



**DRAFT GENERAL SESSION MINUTES OF THE
HUMAN RESOURCES & GOVERNANCE COMMITTEE
OF ELECTRIC RELIABILITY COUNCIL OF TEXAS INC.**

7620 Metro Center Drive, Room 168
Austin, Texas 78744
July 15, 2013

Pursuant to notice duly given and after determination that a quorum was present, the meeting of the Human Resources and Governance (HR&G) Committee of the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) convened on the above-referenced date.

Meeting Attendance:

Committee Members:

Director	Affiliation	Segment
Crowell, Craven	Unaffiliated	Unaffiliated Director
Dalton, Andrew	Valero Services Inc.	Consumer - Industrial
Dreyfus, Mark	Austin Energy	Municipal
Givens, Sheri	Office of Public Utility Counsel	Consumer – Residential/Small Commercial <i>(Present except for Item 12, second discussion of Item 4.2.5, and Item 13)</i>
Pfirmann, Karl (Chairman)	Unaffiliated	Unaffiliated Director
Porter, Jean Ryall (Vice Chair)	CCNG Power, LLC	Independent Power Marketer

Other Guests:

Botkin, Shelly	ERCOT Government Relations Manager
Day, Betty	ERCOT Vice President of Business Integration
Dreyer, Jerry	ERCOT Vice President and Chief Information Officer
Feuerbacher, Paula	ERCOT Strategic Projects Senior Advisor
Greer, Clayton	Morgan Stanley Capital Group, Inc.
Jones, Randy	Calpine Corporation
Leady, Vickie	ERCOT Assistant General Counsel and Assistant Corporate Secretary
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Manning, Chuck	ERCOT Vice President of Human Resources and Chief Compliance Officer
McIntyre, Ken	ERCOT Vice President Grid Planning and Operations
Ogelman, Kenan	CPS Energy, Technical Advisory Committee Chairman
Priestley, Vanus J.	Macquarie Energy LLC
Taylor III, William J.	Calpine Corporation
Westbrook, Susan	ERCOT Director of Human Resources



Call General Session to Order, Announce Proxies and Segment Alternates (Agenda Item 1)

Karl Pfirrmann, HR&G Committee Chairman, determined that a quorum was present and called the HR&G Committee meeting to order at approximately 2:15 p.m. Chairman Pfirrmann addressed the following Agenda Items in the order below.

May 13, 2013 General Session Meeting Minutes (Agenda Item 2)

Chairman Pfirrmann entertained a motion to approve the May 13, 2013 General Session Meeting Minutes (Minutes).

Andrew Dalton moved to approve the Minutes as presented. Craven Crowell seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources (HR) Operations Report (Agenda Item 3)

Chuck Manning reviewed the HR Operations Report with the Committee members.

Bylaws Amendments (Agenda Item 4)

Chairman Pfirrmann provided an overview of the proposed Bylaws amendments and the process for approval of Bylaws amendments.

Technical Advisory Committee (TAC) Recommendation to HR&G Committee (Agenda Item 4.1)

Kenan Ogelman reported that TAC considered four proposed Bylaws amendments at its July 2, 2013 meeting. Mr. Ogelman provided TAC's recommendations on the Bylaws amendments proposed by: Morgan Stanley Capital Group, Inc.; Macquarie Energy LLC; Calpine Corporation; and ERCOT Legal related to the budget.

Recommendation of HR&G Committee (Agenda Item 4.2)

Chairman Pfirrmann entertained consideration of the proposed Bylaws amendments individually as noted below.

ERCOT Legal Proposed Administrative Amendments (Agenda Item 4.2.1)

Chairman Pfirrmann reminded the Committee that ERCOT Legal proposed administrative and clerical amendments to the Bylaws. Mark Dreyfus proposed two additional modifications, specifically to remove "subject to review and approval of the PUC" from Sections 7.4 (CEO Compensation) and 10.1(b) (Unaffiliated Director Compensation) as clarification of the Public Utility Commission of Texas (PUC) review process. Mr. Dalton proposed an additional modification to remove "corporate" from the definition of "Member" in Paragraph 19 of Article 2 (Definitions). Bill Magness and Vickie Leady responded to questions and comments about these additional proposed modifications. They agreed with the proposed edits.

Mr. Crowell moved to approve ERCOT Legal Proposed Administrative Amendments with Mr. Dreyfus and Mr. Dalton's additional modifications as discussed. Mr. Dreyfus seconded the motion. The motion passed by unanimous voice vote with no abstentions.



ERCOT Legal Proposed Budget Provision Amendment (Agenda Item 4.2.2)

Mr. Magness reviewed ERCOT Legal's proposed Budget provision amendment to the Bylaws.

