TEXAS RE
Ensuring electric reliability for Texans

Texas Reliability Entity, Inc.
Board of Directors
Meeting Agenda

December 11, 2024, at 2:00 p.m. Central Time**
8000 Metropolis Drive, Building A, Suite 300, Austin, Texas 78744

WebEx Link:
https://texasre.webex.com/texasre/j.php?MTID=m6067c0563dc4fa890c2eca72cff5a162
Meeting number: 2558 227 7696
Password: 68UXmRfte9b
Dial-In: 1-855-797-9485

Item	Board of Directors Meeting
1.	**Call to Order** *Jeff Corbett, Board Chair*
2.	**Antitrust Admonition*** *Thad Crow, Communications and Training Coordinator*
3.	**Consent Agenda* (Vote)** *Jeff Corbett, Board Chair* a. Approval of the September 18, 2024, Meeting Minutes
4.	**Remarks and Reports** *Jeff Corbett, Board Chair* a. Keynote Remarks by Pablo Vegas, President & Chief Executive Officer, ERCOT b. Chief Executive Officer's Report
5.	**Audit, Governance, Risk, and Finance Committee Meeting Report** *Milton Lee, AGR&F Committee Chair*
6.	**Director Compensation Committee Report** *Crystal Ashby, DCC Chair*
7.	**Revisions to Board Policies and Procedures* (Vote)** *Derrick Davis, Vice President, General Counsel and Corporate Secretary*
8.	**Nominating Committee Report and Recommendation – 2025 Board Chair and Vice Chair* (Vote)** *Suzanne Spaulding, Nominating Committee Chair*
9.	**SAR-013 Quarterly Project Update*** *Rachel Coyne, Executive Chief of Staff*
10.	**2025 Corporate Goals and Focus Areas*** *Joseph Younger, Vice President and Chief Operating Officer*

11.	**Texas RE's Chief Engineer's Report*** *Mark Henry, Chief Engineer & Director, Reliability Outreach*
12.	**NERC Program Area Reports:** *(Staff may not present on these reports, but will be available to answer questions)* a. NERC Program Area Overview *Joseph Younger, Vice President and Chief Operating Officer* b. Compliance Assessments Report and Risk Assessment Report* *Kenath Carver, Director, Compliance Assessments* c. Enforcement Report and Registration Report* *Katie Van Zee, Director, Enforcement and Registration* d. Reliability Services Report* *David Penney, Director, Reliability Services*
13.	**Other Business & Future Agenda Items** *Jeff Corbett, Board Chair*
	Executive Session Agenda Items
14.	**Approval of the September 18, 2024, Executive Session Meeting Minutes* (Vote)** *Jeff Corbett, Board Chair*
15.	**Discussion of other confidential matters:*** including compliance and enforcement matters, personnel matters, litigation, contracts and leases, or commercially sensitive or critical infrastructure information *Jeff Corbett, Board Chair*
	Adjourn Meeting

* Background material may be distributed electronically prior to or at meeting.
** Start and end times may be adjusted should meetings conclude early or extend past their scheduled end time.

TEXAS RE
Ensuring electric reliability for Texans

ANTITRUST ADMONITION

Texas Reliability Entity, Inc. (Texas RE) strictly prohibits persons participating in Texas RE activities from using their participation as a forum for engaging in practices or communications that violate antitrust laws. Texas RE has approved antitrust guidelines available on its website. If you believe that antitrust laws have been violated at a Texas RE meeting, or if you have any questions about the antitrust guidelines, please contact the Texas RE General Counsel.

PUBLIC MEETING

Notice of this meeting was posted on the Texas RE website and the open portion of this meeting is being held in public. Participants should keep in mind that the listening audience may include members of the press, representatives from various governmental authorities, and industry stakeholders.

DRAFT MINUTES OF THE BOARD OF DIRECTORS OF TEXAS RELIABILITY ENTITY, INC.

September 18, 2024
(Via video conference only)

Board Members

Jeff Corbett	Board Chair, Independent Director
Suzanne Spaulding	Board Vice Chair, Independent Director
Milton Lee	Independent Director
Crystal Ashby	Independent Director
Jim Albright	President and CEO
Thomas Gleeson	Chairman, Public Utility Commission of Texas, *Ex Officio* Director
Daniela Hammons	Member Representatives Committee Vice Chair

Texas RE Attendees

Joseph Younger, Vice President and Chief Operating Officer
Derrick Davis, Vice President, General Counsel and Corporate Secretary
Donna Bjornson, Vice President and Chief Financial Officer
Kenath Carver, Director, Compliance Assessments
Mark Henry, Chief Engineer and Director, Reliability Outreach
Kara Murray, Director, Human Resources
Paul Curtis, Deputy General Counsel and Assistant Corporate Secretary
Matt Barbour, Manager, Communications and Training

Other Attendees

Additional Texas RE staff and other individuals attended in person or via public teleconference.

Call to Order

Pursuant to notice duly given, the meeting of the Texas Reliability Entity, Inc. (Texas RE) Board of Directors (Board) convened on September 18, 2024. Chair Corbett determined that a quorum was present and called the meeting to order at 11:30 a.m. Central Time.

Antitrust Admonition

At Chair Corbett's request, Thad Crow reviewed the antitrust admonition and reminded attendees to abide by Texas RE's antitrust guidelines.

Consent Agenda: Approval of May 15, 2024, Board of Directors Meeting Minutes

Crystal Ashby made a motion to approve the consent agenda item: the May 15, 2024, Board of Directors meeting minutes. Suzanne Spaulding seconded the motion. The motion passed by unanimous voice vote.

Remarks and Reports

Jim Albright, President and Chief Executive Officer, gave the CEO report. He reported that FERC approved Texas RE's 2025 Business Plan and Budget. He said Texas RE's Cyber and Physical Security Workshop was a great success, and also acknowledged the work done by Ms. Murray and the departments this summer to fill most of the company's open positions.

Nominating Committee Report and Recommendation to Board Concerning Independent Director

Suzanne Spaulding, Board Vice Chair, reported that the Nominating Committee met on August 21, 2024, and nominated Milton Lee to serve an additional three-year term as Independent Director on the Texas RE Board, beginning January 2025. She said the Texas RE Membership in September voted to re-elect him.

Human Resources Report

Kara Murray, Director, Human Resources, presented the Human Resources report. She said Texas RE has 70 FTEs in its 2024 Business Plan and Budget and has three open positions, with one set to be filled in October and offers out for the two other positions. The turnover rate was 9.6 percent as of the end of August 2024 compared to 12.6 percent for 2023. Crystal Ashby commended Ms. Murray for her recruitment work.

ERO Long-Term Strategic Plan

Joseph Younger, Vice President and Chief Operating Officer, presented on the ERO Long-Term Strategic Plan.

Milton Lee made a motion to endorse the ERO Long-Term Strategic Plan. Suzanne Spaulding seconded the motion. The motion passed by unanimous voice vote.

Cyber and Physical Security Workshop Recap

Kenath Carver, Director, Compliance Assessments, presented on the 2024 Cyber and Physical Security Workshop.

Texas RE's Chief Engineer's Report

Mark Henry, Chief Engineer and Director, Reliability Outreach, presented the Chief Engineer's report.

Program Area Reports

Joseph Younger, Vice President and Chief Operating Officer, said Texas RE was on track to meet all its corporate goals this year.

Program area staff provided written reports to the Board and were available to answer questions.

Other Business & Future Agenda Items

None.

Adjournment

At 12:48 p.m., Director Corbett adjourned the open portion of the meeting and convened in executive session.

_____

Derrick Davis,
Corporate Secretary

TEXAS RE
Ensuring electric reliability for Texans

MEMORANDUM

To: Board of Directors

From: Derrick Davis, Vice President, General Counsel and Corporate Secretary

Date: December 11, 2024

Re: Agenda Item 07 – Revisions to Board Policies and Procedures

Directors,

Attached for your review and adoption are redlined and clean versions of the Board Policies and Procedures and a draft resolution that reflect the changes to Independent Director compensation approved by the Director Compensation Committee at its November 22, 2024, meeting.

I look forward to discussing this with you at the meeting.

DRAFT

RESOLUTION OF THE BOARD OF DIRECTORS OF
TEXAS RELIABILITY ENTITY, INC.

December 11, 2024

WHEREAS, the Board of Directors (Board) of Texas Reliability Entity, Inc. (Texas RE), a Texas non-profit corporation, deems it desirable and in the best interest of Texas RE to adopt revisions to the Board Policies and Procedures to reflect changes approved by the Director Compensation Committee related to Independent Director compensation.

THEREFORE be it RESOLVED, that the Board adopts the attached revised Board Policies and Procedures.

CORPORATE SECRETARY'S CERTIFICATE

I, Derrick Davis, Corporate Secretary of Texas Reliability Entity, Inc. do hereby certify that during the December 11, 2024, Texas RE Board meeting, the Board of Directors took the above action. The Motion passed by _____ vote.

Signed on _____, 2024.

_____
Derrick Davis,
Corporate Secretary

TEXAS RE
Ensuring electric reliability for Texans

BOARD POLICIES AND PROCEDURES
APPROVED BY THE TEXAS RELIABILITY ENTITY, INC.
BOARD OF DIRECTORS
ON DECEMBER 11, 2024

I. DEFINITIONS 2
II. MEETING PROCEDURES AND MEETING MINUTES 2
III. RESPONSIBILITIES OF THE BOARD OF DIRECTORS 3
IV. DELEGATION OF AUTHORITY TO THE CHIEF EXECUTIVE OFFICER 4
V. COMPENSATION AND EXPENSE REIMBURSEMENT FOR DIRECTORS. 4
VI. COMMITTEES 6
VII. ETHICS COMPLAINT PROCESSING 6
VIII. REVIEW AND REAFFIRMATION 6

I. Definitions

The definitions included in the Bylaws of Texas Reliability Entity, Inc. (the Bylaws) are incorporated herein by reference.

II. Meeting Procedures and Meeting Minutes

A. Regular meetings of the Board of Directors (Board) of Texas Reliability Entity, Inc. (Texas RE) shall be held at least quarterly at a date and time agreed to by the Board. Notice of each Board meeting shall be given consistent with the Bylaws.

B. Agenda Preparation

1. The General Counsel or his or her designee will send an email to all voting Directors, requesting meeting Agenda items, at least 20 days prior to the day the meeting Agenda must be posted.

2. The CEO and General Counsel will confer with the Board Chair to finalize the Agenda at least three days prior to the day the meeting Agenda must be posted.

3. The Bylaws currently require the Agenda and non-confidential materials to be posted five business days prior to a scheduled Board meeting, except for meetings called on shorter notice to discuss urgent matters.

C. Meeting Minutes

1. Approved meeting minutes shall be posted on Texas RE's website for at least one year following the date of the meeting, except for minutes of a closed executive session, which shall not be posted on the website.

2. Meeting minutes should contain:

   (a) The place, date, and time of meeting;

   (b) A list of attendees and whether quorum was present;

   (c) A statement regarding any action taken on minutes from prior meetings;

   (d) A description of the substance of matters discussed (presentations and written materials may be referred to if otherwise available for viewing on the website or may be included as exhibits, if feasible); and

   (e) A statement of all specific actions taken (including the moving and seconding party and, when any vote is not approved, identification of the individuals voting for and against or abstaining).

