

**The Human Resources and Governance (HR&G) Committee is expected to consider HR&G Committee Agenda Item 5:**

***Recommendation regarding Amendments to the Board Policies and Procedures***

**at its meeting on June 17, 2024.**

**The Board of Directors is expected to hear the HR&G Committee’s recommendation on this matter as part of the HR&G Committee Report at the Board meeting on June 18, 2024.**

**Attached are the Board and Committee materials in relation to these agenda items.**



## **Item 5: Recommendation regarding Amendments to the Board Policies and Procedures**

*Chad V. Seely*

ERCOT Senior Vice President, General Counsel  
and Corporate Secretary

Human Resources and Governance Committee  
Meeting

ERCOT Public  
June 17, 2024

# Amendments to Board Policies and Procedures

Why this is being presented today:

To request a vote from the Human Resources and Governance (HR&G) Committee to recommend the Board of Directors (Board) approve amendments to the Board Policies and Procedures, effective upon approval by the Board

- Board Policies and Procedures Section 11.1 provides that the Board may amend the document at any time
- Proposed amendments update the Board Policies and Procedures to further reflect current practices, regulations, and ERCOT business needs
- The proposed amendments reflect the input of the Technical Advisory Committee (TAC) regarding the Board process for comments and participation in Board consideration of Revision Requests

# Main Topics in Proposed Amendment

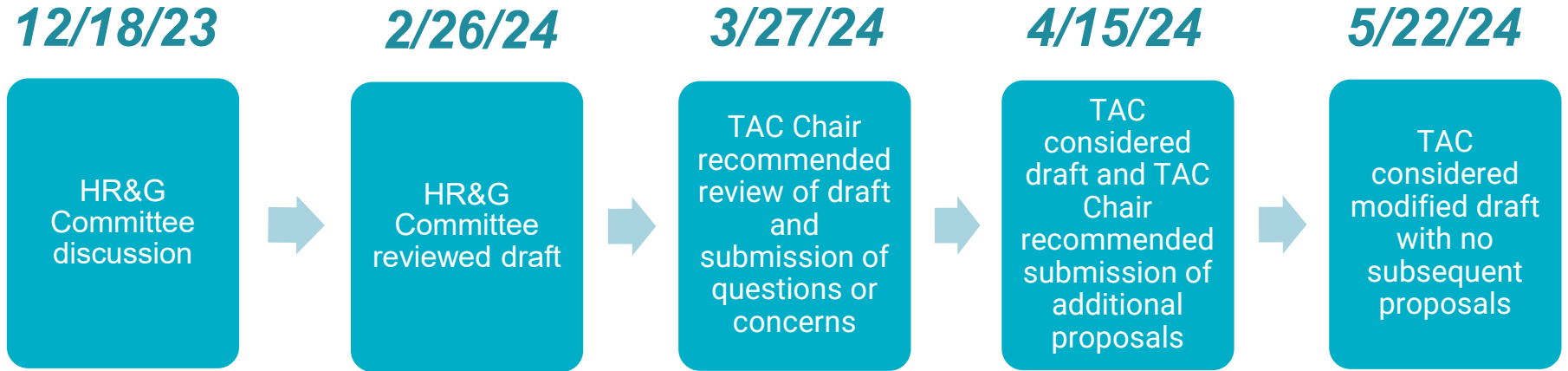
## *Reflect current practices*

- Board may act on matters delegated to a Board Committee (Adds Sec. 0.2)
- Public access to meeting and commenting rights (Adds Sec. 1.2 and 1.3)
- Includes multi-year goals rather than only “annual” (Revises Sec. 2.1)
- Board process for Revision Requests (Adds Sec. 8 and non-binding Appendix B; Adds language to Sec. 9.1)

## *Align with law*

- Executive session discussion of contested cases or personnel matters (Adds Sec. 1.4.1, per PURA § 39.1511(a-1))
- Staff presents budget to Board no later than 45 days prior to PUCT filing deadline (Revises Sec. 3.3)
- CEO updates Board regarding Commission directives (Adds language to Sec. 3.4, per [Sunset Advisory Commission Staff Report with Final Results 2022-23](#), p. A2 & A10)

# Timeline for Development of Proposed Amendments



The Board Policies and Procedures do not require endorsement by TAC. However, the HR&G Committee solicited TAC input. TAC members suggested modifications regarding Revision Requests on April 15, 2024. ERCOT Legal applied TAC input to modify the proposed amendments regarding the Board process for Revision Requests. On May 22, 2024, TAC discussed the modifications, with no further changes recommended.

