

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (“Agreement”) is made as of August 15, 2022 (“Effective Date”) by and between Electric Reliability Council of Texas, Inc., a Texas non-profit corporation (“ERCOT” or the “Company”), and Pablo Vegas (“Executive”). In consideration of the mutual covenants contained in this Agreement, ERCOT and Executive agree as follows:

1. Employment, Position, and Duties¹

- 1.1 Employment. Executive’s employment will commence on the Start Date, and this Agreement shall supersede and terminate any prior oral or written agreements between ERCOT and Executive.
- 1.2 Position. Subject to Section 3 of this Agreement and the approval of the Public Utility Commission of Texas, Executive shall be employed as President and Chief Executive Officer for the Employment Term defined by this Agreement. Pursuant to the Bylaws, Executive will also serve as an *ex officio* non-voting Director. The Parties may consider extensions of this Agreement, and extensions must be mutually agreed upon in writing, signed by both parties, and may be governed by different terms and conditions.
- 1.3. Duties. During the Employment Term and any extensions thereof, Executive shall conduct the general affairs of ERCOT and render such business and professional services in the performance of his duties as President and Chief Executive Officer under the Board’s supervision. Executive shall fully devote his business time, attention, skill, and efforts to ERCOT during the Employment Term, including any successive period of employment, and further agrees: (i) not to serve on the board of directors of any Member of ERCOT; (ii) not to serve on the board of directors of more than two other organizations (whether for-profit or not-for-profit, with or without compensation) without advance approval of the Board, provided such service does not violate ERCOT’s conflict of interest or ethics requirements at any time during such service; (iii) not to actively engage in any other employment, occupation, or consulting activity; (iv) not to acquire or continue to own any securities in conflict with ERCOT’s internal policies and procedures concerning Members, Market Participants, and vendors of ERCOT; and (v) to abide by all other ERCOT employment policies and procedures, including executing and abiding by the ERCOT Employee Ethics and Confidentiality Agreement, attached hereto as SCHEDULE 1.3 – EMPLOYEE ETHICS AND CONFIDENTIALITY AGREEMENT.

2. Salary, Benefits, and Expenses

- 2.1 Compensation. Subject to approval by the Public Utility Commission of Texas, Executive’s annual compensation shall include a base salary, short-term incentive, and long-term incentive. Executive’s initial annual compensation, which shall be adjusted annually at the Board’s discretion, is identified in SCHEDULE 2.1 – COMPENSATION.

¹ Capitalized terms herein are defined in SCHEDULE 1 – DEFINITIONS.

- 2.1.1 Salary. Executive shall receive a base salary, which shall be paid in bi-monthly payments on the 15th and last day of each month. All payments made pursuant to this Agreement, including payments pursuant to Section 2, will be subject to applicable federal, state, and local taxes and any other withholdings or deductions required by law.
- 2.1.2 2022 One-time Lump Sum Payment. Executive shall receive a one-time lump sum payment as reflected in SCHEDULE 2.1 – COMPENSATION. If Executive is terminated for Cause or resigns at any time prior to December 31, 2022, Executive shall forfeit the one-time lump sum payment.
- 2.1.3 Short-term Incentive. Beginning January 1, 2023, Executive shall be eligible for a short-term incentive payment, calculated on a percentage of Executive's then existing base salary, which is accrued at the end of each calendar year of Executive's Employment Term during which Executive continues to serve in good standing as President and Chief Executive Officer and payable in accordance with the schedule set forth on SCHEDULE 2.1 – COMPENSATION. If Executive is terminated for Cause or resigns without Good Reason at any time during the Employment Term, Executive shall forfeit any unpaid portion of the short-term incentive payment, whether accrued or unaccrued.
- 2.1.4 Long-term Incentive. Beginning January 1, 2023, Executive shall be eligible for a long-term incentive payment, which is accrued at the end of each calendar year of Executive's Employment Term during which Executive continues to serve in good standing as President and Chief Executive Officer and payable in accordance with the schedule set forth on SCHEDULE 2.1 – COMPENSATION. If Executive is terminated for Cause or resigns without Good Reason at any time during the Employment Term, Executive shall forfeit any unpaid portion of the long-term incentive payment, whether accrued or unaccrued.
- 2.2 Current Employer Make-whole Payments. Executive shall receive the make-whole payments identified and described in SCHEDULE 2.2 – CURRENT EMPLOYER MAKE-WHOLE PAYMENTS to make up for the earned payments, incentives, and grants Executive is foregoing from his current employer because of his agreement to serve as President and Chief Executive Officer. The make-whole payments shall be paid during the calendar quarter and year reflected in SCHEDULE 2.2 – CURRENT EMPLOYER MAKE-WHOLE PAYMENTS. If Executive is terminated for Cause or resigns at any time without Good Reason during the Employment Term, Executive shall forfeit any unpaid make-whole payments, and any remaining make-whole payment obligations cease.
- 2.3 Relocation Expenses.
- 2.3.1 ERCOT shall be obligated to pay Relocation Expenses as defined in SCHEDULE 1 – DEFINITIONS, not to exceed \$500,000.00. Such Relocation Expenses shall be paid in accordance with ERCOT's internal relocation and business travel policies and procedures; provided, however, that (i) reimbursement of Relocation Expense in one year shall not affect the reimbursement of any Relocation Expenses