3. Minutes are not a transcript of the meeting. The minutes should be in sufficient detail to apprise the reader of the general tenor and scope of the discussion (including minority positions), without attempting to record the statement or opinions of each person speaking.

4. Once final meeting minutes are approved, Texas RE Personnel shall destroy all other notes concerning the meeting, other than those

intentionally kept by the Secretary of the Corporation or items otherwise required to be saved under other applicable law.

III. Responsibilities of the Board of Directors

A. The Board shall manage the business and affairs of Texas RE in accordance with the Bylaws.

B. The Board shall elect a CEO and approve a Corporate Secretary and such other officers as the Board deems necessary, in accordance with the Bylaws.

1. The Board shall approve CEO compensation.
2. The Board shall perform a market value review of the CEO compensation every two years.
3. The CEO shall select the Corporate Secretary and all other officers, and the Board shall ratify the CEO's selection of all such officers.

C. The Board shall establish committees as necessary to perform its responsibilities, pursuant to the Texas RE bylaws. Each Director shall, individually, have the following duties:

1. Attend all regular and special meetings of the Board when notified, unless circumstances prevent the Director from attending;
2. Consistent with the fiduciary duty of care in overseeing, monitoring, and supervising the affairs of Texas RE, prepare for and participate to the best of his or her ability in determination of policy and other matters coming before the Board;
3. Set policy and make decisions in the best interest of Texas RE and the reliability of the bulk power system;
4. Participate in the selection of the members of all committees and subcommittees of the Board;
5. Adhere to the NERC Rules of Procedure and Texas RE Delegation Agreement;
6. Not disclose to unauthorized people the confidential information of the Federal Energy Regulatory Commission (FERC), the North American Electric Reliability Corporation (NERC), Texas RE, a Registered Entity, or a Market Participant;
7. Upon joining the Board and annually thereafter, sign the Texas RE Director Ethics Agreement;
8. Handle any actual or potential conflict of interest in accordance with Article XIII of the Bylaws and in accordance with the Corporate Conflicts of Interest Policy; and,
9. Ensure that meeting minutes accurately reflect discussions and decisions.

D. The Board expressly reserves the following for Board approval:

1. Selection and approval of the CEO, and ratification of corporate officers selected by the CEO;
2. Approval of CEO benefits and compensation;

3. Selection of an independent auditor;
4. Authorization to commit funds greater than five hundred thousand dollars ($500,000); and
5. All others matters reserved by the Bylaws.

IV. Delegation of Authority to the Chief Executive Officer

A. Consistent with the Bylaws and the goals, objectives, policies, and specific directions of the Board, the CEO is responsible for carrying out the business activities of Texas RE. The CEO shall have the authority to execute contracts and agreements and take all other lawful actions, as he or she may deem expedient and proper in conducting the business of Texas RE, except as may be specifically limited by the Board.

B. The CEO may delegate his authority to other Texas RE officers or employees in his discretion, except as limited by the Board.

C. The CEO will annually present to the Board a proposed business plan and budget to carry out Texas RE's delegated and contracted duties and responsibilities, by May of the preceding year, or as otherwise directed by the Board.

D. The CEO will provide thorough, well-organized information to the Board in a timely manner. Communications to the Board will be made with candor in the evaluation of the conduct of the business of Texas RE.

E. The CEO is responsible for bringing policy matters to the attention of the Board when changing conditions or regulatory expectations require Texas RE to significantly modify its current policies. In the discretion of the CEO, significant contracts, agreements, or other major decisions may be brought to the Board for specific approval.

V. Compensation and Expense Reimbursement for Directors.

A. The Director Compensation Committee shall meet annually to consider and make a final determination, by simple majority vote, the compensation of the Independent Directors.

1. Effective January 1, 2025, Independent Directors receive the following as annual fees (pro-rated for service of less than one year):

Annual Retainers	**2025**
Typical Director	$104,000
Board Chair	$22,000
Vice Chair	$10,000
AGR&F Chair	$13,000
Nominating Committee Chair	$8,250

2. The Annual Retainers for the Nominating Committee Chair and Hearing Body Chair are pro-rated monthly for non-standing committees. There is no annual or pro-rated Committee Chair Retainer paid to the Chair of the Director Compensation Committee.

3. The Annual Retainer(s) includes the following:

   (a) In-person and conference call attendance at Texas RE Board and standing committee meetings and NERC MRC and Board meetings.

   (b) Telephone calls to plan future meetings or to discuss a meeting agenda.

   (c) Travel time to and from Board meetings.

   (d) Board and standing committee meeting preparation.

   (e) Optional attendance at industry meetings and events that are not Board-related or NERC Board-related.

   (f) Ongoing electric industry continuing education.

   (g) Participation in the Nominating Committee as described in Section 5(a) below.

4. Effective March 23, 2015, the compensation for Independent Directors serving on the Hearing Body is as follows:

   (a) In-person attendance at hearing: $2,000 per day.

   (b) Conference call meeting or prehearing conference call: $500 per call.

5. Effective January 1, 2017, the compensation for Independent Directors serving on the Nominating Committee is as follows:

   (a) Activities related to the consideration of the re-nomination of a currently serving Independent Director and the annual recommendation regarding Board Chair and Vice Chair are included in the Annual Retainer.

   (b) Activities related to the search for a replacement Independent Director or CEO:

      (i) In person attendance at a meeting: $1,000 per day.

      (ii) Conference call meeting attendance: $500 per day.

B. Expense Reimbursement.

1. Affiliated Directors and ex-officio Directors are expected to be reimbursed by their employers for expenses incurred in performing Board activities. Any permitted reimbursement of such directors for extraordinary expenses must be approved by the CEO.

2. Independent Directors shall be reimbursed by Texas RE for their reasonable out-of-pocket expenditures for attending meetings and conducting Texas RE business.

VI. Committees

A. All Board committees, except for the Nominating Committee, will have a Committee Charter approved by the Board. Board committees shall regularly report their activities to the full Board.

B. The Board currently has the following standing committees: The Audit, Governance, Risk, and Finance Committee and the Director Compensation Committee.

C. The Board currently has the following non-standing committees: The Hearing Body, and the Nominating Committee.

VII. Ethics Complaint Processing

A. Texas RE and its employees should observe the highest personal and corporate standards of business conduct and ethics, as described in the Employee and Board of Directors Ethics Agreements.

B. Texas RE will maintain a mechanism to allow employees, stakeholders, and the public to report (anonymously if desired) allegations of fraud, unethical business conduct, questionable or inappropriate accounting practices, violations of the Health Insurance Portability and Accountability Act (HIPAA), other violations of law, or violations of Texas RE Ethics Agreements. Such reports are referred to herein as "Ethics Reports." Texas RE currently uses Ethicspoint.com as its reporting tool.

1. All Ethics Reports shall be maintained confidentially and will be reviewed by the CEO and General Counsel. If any report names or makes an allegation about the CEO or General Counsel, such officer shall be restricted from seeing the report.

2. The Chair of the Audit, Governance, Risk, and Finance Committee shall receive copies of Ethics Reports naming or making an allegation about the CEO, General Counsel, or other corporate officer. The Chair will notify the other Directors regarding such Ethics Reports in executive session. The Audit, Governance, Risk, and Finance Committee and Board will investigate any such Ethics Reports and will take appropriate action, if needed, regarding such Ethics Reports.

3. The CEO and Corporate Secretary shall provide a summary of all other Ethics Reports received to the Audit, Governance, Risk, and Finance Committee on a quarterly basis and to the Board on a semi-annual basis.

VIII. Review and Reaffirmation

The Board may amend this document at any time by a Board vote and resolution that complies with the Bylaws requirements, but at a minimum these Board Policies and Procedures shall be reviewed and reaffirmed every three years.

Public

BOARD POLICIES AND PROCEDURES
APPROVED BY THE TEXAS RELIABILITY ENTITY, INC.
BOARD OF DIRECTORS
ON DECEMBER ~~14~~11, ~~2022~~2024

I. DEFINITIONS 2
II. MEETING PROCEDURES AND MEETING MINUTES 2
III. RESPONSIBILITIES OF THE BOARD OF DIRECTORS 3
IV. DELEGATION OF AUTHORITY TO THE CHIEF EXECUTIVE OFFICER 4
V. COMPENSATION AND EXPENSE REIMBURSEMENT FOR DIRECTORS. 4
VI. COMMITTEES 6
VII. ETHICS COMPLAINT PROCESSING 6
VIII. REVIEW AND REAFFIRMATION 6

I. Definitions

The definitions included in the Bylaws of Texas Reliability Entity, Inc. (the Bylaws) are incorporated herein by reference.

II. Meeting Procedures and Meeting Minutes

A. Regular meetings of the Board of Directors (Board) of Texas Reliability Entity, Inc. (Texas RE) shall be held at least quarterly at a date and time agreed to by the Board. Notice of each Board meeting shall be given consistent with the Bylaws.

B. Agenda Preparation

1. The General Counsel or his or her designee will send an email to all voting Directors, requesting meeting Agenda items, at least 20 days prior to the day the meeting Agenda must be posted.
2. The CEO and General Counsel will confer with the Board Chair to finalize the Agenda at least three days prior to the day the meeting Agenda must be posted.
3. The Bylaws currently require the Agenda and non-confidential materials to be posted five business days prior to a scheduled Board meeting, except for meetings called on shorter notice to discuss urgent matters.

C. Meeting Minutes

1. Approved meeting minutes shall be posted on Texas RE's website for at least one year following the date of the meeting, except for minutes of a closed executive session, which shall not be posted on the website.
2. Meeting minutes should contain:
   (a) The place, date, and time of meeting;
   (b) A list of attendees and whether quorum was present;
   (c) A statement regarding any action taken on minutes from prior meetings;
   (d) A description of the substance of matters discussed (presentations and written materials may be referred to if otherwise available for viewing on the website or may be included as exhibits, if feasible); and
   (e) A statement of all specific actions taken (including the moving and seconding party and, when any vote is not approved, identification of the individuals voting for and against or abstaining).
3. Minutes are not a transcript of the meeting. The minutes should be in sufficient detail to apprise the reader of the general tenor and scope of the discussion (including minority positions), without attempting to record the statement or opinions of each person speaking.
4. Once final meeting minutes are approved, Texas RE Personnel shall destroy all other notes concerning the meeting, other than those

intentionally kept by the Secretary of the Corporation or items otherwise required to be saved under other applicable law.

III. Responsibilities of the Board of Directors

A. The Board shall manage the business and affairs of Texas RE in accordance with the Bylaws.

B. The Board shall elect a CEO and approve a Corporate Secretary and such other officers as the Board deems necessary, in accordance with the Bylaws.

1. The Board shall approve CEO compensation.
2. The Board shall perform a market value review of the CEO compensation every two years.
3. The CEO shall select the Corporate Secretary and all other officers, and the Board shall ratify the CEO's selection of all such officers.