# Modifications since 2/19 HR&G Committee Meeting

## *Sec. 1 Meeting Procedures*

- Board members can submit agenda items to the Assistant Secretary, in addition to the Secretary
- Other than Executive Session, Board meetings are open to public with live webcasts
- Interested persons can comment in writing or in person on public agenda items
- Chair determines when in-person comments are taken up during the meeting
- Chair determines how much time is allocated for each agenda item with public commenters
- Comments may be limited to written comments for urgent meetings

## *Align with law*

- Board may exclude PUCT Commissioners serving as *ex officio* Directors from Executive session discussion of contested cases or certain personnel matters (Sec. 1)
- CEO updates Board on any new directive issued by the PUCT (Sec. 3)

# Modifications since 2/19 HR&G Committee Meeting

## *Sec. 8 Board Consideration of Revision Requests*

- Board vote on a Revision Request follows a recommendation by a Board Committee
- Committee Chair reports to Board a summary of Committee deliberations and recommendation
- Equal time allocated among parties may be aggregated for multiple parties for a position
- Comments on Revision Requests can be submitted at any time to the Board
- Named parties submit written comments to RevisionRequest@ercot.com
- Any other interested party submits written comments pursuant to Meetings section
- Named parties comment in person by contacting Secretary or Assistant Secretary
- Any other interested party submits comments in person pursuant to Sec. I, *Meetings*
- TAC appeals remain available for TAC actions to reject, defer, remand, or refer a Revision Request

## *Sec. 7 Distribution of membership lists within two business days, rather than one*

# Request for Committee Vote

ERCOT staff recommends that the HR&G Committee recommend that the Board approve the amendments to the Board Policies and Procedures as presented.

<Vote>





**Date:** June 11, 2024  
**To:** ERCOT Board of Directors  
**From:** Peggy Heeg, Human Resources and Governance (HR&G) Committee Chair  
**Subject:** Amendments to the Board Policies and Procedures

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** June 18, 2024

**Item No.:** 11.1

**Issue:**

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve amendments to the ERCOT Board Policies and Procedures, to be effective immediately.

**Background/History:**

Section 11.1 of the Board Policies and Procedures provides, in part: “The Board may amend this document at any time ....”

At the December 18, 2023 HR&G Committee meeting, ERCOT Legal reported it had been reviewing the Board Policies and Procedures to determine what revisions may better align the Board Policies and Procedures with current Board processes. Based on that review, ERCOT Legal prepared an initial draft amended Board Policies and Procedures to describe more accurately the current processes for consideration of Revision Requests by the Board or a delegated committee. Additional proposed revisions include clarifying the Board’s authority over matters delegated to a committee; adding a description of the process for public comments at Board and committee meetings; clarifying the timeline for presentation to the Board of the proposed budget; and incorporating a non-binding Process Guide for Board consideration of Revision Requests as a new Appendix B. This initial draft amendment was presented to the HR&G Committee at its February 26, 2024 meeting.

ERCOT Legal subsequently presented the initial draft amendment to TAC at its meeting on March 27, 2024, and the TAC Chair encouraged TAC members to review the proposed amendments and submit questions or concerns. At the April 15, 2024 TAC meeting, TAC members provided comments on the Revision Request and commenting processes. Based on that feedback, ERCOT staff presented a revised draft amendment at the May 22, 2024 TAC meeting, at which TAC discussed the modifications, with no further recommendations for review or modification. ERCOT staff believes the revised draft addresses all material concerns raised at the April 15, 2024 TAC meeting, and that draft is the basis for the proposed amendment expected to be presented to the HR&G Committee at its June 17, 2024 meeting, with an additional subsection that addresses language added to Section 39.1511 of the Public Utility Regulatory Act (PURA) by House Bill 1500 (88<sup>th</sup> Legislative Session) regarding

exclusion of Commissioners serving as *ex officio* nonvoting members of the Board from Executive Session of Board and Board committee meetings in limited circumstances.

#### Proposed Amendments to the Board Policies and Procedures

As proposed, the Board Policies and Procedures would be amended to:

- Clarify that the Board may initiate any specific action required, in its opinion, to fulfill its duties consistent with Section 4.10 of the Bylaws, including regarding matters delegated to a Board committee;
- Codify current practice for public access to Board and Board committee meetings and commenting by interested parties on topics to be discussed;
- Consistent with PURA Section 39.1511 as amended by House Bill 1500, provide that the Board or a Board Committee may exclude PUCT Commissioners serving as *ex officio* Directors from specific discussions in Executive Session that address: (a) a contested case, as defined by Section 2001.003 of the Texas Government Code; or (b) a personnel matter that is unrelated to members of the Board; where the presence of such Commissioners could impede strategic decision-making;
- Clarify that goals and objectives are not necessarily developed “annually”;
- Adjust the timeline for presentation of a Budget to be consistent with PUCT rules;
- Require the Chief Executive Officer (CEO) to provide an update about any new directive issued by the PUCT to ERCOT at the first Board meeting following the directive’s issuance, as recommended by the Texas Sunset Advisory Commission;
- Extend, by one day, the date by which ERCOT must send a list of all Members in each Segment or subsegment, by membership level, to ERCOT Members;
- Add a separate section that sets forth procedures for participation in Board consideration of Revision Requests, and exclude Revision Requests from the procedures for participation by parties opposing a TAC recommendation to reject, defer, remand, or refer a matter that is before the Board for consideration and requires a TAC recommendation as part of the approval process;
- Add as an appendix a non-binding Process Guide for Board consideration of Revision Requests; and
- Make several non-substantive administrative changes.

A redline versions of the Board Policies and Procedures illustrating the incorporation of these amendments is attached hereto as **Attachment A**.

#### **Key Factors Influencing Issue:**

- The Board may amend the Board Policies and Procedures, pursuant to Section 11.1 thereof, at any time by a vote that complies with Bylaws requirements.
- The input of TAC was solicited and applied regarding the Board processes for comments and participation in Board consideration of Revision Requests.



