



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
December 13, 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 (<i>Not Present for Agenda Items 13 – 14</i>)
Comstock, Read	Direct Energy	Independent Retail Electric Provider
Cramton, Peter	Unaffiliated	Unaffiliated Director
Crowell, Craven (Chairman)	Unaffiliated	Unaffiliated Director (<i>Proxy for Karl Pfirrmann for Agenda Items 13 – 14</i>)
Durland, Jack	Valero Services, Inc.	Consumer – Industrial
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer
Fehrenbach, Nick	City of Dallas	Consumer – Commercial (<i>Not Present for Agenda Items 13 – 14</i>)
Gresham, Kevin	E.ON Climate and Renewables NA	Independent Generator
Karnei, Clifton	Brazos Electric Power Cooperative, Inc.	Cooperative
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)
Mercado, Kenny	CenterPoint Energy, Inc.	Investor-Owned Utility Segment Alternate
Nelson, Donna	Public Utility Commission of Texas (PUCT)	Chairman
Pfirrmann, Karl	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 13 – 14</i>)
Shellman, Carolyn	CPS Energy	Municipal (<i>Proxy for Tonya Baer for Agenda Items 13 – 14</i>)
Walsh, Judy (Vice Chair)	Unaffiliated	Unaffiliated Director



Segment Alternates, Officers and Guests:

Bermudez, Jorge	Former ERCOT Unaffiliated Director
Brandt, Adrienne	CPS Energy, Technical Advisory Committee (TAC) Chair
Cochran, Seth	DC Energy Texas LLC (Independent Power Marketer Segment Alternate)
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
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
Harper, Sam	Chaparral Steel Midlothian LP (Consumer – Industrial Segment Alternate)
Helton, Robert	GDF Suez Energy North America, Inc., TAC Vice Chair
Jones, Randy	Calpine Corporation (Independent Generator Segment Alternate)
Kezar, Mike	South Texas Electric Cooperative, Inc. (Cooperative Segment Alternate)
Lasher, Warren	ERCOT Senior Director of System Planning
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Levine, Jonathan	ERCOT Corporate Counsel
Marquez, Brandy Marty	PUCT Commissioner
Mele, Cheryl	ERCOT Senior Vice President and Chief Operating Officer
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
Sharma, Sandip	ERCOT Manager of Operations Planning
Werner, John	Source Power & Gas LLC (Independent Retail Electric Provider Segment Alternate)
Williams, Diane M.	ERCOT Vice President of Human Resources
Williams, Phil	Denton Municipal Electric (Municipal Segment Alternate)

Call General Session to Order and Announce Proxies (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. He noted the Antitrust and Security Admonitions, and announced that the Forty-Sixth Annual Meeting of Corporate Members would be held later that day at the Austin Marriott South at 11:00 a.m.

Chairman Crowell recognized Donna Nelson, PUCT Chairman. 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 December 13, 2016.



Chairman Crowell announced that Kenny Mercado, Investor-Owned Utility Segment Alternate, was attending in Wade Smith's absence.

Chairman Crowell presented a resolution honoring former Unaffiliated Director Jorge Bermudez. **Chairman Crowell moved to approve the resolution, as presented. Clifton Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.** On behalf of the Board, Chairman Crowell expressed his gratitude for Mr. Bermudez's devoted service to ERCOT.

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

Consent Agenda; Unopposed Nodal Protocol Revision Requests (NPRRs) and Planning Guide Revision Request (PGRR) Recommended by Technical Advisory Committee (TAC) for Approval; Other Binding Document, Methodology for Implementing Operating Reserve Demand Curve (ORDC) to Calculate Real-Time Reserve Price Adder (Agenda Items 2, 2.1 - 2.1.9 and 2.2)

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

- NPRR773, Broadening Scope of Acceptable Letter of Credit Issuers;
- NPRR783, Revision of Network Operations Model Consistency Audit Requirement;
- NPRR790, Addition of Phase Angle Limits to the Network Operations Model;
- NPRR791, Clarifications to IEL, MCE and Aggregate Amount Owed by Breaching Party;
- NPRR792, Changing Special Protection System (SPS) to Remedial Action Scheme (RAS);
- NPRR797, Actual Load by Forecast Zone Report and Display;
- NPRR801, Non-Controllable Load Resource MW in PRC;
- NPRR803, Remove Grey-boxed Language from NPRR439, Updating a Counter-Party's Available Credit Limit for Current Day DAM;
- PGRR051, Alignment with NPRR792, Changing Special Protection System (SPS) to Remedial Action Scheme (RAS); and
- Other Binding Document, Methodology for Implementing Operating Reserve Demand Curve (ORDC) to Calculate Real-Time Reserve Price Adder.

