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PROJECT NO. 51878

**REPORTS OF THE ELECTRIC § PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS §
FOR CALENDAR YEAR 2021 § OF TEXAS**

PROJECT NO. 50664

**ISSUES RELATED TO THE STATE § PUBLIC UTILITY COMMISSION
OF DISASTER FOR CORONAVIRUS §
DISEASE 2019 § OF TEXAS**

**ERCOT’S NOTICE OF JULY 23, 2021 URGENT TELECONFERENCE MEETING OF
THE ERCOT FINANCE AND AUDIT COMMITTEE AND
ERCOT BOARD OF DIRECTORS**

Given the continuing Coronavirus Disease 2019 (COVID-19) pandemic situation and the inability to accommodate medium to large in-person groups and maintain proper social distancing requirements, Electric Reliability Council of Texas, Inc. (ERCOT) hereby provides notice to the Public Utility Commission of Texas (Commission) that it has scheduled a joint urgent teleconference meeting of the Finance and Audit (F&A) Committee and the ERCOT Board of Directors (Board) at 10:00 a.m. on July 23, 2021, to consider urgent, time-sensitive matters that cannot wait until their next regularly-scheduled meetings.

Due to the lack of leadership on the F&A Committee and Board after the resignation of several Board members following Winter Storm Uri in mid-February 2021, as well as other factors such as the unknown impact of any potential changes to ERCOT's structure and governance made during the 87th Texas Legislative Regular Session, certain matters regarding ERCOT’s 2020 Audited Financial Statements Report and its 2022-2023 Biennial Budget Request that the F&A Committee and Board were due to consider at their meetings on April 12 and 13, 2021 had to be delayed.¹ Under routine circumstances, ERCOT’s independent financial statements auditor would finish most work for its audit of the prior year by March. ERCOT management and the auditor would then present the audit results and draft Financial Statements

¹ For additional details, please see *Notice of Electric Reliability Council of Texas, Inc. regarding Corporate Governance Status in relation to 2020 Audited Financial Statements Report and 2022-2023 Biennial Budget Request*, filed in Public Utility Commission of Texas Project No. 51878, on April 21, 2021.

Audit Report to the F&A Committee and the Board at their April meetings. After Board acceptance of the draft report at the April meeting, the auditor would issue the final Financial Statements Audit Report to ERCOT in mid-April. However, because ERCOT was not able to determine the ultimate impact of any potential regulatory changes to its structure or governance, ERCOT's independent financial statements auditor, Baker Tilly US, LLP (Baker Tilly), was unable to issue a report on ERCOT's 2020 financial statements on ERCOT's typical schedule. A debt covenant required that audited financial statements be provided to lenders by April 30, 2021. This deadline was extended by agreement until July 31, 2021.

The factors described above also resulted in a delay in the preparation and presentation of ERCOT's 2022-2023 Biennial Budget. Under routine circumstances, ERCOT management would present the draft request for a biennial budget to the F&A Committee for discussion at the April F&A Committee meeting on odd-numbered years. Then ERCOT management would present the proposed biennial budget request to the F&A Committee at the June F&A Committee meeting of the same year and, upon F&A Committee recommendation, to the Board at the June Board meeting for approval and presentation to the Commission in July of the same year. The Commission order approving ERCOT's 2020-2021 Budget Request included a deadline of September 1, 2021, for the filing of ERCOT's 2022-2023 Budget Request, but as allowed by such order, this deadline was extended for good cause until November 1, 2021 by the Commission's Executive Director due to the potential impact of laws enacted during the Regular Session that likely would not be known until after the expiration of the veto period on June 20, 2021.

Following the conclusion of the 87th Texas Legislative Regular Session, Baker Tilly resumed the financial statements audit, and is now prepared to issue a report on ERCOT's 2020 financial statements. The extended debt covenant requirement deadline of July 31, 2021, however, falls prior to the next-regularly scheduled Board meeting on August 10, 2021. ERCOT staff is also prepared to present its draft request for a biennial budget, consideration of which must proceed in a timely manner in order to meet the November 2, 2021 deadline established by the Commission. Both of these items present operational, market, regulatory, legal, organizational and governance issues that require immediate consideration and cannot wait further until the next regularly-scheduled Board meeting on August 10, 2021. Accordingly, the

F&A Committee and Board have scheduled an urgent meeting by teleconference on July 23, 2021. Because both the Financial Statements Audit Report and Biennial Budget typically involve the input of both the F&A Committee and Board, the July 23, 2021 urgent meeting will be conducted as a joint, concurrent meeting of both groups for purposes of efficiency.

As required by PURA Section 39.1511(c), ERCOT will make live Internet video of the general session (public portion) of the meeting publicly accessible without charge for viewing from an Internet website. Specifically, the teleconference will be hosted by ERCOT through Cisco Webex, which will be simultaneously webcast live by ERCOT's vendor, Swagit Productions, to the public on the ERCOT website at no charge. To address public participation and comment on the agenda items of the urgent Board meeting as required by PURA Section 39.1511(b), on the agenda publicly posted on ERCOT's website, ERCOT has provided the public with instructions and contact information for providing public comments in writing on one or more of the agenda items in advance of the meeting by 12:00 p.m. on July 22, 2021.

Respectfully Submitted,

/s/ Chad V. Seely

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