

Proposed Separation Plan [May 17, 2010]

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 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"> PUCT (Executive Director, Chairman, Legal counsel) 	On-going	
10.		<ul style="list-style-type: none"> NERC 	On-going	√ Approved by NERC Board February 16, 2010
11.		<ul style="list-style-type: none"> FERC (OER, OE, GC, Commissioners) 	6/10/2009-5/6/2010	√ May 6, 2010

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"> • Technical electric operations and reliability • Legal and/or senior corporate leadership • Financial and risk management • Regulatory matters 	In the Bylaws	√
13.	Find Directors	Retain search firm or otherwise source	February 1, 2010	May 17, 2010
14.	Educate Directors	Prepare training materials and schedule meetings for training sessions	February 2010 – July 1, 2010	June 29, 2010
C. Prepare for Separate Operations				
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"> • Send current procedures to PUC (done) • Continue to perform Protocol compliance work through end of 2010 • Work with PUCT staff to assist with its transition plan • Provide training for and transition files to new compliance entity 	June 2010 Transition on-going through 12/31/2010	June 2010 12/31/2010
2.	ERCOT IT, telecom, and security equipment and services	Transition <ul style="list-style-type: none"> • Information Technology • Telecom • Physical and Cyber Security 	On-going	June 2010 separation with ability to “go back” until June 30, 2010
3.	ERCOT non-IT, telecom, or security equipment and other administrative services	Transition <ul style="list-style-type: none"> • Human Resources and Benefits • Facilities • Finance (accounting, treasury, etc.) 	Implementation	July 1, 2010
4.	Transition contracts	Assign contracts for services, equipment, software, etc. to New Texas RE	Implementation	July 1, 2010