



To: Human Resources and Governance Committee
From: Trip Doggett, President and Chief Executive Officer
Date: January 10, 2011
Re: 2011 Board Strategic Planning Event, scheduled for February 16, 2011

Strategic Planning Event

The ERCOT management team has been working to prepare for the Board's Strategic Planning event scheduled for Wednesday, February 16, 2011. Management requests Board input on the goals and agenda for the retreat at the January 2011 meeting so that we will be prepared for the Strategic Planning event next month.

This memorandum summarizes the planning activities, and the draft list of issues management recommends the Board consider during the Strategic Planning event.

Location & Logistics

The event will be held at ERCOT's Taylor Control Center (TCC), in a conference space in TCC2. The meeting will begin at 9:00 AM and conclude no later than 5:00 PM. ERCOT will provide lunch and beverages during the meeting. At the Board's direction, ERCOT also could coordinate a meet-and-greet breakfast with ERCOT staff.

Format

ERCOT staff believes there is a consensus among Board members and ERCOT personnel that it was beneficial to have a facilitator lead the strategic planning discussion at the February 2010 meeting. Staff has interviewed excellent candidates to act as facilitator, and expects to have selected the facilitator by the time of the Board's HR&G Committee meeting on January 17, 2011.

Management seeks Board input on the format for the event, but will also look to the chosen facilitator's professional judgment about how to structure the event to accomplish the goals identified by the Board at its January 2011 meeting.

Goals & Agenda

The Strategic Planning event is held for the benefit of the Board, and management hopes to receive guidance from the Board on the issues that should be addressed at the February 2011 meeting.

Management has discussed options for the event, and recommends that the meeting attempt to meet the following objectives, subject to Board's approval:

- The Board made great progress at the 2010 event in establishing ERCOT's Strategic Plan for 2010-2014. Management hopes to report to the Board on progress against the strategic initiatives identified in the Strategic Plan.
- Since the Strategic Plan was adopted, management has identified priorities for completion of various strategic initiatives over the 2011-2014 period. Management hopes to present its proposed prioritization of initiatives and receive feedback on them from the Board.
- Management proposes that the Board consider additional strategic initiatives it would like to see ERCOT deliver on in the time horizon of the current Strategic Plan (i.e., through 2014), with a particular focus on initiatives that would commence in 2012 (after the nodal stabilization efforts and the ongoing Sunset Commission review are complete).
- As the Board identifies strategic initiatives that it recommends ERCOT undertake, the discussion can also identify metrics for determining management's success in accomplishing the new initiatives. Management does not propose that the event focus on the details of performance metrics, but rather that ideas for such metrics can be captured as part of the discussion of new strategic initiatives.

As noted above, management seeks the Board's input on the goals and agenda for the Strategic Planning event, and offers this recommendation as a suggestion to spur additional discussion by the Board at its January 2011 meeting.