

**ERCOT**

**Human Resources and Governance Committee**

**Charter Responsibilities as Planned Future Agenda Items**

Task Description	Charter Page #	Month											
		J	F	M	A	M	J	J	A	S	O	N	D
Elect Committee officers and designate a secretary	1												
Review and assess adequacy of Committee charter													
<b>Review and make recommendations regarding ERCOT's general compensation philosophy, strategy, policies and programs;</b>	<b>1, 2</b>												
Review and make recommendations regarding compensation levels of the CEO, officers and top management	1												
Review and make recommendations regarding ERCOT's employee benefit plans													
Plan for the orderly succession of well-qualified Unaffiliated Board members	1												
Review and approval of pay levels for the CEO and review and final approval of pay levels for all other corporate officers	1, 2												
Annually, review and make recommendations to the Board regarding the approval of performance goals and objectives with respect to the compensation of the CEO and all other officers consistent with approved compensation plans	1, 3												
Evaluate the CEO's performance against the goals and objectives set for the year and make recommendations to the Board regarding the CEO's performance	3												
Oversee performance evaluations of all other officers against the approved goals and objectives	3												
Based upon the performance evaluation, make recommending to the Board the compensation of the CEO and all other officers, including annual base salary level and any special or supplemental benefits, and for the CEO, recommending annual incentive levels and longer-term incentive levels to the Board	3												
Consult with the CEO and advising the Board with respect to senior management succession planning	3												
Advise the Board on risk issues pertaining to staffing levels	3												
Consider necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues	3												
Consider Unaffiliated Board member succession planning	3												
Develop and review ERCOT's governmental-relations policies and efforts	3												
Review employee compensation and benefit strategies and make recommendations to the Board for approval of those strategies													
Report to the Board, as necessary, the deliberations, actions, and recommendations of the Committee	3												

Periodically review the overall governance structure of the Board, including the number, focus and membership of Board Committees and sub-committees, and make recommendations to the Board regarding any changes the Committee believes would enhance the governance of the Company

Committee Self-Evaluation

Approve contractual employment arrangements for the CEO or other officers of ERCOT, as applicable

Working with the Chair of the Board to create the Nominating Committee (when a Nominating Committee is necessary), while staying consistent with the Bylaws by replacing or adding any Unaffiliated Board members required by ERCOT's Bylaws

Consideration of Unaffiliated Board member compensation matters

Periodically investigating competitive practices and industry trends to determine the adequacy of ERCOT's executive compensation programs

Retention or termination of the services of consulting firms engaged to assist the Committee in the evaluation of ERCOT's compensation packages

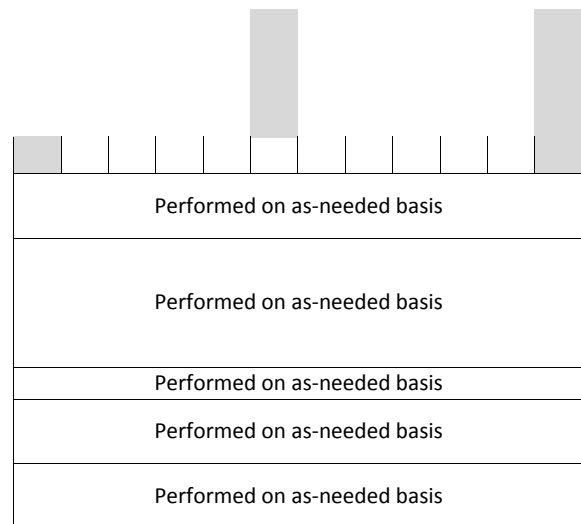
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Topic	Subtopic	Charter Section	Item #	Description	Current Agenda Item	Scheduled			
HR - Nonmanagement	Staffing	Functions	8	Advising the Board on risk issues pertaining to staffing levels	Review head-count staffing levels	April July			
	Employee Compensation	Purpose	6	Review employee compensation and benefit strategies and make recommendations to the Board for approval of those strategies	Review Benefit Plans (Prior to Open Enrollment)	May			
		Purpose	1	Review and make recommendations regarding ERCOT's general compensation philosophy, strategy, policies and programs	Review Criteria for Nodal Program Recognition	February			
		Duties & Responsibilities	3	Review and make recommendations regarding ERCOT's employee benefit plans	Review Benefit Plans (Prior to Open Enrollment)	May			
		Functions	7	Retention or termination of the services of consulting firms engaged to assist the Committee in the evaluation of ERCOT's compensation packages					
	Executive Compensation	Purpose	1	Oversee the compensation of ERCOT's Chief Executive Officer ("CEO") and other officers, make recommendations to the Board regarding the compensation package for the CEO, and review the CEO's recommendations for the compensation for all other ERCOT officers	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	January			
					Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February			
					Review and approve merit adjustments for Officers effective April 1, 2011	March			
					Consider adequacy of executive compensation and benefit programs (detailed review every third year)	June			
					Review and approve CEO and other executives' performance goals and objectives for following year	December			
					Purpose	2	Oversee the annual evaluation of the CEO and make recommendations to the Board regarding the CEO's performance	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	January
								Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February
								Review and approve merit adjustments for Officers effective April 1, 2011	March
								Review and approve CEO and other executives' performance goals and objectives for following year	December
					Purpose	3	Oversee the administration of ERCOT's executive compensation plans		

