



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

8000 Metropolis Drive (Building E), Suite 100, Boardroom B
Austin, Texas 78744
August 20, 2024

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

Meeting Attendance:

Board Members:

Director	Affiliation/Role (if any)	Voting Category
Aguilar, Carlos	N/A	Voting
Capuano, Linda	N/A	Voting
Cobos, Lori	Public Utility Commission of Texas (PUCT, Commission), Commissioner	Non-Voting
England, Julie (<i>via Teleconference</i>)	N/A	Voting
Flexon, Bob	N/A	Voting
Flores, Bill (Vice Chair)	N/A	Voting
Gleeson, Thomas	PUCT Chair	Non-Voting
Heeg, Peggy	N/A	Voting
Swainson, John	N/A	Voting
Vegas, Pablo	ERCOT President and Chief Executive Officer (CEO)	Non-Voting

Officers and Guests:

Officer/Guest	Role
Berlin, Anna	ERCOT Associate Corporate Counsel
Billo, Jeff	ERCOT Director of Operations Planning
Bonser, Drew	ERCOT Director of Cyber Security
Boren, Ann	ERCOT Senior Manager of Market rules and Stakeholder Support
Collins, Keith	ERCOT Vice President of Commercial Operations
Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Gleason, Brandon	ERCOT Deputy General Counsel



Glotfelty, Jimmy	PUCT Commissioner
Gwinn, Diane	ERCOT Director of Corporate IT Services
Hobbs, Kristi	ERCOT Vice President of System Planning and Weatherization
Hjaltman, Courtney	PUCT Commissioner
Hughes, Gilbert	ERCOT Vice President of Public Affairs
Jackson, Kathleen	PUCT Commissioner
Maggio, Dave	ERCOT Principal of Commercial Operations
Martinez, Adam	ERCOT Vice President of Enterprise Risk and Strategy
Parakkuth, Jayapal	ERCOT Senior Vice President and Chief Information Officer
Pollo, Kevin	CPS Energy (CPS) Vice President of Energy Supply and Market Operations
Rainwater, Kim	ERCOT Senior Corporate Counsel
Rickerson, Woody	ERCOT Senior Vice President and Chief Operating Officer
Rychetsky, Penny	ERCOT Director of Internal Audit
Rydell, Brandt	ERCOT Assistant General Counsel
Seely, Chad V.	ERCOT Senior Vice President, General Counsel and Corporate Secretary
Smith, Caitlin	Jupiter Power LLC, Technical Advisory Committee (TAC) Chair
Spak, Mara	ERCOT Vice President of Human Resources
Taylor, Sean	ERCOT Senior Vice President, Chief Financial Officer, and Chief Risk Officer
Urrutia, Rick	CPS Vice President of Generation Operations
Woodfin, Dan	ERCOT Vice President of System Operations
Zerwas, Rebecca	ERCOT Director of State Policy and PUC Relations, Board Liaison

Call General Session to Order (Agenda Item 1)

Bill Flores, Board Vice Chair, determined that a quorum was present and called the Board meeting to order at approximately 10:00 a.m. Vice Chair Flores noted Board Member Julie England was attending the meeting via Webex and recognized that the Board was without two voting Members – the vacant seat from Paul Foster’s resignation in June and the vacant seat of Office of Public Utility Counsel (OPUC) until a designation is made by the Governor.

Vice Chair Flores recognized Thomas Gleeson, Chairman of the PUCT. Chair Gleeson called an Open Meeting of the Commission to order to consider matters that had been duly posted with the Texas Secretary of State for August 20, 2024.

Vice Chair Flores highlighted the Antitrust Admonition. The Vice Chair recognized Sean Taylor, who is ERCOT’s Senior Vice President, Chief Financial Officer, and Chief Risk Officer. Mr. Taylor recently announced his intention to retire effective October 1, 2024. ERCOT CEO Pablo Vegas thanked Mr. Taylor for Mr. Taylor’s more than 11 years of service to ERCOT and leadership in securitization efforts, managing ERCOT budget and fee rate adjustments, finance transformation, and major project efforts.



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

Vice Chair Flores announced that on the agenda for the meeting, which was posted publicly on August 13, 2024, ERCOT had provided instructions for members of the public who were interested in commenting in person and that to date no individuals had expressed interest in commenting, which Chad Seely confirmed.

