

Proposed Separation Plan [October 12, 2009]

Topic	Issue	Details	Tentative	Complete
A. Initial Governance Decisions				
1.	Legal separation from ERCOT	Texas RE Board decision	6/15/09	10/19/2009
2.	Board Composition	<ul style="list-style-type: none"> 4 independent directors & Texas RE CEO PUCT Chair and OPUC Public Counsel (ex officio non-voting) 2 Affiliated (MRC chair & vice chair) 	8/17/09	10/19/2009
3.	Membership Sectors	<ul style="list-style-type: none"> Transmission Generation System Coordination LSE/PSE Municipal Utility Cooperative Utility 	8/17/09	10/19/2009
4.	Corporate name & Non-profit status	Texas Regional Entity 501(c)(3)	11/1/2009	10/19/2009
B. Prepare for governance and legal changes				
1.	Bylaws	Draft and obtain comments on 1 st draft	7/20/09 to 8/17/09	✓
2.		Review comments on revised 2 nd draft	8/20/09 to 9/14/09	✓
3.		Review Comments on 3 rd draft	10/19/2009	✓
4.		Board Vote on bylaws draft (for submission to FERC as pre-filing)	10/19/2009	
5.		Confirm "straw" membership acceptance (have pre-formation meeting to confirm intended membership sectors will approve proposed Bylaws prior to submission of pre-filing to FERC)	November 2009	
6.		Confirm with more formal membership vote prior to formal filing with FERC (after pre-filing comments addresses)	February 2010	
7.	Delegation Agreement	Prepare delegation agreement modifications, per new bylaws – send out for comments	11/15/09	
8.	Obtain input from regulators	<ul style="list-style-type: none"> PUCT (Executive Director, Chairman, Legal counsel) 	On-going	
9.		<ul style="list-style-type: none"> NERC (CEO, General Counsel) 	On-going	
10.		<ul style="list-style-type: none"> FERC (OER, OE, GC, and Chairman) 	6/10/2009	November 2009 Pre-filing
11.	Determine Director Competencies	<p>The Board as an entirety shall have familiarity with regional system operation issues in the ERCOT Region and reflect expertise in:</p> <ul style="list-style-type: none"> Technical electric operations and reliability Legal and/or senior corporate leadership 	This is in the current bylaws	

		<ul style="list-style-type: none"> Financial and risk management Regulatory matters 		
12.	Find Directors	Retain search firm and source	11/09 – early 2010	
13.	Educate Directors	Prepare training materials and schedule meetings for training sessions	1/10 – start up	
C. Prepare for Separate Operations				
	Texas RE policies and procedures	Develop and adopt any needed additions	On-going	
	Protocol Compliance	Transition Protocol compliance files and activities with PUCT <ul style="list-style-type: none"> Send current procedures to PUC (done) Confirm PUC intention for new compliance authority Work with PUC to arrange for training plan Provide training to new entity (ERCOT ISO, IMM, or any other compliance authority) If no decision from PUC prior to formal FERC filing for amended Delegation Agreement, train ERCOT ISO staff 	1/2010 – Legal Separation	
	ERCOT equipment and administrative services	Transition <ul style="list-style-type: none"> Human Resources and Benefits Membership services Finance (accounting, treasury, etc.) Information Technology 	Planning on-going	
	Transition contracts and other services	Transition contracts, equipment, software, etc.	Early 2010	