

ERCOT HR & Governance Committee 2011 Self-Evaluation Survey Results - February 20, 2012		Yes	No	Not Sure	Comments
1	Does the committee have the appropriate number of members? The committee should not be so large that: <ul style="list-style-type: none"> ▪ its ability to operate efficiently and effectively is reduced; ▪ members' ability to raise issues is hampered; or ▪ it is difficult to get a quorum when a time-sensitive issue arises. 	4			<ul style="list-style-type: none"> ▪ I think we have a sufficient number of people to handle the current workload. We could likely handle more if some work needed to be shifted from F&A
2	Do committee members have varied backgrounds and bring diverse expertise?	4			
3	Committee members demonstrate their objectivity during meetings through behaviors such as driving agendas, rigorous probing of issues, consulting with other parties, and encouraging direct questions.	3		1	<ul style="list-style-type: none"> ▪ This varies by member.
4	Differences of opinion on issues are resolved to the satisfaction of the committee.	3		1	<ul style="list-style-type: none"> ▪ I am not aware of anyone who has been unhappy about their about to discuss issues they are concerned about.
5	Committee members challenge the Chair as appropriate.	4			
6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	3	1		<ul style="list-style-type: none"> ▪ We made some progress integrating the charter with the monthly agendas in 2011.
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.	4			<ul style="list-style-type: none"> ▪ Yes, with regard to the CEO. However, management has a more primary role than the committee in setting compensation for the other executives.
8	The committee reviews and approves pay levels for corporate officers.	4			<ul style="list-style-type: none"> ▪ CEO compensation requires PUC approval. ▪ Yes, with regard to the CEO. However, management has a more primary role than the committee in setting compensation for the other executives.
9	The committee annually reviews and approves performance goals & objectives with respect to the compensation of the CEO.	4			<ul style="list-style-type: none"> ▪ There has been a lot of progress on updating the KPIs and integrating them with the strategic plan.
10	The committee evaluates and measures the CEO's performance against the goals and objectives set for the year and provides oversight of the performance evaluation of all other officers against approved goals and objectives.	3	1		<ul style="list-style-type: none"> ▪ There has been a lot of progress on updating the KPIs and integrating them with the strategic plan.
11	The committee consults with the CEO and advises the Board with respect to senior management succession planning.	4			<ul style="list-style-type: none"> ▪ This will be extremely important in the coming year. ▪ We improved on succession planning in 2011, but we need to stay focused on this issue.
12	The committee advises the full Board as to risk issues it sees in the H.R. and Governance area.	4			<ul style="list-style-type: none"> ▪ As in 2010, for 2011 I still see this as a bigger issue to focus on. We are into nodal stabilization, but we need to ensure we identify personnel risks relating to resource adequacy and CREZ integration. We need to retain the talent for both issues.

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13	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.	4			<ul style="list-style-type: none"> ▪ We have challenges on compensation issues given the regulatory dynamics but we should work on compensation planning in 2012.
14	The committee approves contractual employment arrangements.	3		1	<ul style="list-style-type: none"> ▪ For CEO ▪ There is only one now – CEO. Everyone else is at will.
15	The committee considers Board directors and Board committee compensation matters as needed.	4			<ul style="list-style-type: none"> ▪ We made a notable revision in 2011, which is a good format. 3 year review cycle may need to be more frequent.
16	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.	2		2	<ul style="list-style-type: none"> ▪ We did not spend a lot of time on this issue in 2010 and we spent some time on it in 2011. Should refocus on this for 2012
17	The committee considers and recommends Board succession planning.	3		1	<ul style="list-style-type: none"> ▪ Not yet, but we are thinking about it. ▪ Had a very good transition in 2011.
18	The committee conducts an annual self-evaluation of its performance and reports the results to the Board, including recommended charter, membership and other changes.	4			
19	The Committee makes appropriate use of workgroups or task forces to investigate issues defined by the Committee.	4			<ul style="list-style-type: none"> ▪ Eg, bylaws review committee this year.
20	The committee engages outside experts as appropriate.	3		1	<ul style="list-style-type: none"> ▪ Don't remember ever doing this ▪ Compensation survey, eg.
21	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	3	1		
22	The committee interacts and communicates with management effectively and appropriately.	3		1	
23	The committee is focused and understands its functions and responsibilities.	3		1	
24	The committee conducts executive sessions in a manner that is respectful to the individual, while at the same time asking tough and necessary questions, evaluating answers, and pursuing issues that might arise .	4			
25	The committee communicates at an appropriate level of detail when informing the Board of its actions.	3	1		<ul style="list-style-type: none"> ▪ The report to the Board is too detailed!
26	Committee members receive clear and succinct agendas and supporting written material.	4			<ul style="list-style-type: none"> ▪ We need to keep a focus on timely dissemination of relevant materials.
27	Meeting materials are provided in a timely manner to allow for review by	4			<ul style="list-style-type: none"> ▪ Most of the time. We need to keep a focus on timely

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	the committee members prior to scheduled meetings.				dissemination of relevant materials.
28	Committee members have adequate opportunities to discuss issues and ask questions.	4			
29	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	4			<ul style="list-style-type: none"> • Fewer meetings in 2012 will need to be reviewed, but should be sufficient.
30	Meeting facilities and presentation materials are effective for the conduct of committee activities.	4			
31	Please add additional comments, questions and suggestions				<ul style="list-style-type: none"> ▪ Some of the members of the Committee are more prepared than others. ▪ Andrew Dalton has been an effective chair, facilitating important issues such as director comp, CEO retention, and succession planning.