



Date: December 4, 2007
To: ERCOT ISO Board of Directors
From: Mike Grable, Assistant General Counsel
Subject: Approval of Proposed Section 2.8 of Board Policies and Procedures (Unaffiliated Director Compensation)

Issue for the ERCOT Board of Directors

ERCOT ISO Board of Director Meeting Date: December 11, 2007
Agenda Item No.: 9b

Issue: Approval of proposed Section 2.8 (Compensation and Expense Reimbursement for Unaffiliated Directors) of the ERCOT Board Policies and Procedures (“Board Procedures”).

Background/History: The Board last approved revisions to the ERCOT Board Procedures in 2003. At the time of this revision, the Board Procedures did not document the compensation or expense reimbursement for Unaffiliated Directors. Section 2.8 of the proposed revised Board Procedures, which are attached hereto as Attachment A and incorporated herein, proposes a compensation and expense reimbursement strategy for Unaffiliated Directors. Because the Unaffiliated Directors must recuse themselves from any decision regarding the compensation and expense reimbursement for Unaffiliated Directors, ERCOT seeks approval by the remainder of the Directors of Section 2.8 of the proposed Board Procedures.

Key Factors Influencing Issue: The Board Procedures should document the authorized compensation and expense reimbursement for Unaffiliated Directors.

Alternatives:

1. Approve Section 2.8 of the proposed Board Procedures.
 2. Delay approval of any modifications to the Board Procedures.
 3. Approve a revised Section 2.8 of the Board Procedures.
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Conclusion/Recommendation: ERCOT staff recommends that the Board approve the Section 2.8 of the proposed Board Procedures which are attached hereto as Attachment A.



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

WHEREAS, Board of Directors (“Board”) of Electric Reliability Council of Texas, Inc. (“ERCOT”) deems it desirable and in the best interest of ERCOT to approve new Section 2.8 of the ERCOT Board Policies and Procedures, which documents the compensation strategy for Unaffiliated Directors;

THEREFORE be it RESOLVED, that the Section 2.8 of the proposed Board Policies and Procedures, which is included in the Board Policies and Procedures that are attached hereto as Exhibit A and incorporated herein for all purposes, is hereby approved by the Board.

CORPORATE SECRETARY’S CERTIFICATE

I, _____, Corporate Secretary of ERCOT, do hereby certify that, at the _____, 200__ ERCOT ISO Board Meeting, the Board of Directors of ERCOT approved the above referenced Resolution. The Motion passed by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 200__.

Assistant Corporate Secretary