



Date: February 2, 2021
To: Board of Directors
From: Chad V. Seely, Vice President, General Counsel and Corporate Secretary
Subject: Call for Special Meeting of ERCOT Corporate Members

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 9, 2021

Item No.: 12.1

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should call a Special Meeting of ERCOT's Corporate Members for a vote to approve an Unaffiliated Director candidate as soon as practicable after the selection of such candidate by the Nominating Committee for recommendation to the Corporate Members.

Background/History:

Relevant Bylaws Provisions

Section 4.3(b)(3) of ERCOT's Amended and Restated Bylaws (Bylaws) provides that "[t]he Nominating Committee or its subcommittee shall interview the qualified candidates; and the Nominating Committee shall select, by at least a two-thirds majority, an Unaffiliated Director(s) (as such seat is vacant) to present to ERCOT Membership for its approval."

Unaffiliated Director Candidate

At its urgent meeting on February 9, 2021, the Nominating Committee is expected to consider the expiration of Peter Cramton's second term set to expire on August 16, 2021. Mr. Cramton has provided timely notice of his intent to seek re-election for his third term, beginning on August 17, 2021. In relation to Mr. Cramton's upcoming term expiration, the Nominating Committee may select a candidate for presentation to the ERCOT Corporate Members, subject to Public Utility Commission of Texas final approval.

Approval of Corporate Members

The next regularly-scheduled meeting of the Corporate Members is not anticipated to be held until the Annual Meeting of Corporate Members (Annual Meeting) on December 14, 2021. As such, in order to plan for the expiration of Mr. Cramton's second term on August 16, 2021, a Special Meeting of Corporate Members would need to be called if this matter is to be addressed by the Corporate Members prior to the Annual Meeting on December 14, 2021, and to avoid a vacancy of an Unaffiliated Director seat. Section 3.7(b) of ERCOT's Bylaws provides that "[s]pecial meetings of the Corporate Members may be called by the Board."

As such, in order to have the election of an Unaffiliated Director candidate before August 16, 2021, ERCOT Legal recommends that the Board call a Special Meeting of Corporate Members to approve the election of an Unaffiliated Director candidate as soon as practicable after the selection of such candidate by the Nominating Committee, and prior to the Annual Meeting on December 14, 2021.

Key Factors Influencing Issue:

- Sections 3.7(b) of the Bylaws give the Board discretion to call Special Meetings of the Corporate Members for consideration of, among other things, Unaffiliated Director candidates.
- Section 4.2 of ERCOT's Bylaws provides that the Board should be comprised, in part, of five Unaffiliated Directors.
- Mr. Cramton is an Unaffiliated Director and his second term expires on August 16, 2021.
- Submitting an Unaffiliated Director candidate selected by the Nominating Committee for Membership approval at the Annual Meeting in early December 2021 would delay Commission approval until after the expiration of Mr. Cramton's second term on August 16, 2021.

Conclusion/Recommendation:

ERCOT staff recommends that the Board call a Special Meeting of ERCOT's Corporate Members for a vote to approve an Unaffiliated Director candidate as soon as practicable after the selection of such candidate by the Nominating Committee for recommendation to the Corporate Members.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to call a Special Meeting of the ERCOT Corporate Members as soon as practicable for a vote to approve an Unaffiliated Director candidate to serve on the ERCOT Board who was selected by the Nominating Committee of the Board for recommendation to the ERCOT Corporate Members, subject to approval by the Public Utility Commission of Texas (PUCT);

THEREFORE, BE IT RESOLVED, that the Board hereby calls a Special Meeting of ERCOT's Corporate Members as soon as practicable for a vote to approve Unaffiliated Director candidate, Peter Cramton, to serve on the ERCOT Board who was selected by the Nominating Committee of the Board for recommendation to the ERCOT Corporate Members, subject to approval by the PUCT.

CORPORATE SECRETARY'S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 9, 2021 urgent meeting by teleconference, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of February, 2021.

Vickie G. Leady
Assistant Corporate Secretary