



**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
August 9, 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
Brown, Jim	Just Energy Texas LP	Independent Retail Electric Provider Segment Alternate
Fehrenbach, Nick (Chairman)	City of Dallas	Consumer – Commercial
Gresham, Kevin	RWE Renewables Americas, LLC	Independent Generator
Hancock, Tom	Garland Power and Light	Municipal
Parsley, Julie (Vice Chair)	Pedernales Electric Cooperative, Inc.	Cooperative

Guest Board Members and Segment Alternates:

Director/ Segment Alternate	Affiliation	Segment
Bunch, Kevin	EDF Trading North America LLC	Independent Power Marketer Segment Alternate
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	ERCOT Interim President and Chief Executive Officer (CEO)
Lake, Peter	Public Utility Commission of Texas (PUCT, Commission)	Chairman
Lyons, Glen	ExxonMobil Power and Gas Services, Inc.	Consumer – Industrial Segment Alternate



Talavera, Judith	American Electric Power Service Corporation	Investor-Owned Utility Segment Alternate
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Officers and Guests:

Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer	
Herms, Dawn	ERCOT Manager of Human Resources Operations	
Hobbs, Kristi	ERCOT Vice President of Corporate Strategy and PUC Relations	
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, Chief Administrative Officer and Chief of Staff	
Taylor, Sean	ERCOT Vice President and Chief Financial Officer	
Wiley, Leslie	ERCOT Treasurer	
Zimmerhanzel, A.J.	Maxwell Locke & Ritter LLP	

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

Nick Fehrenbach, F&A Committee Chairman, determined that a quorum was present and called the urgent F&A Committee meeting to order at approximately 9:00 a.m. At Chairman Fehrenbach’s request, Chad Seely, ERCOT Corporate Secretary, conducted a roll call of Committee members, guest Board members and Segment Alternates, and confirmed that a quorum was present.

Chairman Fehrenbach announced that Jim Brown, Independent Retail Electric Provider Segment Alternate, was attending in Shannon McClendon’s absence. He 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/committees/board/finance_audit/ at the meeting link for August 9, 2021 under “Key Documents.” In regard to the reason for the urgent F&A Committee meeting, he reported that ERCOT had provided a summary 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 August 2, 2021 in Project Nos. 50664 and 51878 at the Commission.

Chairman Fehrenbach addressed the following Agenda Items in the order below.



Notice of Public Written Comment, if Any (Agenda Item 2)

Chairman Fehrenbach announced that ERCOT had provided instructions for written public comment on the agenda for the meeting, which was posted publicly on Monday, August 2, 2021, and that to date no such comments had been received. There were no questions or comments from Committee members.

General Session Urgent Meeting Minutes; June 7, 2021 Urgent Meeting; July 23, 2021 Urgent F&A Committee and Board Meeting (Agenda Items 3 and 3.1 – 3.2)

Chairman Fehrenbach entertained a motion to approve the General Session Urgent Meeting Minutes for the June 7, 2021 Urgent Meeting and the July 23, 2021 Urgent F&A Committee and Board Meeting (Minutes).

Kevin Gresham moved to approve the Minutes as presented. Vice Chair Julie Parsley seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation regarding 2022-2023 Budget and Fee (Agenda Item 4)

Sean Taylor presented the 2022-2023 Budget and Fee. He reviewed different scenarios for the timing to request an increase in the system administration fee rate that staff had considered and reported that management's recommendation was to maintain a flat system administration fee rate for 2022-2023 with an anticipated increase in 2024 and to also implement a separate user fee for Senate Bill 3 inspection costs.

Committee members and Mr. Taylor discussed the system administration fee rate scenarios. Tom Hancock commented that he was in favor of scenario 3A, pursuant to which ERCOT would request rate increases in 2022 and 2024 and charge the separate Senate Bill 3 inspection fees. Vice Chair Parsley expressed support for staff's recommendation. Chairman Fehrenbach commented that he was in favor of scenario 1A, pursuant to which ERCOT would request a rate increase in 2022 but not 2024 and also charge the separate Senate Bill 3 inspection fees, and expressed concern about using debt to put off a system administration fee increase.

Vice Chair Parsley moved to approve the 2022-2023 Budget and Fee as presented. Mr. Brown seconded the motion. The motion passed by voice vote with two opposed (Chairman Fehrenbach and Mr. Hancock) and no abstentions.

Recommendation regarding Acceptance of ERCOT's 401(k) Savings Plan Audit Report (Agenda Item 5)

Dawn Herms and A.J. Zimmerhanel of Maxwell Locke & Ritter LLP presented ERCOT's 401(k) Savings Plan Audit Report. There were no questions or comments from Committee members.

Mr. Hancock moved to recommend that the Board accept ERCOT's 401(k) Savings Plan Audit Report as presented. Kevin Gresham seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Periodic Report on Credit Work Group Activity (Agenda Item 6)

Loretto Martin, CWG Chair, presented the Periodic Report on Credit Work Group Activity. There were no questions or comments from Committee members.



Letter of Credit Issuer Limits (Agenda Item 7)

Mark Ruane presented the Letter of Credit Issuer Limits. There were no questions or comments from Committee members.

Committee Briefs (Agenda Item 8)

Chairman Fehrenbach invited Mr. Taylor and Leslie Wiley to present the Committee Briefs.

Review 2021 Financial Summary (Agenda Item 8.1)

Mr. Taylor presented the 2021 Financial Summary. There were no questions or comments from Committee members.

Periodic Report on Investments (Agenda Item 8.2)

Ms. Wiley presented the Periodic Report on Investments. There were no questions or comments from Committee members.

Future Agenda Items (Agenda Item 9)

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

Other Urgent Business (Agenda Item 10)

No other urgent business was discussed at this time.

Executive Session

Chairman Fehrenbach recessed General Session at approximately 10:05 a.m. and convened Executive Session at approximately 10:20 a.m. Chairman Fehrenbach reconvened General Session at approximately 11:46 a.m.

Vote on Matters from Executive Session (Agenda Item 11)

Mr. Hancock moved to recommend Board selection of Baker Tilley as Independent Financial Auditor for the calendar year ending December 31, 2021. Vice Chair Parsley seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Hancock moved to recommend Board selection of Baker Tilly as the ERCOT 401(k) Savings Plan Auditor for calendar year 2021. Vice Chair Parsley seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 12)

Chairman Fehrenbach adjourned the meeting at approximately 11:48 a.m.



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

A handwritten signature in black ink, appearing to read "Jonathan M. Levine".

Jonathan M. Levine
Assistant Corporate Secretary

NOTE: All of the F&A Committee members who attended the August 9, 2021 meeting were no longer members of the Committee at its subsequent meeting on April 27, 2022. Accordingly, an exception arises to the general rule that might otherwise require the Committee to approve the August 9, 2021 meeting minutes, and the minutes will be entered without approval into the corporate record where nothing prevents treating the minutes as having been previously approved.¹

¹ Robert, H., Honemann, T., Balch, T., Seabold, D., Berber, S. (2020). *Robert's Rules of Order, Newly Revised 12th Edition*, § 48:12, *Minutes and Reports of Officers*.