



**DRAFT GENERAL SESSION MINUTES OF
THE BOARD OF DIRECTORS MEETING OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive, Room 206
Austin, Texas 78744
February 9, 2016 at 9:00 a.m.

Pursuant to notice duly given, the meeting of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Board Members:

Director	Affiliation	Segment
Baer, Tonya	Office of Public Utility Counsel	Consumer – Residential
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Cramton, Peter	Unaffiliated	Unaffiliated Director
Crowell, Craven (Chairman)	Unaffiliated	Unaffiliated Director
Durland, Jack	Valero Services, Inc.	Consumer – Industrial
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	E.ON North American LLC	Independent Generator
Karnei, Clifton	Brazos Electric Power Cooperative, Inc.	Cooperative
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman
Pfaffmann, Karl	Unaffiliated	Unaffiliated Director
Shellman, Carolyn	CPS Energy	Municipal
Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility
Walsh, Judy (Vice Chair)	Unaffiliated	Unaffiliated Director (Proxy for Jorge Bermudez)



Segment Alternates, Officers and Guests:

Aldridge, Ryan	Koch Ag and Energy Solutions, LLC
Cochran, Seth	DC Energy Texas LLC (Independent Power Marketer Segment Alternate)
Coleman, Chris	ERCOT Senior Meteorologist
Coleman, Katie	Air Liquide
Connel, Seth	ERCOT Retail Data Analyst Lead
Cortez, Farrah	ERCOT Senior Retail Data Analyst
Day, Betty	ERCOT Vice President of Governance, Risk and Compliance and Chief Compliance Officer
Dreyer, Jerry	ERCOT Senior Vice President and Chief Information Officer
Gage, Theresa	ERCOT Vice President of External Affairs and Corporate Communications
Garza, Beth	Potomac Economics, ERCOT Independent Market Monitor (IMM), Director
Host, Marianne	ERCOT Retail Data Analyst 3
Hughes, Lindsey	Texas Competitive Power Advocates (TCPA)
Kezar, Mike	South Texas Electric Cooperative, Inc. (Cooperative Segment Alternate)
Lange, Clif	South Texas Electric Cooperative, Inc.
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Levine, Jonathan	ERCOT Corporate Counsel
Marquez, Brandy Marty	PUCT Commissioner
Meiners, Catherine	ERCOT Senior Retail Data Analyst
Mele, Cheryl	ERCOT Vice President and Chief Operating Officer
Mercado, Kenneth	CenterPoint Energy Inc. (Investor-Owned Utility Segment Alternate)
Michelsen, David	ERCOT Manager of Retail Operations
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
Petterson, Michael	ERCOT Vice President and Chief Financial Officer
Rickerson, Woody	ERCOT Vice President of Grid Planning and Operations
Seely, Chad	ERCOT Vice President, General Counsel and Corporate Secretary
Soutter, Mark	Invenergy Energy Management LLC (Independent Generator Segment Alternate)
Stephenson, Randa	Lower Colorado River Authority, Technical Advisory Committee (TAC) Chair
Stewart, Tammy	ERCOT Retail Data Analyst 3
Thurman, Kathryn	ERCOT Senior Retail Data Analyst
Werner, John	Source Power & Gas LLC (Independent Retail Electric Provider Segment Alternate)
Williams, Diane	ERCOT Vice President of Human Resources
Williams, Phil	Denton Municipal Electric (Municipal Segment Alternate)
Yockey, Paul	ERCOT Retail Data Analyst 2



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

Craven Crowell, Board Chairman, determined that a quorum was present and called the Board General Session meeting to order at approximately 9:00 a.m. Chairman Crowell invited Bill Magness, ERCOT President and CEO, to call for nominations for Board Chair and Vice Chair.

Election of Board Chair and Board Vice Chair (Agenda Item 2)

Mr. Magness entertained nominations for Board Chair and Board Vice Chair.

Karl Pfirrmann nominated Craven Crowell as Board Chair and Judy Walsh as Board Vice Chair. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Magness turned the meeting over to Chairman Crowell, who extended appreciation to the Board for the reelections on his and Vice Chair Walsh's behalf. Chairman Crowell noted the Antitrust and Security Admonitions and addressed the following Agenda Items in the order below.

Announce Proxies and Segment Alternates (Agenda Item 3)

Chairman Crowell announced that Unaffiliated Director Jorge Bermudez provided his proxy to Unaffiliated Director Judy Walsh. Chairman Crowell recognized Wade Smith, who was now serving as Investor-Owned Utility Segment Director, and introduced and welcomed the following new Segment Alternates in attendance: Seth Cochran, Independent Power Marketer Segment; Sam Harper, Industrial Consumer Segment; Kenneth Mercado, Investor-Owned Utility Segment; and Mark Soutter, Independent Generator Segment. Chairman Crowell also welcomed Bill Magness to his first meeting as a Board Member and Chad Seely to his first meeting as Vice President, General Counsel and Corporate Secretary.

