing Residential Consumers and Small Commercial Consumers;
- (c) The CEO as an ex officio voting Director;
- (d) Six (6) voting Directors elected by their respective Segments as follows:
  - 1. One (1) Independent Generator and one (1) Segment Alternate;
  - 2. One (1) IOU and one (1) Segment Alternate;
  - 3. One (1) Independent Power Marketer and one (1) Segment Alternate;
  - 4. One (1) Independent REP and one (1) Segment Alternate;
  - 5. One (1) Municipal and one (1) Segment Alternate;
  - 6. One (1) Cooperative and one (1) Segment Alternate;
- (e) One (1) voting Director representing Industrial Consumers and one (1) Segment Alternate;
- (f) One (1) voting Director representing Large Commercial Consumers and one (1) Segment Alternate; and
- (g) Five (5) voting Directors selected as Unaffiliated Directors.

## Amended and Restated Section 4.3

### Section 4.3 Selection, Tenure, and Requirements of Directors and Segment Alternates.

- (a) Selection of Market Segment Directors and Segment Alternates.
- (1) For Consumer Directors, the following shall apply: The Director and Segment Alternate from the Commercial Consumer subsegment shall be selected by the Large Commercial Consumer Corporate Members. If there are no Large Commercial Consumer Corporate Members eligible or willing to serve, then the current Large Commercial Consumer Director shall appoint the Large Commercial Consumer Director and Segment Alternate. The Industrial Consumer Director and Segment Alternate shall be elected by the Industrial Consumer Corporate Members.
  - (2) Within each Market Segment represented on the Board (except for the Consumer Segment which follows the process described in Section 4.3(a)(1)), only Corporate Members of the respective Membership Segment for the available Board seat shall be allowed to elect a Director and a Segment Alternate for that seat.
  - (3) The Board shall establish procedures for the election and appointment of new Directors, Segment Alternates and Representatives of TAC. A Segment may choose an alternate election procedure for the year by an affirmative vote of at least two-thirds of members of that Segment and may conduct elections as needed to fill any Director or Segment Alternate vacancies.
  - (4) With regard to eligibility of Consumer Directors (other than the ex officio Consumer Director representing Residential and Small Commercial Consumers), Market Segment Directors and Segment Alternates, the following shall apply:
    - (i) Each Director and Segment Alternate respectively elected by the Industrial Consumer subsegment or the Independent Generator, Independent Power Marketer, Independent Retail Electric Provider, or Investor Owned Utility Market Segments must be an employee of:
      - a. a Corporate or Associate Member; or
      - b. an Affiliate of a Corporate or Associate Member of the respective Market Segment or subsegment which provides services through the Affiliate's employees to such Corporate or Associate Member.
    - (ii) Each Director and Segment Alternate respectively elected by the Large Commercial Consumer subsegment [as described in Section 4.3(a)(1)] or by the Cooperative or Municipal Market Segments must be an employee of a Corporate or Associate Member.
    - (iii) Unless otherwise provided in these Bylaws, if a Director or Segment Alternate is elected or appointed to serve on the Board, such person is only



| eligible to serve in such capacity so long as he or she is an employee of the same Member or Affiliate as described in Section 4.3(a)(4)(i)~~(b)~~ (as applicable), as he or she was at the time of such election or appointment. If the Member or Affiliate as described in Section 4.3(a)(4)(i)(b) (as applicable) is subject to a corporate restructure for tax or operational purposes which is not the result of a merger or acquisition, then such restructure shall not affect the eligibility of the Director or Segment Alternate.

April 24, 2015

ERCOT Corporate Member:

Your participation in voting matters is hereby requested.

### **Recommendations to the Corporate Members on Voting Items**

#### ***Election of Unaffiliated Director***

On April 13, 2015, the ERCOT Nominating Committee (Committee) of the ERCOT Board of Directors (Board) unanimously selected Peter Cramton for election as an Unaffiliated Director to serve on the Board, as soon as possible, subject to election by the ERCOT Corporate Members (Members) and approval by the Public Utility Commission of Texas (PUCT). Information regarding Mr. Cramton's professional experience is attached for your review and consideration as *Attachment 1*.

