



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

7620 Metro Center Drive, Room 168
Austin, Texas 78704
March 23, 2010

Committee Members Present

Andrew Dalton	Sheri Givens
Robert Helton	Jan Newton
Jean Ryall	A.D. Patton

ERCOT Staff

Paula Feuerbacher, Manager – Strategic/Organizational Development
Bruno Ierullo, Director – Human Relations
Theresa Gage, Manager – Government Relations
Susan Westbrook, Corporate Counsel
Mike Grable, Vice President & General Counsel

Call to Order

Mr. Dalton opened the meeting at 8:39 a.m.

Executive Session

Mr. Dalton adjourned to Executive Session at 8:39 a.m. The meeting emerged from Executive Session at 9:35 a.m. Ms. Ryall and Ms. Newton excused themselves from the meeting at this time.

Mr. Helton moved to recommend to the Board that the merit raises for executive staff proposed by Interim CEO Tripp Doggett be approved. Dr. Patton seconded the motion. The motion was approved by voice vote with Ms. Ryall and Ms. Newton absent.

Minutes

Mr. Helton moved for approval of the February 16, 2010 meeting minutes. Ms. Givens seconded the motion. The minutes were approved by voice vote with Ms. Ryall and Ms. Newton absent.

External Relations Update

Ms. Gage reported that she had changed her reporting format to include more forward-looking items and to invite guidance from the Committee for future actions.

Ms. Gage noted that the Sunset Commission staff had completed its research and planned to issue its report by mid-April and hold a hearing on its findings on May 25-26.

Ms. Gage reported that the state legislature will be issuing many interim charges that will require significant input from ERCOT staff during the summer and fall. She added that a team of subject matter experts including Kent Saathoff, John Dumas, Dan Woodfin and Betty Day will work with Mr. Doggett and Ms. Gage to respond to such requests.

Ms. Ryall re-joined the meeting at this time.

Review Proposed Changes to Committee Charter and Recommend Board Adoption

Mr. Dalton directed the members' attention to the proposed revisions to the Committee's charter and noted that he had made additional changes to make it more consistent with the Finance & Audit Committee charter.

Mr. Helton moved to recommend that the Board approve the charter amendments. Dr. Patton seconded the motion. The motion carried by unanimous voice vote with Ms. Newton absent.

Approval of 2010 Key Performance Indicators (KPIs)

Ms. Feuerbacher reported that the 2010 KPIs had been revised to include metrics that reflect partial achievement of goals. Members briefly discussed how these metrics would be used to calculate overall achievement of the KPIs.

Dr. Patton moved to recommend approval of the 2010 KPIs. Mr. Dalton seconded the motion. The motion carried by unanimous voice vote.

ERCOT Strategic Plan 2010-2014

Ms. Feuerbacher directed the members' attention to the ERCOT Strategic Plan, noting that the executive team incorporated many suggestions from the February strategic planning meeting. She stated that the plan will be further developed to define initiatives, dependencies, staffing needs, and software/hardware needs.

The members discussed whether ERCOT should take a more proactive role in leading the market. Mr. Dalton noted that ERCOT needs to be consistent about leading only when it has the authority to do so and otherwise acting in an advisory role. Dr. Patton stated that Initiative 3.1 and 3.2 demonstrate the tension between reliability and commercial interests, going to the heart of the restructured market.

Mr. Grable joined the meeting at this time.

Other Business

Dr. Patton directed the members' attention to the failure of the Technical Advisory Committee (TAC) to achieve a consensus on proposed protocols for cost allocations for wind ancillary services. He expressed concern that TAC would fail to make recommendations on difficult commercial issues and go directly to the Public Utility Commission (PUC). Mr. Helton disagreed, noting that allocation of costs has always been the responsibility of the PUC, and stated that ERCOT should not be using its resources to advocate any specific allocation.

Mr. Grable noted that TAC did not achieve the supermajority it needed to approve a cost allocation protocol, then asked the Board for guidance rather than approaching the PUC.

The meeting adjourned at 10:03 a.m.

Future Agenda Items

May

- Monitor external relations issues
- *Review Strategic Plan*

June

- Review ERCOT Bylaws and consider proposing revisions
- Consider adequacy of executive compensation and benefit programs (detailed review every third year)
- Monitor external relations issues
- *Succession Planning Update*

July

- Review head-count staffing levels
- Review ERCOT Employee and ERCOT Director Ethics Agreements
- Monitor external relations issues
- *Strategic Plan - VOTE*

August

- Review external relations communication plan
- *Succession Planning Proposal from CEO*

September

- Independent Board members succession planning
- Compensation for independent Board members

October

- Monitor external relations issues

November

- Senior management succession planning

December

- Review and approve goals and objectives for following year
- Review external relations communication plan
- *Succession planning update*

Susan M. Westbrook
Corporate Counsel