



**DRAFT GENERAL SESSION MINUTES OF THE FINANCE & AUDIT COMMITTEE
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Room 206
Austin, Texas 78744
October 8, 2018

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Finance & Audit (F&A) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Bluntzer, Rick	Just Energy Texas, LP	Independent Retail Electric Provider <i>(Not Present for Agenda Items 1 – 2 and 12)</i>
Bulger, Terry	Unaffiliated	Unaffiliated Director
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	E.ON North America, LLC	Independent Generator <i>(Not Present for Agenda Item 12)</i>
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative
Walsh, Judy (Chair)	Unaffiliated	Unaffiliated Director

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility Segment Alternate
Cochran, Seth	DC Energy Texas LLC	Independent Power Marketer Segment Alternate
Crampton, Peter	Unaffiliated	Unaffiliated Director
Crowell, Craven	Unaffiliated	Unaffiliated Director
Harper, Sam	Chaparral Steel Midlothian, LP	Consumer – Industrial
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)



Mercado, Kenny	CenterPoint Energy, Inc.	Investor-Owned Utility
Pfirmann, Karl	Unaffiliated	Unaffiliated Director
Schwartz, Mark	Golden Spread Electric Cooperative, Inc.	Cooperative Segment Alternate

Officers and Guests:

Day, Betty	ERCOT Vice President of Governance, Risk and Compliance and Chief Compliance Officer
Dreyer, Jerry	ERCOT Senior Vice President and Chief Information Officer
Hissom, Russ	Baker Tilly Virchow Krause, LLP (Baker Tilly), Partner
Hobbs, Kristi	ERCOT Director of Enterprise Risk Management and Strategic Analysis
Levine, Jonathan	ERCOT Senior Corporate Counsel
Meek, Donald	Austin Energy, Credit Work Group (CWG) Chair
Mele, Cheryl	ERCOT Senior Vice President and Chief Operating Officer
Ogelman, 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
Ruane, Mark	ERCOT Director of Settlements Retail and Credit
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Vice President, General Counsel and Corporate Secretary
Taylor, Sean	ERCOT Controller
Wiley, Leslie	ERCOT Treasurer

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

Judy Walsh, F&A Committee Chair, determined that a quorum was present and called the General Session of the F&A Committee meeting to order at approximately 1:00 p.m.

August 6, 2018 General Session Meeting Minutes (Agenda Item 2)

Chair Walsh entertained a motion to approve the August 6, 2018 General Session Meeting Minutes (Minutes).

Vice Chairman Clifton Karnei moved to approve the Minutes as presented. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with one abstention (Judy Walsh).

Committee Education on Current Issues Confronting Finance and Audit Committees: The Finance Function in the Utility of the Future (Agenda Item 3)

Sean Taylor introduced Russ Hissom of Baker Tilly. Mr. Hissom presented the Committee Education on Current Issues Confronting Finance and Audit Committees: The Finance Function in the Utility of the Future and responded to questions and comments from Committee members.



Periodic Report on Credit Work Group Activity (Agenda Item 4)

Donald Meek, CWG Chair, presented the Periodic Report on Credit Work Group Activity and responded to questions and comments from Committee members.

Analysis of GreenHat Default in PJM Market (Agenda Item 5)

Mark Ruane presented the Analysis of GreenHat Default in PJM Market and responded to questions and comments from Committee members.

Credit Scenario Analysis (Agenda Item 6)

Mr. Ruane presented the Credit Scenario Analysis and responded to questions and comments from Committee members.

Letter of Credit Issuer Limits (Agenda Item 7)

Mr. Ruane presented the Letter of Credit Issuer Limits and responded to questions and comments from Committee members.

Committee Briefs (Agenda Item 8)

Chair Walsh invited Sean Taylor and Leslie Wiley to present the Committee Briefs.

Review Financial Summary (Agenda Item 8.1)

Mr. Taylor presented the 2018 Financial Summary and responded to questions and comments from Committee members.

Periodic Report on Investments (Agenda Item 8.2)

Ms. Wiley presented the Periodic Report on Investments and responded to questions and comments from Committee members.

Annual Committee Self-Evaluation (Agenda Item 9)

Chair Walsh presented the Annual Committee Self-Evaluation. She solicited feedback from the Committee on suggested changes. There were no changes suggested by Committee members, and no questions or comments. Chair Walsh encouraged participation in completing the questionnaire.

Future Agenda Items (Agenda Item 10)

Michael Petterson presented the Future Agenda Items. There were no questions or comments from Committee members.

Other Business (Agenda Item 11)

Chair Walsh entertained discussion of other business.

Mr. Petterson informed the Committee that the annual Committee survey on the adequacy and effectiveness of the Internal Audit team will be available online later in October 2018 and that Committee members would receive an email when the survey is available.



Executive Session

Chair Walsh recessed General Session at approximately 3:22 p.m. to convene Executive Session at approximately 3:32 p.m. Chair Walsh reconvened General Session at approximately 5:09 p.m.

Vote on Matters from Executive Session (Agenda Item 12)

Chair Walsh announced that there was one voting item discussed during Executive Session and entertained a motion.

Terry Bulger moved to recommend Board selection of the company discussed during Executive Session under Agenda Item ES 6.1 as the ERCOT 401(k) Savings Plan Auditor for calendar years 2018, 2019 and 2020. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with one opposed (Clifton Karnei) and no abstentions.

Adjournment (Agenda Item 13)

Chair Walsh adjourned the meeting at approximately 5:10 p.m.

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

Jonathan Levine
Senior Corporate Counsel