



**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
June 14, 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
Anderson, Kenneth	Public Utility Commission of Texas (PUCT)	Commissioner (<i>Alternate Representative for PUCT Chairman Donna Nelson</i>)
Baer, Tonya	Office of Public Utility Counsel	Consumer – Residential
Bermudez, Jorge	Unaffiliated	Unaffiliated Director
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)
Mercado, Kenneth	CenterPoint Energy, Inc.	Investor-Owned Utility Segment Alternate
Pfirmsmann, Karl	Unaffiliated	Unaffiliated Director
Shellman, Carolyn	CPS Energy	Municipal



Walsh, Judy (Vice Chair)	Unaffiliated	Unaffiliated Director
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Segment Alternates, Officers and Guests:

Allen, James	ERCOT Client Services Account Manager
Barcalow, Brian	ERCOT Senior Client Services Account Manager
Brandt, Adrienne	CPS Energy, Technical Advisory Committee (TAC) Vice Chair
Cochran, Seth	DC Energy Texas LLC (Independent Power Marketer Segment Alternate)
Coleman, Chris	ERCOT Senior Meteorologist
Daniels, Steve	ERCOT Vice President of Application Services and IT Operations
Day, Betty	ERCOT Vice President of Governance, Risk and Compliance and Chief Compliance Officer
DeFelice, Richard	ERCOT Senior Client Services Account Manager
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
Gnanam, Gnanaprabhu	ERCOT Manager of System Development
Hailu, Ted	ERCOT Director of Client Services
Hanks, David	ERCOT Client Services Account Manager
Heselmeyer, Sarah	ERCOT Client Services Account Manager
Hobbs, Kristi	ERCOT Director of Enterprise Risk Management and Strategic Analysis
Hunsucker, Brett	ERCOT Supervisor of Client Services
Jones, Randy	Calpine Corporation (Independent Generator Segment Alternate)
Lasher, Warren	ERCOT Director of System Planning
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Levine, Jonathan	ERCOT Corporate Counsel
Lightener, Debbie	ERCOT Senior Client Services Account Manager
Marquez, Brandy Marty	PUCT Commissioner
Mele, Cheryl	ERCOT Senior Vice President and Chief Operating Officer
Patton, David	Potomac Economics, ERCOT IMM, President
Petterson, Michael	ERCOT Vice President and Chief Financial Officer
Prichard, Lloyd	ERCOT Senior Account Manager
Ricaud, Leon	ERCOT Senior Client Services Account Manager
Rienfeld, Rodney	ERCOT Senior Client Services Account Manager
Rickerson, Woody	ERCOT Vice President Grid Planning and Operations
Seely, Chad	ERCOT Vice President, General Counsel and Corporate Secretary
Sharma, Sandip	ERCOT Manager of Operations Planning
Stephenson, Randa	Lower Colorado River Authority, TAC Chair
Sumruld, Lisa	ERCOT Supervisor of Client Services
Tomlin, Dale	ERCOT Senior Client Services Account Manager



Weaver, Eileen	ERCOT Client Services Account Manager
Werner, John	Source Power & Gas, LLC (Independent Retail Electric Provider Segment Alternate) <i>(Not Present for Agenda Items 1-7)</i>
Woodfin, Dan	ERCOT Director of System Operations
Yücel, Mine	Federal Reserve Bank of Dallas, Senior Vice President and Director of Research

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

Craven Crowell, Board Chairman, determined that a quorum was present and called the General Session of the Board meeting to order at approximately 9:00 a.m. Chairman Crowell noted the Antitrust and Security Admonitions. He announced that there were no proxies, and that Kenneth Mercado, Investor-Owned Utility Segment Alternate, was attending in Wade Smith’s absence. Chairman Crowell announced that since the Board’s last meeting on April 19, 2016, Mark Soutter, Invenergy Energy Management LLC, resigned as Independent Generator Segment Alternate due to a change in employment and Randy Jones, Calpine Corporation, was elected as his successor. Chairman Crowell welcomed Mr. Jones to the meeting.

Chairman Crowell recognized Kenneth Anderson, PUCT Commissioner. Commissioner Anderson called an Open Meeting of the Commission in order to consider matters which had been duly posted with the Texas Secretary of State for June 14, 2016.

Chairman Crowell addressed the following Agenda Items in the order below.