in a subsequent year and (ii) shall take place no later than the end of the calendar year following the calendar year in which the Relocation Expense is incurred.

- 2.3.2 Executive shall also be entitled to an additional gross-up payment (“Gross-Up Payment”) of up to \$100,000.00 to address taxable income associated with Relocation Expenses; provided, however, that the Gross-Up Payment shall be made to Executive by December 31 of the calendar year immediately following the calendar year in which Executive remits such taxes to the applicable taxing authority.
- 2.3.3 In the event Executive is terminated for Cause or resigns without Good Reason before October 1, 2024, Relocation expenses are subject to the repayment schedule in SCHEDULE 2.3 – RELOCATION EXPENSE REPAYMENT SCHEDULE.
- 2.4 Retirement benefits. ERCOT shall provide to Executive participation in all ERCOT tax-qualified retirement plans, subject to the eligibility and participation requirements of any such plans from time to time.
- 2.5 Benefits. During Executive’s employment and subject to the requirements for eligibility and participation in such plans, policies, and programs, Executive shall be eligible to participate in the employee benefit plans maintained by ERCOT that are applicable to other ERCOT employees to the full extent provided under such plans, policies and programs.
- 2.6 Vacation; Holidays. Executive will accrue 200 hours of vacation per annum in accordance with ERCOT’s standard vacation accrual policy. Executive will also be entitled to the paid holidays set forth in ERCOT’s internal policies and procedures, which are subject to change at ERCOT’s discretion.
- 2.7 Expenses. ERCOT shall reimburse Executive for all reasonable business expenses incurred on behalf of ERCOT in connection with the rendering of services under this Agreement, provided that such expenses are incurred and reported in accordance with ERCOT’s internal policies and procedures for the reimbursement of business-related expenses.

3. Termination of Employment

- 3.1 Resignation. Executive may resign his employment upon not less than 30 days’ prior written notice to ERCOT. If Executive resigns his employment other than for Good Reason, ERCOT’s sole remaining obligations to Executive will be (i) the payment of any base salary amounts due through the date of such resignation, (ii) accrued but unused vacation, consistent with ERCOT’s internal policies and procedures and (iii) any amounts to which Executive is otherwise entitled or in which he is vested pursuant to the terms of the employee benefit plans or programs in which he participates (the “Accrued Amounts”).
- 3.2 Termination for Cause. In the event of termination of Executive’s employment by ERCOT during the Employment Term for Cause, as defined in SCHEDULE 1 - DEFINITIONS, Executive shall be entitled only to the Accrued Amounts.

3.3 Termination without Cause or for Good Reason. If Executive is terminated without Cause or for Good Reason during the Employment Term by ERCOT, Executive shall be entitled to the Accrued Amounts. In addition, provided that Executive has timely executed and not revoked a mutually agreeable full release and waiver of claims ("Release"), Executive shall be entitled to receive from ERCOT a lump-sum payment of equal to the sum of the following (the "Severance Compensation"):

- (A) two times the sum of (1) Executive's then existing annual base salary and (2) the annualized amount of short-term incentive pay which would have been payable to Executive for the year of termination if his employment with ERCOT had not terminated and all relevant KPIs had been achieved; and
- (B) the amount of long-term incentive compensation accrued as of the date of termination; and
- (C) the unpaid make-whole payments identified in SCHEDULE 2.2 – CURRENT EMPLOYER MAKE-WHOLE PAYMENTS; and
- (D) an amount equal to two years' health care benefit premiums, based on ERCOT's monthly COBRA costs for Executive's healthcare coverage election in effect at the time of termination.

