

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

7620 Metro Center Drive, Austin, Texas 78704

November 17, 2008

**Committee Members Present**

Jan Newton (Chair)  
Mark Armentrout  
A.D. Patton  
Bob Helton

**Alternates Present**

Laurie Pappas (for Don Ballard)

**ERCOT Staff**

Bob Kahn  
Tripp Doggett  
Nancy Capezzuti  
Mike Grable  
Mike Morais  
Theresa Gage

**Call to Order**

Ms. Newton called the meeting to order at 9:00 a.m..

**Executive Session**

Ms. Newton adjourned the meeting to Executive Session at 9:01 a.m. The open session was reconvened at 9:28 a.m.

**Minutes**

Ms Newton made reference to the "Minutes" section of the draft minutes of the October 21, 2008, meeting. She asked that the description of corrections to the Other Business Section of the draft minutes of the September 16 meeting be revised as follows: "Ms. Newton noted that the minutes should state 'due to the Finance and Audit (F&A) Committee's pending recommendation not to split into two separate Finance and Audit Committees, as recommended by the R.W. Beck study.'"

Mr. Armentrout made reference to the "Board Governance During Current Financial/Market Conditions" section of the draft minutes of the October 21, 2008, meeting. He asked that this section be revised as follows: "Mr. Armentrout stated that the Board has an ad hoc group on

liquidity management that provides advice to ERCOT staff on current financial and market conditions and advises the Chair on the need for additional special meetings.”

**Ms. Newton moved for approval of the October 21, 2008 open session minutes, as amended. Mr. Armentrout seconded the motion. The minutes were approved by unanimous voice vote.**

### **External Relations**

Ms. Gage distributed a draft of ERCOT’s Legislative Messaging and Strategy for the 81<sup>st</sup> Legislature. She noted that Mr. Kahn and other ERCOT staff were preparing to testify at the Senate Business & Commerce Committee’s November 18 hearing on Texas energy issues.

Mr. Armentrout and Ms. Gage discussed wind resources, forecasting of wind, and legislative and economic expectations. Mr. Armentrout asked Ms. Gage to keep the committee apprised of any drop in the number of wind applications.

### **Unaffiliated Directors’ Compensation**

Ms. Newton and Mr. Armentrout excused themselves from the meeting during a presentation by Mr. Grable on a proposal to increase the compensation cap for unaffiliated members of the Board. In the ensuing discussion, the committee members were supportive of such increase.

Following this discussion, Ms. Newton and Mr. Armentrout returned to the meeting.

### **PRR753**

Mr. Grable noted that PRR753 as proposed by TAC had included a detailed process for appeals to the Board of TAC decisions as well as procedures for appeals to TAC of PRS decisions. The appeals to the Board are now included in the Board procedures, but PRR753 still addresses the TAC appeals. ERCOT staff has recommended that PRR753, in its reduced scope, be remanded to the TAC. After a brief discussion, the members agreed with this recommendation, and Ms. Newton agreed to express this support to the Board.

### **Executive Session**

Ms. Newton adjourned the meeting to Executive Session at 9:42 a.m.  
The open meeting re-convened at 9:54 a.m.

### **Other Business**

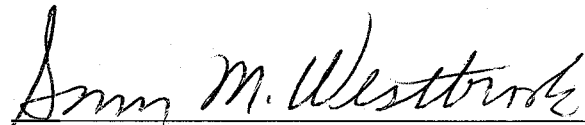
Ms. Newton announced that she had signed a response to the R.W. Beck study governance recommendations, and noted that the Committee had not supported any of such recommendations.

Ms. Capezzuti stated that ERCOT is initiating a project to determine the feasibility and cost of broadcasting ERCOT meetings. She agreed to provide an update to the Committee during the January HR&G meeting and will target implementation by the first quarter of 2009. .

In response to an inquiry about Chairman Smitherman's desire to have all three Commissioners attend the Board's Q&A sessions, Mr. Grable noted that the PUCT must post the appropriate notices to comply with open meetings laws, but that ERCOT will need to hold the sessions in a space that will accommodate the public.

Mr. Grable mentioned that the Committee would perform its annual self-assessment at the December meeting.

**The meeting adjourned at 9:58 a.m.**

  
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Susan M. Westbrook  
Corporate Counsel