



Texas RE/ERCOT Separation

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ERCOT Board of Directors Meeting

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Issue and Background

- **Issue:** Authorization to enter into an Assignment and Assumption Agreement between Texas Reliability Entity, Inc. (TREI) and Electric Reliability Council of Texas, Inc.
- **Background:**
 - TREI was formed on January 1, 2010 to become the successor regional entity to the Texas Regional Entity (Texas RE), a division of ERCOT.
 - On May 6, 2010 FERC authorized TREI to become the Regional Entity for the ERCOT region on July 1, 2010.
 - TREI and NERC have signed an amended Delegation Agreement effective July 1, 2010.
 - The TREI Board of Directors is expected to approve the Assignment and Assumption Agreement between TREI and ERCOT on June 14, 2010.

Texas RE / ERCOT Separation Activities

- **Execute Assignment and Assumption Agreement**
- **IT separation (by June 30, 2010)**
 - Remove Texas RE employee and system access
 - Texas RE to return access badges and fobs
 - Transfer file server and email data
 - Provide access to Macomber Map
- **HR (on or before June 30, 2010)**
 - Transfer required Human Resources data
 - Terminate Texas RE employees from ERCOT
 - Communicate employee transition plan to Texas RE employees

Texas RE / ERCOT Assignment and Assumption Agreement

- **Assignment and Assumption Agreement**
 - Transfer of assets
 - \$0.00 cost for assets paid for with Texas RE Statutory funds
 - Assets located at 2700 Via Fortuna Drive (at book value)
 - Operating/Investment Accounts
 - Assumed liabilities
 - Sublease on “The Terrace”
 - Vendor/Professional/Master Service Agreements (ACS Dataline, Cyrus Networks, OATI etc)
 - Employee benefit arrangements
 - List of Transferee Employees
 - No severance, salary continuation or similar benefits
 - COBRA continuation coverage responsibilities
 - Initial TREI benefits to be substantially the same as ERCOT’s at the time of closing

Conclusion/Recommendation

- ERCOT staff respectfully requests that the ERCOT Board of Directors authorize the ERCOT President and CEO to enter into an Assignment and Assumption Agreement, effective no later than July 1, 2010, subject to final approval by ERCOT legal and the ERCOT President and Chief Executive Officer.