



To: Human Resources and Governance (HR&G) Committee
From: Vickie Leady, ERCOT Assistant General Counsel and Assistant Corporate Secretary
Date: December 1, 2014
Re: Item 10 - Annual Committee Self-Evaluation Survey Results

At the October 13, 2014 HR&G Committee meeting, Committee members were encouraged to complete and submit the Annual Committee Self-Evaluation Survey.

Attached are the responses received to Annual Self-Evaluation Survey results for the Committee's consideration.



ERCOT HR & Governance Committee 2014 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
1	<p>Does the committee have the appropriate number of members? The committee should not be so large that:</p> <ul style="list-style-type: none"> ▪ its ability to operate efficiently and effectively is reduced ▪ members' ability to raise issues is hampered ▪ it is difficult to get a quorum when a time-sensitive issue arises 	5			1 The size of the committee allows for effective/efficiency conduct of business. I could imagine the committee accommodating one or two more members, but not any fewer.
2	Do committee members have varied backgrounds and bring diverse expertise?	5			
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.	5			<p>1 In addition to the active participation of the members of the committee, active participation of key members of the ERCOT staff is very beneficial to the committee members.</p> <p>2 A high percentage of our agenda items are status updates and do not engender probing questions or debate. Perhaps diminishing the amount of HR status reporting with a corresponding increase in the level of involvement in corporate messaging, succession planning, and strategic planning.</p>



ERCOT HR & Governance Committee 2014 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
4	Differences of opinion on issues are resolved to the satisfaction of the committee.	5			
5	Committee members challenge the Chair as appropriate.	5			
6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	5			
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.	4	1		1 Yes, but within the bounds of operating with close scrutiny in this area from the PUC. 2 Circumstances do not permit the Committee to have full independence in setting the CEO's compensation. This is not the case with all other executives, however.
8	The committee reviews pay levels for corporate officers.	5			
9	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.	5			
10	The committee consults with the CEO and advises the Board with respect to senior management succession planning	5			1 Consulting with the CEO on the strengths, weaknesses and development needs of senior



ERCOT HR & Governance Committee 2014 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
					management has been a key function of the committee. This feeds directly in the succession planning process. 2 But we could do more in this regard.
11	The committee advises the full Board as to risk issues it sees in the H.R. and Governance area.	5			1 In this area it is very important to be able to have frank dialogue with the CEO and other senior staff members.
12	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.	5			1 Working with staff, the committee has been very active in reviewing compensation practices for appropriately comparable organizations. The committee remains under the close scrutiny of the PUC in this area. 2 We could do more in this area.
13	The committee approves contractual employment arrangements.	3	1	1	1 In recent history we have not reviewed any arrangement however. 2 Not all contractual employment arrangements are appropriate for Committee approval but better left to the



ERCOT HR & Governance Committee 2014 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
					CEO.
14	The committee considers Board directors and Board committee compensation matters as needed.	5			
15	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.	5			
16	The committee considers and recommends Board succession planning.	5			
17	The committee conducts an annual self-evaluation of its performance and reports the results to the Board, including recommended charter, membership and other changes.	5			
18	The Committee makes appropriate use of workgroups or task forces to investigate issues defined by the Committee.	4		1	1 This is one area that deserves further discussion by the committee to determine the appropriate use of work groups.
19	The committee engages outside experts as appropriate.	4	1		
20	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	5			I believe the committee has done an excellent job of providing support and guidance to the CEO and key executives without being inappropriately directive to the staff. In part, this is a recognition of the effectiveness of the CEO and key staff.



ERCOT HR & Governance Committee 2014 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
21	The committee interacts and communicates with management effectively and appropriately.	5			This is one of the top successes of the HR&G. The relationship between the committee members and the staff is very strong.
22	The committee is focused and understands its functions and responsibilities.	5			
23	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.	5			
24	The committee communicates at an appropriate level of detail when informing the Board of its actions.	5			
25	Committee members receive clear and succinct agendas and supporting written material.	5			ERCOT support staff does a great job in assisting the members in preparation for the meetings/issues.
26	Meeting materials are provided in a timely manner to allow for review by the committee members prior to scheduled meetings.	5			
27	Committee members have adequate opportunities to discuss issues and ask questions.	5			
28	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	5			



ERCOT HR & Governance Committee 2014 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
29	Meeting facilities and presentation materials are effective for the conduct of committee activities.	5			
30	Please add additional comments, questions and suggestions				In my time on the HR&G, that committee has always been effective; however, the current committee functions the most smoothly of any prior year. As well, the relationship with the CEO and the staff is the most productive ever. In part, this speaks to the success of recruiting and development of the ERCOT executive team and key staff members. Karl is an outstanding leader, and I nominate him as chairman for life (or at least until his term expires).