#### ***Bylaws Amendment on Sections 4.2 and 4.3***

On February 10, 2015, the Board unanimously voted to approve and recommend a proposed amendment to the ERCOT Amended and Restated Bylaws (Bylaws) regarding Sections 4.2 and 4.3, subject to approval by the Members and the PUCT. Currently, Section 4.1 of the Bylaws provides for Segment Alternates for all of the Market Segments seats on the Board of Directors, except for the Consumer Subsegments. The proposed amendment would create Segment Alternates for both the Industrial and Large Commercial Consumer Subsegments. The language of the proposed amendment is attached for your review and consideration as *Attachment 2*. Additional information on this amendment may be found in the materials associated with Agenda Item 15.3 of the February 9-10, 2015 Board meeting, available at: <http://www.ercot.com/calendar/2015/2/9/51613-BOARD>, under "Key Documents."

### **Special Meeting of Corporate Members Called by the ERCOT Board**

According to Sections 3.7(b) and (g) of the Bylaws, the Board may call a Special Meeting of the Corporate Members (Special Meeting) to seek approval without an in-person meeting. As provided in Section 3.7(g): "Unless otherwise provided by law, any action required or permitted to be taken at any meeting of the Corporate Members may be taken without a meeting, if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of Corporate Members as would be necessary to take that action at a meeting at which all of the Corporate Members were present and voted."

On February 10, 2015 and April 14, 2015, the Board called a Special Meeting as soon as practicable to vote on the proposed Bylaws amendment and election of Unaffiliated Director, respectively. For efficiency, the Board requested one Special Meeting for these two voting items. Thus, on Wednesday, May 27, 2015, at 10:00 a.m. in Room 210A at 7620 Metro Center Drive, Austin, Texas 78744, a Meeting will be held for the purpose of voting on the above-mentioned election of the Unaffiliated Director and the proposed Bylaws amendment.

### **Request for Corporate Members to Submit Consent and Ballot Form in Lieu of Meeting**

We are seeking Corporate Membership approval to have each vote in writing, in lieu of a Special Meeting. Please review the enclosed Official Consent and Ballot form. If you agree to take action on the election of the Unaffiliated Director and the proposed Bylaws amendment without a Special Meeting, please indicate your voting preference, sign the Consent and Ballot form and return it to ERCOT by 5:00 p.m. on Friday, May 15, 2015. After 5:00 p.m. on Friday, May 15, 2015, we will count Consent and



Ballot forms received to determine if we have sufficient number to allow a vote on the Unaffiliated Director and Bylaws amendment in lieu of the Special Meeting. We will post a notice of either a successful vote or of the need to have the May 27, 2015 Special Meeting on the ERCOT website at <http://www.ercot.com/calendar/2015/05/27/62557>, no later than Monday, May 18, 2015 at 12:00 p.m.

**ACTION NEEDED: Submit Consent and Ballot Form by 5:00 p.m., Friday, May 15, 2015.**

**Please note that all of the requested votes require approval by the Members and the PUCT prior to becoming effective. So that the votes may be approved as soon as possible by the Members and the PUCT, please indicate your vote in favor or against each of the voting matters, sign the ballot, and make every effort to return it to ERCOT as noted in the Ballot no later than 5:00 p.m., Friday, May 15, 2015.**

Sincerely,

*Tisa Wilkins*

Tisa Wilkins  
Regulatory Legal Specialist  
ERCOT

## Attachment 1

### **Peter Cramton**

#### **Biography**

Peter Cramton is Professor of Economics at the University of Maryland. Since 1983, he has conducted research on auction theory and practice. This research appears in the leading economics journals. The main focus is the design of auctions for many related items. Applications include spectrum, energy, and financial auctions. Since 1993, he has advised 12 governments and 36 bidders in spectrum auctions. He is a co-inventor of the spectrum auction design used in Canada, Australia, and many European countries to auction 4G spectrum. Since 2001, he has played a lead role in the design and implementation of electricity and gas auctions in North America, South America, and Europe. He has advised on the design of carbon auctions in Europe, Australia, and the United States, including conducting the world's first greenhouse-gas auction held in the UK in 2002. He received his B.S. in Engineering from Cornell University in 1980 and his Ph.D. in Business from Stanford University in 1984.