Consent Agenda; Unopposed Nodal Protocol Revision Requests (NPRRs), System Change Requests (SCRs) and Nodal Operating Guide Revision Request (NOGRR) Recommended by Technical Advisory Committee (TAC) for Approval (Agenda Items 2, 2.1, 2.1.1 - 2.1.3, 2.1.5 - 2.1.13 and 2.2)

Chairman Crowell announced that Agenda Item 2.1.4 – NPRR758, Improved Transparency for Outages Potentially Having a High Economic Impact – would be removed from the Consent Agenda and discussed as part of the TAC Report, Agenda Item 9. He entertained a motion for the approval of the remaining items on the Consent Agenda as follows:

- NPRR709, Revisions to Alternative Dispute Resolution Procedure;
- NPRR752, Clarification of Revision Request Process;
- NPRR754, Revise Load Distribution Factors Report Posting Frequency;
- NPRR761, As-Built Clarification to NPRR515, Day-Ahead Market Self-Commitment of Generation Resources;
- NPRR762, Removal of Language Related to Responsive Reserve Provided by DC Ties;
- NPRR763, As-Built Clarification to NPRR553, Monthly BLT Payment and Charge for Presidio Exception;
- NPRR764, QSE Capacity Short Calculations Based on an 80% Probability of Exceedance (P80);
- NPRR765, Remove Vendor Names for Fuel Indices from the Protocols;
- NPRR766, Alignment of System-Wide Discount Factor Description with Operational Adjustments to RDF – URGENT;



- SCR788, Addition of Integral ACE Feedback to GTBD Calculation;
- SCR790, Wind Resource Power Production and Forecast Transparency;
- Parking Deck NOGRR050, Resolution of Reporting Issues Related to NPRR219; and
- Other Binding Document, Methodology for Implementing Operating Reserve Demand Curve (ORDC) to Calculate Real-Time Reserve Price Adder

Nick Fehrenbach moved to approve the Consent Agenda as presented with the exception of Agenda Item 2.1.4. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

April 19, 2016 General Session Meeting Minutes (Agenda Item 3)

Chairman Crowell entertained a motion to approve the April 19, 2016 General Session Meeting Minutes (Minutes).

Jorge Bermudez moved to approve the Minutes as presented. Peter Cramton seconded the motion. The motion passed by unanimous voice vote with one abstention (Clifton Karnei).

Chief Executive Officer (CEO) Presentation; CEO Update; Financial Summary; Operations Report (Agenda Items 4, 4.1, 4.2 and 4.3)

Bill Magness presented the CEO Update. As part of the update, Mr. Magness recognized ERCOT client relations staff, including Leon Ricaud, Ted Hailu, Lloyd Pritchard, Brett Hunsucker, Eileen Weaver, Lisa Sumruld, James Allen, Brian Barcalow, Sarah Heselmeyer, Dale Tomlin, David Hanks, Rodney Rienfeld, Debbie Lightener and Richard DeFelice, for their outstanding service to Market Participants.

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

2016 Summer Overview (Agenda Item 5)

Chairman Crowell invited Dan Woodfin and Chris Coleman to present the 2016 Summer Overview.

2016 Summer Operations (Agenda Item 5.1)

Mr. Woodfin presented the 2016 Summer Operations update and responded to questions and comments from Board members.

2016 Summer Weather Outlook (Agenda Item 5.2)

Mr. Coleman presented the 2016 Summer Weather Outlook. There were no questions or comments from Board members.

The Texas Economy (Agenda Item 6)

Mr. Magness introduced Mine Yücel, Senior Vice President and Director of Research, Federal Reserve Bank of Dallas. Chairman Crowell welcomed Ms. Yücel and expressed appreciation for her time, and thanked Mr. Bermudez, Finance and Audit (F&A) Committee Chairman, for



extending the invitation to Ms. Yücel. Ms. Yücel presented an update on the Texas economy and responded to questions and comments from Board members.

Independent Market Monitor (IMM) Report (Agenda Item 7)

Beth Garza announced that the 2015 State of the Market Report was published and distributed to the Board and is available at www.potomaceconomics.com. Ms. Garza introduced Dr. David Patton, President of Potomac Economics. Dr. Patton presented the IMM Report, and he and Ms. Garza responded to questions and comments from Board members.

Break

Chairman Crowell recessed General Session for break at approximately 10:57 a.m. and reconvened General Session at approximately 11:11 a.m.

Approval of Standard Form Reliability Must-Run (RMR) Agreement Between NRG Texas Power LLC and ERCOT for RMR Unit Greens Bayou Unit 5 (Agenda Item 8)

Warren Lasher and Chad Seely presented the Standard Form RMR Agreement between NRG Texas Power LLC and ERCOT for RMR Unit Greens Bayou Unit 5. Mr. Lasher, Mr. Seely and Mr. Magness responded to questions and comments from Board members.

