

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

COMES NOW, 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 Mr. Peter Cramton to a second three-year term as an Unaffiliated Director of the ERCOT Board of Directors (Board). Mr. Cramton 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 Mr. Cramton to serve on the ERCOT Board for a second three-year term, beginning August 17, 2018.

**I. BACKGROUND**

In order for ERCOT to maintain certification as an independent organization under PURA<sup>1</sup> § 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.”<sup>2</sup> The five “Unaffiliated Directors” are selected through a process that includes the following steps:

- 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.<sup>3</sup>

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

<sup>2</sup> PURA § 39.151(g)(7).

<sup>3</sup> 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.”<sup>4</sup>
- 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.<sup>5</sup>
- Unaffiliated Director nominees approved by ERCOT’s corporate membership are submitted to the Commission for final approval.<sup>6</sup>

## **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  
 ERCOT  
 7620 Metro Center Drive  
 Austin, Texas 78744  
 (512) 225-7035 (Phone)  
 (512) 225-7079 (Fax)  
[chad.seely@ercot.com](mailto:chad.seely@ercot.com)

Vickie G. Leady  
 Assistant General Counsel  
 ERCOT  
 7620 Metro Center Drive  
 Austin, Texas 78744  
 (512) 275-7436 (Phone)  
 (512) 225-7079 (Fax)  
[vickie.leady@ercot.com](mailto:vickie.leady@ercot.com)

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<sup>4</sup> 16 TAC § 25.362(g)(5).

<sup>5</sup> ERCOT Bylaws §§ 3.7(g) and 4.3(b)(4).

<sup>6</sup> ERCOT Bylaws § 4.3(b)(4).

#### IV. THE SELECTION PROCESS FOR MR. CRAMTON 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.”<sup>7</sup> In addition, PURA requires that the selection process for Unaffiliated Directors “must allow for commission input in identifying candidates.”<sup>8</sup> 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.

Mr. Cramton’s first term as an Unaffiliated Director on the ERCOT Board expires on August 16, 2018. The re-election of Mr. Cramton to a second three-year term, beginning on August 17, 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.”<sup>9</sup> 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.<sup>10</sup> After determining that Mr. Cramton met ERCOT’s qualification and independence requirements, the Nominating Committee unanimously selected Mr. Cramton for presentation to ERCOT’s Corporate Members at the 47<sup>th</sup> Annual ERCOT Membership Meeting (Meeting) held on December 12, 2017, for re-election as an Unaffiliated Director. A summary of Mr. Cramton’s professional qualifications and credentials is attached hereto as *Attachment A*.

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<sup>7</sup> PURA § 39.151(g).

<sup>8</sup> *Id.*

<sup>9</sup> ERCOT Bylaws § 4.3(b)(2)(i).

<sup>10</sup> *Id.* § 4.3(b)(2)(ii).

On November 16, 2017, ERCOT provided a Member Notice of the Meeting to ERCOT's corporate membership, and on November 20, 2017, ERCOT provided an Updated Member Notice to clarify that there would be two distinct votes: one on the election of Terrence J. "Terry" Bulger as an Unaffiliated Director, and another on the re-election of Mr. Cramton as an Unaffiliated Director to the ERCOT Board. Copies of these Member Notices are attached hereto as *Attachment B*.

Corporate Membership voting for the 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).<sup>11</sup> Mr. Cramton received the requisite number of Corporate Member votes at the Meeting, to be re-elected as an Unaffiliated Director for a second three-year term.

Having completed all other steps in the nomination and election process, ERCOT now requests Commission approval of Mr. Cramton for re-election to a second three-year term, beginning on August 17, 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](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).

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<sup>11</sup> § 4.3(b)(4).

ERCOT will file an affidavit attesting to the completion of its proposed notice.

## VI. REQUEST FOR PROCEDURAL SCHEDULE

Since Mr. Cramton’s first term expires on August 16, 2018, ERCOT seeks to seat Mr. Cramton as a re-elected Unaffiliated Director by August 17, 2018, if possible, to avoid any disruption in Mr. Cramton’s service to the Board. In order to facilitate Commission approval of Mr. Cramton 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 April 12, 2018 Open Meeting.

