



MEMORANDUM

To: Human Resources and Governance (HR&G) Committee
From: Karl Pfirrmann, HR&G Committee Chairman
Date: December 5, 2016
Re: Item 9 - Annual Committee Self-Evaluation Survey Results

At the October 10, 2016 HR&G Committee meeting, Committee members were encouraged to complete and submit the Annual Committee Self-Evaluation Survey. We received seven completed surveys.

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



ERCOT HR & Governance Committee 2016 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 	7			
2	Do committee members have varied backgrounds and bring diverse expertise?	7			Comment #1: Because committee members come from different types of organizations, they have a wide array of experiences to call on in providing guidance to the rest of the Board and to ERCOT staff. This is a good thing and has proven to be helpful this past year.
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.	6	1		<p>Comment #1: The Committee chair has been very receptive to questions and ideas. Good discussions occur on difficult issues.</p> <p>Comment #2: We could use more probing of key issues.</p>
4	Differences of opinion on issues are resolved to the satisfaction of the committee.	7			



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5	Committee members challenge the Chair as appropriate.	6		1	<p>Comment #1: I cannot recall an instance where there was (or needed to be) a challenge to the Chair. However, I am comfortable that it would be allowed and candid discussion could occur.</p> <p>Comment #2: I do not recall a time when the Chair needed to be challenged.</p>
6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	7			
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.	7			
8	The committee reviews and approves a recommendation to the Board for compensation package and employment terms for the CEO as necessary and reviews CEO-recommended compensation for the CEO's direct reports annually.	7			
9	The committee annually reviews and approves performance goals & objectives with respect to the compensation of the CEO.	7			<p>Comment #1: HR&G does review and approve performance goals and objectives annually, however, CEO compensation is not directly tied to these criteria. However, this</p>



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					appears to coincide with the will of the PUCT.
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 CEO direct reports, or other employees the CEO identified for the committee, against the Board-approved key performance indicators and any other approved goals and objectives.	7			
11	The committee consults with the CEO and advises the Board with respect to senior management succession planning.	7			Comment #1: This is a valuable process, both to the ERCOT CEO and the HR&G members.
12	The committee advises the full Board as to risk issues it sees in the H.R. and Governance area.	7			Comment #1: But risk issues should be handled at the full board level rather than just in committee.
13	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.	7			Comment #1: It would be advisable to provide the HR&G with additional supplemental materials benchmarking executive compensation, at least annually. Comment #2: But we could improve in this area.



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14	The committee reviews key terms and design of all employment agreements with ERCOT, including retention agreements.	6		1	Comment #1: Recommend ERCOT CEO review these provisions with HR&G annually, even if no changes are being considered.
15	The committee considers Board directors and Board committee compensation matters as needed.	7			
16	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.	7			Comment #1: The Board training that the auditors conducted for the Finance & Audit Committee was useful and I am glad I sat in on it. I expect all HR&G committee members were alerted to the training, at least through a review of the F&A Committee agenda. I don't know if everyone was able to participate in it. We might consider whether a joint meeting of the two committees for that training purpose



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					would be better, instead of having it occur in the F&A Committee with HR&G members as visitors (as I think we did this year.) Comment #2: Could improve in this area.
17	The committee considers and recommends Board succession planning.	7			
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.	7			
19	The committee makes appropriate use of workgroups or task forces to investigate issues defined by the committee.	7			
20	The committee engages outside experts as appropriate.	6			Comment #1: I am not sure we have done so this past year but am comfortable we could do so, if necessary. Comment #2: No answer. This has not applied in my time on the committee.
21	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	7			



ERCOT HR & Governance Committee 2016 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
22	The committee interacts and communicates with management effectively and appropriately.	7			
23	The committee is focused and understands its functions and responsibilities.	7			
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.	7			
25	The committee communicates at an appropriate level of detail when informing the Board of its actions.	7			
26	Committee members receive clear and succinct agendas and supporting written material.	7			
27	Meeting materials are provided in a timely manner to allow for review by the committee members prior to scheduled meetings.	7			
28	Committee members have adequate opportunities to discuss issues and ask questions.	7			
29	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	7			



ERCOT HR & Governance Committee 2016 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
30	Meeting facilities and presentation materials are effective for the conduct of committee activities.	7			
31	Please add additional comments, questions and suggestions.				<p><u>Comment #1:</u> Staff support for and reports to the HR&G Committee this year have been professional, helpful and nicely done. Thank you!</p> <p><u>Comment #2:</u> I believe the committee is working quite well. The interaction with the full board and with ERCOT management is effective.</p> <p><u>Comment #3:</u> No additional comments.</p>