



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

7620 Metro Center Drive, Room 206
Austin, Texas 78744
December 12, 2011 at 1:00 p.m.; and continuing on
December 13, 2011 at 8:30 a.m.

Pursuant to notice duly given, the meeting of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT), convened on December 12, 2011 at 1:00 p.m.

Meeting Attendance:

Board Members:

Director	Affiliation	Segment
Bowling, Shannon	Cirro Energy	Independent Retail Electric Provider (REP) Segment Alternate
Brown, Jeff	Shell Energy North America (US) LP	Independent Power Marketer Segment Alternate (serving for Agenda Items 8, 8a, 9, 9a-b, 10, 11, 11a-b, and 12 through 20 only)
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility (IOU)
Dalton, Andrew	Valero Services, Inc.	Industrial Consumer (except for Agenda Items 3 through 5)
Doggett, Trip	ERCOT	President and Chief Executive Officer (CEO)
Doll, Laura (Chair)	Unaffiliated	Unaffiliated Director
Dreyfus, Mark	Austin Energy	Municipal
Nick Fehrenbach	City of Dallas	Commercial Consumer
Gent, Michehl (Vice Chairman)	Unaffiliated	Unaffiliated Director
Givens, Sheri	Office of Public Utility Counsel	Residential Consumer
Gresham, Kevin	E.ON Climate and Renewables NA, LLC	Independent Generator Segment Alternate (serving for Agenda Items 8, 8a, 9, 9a-b, 10, 11, 11a-b, and 12 through 22 only)
Helton, Bob	International Power America Services Inc.	Independent Generator (except for Agenda Items 8, 8a, 9, 9a-b, 10, 11, 11a-b, and 12 through 22)
Karnei, Clifton	Brazos Electric Power Cooperative Inc.	Cooperative; Proxy for Jorge Bermudez
Nelson, Donna	Public Utility Commission of Texas (PUCT or Commission)	Chairman [except for Agenda Items 15 (in part), 19 through 22]



Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer (except for Agenda Items 8, 8a, 9, 9a-b, 10, 11, 11a-b, and 12 through 22)
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Guests:

Anderson, Troy	ERCOT Manager of Enterprise Project Portfolio
Cleary, Mike	ERCOT Senior Vice President and Chief Operating Officer
Comstock, Read	Direct Energy, TAC Advocate
Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Dumas, John	ERCOT Director of Wholesale Market Operations
Feuerbacher, Paula	ERCOT Manager of Strategic and Organizational Development
Gage, Theresa	ERCOT Director of External Affairs
Goodman, Dale	ERCOT Director of Market Services
Hobbs, Kristi	ERCOT Manager of Market Rules
Jones, Dan	Potomac Economics, Independent Market Monitor
Jones, Brad	Luminant, Technical Advisory Committee (TAC) Chair
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Manning, Chuck	ERCOT Vice President of Human Resources and Chief Compliance Officer
Meyer, John	South Texas Electric Cooperative
Ogelman, Kenan	CPS Energy, TAC Vice Chair
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Prochazka, Scott	CenterPoint Houston Electric LLC, Investor Owned Utility Segment Alternate
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Woodfin, Dan	ERCOT Director of System Planning

Call Open Session to Order and Announce Proxies on December 12, 2011 (Agenda Item 1)

Laura Doll, Board Chair, determined a quorum was present and called the meeting to order at approximately 1:05 p.m. Chair Doll noted that Clifton Karnei was holding a proxy for Jorge Bermudez. At Chair Doll's request, all Board members in attendance introduced themselves and announced their affiliations and segments, if applicable.

Chair Doll noted the Antitrust and Security Admonitions and requested notice if there were any such concerns during the discussion in the meeting.

Technical Advisory Committee (TAC) Update (Agenda Item 2)

Brad Jones, TAC Chair, provided the TAC Update to the Board.

