

MINUTES of H.R. & GOVERNANCE COMMITTEE
TEXAS REGIONAL ENTITY, a DIVISION OF ERCOT

ERCOT Austin
7620 Metro Center Drive, Room 209
Austin, Texas 78744

October 16, 2007 at 8:30 a.m.

Committee Members Present

Carolyn Lewis Gallagher, Chairperson
Jan Newton, Vice-Chairperson
Mark G. Armentrout
Brad Cox
Andrew J. Dalton
Suzi McClellan

ERCOT Executives, Board Alternates, and Staff Present

Bob Kahn
Mike Grable
Larry Grimm
Bob Helton
Nancy Capezzuti
Lori Cobos

Outside Counsel and Staff Present

David F. Brown, Esq., Hughes & Luce, LLP
Ginny B. Hayes, Legal Assistant, Hughes & Luce, LLP

Call to Order

Chairperson Gallagher called the meeting to order at 8:30 a.m. and immediately went into closed session.

Closed Session

The Committee returned from closed session at 8:40 a.m. The Committee reported that the minutes of the September 18, 2007, closed session of the Committee had been approved. The Committee also reported that it had unanimously approved the recommendation of the Chief Compliance Officer search committee.

Minutes

Chairperson Gallagher asked if the members had any changes to the minutes of the past monthly meeting. When no changes were requested, Chairperson Gallagher invited a motion to accept. **Vice Chairperson Newton moved approval of September minutes, and Mr. Cox seconded. The minutes were approved by unanimous voice vote.**

Open Session – TRE Reporting Structure

Mr. Grimm and Ms. Cobos re-joined the meeting at 8:40 a.m., followed by Mr. Grable at 8:41 a.m.

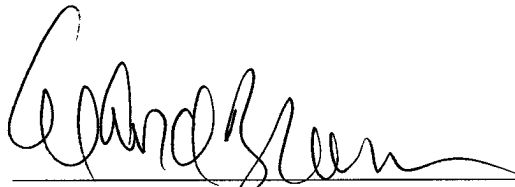
The Committee continued a discussion of the existing Texas RE reporting structure and in particular means of ensuring that the Texas RE functions were kept separate from the ERCOT Board functions. Mr. Armentrout requested strongly that counsel help to ensure that market participants weighing in on decisions of the Texas RE be reminded of their fiduciary duties in making such decisions.

Mr. Kahn joined the meeting at 8:45 a.m.

The Committee continued its discussion, but no motion was made and no votes were taken.

Adjournment

The meeting was adjourned at 8:56 a.m.



By: David F. Brown
Its: Assistant Secretary