

DRAFT

ERCOT Human Resources & Governance Committee
2011 COMMITTEE MEETING PLANNER

Delegation of Authority to the Committee		Description of Duties and Tasks	J	F	M	A	M	J	J	A	S	O	N	D	
Human Resources Matters															
1	CEO & Officer Compensation / Executive Compensation Plans	a. Review and recommend terms of employment for Chief Executive Officer (CEO) or ERCOT officers*													
		b. Review and recommend compensation for CEC													
		c. Review CEO's recommendations for compensation of officers other than the CEO			A										
		d. Review and recommend executive compensation and benefit strategies (detailed review every three years)*													
		e. Review competitive executive compensation practices, industry trends to determine program adequacy (periodically)*	Performed on as-needed basis												
		f. Review administration of executive compensation and benefit plans*	Performed on as-needed basis												
2	CEO & Officer Performance	a. Evaluate and recommend CEO's performance against 2010 goals and objectives (annually)	A												
		b. Review and recommend CEO's 2011 performance goals and objectives with respect to compensation of CEO (annually)													
		c. Review and recommend CEO's 2012 performance goals and objectives with respect to compensation of CEO (annually)													
		d. Review CEO's evaluation of performance of officers other than the CEO against 2010 goals and objectives (annually); evaluate and recommend performance of Chief Operating Officer (COO) against 2010 goals and objectives	A												
		e. Review CEO's suggested 2011 performance goals and objectives for officers other than the CEO consistent with approved compensation plans (annually); review and recommend COO's 2011 performance goals and objectives													
		f. Review CEO's suggested 2012 performance goals and objectives for officers other than the CEO consistent with approved compensation plans (annually); review and recommend COO's 2012 performance goals and objectives													
3	Employee Compensation & Benefit Strategies	a. Review and recommend general compensation philosophy, strategy, policies and programs*													
		b. Review and recommend ERCOT's employee benefit plans													
		c. Review and recommend acceptance of 401(k) Audit Report													
		d. Review annual status report from Benefits Committee			A										
		e. Retain and terminate services of consulting firms engaged to evaluate ERCOT's compensation packages*	Performed on as-needed basis												
4	Senior Management Succession Planning	a. Recommend selection of CEO*	Performed on as-needed basis												
		b. Recommend ratification of CEO's recommendation of officers*			A	A									
		c. Consult with the CEO and advise Board on senior management succession planning*				A									
5	Staffing Level Risks	a. Review and advise Board on risk issues related to staffing levels	A	A	A	A	A								
Governance Matters															
6	Unaffiliated Director Succession Planning & Compensation	a. Consult with Unaffiliated Directors and advise Board regarding Unaffiliated Director succession planning													
		b. Review Unaffiliated Director compensation matters (detailed review every three years; last review - September 2008); created Unaffiliated Director Compensation Subcommittee													
7	Board Training	a. Consider Board Training options to enhance performance and knowledge of trends and issues	A												

8	Governmental Relations	a. Review ERCOT's governmental relations efforts and work with ERCOT staff to develop high-level policy messages (Deferred to Board through Legislative Session)																			
9	Overall Governance Structure	a. Review overall governance structure of Board, including Board Committees, and recommend changes to enhance governance of ERCOT*																			
		b. Review Technical Advisory Committee (TAC) Structure and make recommendations as needed																			
Other Matters																					
10	General Administrative	a. Elect the Committee Chair	A																		
		b. Review Committee Charter (annually) and recommend revisions as needed							A												
		c. Conduct Committee self-evaluation (annually)	A																		
		d. Investigate matters brought to the Committee's attention ¹																			Performed on as-needed basis
		e. Report to Board - Deliberations, actions, and recommendations of the Committee ¹																			Performed on as-needed basis
		f. Meet as deemed necessary by the Committee Chair ¹																			Performed on as-needed basis
		g. Approve Committee Meetings minutes*																			Performed on as-needed basis
11	Other Non-Specified Duties	a. Review Key Performance Indicators quarterly and recommend modifications annually	A						A	A											
		b. Review and recommend modifications to ERCOT Employee and ERCOT Director/Segment Alternate Ethics Agreements																			
		c. Review ERCOT Five-Year Strategic Plan*																			
		d. Review and recommend plan for optional Board Strategic Planning Event ¹																			
		e. Review Committee calendar*																			Performed on as-needed basis
		f. Review and recommend periodicity of meetings pursuant to Public Utility Commission oversight rules (annually)																			
		g. Review organizational succession planning								A											
		h. Review Committee calendar*	A																		
		i. Review and recommend proposed changes to ERCOT Articles of Incorporation, Bylaws and Board Policies and Procedures*																			

A = Accomplished
Shaded Block = Considered on Prior Agenda or Suggested Timing for Future Consideration
*** = As Needed**
All noted recommendations are made to the Board unless otherwise noted.

