



**DRAFT GENERAL SESSION MINUTES OF THE
URGENT BOARD OF DIRECTORS MEETING OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

Electric Reliability Council of Texas, Inc.
Urgent Board of Directors Meeting By Teleconference
August 10, 2021 at 9:00 a.m.

Pursuant to notice duly given, the urgent meeting of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT), convened via teleconference on the above-referenced date.

Meeting Attendance:

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
Fehrenbach, Nick	City of Dallas	Consumer – Commercial
Gresham, Kevin	RWE Renewables Americas, LLC	Independent Generator
Hancock, Tom	Garland Power and Light	Municipal
Harper, Sam	Chaparral Steel Midlothian, LP	Consumer – Industrial
Jones, Brad	ERCOT	Interim President and Chief Executive Officer (CEO) (<i>Not Present for Agenda Items 13 – 14</i>)
Lake, Peter (<i>Presiding Director</i>)	Public Utility Commission of Texas (PUCT, Commission)	Chairman
McClendon, Shannon	Demand Control 2 LLC	Independent Retail Electric Provider
Parsley, Julie	Pedernales Electric Cooperative, Inc.	Cooperative

Segment Alternates and Guests:

Ayson, Janice	ERCOT Strategic Advisor Lead
Bivens, Carrie	Potomac Economics, ERCOT Independent Market Monitor (IMM), Director



Blakely, Eric	Just Energy Texas LP, Technical Advisory Committee (TAC) Vice Chair
Brown, Jim	Just Energy Texas LP (Independent Retail Electric Provider Segment Alternate)
Bunch, Kevin	EDF Trading North America LLC (Independent Power Marketer Segment Alternate)
Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Hobbs, Kristi	ERCOT Vice President of Corporate Strategy and PUC Relations
Kezar, Mike	South Texas Electric Cooperative Inc. (Cooperative Segment Alternate)
Lange, Clif	South Texas Electric Cooperative Inc., TAC Chair
Lyons, Glen	ExxonMobil Power and Gas Services, Inc. (Consumer – Industrial Segment Alternate) <i>(Not Present for Agenda Items 13 – 14)</i>
Mereness, Matt	ERCOT Senior Director of Passport Program Implementation
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
Schleimer, Steven	Calpine Corporation (Independent Generator Segment Alternate) <i>(Not Present for Agenda Items 13 – 14)</i>
Seely, Chad V.	ERCOT Vice President, General Counsel and Corporate Secretary
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 that a quorum was present and called the urgent Board meeting to order at approximately 9:02 a.m. Mr. Seely conducted a roll call of Directors and Segment Alternates and confirmed a quorum 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, Mr. Seely 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.

Mr. Seely highlighted the antitrust and security admonitions, 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 August 10, 2021 under “Key Documents.” In regard to the reason for the urgent Board meeting, he reported that ERCOT had outlined the reason for this urgent Board meeting in *ERCOT’s Notice of August 9 and August 10, 2021 Urgent Teleconference Meetings of the ERCOT Finance and Audit Committee, Human*



Resources and Governance Committee, and Board of Directors, which was filed on Monday, August 2, 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 in-person meeting.

Election of Presiding Director for Meeting (Agenda Item 2)

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

Mark Carpenter nominated Chairman Lake as Presiding Director for the meeting. Sam Harper 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.

Consent Agenda, Unopposed Revision Requests Recommended by Technical Advisory Committee (TAC) for Approval (Agenda Items 3, 3.1, and 3.1.1 – 3.1.13)

Chairman Lake presented the Consent Agenda. Mr. Seely reviewed the cost impacts of the Revision Requests on the Consent Agenda. There were no questions or comments for Board members. Chairman Lake entertained a motion for the approval of the Consent Agenda as follows:

