



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

7620 Metro Center Drive, Austin, Texas 78704

May 20, 2009

Committee Members Present

Mark Armentrout (Chair)

Jan Newton

Bob Helton

Andrew Dalton

A.D. Patton

ERCOT Staff

Bob Kahn

Nancy Capezzuti

Theresa Gage

Susan Westbrook

Dorinda Maier

Dale Goodman

PUC Representatives

Barry Smitherman

Call to Order

Mr. Armentrout called the meeting to order at 9:02 a.m.

Adjourn to Executive Session

Mr. Armentrout adjourned the meeting to Executive Session at 9:02 a.m. Open session was reconvened at 9:21 a.m.

Minutes

Mr. Helton moved for approval of the minutes of the April 22, 2009, open session. Ms. Newton seconded the motion. The minutes were approved by unanimous voice vote.

Employee Engagement Survey

Ms. Capezzuti discussed the results of the Employee Engagement survey, noting that ERCOT's results were very similar to the results of benchmark participants of comparable size, and that a rating of 3.5 or higher for any result is considered good. She pointed that the satisfaction level for ERCOT's benefits and compensation were slightly lower for the finance department, legal department and the Texas Regional Entity, noting that these were relatively small groups and that dissatisfaction expressed by a few members could greatly impact the survey results.

Ms. Capezzuti also noted that ERCOT employees rated the company slightly lower than the benchmark rating for risk-taking and innovation, which is a result consistent with ERCOT's corporate function. In director/manager meetings, she has been emphasizing the need to promote employee innovation that does not increase negative risk taking.



Ms. Capezzuti stated that she is planning to conduct the survey again 18 months after the initial survey and that future results will be benchmarked to the initial results.

ERCOT.com Website Enhancement and Market Participant Survey Update

Mr. Goodman noted that the results of the 2008 Market Participant were good, but that the participants had indicated a need for improving the website. Pursuant to the Committee's direction at the February meeting, his staff has been investigating the possibility of creating a link to the rulemaking search engine on the Public Utility Commission website. He noted that the Commercial Operations Committee had recommended a System Change Request SCR755 for website enhancements and that this proposal would be reviewed during the CEO review guidelines next week. He cautioned that completion of SCR755 could be impacted by the limited availability of Nodal resources.

Committee members discussed other possible enhancements to the website, including the ability to track NPRRs and PRRs under consideration as they make their way through the recommendation process leading to TAC consideration and recommendation for approval to the Board during the upcoming month. Dr. Patton noted that this would be particularly helpful to unaffiliated Board members who do not have employees monitoring TAC meetings.

Mr. Armentrout asked if ERCOT had preformed a comparison analysis to other ISO websites and if not, suggested that ERCOT staff compare the functionality of the website to similar websites hosted by other ISOs. Mr. Goodman agreed to seek out any information or analysis that has been done and provide the information. If the comparison has not been done, Mr. Goodman will make the request to do so with the web team.

Mr. Armentrout asked Mr. Goodman to state what he believed to be the three most important lessons learned from the survey results: Mr. Goodman responded; (1) the value of regular staff-level interactions with Market Participants; (2) the need for continuous improvement of communication with Market Participants and regular evaluation of ERCOT's communication efforts; and (3) the high level of ERCOT staff commitment to improving their operations in the market. Mr. Helton noted that these were consistent with the feedback he has received from Market Participants.

External Relations Update

Ms. Gage distributed her external relations update and stated that ERCOT is now actively monitoring eight major bills. She noted that bills likely to proceed include: House Bill 1959 which would subject ERCOT to sunset review; Senate Bill 545; Sen. Fraser's residential solar energy bill; Senate Bill 1243, Sen. Gallego's net metering bill; and Senate Bill 541, Sen. Watson's renewable energy bill.

KPI Quarterly Update

Ms. Capezzuti presented the quarterly update of ERCOT's 2009 Key Performance Indicators ("KPIs"). Mr. Armentrout expressed disagreement with the reported status of "on target" for KPI 4, Completion of Nodal Milestones in Accordance with Schedule and Budget, noting that several performance milestones for the MMS project have been delayed. He invited the other members to inform him and Ms. Capezzuti if they disagreed with any other status designations.



Dr. Patton indicated that ERCOT's progress in achieving KPI 1, Maintain Reliability and Compliance with ERCOT Protocols and NERC Standards/Requirements was encouraging.

Mr. Armentrout requested that future KPI Reports include a numbering system for individual goals.

Other Business

None.

The meeting adjourned at 9:55 a.m.

The next regular meeting of the Human Resources and Governance Committee is on June 16, 2009.

Future agenda items:

June

Review executive compensation and benefit programs

Review bylaws and consider revisions

Performance and retention bonus proposal

July

Review head-count staffing levels

Review employees' and directors' ethics agreements

Report on technical career paths

August

Review external relations communication plan

KPI quarterly report

September

Discuss succession planning for unaffiliated Board members

Discuss compensation for unaffiliated Board members

Report on trial of flextime and telecommuting corporate standard

October

Consult with CEO about senior management succession planning

November

Review and approve goals and objectives for 2010

December

Review external communications plan

January

Elect committee chair and vice-chair

Review committee charter

Evaluate CEO performance against goals and objectives

Distribute committee self-evaluation survey

Poll members regarding membership in NACD



Review 2009 KPIs

February

Review committee self-evaluation survey

Review head-count staffing levels

Review proposed 2010 calendar

Market Participant survey update

March

Review and approve compensation plan for officers for implementation in April

Review and approve contractual employment arrangements

Consult with CEO about senior management succession planning

April

Consider Board training needs to enhance effectiveness

May

No Standing Items

Susan M. Westbrook, Corporate Counsel