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HR&G Committee - Charter Reference Guide

Charter Area	Charter Committee PURPOSE or Reference Description	Charter Committee DUTIES and FUNCTIONS (with Charter reference)	
Human Resources Matters			
1	CEO & Officer Compensation / Executive Compensation Plans	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.	Review and make recommendations regarding compensation levels of the CEO, officers and top management. (Duties and Responsibilities section, No. 2 - page 2)
			Review and approval of pay levels for the CEO and review and final approval of pay levels for all other corporate officers. (Functions section, No. 1 - page 2)
			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. (Functions section, No. 5 - page 3)
			Approval of contractual employment arrangements for the CEO or other officers of ERCOT, as applicable. (Functions section, No. 10 - page 3)
	Oversee the administration of ERCOT's executive compensation plans	Periodically investigating competitive practices and industry trends to determine the adequacy of ERCOT's executive compensation programs. (Functions section, No. 9 - page 3)	
2	CEO & Officer Performance	Oversee the annual evaluation of the CEO and make recommendations to the Board regarding the CEO's performance	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. (Functions section, No. 2 - page 2)
			Evaluation of the CEO's performance against the goals and objectives set for the year and make recommendations to the Board regarding the CEO's performance. (Functions section, No. 3 - page 2)
			Oversight of the performance evaluation of all other officers against the approved goals and objectives. (Functions section, No. 4 - page 2)
3	Employee Compensation & Benefit Strategies	Review employee compensation and benefit strategies and make recommendations to the Board for approval of those strategies	Review and make recommendations regarding ERCOT's general compensation philosophy, strategy, policies and programs. (Duties and Responsibilities section, No. 1 - page 2)
			Review and make recommendations regarding ERCOT's employee benefit plans. (Duties and Responsibilities section, No. 3 - page 2)
			Retention or termination of the services of consulting firms engaged to assist the Committee in the evaluation of ERCOT's compensation packages. (Functions section, No. 7 - page 3)
4	Senior Management Succession Planning	Consult with the CEO and advise the Board with respect to senior management succession planning	Consultation with the CEO and advising the Board with respect to senior management succession planning. (Functions section, No. 6 - page 3)
5	Staffing Level Risks	Such as advising the Board on risk issues pertaining to staffing levels	Advising the Board on risk issues pertaining to staffing levels. (Functions section, No. 8 - page 3)
Governance Matters			
6	Unaffiliated Director Succession Planning & Compensation	Consult with the Unaffiliated Board members and advise the Board with respect to succession planning for the Unaffiliated Board members	Plan for the orderly succession of well-qualified Unaffiliated Board members. (Duties and Responsibilities section, No. 4 - page 2)
			Consideration of Unaffiliated Board member compensation matters. (Functions section, No. 11 - page 3)

			<p>Consideration of Unaffiliated Board member succession planning. (Functions section, No. 13 - page 3)</p> <p>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. (Functions section, No. 14 - page 3)</p>
7	Board Training	Consider board training opportunities that could enhance the Board's performance	Consideration of necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues. (Functions section, No. 12 - page 3)
8	Governmental Relations	Oversee ERCOT's governmental-relations efforts and work with relevant ERCOT staff to develop high-level policy messages	Development and review of ERCOT's governmental-relations policies and efforts. (Functions section, No. 15 - page 3)
9	Overall Governance Structure	Such as Periodicity of Meetings Review (PUC Oversight Rule)	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 ERCOT. (Duties and Responsibilities section, No. 5 - page 2)
Other Matters			
10	General Administrative	Such as Election of Chair; Power to Investigate any matter brought to its attention; Approval of Minutes; Committee Self-evaluation and annual Charter review	Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board. (Functions section, No. 16 - page 3)
			Report to the Board, as necessary, the deliberations, actions, and recommendations of the Committee. (Functions section, No. 17 - page 3)
			Power to investigate any matter brought to the Committee's attention. (Authority section - page 2)
			The Corporate Secretary, or his or her designee, is responsible for preparing or causing to be prepared the minutes of the Committee's meeting, filing the minutes with the corporate records of ERCOT, and sending, or causing to be sent, copies of such minutes to each of the Committee members. (Minutes section - page 4)
			Annually, the Committee shall conduct a self-evaluation of its performance and, in light of this self-evaluation, consider changes in its membership, Charter, or procedures. The Committee shall report to the Board the results of its evaluation, including recommended Charter, membership, and other changes, if any. (Self-evaluation section - page 4)
			The Chair of the Committee shall be elected through a majority vote of the Committee Members. The Committee Chair shall not be the CEO of ERCOT. (Membership and Qualification/Election of Committee Chair and Qualifications section - page 1)
11	Non-specified Duties	Such as review of Key Performance Indicators (KPIs); Strategic Plan, Ethics Agreements, Conflict of Interest Corporate Standard and updates on staffing levels.	These duties are not specifically identified in the current HR&G Charter, however, the Committee has historically handled them in the course of business.

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