



MEMO

Date: February 14, 2006
To: ERCOT Board of Directors
From: Bob Kahn, Chair -- HR & Governance Committee
Subject: Dashboard Goals for 2006 Variable Compensation Plan

Issue for the ERCOT Board of Directors

ERCOT Board of Director Meeting Date: February 21, 2006

Agenda Item No.: 11b

Issue:

The Board-approved Variable Compensation Plan for ERCOT officers, directors and managers, measures performance based on a dashboard of goals and objectives. The 2005 dashboard has been modified, as necessary, to reflect minimum, target and stretch goals that are appropriate for 2006. The Board must approve this dashboard to be used in 2006 with the Variable Compensation Plan that has already been approved.

Background/History:

The 2005 dashboard measured a variety of activities engaged in by ERCOT officers, directors and managers. It has been modified and updated for 2006 to reflect a desire for continual improvement in performance and the adoption of goals that accurately measure important activities. The Variable Compensation Plan has been approved by the Board for 2006 and a dashboard is needed to measure performance under the Plan.

Alternatives:

There are two primary alternatives: (1) Approve the dashboard as recommended by the HR & Governance Committee; or (2) approve some other version of the dashboard. HR & Governance will make a recommendation to the Board following the February 21, 2006 HR & Governance Committee meeting.

Conclusion/Recommendation:

The HR & Governance Committee will make a recommendation to the Board on this issue following the February 21, 2006 HR & Governance Committee Meeting.