- The HR&G Committee has reviewed the Board Policies and Procedures and has recommended changes that better align the Board Policies and Procedures with current Board processes, legal requirements, or are otherwise in ERCOT's best interest.

**Conclusion/Recommendation:**

The HR&G Committee is expected to recommend that the Board approve the proposed amendments to the Board Policies and Procedures, effective upon approval by the Board.



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**BOARD OF DIRECTORS RESOLUTION**

WHEREAS, at the meeting of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) on June 18, 2024, the Human Resources and Governance (HR&G) Committee recommended Board approval of amendments to the Board Policies and Procedures consistent with **Attachment A** hereto; and

WHEREAS, after due consideration of the alternatives, the Board deems it desirable and in the best interest of ERCOT to amend the Board Policies and Procedures as recommended by the HR&G Committee;

THEREFORE, BE IT RESOLVED, that the Board Policies and Procedures are hereby amended consistent with **Attachment A**, to be effective immediately, and ERCOT Legal is hereby authorized to judiciously correct any scrivener's errors (such as, clerical, typographical, spelling, formatting, numbering or drafting errors) in the amendments or Board Policies and Procedures as needed to reflect intended meaning accurately.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Jonathan M. Levine, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its June 18, 2024 meeting, the Board passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of June, 2024.

\_\_\_\_\_  
Jonathan M. Levine  
Assistant Corporate Secretary

**Board Policies and Procedures**  
**Amended Effective ~~July 1, 2023~~ June 18, 2024**  
**By the ERCOT Board of Directors**

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## Attachment A

### Preamble: ~~Definitions~~

0.1 Definitions. The ~~D~~definitions included in the Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc. (the "Bylaws") are incorporated by reference.

~~0.10.2~~ Delegation of Authority to Board Committees. It is the policy of the Board of Directors to initiate any specific action required, in its opinion, to fulfill its duties consistent with Section 4.10 of the Bylaws, including regarding matters delegated to a Board committee or subcommittee ("Committee") established pursuant to Bylaws Section 4.8.

### I. Meeting Procedures

1.1 Board Agenda Items. A Director is entitled to place matters the Director reasonably considers important on the Board agenda if notification of such matters and background materials are received by the Secretary or Assistant Secretary of ~~the Corporation~~ERCOT no later than 5 p.m. eleven days before the date of the Board meeting.

1.2 Public Access. ~~Subject to Section 1.4 below, meetings of the Board and each Committee on which a Board member sits ("Board Committee") are open to the public, and live webcasts may be viewed on the ERCOT website.~~

1.3 Public Comments. Interested persons may provide comment on the matters under discussion at public portions of meetings of the Board and Board Committees. Publicly posted agendas for such meetings shall include the time and location of meetings, as well as topics to be discussed and instructions for commenting on matters under discussion at public portions of meetings.

1.3.1 Comments in writing may be submitted for any meeting, whether or not the meeting is in-person, by submission to Corporate@ercot.com.

1.3.2 For in-person meetings, members of the public may comment in person. The Board Chair or Vice Chair or Board Committee Chair, as applicable, shall have discretion regarding when such comments will be taken up during the meeting and how much time shall be allowed for each agenda item for which public commenters are present.

1.3.3 For urgent meetings conducted via teleconference or similar remote technology means pursuant to Bylaws Section 4.7(d), the Board Chair or Vice Chair or Board Committee Chair, as applicable, may limit comments to written comments.

1.4 Executive Session. The Board may meet in Executive Session for purposes consistent with governing law and with the Bylaws. The notice for Executive

## Attachment A

Session discussion items may be worded such that the sensitive nature of the item is not compromised or disclosed. Except for acting to approve the minutes of prior Executive Sessions, the Board shall emerge from Executive Session before voting or taking any action on any Executive Session noticed items or based on Executive Session discussions.

1.4.1 Participation in Executive Session. The Board or a Board Committee may exclude PUCT Commissioners serving as *ex officio* Directors from certain specific discussions in Executive Session. Commissioners may only be excused to address: (a) a contested case, as defined by Section 2001.003 of the Texas Government Code; or (b) a personnel matter that is unrelated to members of the Board. The decision to exclude Commissioners from Executive Session will be at the discretion of the Board Chair or Vice Chair or Board Committee Chair, as applicable, who shall exercise this right only after careful consideration of the Board or Board Committee's need for confidentiality without compromising the PUCT's oversight role.