Provided the conditions in this Section 3.3 have been met, payment of the Severance Compensation set forth in this Section 3.3 shall be paid on the 60th day following the date of Executive's termination of employment.

3.4 Termination in the event of Death or Disability. In the event of the termination of Executive's employment due to Executive's death or Disability, Executive (or, if applicable, Executive's estate) shall be entitled to payment of the unpaid make-whole payments identified in SCHEDULE 2.2 – CURRENT EMPLOYER MAKE-WHOLE PAYMENTS and to the Accrued Amounts. Provided that Executive or Executive's estate (as applicable) has timely executed and not revoked a Release, payment of the make-whole payments set forth in this Section 3.4 shall be paid in a single lump sum payment on the 60th day following the date of Executive's termination due to Executive's death or Disability.

3.5 Termination Prior to Start Date.

(a) If this Agreement is terminated by ERCOT without Cause or Executive resigns for Good Reason before the Start Date, provided that Executive has timely executed and not revoked a Release and otherwise complies with the requirements of Section 3.5(b), Executive shall be entitled to a single lump sum payment equal to the sum of the following:

- (i) two times the sum of (1) Executive's then existing annual base salary and (2) the annualized amount of short-term incentive pay which would have been payable to Executive for the year of termination if his employment with ERCOT had not terminated and all relevant KPIs had been achieved, and

(ii) the unpaid make-whole payments identified in SCHEDULE 2.2 – CURRENT EMPLOYER MAKE-WHOLE PAYMENTS.

Provided the conditions in Section 3.5 have been met, payment of the lump sum amount set forth in this Section 3.5 shall be paid on the 60th day following the date of termination of employment.

(b) Upon Executive's acknowledgment that Executive will receive and have access to ERCOT's current and future confidential information upon the Effective Date, Executive agrees that, for a period of one (1) year after Executive's termination under this Section 3.5, he will not directly or indirectly, for whatever reason, either individually or in partnership or jointly or in conjunction with any other person or entity, whether as principal, agent, employee, shareholder, owner, investor, creditor, lender, partner, member, manager, representative, advisor, contractor, consultant, or in any other manner whatsoever engage in the business of Independent System Operators (ISO) or Regional Transmission Operators (RTO) within North America, nor become an employee of, advisor or consultant to, or other representative, or otherwise render services to, for or on behalf of any person or entity engaged, directly or indirectly, in ISO/RTO operations that compete, either directly or indirectly, with ERCOT. The non-competition provision in this Section 3.5 is ancillary to and part of other agreements between ERCOT and Executive, including: (i) ERCOT's agreement to disclose, and to continue to disclose its Confidential Information; (ii) ERCOT's agreement to provide initial training, and its agreement to provide continued training, education and development to Executive; and, (iii) ERCOT's agreement to provide Executive with Confidential Information about, and the opportunity to develop relationships with ERCOT's Executives, Customers and Customer's Executives and agents. In the event that Executive breaches this Section 3.5(b), ERCOT reserves all remedies under applicable law, including prompt repayment of the gross amounts under Section 3.5(a).

4. General

4.1 Cooperation. Executive agrees that after the expiration of the Employment Term, Executive shall, at ERCOT's request, render in good faith all assistance and perform all lawful acts ERCOT considers advisable in connection with any litigation, administrative, or regulatory matter involving ERCOT or any of its directors, officers, employees, or agents, provided however, that if such assistance is provided after the Employment Term, Executive shall be compensated for such assistance based on the fair market value of the assistance provided.

4.2 Non-Solicitation. In consideration of Executive's acknowledgement of receiving ERCOT's current and future confidential information and other good and valuable consideration, Executive agrees that he will not, while employed by ERCOT and for a period of one year after the Employment Term, directly or indirectly solicit, induce, or take any steps to encourage any ERCOT employees to terminate their employment with ERCOT or to accept employment with any other Independent System Operator or Regional Transmission Operator, any Member, any Market Participant, or any vendor or consultant of ERCOT, nor shall Executive cooperate with any others in attempting to do so. As used herein, the term "solicit, induce, or encourage" includes, but is not limited to, (a) initiating direct or indirect communications with an ERCOT employee relating to possible employment, (b) offering bonuses or additional compensation to encourage ERCOT

employees to terminate their employment with ERCOT and accept employment with any other Independent System Operator or Regional Transmission Operator, any Member of ERCOT, any Market Participant of ERCOT, or any vendor or consultant of ERCOT, or (c) referring ERCOT employees to recruiters or staffing agencies employed by any other Independent System Operator or Regional Transmission Operator, any Member of ERCOT, any Market Participant of ERCOT, or any vendor or consultant of ERCOT.