Committee Member Preferences and Assignments (Agenda Item 4)

Chairman Crowell noted the Committee Member Preferences and Assignments for the Human Resources and Governance (HR&G), Finance and Audit (F&A) and Nominating Committees in the meeting materials. There were no requested changes to the Committee assignments.

Confirmation of Technical Advisory Committee (TAC) Chair for 2016 (Agenda Item 5)

Chairman Crowell reported that Randa Stephenson, Lower Colorado River Authority, and Adrienne Brandt, Austin Energy, were elected by the TAC Representatives as the 2016 TAC Chair and Vice Chair respectively, but that due to a change in her employment, Ms. Brandt was no longer eligible to serve as a TAC Representative or Vice Chair. Chairman Crowell reported that TAC will be conducting an election for Vice Chair at a future meeting. Chairman Crowell entertained a motion for the confirmation of the TAC Chair for 2016.

Mr. Karnei moved to confirm Randa Stephenson of Lower Colorado River Authority as 2016 TAC Chair. Keith Emery seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Consent Agenda; Unopposed Nodal Protocol Revision Requests (NPRRs), and Nodal Operating Guide Revision Request (NOGRR) Recommended by Technical Advisory Committee (TAC) for Approval (Agenda Items 6, 6.1 and 6.1.1 - 6.1.9)

Chairman Crowell entertained a motion for the approval of the Consent Agenda as follows:

- NPRR691, Alignment of Protocols with NERC Reliability Standard, BAL-001-TRE-1;
- NPRR713, Reactive Power Testing Requirements;
- NPRR720, Update to Settlement Stability Reporting Requirements;
- NPRR734, Digital Attestation Signature Authority Clarification;
- NPRR739, Prohibiting Load Resources Associated with a Dynamically Scheduled Resource;
- NPRR740, Retail Clarification and Cleanup;
- NPRR742, CRR Balancing Account Invoice Data Cuts;
- NPRR743, Revision to MCE to Have a Floor For Load Exposure; and
- NOGRR147, Reactive Power Testing Requirements.

Mr. Karnei moved to approve the Consent Agenda as presented. Wade Smith seconded the motion. The motion passed by unanimous voice vote with no abstentions.

December 8, 2015 General Session Meeting Minutes (Agenda Item 7)

Chairman Crowell entertained a motion to approve the December 8, 2015 General Session Meeting Minutes (Minutes).

Chairman Crowell recognized Donna Nelson, Chairman of the PUCT. With the arrival of PUCT Commissioner Brandy Marty Marquez, PUCT Chairman Nelson called an Open Meeting of the Commission in order to consider matters which had been duly posted with the Texas Secretary of State for February 9, 2016.

Mr. Pfirrmann moved to approve the Minutes as presented. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Judy Walsh).

Chief Executive Officer (CEO) Presentation; CEO Update; Financial Summary; Operations Report (Agenda Items 8 and 8.1 - 8.3)

Mr. Magness conveyed appreciation to the Board, Market Participants and ERCOT staff for the support received during the CEO transition. Mr. Magness presented the CEO Update and highlighted the new CEO organization. He responded to questions and comments from Board members.

Mr. Magness recognized the Retail Operations Team for its work in automating processes, which resulted in a significant reduction in validation and processing timelines. There were no questions or comments from Board members.

Mr. Magness presented the Financial Summary and Operations Report. There were no questions or comments from Board members.



2016 Winter Weather Update (Agenda Item 8.1.1)

Chris Coleman presented the 2016 Winter Weather Update and responded to questions and comments from Board members.

Mr. Magness reported that copies of the ERCOT 2015 State of the Grid Report were provided to the Board members at the meeting.

Independent Market Monitor (IMM) Report (Agenda Item 9)

Beth Garza provided the IMM Report and responded to questions and comments from Board members.

TAC Report; Appeal of TAC Action on NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides; Background Information; Appeal and Position Statement of Koch Ag and Energy Solutions, LLC; TAC Advocate Presentation of TAC Action; Position Statements of Interested Parties; Closing Statement of Koch Ag and Energy Solutions, LLC (Agenda Items 10, 10.1 and 10.1.1 - 10.1.5)

Ms. Stephenson presented the TAC Report. At Chairman Crowell's request, Ms. Stephenson first presented the Appeal of TAC Action on NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides. Ms. Stephenson provided the TAC background and overview of the appeal. Mr. Magness presented ERCOT's perspective of the appeal and recommended granting the appeal and remanding NPRR649 to TAC with instructions to report back to the Board at its April 2016 meeting, rather than approving or rejecting the NPRR.

