

Proposed Separation Plan [April 19, 2010]

Topic	Issue	Details	Tentative	Complete
<b>A. Initial Governance Decisions</b>				
1.	Legal separation from ERCOT	Texas RE Board decision	6/15/09	10/19/2009
2.	Board Composition	<ul style="list-style-type: none"> <li>4 independent directors &amp; Texas RE CEO</li> <li>PUCT Chair and OPUC Public Counsel (ex officio non-voting)</li> <li>2 Affiliated (MRC chair &amp; vice chair)</li> </ul>	8/17/09	10/19/2009
3.	Membership Sectors	<ul style="list-style-type: none"> <li>Transmission</li> <li>Generation</li> <li>System Coordination</li> <li>LSE/PSE</li> <li>Municipal Utility</li> <li>Cooperative Utility</li> </ul>	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>B. Prepare for governance and legal changes</b>				
1.	Bylaws	Draft and obtain comments on 1 <sup>st</sup> draft	7/20/09 to 8/17/09	√
2.		Review comments on revised 2 <sup>nd</sup> draft	8/20/09 to 9/14/09	√
3.		Review Comments on 3 <sup>rd</sup> 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 24, 2009	√
6.		Form new corporation to allow for membership vote approving bylaws	January 2010	January 1, 2010
7.		Confirm with formal membership vote prior to filing with NERC Board of Trustees	February 2010	February 5, 2010
8.	Delegation Agreement	Prepare delegation agreement modifications, per new bylaws – send out for comments	10/30/09	Approved by Texas Reliability Board – January 18, 2010
9.	Obtain input from regulators	<ul style="list-style-type: none"> <li>PUCT (Executive Director, Chairman, Legal counsel)</li> </ul>	On-going	
10.		<ul style="list-style-type: none"> <li>NERC</li> </ul>	On-going	Approved by NERC Board February 16, 2010
11.		<ul style="list-style-type: none"> <li>FERC (OER, OE, GC, Commissioners)</li> </ul>	6/10/2009	December 7, 2009 Pre-filing; February 19, 2010 filed

12.	Determine Director Competencies	The Board as an entirety shall have familiarity with regional system operation issues in the ERCOT Region and reflect expertise in: <ul style="list-style-type: none"> <li>• Technical electric operations and reliability</li> <li>• Legal and/or senior corporate leadership</li> <li>• Financial and risk management</li> <li>• Regulatory matters</li> </ul>	In the Bylaws	√
13.	Find Directors	Retain search firm or otherwise source	February 1, 2010	
14.	Educate Directors	Prepare training materials and schedule meetings for training sessions	February 2010 – July 1, 2010	
<b>C. Prepare for Separate Operations</b>				
1.	Texas RE policies and procedures	Develop and adopt any needed additions	On-going	June 2010
	Protocol Compliance	Enter contract with PUC for 2010 Transition Protocol compliance files and activities with PUCT <ul style="list-style-type: none"> <li>• Send current procedures to PUC (done)</li> <li>• Continue to perform Protocol compliance work through end of 2010</li> <li>• Work with PUCT staff to assist with its transition plan</li> <li>• Provide training for and transition files to new compliance entity</li> </ul>	May 2010 Transition on-going through 12/31/2010	12/31/2010
2.	ERCOT IT, telecom, and security equipment and services	Transition <ul style="list-style-type: none"> <li>• Information Technology</li> <li>• Telecom</li> <li>• Physical and Cyber Security</li> </ul>	On-going	Mid-May 2010 separation with ability to “go back” until June 1, 2010
3.	ERCOT non-IT, telecom, or security equipment and other administrative services	Transition <ul style="list-style-type: none"> <li>• Human Resources and Benefits</li> <li>• Facilities</li> <li>• Finance (accounting, treasury, etc.)</li> </ul>		Implementation Date July 1, 2010
4.	Transition contracts	Assign contracts for services, equipment, software, etc. to New Texas RE	Early 2010	Implementation Date July 1, 2010