

ERCOT H.R. & Governance Committee Meeting Minutes
Tuesday, March 21, 2006
8:00 a.m.

Committee Members Present

Bob Kahn	Carolyn Gallagher	Mark Armentrout
Brad Cox	Michehl Gent	Andrew Dalton

Guests and Staff Present

Tom Schrader	Carolyn Shellman	Commissioner Barry Smitherman, PUCT
Sam Jones	Lynn Adams	Jess Totten, PUCT
Joyce Manske	Shari Heino	Pam Fischer

Bob Kahn called the meeting to order at 8:05 a.m. after determining that a quorum was present.

1. Minutes

Carolyn Gallagher moved to approve the February 21, 2006 meeting minutes (including the Executive Session minutes). Brad Cox seconded the motion. The Committee approved the minutes unanimously.

2. Committee Membership

Mr. Armentrout reported that Suzi McClellan has resigned as a member of the Committee. Mr. Kahn then welcomed new Committee member, Michehl Gent, and noted that the current Committee membership includes Bob Kahn (chair), Carolyn Gallagher (vice chair), Mark Armentrout, Brad Cox, Michehl Gent and Andrew Dalton.

2. Board Agenda Process

Mr. Kahn suggested a new mechanism for the Board to take action quickly on certain items: a consent agenda for items to be approved without discussion. He noted that the Board's Chair would decide what would be on the consent agenda and that the consent agenda could be established after materials had been provided to Board members. Mr. Cox suggested having quarterly in-person reports for the various functional areas of ERCOT instead of monthly presentations with monthly written updates still provided in the Board materials.

3. 2006 Dashboard Goals

Mr. Schrader presented additional documentation regarding 2006 Dashboard Goals. Committee members discussed the possibility of raising the required measurements for several target and stretch goals. Committee members discussed the various goals at length and decided to meet again during lunch to finalize recommended changes.

4. Compensation Strategy

The Committee discussed ERCOT's Compensation Strategy, a document scheduled for Board vote. Ms. Gallagher and Mr. Dalton, members of the subcommittee established to review ERCOT's compensation structure, noted that their key task would be implementation of Mercer study recommendations. Commissioner Smitherman noted that the Commission had opened a new project to discuss ERCOT's compensation structure more informally than in the fee case and consider resources other than the Mercer study. **Ms. Gallagher moved to approve the Compensation Strategy document. Mr. Dalton seconded the motion. The Committee approved the motion unanimously.**

5. Electric Reliability Organization (ERO) Update

Ms. Shellman noted that this item had been noticed for Executive Session but that the Committee could have a general discussion of the item during the open portion of the Committee meeting. Ms. Shellman reminded Committee members that ERCOT staff had provided Board members with a privileged and confidential white paper on the subject of potential Regional Entity configurations. Ms. Shellman noted that ERCOT needed to determine what type of entity to establish to perform the functions of the Regional Entity by the April Board meeting in order to have time to prepare a budget, business plan and organization chart filing by June. Sam Jones provided an overview of the new legislation, NERC's expected role and ERCOT's expected role. Mr. Armentrout presented several potential governance models developed by ERCOT staff and Board members. Committee members discussed these proposals at length. Commissioner Smitherman suggested that FERC and NERC will be open to suggestions on the Regional Entity governance model for the ERCOT region. Mr. Gent, Mr. Cox, Mr. Dalton and Mr. Kahn volunteered to assist ERCOT staff on developing the proposals further.

6. Future Agenda Items

The Committee noted the following items for future meetings:

- Subcommittee Compensation/Benefit Review
- H.R. & Governance Committee Yearly Schedule
- Jefferson Study
- Management of requests for ERCOT staff to perform research, etc.

7. Adjourn to Executive Session

The Committee adjourned to Executive Session at 9:50 a.m. to discuss a personnel issue. No votes were taken.

8. Reconvene in Public Session

Mr. Kahn reconvened the Committee in open session and, at 10:00 a.m., declared the meeting recessed until lunchtime.

9. Further Review of 2006 Dashboard Goals


Mr. Kahn reconvened the Committee at 12:15 p.m. to review and recommend changes to the 2006 Dashboard Goals. The Committee finalized the revised 2006 Dashboard Goals to be presented to the Board for approval in the afternoon.

At approximately 1:05 p.m. the Committee adjourned.

CORPORATE SECRETARY'S CERTIFICATE

I, James L. Thorne, General Counsel and Corporate Secretary of ERCOT, do hereby certify that, at the April 18, 2006 ERCOT H.R. and Governance Committee Meeting, the Board of Directors of ERCOT approved the above minutes.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of March, 2007.



James L. Thorne
Vice President, General Counsel and Corporate Secretary