Mr. Pfirrmann moved to (1) grant the appeal of Koch Ag and Energy Solutions, LLC and remand NPRR649 back to TAC with instructions that TAC take one of the following actions and report back to the Board at its April 19, 2016 meeting: (a) recommend approval of NPRR649 as proposed by Koch Ag and Energy Solutions, LLC; (b) recommend a version of NPRR649 with alternatives for generator financial losses; or (c) reject NPRR649 and provide a review, including reasons for disapproval, of the alternatives considered by TAC that did not result in a version of NPRR649 recommended for approval; and (2) instruct ERCOT staff to file comments on NPRR649 and to assist TAC in the development of alternatives called for by the Board's remand of this NPRR. Judy Walsh seconded the motion.

As appellant, Ryan Aldridge, Managing Director with Koch Ag and Energy Solutions, LLC, addressed the Board with respect to the motion on the table, and expressed support for the motion.

As TAC Advocate, Katie Coleman, on behalf of Air Liquide, expressed support for the motion.

Lindsey Hughes, on behalf of TCPA, and Clif Lange, on behalf of STEC, each commented that the companies they represent looked forward to addressing this issue in the stakeholder process.



Mr. Seely announced there were no other parties that requested to address the Board on this matter. Board members discussed the appeal and motion.

Following discussion, the motion passed by unanimous voice vote with one abstention (Nick Fehrenbach).

Ms. Stephenson presented the remainder of the TAC Report. There were no questions or comments from Board members.

Finance & Audit (F&A) Committee Report; F&A Committee Charter; Market Credit Risk Corporate Standard; Investment Corporate Standard (Agenda Items 11 and 11.1 – 11.3)

Clifton Karnei, F&A Committee Vice Chairman, reported that the F&A Committee met the prior day and highlighted items discussed at the F&A meeting. Mr. Karnei reported that Jorge Bermudez was elected as F&A Committee Chairman, Mr. Karnei was elected as F&A Committee Vice Chairman, and Chad Seely or his designee was designated as Committee Secretary. There were no questions or comments from Board members.

Mr. Karnei moved to approve the F&A Committee Charter, Market Credit Risk Corporate Standard and Investment Corporate Standard, each as recommended by the F&A Committee. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources & Governance (HR&G) Committee Report; HR&G Committee Charter; Election of Chief Executive Officer and Ratification of Officers (Agenda Items 12 and 12.1 – 12.2)

Karl Pfirrmann, HR&G Committee Chairman, reported that the HR&G Committee met the prior day and highlighted items discussed at the HR&G Committee meeting. Mr. Pfirrmann reported that he was elected as HR&G Committee Chairman, Tonya Baer was elected as HR&G Committee Vice Chair, and Chad Seely or his designee was designated as Committee Secretary. There were no questions or comments from Board members.

Mr. Pfirrmann moved to approve the HR&G Committee Charter as recommended by the HR&G Committee. Ms. Baer seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Pfirrmann moved to elect the CEO and ratify officers as recommended by the HR&G Committee. Carolyn Shellman seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Nominating Committee Report; Call for Special Meeting of ERCOT Corporate Members for Election of Unaffiliated Director (Agenda Items 13 and 14)

Chairman Crowell, who also serves as Nominating Committee Chairman, reported that the Nominating Committee met the prior day and highlighted items discussed at the Nominating Committee meeting. He reported that Mr. Bermudez's second term expires in June 2016 and that the Nominating Committee voted to select, for presentation to ERCOT's Corporate



Members, Mr. Bermudez to serve a third and final term. There were no questions or comments from Board members.

Mr. Karnei moved to approve the calling of a Special Meeting of ERCOT Corporate Members for the election of an Unaffiliated Director as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

2015 Internal Revenue Service Form 990 Questionnaire (Agenda Item 15)

Michael Petterson provided an overview of ERCOT's 2015 Internal Revenue Service (IRS) Form 990 Questionnaire and schedule for filing ERCOT's 2015 IRS Form 990. There were no questions or comments from Board members.

Other Business (Agenda Item 16)

No other business was discussed at this time.

Executive Session; Vote on Matters from Executive Session; Adjournment (Agenda Items 17 and 18)

Chairman Crowell announced that no voting items from Executive Session were expected; accordingly, he would adjourn the meeting immediately upon conclusion of Executive Session. Chairman Crowell recessed the General Session at approximately 10:15 a.m. to convene Executive Session at approximately 10:50 a.m.

There were no voting items from Executive Session.

Chairman Crowell adjourned the meeting upon the conclusion of Executive Session at approximately 12:55 p.m.

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

Vickie G. Leady
Assistant Corporate Secretary