



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

Electric Reliability Council of Texas, Inc.
Urgent Finance & Audit Committee and Board of Directors Meeting By Teleconference
July 23, 2021 at 10:00 a.m.

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

Meeting Attendance:

F&A Committee Members:

Director	Affiliation	Segment
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	RWE Renewables Americas LLC	Independent Generator (<i>Not Present for Agenda Items 1 – 4</i>)
Hancock, Tom	Garland Power and Light	Municipal
McClendon, Shannon	Demand Control 2 LLC	Independent Retail Electric Provider
Parsley, Julie	Pedernales Electric Cooperative, Inc.	Cooperative (<i>Not Present for Agenda Items 10 – 11</i>)
Schleimer, Steven	Calpine Corporation	Independent Generator Segment Alternate (<i>Seated for Agenda Items 1 – 4 Only; Not Present for Agenda Items 10 – 11</i>)

Other Board Members:

Director	Affiliation	Segment
Carpenter, Mark	Oncor Electric Delivery Company	Investor-Owned Utility
Ekoh, Chris	Office of Public Utility Counsel (OPUC)	Consumer – Residential
Emery, Keith	Tenaska Power Services Co.	Independent Power Marketer
Harper, Sam	Chaparral Steel Midlothian, LP	Consumer – Industrial
Jones, Brad	ERCOT	President and Chief Executive Officer (CEO)
Lake, Peter (<i>Presiding Director</i>)	Public Utility Commission of Texas (PUCT, Commission)	Chair



Segment Alternates, Officers and Guests:

Brown, Jim	Just Energy Texas LP (Independent Retail Electric Provider Segment Alternate)
Bunch, Kevin	EDF Trading North America LLC (Independent Power Marketer Segment Alternate) <i>(Not Present for Agenda Items 10 – 11)</i>
Cobos, Lori	PUCT Commissioner
Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Gendreau, Jeff	Baker Tilly US, LLP (Baker Tilly) Partner
Hobbs, Kristi	ERCOT Vice President of Corporate Strategy and PUC Relations
Kezar, Mike	South Texas Electric Cooperative Inc. (Cooperative Segment Alternate)
Levine, Jonathan	ERCOT Senior Corporate Counsel
Lyons, Glen	ExxonMobil Power and Gas Services, Inc. (Consumer – Industrial Segment Alternate) <i>(Not Present for Agenda Items 10 – 11)</i>
McAdams, Will	PUCT Commissioner
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
Parakkuth, Jayapal	ERCOT Vice President and Chief Information Officer
Richie, Jennifer	City of Waco (Consumer – Commercial Segment Alternate) <i>(Not Present for Agenda Items 10 – 11)</i>
Rickerson, Woody	ERCOT Vice President of Grid Planning and Operations
Seely, Chad V.	ERCOT Vice President, General Counsel and Corporate Secretary
Slaughter, Sarah	Baker Tilly, Senior Manager
Spak, Mara	ERCOT Vice President of Human Resources
Talavera, Judith	American Electric Power Service Corporation (Investor-Owned Utility Segment Alternate)
Tamby, Jeyant	ERCOT Senior Vice President, Chief Administrative Officer and Chief of Staff
Taylor, Sean	ERCOT Vice President and Chief Financial Officer

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

Chad Seely, ERCOT Corporate Secretary, determined a quorum of the Board was present and called the urgent Board meeting to order at approximately 10:01 a.m.

Nick Fehrenbach, F&A Committee Chairman, determined that a quorum of the F&A Committee was present and called the urgent F&A Committee meeting to order at approximately 10:01 a.m.

Mr. Seely recognized Peter Lake, Chairman of the PUCT. Chairman Lake called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for July 23, 2021.

At Mr. Seely’s request, Jonathan Levine, Senior Corporate Counsel, conducted a roll call of Directors, Segment Alternates and Commissioners, and confirmed a quorum of each of the F&A Committee and Board was present.



Mr. Seely announced that with no seated Unaffiliated Directors and no current Board Chair and Vice Chair, pursuant to the ERCOT Bylaws, as Corporate Secretary and the CEO's designee, he had called the urgent Board meeting to order on behalf of the Board. Mr. Seely added that upon the election of a Presiding Director for the meeting under Agenda Item No. 2, he would turn the meeting over to the Presiding Director, who would administer the joint meeting on behalf of the Board and F&A Committee.

Mr. Seely announced that Steven Schleimer, Independent Generator Segment Alternate, was attending in Kevin Gresham's absence, and that Mr. Gresham may arrive later in the meeting.

Mr. Seely highlighted the antitrust and security admonitions and addressed certain administrative matters, and reminded everyone that all meeting materials may be found on ERCOT's website, that is, at [ERCOT.com/committee/board](https://ercot.com/committee/board) at the meeting link for July 23, 2021 under "Key Documents." In regard to the reason for the urgent F&A Committee and Board meeting, he reported that ERCOT had outlined the reason for this urgent F&A Committee and Board meeting in *ERCOT's Notice of July 23, 2021 Urgent Teleconference Board of Directors Meeting*, which was filed on Monday, July 19, 2021, in Project Nos. 51878 and 50664 at the Public Utility Commission.