- 4.3 Protection of Confidential Information. As a condition of Executive's employment, Executive agrees to annually execute ERCOT's Employee Ethics and Confidentiality Agreement wherein Executive agrees to protect ERCOT's confidential information and trade secrets that Executive will receive during Executive's employment by ERCOT. As of the Effective Date and always thereafter, Executive will keep all confidential information and trade secrets of ERCOT in strict confidence and will not use or disclose any confidential information or trade secrets for any purpose other than the performance of Executive's duties for ERCOT. Executive will not cause the transmission, removal or transport of confidential information or trade secrets from ERCOT's premises except in accordance with ERCOT's approved policies and procedures and then only to the extent necessary to perform Executive's duties. The restrictions set forth in this paragraph are in addition to and not in lieu of any obligations Executive has by law with respect to ERCOT's information. Notwithstanding the foregoing, nothing herein shall prohibit Executive from disclosing facts related to any forms of harassment, discrimination, or retaliation, including without limitation sexual assault, harassment, or discrimination in claims filed in a civil action or in a complaint filed in an administrative action or from disclosing information about unlawful act in the workplaces, including divulging evidence of criminal wrongdoing to law enforcement or prohibit him from disclosing confidential information if compelled by order of court or an agency of competent jurisdiction or as required by law; however, Executive shall promptly inform the Company of any such situations and shall take reasonable steps to prevent disclosure of confidential information until the Company has been informed of such required disclosure and has had a reasonable opportunity to seek a protective order. Additionally, Executive understands that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the confidential information to his or her attorney and use the confidential information in the court proceeding, so long as any document containing the confidential information is filed under seal and the individual does not disclose the confidential information, except pursuant to court order.
- 4.4 Security Clearance. Executive shall use best efforts to obtain any government security clearance necessary to fulfill Executive's duties as outlined in this Agreement.
- 4.5 Non-Disparagement. During Executive's employment and always thereafter, Executive will not directly or indirectly make or publish any disparaging statements concerning ERCOT, its business, or ERCOT's directors, officers, employees, or agents. Nothing in this Section shall preclude Executive from fulfilling any duty or obligation that he may have at law, from responding to any subpoena or official inquiry from any court or government agency, including providing truthful testimony.

- 4.6 No Assignment; Binding Effect. This Agreement is binding upon the parties. This Agreement inures to the benefit of any successors or assignees of ERCOT. Executive shall not be entitled to assign his rights or obligations under this Agreement.
- 4.7 No Representations. Executive acknowledges that he is not relying, and has not relied, on any promise, representation, or statement made by or on behalf of ERCOT, except as expressly set forth herein. Executive acknowledges ERCOT's in-house and outside legal counsel and ERCOT's in-house and outside financial and tax professionals represent ERCOT only and do not represent Executive. Executive further acknowledges that Executive has been advised to seek and has a right to obtain independent legal counsel and to seek independent financial, accounting, tax, and other needed advice and services about Executive's employment relationship and this Agreement.
- 4.8 Sections 409A and 457(f) of the Internal Revenue Code. All payments to Executive pursuant to this Agreement are intended to comply with the requirements of Section 409A and Section 457(f) of the Internal Revenue Code of 1986, as amended and the regulations thereunder, and to the maximum extent permitted by law this Agreement shall be interpreted and administered in accordance with that intent. Further, all provisions of this Agreement relating to nonqualified deferred compensation subject to Section 409A or Section 457(f) of the Internal Revenue Code shall be deemed to incorporate, be subject and subordinate to, modified by, conditioned by, and interpreted to avoid the tax consequences of Section 409A or Section 457(f), the regulations thereunder, and other authoritative guidance. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A and Section 457(f), as applicable, or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A and/or Section 457, as applicable, either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. In the event that any amounts contemplated under this Agreement become taxable under Section 457 prior to payment of such amounts, payment of such amount shall be accelerated in an amount sufficient to satisfy the tax obligations either through withholding or by distribution directly to Executive; provided, however, that the total payment accelerated under this provision shall not exceed the aggregate of state, local and foreign taxes and income tax withholding related to such amount. Notwithstanding the foregoing, ERCOT makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall ERCOT be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by Executive on account of non-compliance with Section 409A. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements

or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

4.9 Severability and Constructions. If any term of this Agreement is declared unenforceable in any respect, the unenforceable term (or portion thereof) will be deemed severed, and the remainder of this Agreement will otherwise remain in full force and effect. Furthermore, ERCOT and Executive request any applicable tribunal to modify such term to the extent practicable and reasonable to make it enforceable. The parties hereto have had the benefit of counsel of their own choice, have participated in the drafting of this Agreement, have reviewed this Agreement with their chosen counsel, and execute this Agreement of their own free will and accord for the purposes and consideration set forth herein.

