

Date: June 3, 2008
To: Texas RE Board of Directors
From: Jan Newton, Chair of HR & Governance Committee
Subject: Approval of Creation of Texas Regional Entity Committee

Texas Regional Entity Board of Directors Meeting Date: June 17, 2008

Agenda Item No.: 6a

Issue:

Approval of a new Board committee, called the Texas Regional Entity Committee, which will be comprised of the Unaffiliated Directors and will discuss and make recommendations to the Board regarding Texas Regional Entity budget, audit, finance, human resources, and other administrative matters, and set a meeting date for the first meeting of this Committee.

Background/History:

The Public Utility Commission of Texas (PUCT) acknowledges Texas Regional Entity (Texas RE) is an independent and functionally separate division of Electric Reliability Council of Texas, Inc. (ERCOT), but has requested the Texas RE Board make modifications to its governance and committee structure to improve the optics of Texas RE's independence from ERCOT. After consideration of a variety of possible governance and committee modifications, and in an effort to improve the perception of independence of Texas RE without modifying the Bylaws, the Human Resources & Governance Committee recommends that the Board create a new Board committee, called the "Texas Regional Entity Committee," which will be comprised of only Unaffiliated Directors and will discuss and make recommendations to the Board of Directors regarding Texas Regional Entity budget, finance, audit, human resources, and other administrative matters. The new Texas Regional Entity Committee would replace the Texas RE Human Resources & Governance Committee and the Texas RE Finance & Audit Committee. The new Texas Regional Entity Committee will adopt a charter, elect a chair and vice chair, and set a schedule for its meetings. The Human Resources & Governance Committee recommends that the new Committee meet on Monday afternoons, before the ERCOT Q&A meeting, in order to avoid conflicts with the ERCOT Committee meetings.

Key Factors Influencing Issue:

- Desire to retain the functional separation of Texas RE but improve the optics of the independence of Texas RE from ERCOT
 - Desire to not make modifications to the Bylaws at this time
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Alternatives:

- Approve the creation of the Texas Regional Entity Committee
- Modify the Texas RE governance or committee structure in a different manner

Conclusion/Recommendation:

Texas RE respectfully requests the Board approve the creation of the new Texas Regional Entity Committee as recommended by The Texas RE Human Resources & Governance Committee and set the first meeting of the Committee for Monday, July 14, 2008 or other desired date.

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 (“Board”) 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 create a new Board Committee, called the Texas Regional Entity Committee, which will be comprised of the Unaffiliated Directors and will discuss and make recommendations to the Board regarding Texas Regional Entity budget, finance, audit, human resources, and other administrative matters;

THEREFORE be it RESOLVED, that the Board hereby approves the creation of the Texas Regional Entity Committee and sets the first meeting for Monday July 14, 2008 at _____ p.m.

CORPORATE SECRETARY’S CERTIFICATE

I, Susan Vincent, Corporate Secretary of Texas Regional Entity, do hereby certify that, at the June 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 _____.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2008.

Susan Vincent
Corporate Secretary