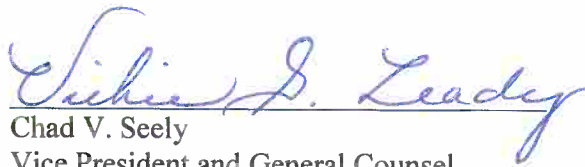
ERCOT proposes the following procedural schedule:

ERCOT posts Petition to its website and provides notice (as described in Section V. herein)	January 2, 2018
<i>Texas Register</i> publication of the Commission’s Notice of Petition for Approval of an Unaffiliated Director	January 19, 2018 (or as soon thereafter as possible)
Deadline to Intervene (within 45 days from the date the Petition is filed with the Commission)	February 16, 2018
Deadline for Intervenors to request a hearing; Deadline for Intervenor comments on the merits if no hearing requested	February 23, 2018
Deadline for Commission Staff to request a hearing; Deadline for Commission Staff’s recommendation if no hearing requested	March 2, 2018
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	March 9, 2018
Proposed Order filed by Presiding Officer for approval, pursuant to 16 TAC § 22.35(b)(2)	March 16, 2018
Consideration of Proposed Order at Commission Open Meeting	April 12, 2018

**VII. CONCLUSION**

ERCOT respectfully requests that the Commission approve the re-election of Mr. Cramton to a second three-year term, beginning on August 17, 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,



Chad V. Seely  
Vice President and General Counsel  
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[chad.seely@ercot.com](mailto:chad.seely@ercot.com)

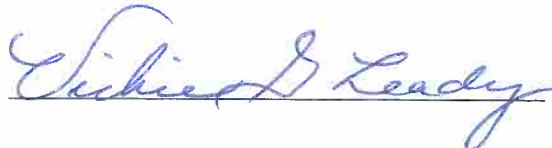
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ERCOT  
7620 Metro Center Drive  
Austin, Texas 78744

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 January 2, 2018 in the following manner: by facsimile, email, or first-class U.S. mail.



Biography of  
Peter Cramton

Peter Cramton, a professor of Economics at the University of Maryland and the University of Cologne, has a broad range of experience in the energy and financial arenas. In addition to his academic work, he serves as the Chief Economist for three start-ups, focusing on innovative auction-based markets in communications, finance and other industries.

Dr. Cramton has played a lead role in the design and implementation of electricity and gas auctions in North America, South America and Europe. For more than 30 years, Dr. Cramton's research on auction theory and practice has focused primarily on the design of auctions. This research includes energy, spectrum and financial auctions and appears in leading economics journals. Dr. Cramton has advised 12 governments and 41 bidders in spectrum auctions, and he co-invented the spectrum auction design used in Canada, Australia and many European countries.

Dr. Cramton received his B.S. in Engineering from Cornell University in 1980 and his Ph.D. in Business from Stanford University in 1984. He joined the ERCOT Board of Directors in October 2015.

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**Subject:** 47th Annual Membership Meeting  
**Attachments:** Invitation and Agenda - Updated.pdf; RSVP Form.docx; Proxy and Alternate Representative Form.docx

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**From:** Membership  
**Sent:** Monday, November 20, 2017 1:24 PM  
**To:** Membership <[membership@ercot.com](mailto:membership@ercot.com)>  
**Subject:** RE: 47th Annual Membership Meeting

UPDATED MEMBER NOTICE:

As stated in ERCOT's email below, the 47<sup>th</sup> Annual ERCOT Membership Meeting (Meeting) will be held December 12, 2017, from 11:00 a.m. to 1:00 p.m. at the Austin Marriott South Hotel, 4415 South IH35, Austin, Texas.

ERCOT has updated the attached invitation and agenda to clarify that there will be two distinct votes on Unaffiliated Director candidates (that is, for Terrence J. "Terry" Bulger and for Peter Cramton) in addition to the other voting items.

As stated in the prior email below, if you plan to attend the Meeting, please complete and return the attached RSVP form no later than Friday, December 8, 2017.

