



**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
April 13, 2015

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
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Fehrenbach, Nick	City of Dallas	Consumer – Commercial (<i>Not Present for Agenda Items 1 – 3.4</i>)
Gent, Michehl	Unaffiliated	Unaffiliated Director (<i>Proxy for Jorge Bermudez; Proxy for Nick Fehrenbach for Agenda Items 1 – 3.4</i>)
Gresham, Kevin	E.ON North America LLC	Independent Generator (<i>Not Present for Agenda Items 1 – 3.1</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
Ashley, Kristy	Exelon Corporation	Independent Generator Segment Alternate
Doggett, H.B. “Trip”	ERCOT	President and Chief Executive Officer (CEO) (<i>Present Only for Agenda Items 9 – 10</i>)
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman
Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility Segment Alternate (<i>Present Only for Agenda Items 9 – 10</i>)
Werner, John	Source Power & Gas LLC	Independent Retail Electric Provider Segment Alternate



Officers and Guests:

Barnes, Bill	NRG Texas LLC, Market Credit Work Group (MCWG) Chair
Black, Amanda	Ernst & Young LLP (EY), Manager
Clausen, Deena	EY, Executive Director
Day, Betty	ERCOT Vice President of Governance, Risk and Compliance
Dreyer, Jerry	ERCOT Sr. Vice President and Chief Information Officer
Jones, Brad	ERCOT Sr. Vice President of Commercial Operations
Levine, Jonathan	ERCOT Corporate Counsel
Magness, Bill	ERCOT General Counsel, Sr. Vice President – Governance, Risk and Compliance & Corporate Secretary
Manning, Chuck	ERCOT Chief Compliance Officer and Executive Advisor
Meek, Donald	Austin Energy, Credit Work Group (CWG) Chair
Petterson, Michael	ERCOT Vice President and Chief Financial Officer
Ruane, Mark	ERCOT Director of Market Credit
Tamby, Jeyant	ERCOT Chief of Staff
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer
Wullenjohn, Bill	ERCOT Director of Internal Audit

Call General Session to Order, Announce Proxies and Segment Alternates (Agenda Item 1)

Clifton Karnei, F&A Committee Vice Chairman, determined that a quorum was present and called the F&A Committee meeting to order at approximately 1:01 p.m. Vice Chairman Karnei announced that, due to Michehl Gent's term expiration, this was Mr. Gent's final F&A Committee meeting and he thanked him for his service to the Committee. Vice Chairman Karnei announced that Unaffiliated Director Jorge Bermudez and Commercial Consumer Segment Director Nick Fehrenbach provided their proxies to Unaffiliated Director Michehl Gent. He addressed the following Agenda Items in the order below.

February 9, 2015 General Session Meeting Minutes (Agenda Item 2)

Vice Chairman Karnei entertained a motion to approve the February 9, 2015 General Session Meeting Minutes (Minutes).

Read Comstock moved to approve the Minutes as presented. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Meeting with Independent Auditor; Review of Requirements for Annual Audit of Financial Statements; Report on Audit Fieldwork and Conclusions (Agenda Items 3, 3.1 and 3.2)

Sean Taylor introduced Deena Clausen of EY. Ms. Clausen presented the Review of Requirements for Annual Audit of Financial Statements and Report on Audit Fieldwork and Conclusions and responded to questions and comments from Committee members. Ms. Clausen reported that EY plans to issue an unqualified opinion for the year ending December 31, 2014.

The Committee was asked if it was aware of any fraud or financial improprieties that have arisen in the past year. In response to EY's question, Vice Chairman Karnei asked Committee members if they were aware of any such incidents. No Committee members responded that they were aware of any fraud or financial improprieties.



Review of Audited Financial Statements; Recommendation regarding Acceptance of Financial Statement Audit Report (Agenda Items 3.3 and 3.4)

Mr. Taylor presented the Review of Audited Financial Statements. There were no questions or comments from Committee members. Vice Chairman Karnei entertained a motion for the Recommendation regarding Acceptance of Financial Statement Audit Report.

Mr. Gent moved to approve the Recommendation regarding Board Acceptance of Financial Statement 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 4)

Donald Meek, CWG Chair, presented the Periodic Report on Credit Work Group Activity. Mr. Meek and Mark Ruane responded to questions and comments from Committee members.

Mr. Meek introduced Bill Barnes, MCWG Chair. Mr. Barnes provided an update on the recent activity of the MCWG and responded to questions and comments from Committee members.

Recommendation regarding Day Ahead Market (DAM) Credit Parameters (Agenda Item 5)

Mr. Ruane presented the Recommendation regarding DAM Credit Parameters. There were no questions or comments from Committee members.

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

Committee Briefs (Agenda Item 6)

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

Review of 2015 Financial Summary (Agenda Item 6.1)

Mr. Taylor presented the 2015 Financial Summary. Mr. Taylor and Jerry Dreyer responded to questions and comments from Committee members.

Periodic Report on Investments (Agenda Item 6.2)

Ms. Wiley presented the Periodic Report on Investments. There were no questions or comments from Committee members.

Future Agenda Items (Agenda Item 7)

Mr. Petterson presented the Future Agenda Items. There were no questions or comments from Committee members.

Other Business (Agenda Item 8)

No other business was discussed at this time.



Executive Session

Vice Chairman Karnei recessed the General Session at approximately 2:00 p.m. and convened Executive Session at approximately 2:08 p.m. Vice Chairman Karnei reconvened General Session at approximately 4:27 p.m.

Vote on Matters from Executive Session (Agenda Item 9)

Vice Chairman Karnei announced that there were two voting items discussed during Executive Session. He noted the Committee was in consensus to defer action on the Recommendation regarding Selection of Independent Financial Auditor until the June 8, 2015 F&A Committee meeting. Vice Chairman Karnei entertained a motion on the Selection of Independent Service Organization Control (SSAE 16) Auditor.

Ms. Walsh moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 3.5 as Independent Service Organization Control (SSAE 16) Auditor for 2016, 2017 and 2018. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 10)

Vice Chairman Karnei adjourned the meeting at approximately 4:28 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at http://www.ercot.com/committees/board/finance_audit/

Jonathan Levine
Corporate Counsel