## II. Responsibilities, Qualifications, and Compensation of the Board of Directors

- 2.1 Annual Goals and Objectives. The Board shall establish the overall direction and review and provide input on the ~~annual~~ goals and objectives developed by ERCOT staff. The Board shall review such goals and objectives on an ongoing basis, and may issue policies and resolutions setting forth direction of ERCOT management actions to attain such goals and objectives. The Board oversees the major functions of ERCOT: open access to the transmission grid on nondiscriminatory terms, system reliability and adequacy, and the retail and wholesale electric markets.
- 2.2 Duties. The Board shall faithfully discharge its duties by conducting its affairs in a highly ethical and sound business manner. The Board, collectively and severally, will not direct the policies and actions of ERCOT from perspectives of private gain or personal advantage.
- 2.3 Chief Executive Officer and Management. Subject to applicable approval by the Public Utility Commission of Texas ("PUCT"), the Board shall retain a Chief Executive Officer ("CEO") with the capabilities to execute Board policies. The Board delegates to the CEO all general powers and duties necessary to accomplish ERCOT's purpose, goals, and objectives as established by the Board, except for those specifically reserved to the Board by the Bylaws or herein. The CEO and management are required to supply Directors with sufficient information to keep Directors properly informed about the business and affairs of ERCOT.
- 2.4 Matters Reserved for Board Approval. Except for and subject to those matters which require PUCT approval or are mandated by the PUCT without Board approval, the Board expressly reserves the following matters for Board approval:

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- 2.4.1 Those matters reserved by the Bylaws.
- 2.4.2 Approval of the initiation of any non-routine filing that seeks regulatory action by a regulatory agency; provided that emergency situations may require immediate regulatory filings to protect the interests of ERCOT and may be filed by the General Counsel in its reasonable discretion without prior approval of the Board if there is concurrence of the CEO, General Counsel, the Chair and Vice Chair of the Board for such filing, and provided that the Board is notified as soon as practicable.
- 2.4.3 Initiation of any lawsuit; provided that emergency situations may require immediate legal action including the initiation of a lawsuit to protect the interests of ERCOT. Such a lawsuit may be initiated by the General Counsel without prior approval of the Board if there is concurrence of the CEO, General Counsel, the Chair and Vice Chair of the Board for such filing, and provided that the Board is notified as soon as practicable and the Board subsequently ratifies the filing.
- 2.4.4 Approval of the purchase of goods or services for ERCOT's use, or of a contract for such purchase, with a value of over one million dollars (\$1,000,000.00) if such purchase or contract is not contemplated in ERCOT's Board-approved Budget. With regard to this section, exceptions for such approval are as follows:
  - 2.4.4.1 PUCT-Directed Goods or Services. If ERCOT is directed, required or ordered to purchase goods or services by contract or otherwise by the PUCT, no Board approval is required.
  - 2.4.4.2 Emergency Business-Continuity Purchases. If ERCOT needs to make emergency purchases up to five million dollars (\$5,000,000.00) which are necessary to meet business continuity or other immediate needs that, if not met, may result in an interruption to ERCOT's normal business, such purchases may be made according to ERCOT's procedures without seeking prior approval; however, ratification of such purchases must occur at the next Board meeting.
- 2.4.5 Approval of the sale or pledge of any ERCOT assets valued in excess of one million dollars (\$1,000,000.00).
- 2.4.6 Establishment of any line of credit, loans, or other forms of indebtedness in the name of ERCOT exceeding one million dollars (\$1,000,000.00).
- 2.5 Individual Director Duties. Each Director shall, individually, have the following duties:



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- 2.5.1 Attend regular, special and urgent meetings of the Board when notified, unless circumstances prevent the Director from attending.
  - 2.5.2 Not disclose confidential information of ERCOT to unauthorized people.
  - 2.5.3 Handle any actual or potential conflict of interest in accordance with Public Utility Regulatory Act ("PURA") Section 39.1512 and Bylaws Section 9.2.
  - 2.5.4 Consistent with the fiduciary duty of care in overseeing, monitoring, and supervising the affairs of ERCOT, prepare for and participate in determination of policy and other matters coming before the Board.
  - 2.5.5 Upon joining the Board and annually thereafter, sign the ERCOT Director Ethics Agreement.
- 2.6 Director Qualifications. Each Director shall meet the following qualifications:
- 2.6.1 Have a willingness to serve ERCOT and to commit the time and resources necessary to carry out the duties of a Director.
  - 2.6.2 Be willing to work cooperatively.
  - 2.6.3 Maintain all qualifications defined by the Bylaws or required by law.
- 2.7 Compensation for Directors. Compensation for Directors selected by the State of Texas' ERCOT Board Selection Committee pursuant to PURA Sections 39.151(g-1)(4) shall be paid in the amounts set forth in Appendix A, in equal monthly installments.
- 2.8 Compensation and Expense Reimbursement for Residential Consumer TAC Representative.
- 2.8.1 Compensation. Compensation for the Residential Consumer TAC Representative shall be paid in monthly installments in the amounts set forth in Appendix A.
  - 2.8.2 Business Expense Reimbursement. The Residential Consumer TAC Representative shall be eligible for reimbursement of reasonable business expenses associated with attending meetings of TAC or other standing or special TAC subcommittee meeting actually attended, but shall comply with the ERCOT Business Expense Reimbursement Corporate Standard.

### III. Delegation of Authority to the Chief Executive Officer

- 3.1 CEO Responsibility and Authority. The Board shall exercise reasonable diligence to ensure that the CEO carries out ERCOT's business activities consistent with the

## Attachment A

goals, objectives, policies, and specific directions of the Board and the Bylaws. The CEO shall have the authority to execute contracts and agreements, establish lines of credit, and take all other lawful actions, as they may deem expedient and proper in conducting the business of ERCOT, except as set forth in Section 2.4.4 or as otherwise may be limited by the Board.

