

Date: May 13, 2008
To: Board of Directors
From: Jan Newton, Chair, Human Resources & Governance Committee
Subject: Approval of Chief Executive Officer (CEO) Title for Mr. Larry Grimm

ERCOT Board of Directors Meeting Date: May 20, 2008

Agenda Item No.: 6c

Issue:

Addition of the title of Chief Executive Officer for Larry Grimm.

Background/History:

Section 6.3 of the ERCOT Bylaws state that: “The Board shall hire a Chief Compliance Officer (CCO) who, under its supervision and direction, shall carry on the general affairs of the [Texas Regional Entity] as the chief executive officer.” Larry Grimm has been employed as the CCO of Texas Regional Entity and has been managing Texas Regional Entity as its chief executive officer since October 2007. In order to clarify the independence of Texas Regional Entity from ERCOT and to satisfy concerns raised by the Federal Energy Regulatory Commission (FERC), the Human Resources & Governance Committee is expected to recommend that the Board add the title of Chief Executive Officer (CEO) of Texas Regional Entity to Mr. Grimm’s current title of CCO.

Key Factors Influencing Issue:

- The Bylaws requirement that the CCO manage the Texas Regional Entity as its chief executive officer.
 - The Board’s desire to address the independence concern raised by FERC.
 - Need for the chief executive officer of Texas RE to also retain the Chief Compliance Officer title, which is used in numerous policies and procedures.
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Alternatives:

- Approve the title of Chief Executive Officer (CEO) and Chief Compliance Officer (CCO) of Texas Regional Entity.
 - Take no action – Continue to use only the title of Chief Compliance Officer (CCO) for the chief executive officer of Texas RE.
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Conclusion/Recommendation:

The Human Resources & Governance Committee requests that the Board modify Larry Grimm’s title from “Chief Compliance Officer” to “Chief Executive Officer and Chief Compliance Officer” of Texas Regional Entity.

RESOLUTION OF THE BOARD OF DIRECTORS OF
TEXAS REGIONAL ENTITY, A DIVISION OF
ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.

, 2008

WHEREAS, the Board of Directors of Texas Regional Entity, a division of the Electric Reliability Council of Texas, Inc., a Texas non-profit corporation deems it desirable and in the best interest of Texas Regional Entity to formally modify the title of Larry Grimm from Chief Compliance Officer to Chief Executive Officer and Chief Compliance Officer, as recommended by the Human Resources & Governance Committee;

THEREFORE be it RESOLVED, that the Board hereby approves modifying the title of Larry Grimm to be Chief Executive Officer and Chief Compliance Officer.

CORPORATE SECRETARY'S CERTIFICATE

I, Susan Vincent, Corporate Secretary of Texas Regional Entity, do hereby certify that, at the
, 2008 Texas Regional Entity Board of Directors Meeting, the Board of Directors of Texas Regional Entity approved the above referenced resolution. The motion passed by
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IN WITNESS WHEREOF, I have hereunto set my hand this day of , 2008.

Susan Vincent
Corporate Secretary