C. The Board shall establish committees as necessary to perform its responsibilities, pursuant to the Texas RE bylaws. Each Director shall, individually, have the following duties:

1. Attend all regular and special meetings of the Board when notified, unless circumstances prevent the Director from attending;
2. Consistent with the fiduciary duty of care in overseeing, monitoring, and supervising the affairs of Texas RE, prepare for and participate to the best of his or her ability in determination of policy and other matters coming before the Board;
3. Set policy and make decisions in the best interest of Texas RE and the reliability of the bulk power system;
4. Participate in the selection of the members of all committees and subcommittees of the Board;
5. Adhere to the NERC Rules of Procedure and Texas RE Delegation Agreement;
6. Not disclose to unauthorized people the confidential information of the Federal Energy Regulatory Commission (FERC), the North American Electric Reliability Corporation (NERC), Texas RE, a Registered Entity, or a Market Participant;
7. Upon joining the Board and annually thereafter, sign the Texas RE Director Ethics Agreement;
8. Handle any actual or potential conflict of interest in accordance with Article XIII of the Bylaws and in accordance with the Corporate Conflicts of Interest Policy; and,
9. Ensure that meeting minutes accurately reflect discussions and decisions.

D. The Board expressly reserves the following for Board approval:

1. Selection and approval of the CEO, and ratification of corporate officers selected by the CEO;
2. Approval of CEO benefits and compensation;

3. Selection of an independent auditor;
4. Authorization to commit funds greater than five hundred thousand dollars ($500,000); and
5. All others matters reserved by the Bylaws.

IV. Delegation of Authority to the Chief Executive Officer

A. Consistent with the Bylaws and the goals, objectives, policies, and specific directions of the Board, the CEO is responsible for carrying out the business activities of Texas RE. The CEO shall have the authority to execute contracts and agreements and take all other lawful actions, as he or she may deem expedient and proper in conducting the business of Texas RE, except as may be specifically limited by the Board.

B. The CEO may delegate his authority to other Texas RE officers or employees in his discretion, except as limited by the Board.

C. The CEO will annually present to the Board a proposed business plan and budget to carry out Texas RE's delegated and contracted duties and responsibilities, by May of the preceding year, or as otherwise directed by the Board.

D. The CEO will provide thorough, well-organized information to the Board in a timely manner. Communications to the Board will be made with candor in the evaluation of the conduct of the business of Texas RE.

E. The CEO is responsible for bringing policy matters to the attention of the Board when changing conditions or regulatory expectations require Texas RE to significantly modify its current policies. In the discretion of the CEO, significant contracts, agreements, or other major decisions may be brought to the Board for specific approval.

V. Compensation and Expense Reimbursement for Directors.

A. The Director Compensation Committee shall meet annually to consider and make a final determination, by simple majority vote, the compensation of the Independent Directors.

1. Effective January 1, ~~2023~~2025, Independent Directors receive the following as annual fees (pro-rated for service of less than one year):

Annual Retainers	~~**2023**~~	~~**2024**~~	**2025**
Typical Director	~~$82,000~~	~~$82,000~~	$104,000
Board Chair	~~$17,000~~	~~$22,000~~	$22,000
Vice Chair	~~$ 7,750~~	~~$10,000~~	$10,000
AG&F Chair	~~$ 9,125~~	~~$10,000~~	$13,000
Nominating Committee Chair	~~$ 8,250~~	~~$ 8,250~~	$8,250

Formatted: Strikethrough
Formatted: Strikethrough
Formatted: Strikethrough
Formatted: Strikethrough
Formatted: Strikethrough
Formatted: Strikethrough

2. The Annual Retainers for the Nominating Committee Chair and Hearing Body Chair are pro-rated monthly for non-standing committees. There is no annual or pro-rated Committee Chair Retainer paid to the Chair of the Director Compensation Committee.

3. The Annual Retainer(s) includes the following:

   (a) In-person and conference call attendance at Texas RE Board and standing committee meetings and NERC MRC and Board meetings.

   (b) Telephone calls to plan future meetings or to discuss a meeting agenda.

   (c) Travel time to and from Board meetings.

   (d) Board and standing committee meeting preparation.

   (e) Optional attendance at industry meetings and events that are not Board-related or NERC Board-related.

   (f) Ongoing electric industry continuing education.

   (g) Participation in the Nominating Committee as described in Section 5(a) below.

4. Effective March 23, 2015, the compensation for Independent Directors serving on the Hearing Body is as follows:

   (a) In-person attendance at hearing: $2,000 per day.

   (b) Conference call meeting or prehearing conference call: $500 per call.

5. Effective January 1, 2017, the compensation for Independent Directors serving on the Nominating Committee is as follows:

   (a) Activities related to the consideration of the re-nomination of a currently serving Independent Director and the annual recommendation regarding Board Chair and Vice Chair are included in the Annual Retainer.

   (b) Activities related to the search for a replacement Independent Director or CEO:

      (i) In person attendance at a meeting: $1,000 per day.

      (ii) Conference call meeting attendance: $500 per day.

B. Expense Reimbursement.

1. Affiliated Directors and ex-officio Directors are expected to be reimbursed by their employers for expenses incurred in performing Board activities. Any permitted reimbursement of such directors for extraordinary expenses must be approved by the CEO.

2. Independent Directors shall be reimbursed by Texas RE for their reasonable out-of-pocket expenditures for attending meetings and conducting Texas RE business.

VI. Committees

A. All Board committees, except for the Nominating Committee, will have a Committee Charter approved by the Board. Board committees shall regularly report their activities to the full Board.

B. The Board currently has the following standing committees: The Audit, Governance, and Finance Committee and the Director Compensation Committee.

C. The Board currently has the following non-standing committees: The Hearing Body, and the Nominating Committee.

VII. Ethics Complaint Processing

A. Texas RE and its employees should observe the highest personal and corporate standards of business conduct and ethics, as described in the Employee and Board of Directors Ethics Agreements.

B. Texas RE will maintain a mechanism to allow employees, stakeholders, and the public to report (anonymously if desired) allegations of fraud, unethical business conduct, questionable or inappropriate accounting practices, violations of the Health Insurance Portability and Accountability Act (HIPAA), other violations of law, or violations of Texas RE Ethics Agreements. Such reports are referred to herein as "Ethics Reports." Texas RE currently uses Ethicspoint.com as its reporting tool.

1. All Ethics Reports shall be maintained confidentially and will be reviewed by the CEO and General Counsel. If any report names or makes an allegation about the CEO or General Counsel, such officer shall be restricted from seeing the report.

2. The Chair of the Audit, Governance, Risk, and Finance Committee shall receive copies of Ethics Reports naming or making an allegation about the CEO, General Counsel, or other corporate officer. The Chair will notify the other Directors regarding such Ethics Reports in executive session. The Audit, Governance, Risk, and Finance Committee and Board will investigate any such Ethics Reports and will take appropriate action, if needed, regarding such Ethics Reports.

3. The CEO and Corporate Secretary shall provide a summary of all other Ethics Reports received to the Audit, Governance, Risk, and Finance Committee on a quarterly basis and to the Board on a semi-annual basis.

VIII. Review and Reaffirmation

The Board may amend this document at any time by a Board vote and resolution that complies with the Bylaws requirements, but at a minimum these Board Policies and Procedures shall be reviewed and reaffirmed every three years.

DRAFT RESOLUTION OF THE BOARD OF DIRECTORS OF TEXAS RELIABILITY ENTITY, INC.

December 11, 2024

WHEREAS, the Board of Directors (Board) of Texas Reliability Entity, Inc. (Texas RE), a Texas non-profit corporation, recognizes that the Texas RE Bylaws provide that the Board will annually elect a Chair and Vice Chair, and that they shall each be one of the Independent Directors;

THEREFORE be it RESOLVED, that the Board elects _____ as the Chair for 2025 and _____ as the Vice Chair for 2025.

CORPORATE SECRETARY'S CERTIFICATE

I, Derrick Davis, Corporate Secretary of Texas Reliability Entity, Inc. certify that, at the December 11, 2024 Texas RE Board Meeting, the Board of Directors approved the above referenced Resolution. The motion passed by _____ vote.

Signed on December ___, 2024.

_____
Derrick Davis
Corporate Secretary

TEXAS RE

SAR-013: Revisions to Regional Standard BAL-001-TRE-2 Project Update

Board of Directors Meeting
December 11, 2024

SAR-013 Project

Submitted by ERCOT on June 28, 2024

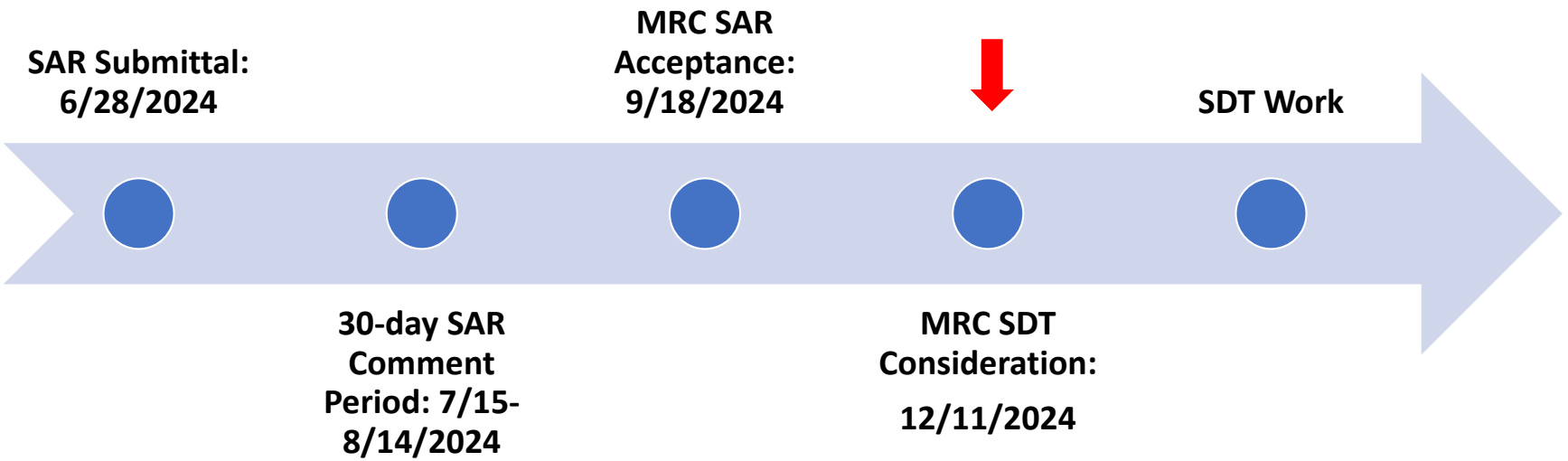
Goal of SAR

- Include a provision for generation resources to widen the Governor's deadband
- Clarify the roles of the Generator Owner (GO), Compliance Enforcement Authority (CEA), and the Balancing Authority (BA) as they pertain to the Compliance Monitoring Period and Reset Time Frame
- Define PFR performance requirements for Battery Energy Storage Systems (BESSs)