- 3.2 CEO Delegation to Officers and Employees. The CEO may delegate their authority to other ERCOT officers or employees in the CEO's discretion, except as limited by the Board. The CEO shall issue appropriate management procedures setting forth the direction of staff management and other employee actions to fulfill the goals, objectives, policies and other directions of the Board.
- 3.3 Budget. The CEO or the CEO's designee will present to the Board ~~by October~~ later than 45 days prior to the PUCT's filing deadline of each year when the Budget is to be approved, or at such other time as directed by the Board, a Budget to carry out the Board's directives for the following year or longer as directed by the Board. The Budget will include projections of ERCOT's overall financial performance and financing plans, and describe the services, projects, programs, and the associated revenues and expenditures ~~for the next fiscal year~~. Adoption of the Budget by the Board and as approved by the PUCT authorizes the CEO to complete work plans and make associated expenditures as provided for in accordance with the Budget.
- 3.4 Information for the Board. The CEO is responsible for bringing policy matters to the attention of the Board when its current policies give inadequate direction for ERCOT operations or leave ERCOT at a disadvantage because of changing conditions. The CEO shall provide an update about any new directive issued by the PUCT to ERCOT at the first Board meeting following the directive's issuance. The CEO will provide thorough, well-organized information to the Board in a timely manner. Communications to the Board will be made forthrightly and with candor in the evaluation of the conduct of business and operations of ERCOT. In the discretion of the CEO, significant contracts, agreements, or other major decisions may be brought to the Board for specific approval. In coordination with the General Counsel, the CEO shall represent ERCOT in communicating the position and interests of ERCOT to legislative bodies.
- 3.5 Internal Controls. Consistent with the Board's guidance and the ERCOT Internal Control Management Program, the CEO will approve and enforce appropriate policies, standards and procedures for ERCOT, to ensure adequate internal controls for ERCOT business and operations.

#### IV. Procedure for the Sale of ERCOT Assets

- 4.1 Sale of Assets. Personal property that is no longer necessary, convenient or of beneficial use to the business of ERCOT, and that has a fair market value of one million dollars (\$1,000,000.00) or less may be sold, transferred, auctioned, or

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conveyed by the CEO for its fair market value. ERCOT shall use revenues from the sale of its property to offset ERCOT expenses.

### V. Procedures for Decertification of ERCOT as the Independent System Operator, Termination or Liquidation of ERCOT

- 5.1 Decertification. In the event that ERCOT is no longer certified by the PUCT to operate as the independent organization for the ERCOT power region, the Board shall ensure, including through compliance with PUCT Substantive Rules and any PUCT orders, the transfer to its successor organization of assets and liabilities in a way that the functions of the independent organization continue to be provided reliably and without interruption.
- 5.2 Termination or Liquidation. Upon termination or liquidation of ERCOT, the Board shall, consistent with applicable federal and state regulatory requirements, liquidate ERCOT, and dispose of its property and assets, in the manner required by its governing documents and Texas law applicable to non-profit corporations.

### VI. Procedure by Which a Member May Examine and Copy the Corporate Financial Books and Records of ERCOT

- 6.1 Member Right of Inspection. A Member, on written demand stating the purpose of the demand, may examine and copy at the Member's expense, in person or by agent, accountant, or attorney, at a mutually agreeable time and for a proper purpose, the books and records of ERCOT relevant to that purpose. Such written demand shall be provided to ERCOT's General Counsel for evaluation. If necessary to protect the confidential information of ERCOT, other Members, Market Participants, or vendors or prospective vendors of goods and services to ERCOT, a Member requesting examination of ERCOT's books and records may be required to sign a confidentiality and non-disclosure agreement before examining and copying such information. The procedures shall include policies that provide reasonable protection against the unnecessary disclosure of information, including but not limited to information regarding individual employees, including their compensation, except in connection with the enforcement of a tariff, contract or applicable law, consistent with the ERCOT Protocols and ERCOT's policies regarding confidential information.

### VII. Procedures for the Selection of TAC Representatives and Director Term Expiration

- 7.1 Annual Meeting and Record Date. At least two months prior to the Annual Meeting, the Board will set the date and location for the Annual Meeting. The Record Date for determining the Corporate Members entitled to notice of and representation at the Annual Meeting is set forth in the Bylaws.