Mr. Karnei moved to approve the proposed term of the Standard Form RMR Agreement between NRG Texas Power LLC and ERCOT for RMR Unit Greens Bayou Unit 5 as presented. Karl Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

TAC Report; NPRR758, Improved Transparency for Outages Potentially Having a High Economic Impact (Agenda Items 9 and 2.1.4)

Randa Stephenson presented NPRR758, which was removed earlier in the meeting from the Consent Agenda. Mr. Fehrenbach commented that although he agrees with the general premise of NPRR758, the requirement to publish the procedure for determining high-impact outages should have been included in the NPRR.

Mr. Fehrenbach moved to approve NPRR758 as recommended by TAC in the May 26, 2016 TAC Report. Mr. Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Ms. Stephenson commented that TAC and ERCOT staff will work to ensure that the procedure for determining high-impact outages is available via public means.

Ms. Stephenson and Adrienne Brandt presented the TAC Report. Ms. Stephenson, Ms. Brandt and Mr. Magness responded to questions and comments from Board members.

2016 Methodology for Determining Minimum Ancillary Service Requirements (Agenda Item 10)

Sandip Sharma presented the 2016 Methodology for Determining Minimum Ancillary Service Requirements and responded to questions and comments from Board members.



Mr. Karnei moved to approve the 2016 Methodology for Determining Minimum Ancillary Service Requirements as presented. After discussion, Mr. Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Hidalgo-Starr Regional Planning Group (RPG) Project (Agenda Item 11)

Gnanaprabhu Gnanam presented the Hidalgo-Starr RPG Project, which ERCOT staff independently reviewed and recommended improvements known as Option D, and which TAC voted to endorse, based on NERC and ERCOT planning reliability criteria. There were no questions or comments from Board members. Chairman Crowell entertained a motion to endorse the need for the Hidalgo-Starr RPG Project.

Keith Emery moved to endorse the need for the Hidalgo-Starr RPG Project, which ERCOT staff has independently reviewed and recommended improvements known as Option D, and which TAC has voted to endorse, based on NERC and ERCOT planning reliability criteria. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Valley Import RPG Project (Agenda Item 12)

Warren Lasher presented the Valley Import RPG Project, which ERCOT staff independently reviewed and recommended improvements known as Option 1, and which TAC voted to endorse, based on NERC and ERCOT planning reliability criteria. Mr. Lasher, Ms. Garza and Dr. Patton responded to questions and comments from Board members. Chairman Crowell entertained a motion to endorse the need for the Valley Import RPG Project.

Mr. Pfirrmann moved to endorse the need for the Valley Import RPG Project, which ERCOT staff has independently reviewed and recommended improvements known as Option 1, and which TAC has voted to endorse, based on NERC and ERCOT planning reliability criteria. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Integration of Lubbock Power and Light into the ERCOT Region (Agenda Item 13)

Mr. Lasher presented the Integration of Lubbock Power and Light into the ERCOT Region and responded to questions and comments from Board members.

Finance and Audit (F&A) Committee Report (Agenda Item 14)

F&A Committee Chairman Bermudez reported that the F&A Committee met the prior day and highlighted items discussed at the F&A Committee meeting. There were no questions or comments from Board members.

Human Resources and Governance (HR&G) Committee Report (Agenda Item 15)

Mr. 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. There were no questions or comments from Board members.

Proposed 2017 ERCOT Board Meeting and Annual Meeting Schedule (Agenda Item 15.2)

Mr. Pfirrmann presented the Proposed 2017 ERCOT Board Meeting and Annual Meeting Schedule. Mr. Pfirrmann reported that ERCOT management has advised that meetings on the



second Tuesday of even-numbered months generally worked well with the exceptions of April and October, for which meetings would be scheduled on the first Tuesday and third Tuesday, respectively, to accommodate conflicts with holiday schedules and the Gulf Coast Power Association (GCPA) 2017 Spring Conference in Houston. There were no questions or comments from Board members.

Ratification of Officer (Agenda Item 15.1)

Mr. Pfirrmann invited Mr. Magness to present the Ratification of Officer. Mr. Magness reported that Steve Daniels was named Vice President, Application Services and Information Technology (IT) Operations, effective May 16, 2016, upon the recommendation of Jerry Dreyer. Mr. Dreyer highlighted Mr. Daniels' industry experience and his contributions to ERCOT and commended his work. There were no questions or comments from Board members.

Mr. Magness moved to approve the ratification of Steve Daniels as Vice President, Application Services and IT Operations as recommended by the HR&G Committee. Mr. Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

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 12:27 p.m. to convene Executive Session at approximately 12:46 p.m.

There were no voting items from Executive Session.

Chairman Crowell adjourned the meeting upon the conclusion of Executive Session at approximately 2:08 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