

**ERCOT Human Resources & Governance Committee**  
**2012 COMMITTEE MEETING PLANNER (06.11.12)**

Delegation of Authority to the Committee			Description of Duties and Tasks										F	A	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 CEO																			
		c. Review CEO's recommendations for compensation of officers other than the CEO																			
		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)*	as needed																		
		f. Review administration of executive compensation and benefit plans*	as needed																		
2	CEO & Officer Performance	a. Evaluate and recommend CEO's performance against 2011 goals and objectives (annually)																			
		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 2011 goals and objectives (annually); evaluate and recommend performance of Chief Operating Officer (COO) against 2011 goals and objectives																			
		e. 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																			
		f. Review CEO's suggested 2013 performance goals and objectives for officers other than the CEO consistent with approved compensation plans (annually); review and recommend COO's 2013 performance goals and objectives																			
3	Employee Compensation & Benefit Strategies	a. Review and recommend general compensation philosophy, strategy, policies and programs*	as needed																		
		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																			
		e. Retain and terminate services of consulting firms engaged to evaluate ERCOT's compensation packages*	as needed																		
4	Senior Management Succession Planning	a. Recommend selection of CEO*	as needed																		
		b. Recommend ratification of CEO's recommendation of officers*																			
		c. Consult with the CEO and advise Board on senior management succession planning*																			
5	Staffing Level Risks	a. Review and advise Board on risk issues related to staffing levels																			
Governance Matters																					
6	Unaffiliated Director Succession	a. Consult with Unaffiliated Directors and advise Board regarding Unaffiliated Director succession planning	as needed																		
		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																			
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																			

[illegible]

## 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 and be primarily responsible for all aspects of the compensation of ERCOT’s Chief Executive Officer (“CEO”) and make recommendations to the Board regarding the compensation package and employment terms for the CEO. (Purpose section, No. 1 - page 1)	Review and make recommendations to the Board regarding of the compensation package and employment terms of the CEO. (Duties and Responsibilities section, No. 2 - page 2)
		Annually review the CEO’s recommendations for the compensation for all other ERCOT officers and/or executives. (Purpose section, No. 2 - page 1)	Annually review the CEO's recommendations regarding compensation levels of officers and/or executives, and report to the Board if there is any disagreement between a Committee Member and the CEO regarding the CEO's recommendations. (Duties and Responsibilities section, No. 3 - page 2)
			Review of and recommendation to the Board for approval of the compensation package and employment terms of the CEO. (Functions section, No. 1 - page 3)
			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)
		Periodically review the administration of ERCOT’s executive compensation strategies. (Purpose section, No. 4 - page 1)	Periodical investigation of the compensation practices and strategies of comparable organizations, as well as industry trends, to evaluate the prudence and adequacy of ERCOT’s overall and executive compensation programs and strategies. (Functions section, No. 8 - page 3)
2	CEO & Officer Performance	Oversee the annual performance evaluation of the CEO and make recommendations to the Board regarding the CEO’s performance. (Purpose section, No. 3 - page 1) Review and approve any retention and severance agreements between ERCOT and any employee, including the CEO. (Purpose section, No. 3 - page 1)	Annual review of and recommendation to the Board for approval of ERCOT’s key performance indicators ("KPIs") or any other goals and objectives of ERCOT, as applicable. (Functions section, No. 2 - page 3)
			Evaluation of the CEO’s performance against the goals and objectives set for the CEO by the Committee or the Board each year (or other relevant time period) and recommendation to the Board for approval regarding the CEO’s performance or any recommended changes to CEO’s compensation package and employment terms based on the CEO's performance or contract. (Functions section, No. 3 - page 3)
			Review of the CEO's performance evaluation of all other executives and officers, or other employees the CEO identified for the Committee, against the Board approved KPIs or any other Board approved goals and objectives for ERCOT. (Functions section, No. 4 - page 3)
3	Employee Compensation & Benefit Strategies	Periodically review ERCOT's overall employee compensation and benefit strategies. (Purpose section, No. 5 - page 1)	Periodically review and make recommendations to the Board for approval of ERCOT’s general compensation philosophy, strategy, policies and programs. (Duties and Responsibilities section, No. 1 - page 2)
			Review the ERCOT Benefits Committee's performance of the duties delegated to it by the Board, including the design, operation and maintenance of employee benefit plans, and report to the Board if there is any disagreement between a Committee member, a member of the Benefits Committee or the CEO regarding any aspect of the Benefits Committee's performance of the duties delegated to it by the Board. (Duties and Responsibilities section, No. 4 - page 2)