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- 7.2 Election of TAC Representatives. For TAC Representatives, to be elected by their respective Market Segments, one of two procedures shall apply: (a) ERCOT will provide all Corporate Members of the Segment or subsegment with advance notice that the Segment or subsegment will be holding the election, and follow-up notice of election results; or (b) ERCOT will directly facilitate the election according to the following procedures:
- 7.2.1 ~~On the next~~No later than two business days after the Record Date, ERCOT will send a list of all the Members in each Segment or subsegment, by membership level (*i.e.*, Corporate, Associate or Adjunct) to ERCOT Members.
- 7.2.2 ERCOT will request that Corporate Members of each Segment or subsegment nominate TAC Representatives and forward their nominations to ERCOT.
- 7.2.3 With the nominations provided, ERCOT will then create and provide ballots to Corporate Members for return to ERCOT.
- 7.2.4 ERCOT will facilitate a meeting of the Segment or subsegment to assist in the nomination and election process if requested.
- 7.2.5 Only Corporate Members may participate in the election of TAC Representatives for the Segment or subsegment in which they are members.
- 7.2.6 Each seat shall be filled by the person receiving the most votes (proxies allowed) of eligible Corporate Members.
- 7.3 Appointment of Residential Consumer TAC Representatives. Notwithstanding Section 7.2, for the Residential Consumer subsegment, the Public Counsel for the Office of Public Utility Counsel shall appoint Residential Consumer TAC Representative(s). ERCOT will assist, if requested, in providing potential candidates for such seats. The Public Counsel shall identify their appointees to ERCOT at least one week prior to the Annual Meeting. ERCOT will notify new Consumer appointees of the information necessary to attend the Annual Meeting.
- 7.4 Facilitation of Election. If a Segment is unable to elect a TAC Representative at least two weeks prior to the Annual Meeting, ERCOT will notice a meeting of the Segment to facilitate the election.
- 7.5 Election Results and Confirmation. Prior to the Annual Meeting, ERCOT will determine the results of TAC Representative elections. At the Annual Meeting, the new TAC Representatives will be announced. The new TAC Representatives will be seated according to their elected terms.

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7.6 Expiration of Director Terms. For Directors selected by the ERCOT Board Selection Committee, six months prior to the expiration of a Director's term, such Director shall indicate whether he or she wishes to remain on the Board for another term (if applicable) by notifying ERCOT's General Counsel. Upon receipt of such notice, ERCOT's General Counsel will notify the PUCT Chair and/or the ERCOT Board Selection Committee.

### **VIII. Procedures for Participation in Board Consideration of Revision Requests**

8.1 This Section VIII applies to participation in Board consideration of Revision Requests.

8.2 Consent Agenda. The Board may consider on a consent agenda Revision Requests that TAC unanimously recommended to approve (including abstentions), provided that any Director may request that an item on the consent agenda be removed therefrom to allow for full discussion.

8.3 Board Delegation of Authority. The Board may delegate to one or more Board Committees authority to consider Revision Requests. A Board vote on a Revision Request follows a Board Committee recommendation. The Board Committee Chair or their designee shall report to the Board a summary of Board Committee deliberations and the Board Committee's recommendation to the Board on Revision Requests. Following the Board Committee report to the Board, at the discretion of the Board Chair or Vice Chair, parties may further clarify positions, with any time allocated equally, provided time may be aggregated for multiple parties for a position. Where a party's in-person presentation to the full Board follows the party's in-person presentation to a Board Committee, the Board may use its discretion to discount new or changed information.

8.4 Written Comments on Revision Requests. In accordance with ERCOT Protocol Section 21 or the corresponding Other Binding Document section, any ERCOT Member, Market Participant, PUCT staff, the Reliability Monitor (as defined in ERCOT Protocol Section 2.1), the Independent Market Monitor (as defined in ERCOT Protocol Section 2.1), the North American Electric Reliability Corporation ("NERC") Regional Entity (as defined in ERCOT Protocol Section 2.1), or ERCOT may submit to the Board written comments on Revision Requests by submitting to RevisionRequest@ercot.com the completed comment form available on the ERCOT website. Any other interested party may submit written comments in accordance with Section 1.3.1 above.

8.5 In-Person Comments on Revision Requests. Any ERCOT Member, Market Participant, PUCT staff, the Reliability Monitor, the Independent Market Monitor, the NERC Regional Entity, or ERCOT may comment in person on a Revision Request on the agenda for a meeting of the Board or Board Committee by contacting the Secretary or Assistant Secretary of ERCOT. Any other interested party may comment in person in accordance with Section 1.3.2 above.

**VIII.X. Procedures for Participation by Parties Opposing Actions Recommended by TAC or ERCOT Staff**

- 9.1 TAC Appeals, TAC Recommendation Oppositions, and ERCOT Recommendation Oppositions. Any ERCOT Member, Market Participant, PUCT staff, the Reliability Monitor (as defined in ERCOT Protocol Section 2.1), the Independent Market Monitor (as defined in ERCOT Protocol Section 2.1), the North American Electric Reliability Corporation Regional Entity (as defined in ERCOT Protocol Section 2.1), or ERCOT may: (a) appeal a TAC action to reject, defer, remand or refer a matter that would have proceeded to the Board for consideration had it been recommended for approval by TAC, and requires a TAC recommendation as part of the approval process, directly to the Board (“TAC Appeal”); ~~or~~ (b) submit written comments requesting a Board action to reject, defer, remand, or refer a matter that is before the Board for consideration, and requires a TAC recommendation as part of the approval process, other than Revision Requests for which written comments shall be submitted to the Board pursuant to Section 8.4 above (“TAC Recommendation Opposition”); or (c) submit written comments opposing a voting item recommended by ERCOT staff that does not require a TAC recommendation prior to Board action (“ERCOT Recommendation Opposition”). Board consideration of TAC Appeals and TAC or ERCOT Recommendation Oppositions will be conducted pursuant to the process and timelines provided in this Section VIII.
- 9.2 Advance Notice of TAC Appeals, TAC Recommendation Oppositions, or ERCOT Recommendation Oppositions. It is the policy of the Board that important arguments and information relating to a TAC Appeal or a TAC or ERCOT Recommendation Opposition be available to the Board in writing far enough in advance to enable informed decisions on such matters. The Board may discount arguments and information that are provided out of time and/or that were not provided to TAC.
- 9.3 Procedural Timeline for TAC Actions Not Designated as Urgent. Written notice of TAC Appeals or TAC Recommendation Oppositions on matters that have not been granted urgent status as part of the TAC review and recommendation process or that the Board Chair or Vice Chair or a PUCT Commissioner designates as urgent must be submitted to ERCOT’s General Counsel within ten (10) Business Days after the date of the TAC action which serves as the basis for the TAC Appeal or comments on TAC Recommendation. The Board will hear such matter at the next regularly-scheduled Board meeting that is at least ten (10) Business Days after the date of the TAC Appeal or TAC Recommendation Opposition. The following deadlines will apply to the parties involved:

