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PROJECT NO. 27706

REPORTS OF THE ELECTRIC § PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS §
§ OF TEXAS

DOCKET NO. 51604

PETITION OF ELECTRIC § PUBLIC UTILITY COMMISSION
RELIABILITY COUNCIL OF TEXAS, §
INC., FOR APPROVAL OF § OF TEXAS
UNAFFILIATED DIRECTOR

PROJECT NO. 51812

ISSUES RELATED TO THE STATE § PUBLIC UTILITY COMMISSION
OF DISASTER FOR THE §
FEBRUARY 2021 WINTER § OF TEXAS
WEATHER EVENT

**NOTICE OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC. REGARDING
THE RESIGNATION OF FOUR UNAFFILIATED DIRECTORS FROM THE
BOARD OF DIRECTORS AND WITHDRAWAL OF ONE UNAFFILIATED
DIRECTOR CANDIDATE FROM CONSIDERATION FOR APPROVAL**

COMES NOW, Electric Reliability Council of Texas, Inc. (ERCOT), and provides notice of the resignation of four Unaffiliated Directors from the ERCOT Board of Directors (Board), and the withdrawal of one Unaffiliated Director candidate from consideration for approval by the Public Utility Commission of Texas (Commission) to fill the prior sole Unaffiliated Director vacancy on the Board.

I. Resignation of Unaffiliated Directors

Pursuant to 16 TAC § 25.362(g)(5), ERCOT is required to notify the Commissioners when a vacancy occurs for an Unaffiliated Director position on the Board. ERCOT hereby provides notice that all four Unaffiliated Directors currently serving on the ERCOT Board – Sally Talberg (Board Chairman), Peter Cramton (Board Vice Chairman), Terry Bulger (Finance and Audit Committee Chairman) and Raymond Hepper (Human Resources and Governance Committee Chairman) – are resigning, effective upon the adjournment of the February 24, 2021 ERCOT

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Urgent Board Meeting by Teleconference.¹ Their joint resignation letter is provided as Attachment A.

II. Withdrawal of Unaffiliated Director Candidate

ERCOT further notifies the Commissioners that, effective February 23, 2021, Craig S. Ivey, whose application intended to fill the sole prior Unaffiliated Director vacancy on the Board, has withdrawn as an Unaffiliated Director candidate. Mr. Ivey's candidacy withdrawal letter is provided as Attachment B. The Petition of Electric Reliability Council for Approval of Unaffiliated Director Craig S. Ivey was filed in Docket No. 51604 on December 9, 2020. This Notice is being filed concurrently in Docket No. 51604. ERCOT hereby provides notice of the withdrawal of ERCOT's Petition for Approval of Unaffiliated Director Craig S. Ivey for consideration as an Unaffiliated Director on the Board, which will be filed in Docket No. 51604 as soon as reasonably possible.

III. Status of Composition of ERCOT Board of Directors

PURA² § 39.151(g) provides that, in order for ERCOT to maintain its certification as an independent organization under PURA, ERCOT's Board "must be composed of persons specified by this section and selected in accordance with [ERCOT's] bylaws or protocols." Specifically, PURA § 39.151(g)(7) requires that, of the 16-member governing body, the Board must include "five members unaffiliated with any market segment and selected by the other members of the governing body to serve three-year terms." Consistent with PURA, Section 4.2 of the Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., approved by the Commission on July 31, 2020 (ERCOT Bylaws), mandates that the Board be composed of 16 Directors and that five of the voting members of the Board be Unaffiliated Directors. Such Unaffiliated Directors

¹ See *Petition of the Electric Reliability Council of Texas, Inc. for Approval of Re-Election of Unaffiliated Director*, Docket No. 47915, Order (Mar. 29, 2018) (Mr. Cramton); *Petition of the Electric Reliability Council of Texas, Inc. for Approval of Re-Election of Unaffiliated Director*, Docket No. 51060, Order (Nov. 5, 2020) (Mr. Bulger); *Petition of the Electric Reliability Council of Texas, Inc. for Approval of Unaffiliated Director*, Docket No. 51062, Order (Nov. 5, 2020) (Mr. Hepper); *Petition of the Electric Reliability Council of Texas, Inc. for Approval of Unaffiliated Director*, Docket No. 51063, Order (Nov. 5, 2020) (Ms. Talberg). In addition to the resignations of the aforementioned Unaffiliated Directors, on February 23, 2021 (the date of this filing), ERCOT received notice in writing from Vanessa Anesetti-Parra, Market Segment Director for the Independent Retail Electric Provider Market Segment, that she also is resigning from the Board, effective upon the adjournment of the February 24, 2021 ERCOT Urgent Board Meeting by Teleconference.

² Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016.

must be selected in accordance with and meet the eligibility requirements of ERCOT Bylaws § 4.3(b). Furthermore, PURA § 39.151(g-1) requires that the presiding officer of the Board—that is, the Board Chairman—must be one of the Unaffiliated Directors as described in PURA § 39.151(g)(7). In addition, ERCOT Bylaws § 4.4 requires that both the Board Chair and Vice Chair be Unaffiliated Directors.

On January 1, 2021, fifteen Directors were serving on the Board, including four Unaffiliated Directors. At that time, the sole vacancy on the Board was the seat for the fifth required Unaffiliated Director. On February 16, 2021, pursuant to a scheduling order in Docket No. 51604, ERCOT and Commission staff filed a joint proposed order with the Commission for approval of Mr. Ivey as an Unaffiliated Director candidate to fill such Unaffiliated Director vacancy on the Board. Each of the four seated Unaffiliated Directors was elected to serve in a leadership capacity for 2021 on either the Board or one of its Committees.³ With the resignations of the four Unaffiliated Directors, beginning upon adjournment of the February 24, 2021 Urgent Board Meeting by Teleconference, no Unaffiliated Directors will be serving on the Board, and the Board Chairman, Board Vice Chairman and both Committee Chairman leadership roles will be vacant. With the withdrawal of the Unaffiliated Director candidate today, there are no Unaffiliated Director candidates immediately available who have been selected through the nomination process and vetted to meet the Unaffiliated Director eligibility criteria required by Section 4.3(b) of the ERCOT Bylaws for any of the five⁴ Unaffiliated Director vacancies on the Board.

In addition, ERCOT Bylaws § 4.7(a) provides that except as may otherwise be provided by law, the ERCOT Certificate of Formation or the ERCOT Bylaws, at all meetings of the Board, fifty percent of the Seated Directors shall constitute a quorum for the transaction of business (abstentions do not affect calculation of a quorum). As set forth in ERCOT Bylaws Article 2, a “Seated Director” is a current Director, or the Director’s currently-serving designated Segment Alternate when serving in the Director’s stead (if applicable), regardless of attendance at meetings;

³ Ms. Talberg and Mr. Cramton were elected by the Board to serve as the Board Chairman and Board Vice Chairman, respectively. Mr. Bulger was elected by the Finance and Audit (F&A) Committee of the Board to serve as the F&A Committee Chairman. Mr. Hepper was elected by the Human Resources and Governance (HR&G) Committee of the Board to serve as HR&G Committee Chairman.

⁴ The five Unaffiliated Director vacancies are calculated as of the adjournment tomorrow of the February 24, 2021 ERCOT Urgent Board Meeting by Teleconference when the four Unaffiliated Director resignations become effective.

vacant positions are not considered Seated Directors. Further, Tex. Bus. Org. Code § 22.213 provides that a quorum for the transaction of business by the Board is the lesser of: (1) the majority of the number of Directors set by the Bylaws, or (2) any number, not less than three, set as a quorum by the Certificate of Formation or Bylaws. Accordingly, while fifty percent of the Seated Directors would constitute a quorum if the total number of Seated Directors were six or higher, if the total number of Seated Directors were below six but not lower than three, then the quorum would remain fixed at three. If, however, the total number of Seated Directors were lower than three, the Board would not be capable of satisfying the quorum requirement set forth in Tex. Bus. Org. Code § 22.213.

Respectfully Submitted,

/s/ Vickie G. Leady

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ATTORNEYS FOR ELECTRIC RELIABILITY
COUNCIL OF TEXAS, INC.

CERTIFICATE OF SERVICE

I, Vickie G. Leady, attorney for ERCOT, hereby certify that a copy of this document was served on all parties of record in Docket No. 51604 on February 23, 2021 by email, in accordance with Second Order Suspending Rules issued on July 16, 2020 in Project No. 50664.

/s/ Vickie G. Leady
Vickie G. Leady



February 23, 2021

Board of Directors
Electric Reliability Council of Texas, Inc.

Dear ERCOT Board Members:

We want to acknowledge the pain and suffering of Texans during this past week. Our hearts go out to all Texans who have had to go without electricity, heat, and water during frigid temperatures and continue to face the tragic consequences of this emergency.

