



**MINUTES OF THE FINANCE AND AUDIT COMMITTEE
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Room 206

Austin, Texas 78744

December 12, 2011 at 9:00 a.m.

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

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Bowling, Shannon	Cirro Energy	Independent Retail Electric Provider (REP) Segment Alternate
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility (except for Call to Order and Agenda Item 1)
Dreyfus, Mark	Austin Energy	Municipal
Fehrenbach, Nick	City of Dallas	Commercial Consumer
Karnei, Clifton (Chairman)	Brazos Electric Power Cooperative, Inc.	Cooperative, Proxy for Jorge Bermudez

Guest Board Members and Segment Alternates:

Director	Affiliation	Segment
Doggett, Trip	ERCOT	<i>Ex Officio</i> - President and Chief Executive Officer (CEO) (except for Agenda Item 14)
Doll, Laura	Unaffiliated	Unaffiliated Director (except for Call to Order and Agenda Items 1 and 14)
Gent, Michehl	Unaffiliated	Unaffiliated Director
Givens, Sheri	Office of Public Utility Counsel	<i>Ex Officio</i> - Residential Consumer (except for Agenda Items 1 through 6)
Gresham, Kevin	E.ON Climate & Renewables NA LLC	Independent Generator Segment Alternate (except for Agenda Item 14)
Nelson, Donna	Public Utility Commission of Texas	<i>Ex Officio</i> - Chairman (Agenda Item 14 only)
Prochazka, Scott	CenterPoint Energy Houston Electric LLC	Investor Owned Utility Segment Alternate (except for Agenda Items 1 through 6 and 14)



Other Guests:

Beckham, Rebecca	ERCOT Manager of Financial Reporting
Cleary, Mike	ERCOT Senior Vice President and Chief Operating Officer
Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Edmonds, Lauren	Brightline CPAs & Associates, Inc.
Garcia, Diana	Maxwell, Locke and Ritter LLP
Ierullo, Bruno	ERCOT Director of Human Resources
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
Petterson, Mike	ERCOT Vice President of Finance and Treasury
Ruane, Mark	ERCOT Vice President of Credit and Enterprise Risk Management

Call Open Session to Order and Announce Proxies

Clifton Karnei, Committee Chairman, determined that a quorum was present and called the Committee meeting to order at approximately 9:01 a.m. Chairman Karnei announced that he was holding a proxy for Jorge Bermudez and that Shannon Bowling, Independent REP Segment Alternate, was acting in place of Eric Hendrick.

Approval of October 17, 2011 Meeting Minutes (Agenda Item 1)

Chairman Karnei entertained a motion to approve the October 17, 2011 Committee General Session Meeting Minutes (Minutes).

Mark Dreyfus moved to approve the Minutes as presented. Chairman Karnei seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Receive Report on Auditor Independence from Maxwell, Locke & Ritter regarding the 2011 401(k) Savings Plan Audit (Item 2)

Bruno Ierullo introduced Diana Garcia with Maxwell, Locke & Ritter LLP, who provided a report on auditor independence regarding the 2011 401(k) Savings Plan Audit. No questions or comments were voiced by the Committee members.

Recommend Board Acceptance of the 2011 Service Organization Control Audit Report (Agenda Item 3)

Mark Ruane provided the Committee with a presentation on the 2011 Service Organization Control Audit Report, which would be issued by Brightline CPAs & Associates, Inc. (Brightline) with an unqualified opinion and which was recommended by ERCOT management for acceptance. Mr. Ruane, Trip Doggett and Lauren Edmonds with Brightline responded to questions from the Committee and Board members.



Calvin Crowder moved to recommend Board acceptance of the 2011 Service Organization Control Audit Report. Nick Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Receive Report on Auditor Independence from Brightline regarding the 2012 Service Organization Control Audit (Item 4)

After an introduction by Mr. Ruane, Ms. Edmonds provided the Committee with a report on Brightline's auditor independence regarding the 2012 Service Organization Control Audit. No questions or comments were voiced by the Committee members.

Update on Commodities Exchange Act Exemption (Agenda Item 5)

Mr. Ruane provided an update on the Commodities Exchange Act Exemption to the Committee members. Mr. Ruane and Bill Magness responded to comments and questions from the Committee members.

Review Finance and Audit Committee Member Responses to the Committee's Annual Self-Assessment Survey (Agenda Item 6)

Chairman Karnei reviewed the Committee's annual self-assessment survey and responded to comments and questions from the Committee members.

Quarterly Committee Education on Accounting Developments (Agenda Item 7)

Rebecca Beckham provided the Committee with a quarterly update and education on accounting developments. Ms. Beckham responded to comments and questions from the Committee members.

Review Committee Briefs (Agenda Items 8)

Mr. Petterson provided a review of the Committee briefs. Mr. Petterson and Ms. Beckham responded to comments and questions from the Committee members.

Chairman Karnei welcomed Karl Pfirrmann, an Unaffiliated Director who would be starting his initial term on the ERCOT Board in January 1, 2012, to the Committee meeting.

Future Agenda Items (Agenda Item 9)

Mr. Petterson noted the supplemental materials related to the future agenda items which had been distributed previously. Mr. Petterson reviewed a recap of the 2011 meeting planner matrix and the preliminary 2012 meeting planner matrix with the Committee members. Mr. Petterson responded to comments and questions from the Committee and Board members.

Other Business (Agenda Item 10)

No other business was discussed.

Executive Session (Agenda Items 11 through 13)

Chairman Karnei adjourned the meeting into Executive Session at approximately 10:15 a.m. and reconvened the Open Session at approximately 12:07 p.m.



Vote on Matters from Executive Session (Item 14)

Chairman Karnei entertained motions on three matters considered during Executive Session.

Mr. Fehrenbach moved that the Committee recommended that the Board select and engage the qualified independent public accounting firm to audit the ERCOT 401(k) Savings Plan at December 31, 2011, and the year then ending, as discussed in Executive Session. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

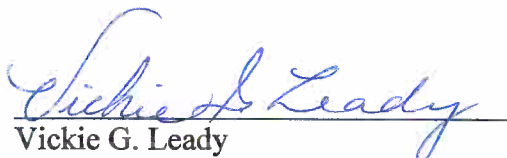
Mr. Crowder moved that the Committee recommend that the Board approve the engagement of a third-party consultant to perform an assessment of the central counterparty issue as discussed during Executive Session. Mr. Fehrenbach seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Fehrenbach moved to approve the 2012 Internal Audit Plan as discussed during Executive Session. Mr. Crowder seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment

Chairman Karnei announced that the Committee had no other business to consider and adjourned the Committee meeting at approximately 12:08 p.m.

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



Vickie G. Leady
Assistant Corporate Secretary