~~9.3.1~~ 3.1 The TAC Chair or Vice Chair shall designate a TAC Advocate to defend the TAC action at least eight (8) Business Days before the Board meeting.

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98.3.2 ERCOT shall post notice of the TAC Appeal or TAC Recommendation Opposition, and identify the TAC Advocate on the ERCOT website, and notify TAC of the same, at least seven (7) Business Days before the Board meeting.

98.3.3 The party appealing or contesting the TAC recommendation and the TAC Advocate must, and any other interested Entity may, provide a position statement, with or without supporting data, to ERCOT's General Counsel at least six (6) Business Days before the Board meeting.

98.3.4 ERCOT will distribute all timely position statements to the Board in the Board Packet as described in Section 1.2 above.

The Board Chair or Vice Chair may override any deadline in this Section 8.3 for good cause shown.

9.4 Expedited Procedural Timeline for Urgent TAC Actions. Notwithstanding Section 89.3, an expedited process shall apply to TAC Appeals or TAC Recommendation Oppositions of: (a) TAC actions related to decisions on items designated as Urgent; or (b) any other TAC action that the Board Chair or Vice Chair or a PUC Commissioner designates as urgent. Written notice of such TAC Appeals or TAC Recommendation Oppositions must be submitted to ERCOT's General Counsel within forty-eight (48) hours after the end of the relevant TAC meeting and those TAC Appeals or TAC Recommendation Oppositions shall be heard at the next Board meeting, and the TAC Chair and Vice Chair shall work with ERCOT's General Counsel to preserve the intent of Sections 8.2 and 8.3 above as fully as possible, given that such matters will be heard on less than ten (10) Business Days' notice.

9.5 Procedural Timeline for ERCOT Recommendation Oppositions. The process for ERCOT Recommendation Oppositions applies to situations in which the Board agenda includes a voting item that does not require a TAC recommendation before it comes before the Board for a vote. If a party seeks Board consideration of its comments opposing an ERCOT Recommendation for Board action, and requests that ERCOT include the comments in the Board Packet, the party must provide written notice to ERCOT's General Counsel at least ten (10) Business Days before the date of the Board meeting where the issue will be on the agenda and submit its comments with ERCOT's General Counsel at least eight (8) days before the date of the Board meeting where the issue will be on the agenda. If a party seeks to submit comments after the Board meeting materials have been delivered to ~~Board members~~ Directors, the timing of the publication and distribution of the comments (as well as of any comments supporting the ERCOT Recommendation) will be at the discretion of the Board Chair or Vice Chair.

**IX. Board Policy on Approval of User Fees**

10.1 User Fees Approval Process. The Board may authorize ERCOT to charge reasonable user fees for services provided by ERCOT to any Market Participant or other Entity. A new user fee must be approved by the Board pursuant to the Revision Request process set forth in Section 21 of the ERCOT Protocols. User fees charged by ERCOT must be identified in the ERCOT Fee Schedule included in the ERCOT Protocols.

10.2 New User Fee Criteria. The Board retains the full authority to adopt user fees for services provided by ERCOT, including fees currently included in the ERCOT Protocols, but establishes the following policy guidelines for establishing user fees which are not currently included in the ERCOT Protocols:

~~109~~.2.1 Material Impact. A new user fee should produce revenue in excess of \$1,000,000.00 annually, or materially improve ERCOT operations.

~~109~~.2.2 Incremental Revenues. The revenues recovered by a new user fee should be incremental to revenue recovered through the System Administration Fee.

~~910~~.2.3 Limited Beneficiaries. A new user fee should be for a service that benefits a relatively few discrete Market Segments or Market Participants rather than providing general benefit to most Market Segments or Market Participants.

**XI. Procedure for Determination of Affiliate Relationship for Membership**

11.1 Membership Applicant Procedure. Any applicant for Membership ("Membership Applicant") shall follow the procedure in this section to request Board determination of whether entities are Affiliates of one another for the purpose of determining Member Segment and voting rights pursuant to the definition of "Affiliate" in the Bylaws (Article 2, Paragraph 1).