Consent Agenda; Unopposed Revision Requests Recommended by TAC for Approval (Agenda Items 3 – 3.1.9)

Vice Chair Flores presented the Consent Agenda, including unopposed Revision Requests recommended by TAC for approval. Mr. Seely reviewed the cost impacts of the Revision Requests as follows:

- NPRR1216, Implementation of Emergency Pricing Program;
- NPRR1217, Remove Verbal Dispatch Instruction (VDI) Requirement for Deployment and Recall of Load Resources and Emergency Response Service (ERS) Resources;
- NPRR1225, Exclusion of Lubbock Load from Securitization Charges;
- NPRR1231, FFSS Program Communication Improvements and Additional Clarifications;
- NPRR1233, Modification of Weatherization Inspection Fees on the ERCOT Fee Schedule;
- OBDRR051, Related to NPRR1216, Implementation of Emergency Pricing Program;
- PGRR106, Clarify Projects Included in Transmission Project Information and Tracking (TPIT) Report;
- VCMRR039, Related to NPRR1216, Implementation of Emergency Pricing Program; and
- VCMRR040, Methodology for Calculating Fuel Adders for Coal-Fired Resources.

Vice Chair Flores announced NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation, was removed from the Consent Agenda to instead take up as Agenda Item 7.1.2 during the Technical Advisory Committee (TAC) Report. Vice Chair Flores entertained a motion to recommend approval of the Consent Agenda.

John Swainson moved to recommend approval of the Consent Agenda. Carlos Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

June 18, 2024 General Session Meeting Minutes (Agenda Item 4)

Vice Chair Flores entertained a motion to approve the June 18, 2024 General Session Meeting Minutes (Minutes).

Peggy Heeg moved to approve the Minutes as presented. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

CEO Update (Agenda Item 5)

Pablo Vegas presented the CEO Update. Board members and Mr. Vegas discussed ranking key framework attributes and possible uses across the ERCOT market to drive availability, with the



most efficient outcomes, of Resources in current and future periods. Discussion included specifying economic considerations beyond general inclusion as an aspect of efficiency. Board members, Commissioners, and Mr. Vegas discussed developing and including in the 2024 preliminary Regional Transmission Plan timelines for new Extra High Voltage (EHV) lines to move power over long distances, reduce congestion, increase grid stability, and address uncertainty of future generation. Board members also discussed EHV planning and use of Ultra High Voltage (UHV) in regions outside of Texas.

Update on CPS Energy Reliability Must-Run (RMR) and Must-Run Alternative (MRA) Process (Agenda Item 5.1)

Mr. Vegas, Woody Rickerson, and Mr. Seely presented the Update on CPS Energy Reliability Must-Run (RMR) and Must-Run Alternative (MRA) Process. The governing documents for MRA solutions are to be amended and the open Request for Proposal process will be extended into the second week of October to solicit further industry response. Presentation of technical analysis of the CPS Units compared to respondents would be presented for Board awareness in December. Board members and Mr. Seely discussed developing methodology to calculate CPS claims for lost-opportunity costs. Discussion also included adequacy of economic incentives in the RMR and MRA framework to generate industry participation since the last use of the framework was in 2016. Board members and Mr. Seely discussed the distinction between outage costs and life-extension costs. Board members and Mr. Rickerson discussed ways to maximize capacity through management of Resource Outages. Vice Chair Flores invited Rick Urrutia and Kevin Pollo of CPS Energy to join the discussion. Board members, Commissioners, Mr. Urrutia, and Mr. Pollo discussed bases for CPS RMR cost estimates, CPS's proposed methodology to recover lost-opportunity costs, and potential timing issues raised by CPS for pre-suspension inspections. Board members and Mr. Seely discussed the Board's governance role in the RMR/MRA process.

Board Education – Thermal Generation Development in ERCOT (Agenda Item 6)

Dave Maggio presented Board Education – Thermal Generation Development in ERCOT. Board members and Mr. Maggio described Lazard's levelized cost of energy by technology type. Commissioners, Board members, and Mr. Maggio talked about setting of a Reliability Standard by the PUCT. Mr. Maggio and Mr. Rickerson considered potential for Load growth in the ERCOT Region. Board members and Mr. Maggio conferred about proposed Environmental Protection Agency (EPA) rules potential impact on generation development and retirements. Board members and Mr. Maggio considered market uses for Cost of New Entry (CONE) and Peaker Net Margin (PNM).

