

DOCKET NO. 46952

PETITION OF ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC., FOR
APPROVAL OF RE-ELECTION OF
UNAFFILIATED DIRECTOR §
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**PETITION OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
FOR APPROVAL OF RE-ELECTION OF UNAFFILIATED DIRECTOR**

Electric Reliability Council of Texas, Inc. (ERCOT) and, pursuant to 16 Tex. Admin. Code (TAC) § 25.362(g)(5), respectfully requests Commission approval of the re-election of Ms. Judy Walsh to a third and final term as an Unaffiliated Director of the ERCOT Board of Directors (Board). Ms. Walsh has been re-elected and approved as a director by the Corporate Members of ERCOT, and has met all requisite qualifications for service on the ERCOT Board. As discussed herein, ERCOT requests Commission approval of the re-election of Ms. Walsh to serve on the ERCOT Board for a third and final term, beginning January 1, 2018.

I. BACKGROUND

In order for ERCOT to maintain certification as an independent organization under PURA¹ § 39.151(g), the 16-member ERCOT Board must include “five members unaffiliated with any market segment and selected by the other members of the governing body to serve three-year terms.”² The five “Unaffiliated Directors” are selected through a process that includes the following steps:

- o The Nominating Committee of the ERCOT Board nominates candidates. The Nominating Committee consists of all members of the Board other than the ERCOT Chief Executive Officer (CEO) and the Chairman of the Commission.³

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (PURA).

² PURA § 39.151(g)(7).

³ See ERCOT Bylaws § 4.3(b)(1).

- ERCOT provides notice to the Commission of the “candidates who have been identified and their qualifications, any recommendation that will be made to the [ERCOT Board], and any other information requested by a commissioner.”⁴
- After consultation with the Commission and selection by the Nominating Committee, the nominated candidates are submitted to the ERCOT Corporate Members for approval. Corporate Members receive notice of a special meeting of the corporation called for consideration of the election, or re-election, of Unaffiliated Directors. If the requisite number of ballots are received by ERCOT prior to the special meeting (as occurred in this case), the meeting is cancelled and the results of the election are announced to the membership.⁵
- Unaffiliated Director nominees approved by ERCOT’s corporate membership are submitted to the Commission for final approval.⁶

II. STATEMENT OF JURISDICTION AND AUTHORITY

The Commission has jurisdiction over this matter pursuant to PURA § 39.151 and 16 TAC § 25.362.

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:

Chad V. Seely
Vice President and General Counsel
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⁴ 16 TAC § 25.362(g)(5).

⁵ ERCOT Bylaws §§ 3.7(g) and 4.3(b)(4).

⁶ ERCOT Bylaws § 4.3(b)(4).

IV. THE SELECTION PROCESS FOR MS. WALSH COMPLIED WITH COMMISSION AND ERCOT GOVERNING RULES

PURA requires that ERCOT's bylaws "prescribe professional qualifications for selection" as an Unaffiliated Director, and that "[t]he bylaws must require the use of a professional search firm to identify candidates for membership of unaffiliated members."⁷ In addition, PURA requires that the selection process for Unaffiliated Directors "must allow for commission input in identifying candidates."⁸ The selection process for Unaffiliated Directors is set forth in section 4.3(b) of the ERCOT Bylaws, and includes the requirements mandated by PURA. In addition, 16 TAC § 25.362(g)(5) includes standards that ERCOT must meet to ensure "commission input" in identifying Unaffiliated Director candidates.

Ms. Walsh's second term as an Unaffiliated Director on the ERCOT Board expires on December 31, 2017. The re-election of Ms. Walsh to a third and final term, beginning on January 1, 2018 (to avoid a break in service on the ERCOT Board), subject to approval by the Commission, complied with the criteria established in PURA, Commission rules, and the ERCOT Bylaws. The ERCOT Bylaws require that Unaffiliated Directors must have "[e]xperience in one or more of these fields: senior corporate leadership; professional disciplines of finance, accounting, engineering or law; regulation of utilities; risk management; and information technology."⁹ An Unaffiliated Director must also demonstrate "[i]ndependence of any Market Participant in the ERCOT Region," including compliance with specific standards enumerated in the ERCOT Bylaws.¹⁰ After determining that Ms. Walsh met ERCOT's qualification and independence requirements, the Nominating Committee unanimously selected Ms. Walsh for presentation to ERCOT's Corporate Members for re-election as an Unaffiliated Director. A summary of Ms. Walsh's professional qualifications and credentials is attached hereto as *Attachment A*.

On February 17, 2017, pursuant to the direction of the ERCOT Board, ERCOT issued its notice of Special Meeting of Corporate Members to be held on April 3, 2017 (Special Meeting) for the re-election of Ms. Walsh (*Attachment B*). Corporate Membership voting for the

⁷ PURA § 39.151(g).