11.2 Verified Letter or Affidavit. The Membership Applicant shall send to the Board Chair with a copy to ERCOT's General Counsel either (1) a letter verified by an authorized representative of the Membership Applicant or (2) an affidavit executed by an authorized representative of the Membership Applicant, requesting Board determination of Affiliate relationship for purposes of the definition of "Affiliate." The verified letter or affidavit must provide sufficient facts of relevant corporate relationships of the Membership Applicant to allow for the Board's review of corporate relationships in consideration of the definition of "Affiliate."



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11.3 Deadline for Submission. The Membership Applicant must send the verified letter or affidavit to be received no later than the submission date for the Board materials for the Board meeting preceding the Membership application deadline for the following Membership year.

**XII. Review and Reaffirmation**

12.1 Review and Reaffirmation. The Board may amend this document at any time, but at a minimum the Policies and Procedures shall be reviewed and reaffirmed annually.

**Appendix A-Attachment A**

**Appendix A**  
**Board and Residential Consumer TAC Representative Compensation**

<b>Role</b>	<b>Base Compensation</b>	<b>Added Compensation</b>
Selected Director	\$160,000 per year	--
Board Chair	--	\$35,000 per year
Board Vice Chair	--	\$15,000 per year
Board Committee Chair	--	\$25,000 per year
Residential Consumer TAC Representative	\$3,000 per month	\$500 per meeting for up to 3 TAC or TAC subcommittee meetings per month

**Appendix B**  
**Non-Binding Process Guide for Board Consideration of Revision Requests**  
**Attachment A**

<u>TAC Action</u>	<u>TAC Consensus</u>	<u>Post-TAC Action</u>	<u>Board/ Committee Agenda Item(s)</u>	<u>Board/ Committee Action</u>	<u>Presenter</u>	<u>Governing Document(s) include</u>
<u>Revision Request TAC voted to reject, defer, remand or refer</u>	<u>Any</u>	<u>Appeal</u>	<u>Board Committee Agenda</u>	<u>Vote</u>	<u>Board Committee Chair</u>	<u>PURA Section 39.151(g-6)</u>
			<u>TAC Report</u>	<u>Discussion</u>	<u>Tac Chair or Delegate</u>	<u>PUCT Subst. R. 25.362(c)(1)-(2)</u>
			<u>Appellant Position Statement</u>	<u>Discussion</u>	<u>Appellant</u>	<u>Protocol Section 21 or corresponding Other Binding Document section</u>
			<u>Presentation of TAC Action</u>	<u>Discussion</u>	<u>TAC Advocate</u>	
			<u>ERCOT Comments</u>	<u>Discussion</u>	<u>Staff</u>	<u>Bylaws Section 4</u>
			<u>Position Statement of Interested Parties</u>	<u>Discussion</u>	<u>Interested Parties</u>	<u>Board Committee Charter Section 1 et seq.</u>
			<u>Appellant Closing Statement</u>	<u>Discussion</u>	<u>Appellant</u>	<u>Board Policies and Procedures Section 8 and Section 9</u>
<u>Recommendation to Approve Revision Request</u>	<u>Unanimous</u>	<u>None</u>	<u>Board Agenda</u>	<u>Vote</u>	<u>Board Chair</u>	<u>PURA Section 39.151(g-6)</u>
			<u>Consent Agenda</u>	<u>Discussion</u>	<u>Secretary or Assistant Secretary</u>	<u>PUCT Subst. R. 25.362(c)(1)-(2)</u>
<u>Any Revision Request on Board and/or Board Committee Agenda</u>	<u>Any</u>	<u>Party named in Section 8.4 submits written comments or notifies Secretary or Assistant Secretary to speak in person during meeting of Board or Board Committee</u>	<u>Board Committee Agenda</u>	<u>Vote</u>	<u>Board Committee Chair</u>	<u>PURA Section 39.151(g-6)</u>
			<u>TAC Report</u>	<u>Discussion</u>	<u>TAC Chair or Delegate</u>	<u>PUCT Subst. R. 25.362(c)(1)-(2)</u>
			<u>ERCOT Comments, if any</u>	<u>Discussion</u>	<u>ERCOT staff</u>	
			<u>Party Comments</u>	<u>Discussion</u>	<u>Commenter</u>	<u>Protocol Section 21 or corresponding Other Binding Document section</u>
			<u>Board Agenda</u>	<u>Vote</u>	<u>Board Chair</u>	<u>Bylaws Section 4</u>
			<u>Board Committee Report and Recommendation</u>	<u>Discussion</u>	<u>Board Committee Chair</u>	

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						<a href="#">Board Committee Charter Section 1 et seq.</a>  <a href="#">Board Policies and Procedures Section 8</a>
<a href="#">Any Revision Request on Board and/or Board Committee Agenda</a>	<a href="#">Any</a>	<a href="#">Interested person submits written comments or timely completes a form to speak in person during meeting of Board or Board Committee</a>	<a href="#">Board and/or Board Committee Agenda (location at discretion of Chair/Vice Chair)</a>	<a href="#">Discussion</a>	<a href="#">Commenter</a>	<a href="#">PURA Sections 39.151(g-6) &amp; 39.1511(b)</a>  <a href="#">PUCT Subst. R. 25.362(c)(1)-(2)</a>  <a href="#">Bylaws Section 4</a>  <a href="#">Board Policies &amp; Procedures Section 1 and Section 8</a>