MRC Consideration of SDT Slate

- Expertise
- Representation from relevant development sectors

SAR-013 Timeline



TEXAS RE

Texas RE
2025 Corporate Goals and Focus Areas

Board of Directors Meeting
December 11, 2024

2025 Texas RE Corporate Goals

Support the ERO Enterprise Model

Foster an Outstanding Workplace Culture

Proactively Understand and Mitigate Organizational Risks

Engage with Industry to Address the Challenges of an Evolving Grid

2025 Texas RE Focus Areas

- Energy
- Security
- Engagement
- Agility and Sustainability

TEXAS RE
Ensuring electric reliability for Texans

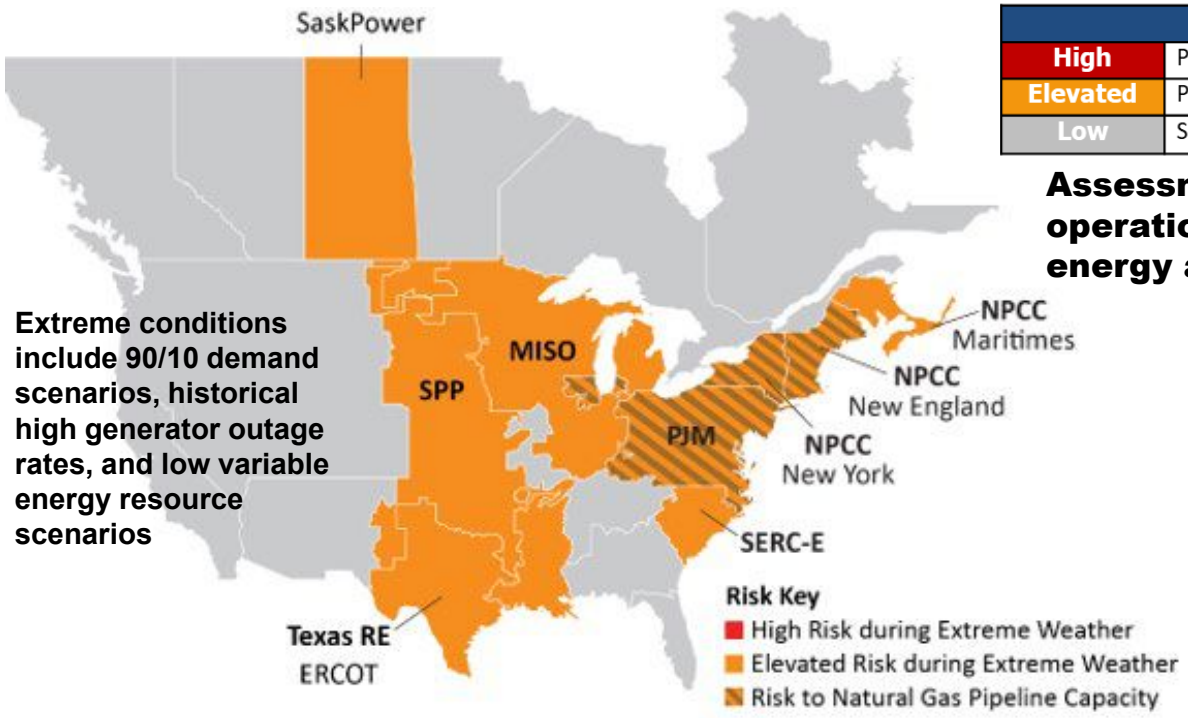
TEXAS RE

Chief Engineer's Update

Board of Directors Meeting
December 11, 2024

2024-2025 Winter Reliability Assessment Highlights

2024-2025 Winter Reliability Risk Map



Seasonal Risk Assessment Summary	
High	Potential for insufficient operating reserves in normal peak conditions
Elevated	Potential for insufficient operating reserves in extreme conditions
Low	Sufficient operating reserves expected

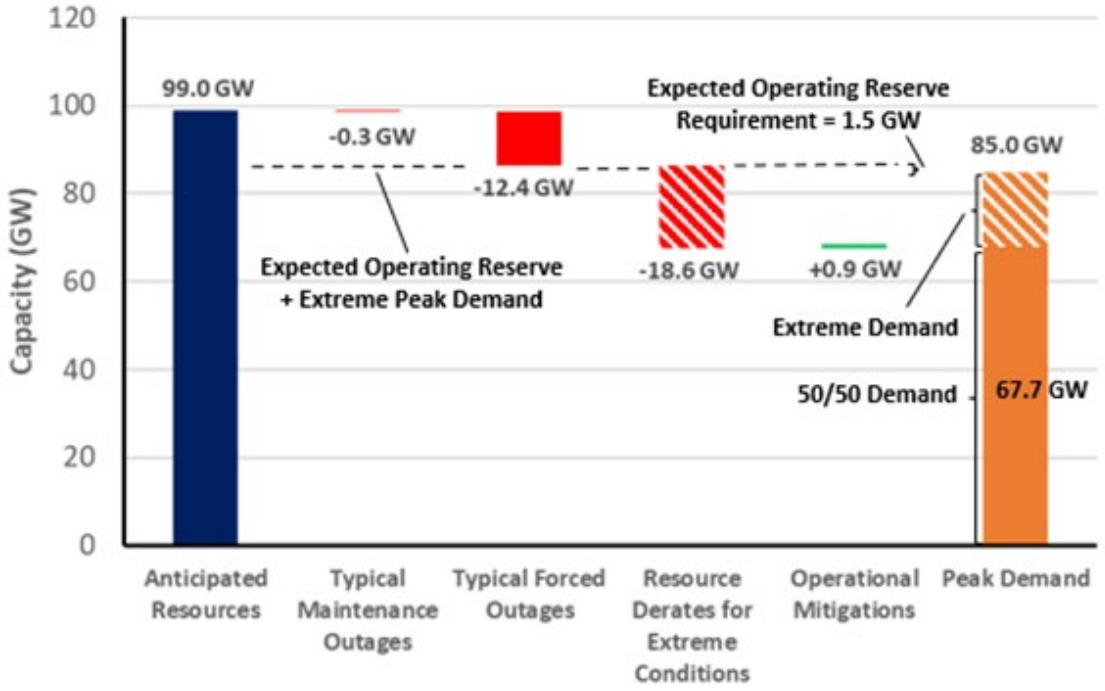
Extreme conditions include 90/10 demand scenarios, historical high generator outage rates, and low variable energy resource scenarios

Assessment based on reserve margins, operational risk scenarios, and probabilistic energy analysis.

- All areas expected to have sufficient resources for normal peak conditions
- Regulatory and industry initiatives have improved readiness for winter
- Load growth is shrinking reserves and adding to dispatchable resource needs
- Natural gas fuel supplies remain at risk in extreme cold weather

2024-2025 Texas RE/ERCOT Winter Risk Period Scenario

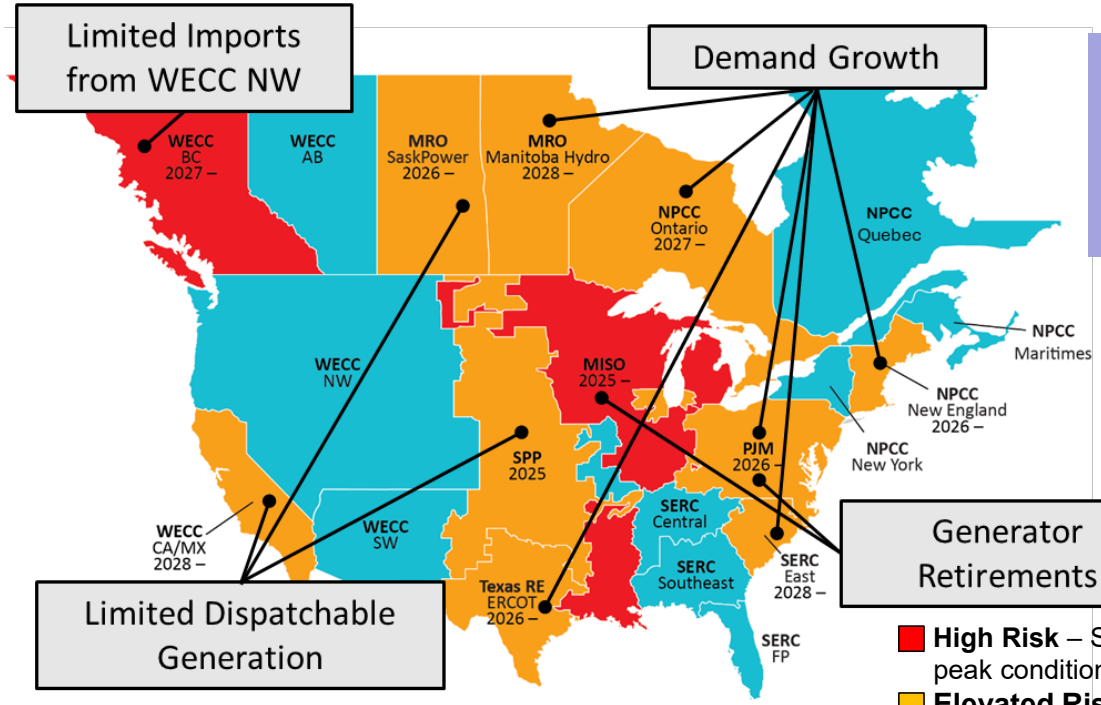
This waterfall chart reflects potential for extreme load, low wind, and high thermal outages



LTRA Key Findings (December 12 Release)

- **Assessment** — Significant resource growth is needed to avoid future load loss and unserved energy (10-year Resource Adequacy Assessment Result)
- **Assessment** — Potential future generation retirements accelerate the need for resources and could challenge grid reliability
- **Trend** — Demand growth is accelerating, driven by electrification, data centers, and industrial load
- **Trend** — Projections of future resources reflect slower rate of additions
- **Trend** — Transmission development is increasing, with more projects in planning

Resources Are Needed for Rising Demand and Energy Risks



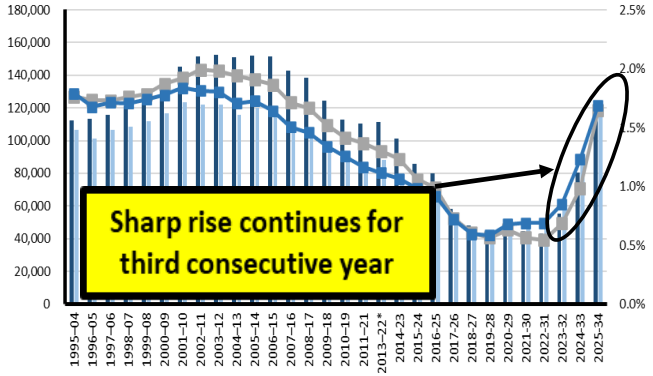
Assessment Inputs:

- **Probabilistic Assessment (Study years 2026 and 2028)**
- **Planning Reserve Margins (2025 through 2029)**