4.10 Notices. Any notice or other communication hereunder must be in writing to be effective and shall be deemed to have been given when received by the intended recipient in person or by delivery to the notice address set forth below. Either party may from time to time change the notice address by giving written notice thereof to the other party. The address for each party for notices hereunder is as follows:

If to ERCOT: ERCOT General Counsel
Electric Reliability Council of Texas, Inc.
8000 Metropolis Drive (Building E),
Suite 100
Austin, Texas 78744

If to Executive: Pablo Vegas
REDACTED

4.11 Governing Law; Forum. The execution, validity, interpretation, enforcement, and performance of this Agreement shall be governed by the laws of the State of Texas. For the purposes of any claim or cause of action in any legal proceeding initiated over any dispute arising out of or relating to this Agreement, such claim or cause of action shall be initiated in any federal or state court located within Travis County, Texas, and the parties further agree that venue for all such matters shall lie exclusively in those courts.

4.12 Entire Agreement. This Agreement embodies the sole and entire agreement between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement may be amended or modified only in writing executed by the party against whom enforcement of any waiver, modification, amendment, change, discharge, or termination is sought. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be part of the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement to be effective as of the Effective Date.

Executive

Electric Reliability Council of Texas, Inc.

Signature:



Signature:



Name:

Pablo Vegas

Name:

Bill Flores

Address:

REDACTED

REDACTED

Title:

Board Vice Chair

SCHEDULE 1 – DEFINITIONS

"Accrued Amounts" has the meaning assigned in Section 3.1 herein.

"Agreement" has the meaning assigned in the introductory paragraph herein.

"Board" means the Board of Directors of Electric Reliability Council of Texas, Inc.

"Bylaws" means the Amended and Restated Bylaws of Electric Reliability Council of Texas, Inc., effective October 12, 2021, as may be amended from time to time.

"Cause" means (i) engaged in willful misconduct, willful violation of any law, fraud, embezzlement, or material acts of dishonesty relating to the affairs of ERCOT; (ii) indicted of a felony or misdemeanor involving a crime of moral turpitude; (iii) willful and continued failure to substantially perform Executive's duties for ERCOT (other than because of incapacity due to physical or mental illness); (iv) willful and continued material violation of ERCOT's internal policies and procedures, including failure to comply with all ERCOT's policies in all material respects; (v) breach of the duty of loyalty to ERCOT (vi) engaged in willful conduct that is demonstrably and materially injurious to ERCOT; or (vii) a violation of any material provision of this Agreement. For purposes of this definition, an act, or a failure to act, shall be deemed willful if done in bad faith or without a reasonable belief that the act or omission was in the best interest of ERCOT.

"Company" has the meaning assigned in the introductory paragraph herein.

"Director" means a member of the Board of ERCOT.

"Disability" means Executive's entitlement to benefits under Company's long-term disability plan or if Executive does not participate in Company's long term-disability plan, Executive's inability, due to physical or mental incapacity, to perform Executive's duties under this Agreement for a period of ninety (90) consecutive days or one-hundred twenty (120) days during any consecutive six (6)-month period.

"Effective Date" has the meaning assigned in the introductory paragraph herein.

"Employment Term" means a period commencing on the Start Date, and ending December 31, 2027.

"ERCOT" has the meaning assigned in the introductory paragraph herein.

"ERCOT Employee Ethics and Confidentiality Agreement" means the ERCOT Employee Ethics and Confidentiality Agreement that all ERCOT employees must sign annually.

"Executive" has the meaning assigned in paragraph 1 herein.

"Good Reason" means Executive's resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without Executive's written consent: (i) a material diminution of Executive's

authority, duties, or responsibilities relative to Executive's authority, duties, or responsibilities in effect immediately prior to such diminution; (ii) a material reduction by the Company in the base compensation of Executive as in effect immediately prior to such reduction, other than a reduction of up to 25% that is also applied to other senior executives of the Company; (iii) the Company's material breach of this Agreement. Executive's resignation will not be deemed to be for Good Reason unless Executive has first provided the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within ninety (90) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date the Company receives such notice, and such condition has not been cured during such period.