TAC Report; Non-Unanimous and Other Selected Revision Requests Recommended by TAC for Approval; NPRR1190, High Dispatch Limit Override Provision for Increased Load Serving Entity Costs; NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation; NPRR1219, Methodology Revisions and New Definitions for the Report on Capacity, Demand and Reserves in the ERCOT Region (CDR) – URGENT, NPRR1230, Methodology for Setting Transmission Shadow Price Caps for an IROL in SCED – URGENT (Agenda Items 7.1 – 7.1.4)



Caitlin Smith, TAC Chair, presented the TAC Report on recent TAC activities and included TAC's unanimous recommendation for approval of NPRR1215 and TAC's non-unanimous recommendations for approval of NPRR1190, NPRR1219, and NPRR1230.

Reliability and Markets (R&M) Committee Recommendations on Non-Unanimous and Other Selected Revision Requests (Agenda Item 7.2)

Vice Chair Flores invited R&M Committee Chair Bob Flexon to report on NPRR1215, which TAC recommended unanimously but the Board Vice Chair removed from the Board's Consent Agenda in light of ERCOT Comments that the NPRR has an incorrect credit formula. Mr. Flexon reported the R&M Committee discussed that NPRR1215 should return to TAC to correct the issue.

Mr. Flexon moved the Board to remand NPRR1215 to TAC, as recommended by the R&M Committee. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Flexon reported that in addition to the TAC Report, the Committee considered ERCOT Comments on NPRR1190. There were six opposing votes at TAC by Consumers on NPRR1190, and the Committee would like more time to consider the quantitative data in ERCOT Comments prior to the October Board meeting and so it recommended that the Board table NPRR1190.

Mr. Flexon moved the Board to table NPRR1190, as recommended by the R&M Committee. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Mr. Flexon reported on the R&M Committee's deliberations from the prior day including the TAC Report and ERCOT Comments for NPRR1219, as well as for NPRR1230, both of which TAC non-unanimously recommended for approval. Mr. Flexon reported the Committee recommended approval of the Revision Requests.

Mr. Flexon, as recommended by the R&M Committee, moved the Board to recommend approval of NPRR1219 and NPRR1230, each as recommended by TAC. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Finance and Audit (F&A) Committee Report; Acceptance of 2023 ERCOT 401(k) Savings Plan Audit Report (Agenda Items 8 – 8.1)

Mr. Flores, who is also F&A Committee Chair, reported that the F&A Committee met the prior day and highlighted items discussed at the F&A Committee meeting. During the report, Vice Chair Flores presented the F&A Committee's recommendation regarding the acceptance of 2023 ERCOT 401(k) Savings Plan Audit Report.

Mr. Flores moved to accept the audited financial statements of ERCOT's 401(k) Savings Plan, as of December 31, 2023, as presented in draft form by Baker Tilly, as recommended by the F&A Committee. Mr. Swainson seconded the motion. The motion passed by unanimous voice vote with no abstentions.



Following the vote, Mr. Flores highlighted other topics discussed during the F&A Committee meeting.

Human Resources and Governance (HR&G) Committee Report; Proposed Amendments to the Board Policies and Procedures; Ratification of Officer (Agenda Items 9 – 9.1)

Peggy Heeg, HR&G Committee Chair, reported the HR&G Committee met the prior day and recommended the Board ratify ERCOT's appointment of Gilbert Hughes as a Company Officer. Ms. Heeg highlighted other topics discussed during the HR&G Committee meeting.