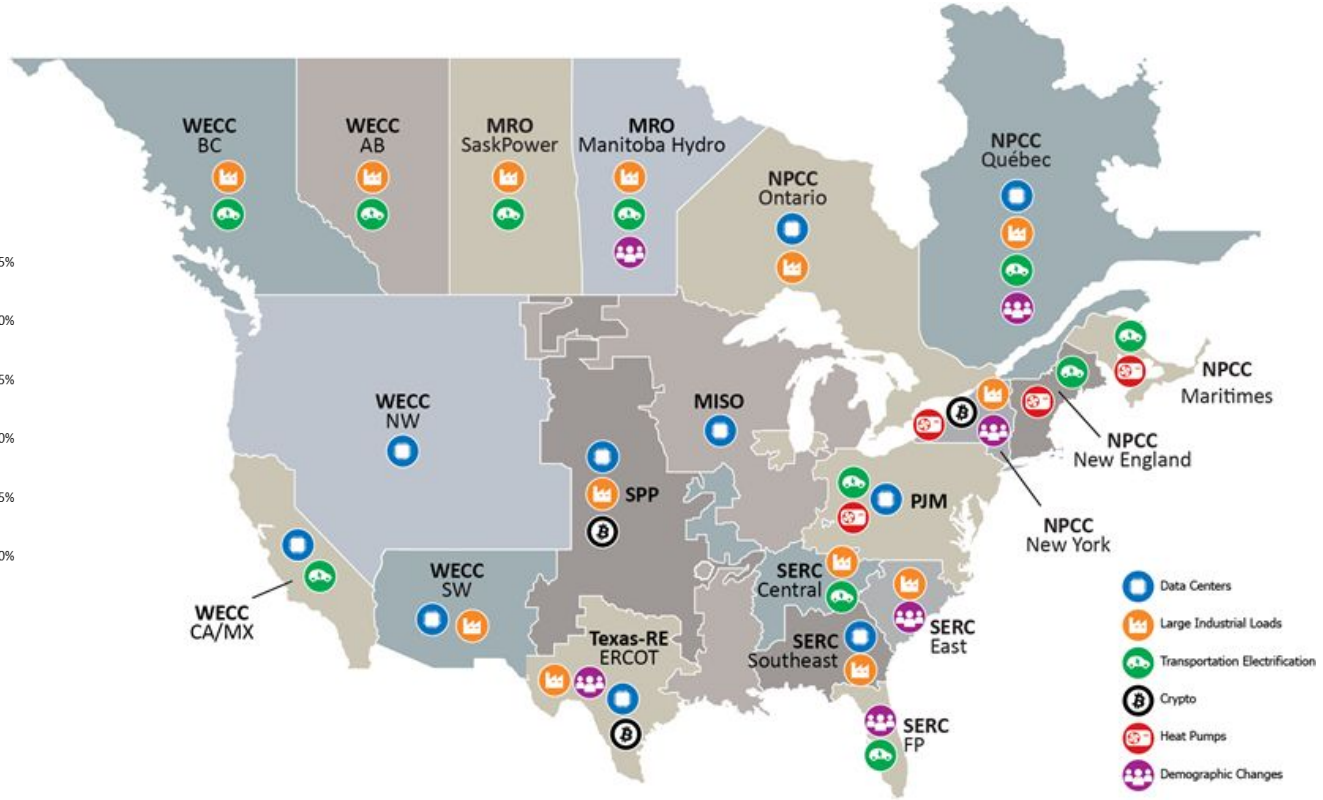
Risk Determination using established resource adequacy criteria (1-day-in-10 years) and National Academy of Engineering Report Criteria for load-loss and unserved energy.

- **High Risk** – Shortfalls occurring in normal peak conditions
- **Elevated Risk** – Shortfalls occurring in extreme conditions
- **Normal Risk** – Shortfalls not expected under studied conditions

Demand Growth Is Accelerating

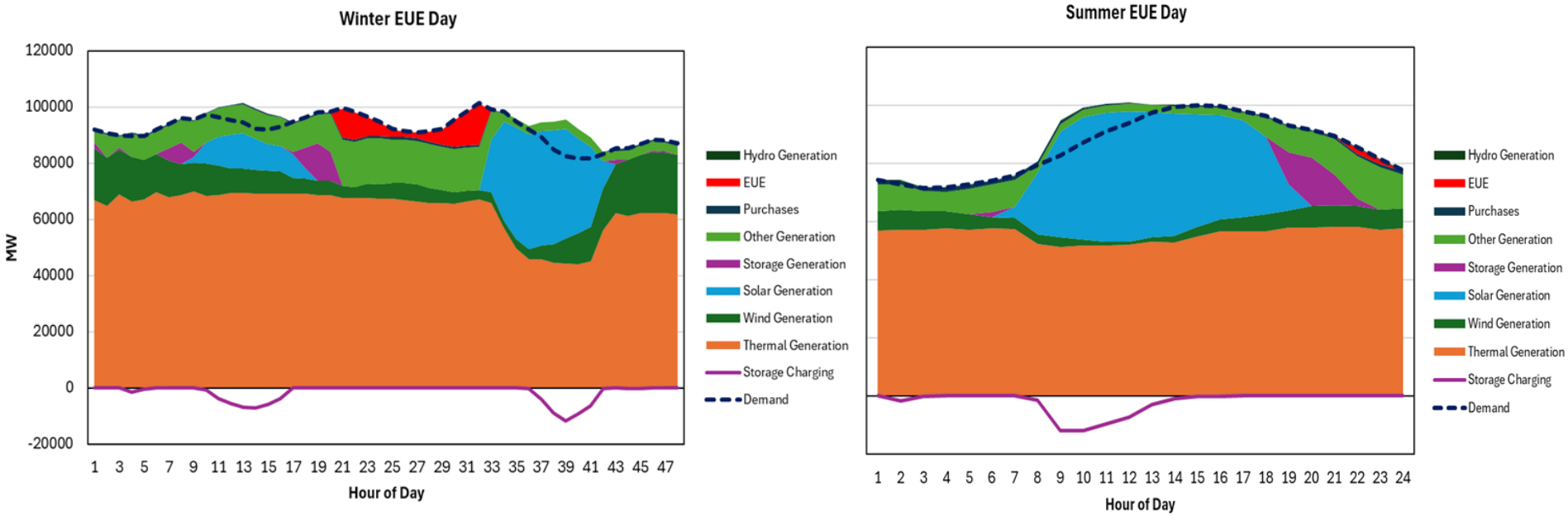


10-year BPS Peak Demand Growth



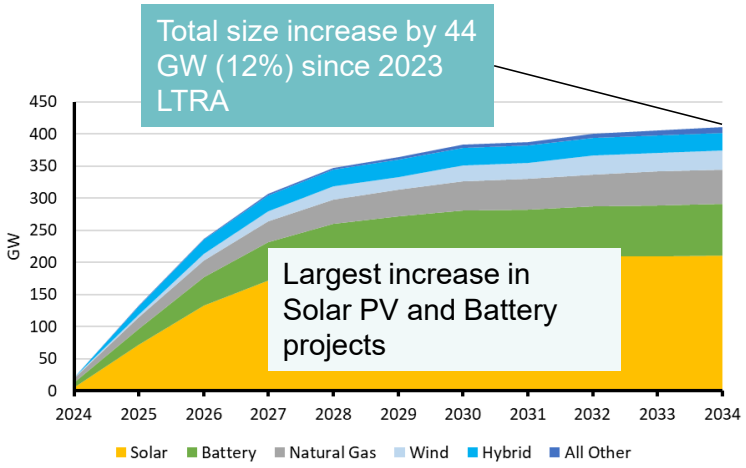
Demand Growth Drivers

Winter vs. Summer Expected Unserved Energy (EUE) Patterns



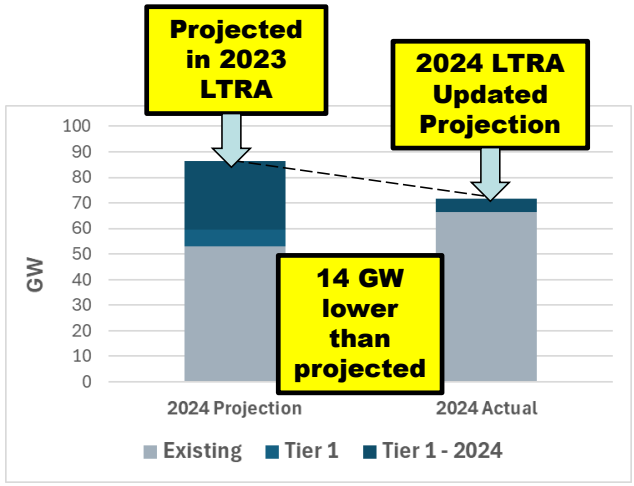
Resources Projections Reflect Slower Rate of Additions

Resources in the interconnection process continue to grow



Resources in Interconnection Process
Tier 1 (Signed Agreements) and Tier 2 (Processing)

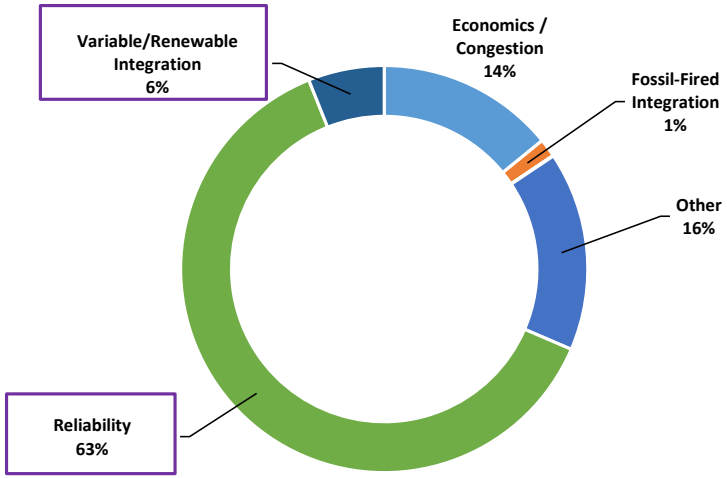
Project delays and cancellations are causing resource growth to fall short of projections



Solar On-Peak Capacity |
Prior Year Projection v. Current Year Actual

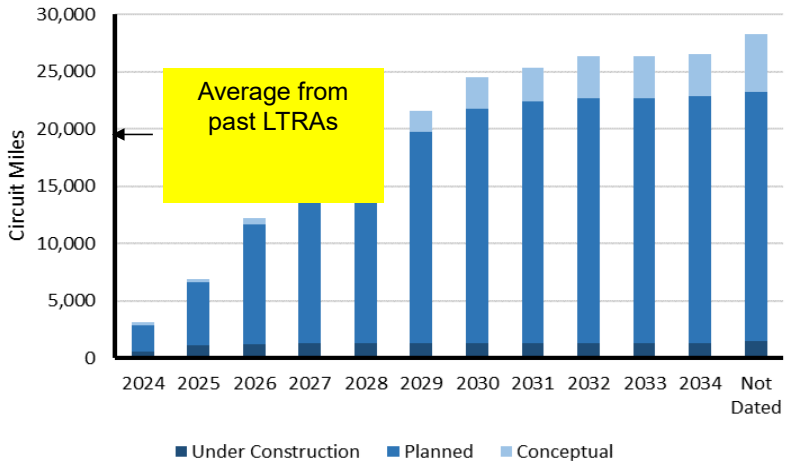
Transmission Development is Increasing

More line-miles are in transmission project planning than in prior LTRAs



2024 LTRA Transmission Project Primary Driver

Assessment areas report significant investment in transmission development including projects to increase transfer capability



2024 LTRA Cumulative Transmission Projects >100 kV

Emerging Issues

Data Centers and Large Industrial Load	Growth in large load parcels like data centers and industrial facilities poses challenges for system planners and operators.
Battery Energy Storage Systems (BESSs)	Poor visibility of BESSs' state-of-charge poses risks for operators who expect energy available for dispatch.
Electric Vehicles and Electric Load	With increased adoption of Electric Vehicles (EVs) which use batteries to store energy, there is a need to understand the impact of battery charging on system performance.
Energy Drought	More reliance on wind, solar, and hydro resources in the resource mix has the potential to expose the electricity system to supply shortages under abnormal weather patterns.

