



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

Electric Reliability Council of Texas, Inc.
Urgent Finance & Audit Committee Meeting By Teleconference
February 8, 2021

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

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Anesetti-Parra, Vanessa	Just Energy Texas LP	Independent Retail Electric Provider
Bulger, Terry (Chairman)	Unaffiliated	Unaffiliated Director (<i>Proxy for Peter Cramton for Agenda Items 6 – 16</i>)
Cramton, Peter	Unaffiliated	Unaffiliated Director (<i>Not Present for Agenda Items 6 – 16</i>)
Gresham, Kevin	RWE Renewables Americas LLC	Independent Generator
Karnei, Clifton (Vice Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative (<i>Proxy for Nick Fehrenbach</i>)
Taylor, Ian	New Braunfels Utilities	Municipal Segment Alternate

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Bunch, Kevin	EDF Trading North America LLC	Independent Power Marketer Segment Alternate
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer
Hepper, Raymond	Unaffiliated	Unaffiliated Director
Kezar, Mike	South Texas Electric Cooperative Inc.	Cooperative Segment Alternate
Magness, Bill	ERCOT	President and Chief Executive Officer (CEO)
Miller, Randal	Southern Federal Power, LLC	Independent Retail Electric Provider Segment Alternate



Smith, Wade	American Electric Power Service Corporation	Investor-Owned Utility Segment Alternate
Talberg, Sally	Unaffiliated	Unaffiliated Director

Officers and Guests:

Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Levine, Jonathan	ERCOT Senior Corporate Counsel
Martin, Loretto	NRG Texas Power LLC/Direct Energy, Credit Work Group (CWG) Chair
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
Parakkuth, Jayapal	ERCOT Vice President and Chief Information Officer
Rickerson, Woody	ERCOT Vice President of Grid Planning and Operations
Ruane, Mark	ERCOT Senior Director of Settlements Retail and Credit
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Vice President, General Counsel and Corporate Secretary
Spak, Mara	ERCOT Vice President of Human Resources
Tamby, Jeyant	ERCOT Senior Vice President and Chief Administrative Officer
Taylor, Sean	ERCOT Vice President and Chief Financial Officer
Wiley, Leslie	ERCOT Treasurer

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

Chad Seely, ERCOT Vice President, General Counsel and Corporate Secretary, determined that a quorum was present and called the urgent F&A Committee General Session meeting to order at approximately 9:00 a.m. Mr. Seely conducted a roll call of Committee members, guest Board members and Segment Alternates and confirmed that a quorum was present.

Mr. Seely addressed certain administrative matters and reminded everyone that all meeting materials may be found on ERCOT's website, that is, at [ERCOT.com/committees/board/finance_audit/](https://ercot.com/committees/board/finance_audit/) at the meeting link for February 8, 2021 under "Key Documents." Mr. Seely noted the antitrust and security admonitions and announced that ERCOT had outlined the reason for this urgent F&A Committee meeting in ERCOT's *Notice of February 8 and February 9, 2021 Urgent Teleconference Meetings of the ERCOT Finance and Audit Committee, Human Resources and Governance Committee, Nominating Committee, and Board of Directors*, which was filed on Monday, February 1, 2021, in Project Nos. 27706 and 50664 at the Public Utility Commission of Texas (PUCT). He also noted that ERCOT had provided instructions for public comment on the agenda for this meeting, which was posted publicly on Monday, February 1, 2021, and that to date, no person had requested to provide public comment.

Mr. Seely welcomed two new Committee Members: Peter Cramton, Unaffiliated Director, and Vanessa Anesetti-Parra, Independent Retail Electric Provider Segment Director. He also announced that Unaffiliated Director Peter Cramton had provided his proxy to Unaffiliated



Director Terry Bulger for the remainder of the meeting upon Mr. Cramton's departure, Consumer – Commercial Segment Director Nick Fehrenbach had provided his proxy to Cooperative Segment Director Clifton Karnei, and Ian Taylor, Municipal Segment Alternate, was attending in Jackie Sargent's absence.

Announcement of Committee Membership (Agenda Item 2)

Mr. Seely presented the Committee Membership list for 2021, including Segment Alternates, and stated there was a one-member difference between the F&A and Human Resources and Governance (HR&G) Committees, which was as close to even as possible given the current Unaffiliated Director vacancy. There were no questions or comments from Committee members

Election of Committee Chair; Election of Committee Vice Chair (Agenda Items 3 and 4)

Bill Magness entertained nominations for Committee Chair and Vice Chair.

Mr. Cramton nominated Terry Bulger as Committee Chair and Clifton Karnei as Committee Vice Chair. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

With the election of Mr. Bulger as Committee Chairman, Mr. Seely and Mr. Magness handed the meeting over to Chairman Bulger. Chairman Bulger welcomed new F&A Committee members, Mr. Cramton and Ms. Anesetti-Parra, and addressed the following Agenda Items in the order below.

