



**MINUTES OF H.R. & GOVERNANCE COMMITTEE MEETING
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

7620 Metro Center Drive, Austin, Texas 78704

February 17, 2009

Committee Members Present

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|-------------------------|---------------|
| Mark Armentrout (Chair) | Jan Newton |
| Bob Helton | Andrew Dalton |
| Nick Fehrenbach | A. D. Patton |

Alternates Present

Jean Ryall

ERCOT Staff

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|-----------------|--------------|
| Nancy Capezzuti | Theresa Gage |
| Susan Westbrook | Lori Cobos |
| Bruno Ierullo | Dale Goodman |
| Kent Saathoff | |

Call to Order

Mr. Armentrout called the meeting to order at 9:00 a.m. and immediately adjourned to Executive Session.

The open session was re-convened at 9:19 a.m.

Minutes

Ms. Newton moved for approval of the January 20, 2009, open session minutes. Mr. Helton seconded the motion. The minutes were approved by voice vote with abstention by Mr. Fehrenbach.

External Relations Update

Ms. Gage reported that ERCOT staff members have been meeting with legislators and that she had scheduled additional meetings with recently appointed committee members. She continues to refine ERCOT's message regarding the Nodal project as well as the one-page information sheets to be distributed to lawmakers and the press.

Mr. Helton stated that he had discussed House Bill 630 with its sponsor, Rep. Sylvester Turner, who indicated that he will consider amendments after learning more about ERCOT governance and market segment representation on the Board of Directors.

Ms. Gage noted that the federal economic stimulus bill includes funds for assessment and planning of transmission systems in the Eastern and Western Interconnections and in the ERCOT region. The Obama administration has not yet defined the mechanism by which such funds will be distributed or any conditions associated with the funding.



Revised Key Performance Indicators for 2009

Committee members discussed the weighting of the 2009 Key Performance Indicators (KPIs) and revisions suggested by the Independent Market Monitor. Members agreed to increase the percentage for KPI No. 9 (Manage Legal, Legislative, Regulatory and Market Participant relationships to meet the expectation of the Board) from 5% to 10%, and to reduce the percentage for KPI No. 3 (Execute the requirements, as defined by the PUCT, for advanced metering) from 10% to 5%.

Mr. Helton moved to recommend Board approval of the 2009 KPIs with the foregoing revisions. Dr. Patton seconded the motion. The motion was approved unanimously by voice vote.

Recruiting Strategy

Mr. Ierullo discussed ERCOT's strategy for recruiting engineers. Human Resources is using a three-pronged approach, including conventional recruiting, conversion of contract workers to employees, and campus recruiting. He noted that the Department of Homeland Security has granted ERCOT an exemption from the annual limit on H1-B visas, giving ERCOT an advantage in recruiting foreign students enrolled in power engineering programs. In addition, ERCOT has started a mentoring program for engineering candidates. As a result of these efforts, ERCOT has been able to increase its headcount for the period from January, 2008, through January, 2009 by 63 employees. He reported that ERCOT had hired 130 engineers during the past year, 24 of whom were engineers from university recruiting, and 50 of whom were originally engaged as contract workers.

Mr. Ierullo noted the widespread shortage of power engineers and reported that Mr. Kahn had presented a paper demonstrating the need for more proactive development of talent at a meeting of the CEOs of North American ISOs. Committee members discussed the need to develop more power engineering resources in the United States and the means by which ERCOT could improve recruiting and retention of engineers, including the development of career paths. Mr. Ierullo agreed to report on ERCOT's development of technical career paths at the April meeting.

Committee Self Assessment Results

Mr. Armentrout presented the results of the committee's self evaluation and noted that member comments included a recommendation that the committee be more proactive in evaluating competitive executive compensation.

Market Participant Survey Update

Mr. Goodman presented a reformatted report on the results of the 2008 market participant survey, including trend lines from the initial survey in 2004. He noted that the report included feedback from the Technical Advisory Committee, especially with respect to the Texas Market Link webpage, and that implementation of requested improvements may require system changes. Members discussed possible enhancements, including a link to the Public Utility Commission ("PUC") website and a list of PUC dockets pertinent to ERCOT operations. Mr. Goodman will report on progress of all action items, including website improvements, at the April meeting.



2009 Calendar

Mr. Armentrout presented the 2009 committee calendar and noted that the committee will need to finalize recommendations for executive compensation at the March meeting.

Other Business

The committee discussed ERCOT's inability to perform the volume of engineering studies desired by market participants during 2008. Mr. Saathoff noted that limitations were attributable to staffing shortages and to the heavy involvement of ERCOT staff in the PUC's CREZ docket. He reported that he had revised his recruiting strategy at the end of 2008 to hire more entry-level engineers and hoped to increase staffing and ability to perform studies.

Several members indicated that ERCOT's price for performing studies seems low. Mr. Armentrout requested that Mr. Saathoff determine the fully-loaded cost of performing an engineering study and determine whether outsourcing would be a viable alternative. The committee also discussed the possibility of passing any outsourced cost through to the market participant requesting the study. Mr. Saathoff will review protocols to determine whether this practice would be permitted under current protocols.

The meeting adjourned at 9:58 a.m.

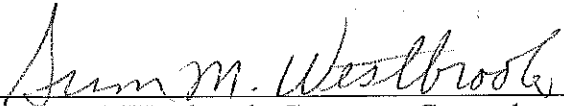
Future agenda items

Executive Compensation Recommendations - March

Cost of Engineering Studies - March

Technical Career Paths - April

TML Website Enhancements - April



Susan M. Westbrook, Corporate Counsel