

2010 Project Priority List / Funding Level Review

SO Project Highlights - 2010

Project Type	Budget	Count
Completion of Projects Started in Previous Yrs	\$ 150,000	2
Total Funding Request	\$ 150,000	2

Total Unfunded Projects	\$ 0	0
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2010 Project Priority List / Funding Level Review

Other Project Highlights - 2010

Project Type	Budget	Count
Met Center Disposition	\$31,900,000	1
Data Center Equipment	7,500,000	6
Minor Cap – Critical	750,000	1
Total Funding Request	\$40,150,000	8

Total Unfunded Projects	\$ 1,950,000	2
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2010 Project Priority List / Unfunded Projects - Summary

CART	Budget	Count
CO – Corporate Operations	\$ 6,200,000	24
IO – IT Operations	5,250,000	7
MO – Market Operations	2,850,000	7
RO – Retail Operations	2,500,000	5
SO – System Operations	0	0
Total Unfunded Projects	\$ 16,800,000	43
Met Center	1,200,000	1
Data Center Equipment	0	0
Minor Cap	750,000	1
Total Unfunded Projects	\$ 18,750,000	45

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

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to:

- o Support the base operations activities of ERCOT in 2010;
- o Adopt the 2010 Base Operating Budget (2010 Budget), which includes \$176.8 million total spending authorization for base operations (including independent market monitoring and Public Utility Regulatory Act (PURA) functions), capital projects, debt service and a gross staff authorization level of 739 full-time equivalents (FTEs);
- o Approve the current, unchanged rate of ERCOT System Administration Fee of \$0.4171 as outlined in the 2010 Budget;
- o Approve the ERCOT Fee Schedule attached as Exhibit A; and
- o Support the activities of ERCOT in 2010, including operating and maintenance expenses, capital requirements, and debt service obligations for ERCOT's base operations; and

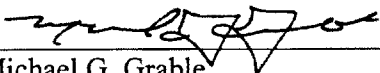
THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to:

- o Adopt the 2010 Budget (2010 Budget), which includes \$176.8 million total spending authorization for base operations (including independent market monitoring and PURA functions), capital projects, debt service and a gross staff authorization level of 739 FTEs;
- o Approve the current, unchanged rate of ERCOT System Administration Fee of \$0.4171 as outlined in the 2010 Budget; and
- o Approve the ERCOT Fee Schedule attached as Exhibit A.

CORPORATE SECRETARY'S CERTIFICATE

I, Michael G. Grable, Corporate Secretary of ERCOT, do hereby certify that, at its September 15, 2009 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by voice vote with one opposed (Don Ballard) and no abstentions.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of September, 2009.



Michael G. Grable
Corporate Secretary

ERCOT's 2010 Derivative Transactions

A description of any derivative transactions entered into by ERCOT.

ERCOT did not enter into any new derivatives in 2010. The derivatives included in the chart represent all of the derivatives held by ERCOT as of December 31, 2010.

Interest Rate Derivatives

The Company has variable to fixed rate swap agreements (Swaps) with two financial institutions. The notional amounts of the Swaps are primarily related to the term loan, with two Swaps related to a portion of the \$75,000 revolving line of credit with JPMorgan Chase Bank. The Swaps generally mature prior to or concurrent with the respective borrowings' due dates. Under the terms of the Swaps, the Company pays the counterparties a fixed rate. In return, the counterparties pay the Company variable interest at LIBOR, which approximates, but does not precisely equal, the rate of interest on the related borrowing. The fixed rate terms of the Swaps and their notional values at December 31, 2010 are summarized in the following table.

Transaction Date	From	To	Fixed Rate Due to Counterparty	Notional Values at December 31, 2010
2007	Nov-07	Nov-11	5.55%	50,000
2007	Nov-08	Nov-12	5.66%	30,000
2008	Nov-08	Nov-12	3.21%	40,000
2009	Nov-09	Jun-12	2.42%	40,000
2009	Nov-09	Jun-12	2.52%	40,000