- NPRR995, RTF-6 Create Definition and Terms for Settlement Only Energy Storage;
- NPRR1005, Clarify Definition of Point of Interconnection (POI) and Add Definition Point of Interconnection Bus (POIB);
- NPRR1063, Dynamic Rating Transparency;
- NPRR1073, Market Entry/Participation by Principals of Counter-Parties with Financial Obligations – URGENT;
- NPRR1078, Clarification of Potential Uplift – URGENT, with a recommended effective date of upon PUCT approval;
- NPRR1079, Day-Ahead Market RRS / ECRS 48-Hour Report Clarification;
- NPRR1083, Modification of Uplift Allocation Rules to Address Role of Central Counter-Party Clearinghouses – URGENT;
- NOGRR210, Related to NPRR1005, Clarify Definition of Point of Interconnection (POI) and Add Definition Point of Interconnection Bus (POIB);
- PGRR089, Planning Data and Information Updates for Planning Posting;
- PGRR091, FIS Application Completion 60-Day Limit;
- RRGRR025, Related to NPRR1005, Clarify Definition of Point of Interconnection (POI) and Add Definition Point of Interconnection Bus (POIB);
- RRGRR028, Transformer Impedance Clarifications; and
- SCR815, MarkeTrak Administrative Enhancements – URGENT.

Mr. Carpenter moved to approve the Consent Agenda as presented and as recommended by TAC, and also with a recommended effective date of upon PUCT approval for



NPRR1078. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

General Session Meeting Minutes; March 3, 2021 Urgent Meeting; March 12, 2021 Urgent Meeting; April 13, 2021 Urgent Meeting; April 27, 2021 Urgent Meeting; June 7 – 8, 2021 Urgent Meeting; June 28, 2021 Urgent Meeting; July 23, 2021 Urgent Finance and Audit (F&A) Committee and Board Meeting (Agenda Items 4 and 4.1 – 4.7)

Chairman Lake entertained a motion to approve the General Session Urgent Meeting Minutes (Minutes) for the March 3, March 12, April 13, April 27, June 7 – 8, and June 28, 2021 Urgent Board Meetings and the July 23, 2021 Urgent F&A Committee and Board Meeting. Chris Ekoh identified a scrivener's error on page 2 of the Minutes for the June 28, 2021 Urgent Board Meeting.

Mr. Carpenter moved to approve the Minutes as presented, and with the Minutes for the June 28, 2021 Urgent Board Meeting as revised to correct the scrivener's error identified by Mr. Ekoh. Mr. Harper seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chief Executive Officer Update (Agenda Item 5)

Brad Jones presented the CEO Update. He reviewed the 2021 financial summary and presented an update on major projects and upcoming releases. In regard to summer 2021 operations, Mr. Jones announced that ERCOT has been operating the grid more conservatively to ensure there is adequate electric supply available to meet customer demand, which has included purchases of more Ancillary Services. Shannon McClendon commented on a recent Ancillary Services price spike, in response to which Mr. Jones discussed the reasons for certain recent purchases. Ms. McClendon expressed concern regarding the price impact of such Ancillary Services purchases on Load Serving Entities (LSEs) and inquired about steps to limit future similar Ancillary Service purchases, to which Mr. Jones commented that the most important step is to clearly communicate to the market how these Ancillary Services are being procured, which promotes market response. Mr. Jones acknowledged the impact to LSEs but added that the market seems to be reacting as expected.

Mr. Jones reported that the ERCOT Region had set a new June peak load record of 70,219 MW on June 23, 2021 between 4 and 5 p.m. and had recently also set new wind and solar instantaneous records for generation output.

Mr. Jones announced that ERCOT's *Roadmap to Improving Grid Reliability* (Roadmap) was filed with the Commission on July 13, 2021. Ms. McClendon commented that the Roadmap was not officially presented to or approved by the Board and not approved by the Commission, to which Mr. Jones responded that he had shared the Roadmap with each Board member. Mr. Carpenter commented that many people provided input on the Roadmap, and that all Board members were invited to do so. Ms. McClendon expressed concern about the lack of Board deliberation and discussion and opportunity for stakeholder input on the Roadmap generally, and in particular Roadmap Item 36, which proposes to ensure that TAC is comprised of senior-level members from each member organization to promote timely decision-making. Mr. Carpenter commented that there is concern among stakeholders regarding Item 36 and that additional discussions will



be needed, and expressed support for the current composition of TAC. Mr. Jones agreed that the issue needs further discussion and will not be fully resolved until new Board members selected by the Board selection committee have been seated and can provide input. Mr. Jones commented that the elimination of Segment Director positions in Senate Bill 2 could be viewed as the Texas Legislature expressing a lack of confidence in the stakeholder process. Ms. McClendon responded that Senate Bill 2 does not mandate changes to the composition of TAC or the stakeholder process. Chairman Lake commented that while he believes Senate Bill 2 does contemplate changes to the stakeholder process, he feels confident the stakeholder process will continue to be effective. Ms. McClendon questioned whether it was clear that the Legislature desired changes to TAC and requested written documentation from state leadership that expressly states that the composition of TAC should be changed or that there is a lack of confidence in TAC's current structure before significant changes are made.