Ms. Heeg moved to approve the ratification of Gilbert Hughes, ERCOT Vice President of Public Affairs, as an ERCOT Officer effective July 2, 2024, as recommended by the HR&G Committee. Mr. Flexon seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Reliability and Markets (R&M) Committee Report; NOGRR245, Inverter-Based Resource (IBR) Ride-Through Requirements – URGENT; Oncor Temple Area Regional Planning Group (RPG) Project (Agenda Items 10 – 10.2)

Mr. Flexon highlighted additional items discussed at the R&M Committee meeting the prior day, including the Committee's recommendation for the Board to recommend approval of NOGRR245, Inverter-Based Resource (IBR) Ride-Through Requirements – URGENT. In June, TAC recommended approval of NOGRR245, and following comments during the R&M Committee meeting the Board tabled NOGRR245 for further development of consensus among ERCOT staff and certain stakeholders who had concerns with the NOGRR. Chad Seely and Andy Gallo updated the Committee on the progress, including 8/12/24 and 8/16/24 ERCOT Comments, as well as ERCOT staff's discussion of costs and budgetary impacts. Joint Commenters who previously raised concerns on the NOGRR filed comments subsequent to ERCOT Comments on 8/16/24 with no objection to ERCOT Comments.

Mr. Flexon, as recommended by the R&M Committee, moved to recommend approval of NOGRR245 as recommended by TAC in the 6/7/24 TAC Report as amended by the 8/16/24 ERCOT comments with a recommended priority of 2025 and rank of 3515 and to (i) designate a subsequent Nodal Operating Guide Revision Request (NOGRR) as a Board Priority Revision Request to address the remaining details of the exemption process and (ii) to have the NOGRR at the Board's February 2025 meetings for consideration, with instruction to TAC leadership to provide detailed reports on this subsequent NOGRR at the October and December meetings. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Commissioner Glotfelty suggested that ERCOT provide an update on North American Reliability Corporation (NERC) standards for Inverter-Based Resources. Commission Chair Gleeson discussed policy decisions taking place through Commission rulemakings.

Mr. Flexon reported the Oncor Temple Area Regional Planning Group (RPG) Project is a \$272.6 million, Tier 1 project with an expected in-service date of December 2028 to address thermal overloads on transmission lines and transformers, as well as voltage violations, in Bell County to meet NERC and ERCOT reliability planning criteria. Option 5A was the least cost option which



met the planning criteria, improved long term load serving capability for future load growth, and required the least amount of needed Certificate-of-Convenience-and-Necessity miles.

Mr. Flexon moved the Board to endorse, as recommended by the R&M Committee, the need for the Tier 1 Oncor Temple Area RPG Project (Option 5A), which ERCOT staff has independently reviewed, and which TAC has voted unanimously to endorse based on NERC and ERCOT reliability planning criteria. Mr. Aguilar seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Technology and Security (T&S) Committee Report (Agenda Item 11)

Mr. Swainson, T&S Committee Chair, reported the T&S Committee met the prior day and highlighted items discussed at the T&S Committee meeting. These included an introduction to Grid Enhancing Technologies presented by the Electric Power Research Institute (EPRI) and ERCOT staff technology project updates. Chair Swainson reported that ERCOT staff's opinion that, at this late stage, full integration of recent recommendations by the IMM could significantly impact ERCOT's current Real-Time Co-optimization Plus Batteries (RTC+B) project timeline and perhaps the project itself. He added that ERCOT staff had expressed openness to discussions regarding the potential for integration of IMM recommendations in phases over time.

Other Business (Agenda Item 12)

No other business was discussed at this time.

Executive Session; Vote on Matters from Executive Session (Agenda Item 13)

Vice Chair Flores recessed General Session at approximately 12:25 p.m. and convened Executive Session at approximately 12:54 p.m. Vice Chair Flores recessed Executive Session at approximately 1:08 p.m. for the Board to vote on matters discussed in Executive Session and reconvened General Session at approximately 1:11 p.m.

Vice Chair Flores entertained motions for two matters discussed during Executive Session.

Mr. Flores moved to select Baker Tilly US, LLP as the 2024 ERCOT 401(k) Savings Plan Auditor, as recommended by the F&A Committee and as discussed during Executive Session. Ms. Heeg seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Ms. Heeg moved to approve the litigation matter discussed in Executive Session under Agenda Item ES 3.5. Mr. Swainson seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Adjournment (Agenda Item 14)

Vice Chair Flores adjourned General Session at approximately 1:12 p.m. and convened Executive Session at approximately 1:14 p.m. Vice Chair Flores adjourned Executive Session and the meeting at approximately 4:19 p.m.



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

Chad V. Seely
Corporate Secretary

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