HR - Management		Duties & Responsibilities	2	Review and make recommendations regarding compensation levels of the CEO, officers and top management	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	January
					Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February
					Review and approve merit adjustments for Officers effective April 1, 2011	March
					Consider adequacy of executive compensation and benefit programs (detailed review every third year)	June
					Review and approve CEO and other executives' performance goals and objectives for following year	December
		Purpose	1	Review and approval of pay levels for the CEO and review and final approval of pay levels for all other corporate officers	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	January
		Functions	1		Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February
					Review and approve merit adjustments for Officers effective April 1, 2011	March
					Consider adequacy of executive compensation and benefit programs (detailed review every third year)	June
					Review and approve CEO and other executives' performance goals and objectives for following year	December
					Purpose	2
		Functions			Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February
					Review and approve merit adjustments for Officers effective April 1, 2011	March
					Review and approve CEO and other executives' performance goals and objectives for following year	December
		Functions	3	Evaluation of the CEO's performance against the goals and objectives set for the year and make recommendations to the Board regarding the	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	January

				CEO's performance	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February
					Review and approve merit adjustments for Officers effective April 1, 2011	March
					Review and approve CEO and other executives' performance goals and objectives for following year	December
	Functions	4	Oversight of the performance evaluation of all other officers against the approved goals and objectives	Review and approve merit adjustments for Officers effective April 1, 2011	March	
					Consider adequacy of executive compensation and benefit programs (detailed review every third year)	June
					Review and approve CEO and other executives' performance goals and objectives for following year	December
	Functions	5	Based upon the performance evaluation, recommending to the Board the compensation of the CEO and all other officers, including annual base salary level and any special or supplemental benefits, and for the CEO, recommending annual incentive levels and longer-term incentive levels to the Board	Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	January	
					Evaluate ERCOT Chief Executive Officer (CEO) performance against goals and objectives	February
					Review and approve merit adjustments for Officers effective April 1, 2011	March
					Consider adequacy of executive compensation and benefit programs (detailed review every third year)	June
					Review and approve CEO and other executives' performance goals and objectives for following year	December
	Functions	9	Periodically investigating competitive practices and industry trends to determine the adequacy of ERCOT's executive compensation programs			
	Functions	10	Approval of contractual employment arrangements for the CEO or other officers of ERCOT, as applicable	Review and approve terms of employment for CEO and Chief Operating Officer	March	
	Management Succession Planning	Purpose	4	Consult with the CEO and advise the Board with respect to senior management succession planning	Organizational succession planning update	February
					Senior management succession planning	November
	Functions	6	Consultation with the CEO and advising the Board with respect to senior management succession	Organizational succession planning update	February	

				planning	Senior management succession planning	November	
Governance	Governance Structure	Duties & Responsibilities	5	Periodically review the overall governance structure of the Board, including the number, focus and membership of Board Committees and sub-committees, and make recommendations to	Update regarding Technical Advisory Committee (TAC) and TAC Subcommittee	June	
					Update regarding TAC and TAC Subcommittee Structure	December	
	Unaffiliated Director Compensation	Functions	11	Consideration of Unaffiliated Board member compensation matters	Establish subcommittee to review compensation for Unaffiliated Directors (review to be completed every three years)	September	
	Unaffiliated Director Succession Planning	Purpose	5	Consult with the Unaffiliated Board members and advise the Board with respect to succession planning for the Independent Board members	Unaffiliated Director succession planning	February	
		Duties & Responsibilities	4	Plan for the orderly succession of well-qualified Unaffiliated Board members			September
		Functions	13	Consideration of Unaffiliated Board member succession planning			
		Functions	14	Working with the Chair of the Board to create the Nominating Committee (when a Nominating Committee is necessary), while staying consistent with the Bylaws by replacing or adding any Unaffiliated Board members required by ERCOT's Bylaws			
	Board Recommendations	Functions	17	Report to the Board, as necessary, the deliberations, actions, and recommendations of the Committee	Board Agenda - HR&G Committee Report	All regular Board Meetings	
	Board Training	Purpose	7	Consider board training opportunities that could enhance the Board's performance	Poll Directors regarding interest in Board training and National Association of	January	
		Functions	12	Consideration of necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues	Consider Board training needs to enhance effectiveness	April	
	Charter Review	Functions	16	Review and assess the adequacy of this Charter annually and recommend any proposed changes to the board	Review Committee Charter	January	
	Government Relations	Purpose	8	Oversee ERCOT's governmental-relations efforts and work with relevant ERCOT staff to develop high-level policy messages	Review external relations communication plan; Monitor external relations issues	August	
Monitor external relations issues					September		
Monitor external relations issues					October		
Monitor external relations issues					November		
Review external relations communication plan; Monitor external relations issues					December		

Government Relations	Functions	15	Development and review of ERCOT's governmental-relations policies and efforts	Review external relations communication plan; Monitor external relations issues	August
				Monitor external relations issues	September
					October
					November
				Review external relations communication plan; Monitor external relations issues	December