



Date: June 8, 2010
To: Board of Directors
From: Andrew Dalton, Chair, Human Resources and Governance (HR&G)
Committee of the Board of Directors
Subject: Election of President and Chief Executive Officer (CEO)

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: June 15, 2010

Agenda Item No.: 26

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should elect a CEO of ERCOT for a term not to exceed one year.

Background/History:

Section 8.2 (Tenure) of the ERCOT Amended and Restated Bylaws (Bylaws) requires that the Board elect the CEO of ERCOT for a term not to exceed one year. The CEO may be re-elected for consecutive terms without limitation. The Board has historically elected the CEO and ratified its officers annually during the regularly-scheduled Board meeting in January of each year.

Section 7.1 (CEO) of such Bylaws provides, in part, that “[t]he CEO shall serve as President of ERCOT.”

On October 18, 2009, the Board elected H.B. “Trip” Doggett to serve as ERCOT’s Interim President and CEO with all of the powers, duties and responsibilities of ERCOT’s President and CEO, beginning November 2, 2009, until the earlier of the employment of a CEO by ERCOT or of further Board action with regard to this position.

On January 19, 2010, in conjunction with the annual ratification of officers, the Board elected Mr. Doggett to serve as ERCOT’s Interim President and CEO immediately with all of the powers, duties and responsibilities as ERCOT’s President and CEO until the earlier of the employment of a CEO by ERCOT or of further Board action with regard to this position. On the same day, the Board also ratified Mr. Doggett also in the officer position of ERCOT’s Senior Vice President and Chief Operating Officer (COO), which was the position held by Mr. Doggett prior to his election as Interim President and CEO.

The HR&G Committee held a Special Meeting of the HR&G Committee on May 27, 2010, to consider the election of ERCOT’s CEO among other things. The Nominating Committee and Board also held a Special Joint Meeting of the Nominating Committee and the Board on May 27, 2010. At the Special Meeting of the HR&G Committee, the HR&G Committee voted unanimously to recommend that the Board elect Mr. Doggett as President and CEO subject to the finalization of terms and conditions of employment 2010. At the Special Joint Meeting of the Nominating Committee and Board, the Board voted unanimously to accept the HR&G



Committee's recommendation to elect Mr. Doggett as President and CEO subject to the finalization of terms and conditions of employment. The terms and conditions of Mr. Doggett's employment are expected to be finalized by the Board meeting on June 15, 2010. If Mr. Doggett is elected as President and CEO by the Board on June 15, 2010, then it would be recommended that he would cease to serve as Interim President and CEO and Senior Vice President and COO upon such election.

Key Factors Influencing Issue:

- The Bylaws specifically contemplate and mandate the election of the ERCOT CEO at least annually.
- ERCOT must have a CEO among its other officers to perform its statutory and other functions.
- The Board elected an Interim CEO, effective November 2, 2009, to avoid disruption in the operations of ERCOT until the earlier of the employment of the CEO by ERCOT or of further Board action with regard to this position.

Alternatives:

- Approve the proposed resolution as presented, that is, election of the President and CEO for a term while employed not to exceed one year; or
- Take other action (that is, delay the election) with regard to the President and CEO as the Board believes to be appropriate and provide instruction to ERCOT staff as needed.

Conclusion/Recommendation:

The Board should elect Mr. Doggett as President and CEO for a term while employed not to exceed one year. Upon such election, it is recommended that Mr. Doggett would cease to serve as Interim President and CEO and Senior Vice President and COO.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, pursuant to Section 8.2 (Tenure) of the Bylaws (Bylaws) of Electric Reliability Council of Texas, Inc. (ERCOT), the ERCOT Board of Directors (Board) shall elect the ERCOT Chief Executive Officer (CEO) for a term not to exceed one year;

WHEREAS, Section 7.1 of the Bylaws also provides in part that the CEO of ERCOT shall serve also as President of ERCOT;

WHEREAS, after due consideration of the alternatives, the Board deems it desirable and in the best interest of ERCOT to elect a President and CEO of ERCOT;

THEREFORE, BE IT RESOLVED, the ERCOT Board hereby elects H.B. "Trip" Doggett to serve solely in the position of ERCOT President and CEO for a term while employed not to exceed one year.

CORPORATE SECRETARY'S CERTIFICATE

I, Bill Magness, Interim Corporate Secretary of ERCOT, do hereby certify that, at its June 15, 2010 meeting, the ERCOT Board of Directors passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of June, 2010.

Bill Magness
Interim Corporate Secretary