

**DRAFT MINUTES OF THE HUMAN RESOURCES & GOVERNANCE COMMITTEE OF
TEXAS REGIONAL ENTITY, A DIVISION OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

TCC 1 Room 214, 2705 West Lake Drive, Taylor, Texas

April 15, 2008 at 8:30 a.m.

Meeting Attendance

Committee members:

Jan Newton, Chair		Unaffiliated
Mark Armentrout		Unaffiliated
Don Ballard ¹	Office of Public Utility Counsel	Residential Small Consumer
Andrew Dalton	Valero Energy Corp.	Industrial Consumer
Bob Helton	International Power America Services	Independent Generator
Laurie Pappas	Office of Public Utility Counsel	Residential Small Consumer

Other Attendees:

Nancy Capezzuti, ERCOT VP HR & OD
Larry Grimm, Texas Regional Entity Chief Compliance Officer
Susan Vincent, Texas Regional Entity Director, Legal Affairs
Ryan Clay, Texas Regional Entity Senior Paralegal

Call to Order

Pursuant to notice duly given, the meeting of the Texas Regional Entity Division of Electric Reliability Council of Texas, Inc. (Texas RE) Human Resources & Governance Committee (Committee) convened at 8:32 a.m. on **April 15, 2008**. Chair Jan Newton called the meeting to order and ascertained that a quorum was present.

Executive Session

At 8:32 a.m., the Committee meeting was adjourned and the Committee went into Executive Session until 8:55 a.m., when the Committee returned to Open Session. Bob Helton joined the meeting at 8:46 a.m.

Approval of Previous Minutes

Bob Helton moved for approval of the minutes of the December 11, 2007 Committee meeting; Mark Armentrout seconded the motion. The motion passed by voice vote with one abstention by Laurie Pappas.

¹ Mr. Don Ballard, Public Utility Counsel, attended the meeting via telephone and designated Ms. Laurie Pappas, Office of Public Utility Counsel, as his Alternative Representative for representation in this meeting.

Discussion of Texas RE KPIs and 2008 Goals

The Committee reviewed and discussed the Texas RE Key Personnel Indexes (KPIs) and 2008 Goals submitted by Texas RE and included in the Committee materials.

Mr. Helton made a motion to approve the Texas RE KPIs and 2008 Goals as submitted; Ms. Pappas seconded the motion. The vote passed by unanimous voice vote.

Update of PUCT Governance Discussion

Jan Newton requested that Don Ballard, who attended the March 26, 2008 Public Utility Commission of Texas (PUCT) open meeting, apprise the Committee of the discussions by the PUCT Commissioners regarding Texas RE governance. Mr. Ballard explained that the Lane Lanford, Executive Director of the PUCT, had sent the Commissioners a memo, recommending two options to reduce any perceived independence issues by Texas RE Directors. One option was for the Texas RE Board of Directors to create a new committee to hear all Texas RE administrative matters relating to personnel, staffing, budget, financial audit, and related matters. This committee would replace the current Human Resources & Governance Committee and Finance & Audit Committee, and would make recommendations to the full Board for voting items. The second option given was that the Texas RE Directors who were also registered entities with NERC would agree to abstain from voting on issues relating to personnel, staffing, budget, financial audit, and related matters. Mr. Ballard informed the Committee that all three Commissioners stated they preferred to have the Texas RE Board implement the latter option. The Commissioners did not take formal action but requested that the Texas RE Directors who were NERC registered entities abstain from voting on these matters.

The Committee discussed the Commissioners' statements at this open meeting and issues raised by the Commissioners' request and agreed to discuss Texas RE governance at the next Committee meeting. Ms. Newton requested that Susan Vincent bring the Committee a variety of suggested options that it could take to improve the appearance of independence of the Texas RE Board of Directors, including items that did and did not require modifications to the ERCOT bylaws. Ms. Vincent agreed to get input from other Directors and bring a list of options to the next Committee meeting.

Review of Texas RE Vision and Mission Statement

The Committee reviewed and discussed the proposed Texas RE Vision and Mission Statement. Andrew Dalton recommended the last bullet of the Texas RE Vision and Mission Statement be revised to refer to market participants instead of "all users, owners, and operators of the bulk-power system." Susan Vincent and Larry Grimm concurred with Mr. Dalton's recommendation and agreed to send the revised proposed Texas RE Vision and Mission Statement to the Directors for a final discussion and vote at the May Committee and Board meetings.

Ms. Newton adjourned the meeting at 9:08 a.m.