Mr. Jones commented on ongoing collaboration between ERCOT and the Commission and provided recent examples. Ms. McClendon expressed concern over ERCOT management's limited engagement with the Board as a whole rather than with individual members, requested documentation that all Board members are provided equal information, and requested more frequent updates from management. Mr. Jones agreed to consider Ms. McClendon's suggestions and possible improvements.

Mr. Jones reviewed the implementation of House Bill 4492. There were no questions or comments from Board members.

Mr. Jones provided an overview of the redesigned ERCOT website homepage and new dashboards that display system conditions in real-time. Ms. McClendon inquired about the recent decision by ERCOT to increase Non-Spinning Reserve Service (Non-Spin) quantities such that the sum of Regulation Up, Non-Spin and Responsive Reserve Service (RRS) is equal to 6,500 MW for all hours on all days and whether this amount includes RRS provided by Load Resources, to which Mr. Jones responded no. Ms. McClendon expressed concern that the 6,500 MW is not offset by the amount of RRS provided by Load Resources. Mr. Jones commented that the decision was made only to factor in Generation Resources that are available, and not Load Resources, which is an intentionally conservative approach. Mr. Carpenter commented that he also believes ERCOT is taking a very conservative approach, which has some impacts on certain Market Participants. Chairman Lake recognized the need for ERCOT to take a conservative approach on reliability issues but also commented that the Commission and ERCOT are committed to continuing to work on balancing the need to ensure reliability with the protection of costs for consumers. Mr. Jones committed to continuing to work to increase the opportunities for Load Resources to provide Ancillary Services.

Mr. Jones reviewed the ERCOT Flexible Work Policy that went into effect July 1, 2021 and noted that ERCOT continues to evaluate the appropriate time to return to in-person stakeholder meetings, provided an update on the new MET Center facility, and responded to questions and comments from Board members.



Independent Market Monitor (IMM) Report (Agenda Item 6)

Chairman Lake reported that IMM Director Carrie Bivens would not be providing an oral presentation for the IMM Report, but that she was available to answer any questions. There were no questions or comments from Board members.

Break

Chairman Lake recessed General Session for break at approximately 10:20 a.m. and reconvened General Session at approximately 10:31 a.m.

TAC Report; Non-Unanimous Revision Requests Recommended by TAC for Approval; NPRR1086, Recovery, Charges, and Settlement for Operating Losses During an LCAP Effective Period – URGENT (Agenda Items 7, 7.1 and 7.1.1)

Clif Lange presented the TAC Report and NPRR1086, Recovery, Charges, and Settlement for Operating Losses During an LCAP Effective Period – URGENT, as recommended by TAC for Board approval. There were no questions or comments from Board members. Chairman Lake entertained a motion to approve NPRR1086.

Ms. McClendon moved to approve NPRR1086 as recommended by TAC in the July 28, 2021 TAC Report. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with one abstention (Tom Hancock).

Passport Program Update (Agenda Item 7.2)

Matt Mereness presented the Passport Program Update. There were no questions or comments from Board members.

ERCOT Recommendation to PUC Project No. 46304, Oversight Proceeding Regarding ERCOT Matters Arising Out of PUC Docket No. 45624 Relating to DC Tie Project Proposed by Southern Cross Transmission, LLC, Directive 9 – ERCOT Determination Regarding Modifications to Ancillary Services (Agenda Item 8)

Janice Ayson presented ERCOT's Recommendation to PUC Project No. 46304, Oversight Proceeding Regarding ERCOT Matters Arising Out of PUC Docket No. 45624 Relating to DC Tie Project Proposed by Southern Cross Transmission, LLC, Directive 9 – ERCOT Determination Regarding Modifications to Ancillary Services. There were no questions or comments from Board members.