⁸ *Id.*

⁹ ERCOT Bylaws § 4.3(b)(2)(i).

¹⁰ *Id.* § 4.3(b)(2)(ii).

Unaffiliated Director candidate was conducted pursuant to the ERCOT Bylaws procedures requiring approval by a majority of Member Segments (*i.e.*, at least four out of seven Member Segments).¹¹ Ms. Walsh received the requisite number of Corporate Member votes by ballot upon the conclusion of voting on March 10, 2017, in lieu of the Special Meeting, to be re-elected as an Unaffiliated Director for a final three-year term.

Having completed all other steps in the nomination and election process, ERCOT now requests Commission approval of Ms. Walsh for re-election to a final three-year term, beginning on January 1, 2018, as an Unaffiliated Director.

V. NOTICE PROVIDED BY ERCOT

ERCOT will post its Petition for Approval of Re-election of an Unaffiliated Director to its website at http://www.ercot.com/about/governance/legal_notices; provide notice to Market Participants of ERCOT Petition filings with the PUC 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.

¹¹ § 4.3(b)(4).

VI. REQUEST FOR PROCEDURAL SCHEDULE

Since Ms. Walsh's second term expires on December 31, 2017, ERCOT seeks to seat Ms. Walsh as a re-elected Unaffiliated Director by January 1, 2018, if possible, to avoid any disruption in Ms. Walsh's service to the Board. In order to facilitate Commission approval of Ms. Walsh by that time, ERCOT proposes the following procedural schedule, which aims toward approval of the re-electing of an Unaffiliated Director at the Commission's July 28, 2017 Open Meeting.

ERCOT proposes the following procedural schedule:

ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	March 16, 2017
<i>Texas Register</i> publication of the Commission's Notice of Petition for Approval of an Unaffiliated Director	April 7, 2017 (or as soon thereafter as possible)
Deadline to Intervene (within 45 days from the date the Petition is filed with the Commission)	May 22, 2017
Deadline for Intervenors to request a hearing; Deadline for Intervenor comments on the merits if no hearing requested	May 30, 2017
Deadline for Commission Staff to request a hearing; Deadline for Commission Staff's recommendation if no hearing requested	June 6, 2017
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	June 20, 2017
Proposed Order filed by Presiding Officer for approval, pursuant to 16 TAC § 22.35(b)(2)	June 27, 2017
Consideration of Proposed Order at Commission Open Meeting	July 28, 2017

VII. CONCLUSION

ERCOT respectfully requests that the Commission approve the re-election of Ms. Walsh to a third and final three-year term, beginning on January 1, 2018, as an Unaffiliated Director for the ERCOT Board, adopt the procedural schedule requested by ERCOT in this Petition, and grant ERCOT all other relief to which it is entitled.

Respectfully submitted,



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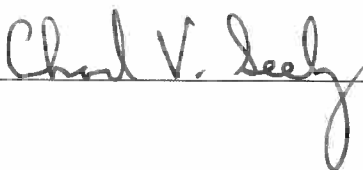
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ATTORNEYS FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.

CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record in this proceeding on March 16, 2017 in the following manner: by facsimile, email, or first-class U.S. mail.



Biography of Judy Walsh

Judy Walsh is a certified public accountant and retired partner of Deloitte, where her career spanned 30 years. She joined Electric Reliability Council of Texas, Inc., as an independent board member in 2012, and currently serves as Vice Chairman of the Board and Chair of the Finance and Audit Committee.

She recently completed twelve years on the Board of Directors of the Midcontinent Independent System Operator. She served as Chairman of the Board and Chair of the Audit and Finance Committee. Ms. Walsh also previously served on the Board of Directors of the Western Electricity Coordinating Council and chaired its audit committee.

She is a former commissioner for the Public Utility Commission of Texas, appointed by then-Texas Governor George W. Bush. She is well-versed in public policy issues concerning the electric industry including energy markets, resource adequacy, wind integration and others.

Ms. Walsh was also a founding director of the Bank of Whittier in Whittier, California, and was the senior vice president of government affairs and regulatory policy at SBC Communications in San Antonio, Texas.

Ms. Walsh earned a master of science degree in taxation from the University of Texas, San Antonio, and a bachelor of arts degree in economics and business administration from Rice University.

February 17, 2017

ERCOT Corporate Member:

On February 13, 2017, the ERCOT Nominating Committee (Committee) of the ERCOT Board of Directors (Board) unanimously selected Craven Crowell, Karl Pfirrmann and Judy Walsh for re-election as Unaffiliated Directors to serve their third and final terms on the Board, beginning January 1, 2018, subject to election by the ERCOT Corporate Members (Members) and approval by the Public Utility Commission of Texas (PUCT). Information regarding the three Unaffiliated Director nominees' professional experience is attached for your review and consideration as Attachment 1.