Mr. Seely reminded the Board that the Bylaws require the Board to ratify any actions taken at an urgent Board meeting by teleconference at its next regularly scheduled meeting.

Election of Presiding Director for Meeting (Agenda Item 2)

Mr. Seely entertained nominations for a Presiding Director for the meeting.

Shannon McClendon nominated Peter Lake as the Presiding Director. Mark Carpenter seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Seely turned the meeting over to Chairman Lake. Chairman Lake addressed the following Agenda Items in the order below.

Notice of Written Public Comment, if Any (Agenda Item 3)

Mr. Seely announced that ERCOT had provided instructions for written public comment on the agenda for the meeting, which was posted publicly on July 16, 2021, and that to date no such comments had been received. There were no questions or comments from Board members.

Periodic Meeting with Independent Financial Auditor; Review of Requirements for Annual Audit of Financial Statements; Report on December 31, 2020 Financial Audit (Agenda Items 4, 4.1 - 4.2)

Sean Taylor presented the Review of Requirements for Annual Audit of Financial Statements. There were no questions from Board members. Mr. Taylor introduced Jeff Gendreau and Sarah Slaughter of Baker Tilly. Mr. Gendreau presented the Report on December 31, 2020 Financial Audit (Financial Statements Audit Report). Mr. Gendreau reported that Baker Tilly plans to issue an unmodified opinion for the year ending in December 31, 2020. He added that Baker Tilly identified no material weakness or significant deficiencies in ERCOT's internal control. Mr. Gendreau thanked Ms. Slaughter and ERCOT staff for their efforts during this challenging period.



following the February 2021 extreme winter weather event. Mr. Gendreau, Ms. Slaughter and Mr. Taylor responded to questions and comments from Board members.

F&A Committee Recommendation Regarding Acceptance of Financial Statements Audit Report (Agenda Item 4.4)

Chairman Fehrenbach entertained a motion for the F&A Committee Recommendation Regarding Acceptance of Financial Statements Audit Report.

Julie Parsley moved to recommend that the Board accept the audited financials and Financial Statements Audit Report as presented. Ms. McClendon seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Review of Audited Financial Statements (Agenda Item 4.3)

Mr. Taylor presented the Review of Audited Financial Statements. There were no questions or comments from Board members.

Board Acceptance of Financial Statements Audit Report (Agenda Item 4.5)

Chairman Lake entertained a motion for the Board to accept the Financial Statement Audit Report.

Mr. Fehrenbach moved that the Board accept the audited financials and Financial Statements Audit Report as recommended by the F&A Committee. Sam Harper seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Discussion of 2022-2023 Biennial Budget Assumptions (Agenda Item 5)

Mr. Taylor presented the 2022-2023 Biennial Budget Assumptions. He explained that the 2022-2023 biennial budget was scheduled to be considered for vote in August 2021. Brad Jones, Mr. Seely and Mr. Taylor responded to questions and comments from Board members.

Updates on Deliverables from Previous Board Meeting (Agenda Item 6)

Chairman Lake presented the Updates on Deliverables from Previous Board Meeting. Mr. Seely announced that an assessment of ongoing litigation related to the February 2021 extreme winter weather event would be presented during Executive Session. Ms. McClendon requested that discussion on deliverables from previous Board meetings continue during Executive Session.

Establishment of Transition Committee (Agenda Item 7)

Chairman Lake presented the Establishment of Transition Committee. He explained that some Board members had expressed interest in forming an ad hoc subcommittee as permitted by the Bylaws to assist with matters related to the transition of the Board to its new composition in accordance with Senate Bill 2. Board members discussed the establishment of a Transition Committee, including possible membership and scope.

Ms. McClendon moved that the Board establish a Transition Committee to assist with the transition of the Board in accordance with Senate Bill 2. Mr. Carpenter seconded the motion. The motion passed by unanimous voice vote with no abstentions.



At Chairman Lake's request, Ms. McClendon agreed to prepare a draft Transition Committee Charter for ERCOT Legal staff to circulate to Board members for their input prior to the August 2021 Board meeting.

Other Urgent Business (Agenda Item 8)

Brad Jones announced that ERCOT would likely be reaching its all-time peak demand in coming weeks, and that a conservation notice is not required at this time but will be announced if needed. There were no questions or comments from Board members. No other urgent business was discussed.

F&A Committee Adjournment (Agenda Item 9)

Mr. Fehrenbach announced that the F&A Committee would not convene in Executive Session. Mr. Fehrenbach adjourned the F&A Committee meeting at approximately 12:18 p.m. The meeting continued as a meeting solely of the Board.

Executive Session

Chairman Lake recessed General Session at approximately 12:19 p.m. and convened Executive Session at approximately 12:35 p.m. Chairman Lake reconvened General Session at approximately 2:20 p.m.

Vote on Matters from Executive Session (Agenda Item 10)

Chairman Lake entertained a motion for one matter discussed during Executive Session.

Mr. Carpenter moved to authorize ERCOT to procure additional insurance as discussed during Executive Session. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 11)

Chairman Lake adjourned the meeting at approximately 2:21 p.m.

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

Jonathan Levine
Senior Corporate Counsel