



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

Electric Reliability Council of Texas Inc.  
7620 Metro Center Drive, Room 206  
Austin, Texas 78744  
January 17, 2011

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Human Resources and Governance Committee (Committee) of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

**General Session Attendance:**

**Committee Members:**

| <b>Director</b>                 | <b>Affiliation</b>                      | <b>Segment</b>  |
|---------------------------------|---|---|
| Dalton, Andrew<br>(Chairman)    | Valero Services, Inc.                   | Industrial Consumer (Proxy for Jean Ryall)              |
| Doll, Laura                     |   | Unaffiliated Director                                   |
| Gent, Michehl                   |   | Unaffiliated Director                                   |
| Givens, Sheri                   | Office of Public Utility<br>Counsel     | Residential Consumer                                    |
| Helton, Bob                     | International Power America<br>Services | Independent Generator (beginning<br>with Agenda Item 4) |
| Patton, A.D.<br>(Vice Chairman) |   | Unaffiliated Director                                   |

**Guest Board Members:**

| <b>Director</b>  | <b>Affiliation</b>                             | <b>Segment</b>                                     |
|------------------|--|--|
| Bermudez, Jorge  |  | Unaffiliated Director                              |
| Crowder, Calvin  | American Electric Power<br>Service Corporation | Investor Owned Utility                             |
| Doggett, Trip    | ERCOT  | President and Chief Executive<br>Officer (CEO)     |
| Dreyfus, Mark    | Austin Energy                                  | Municipal  |
| Espinosa, Miguel |  | Unaffiliated Director                              |
| Fehrenbach, Nick | City of Dallas                                 | Commercial Consumer (Agenda<br>Items 1 through 6b) |
| Karnei, Clifton  | Brazos Electric Power<br>Cooperative, Inc.     | Cooperative  |
| Zlotnik, Marcie  | StarTex Power                                  | Independent Retail Electric<br>Provider            |



**ERCOT Staff and Guests:**

|                     |   |
|---------------------|---|
| Lori Cobos          | ERCOT Associate Corporate Counsel   |
| Cleary, Mike        | ERCOT Senior Vice President and Chief Operations Officer (beginning with Agenda Item 4) |
| Feurerbacher, Paula | ERCOT Manager of Strategic and Organizational Development                               |
| Gresham, Kevin      | E.ON Climate and Renewables NA (Segment Alternate)                                      |
| Hendrick, Eric      | Stream Energy (Segment Alternate)   |
| Ierullo, Bruno      | ERCOT Director of Human Resources   |
| Leady, Vickie       | ERCOT Senior Corporate Counsel and Assistant Corporate Secretary                        |
| Magness, Bill       | ERCOT Vice President, General Counsel and Corporate Secretary                           |
| Manning, Chuck      | ERCOT Vice President and Chief Compliance Officer                                       |
| Morgan, Richard     | ERCOT Vice President and Chief Information Officer                                      |
| Ogelman, Kenan      | CPS Energy (TAC Vice Chair)   |
| Petterson, Mike     | ERCOT Controller  |
| Prochazka, Scott    | CenterPoint Houston Electric (Segment Alternate)  |
| Saathoff, Kent      | ERCOT Vice President of Grid Operations and System Planning                             |
| Westbrook, Susan    | ERCOT Senior Corporate Counsel  |

**Call Open Session to Order and Announce Proxies (Agenda Item 1)**

Chairman Dalton determined that a quorum was present and called the Committee meeting to order at approximately 3:11 p.m. Mr. Dalton announced that he held a proxy for Jean Ryall.

**Election of Committee Chair and Vice Chair (Agenda Item 2)**

Trip Doggett opened the floor for nominations for the Committee Chair and Vice Chair.

**Laura Doll nominated Andrew Dalton as Committee Chair for 2011 and A.D. Patton as Committee Vice Chair for 2011. Michehl Gent seconded the nominations. The nominations passed by unanimous voice vote with no abstentions. Mr. Dalton noted that he voted in favor of the nominations on behalf of Ms. Ryall as her proxy.**

**Approval of December 13, 2010 Meeting Minutes (Agenda Item 3)**

**Ms. Doll made a motion to approve the December 13, 2010 Committee Meeting Minutes as presented. Chairman Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

**Personnel Update (Agenda Item 4)**

Bruno Ierullo presented the 2010 Year-End Staffing Trend Analysis to the Committee and responded to questions on this topic.

**Discussion regarding 2011 Board Strategic Planning Event (Agenda Item 5)**

Mr. Doggett provided an overview of the upcoming 2011 Board Strategic Planning Event (Strategic Planning Event) that will be held on February 16, 2011 at the ERCOT facilities in



Taylor, solicited feedback from the Committee on the Strategic Planning Event agenda, and noted that Mary Ober had been selected to facilitate the event. Michehl Gent suggested that the ERCOT Board members be given the opportunity to provide feedback on whether the strategic initiatives adopted in 2010 are still appropriate at this time. Miguel Espinosa and Chairman Dalton requested that the lessons learned from Nodal be considered. In response to Dr. Patton's inquiry regarding whether ERCOT has the proper incentives in place to ensure that there is an adequate generation mix from a reliability and economic perspective, Kent Saathoff noted that this topic will be addressed as part of the current strategic initiative addressing long-term planning. Calvin Crowder suggested that ERCOT's strategic initiatives address the major risks identified in the monthly Risk Management Event Profile Matrix. Ms. Ober reviewed her proposed meeting format and agenda topics with the Committee.