Revision Requests Recommended by TAC (Agenda Item 2a)

Mr. B. Jones provided a summary of the TAC items that were unanimously recommended by TAC for Board approval. The following TAC items were considered for Board approval:



Nodal Protocol Revision Requests (NPRRs):

- NPRR377 – Alternate Inputs to Base Point Deviation Charge;
- NPRR395 – CRR Auction Offer Award Disclosure;
- NPRR398 – Changes to Resource Category Minimum-Energy Generic Heat Rates;
- NPRR399 – Updates to Protocol Sections Related to Settlements and Billing;
- NPRR401 – Clarification of Timing for a Generation Resource to be Considered Self-Committed;
- NPRR403 – Revised FASD Calculation for TX SET Version 4.0 Release;
- NPRR404 – Clarification of Form of Notification of Suspension of Operations;
- NPRR406 – Clarification of the Timeline for Calculating the Value of X at Minimum Energy Level;
- NPRR426 – Standing Non-Spin Deployment in the Operating Hour for Generation Resources Providing On-Line Non-Spin;
- NPRR427 – Energy Offer Curve Requirements for Generation Resources Assigned Reg-Up and RRS;
- NPRR428 – Energy Offer Curve Requirements for Generation Resources Assigned Non-Spin Responsibility; and

Planning Guide Revision Request (PGRR):

- PGRR009 – New Planning Guide Section 6.8, Resource Registration Procedures.

Bob Helton moved to approve NPRRs 377, 395, 398, 399, 401, 403, 404, 406, 426, 427 and 428, and PGRR 009 as recommended by TAC in their respective TAC Reports. Mr. Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Revision Requests Non-Unanimously Recommended by TAC (Agenda Item 2b)

Mr. B. Jones provided a summary of the following revision request which was non-unanimously recommended by TAC for Board approval:

- NPRR351 – Security-Constrained Economic Dispatch (SCED) Look-Ahead Step 1: Pricing: Calculate Non-Binding Prices and Basepoints for Initial Research into SCED Look-Ahead and allow Consumers to have a Forward Price Projection (formerly “Calculate and Post Projected Non-Binding Locational Marginal Pricing (LMPs) for the Next 15 Minutes”)

Mr. B. Jones, Trip Doggett, ERCOT President and CEO, and Troy Anderson, ERCOT Manager of Enterprise Project Portfolio, responded to the Board members’ questions and comments.

Andrew Dalton moved to approve NPRR351 as recommended by TAC in the December 1, 2011 TAC Report. Michehl Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Holistic Approach to Congestion Irresolvable by SCED (Agenda Item 2c)

Mr. B. Jones introduced Read Comstock, TAC Advocate, who provided an overview of TAC's recommendation on the status of the Holistic Approach to Congestion Irresolvable by SCED. There were no questions or comments from the Board members.

John Dumas, ERCOT Director of Wholesale Market Operations, provided an overview of ERCOT's response to the Board request for data regarding the disputed issue. Mr. Dumas responded to questions and comments from the Board members.

John Meyer of South Texas Electric Cooperative Inc. (STEC), provided an overview of STEC's appeal and position statement. Mr. Meyer responded to questions and comments from the Board members.

Dan Jones, Independent Market Monitor, provided a statement on the Independent Market Monitor's position on the issue. Mr. D. Jones, Mr. Doggett and Mr. Dumas responded to questions and comments from the Board members.

Jean Ryall moved to approve the holistic approach to congestion irresolvable by SCED as recommended by TAC.

Mr. Comstock provided further comments as the TAC Advocate and Mr. Meyer provided further comments for STEC.

Mr. Helton seconded the motion.

Mr. Magness responded to questions and comments from the Board members and requested clarification that Ms. Ryall's motion and Mr. Helton's second intended to consider the revised effective date of January 1, 2012.

Ms. Ryall confirmed and Mr. Helton accepted such confirmation that the motion was intended to include the revised effective date of January 1, 2012.

The Board members continued their discussions and Chair Doll called for a vote on Ms. Ryall's motion.