			Retention or termination of the services of consulting firms engaged to assist the Committee. (Functions section, No. 6 - page 3)
4	Senior Management Succession Planning	Consult with the CEO and advise the Board with respect to succession planning for the executive team and other key employees identified by the CEO or the officer primarily responsible for the oversight of ERCOT's Human Resources Department. (Purpose section, No. 6 - page 1)	Consultation with the CEO and advice to the Board with respect to succession planning for officers, executives or other key employees identified by the CEO or the officer primarily responsible for the oversight of ERCOT's Human Resources department. (Functions section, No. 5 - page 3)
5	Staffing Level Risks	Such as advising the Board on risk issues pertaining to staffing levels	Advice to the Board on risks pertaining to staffing levels, employment trends, skills that are in high demand or difficult to replace and other employee-related issues. (Functions section, No. 7 - page 3)
Governance Matters			
6	Unaffiliated Director Succession Planning & Compensation	Consult with the Unaffiliated Directors and advise the Board with respect to succession planning for the Unaffiliated Directors. (Purpose section, No. 8 - page 1)	Consider, plan for, and mark recommendations to the Board for the approval of, the orderly reappointment or succession of existing Unaffiliated Directors (the Nominating Committee has primary responsibility for identifying and determining the qualifications of new Unaffiliated Directors if the recommendation of the Committee is that a new Unaffiliated Director is needed). (Duties and Responsibilities section, No. 5 - pages 2-3)
			Consideration of Unaffiliated Director compensation and reimbursement matters. (Functions section, No. 9 - page 3)
			Consideration of Unaffiliated Board member succession planning. (Functions section, No. 13 - page 3)
			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)
7	Board Training	Consider board training opportunities that could enhance the Board's performance. (Purpose section, No. 9 - page 1)	Consideration of training opportunities to enhance the Board's performance, and keeping apprised of the latest corporate governance trends and issues. (Functions section, No. 10 - page 3)
8	Governmental Relations	Oversee ERCOT's governmental-relations efforts and work with relevant ERCOT staff to develop policy messages for ERCOT. (Purpose section, No. 10 - page 1)	Review of ERCOT's governmental-relations policies and efforts. (Functions section, No. 11 - page 3)
9	Overall Governance	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 subcommittees, including the periodicity of meetings, and make recommendations to the Board for approval of any changes the Committee believes would enhance the governance of ERCOT. (Duties and Responsibilities section, No. 6 - page 3)
			Annual review of all ethics agreements for ERCOT employees, Directors and Segment Alternates and recommendation to the Board for approval of any modifications to such ethics agreements. (Functions section, No. 12 - page 3)
			Annual review of ERCOT's five-year strategic plan. (Functions section, No. 13 - page 3)
			Annual review of and recommendation to the Board for approval, any changes to the periodicity of Board, Committee or sub-committee meetings. (Functions section, No. 14 - page 3)
			Annual review of organizational succession planning. (Functions section, No. 15 - page 3)

		Annual review of and recommendation to the Board for approval, any proposed modifications to the ERCOT (i) Articles of Incorporation, (ii) Bylaws, or (iii) Board Policies and Procedures. <b>(Functions section, No. 16 - page 3)</b>
<b>Other Matters</b>		
<b>10</b>	<b>General Administrative</b>	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 assessment of the adequacy of this Charter annually, and recommendation to the Board for approval of, any proposed changes to the Charter. <b>(Functions section, No. 17 - page 3)</b>
		Report to the Board, as necessary, the deliberations, actions, and recommendations of the Committee. <b>(Functions section, No. 18 - page 3)</b>
		Power to investigate any matter brought to the Committee's attention. <b>(Authority section - page 2)</b>
		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. <b>(Minutes section - page 4)</b>
		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. <b>(Self-evaluation section - page 4)</b>
		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. <b>(Membership and Qualification/Election of Committee Chair and Qualifications section - page 2)</b>

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