Recommendations

Resource Planners and Markets

- ✓Use multi-metric resource adequacy approaches
- ✓Assess extreme weather and fuel risks
- ✓Have effective mechanisms to manage generator deactivations

Industry

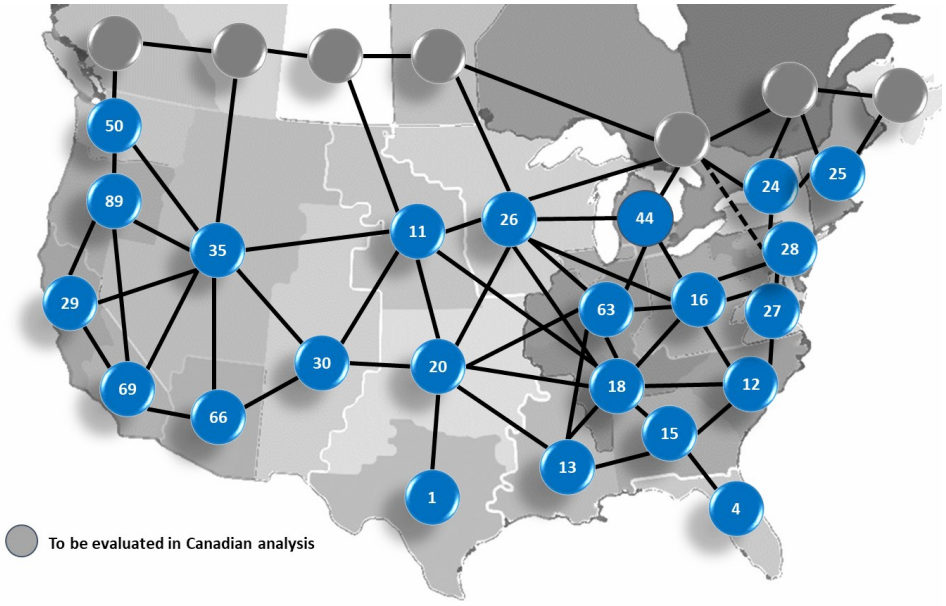
- ✓Develop standards and incorporate recommendations to address IBR performance issues and planning needs for DER growth
- ✓Develop standards for mitigating energy risks
- ✓Implement generator cold-weather performance requirements

NERC and the ERO Enterprise

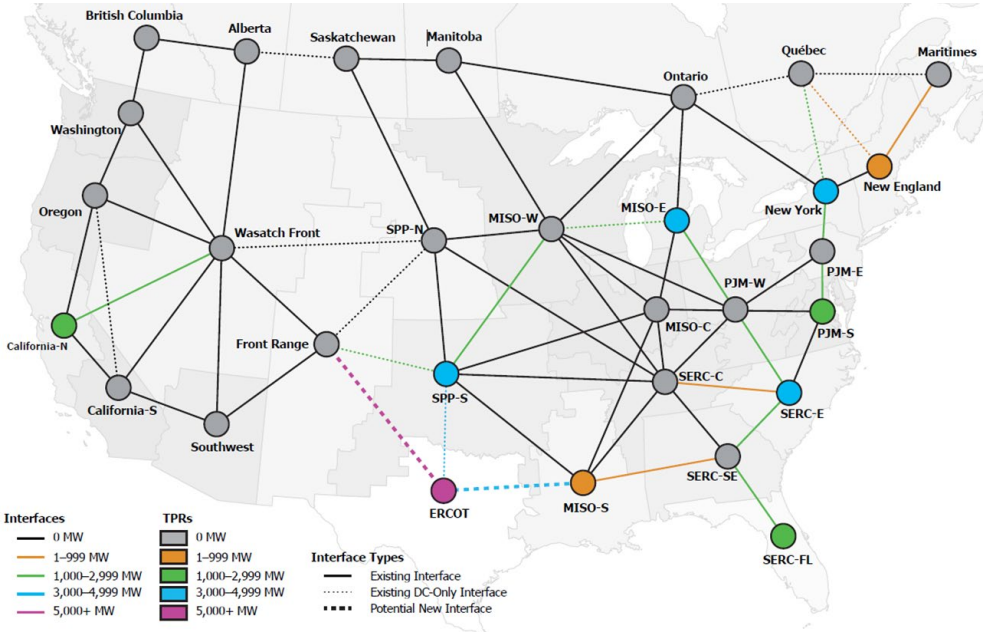
- ✓Improve the LTRA with wide-area energy assessments and consistent probabilistic assessment approaches and metrics
- ✓Engage policymakers and natural gas trade organizations in developing frameworks for addressing urgent gas-electric coordination

Interregional Transfer Capability Study Results

Part 1 – Existing Interregional Transfer Capability (2024)



Part II – Prudent Additions (2033)



ERCOT and PUCT Reliability Standard Framework

Loss of Load Event

Defined as a period of time when firm load exceeds available generation capacity **+ 1,500 MW** of operating reserves, and ERCOT must use rotating outages as a balancing tool to maintain system stability.

Framework Components

Frequency
How often (#/yr) an event is expected to occur - .1 LOLE (Loss of Load Expectation)

Magnitude
Maximum size (MW) for an event – less than load shed rotation capability

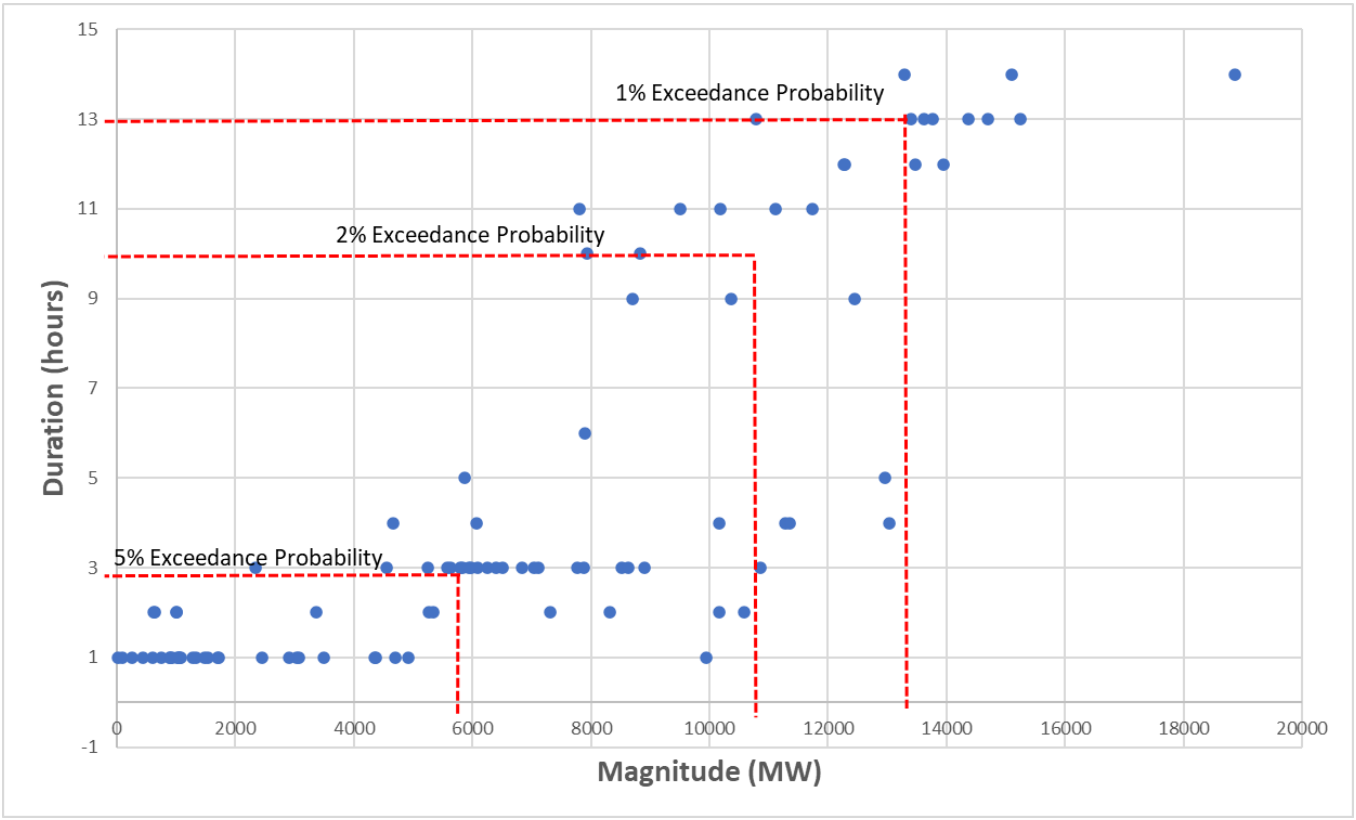
Duration
How long (hrs) event lasts – 12 hour maximum

1% Exceedance Tolerances

ERCOT

Reliability Standard Exceedance Probability Example

Resource portfolio with a 0.1/year LOLE (18.46% Reserve Margin)



TEXAS RE

CIP Compliance Monitoring Report

Board of Directors Meeting
December 11, 2024

2024 CRITICAL CHALLENGES & MUST-WIN BATTLES

CHALLENGE ONE (ENGAGEMENT)

CHALLENGE TWO (AGILITY AND EFFICIENCY)

CHALLENGE THREE (RISK MITIGATION)

CHALLENGE FOUR (SECURITY)

Q3 2024: Texas RE*view* Newsletter

Articles

- CMEP IP 2024 Risk Element Incident Response - CIP-008-6 R1, R2, R3
- Understanding Zero Trust Architecture
- 2024 Risk Elements - Supply Chain

Q3 2024: CIP Working Group (CIPWG)

Ask Texas RE Topics

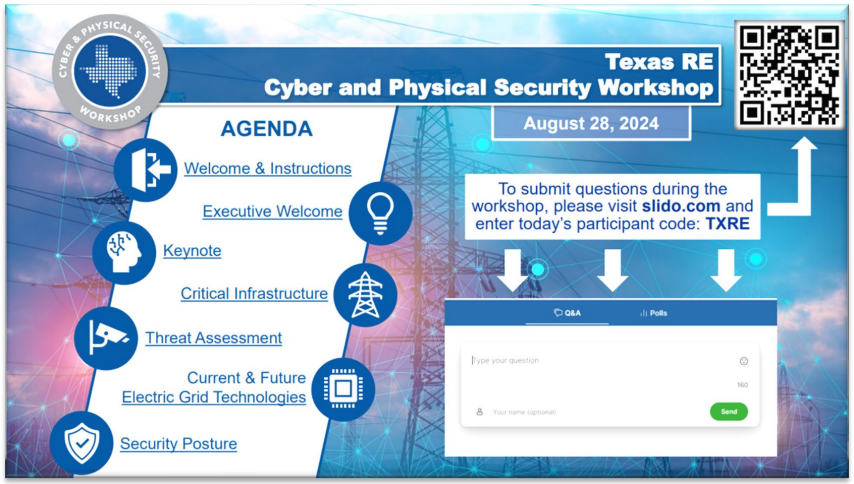
- CrowdStrike
- Software Integrity

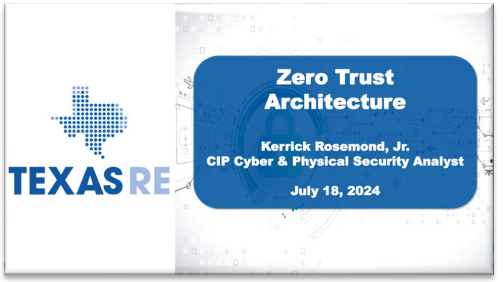
Q3 2024: Webinar, Workshop, and Conference Highlights

WECC Power Systems Security Conference:

The conference will provide innovative solutions and insights from renowned security experts to enhance security training and mitigate operational risks. The conference will cover topics such as cyber- and physical security threat vectors, detection, management, and best practices in the industry. Experts from DHS CISA, FBI, Idaho National Labs, WECC, and other organizations will be presenting and participating in the panel discussions.