The motion passed by voice vote with eight in favor (Shannon Bowling, Mr. Doggett, Ms. Doll, Mark Dreyfus, Michehl Gent, Sheri Givens, Mr. Helton, and Ms. Ryall), four opposed (Mr. Bermudez, Mr. Dalton, Nick Fehrenbach and Mr. Karnei) and one abstention (Calvin Crowder). Mr. Crowder disclosed that his employer is building the transmission line which had been referenced as the solution to this issue and that he believed it was appropriate for him to abstain from the vote on this matter.

Response to Request to Review Potential Gaps between Operations and Planning (Agenda Item 2d)

Kenan Ogelman, TAC Vice Chair, provided a report to the Board regarding a request to review potential gaps between operations and planning. There were no questions or comments.



Updates to the TAC Response to the ERCOT Board Operations Task Force Report on the February 2, 2011 Extreme Weather Event (Agenda Item 2e)

Mr. Ogelman provided an update to the Board regarding the TAC Response to the ERCOT Board Operations Task Force Report on the February 2, 2011 Extreme Weather Event. Mr. Ogelman and Mr. Doggett responded to questions and comments from the Board.

Chair Doll recessed the meeting at approximately 3:38 p.m. on Monday, December 12, 2011, until approximately 8:30 a.m. on Tuesday, December 13, 2011.

Reconvene Open Session and Announce Proxies at 8:30 .am. on Tuesday, December 13, 2011 (Agenda Item 3)

Chair Doll determined a quorum was present and called the meeting to order at approximately 8:32 a.m., on Tuesday, December 13, 2011. Chair Doll noted that Mr. Karnei was holding a proxy for Mr. Bermudez. At Chair Doll's request, all Board members and guests in attendance introduced themselves.

October 18, 2011 Meeting Minutes (Agenda Item 4)

Chair Doll entered a motion to approve the October 18, 2011 Meeting Minutes (Minutes).

Bob Helton moved to approve the Minutes as presented. Mark Dreyfus seconded the motion. The motion passed by voice vote with two abstentions (Ms. Givens and Mr. Fehrenbach).

CEO Update (Agenda Item 5)

Mr. Doggett provided the CEO Update. Mr. Doggett and Kent Saathoff, ERCOT Vice President of Grid Operations and System Planning, responded to questions and comments from the Board members. In addition, Mr. Doggett recognized the ERCOT staff recipients of 2nd Annual ERCOT People's Choice Awards – Thelma Garza, Shirisha Kylas, Ben Groenewald, Fred Huang and Employee of the Year - Naga Valasagandla.

Operating Reports (Agenda Item 6)

Chair Doll requested presentation of the Operating Reports.

Financial Summary Report (Agenda Item 6a)

Michael Petterson, ERCOT Vice President of Finance and Treasury, provided the Financial Summary Report and responded to questions and comments from the Board members.

External Affairs Update (Agenda Item 6b)

Theresa Gage, ERCOT Director of External Affairs, provided the External Affairs Update. There were no questions or comments from Board members.

Wholesale Market Operations Update (Agenda Item 6c)

Mr. Dumas provided the Wholesale Market Operations Update. Mr. Dumas responded to questions and comments from the Board members.



Commercial Market Operations Report (Agenda Item 6d)

Dale Goodman, ERCOT Director of Market Services, provided the Commercial Market Operations Report. There were no questions or comments from Board members.

Grid Operations and Planning Report (Agenda Item 6e)

Mr. Saathoff provided the Grid Operations and Planning Report. Mr. Saathoff and Mr. Doggett responded to questions and comments from the Board members.

Information Technology (IT) and Facilities Report (Agenda Item 6f)

Jerry Dreyer, ERCOT Vice President and Chief Information Officer, provided the IT Report. There were no questions or comments from Board members.

Business Integration Update including Project Priority List (PPL) Update (Agenda Item 6g)

Betty Day, ERCOT Vice President of Business Integration, provided the Business Integration Update. Ms. Day and Mr. Doggett responded to questions and comments from the Board members.

Resource Adequacy Assessment Update (Agenda Item 7)

Dan Woodfin, ERCOT Director of System Planning, provided the Resource Adequacy Assessment Update. Mr. Woodfin and Mr. Doggett responded to questions and comments from the Board members.