Peter Cramton moved to approve the Consent Agenda as presented. Jack Durland seconded the motion. The motion passed by unanimous voice vote with no abstentions.

October 11, 2016 General Session Meeting Minutes (Agenda Item 3)

Chairman Crowell entertained a motion to approve the October 11, 2016 General Session Meeting Minutes (Minutes).

Mr. Karnei moved to approve the Minutes as presented. Tonya Baer seconded the motion. The motion passed by unanimous voice vote with no abstentions.



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

Bill Magness presented the CEO Update, Financial Summary and Operations Report. There were no questions or comments from Board members.

Independent Market Monitor (IMM) Report (Agenda Item 5)

Beth Garza presented the IMM Report. There were no questions or comments from Board members.

Confirmation of 2017 TAC Representatives (Agenda Item 6)

Chairman Crowell entertained a motion for the confirmation of 2017 TAC Representatives.

Carolyn Shellman moved to confirm the 2017 TAC representatives, as presented. Karl Pfirrmann seconded the motion. The motion passed by unanimous voice vote with no abstentions.

TAC Report; Non-Unanimous PGRR Recommended by TAC for Approval (Agenda Items 7, 7.1 and 7.1.1)

Adrienne Brandt presented PGRR042, Regional Transmission Plan Model Reserve Requirement and Load-Generation Imbalance Methodology, as recommended by TAC and as amended by the December 6, 2016 ERCOT comments, and she, Warren Lasher, Mr. Magness and Chad Seely responded to questions and comments from Board members.

Kevin Gresham moved to approve PGRR042 as recommended by TAC in the December 1, 2016 TAC Report as amended by the December 6, 2016 ERCOT comments. Mr. Pfirrmann seconded the motion. The motion passed by voice vote with one opposing vote (Jack Durland) and no abstentions.

Ms. Brandt presented the TAC Report. There were no questions or comments from Board members.

2017 Methodology for Determining Minimum Ancillary Service Requirements (Agenda Item 9)

Sandip Sharma presented the 2017 Methodology for Determining Ancillary Service Requirements. There were no questions or comments from Board members.

Mr. Karnei moved to approve the 2017 Methodology for Determining Minimum Ancillary Service Requirements, as presented. Mr. Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Finance & Audit (F&A) Committee Report (Agenda Item 10)

Mr. Karnei, F&A Committee Vice Chairman, reported that the F&A Committee met the prior day and highlighted items discussed at the F&A Committee meeting.



Acceptance of 2016 Service Organization Control (SSAE 16) Audit Report (Agenda Item 10.1)

Mr. Karnei moved to accept the 2016 Service Organization Control (SSAE 16) Audit Report, which was expected to be issued with an unqualified (clean) opinion and with no internal control testing exceptions, as recommended by the F&A Committee. Ms. Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Modifications to Guarantee Agreement, Letter of Credit and Surety Bond Standard Forms (Agenda Item 10.2)

Mr. Karnei moved to approve the modifications to the Guarantee Agreement, Letter of Credit and Surety Bond standard forms, as recommended by the F&A Committee. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources & Governance (HR&G) Committee Report (Agenda Item 11)

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.

2017 ERCOT Key Performance Indicators (KPIs) (Agenda Item 11.1)

Mr. Pfirrmann moved to approve the 2017 ERCOT Key Performance Indicators as recommended by the HR&G Committee. Ms. Baer seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Other Business (Agenda Item 12)

No other business was discussed at this time.

Recess for ERCOT Forty-Sixth Annual Membership Meeting (Agenda Item 8)

Chairman Crowell recessed General Session at approximately 9:48 a.m. for the Forty-Sixth Annual Membership Meeting at Austin Marriott South and announced that the Board would convene in Executive Session upon return from the Membership meeting.

Executive Session

Following the Membership meeting, Chairman Crowell convened Executive Session at approximately 1:39 p.m. Chairman Crowell reconvened General Session at approximately 4:01 p.m. He announced that for the remainder of the meeting, Residential Consumer Segment Director Tonya Baer had provided her proxy to Municipal Segment Director Carolyn Shellman, and Unaffiliated Director Karl Pfirrmann had provided his proxy to Chairman Crowell, an Unaffiliated Director.

Vote on Matters from Executive Session (Agenda Item 13)

Chairman Crowell entertained motions for two matters discussion during Executive Session.

Mr. Karnei moved to select the Independent Service Organization Control (SSAE 16) Auditor as recommended by the F&A Committee and as discussed during Executive



Session. Ms. Walsh seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Ms. Shellman moved to approve the personnel matter discussed during Executive Session. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Magness).

Adjournment (Agenda Item 14)

Chairman Crowell adjourned the meeting at approximately 4:02 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