Designation of Committee Secretary (Agenda Item 5)

Chairman Bulger entertained a motion for Committee Secretary.

Mr. Cramton moved to designate Mr. Seely or his designee as Committee Secretary. Vice Chairman Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

December 7, 2020 General Session Urgent Meeting Minutes (Agenda Item 6)

Chairman Bulger entertained a motion to approve the December 7, 2020 General Session Urgent Meeting Minutes (Minutes).

Vice Chairman Karnei moved to approve the Minutes as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with two abstentions (Mr. Cramton and Ms. Anesetti-Parra).

Charter Review and Approval; Recommendation Regarding Committee Charter; Review and Approval of Internal Audit Department Charter; Review and Ratification of Credit Work Group Charter and Qualification Guidelines; Policy Review and Approval; Recommendation Regarding Market Credit Risk Corporate Standard; Recommendation Regarding Financial Corporate Standard; Recommendation Regarding Investment Corporate Standard (Agenda Items 7, 7.1 – 7.3, 8, and 8.1 – 8.3)

Chairman Bulger presented the Committee Charter. He reported there were no revisions being proposed for 2021. Mr. Seely, Committee Secretary, affirmed that the Committee satisfied the



Duties and Responsibilities of the F&A Committee Charter in 2020. Penny Rychetsky presented the Internal Audit Department Charter and reported that no substantive revisions were being proposed. Mark Ruane presented the Credit Work Group Charter and the Market Credit Risk Corporate Standard, and reported there were minor revisions being proposed to the former and no revisions being proposed to the latter. Leslie Wiley presented the Financial Corporate Standard and Investment Corporate Standard and reported there were no revisions being proposed to either. There were no questions or comments from Committee members.

Vice Chairman Karnei moved to: (1) recommend for Board approval the Committee Charter, Market Credit Risk Corporate Standard, Financial Corporate Standard, Investment Corporate Standard; (2) approve the Internal Audit Department Charter; and (3) ratify the Credit Work Group Charter; each as presented. Mr. Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Handling of Complaints Regarding Financial Matters; Policy on Hiring Former Employees of the Independent Auditor; Policy on Independent Auditor Selection (Agenda Items 8.4 – 8.6)

Sean Taylor presented the Handling of Complaints Regarding Financial Matters, Policy on Hiring Former Employees of the Independent Auditor and Policy on Independent Auditor Selection. There were no questions or comments from Committee members.

Confirmation of Credit Work Group Chair and Vice Chair (Agenda Item 9)

Mr. Ruane presented the 2021 CWG Chair and Vice Chair for confirmation. He reported that on January 19, 2021 by email vote, CWG elected Loretto Martin, NRG Texas Power LLC/Direct Energy as Chair and James Spaulding, Calpine, as Vice Chair.

Mr. Gresham moved to confirm Ms. Martin and Mr. Spaulding as CWG Chair and Vice Chair, respectively. Vice Chairman Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chairman Bulger welcomed Ms. Martin to her first F&A Committee meeting as CWG Chair.

Periodic Report on Credit Work Group Activity (Agenda Item 10)

Ms. Martin presented the Periodic Report on Credit Work Group Activity. Ms. Martin, Mr. Ruane and Mr. Seely responded to questions and comments from Committee members.

Letter of Credit Issuer Limits (Agenda Item 11)

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

Committee Education Plan for 2021 (Agenda Item 12)

Mr. S. Taylor presented the Committee Education Plan for 2021 and responded to questions and comments from Committee members.



Forecast Adequacy of the Budgeted System Administration Fee (Agenda Item 13)

Mr. S. Taylor presented the Forecast Adequacy of the Budgeted System Administration Fee. There were no questions or comments from Committee members.

Committee Briefs (Agenda Item 14)

Chairman Bulger invited Mr. S. Taylor and Ms. Wiley to present the Committee Briefs.

Review 2020 Financial Summary (Agenda Item 14.1)

Mr. S. Taylor presented the 2020 Financial Summary and responded to questions and comments from Committee members.

Periodic Report on Investments (Agenda Item 14.2)

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

Financial Institutions which are Market Participants (Agenda Item 14.3)

Ms. Wiley presented Financial Institutions which are Market Participants. There were no questions or comments from Committee members.

Future Agenda Items (Agenda Item 15)

Mr. S. Taylor presented the Future Agenda Items. There were no questions or comments from Committee members.

Other Urgent Business (Agenda Item 16)

No other urgent business was discussed at this time.

Executive Session

Chairman Bulger recessed General Session at approximately 10:02 a.m. and convened Executive Session at approximately 10:19 a.m. Chairman Bulger reconvened General Session at approximately 11:40 a.m.

Vote on Matters from Executive Session (Agenda Item 17)

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

Vice Chairman Karnei moved to approve the Preapproval of Non-Audit Services as discussed during Executive Session. Mr. Cramton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 18)

Chairman Bulger adjourned the meeting at approximately 11:41 a.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