#### **Academic Positions**

*Professor of Economics* – Department of Economics, University of Maryland, August 1996 to present.

*Affiliate, Agriculture and Resource Economics*, 2008 to present.

*Associate Professor of Economics* – Department of Economics, University of Maryland, August 1993 to June 1996.

*National Fellow* – Hoover Institution, Stanford University, September 1992 to August 1993.

*Associate Professor of Economics and Management* – Yale School of Management, Yale University, July 1988 to August 1993.

*Assistant Professor of Decision Theory* – Yale School of Management, Yale University, July 1984 to June 1988.

#### **Education**

*Stanford University*, Doctor of Philosophy, June 1984, Graduate School of Business. Dissertation: *The Role of Time and Information in Bargaining*.

*Cornell University*, Bachelor of Science with distinction, May 1980, School of Operations Research and Industrial Engineering. Graduated first in class.

## Attachment 2

### Proposed Bylaws Amendment

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#### Proposed Language

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- (f) One (1) voting Director representing Large Commercial Consumers and one (1) Segment Alternate; and
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## Amended and Restated Section 4.3

### Section 4.3 Selection, Tenure, and Requirements of Directors and Segment Alternates.

- (a) Selection of Market Segment Directors and Segment Alternates.
- (1) For Consumer Directors, the following shall apply: The Director and Segment Alternate from the Commercial Consumer subsegment shall be selected by the Large Commercial Consumer Corporate Members. If there are no Large Commercial Consumer Corporate Members eligible or willing to serve, then the current Large Commercial Consumer Director shall appoint the Large Commercial Consumer Director and Segment Alternate. The Industrial Consumer Director and Segment Alternate shall be elected by the Industrial Consumer Corporate Members.
  - (2) Within each Market Segment represented on the Board (except for the Consumer Segment which follows the process described in Section 4.3(a)(1)), only Corporate Members of the respective Membership Segment for the available Board seat shall be allowed to elect a Director and a Segment Alternate for that seat.
  - (3) The Board shall establish procedures for the election and appointment of new Directors, Segment Alternates and Representatives of TAC. A Segment may choose an alternate election procedure for the year by an affirmative vote of at least two-thirds of members of that Segment and may conduct elections as needed to fill any Director or Segment Alternate vacancies.
  - (4) With regard to eligibility of Consumer Directors (other than the ex officio Consumer Director representing Residential and Small Commercial Consumers), Market Segment Directors and Segment Alternates, the following shall apply:
    - (i) Each Director and Segment Alternate respectively elected by the Industrial Consumer subsegment or the Independent Generator, Independent Power Marketer, Independent Retail Electric Provider, or Investor Owned Utility Market Segments must be an employee of:
      - a. a Corporate or Associate Member; or
      - b. an Affiliate of a Corporate or Associate Member of the respective Market Segment or subsegment which provides services through the Affiliate's employees to such Corporate or Associate Member.
    - (ii) Each Director and Segment Alternate respectively elected by the Large Commercial Consumer subsegment [as described in Section 4.3(a)(1)] or by the Cooperative or Municipal Market Segments must be an employee of a Corporate or Associate Member.
    - (iii) Unless otherwise provided in these Bylaws, if a Director or Segment Alternate is elected or appointed to serve on the Board, such person is only

| eligible to serve in such capacity so long as he or she is an employee of the same Member or Affiliate as described in Section 4.3(a)(4)(i)~~(b)~~ (as applicable), as he or she was at the time of such election or appointment. If the Member or Affiliate as described in Section 4.3(a)(4)(i)(b) (as applicable) is subject to a corporate restructure for tax or operational purposes which is not the result of a merger or acquisition, then such restructure shall not affect the eligibility of the Director or Segment Alternate.