



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

7620 Metro Center Drive, Austin, Texas 78704

January 20, 2009 at 8:35 a.m.

Committee Members Present

Jan Newton (Chair)

Mark Armentrout

Bob Helton

Andrew Dalton

Andrew Dalton as proxy for Nick Fehrenbach

A.D. Patton

ERCOT Staff

Bob Kahn

Nancy Capezzuti

Theresa Gage

Dottie Roark

Susan Westbrook

Paula Feuerbacher

Dale Goodman

Lori Cobos

Bruno Ierullo

Call to Order

Ms. Newton called the meeting to order at 8:35 a.m.

Adjournment to Executive Session.

Ms. Newton adjourned the meeting to Executive Session at 8:36 a.m.

The meeting emerged from Executive Session at 9:18

Election of Committee Chair and Vice Chair

Ms. Newton nominated Mr. Armentrout for Chair of the Committee and Mr. Dalton as Vice-Chair of the Committee. Mr. Helton seconded the motion. Mr. Armentrout's nomination was approved by voice vote with his abstention. Mr. Dalton's nomination was approved by voice vote with his abstention.

Minutes

Ms. Newton moved for approval of the December 9, 2008 Open Session minutes. Mr. Helton seconded the motion. The minutes were approved by unanimous voice vote.

Charter Revisions

Ms. Newton stated that Mr. Ballard will be joining the Finance & Audit (F&A) Committee and Mr. Fehrenbach will be joining the Committee. She noted that the Committee charter currently requires representation of three market segments, and that the Committee charter would have to be revised to allow representation of only two segments. Mr. Armentrout moved to recommend approval of the revised Committee charter and Dr. Patton seconded the motion.



External Relations Update

Ms. Gage stated that ERCOT was currently meeting with members of the Senate and reported that Mr. Kahn and Mr. Grable met with Speaker of the House Joe Straus on December 15, 2008, to discuss various ERCOT and energy issues. She distributed a set of three, one-page messaging sheets for the Committee's review.

Ms. Gage gave a brief summary of House Bill (HB) 630 filed by Representative Sylvester Turner. The Committee discussed the impact that HB630 may have on ERCOT governance and operations. Mr. Armentrout requested that Ms. Gage prepare a messaging sheet describing ERCOT's governance structure to serve as an education tool for the Legislature. Ms. Gage will be deferring any questions regarding HB630 to Mr. Armentrout or Ms. Newton.

2009 KPI Matrix

Ms. Capezzuti presented the proposed 2009 Key Performance Indicator (KPI) Matrix, which included revisions to the weighting of the Nodal completion and retail transaction processing KPIs. The Committee discussed the need to assess ERCOT's priorities with regulatory bodies and the Legislature. The Committee agreed that the hybrid plug-in car KPI should be removed and added to the 2010 KPI matrix instead. Ms. Capezzuti and Mr. Armentrout agreed to revise the proposed matrix for Committee discussion at the February meeting.

Recruiting Strategy

Ms. Capezzuti will discuss ERCOT's personnel recruiting strategy at the February meeting.

Flextime and Telecommuting Standard

Ms. Capezzuti presented a revised corporate standard authorizing flextime and telecommuting for ERCOT employees, which standardizes existing ERCOT practices and mitigates competitive disadvantages and turnover issues. Ms. Capezzuti amended the document to highlight the requirement that employees and managers who participate meet ERCOT business objectives. She also modified the Standard to require employees who regularly telecommute to log in the system during all working hours and require them to use the ERCOT "instant messaging" tool, so managers may communicate with them on a real-time basis. Ms. Newton requested that the standard be changed to stress that the program is being implemented on a trial basis and that an employee on a four/ten schedule is not limited to working 10 hours per day. Mr. Armentrout requested that Ms. Capezzuti report the results of the trial run at the Committee's September meeting.

Committee Self Assessment

Ms. Capezzuti distributed the revised Committee self-evaluation form, including changes requested by Mr. Ballard. The compiled results will be discussed at the February meeting.

NACD Resources

Mr. Armentrout requested that his membership with the National Association of Corporate Directors (NACD) not be renewed.

Webcasting Update

Ms. Feuerbacher reported that ERCOT received two proposals for webcasting of Board meetings. The RFP evaluation team recommends further investigation of the proposal submitted



by Texas Admin and plans to have the vendor make a proof of concept demonstration at the February Board meeting. The vendor presentation will include information regarding pricing as well as technical feasibility.

Market Participant Survey Update

Mr. Goodman presented a brief update on the progress of action items recommended by the ERCOT executive team at the September 16, 2008 Board meeting and by the Technical Advisory Committee in December 2008. Committee members requested that future updates be presented in matrix form to allow Committee members to track the historical trend analysis of responses to standard survey questions. Mr. Armentrout requested that survey be discussed at the February meeting.

Annual Calendar

The Committee will review the proposed 2009 annual calendar at the February meeting.

Other Business

Ms. Newton requested that Ms. Capezzuti provide the Committee with a report on employee diversity, including gender, age, and race. Ms. Capezzuti will provide the report at the March meeting.

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

Future Agenda Items

Revised 2009 KPI Matrix – February (Armentrout/Capezzuti)
Recruiting Strategy – February (Capezzuti)
Proposed 2009 Calendar – February
Market Participant Survey Update – February (Goodman)
Committee Self Assessment – February (Capezzuti)
Employee Diversity Report – March (Capezzuti)
Flextime and Telecommuting Corporate Standard Trial – September (Capezzuti)

A handwritten signature in cursive script that reads "Susan M. Westbrook". The signature is written in black ink and is positioned above a horizontal line.

Susan M. Westbrook, Corporate Counsel