If Corporate Members are unable to attend the Meeting, it is essential for purposes of establishing a quorum and taking action that Corporate Members complete and return the attached Alternate Representative and Proxy Form no later than December 8, 2017. According to Section 3.7(e) of the ERCOT Bylaws, impertinent part, "Representation at any meeting of ERCOT of at least fifty-one percent (51%) of the Corporate Members, in person or by proxy, shall constitute a quorum for the transaction of business at such meeting. . . Except as otherwise provided in these Bylaws, an act of fifty-one percent (51%) of the Corporate Members shall be the act of the Corporate Members."

If you have any questions, please do not hesitate to contact me.

Regards,

*Tisa Wilkins*

Confidentiality Notice: The information contained in this email message and any attached documents may be privileged and confidential and is intended for the addressee only. If you received this message in error, please notify the sender immediately.

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**From:** Membership  
**Sent:** Thursday, November 16, 2017 1:54 PM  
**To:** Membership <[membership@ercot.com](mailto:membership@ercot.com)>  
**Subject:** 47th Annual Membership Meeting

MEMBER NOTICE:



The 47<sup>th</sup> Annual ERCOT Membership Meeting (Meeting) will be held December 12, 2017, from 11:00 a.m. to 1:00 p.m. at the Austin Marriott South Hotel, 4415 South IH35, Austin, Texas.

If you plan to attend the Meeting, please complete and return the attached RSVP form no later than December 8, 2017.

If Corporate Members are unable to attend the Meeting, it is essential for purposes of establishing a quorum and taking action that Corporate Members complete and return the attached Alternate Representative and Proxy Form no later than December 8, 2017. According to Section 3.7(e) of the ERCOT Bylaws, pertinent part, "Representation at any meeting of ERCOT of at least fifty-one percent (51%) of the Corporate Members, in person or by proxy, shall constitute a quorum for the transaction of business at such meeting. . . Except as otherwise provided in these Bylaws, an act of fifty-one percent (51%) of the Corporate Members shall be the act of the Corporate Members."

An agenda for the Meeting is attached. If you have any questions, please do not hesitate to contact me.

Regards,

*Tisa Wilkins*  
Regulatory Legal Specialist  
ERCOT  
7620 Metro Center Drive  
Austin, Texas 78744  
512-225-7080  
512-225-7079 Facsimile  
[tisa.wilkins@ercot.com](mailto:tisa.wilkins@ercot.com)

Confidentiality Notice: The information contained in this email message and any attached documents may be privileged and confidential and is intended for the addressee only. If you received this message in error, please notify the sender immediately.

**UPDATED NOTICE OF  
FORTY-SEVENTH ANNUAL MEMBERSHIP MEETING**

To ERCOT Members and Special Guests:

The Forty-seventh Annual Membership Meeting will be held at the Austin Marriott South Hotel, 4415 South IH35, in Austin, Texas, on December 12, 2017. The General Membership Meeting will begin at 11:00 a.m. to: approve the December 13, 2016 Annual Meeting Minutes; elect Terrence J. "Terry" Bulger as an Unaffiliated Director; re-elect Peter Cramton as an Unaffiliated Director; confirm and approve the ERCOT Board of Directors and Segment Alternates for the 2018 calendar year; and announce the selected Technical Advisory Committee Representatives for the 2018 calendar year. ERCOT Chief Executive Officer Bill Magness will deliver remarks to the Membership. A luncheon will immediately follow at the hotel and the Board of Directors Meeting is expected to reconvene at approximately 1:00 p.m. at ERCOT's office at 7620 Metro Center Drive in Austin. (Please refer to the agenda below for more details.)

Included with this invitation is an RSVP form. Please complete and return the form by Friday, December 8, 2017 to [membership@ercot.com](mailto:membership@ercot.com).

According to Section 3.7(e) of the ERCOT Bylaws, impertinent part, "Representation at any meeting of ERCOT of at least fifty-one percent (51%) of the Corporate Members, in person or by proxy, shall constitute a quorum for the transaction of business at such meeting. . .Except as otherwise provided in these Bylaws, an act of fifty-one percent (51%) of the Corporate Members shall be the act of the Corporate Members."