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 14, 2017, the Board called a Special Meeting as soon as practicable to vote on the re-election of Mr. Crowell, Mr. Pfirrmann and Ms. Walsh as Unaffiliated Directors. Thus, on Monday, April 3, 2017, at 10:00 a.m. in Room 206 at 7620 Metro Center Drive, Austin, Texas 78744, a Special Meeting will be held for the purpose of voting on the above-mentioned re-election of the three Unaffiliated Directors.

We are seeking Corporate Membership approval to have the vote in writing, in lieu of a Special Meeting. Please review the enclosed Official Consent and Ballot form (Ballot). If you agree to take action on the re-election of the three Unaffiliated Directors without a Special Meeting, please indicate your voting preference, sign the Ballot and return it to ERCOT by 5:00 p.m. on Friday, March 10, 2017. After 5:00 p.m. on Wednesday, March 15, 2017, we will count the Ballots received to determine if we have a sufficient number on the re-election of the three Unaffiliated Directors. We will post a notice of either a successful vote or of the need to have the April 3, 2017 Special Meeting on the ERCOT website at <http://www.ercot.com/calendar/2017/4/3/118844>, no later than Thursday, March 16, 2017 at 12:00 p.m.

Please note that the requested vote requires approval by the Members and the PUCT prior to becoming effective. So that the vote may be approved as soon as possible by the Members and the PUCT, please indicate your vote in favor or against the voting matter, sign the Ballot, and make every effort to return it to ERCOT as noted on the Ballot **no later than 5:00 p.m., Friday, March 10, 2017.**

Sincerely,

Tisa Wilkins
Regulatory Legal Specialist
ERCOT

Attachment 1

Biography of Craven Crowell

Craven Crowell has served in a number of leadership positions in the energy industry, including eight years as chairman of the Tennessee Valley Authority (TVA) after being appointed by the President and confirmed by the U. S. Senate. During his tenure at TVA, Crowell focused primarily on upgrading the organization's operational systems, achieving excellence in its nuclear power program, and strengthening TVA's financial position, including capping and reducing TVA's substantial debt after 35 years of continuous increases.

Following his government service, Crowell has been an energy and water resources consultant, most recently as a partner at Oliver Wyman, an international consulting firm with offices in 25 countries.

Crowell also has served as an independent director and chair of the Texas Reliability Entity; board chairman of the Electric Power Research Institute, Palo Alto, CA; and member of the board and executive committee of the Nuclear Energy Institute, Washington, DC.

During his government career, Crowell served for four years as chief of staff to the chairman of the U. S. Senate budget committee.

Crowell served in the U. S. Marine Corps and was a commissioned officer in the Naval Reserve. He received his bachelor's degree from Lipscomb University and was named Alumnus of the Year in 1995.

Biography of Karl Pfirrmann

Karl Pfirrmann served in the electric utility industry for more than 38 years in leadership positions at Allegheny Energy and later the PJM Interconnection. During his tenure with PJM, he focused on expanding PJM from its traditional eastern seaboard presence to its current operating area encompassing much of the Mid-Atlantic and Mid-Western regions, developing PJM's operational capabilities, and leading PJM during its transition between CEO's. At Allegheny, Mr. Pfirrmann held leadership positions in engineering, construction, and operations in both the transmission and distribution areas of the business. Since his retirement in 2010, Mr. Pfirrmann has continued to advise clients on electric industry technical and public policy issues.

Mr. Pfirrmann is a resident of Greensburg, Pennsylvania, holds a bachelor of science degree in electrical engineering from Carnegie-Mellon University, and is a Registered Professional Engineer in Pennsylvania.

Biography of Judy Walsh

Judy Walsh is a certified public accountant and retired partner of Deloitte, where her career spanned 30 years. She joined Electric Reliability Council of Texas, Inc., as an independent board member in 2012, and currently serves as Vice Chairman of the Board and Chair of the Finance and Audit Committee.

She recently completed twelve years on the Board of Directors of the Midcontinent Independent System Operator. She served as Chairman of the Board and Chair of the Audit and Finance Committee. Ms. Walsh

also previously served on the Board of Directors of the Western Electricity Coordinating Council and chaired its audit committee.

She is a former commissioner for the Public Utility Commission of Texas, appointed by then-Texas Governor George W. Bush. She is well-versed in public policy issues concerning the electric industry including energy markets, resource adequacy, wind integration and others.

Ms. Walsh was also a founding director of the Bank of Whittier in Whittier, California, and was the senior vice president of government affairs and regulatory policy at SBC Communications in San Antonio, Texas.

Ms. Walsh earned a master of science degree in taxation from the University of Texas, San Antonio, and a bachelor of arts degree in economics and business administration from Rice University.