Mr. Dalton moved to approve ERCOT Legal proposed Budget provision amendments to the Bylaws as presented. Sheri Givens seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Morgan Stanley Capital Group, Inc. Proposed Amendment (Agenda Item 4.2.3)

Clayton Greer reviewed Morgan Stanley Capital Group, Inc.'s revised proposed amendment to the Bylaws. Mr. Greer and Ms. Leady responded to questions and comments.

Mr. Dreyfus moved to approve Morgan Stanley Capital Group, Inc.'s revised proposed Amendment to the Bylaws as presented. Vice Chair Jean Ryall Porter seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Calpine Corporation Proposed Amendment (Agenda Item 4.2.4)

William Taylor reviewed Calpine Corporation's proposed amendment to the Bylaws.

Mr. Dalton moved to approve Calpine Corporation's proposed amendment to the Bylaws as presented. Vice Chair Porter seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Macquarie Energy LLC Proposed Amendment (Agenda Item 4.2.5)

Vanus Priestley reviewed Macquarie Energy LLC's revised proposed amendment to the Bylaws. Mr. Priestley, Mr. Ogelman and Mr. Magness responded to questions and comments. The Committee engaged in a detailed discussion of the proposed amendment.

Mr. Crowell moved to reject Macquarie Energy LLC's revised proposed amendment to the Bylaws and to not recommend this amendment to the Board. Chairman Pfirrmann seconded the motion. The motion failed with three in favor (Mr. Crowell, Mr. Dreyfus and Chairman Pfirrmann), one opposed (Mr. Dalton) and two abstentions (Ms. Givens and Vice Chair Porter).

Vice Chair Porter moved to reconsider Mr. Crowell's motion. Mr. Magness clarified that, due to her earlier abstention on Mr. Crowell's motion, she could not move to reconsider.

Mr. Magness suggested that he provide a red-lined version of Mr. Dalton's suggested revisions to the Macquarie Energy LLC's proposed amendment for consideration by the Committee later in the meeting.

The Committee continued its discussion of this agenda item later in the meeting.



Update regarding Ethics Agreements for ERCOT Employees, Directors and Segment Alternates (Agenda Item 5)

Mr. Magness reported that the ethics agreements for employees, Directors and Segment Alternates are being reviewed as part of a larger project and any modifications would be brought to the Committee at its September meeting.

Review Unaffiliated Director Compensation (Agenda Item 6)

Vice Chair Porter reminded the Committee of its requirement to review Unaffiliated Director compensation periodically and noted the information provided in the meeting materials.

Legislative Update (Agenda Item 7)

Shelly Botkin provided a Legislative update to the Committee.

Review of ERCOT Governing Documents and Governance Structure of Board of Directors and its Committees (Agenda Item 8)

Chairman Pfirrmann entertained questions or comments with regard to the Committee's review of ERCOT governing documents and the governance structure of the Board and its committees, but there were none at this time. Ms. Leady noted that a review of the Board Policies and Procedures and of the periodicity of meetings would be scheduled for the Committee's September 2013 meeting.

Review ERCOT Five-Year Strategic Plan (Agenda Item 9)

Chairman Pfirrmann provided a status update on the ERCOT Five-Year Strategic Plan, noted that the Strategic Planning Event would be held in September 2013, and received comments on the planning process.

Review Q2 2013 Key Performance Indicators (KPIs) (Agenda Item 10)

Paula Feuerbacher reviewed the Second Quarter 2013 KPIs with the Committee.

Other Business (Agenda Item 11)

No other business was discussed at this time.

Executive Session

Chairman Pfirrmann adjourned the meeting into Executive Session at approximately 3:28 p.m. and reconvened General Session at approximately 4:35 p.m.

Vote on Matters from Executive Session (Agenda Item 12)

Chairman Pfirrmann announced that there were no voting items from Executive Session.

Macquarie Energy LLC Proposed Amendment (Agenda Item 4.2.5) – Continued

Mr. Magness illustrated Mr. Dalton's suggested modifications to Macquarie Energy LLC's proposed amendment to the Bylaws with a handout to the Committee, containing two potential options.

Mr. Dalton moved to approve Option 2 with a further modification to correct typographical errors and to move the "except" clause to cover the Commercial Consumer



Director. The Committee discussed the Option 2 language; and Mr. Priestley and Mr. Magness responded to questions. **Chairman Pfirrmann called for a second, but there was none. The motion died for lack of a second. Chairman Pfirrmann entertained another motion, but there was none.**

Adjourn (Agenda Item 13)

Mr. Crowell moved to adjourn the meeting. Vice Chair Porter seconded the motion.

Chairman Pfirrmann adjourned General Session at approximately 5:04 p.m.

Committee materials and presentations from the meeting are available on ERCOT's website at http://www.ercot.com/committees/board/hr_governance/.

Vickie G. Leady
Assistant Corporate Secretary