We have noted recent concerns about out-of-state board leadership at ERCOT. To allow state leaders a free hand with future direction and to eliminate distractions, we are resigning from the board effective after our urgent board teleconference meeting adjourns on Wednesday, February 24, 2021.

Before we step aside, we are beginning the process of reviewing this extreme cold weather event and resulting power crisis. With the right follow through, Texas can lead the nation in investing in infrastructure and emergency preparedness to withstand the effects of severe weather events—whether in the form of flooding, drought, extreme temperatures, or hurricanes. We want what is best for ERCOT and Texas.

We want to thank Bill Magness and his entire staff for their hard work and dedication. The organization is filled with highly specialized, dedicated professionals who bring decades of experience to Texas. We have only one thing to ask those of you who remain on the board: please continue to recognize the fine people at ERCOT and what they do for Texas every day.

Thank you for your leadership and continuing service on the board and the opportunity to serve Texas.

Respectfully,

/s/ Sally Talberg
Sally Talberg
Unaffiliated Director
ERCOT Board Chairman

/s/ Peter Cramton
Peter Cramton
Unaffiliated Director
ERCOT Board Vice Chairman

/s/ Terry Bulger
Terry Bulger
Unaffiliated Director
ERCOT Finance and Audit
Committee Chairman

/s/ Raymond Hepper
Raymond Hepper
Unaffiliated Director
ERCOT Human Resources and
Governance Committee Chairman



cc: ERCOT Membership
The Honorable DeAnn Walker, Chairman, PUCT
The Honorable Shelly Botkin, Commissioner, PUCT
The Honorable Arthur D'Andrea, Commissioner, PUCT
Chad V. Seely, ERCOT Corporate Secretary
Vickie G. Leady, ERCOT Asst. Corporate Secretary

February 23, 2021

Honorable DeAnn T. Walker
Chairman – Public Utility Commission of Texas
1701 N. Congress Avenue
P. O. Box 13326
Austin, Texas 78711-3326

Honorable Arthur C. D’Andrea
Commissioner – Public Utility Commission of Texas
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Honorable Shelly Botkin
Commissioner – Public Utility Commission of Texas
1701 N. Congress Avenue
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Austin, Texas 78711-3326

Re: Public Utility Commission of Texas Docket No. 51604 – *Petition of the Electric Reliability Council of Texas, Inc. for Approval of Unaffiliated Director*

Dear Chairman and Commissioners:

The people of Texas have endured extraordinary difficulties over the last week going without electricity, heat and water. Having spent 32 years in the utility business, I developed a keen understanding of the impact of major outages on residential, commercial and industrial customers.

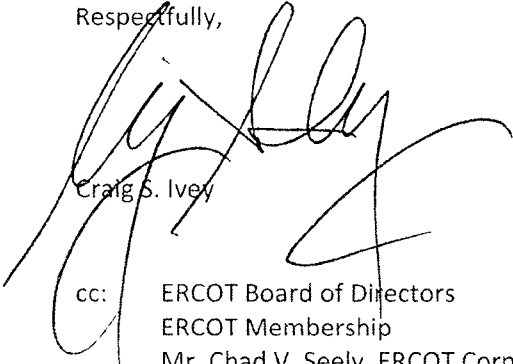
Recently, some stakeholders have expressed concerns regarding the propriety of out-of-state Directors on the Board of the Electric Reliability Council of Texas (ERCOT). In order to avoid becoming a distraction, I’m requesting that ERCOT withdraw my petition for approval to serve as an Unaffiliated Director. The response to recent events will require the full attention of leaders in the state and at ERCOT.

Texas is great state with a rich history. The people are proud, independent and resilient. One of my former neighbors, a proud Texan, often reminded me that our town in Virginia was an extension of east Texas. I have every confidence that Texas and ERCOT will emerge from this crisis better than before.

I am very appreciative of the employees and leaders at ERCOT. They remind me of the people that I worked with over my career – humble, hard-working professionals with deep subject matter expertise.

I'm thankful to the Board and Membership that provided an opportunity for me to serve and supported my nomination.

Respectfully,

A large, stylized handwritten signature in black ink, appearing to read 'Craig S. Ivey'. The signature is written over the printed name 'Craig S. Ivey'.

Craig S. Ivey

cc: ERCOT Board of Directors
ERCOT Membership
Mr. Chad V. Seely, ERCOT Corporate Secretary
Ms. Vickie G. Leady, ERCOT Asst. Corporate Secretary