Meeting Recess for Annual ERCOT Membership Meeting

Chair Doll recessed the meeting at approximately 10:35 a.m. to allow the Board members to attend the Forty-First Annual ERCOT Membership Meeting, which was held offsite. She determined that a quorum was present and reconvened the meeting at approximately at 1:30 p.m.

Kevin Gresham, Independent Generator Segment Alternate, served on the Board in the absence of Mr. Helton for the remainder of the meeting. Jeff Brown, Independent Power Marketer Segment Alternate, served on the Board in the absence of Ms. Ryall for the remainder of the meeting.

Donna Nelson, PUCT Chairman, thanked Laura Doll and the departing 2011 Board members for their service to ERCOT.

Finance & Audit (F&A) Committee Report (Agenda Item 8)

Mr. Karnei, F&A Committee Chair, reported that the F&A Committee met during the prior day and highlighted the items discussed at the F&A Committee meeting. No questions or comments were voiced by the Board members.

Acceptance of 2011 Service Organization Control Audit Report (Agenda Item 8a)

Mr. Karnei moved to accept the 2011 Service Organization Control Audit Report as recommended by the F&A Committee. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Human Resources & Governance (HR&G) Committee Report (Agenda Item 9)

Mr. Dalton, HR&G Committee Chairman, reported that the HR&G Committee met during the prior day and highlighted the items discussed at the HR&G Committee meeting for the Board members. No questions or comments were voiced by the Board members.

2012 Key Performance Indicators (Agenda Item 9a)

Mr. Dalton moved to approve the 2012 Key Performance Indicators as recommended by the HR&G Committee. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Board Policies and Procedures (Agenda Item 9b)

Mr. Dalton moved to approve the Board Policies and Procedures as recommended by the HR&G Committee. Ms. Givens seconded the motion. The motion passed by voice vote with abstentions of the Unaffiliated Directors.

ERCOT 2012-2016 Strategic Plan Update (Agenda Item 10)

Paula Feuerbacher, ERCOT Manager of Strategic and Organizational Development, provided the Board with an Update on the 2012-2016 ERCOT Strategic Plan and responded to questions and comments from the Board members.

Adjunct Membership Approval for Membership Year 2012 (Agenda Item 11)

Constellation Energy Control and Dispatch LLC (Agenda Item 11a)

Mr. Crowder moved to approve Constellation Energy Control and Dispatch LLC as an Adjunct Member of ERCOT. Ms. Givens seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Panda Power Funds (Agenda Item 11b)

Mr. Crowder moved to approve Panda Power Funds as an Adjunct Member of ERCOT. Ms. Givens seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Other Business (Agenda Item 12)

No other business was discussed at this time.

Future Agenda Items (Agenda Item 13)

No future agenda items were discussed at this time.

Executive Session (Agenda Items 14 through 20)

Chair Doll adjourned the meeting into Executive Session at approximately 1:47 p.m. and reconvened Open Session at approximately 3:48 p.m.

Vote on Matters from Executive Session (Agenda Item 21)

Chair Doll called for motions on matters considered during Executive Session.



Mr. Karnei moved to approve the Contract matter noted in the Executive Session meeting materials as Agenda Item 20a as discussed during Executive Session. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Gent moved to approve the Contract matter noted in the Executive Session meeting materials as Agenda Item 20b as discussed during Executive Session. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Crowder moved to approve the Contract matter noted in the Executive Session meeting materials as Agenda Item 20c as discussed during Executive Session. Mr. Gent seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Karnei moved to approve the Contract matter noted in the Executive Session meeting materials as Agenda Item 20f as discussed during Executive Session. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Karnei moved to approve the Personnel matter as discussed during the consideration of Agenda Item 15 in Executive Session. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Chair Doll announced that this meeting would be her last meeting as an ERCOT Board member and stated it had been a great honor to be a member of the ERCOT Board.

Adjournment (Agenda Item 22)

Chair Doll adjourned the meeting at approximately 3:51 p.m.

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

Vickie G. Leady
Assistant Corporate Secretary