Therefore, if Corporate Members are unable to attend the Annual Meeting, it is essential for purposes of establishing a quorum and taking action that Corporate Members complete and return the attached Alternate Representative and Proxy Form by Friday, December 8, 2017, to [membership@ercot.com](mailto:membership@ercot.com).

If you would like to stay at the Austin Marriott South Hotel, please make your reservation by calling (512) 441-7900.

Please call Tisa Wilkins at (512) 225-7080, or you can email her at [membership@ercot.com](mailto:membership@ercot.com) if you have any questions or concerns.

Thank you.

**UPDATED AGENDA**

**Austin Marriott South Hotel  
4415 South IH35  
Austin, Texas**

**December 12, 2017  
11:00 a.m. to 1:00 p.m.**

**Welcome**

Bill Magness  
President and Chief Executive Officer  
ERCOT

Craven Crowell  
Chairman, Board of Directors  
ERCOT

**Approval of December 13, 2016  
Annual Meeting Minutes**

**Election of Unaffiliated Director  
Terrence J. "Terry" Bulger**

**Re-Election of Unaffiliated Director  
Peter Cramton**

**Confirmation and Approval of  
Board of Directors and Segment Alternates for 2018**

**Announcement of  
Technical Advisory Committee for 2018**

**ERCOT Chief Executive Officer Remarks**

**Lunch**

# FORTY-SEVENTH ANNUAL MEMBERSHIP MEETING

## RSVP Form

Please complete the RSVP and return it to Tisa Wilkins at ERCOT no later than December 8, 2017. The RSVP can be submitted by email (.pdf) to [membership@ercot.com](mailto:membership@ercot.com), facsimile to (512) 225-7079 or regular mail to ERCOT, Attn.: Membership, 7620 Metro Center Drive, Austin, Texas 78744.

Name: \_\_\_\_\_  
Company: \_\_\_\_\_

Name(s) of any Additional Guest(s) (if applicable):  
Name: \_\_\_\_\_  
Company: \_\_\_\_\_

Name: \_\_\_\_\_  
Company: \_\_\_\_\_

Name: \_\_\_\_\_  
Company: \_\_\_\_\_

Thank you!

**Electric Reliability Council of Texas, Inc.  
Form for Designation of an Alternate Representative or Proxy**

***For meetings of the ERCOT Corporate Members, Board, TAC or any Subcommittee thereof***

*Use this form if you are designating as your representative a person who is not already a voting member in the group identified below (an “**Alternate Representative**”) or if you are assigning your vote to a person who is already a voting member of the group (a “**Proxy**”).*

*An Alternate Representative exercises the authority of the voting member at the meeting and counts towards establishing a quorum. A Proxy holder may exercise the vote of the voting member at the meeting. A Proxy does not count towards establishing a quorum except for meetings of the Corporate Members. Designation of an Alternate Representative or Proxy is only effective for a single meeting on a single date as listed below; a new form must be executed for each or any subsequent designation or assignment. A signed copy must be delivered to the General Counsel (for Board meetings), the Organization Support Specialist of Market Services (for all other meetings), or his or her designee prior to the time of the vote(s) for which the form will be effective. The voting member may revoke the designation or Proxy at any time.*

I am a voting member of the ERCOT Corporate Members.

I hereby designate Name of Proxy of Company/Organization:

Alternative Representative

Proxy

to represent me at the Annual Membership Meeting on December 12, 2017.

Signed: \_\_\_\_\_

Printed Name: Insert your Name

Name of ERCOT Member Represented: Insert Member Company Name

Please fill out the form and return it to Tisa Wilkins at ERCOT no later than December 8, 2017. The form can be submitted by email (.pdf) to [membership@ercot.com](mailto:membership@ercot.com), facsimile to (512) 225-7079 or regular mail to ERCOT, Attn.: Membership, 7620 Metro Center Drive, Austin, Texas 78744.