

**MINUTES OF H.R. & GOVERNANCE COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Austin, Texas 78744

March 18, 2008 at 9.00 a.m.

Committee Members Present

Jan Newton (Chair)
Mark Armentrout
Don Ballard
Carolyn Gallagher
Bob Helton
Bob Kahn

ERCOT Staff

Nancy Capezzuti
Ray Giuliani
Mike Grable
Dale Goodman
Theresa Gage
Dottie Roark

Call to Order

Ms. Newton opened the meeting at 9:24 a.m.

Executive Session

Ms. Newton adjourned into Executive Session at 9:25 a.m.
The meeting emerged from Executive Session at 9:27 a.m.

Minutes

Ms. Gallagher moved for approval of the February minutes and Bob Helton seconded. The minutes were approved by unanimous voice vote.

External Relations Update

Ms. Gage presented an update on the external outreach conducted by Mr. Kahn since his appointment as CEO, including meetings with officials and staff of the Public Utility Commission, Texas Legislature, FERC, NERC, and U.S. Congress, and other presentations and speeches. Ms. Newton thanked staff for the update on past outreach activities and asked staff to inform the committee in advance of ERCOT management's participation in scheduled forums.

Ms. Newton raised the issue of media coverage of the February 26, 2008 Electric Emergency Curtailment Plan (EECP) Step 2 event, and noted that the coverage seemed fair. She commended staff on the proactive approach with communications. Mr. Kahn noted that some felt wind

generation was getting blamed for the event, but that was not ERCOT's view and had not been ERCOT's message. Mr. Grable added that there was some concern about the media's focus on wind, but maintained that ERCOT was careful not to mention wind in the early notices until there was more certainty of what occurred on February 26, 2008. Mr. Armentrout agreed that there were secondary factors involved, particularly a steeper-than-anticipated load ramping rate between 6 p.m. and 7 p.m. on February 26, 2008.

Ms. Gage also distributed samples of "one-pagers" or backgrounders that staff uses to maintain consistent communications on topics discussed in the news. Mr. Ballard said he would like to receive copies of the backgrounders in the future as they are developed.

Market Participant Survey

Mr. Goodman presented a status report on the Market Participant survey. ERCOT engaged Opinion Dynamics in 2003 to measure Market Participants' perceptions of ERCOT's performance with respect to meeting its responsibilities. The initial survey was completed in 2004 and repeated in 2006. Another survey is scheduled for this year to continue tracking against the baseline established in the 2004 survey.

In-depth interviews with key ERCOT stakeholders and department heads were completed in February. In March, Opinion Dynamics completed an update of the survey instrument, including the addition of nodal topics in the survey responses. Mr. Goodman said that he expected to finish testing of the survey tool by tomorrow. Market Participants will be notified of the survey by the end of March or first week of April.

Mr. Goodman said he expects to have a preliminary report to the committee in June with a final report by July.

Mr. Ballard asked about the percentage of survey participation in past surveys. Mr. Goodman said it was very good (approximately 25-30 percent) but not as high for participation among Board members. Mr. Helton suggested that the TAC chairman should announce when the survey goes out to Market Participants. Mr. Goodman said that staff has announced it to TAC and various subcommittees, but that they will issue reminders when the survey goes out to Market Participants.

Annual Calendar

Mr. Grable noted that staff would modify the annual calendar as requested by Ms. Newton for the Committee to receive more frequent reports on external relations when the Legislature is in session. The bifurcated system will include reports four times a year when the Legislature is in session and reduce reporting to two times a year when there is no legislative session.

Other Business

Ms. Capezzuti reported that ERCOT is on schedule to issue 2007-2008 merit increases and adjustments (3 percent for merit and 1 percent for adjustment). Employees will receive these adjustments in their April 15th checks. Officer merit adjustments will be brought to the Committee next month for approval.

Ms. Capezzuti also informed the committee that a new short-list of potential Independent Board candidates will be presented and discussed during the executive session of this month's Board meeting.

Ms. Newton asked about the PUC's staffing analysis. Ms. Capezzuti said staff had relied on R. W. Beck for this analysis, and R.W. Beck will recommend a staffing level similar to the 736 employees that ERCOT is currently budgeting for 2009. Of course, some variation is expected. Mr. Grable said the PUC executive director expects to have a formal response in a 30-day time frame.

Mr. Grable noted that a request was received to add a requirement to the Board Procedures to require that all Board members sign an annual Ethics Agreement. He also noted that he would be working with Mr. Ballard to add a provision regarding how the Board will handle votes on matters discussed in Executive Session.

No other business was raised.

The meeting adjourned at 9:59 a.m.

Michael G. Grable
General Counsel