The conference will be held at the WECC offices in Salt Lake City from August 13 to 15. It will consist of two main events, with a day and a half dedicated to physical security and a day and a half focused on cybersecurity. This allows us to accommodate all attendees and gives you the chance to participate in both sessions.





TEXAS RE

O&P Compliance Monitoring Report

Board of Directors Meeting
December 11, 2024

2024 CRITICAL CHALLENGES & MUST-WIN BATTLES

CHALLENGE ONE (ENGAGEMENT)

CHALLENGE TWO (AGILITY AND EFFICIENCY)

CHALLENGE THREE (RISK MITIGATION)

CHALLENGE FOUR (SECURITY)

Q3 2024: Texas RE*view* Newsletter

Articles

- 2024 Risk Elements – Stability Studies
- PRC-024-3 R1 and R2 Consideration
- Internal Controls for FAC-008-5
- Inverter-Based Resources Risk Element
- TPL-001-5.1 NERC IP & R2.7

Q3 2024: NERC Standards Review Forum (NSRF)

Ask Texas RE Presentations

- PRC-024-3 R1& R2 Considerations
- FAC-008-5 Facility Walk-Down
- Protection System Standards PRC-004-6 and PRC-027-1

Q3 2024: Webinar, Workshop, and Conference Highlights

TEXAS RE

Risk Assessment Report

Board of Directors Meeting
December 11, 2024

2024 CRITICAL CHALLENGES & MUST-WIN BATTLES

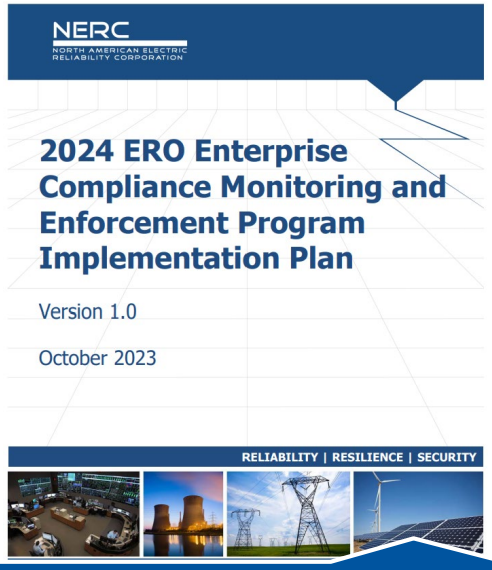
CHALLENGE ONE (ENGAGEMENT)

CHALLENGE TWO (AGILITY AND EFFICIENCY)

CHALLENGE THREE (RISK MITIGATION)

CHALLENGE FOUR (SECURITY)

2024 Risk Assessment Strategy: CMEP IP



2024 ERO Enterprise Compliance Monitoring and Enforcement Program Implementation Plan

- Remote Connectivity
- Supply Chain
- Physical Security
- Incident Response
- Stability Studies
- Inverter-Based Resources
- Facility Ratings
- Extreme Weather Response

Q3 2024: Texas RE*view* Newsletter

Articles

- 2024 Risk Elements – Stability Studies
- Inverter-Based Resources Risk Element

Q3 2024: NERC Standards Review Forum (NSRF)

Ask Texas RE Presentations

- IRA/COP Expectations for New Registrations

Q3 2024: Webinar, Workshop, and Conference Highlights

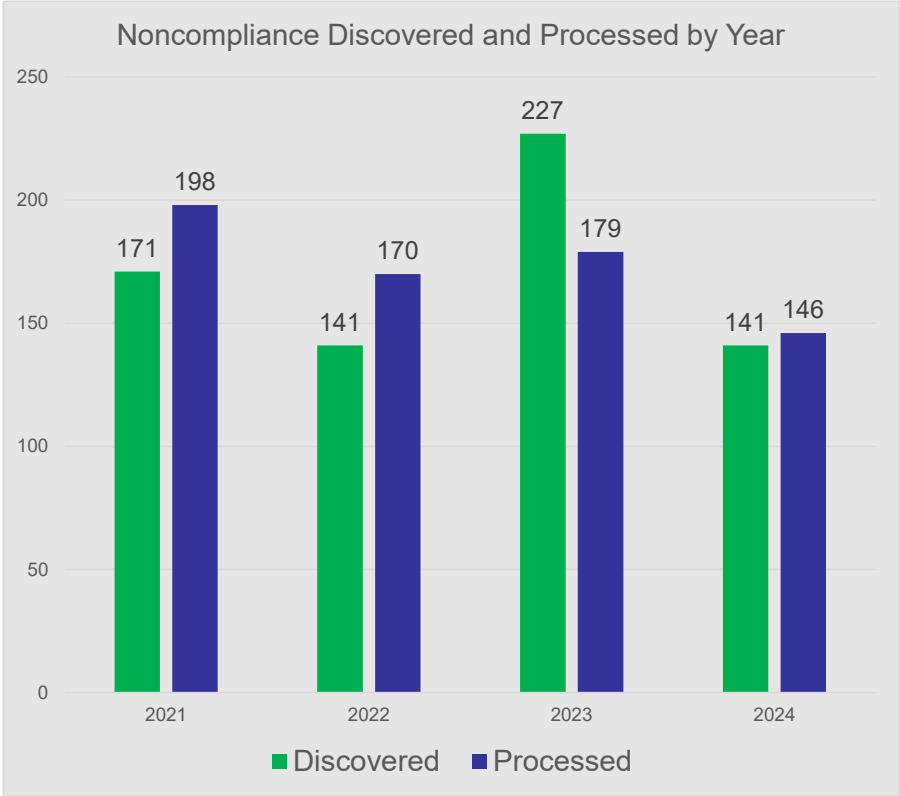
TEXAS RE

Enforcement Report

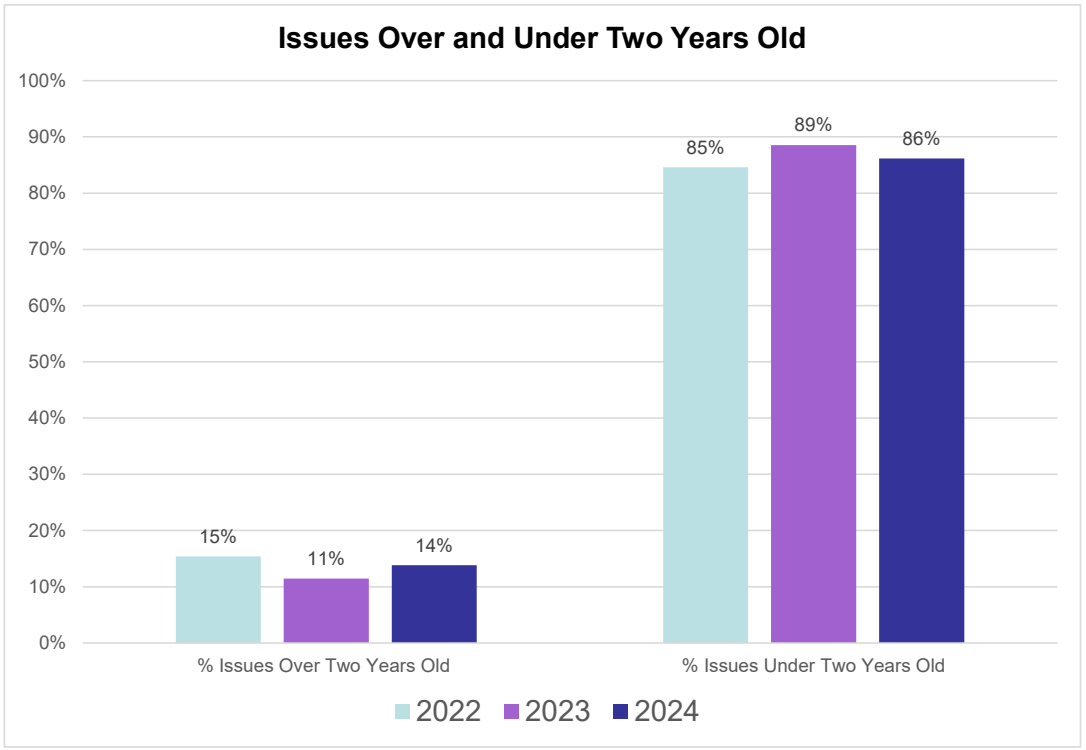
Board of Directors Meeting
December 11, 2024

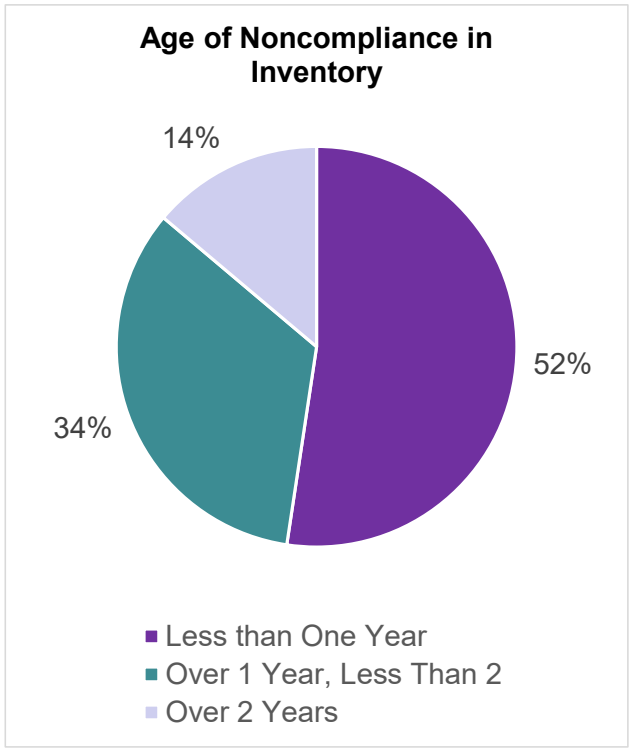
Enforcement Processing Priorities

- Streamlining disposition of minimal risk issues
- Working to timely assess mitigating activities to ensure reasonableness and effectiveness
- Focus on mitigating and resolving higher risk issues