Chairman Lake entertained a motion to approve to approve ERCOT staff's determination that in order to accommodate the Southern Cross DC Tie: (1) upon implementation of approved NPRR1034, Frequency-Based Limits on DC Tie Imports and Exports, ERCOT will have the authority to establish limits on DC Tie transfers and to curtail DC Tie schedules when necessary to address the risk of unacceptable frequency deviations; (2) no adjustment to RRS Service or Non-Spin Service is necessary if the Southern Cross DC Tie is constructed consistent with the proposed design as a bi-pole DC Tie capable of operating in single-pole mode; (3) no changes to Regulation Service are necessary because, upon implementation, DC Tie ramp will be adequately addressed by approved NPRR999, DC Tie Ramp Limitations, and approved SCR800, Addition of DC Tie Ramp to GTBD Calculation; and (4) no other changes to Ancillary Services are needed and no new Ancillary Services costs need to be allocated.



Mr. Carpenter moved to approve ERCOT staff's determination that in order to accommodate the Southern Cross DC Tie: (1) upon implementation of approved NPRR1034, ERCOT will have the authority to establish limits on DC Tie transfers and to curtail DC Tie schedules when necessary to address the risk of unacceptable frequency deviations; (2) no adjustment to RRS Service or Non-Spin Service is necessary if the Southern Cross DC Tie is constructed consistent with the proposed design as a bi-pole DC Tie capable of operating in single-pole mode; (3) no changes to Regulation Service are necessary because, upon implementation, DC Tie ramp will be adequately addressed by approved NPRR999 and approved SCR800; and (4) no other changes to Ancillary Services are needed and no new Ancillary Services costs need to be allocated. Julie Parsley seconded the motion. The motion passed by unanimous voice vote with one abstention (Mr. Hancock).

Finance and Audit (F&A) Committee Report; 2022-2023 Budget and Fee (Agenda Items 9 and 9.2)

Mr. Fehrenbach, F&A Committee Chair, reported that the F&A Committee met the prior day and highlighted items discussed at the F&A Committee meeting. He presented the F&A Committee's recommendation regarding the 2022-2023 Budget and Fee. **Mr. Fehrenbach moved to approve the 2022-2023 Budget and Fee as recommended by the F&A Committee. Ms. Parsley seconded the motion.** Mr. Fehrenbach and Sean Taylor responded to questions and comments from Board members. **The motion passed by unanimous voice vote with two opposed (Mr. Fehrenbach and Mr. Hancock) and one abstention (Ms. McClendon).**

Acceptance of ERCOT's 401(k) Savings Plan Audit Report (Agenda Item 9.1)

Mr. Fehrenbach presented the F&A Committee's recommendation regarding the acceptance of ERCOT's 401(k) Savings Plan Audit Report. There were no questions or comments from Board members. **Mr. Fehrenbach moved to accept the ERCOT 2020 401(k) Savings Plan Audit Report as recommended by the F&A Committee. Ms. Parsley seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

Human Resources and Governance (HR&G) Committee Report (Agenda Item 10)

Mr. Carpenter, HR&G Committee Chair, reported that the HR&G Committee met the prior day and highlighted items discussed at the HR&G Committee meeting. There were no questions or comments from Board members.

Transition Committee Update (Agenda Item 11)

Chairman Lake presented the Transmission Committee Update. There were no questions or comments from Board members.

Ms. McClendon moved to (1) waive the seven-day advanced notice requirement for Board consideration set forth in Bylaws Section 4.6(b), and (2) dissolve the Transition Committee. Mr. Carpenter seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Other Urgent Business (Agenda Item 12)

No other urgent business was discussed at this time.

Chairman Lake announced that the next Board and Committee meetings are expected to be held on October 11 and 12, 2021.

Executive Session

Chairman Lake recessed General Session at approximately 11:16 a.m. and convened Executive Session at approximately 11:25 a.m. Chairman Lake reconvened General Session at approximately 12:36 p.m.

Vote on Matters from Executive Session (Agenda Item 13)

Chairman Lake entertained motions for two matters discussed during Executive Session.

Ms. Parsley moved to select the Independent Financial Auditor to perform ERCOT's financial statements audit and Form 990 review as recommended by the F&A Committee and as discussed during Executive Session. Ms. McClendon seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Ms. Parsley moved to select ERCOT's 401(k) Savings Plan Auditor as recommended by the F&A Committee and as discussed during Executive Session. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 14)

Chairman Lake adjourned the meeting at approximately 12:38 p.m.

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

Chad V. Seely
Corporate Secretary