### **Key Performance Indicators (KPIs) (Agenda Item 6)**

#### **Fourth Quarter and Year-End 2010 KPIs Update (Agenda Item 6a)**

Mr. Doggett provided a summary of ERCOT's performance on its KPIs in 2010. Mr. Doggett and Kent Saathoff responded to the Committee's questions on this topic. Chairman Dalton noted that overall ERCOT exhibited consistent improvement over 2010 and that ERCOT and its Staff should be commended for its 2010 performance. Laura Doll agreed with Chairman Dalton and added that she was particularly interested in measuring organizational efficiency going forward since ERCOT will continue to face tremendous pressure to justify its resources. Mr. Doggett noted that he plans to start having "Lunch-and-Learn" training sessions in 2011 in which ERCOT leadership would review various capability areas for informational purposes.

#### **Review 2011 KPIs (Agenda Item 6b)**

Mr. Doggett informed the Committee that Mike Cleary had taken the lead in bringing various departments together to develop the 2011 KPIs and that the development of the 2011 KPIs was in the preliminary stages. Mr. Cleary and Ms. Feurerbacher provided the Committee with an update on the development of the 2011 KPIs. After discussion, pursuant to Mr. Gent and Chairman Dalton's request, Mr. Cleary committed to send the final 2011 KPIs to the Board as soon as possible and in advance of the February 2011 Board meeting. Mr. Doggett requested that Mike Petterson provide the capability models to the Committee shortly after the meeting to enable them to start getting acquainted with the models and categories.

#### **Review Committee Charter (Agenda Item 7)**

Mr. Dalton noted that the redline changes to the Committee Charter were intended to make the Committee and the Finance & Audit (F&A) Committee Charter more consistent and the Committee agreed with Dr. Patton's suggestion that the Committee Charter uniformly refer to either "ERCOT" or "the Company" rather than using both terms throughout the Charter.

**Michehl Gent moved for approval of the Committee Charter with Dr. Patton's suggested revision. Andrew Dalton seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

#### **Review Committee Self-Evaluation Survey (Agenda Item 8)**



Chairman Dalton noted that six of seven Committee Members completed the 2010 Committee Self-Evaluation Survey with a fair uniformity among the survey responses. The Committee discussed survey comments related to the Committee's objectivity, the number of Committee members, education and training of Committee members, strategic initiatives for retaining key ERCOT employees, and evaluation of what other Independent System Operators (ISOs) are doing from an human resources perspective.

Sheri Givens requested that a chart, similar to the one developed for the F&A Committee, be developed to tie the Committee's Charter to its monthly meetings to keep the Committee in line with its duties and responsibilities in the Committee Charter. Ms. Givens also suggested that the Committee evaluate other effective training tools for Committee members and supported the concept of the Lunch-and-Learn training sessions. Chairman Dalton requested that the chart be developed for discussion at the February 2011 Committee Meeting.

Chairman Dalton noted that he would be working with Mr. Cleary and Mr. Ierullo in evaluating different options for the 2011 training schedule and structuring strategic initiatives related to employees, compensation, and risk exposure and would be discussing these matters at upcoming Committee Meetings.

#### **Review Proposed 2011 Committee Calendar (Agenda Item 9)**

Chairman Dalton solicited comments from the Committee on the proposed 2011 Committee Calendar and noted that the proposed 2011 Committee Calendar would be revisited at the February 2011 Committee meeting, that is, after the development of the sole master chart as suggested by Ms. Givens. No Committee members voiced any comments.

#### **Discussion of Board Training Resources and National Association of Corporate Directors (NACD) Membership for 2011 (Agenda Item 10)**

Bill Magness noted that ERCOT currently pays a flat-fee membership for the NACD for six Board members and staff. Mr. Magness requested feedback from the Committee on the usefulness of this membership. Chairman Dalton suggested that ERCOT retain the current NACD membership with the understanding that ERCOT Board members should express their interest in receiving NACD training to Mr. Magness. Mr. Magness noted that ERCOT would be holding its first Lunch-and-Learn training session before the March 2011 Committee Meeting.

#### **Future Agenda Items (Agenda Item 11)**

Chairman Dalton requested that the Future Agenda Items, proposed 2011 Committee Calendar, and new master chart be combined into one document for ease of reference.

#### **Other Business (Agenda Item 12)**

There was no other business discussed at this time.

Chairman Dalton adjourned the General Session into Executive Session at approximately 4:30 p.m. and reconvened the General Session at approximately 6:03 p.m.



**Vote on Matters from Executive Session (Agenda Item 18)**

There were no votes on matters from Executive Session.

**Adjourn (Agenda Item 19)**

Chairman Dalton adjourned the Committee meeting at approximately 6:05 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at [http://www.ercot.com/committees/board/hr\\_governance/](http://www.ercot.com/committees/board/hr_governance/).

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Lori Cobos  
Associate Corporate Counsel