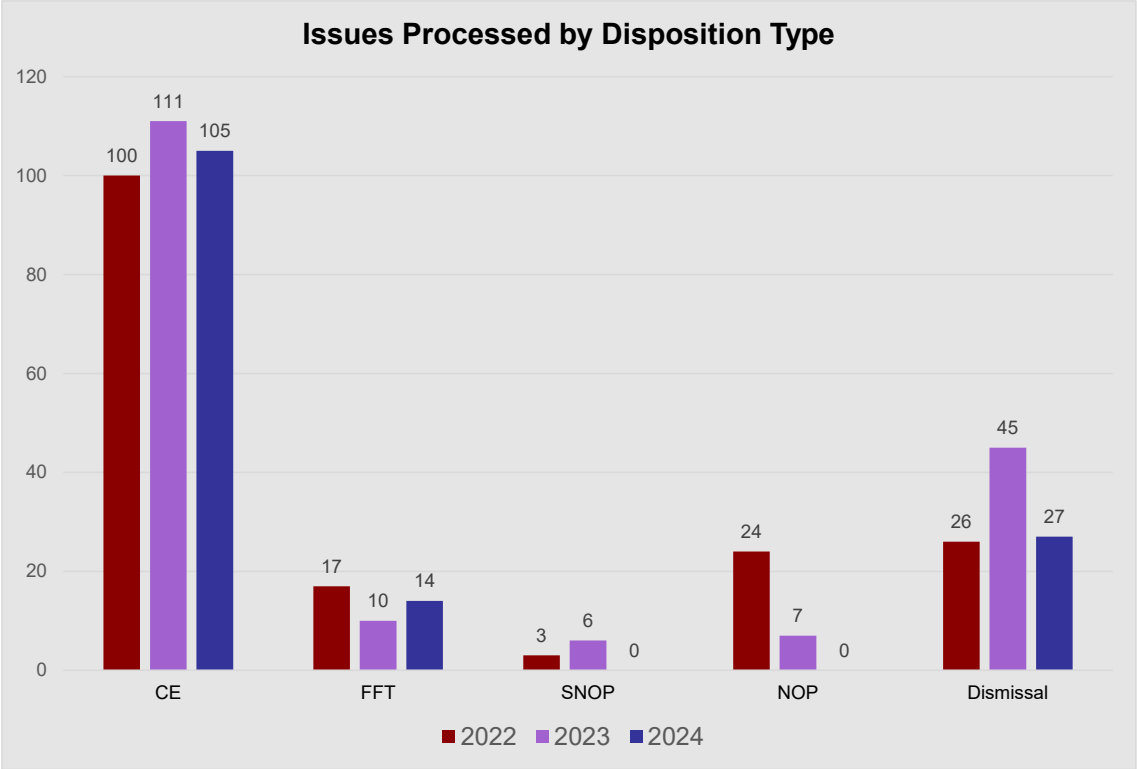


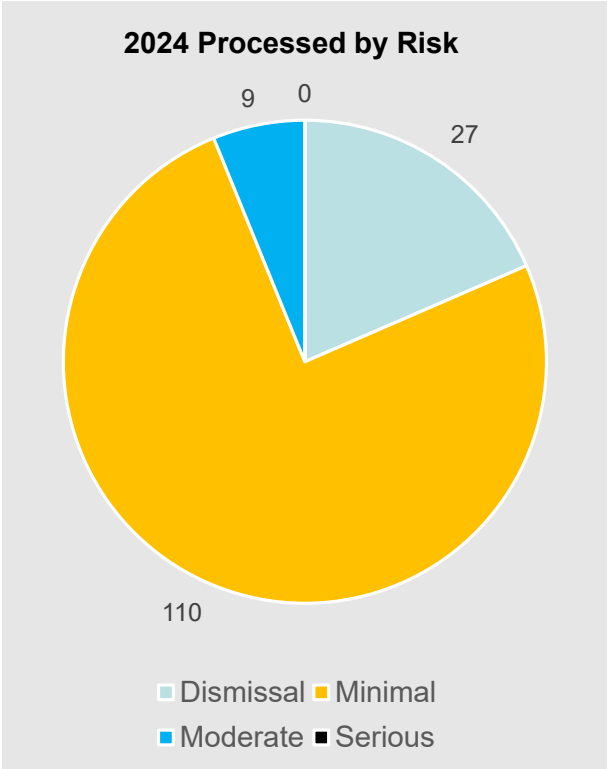
Addressing Aging Inventory





Enforcement Year-to-Date Dashboard





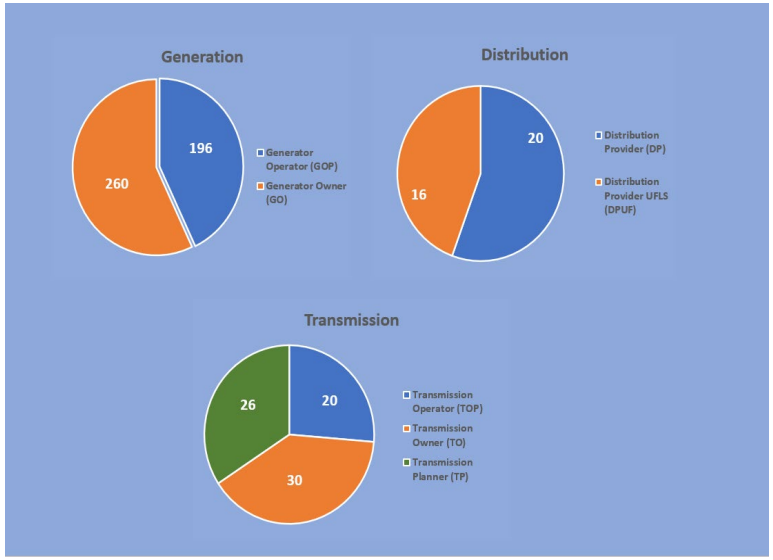
TEXAS RE

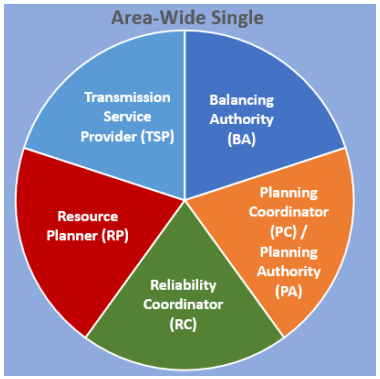
Registration Report

Board of Directors Meeting
December 11, 2024

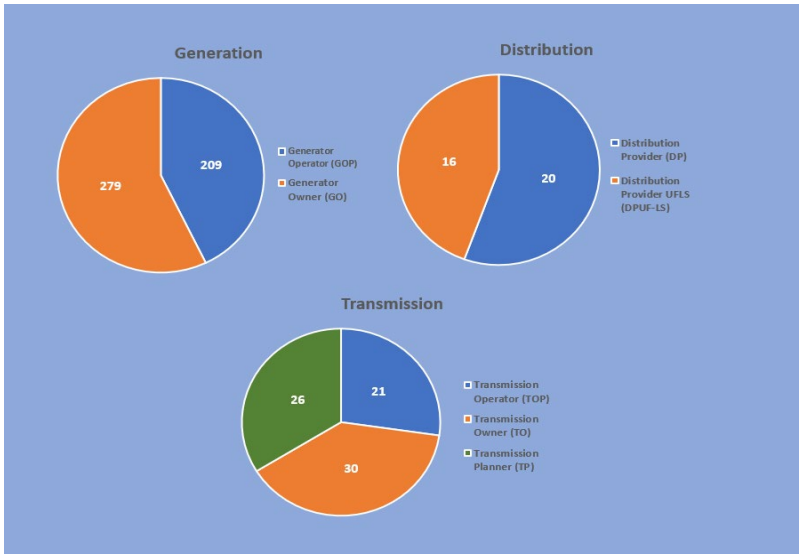
Number of Registered Entities by Function – Texas RE Region

335 Registered Entities | 573 Functions
As of November 1, 2023





358 Registered Entities | 606 Functions
As of November 1, 2024



Note: 20 GOs and 11 GOPs deregistered in Q3 2024 due to a large consolidation project.

Over 20% of all Texas RE registered entities participate in the Coordinated Oversight Program

Registration Change Activity by Entities and Functions – 2024

Registration Changes by Entity

Type of Activity	# of Entities
Deactivations	26
Additions	45
Entity Name Changes	2

Includes only registration activities requiring a revision to the NERC Registry between January 1 – November 1, 2024

Note: 20 GOs and 11 GOPs deregistered in Q3 2024 due to a large consolidation project.

Registration Changes by NERC Function (Note: entity may have more than one function)

Type of Activity	DP	DP UFLS	GO	GOP	TO	TOP	TP	Total Functions
Deactivations	0	0	25	17	0	0	0	42
Additions	0	0	42	21	0	1	0	64
Entity Name Changes	0	0	1	2	0	0	0	3

9,250 MW* New Generation | **1,579 MW Wind** | **5,031 MW Solar** | **2,200 MW Battery Storage** | **440 MW Gas**

***The total amount of MW includes facilities that added generation to existing registration(s)**

Certification/Certification Review Updates

Status Updates

Current TOP Activities

1 Certification Review

2 Lesser Activities

Completed Activities in 2024

1 Certification

TEXAS RE

Reliability Services Report

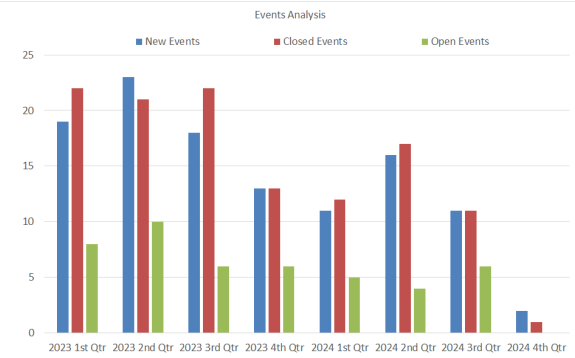
Board of Directors Meeting
December 11, 2024

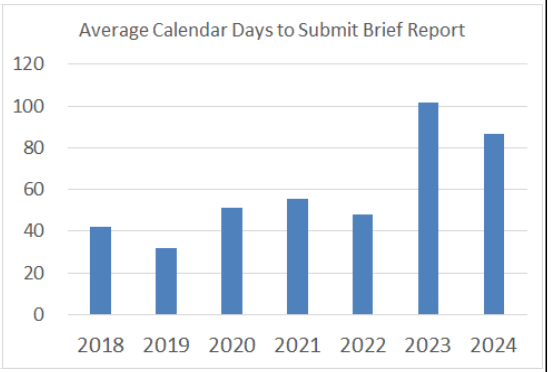
Key Activities

- 2024 Winter Reliability Assessment (WRA)
- 2024 Probabilistic Assessment (ProbA)
- 2024 Long Term Reliability Assessment (LTRA)
- Interregional Transfer Capability Study
- Energy Adequacy Process and Software Procurement

Reliability Services Functional Dashboard – As of November 15, 2024

EVENTS ANALYSIS





SITUATIONAL AWARENESS

Through 11/15/2024

Category	OE-417 Submission	EOP-004 Submission
Physical/cyber Threat	2	
System Separation or Islanding		
Loss of Firm Load		
Public Appeals	3	
Loss of Monitoring	5	
Control Center Evacuation		
Loss of > 50k Customers	9	
Fuel Supply Emergency		
Damage/Destruction of Facility		9
Generation Loss		1
Transmission Loss		

PERFORMANCE ANALYSIS

On-Time Section 1600 Reporting Status as of 11/14/2024

	2023 Q4	2024 Q1	2024 Q2	2024 Q3
TADS	100%	97%	95%	87%
GADS	100%	69%	60%	64%
MIDAS	100%	97%	94%	61%
Wind GADS	96%	Delayed	Delayed	Delayed
Solar GADS	96%	Delayed	Delayed	Delayed

>90%
>80% and < 90%
<80%

* Q3 data due 11/15 for TADS
** Q3 data due 11/30 for MIDAS
*** Q1/Q2/Q3 data due on 12/19 for GADS-Conventional, Wind and Solar

Q3 data reporting in progress

RELIABILITY ASSESSMENTS

Grid Reliability Dashboard as of November 15, 2024