"Gross-Up Payment" has the meaning assigned in Section 2.3.2 herein.

"KPIs" has the meaning assigned in Schedule 2.1 of this Agreement.

"Market Participant" means any entity that engages in any activity that is in whole or in part the subject of the ERCOT Protocols and has, or should have, a contract regarding such activities with ERCOT or an entity that qualifies for ERCOT membership.

"Member" means a member of ERCOT, which has been approved by ERCOT to meet applicable membership qualifications.

"President and Chief Executive Officer" means the President and Chief Executive Officer of Electric Reliability Council of Texas, Inc.

"Release" has the meaning assigned in Section 3.3 herein.

"Relocation Expenses" means actual costs incurred during the Employment Term incidental to Executive's change in current residence to the Austin, Texas area, temporary living expenses through July 15, 2023, and travel between Austin, Texas and Executive's current residence. Relocation Expenses are subject to ERCOT's internal relocation and business travel policies and procedures.

"Severance Compensation" has the meaning assigned in Section 3.3 herein.

"Start Date" means October 1, 2022.

SCHEDULE 1.3 – EMPLOYEE ETHICS AND CONFIDENTIALITY AGREEMENT

Employees of Electric Reliability Council of Texas, Inc. (“ERCOT”) must conduct ERCOT’s business with integrity and objectivity toward ERCOT, and all ERCOT Members and Market Participants. That is why ERCOT requires employees to annually affirm their commitment to the ethical standards that are essential to working at ERCOT. Before completing this Employee Ethics Agreement, you should review the ERCOT Code of Conduct and ERCOT Corporate Standard (CS) 7.6, *Information Protection Corporate Standard* and participate in any associated ethics training.

If you have questions or concerns about the requirements or prohibitions in the ERCOT Code of Conduct, please contact ERCOT Legal, or file an anonymous report through EthicsPoint (www.ethicspoint.com or 1-866-384-4277). For questions about the requirements in CS7.6, please contact ERCOT Legal.

Use and Return of Proprietary Information

I acknowledge that I may have access to ERCOT Confidential information (as defined in CS7.6, *Information Protection Corporate Standard*) in order to perform my job. To protect ERCOT Confidential information, I agree as follows:

- A. I shall hold ERCOT Confidential information in strict confidence and shall exercise reasonable care to prevent unauthorized disclosure to others.
- B. I shall not directly or indirectly disclose ERCOT Confidential information to others, except ERCOT directors, officers and other ERCOT employees who require access to such information in order to perform job functions, unless first authorized to do so in writing by ERCOT.
- C. I shall not reproduce ERCOT Confidential information or use it commercially or for any purpose other than the performance of my duties for ERCOT.
- D. I shall notify ERCOT immediately upon discovery of any unauthorized use or disclosure of ERCOT Confidential information and cooperate in any reasonable way to help ERCOT regain possession of the ERCOT Confidential information and prevent further unauthorized use or disclosure.
- E. Upon ERCOT’s request or upon termination of my employment at ERCOT, I shall deliver to ERCOT all drawings, notes, documents, equipment and materials received from ERCOT or originating from ERCOT operations, and shall permanently delete all electronic copies of such information from my personal computers, storage devices, external file transfer sites, personal e-mail and document sharing/storage accounts.

Notwithstanding the forgoing, my disclosure of ERCOT Confidential information in response to a subpoena, court order, law enforcement investigation, or civil investigative demand shall not be deemed a violation of this agreement. I shall promptly inform ERCOT Legal prior to any such disclosure, unless impracticable to do so.

ERCOT reserves the right to take disciplinary action, up to and including termination, for any violations of this agreement.

Disclosure of Trade Secret Information

Under the Defend Trade Secrets Act of 2016 (the "Act"), an individual may not be held criminally or civilly liable under any federal or state trade secret law for disclosure of a trade secret as defined in the Act: (i) made in confidence to a government official or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) in a lawsuit filing made under seal. In addition, an individual suing an employer for retaliation based on the reporting of a suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, so long as any document containing the trade secret is filed under seal and the individual does not disclose the trade secret except pursuant to court order.

Disclosure of Potential Conflicts of Interest

ERCOT company policy requires all employees to disclose any employment or independent contracting services for a Market Participant that involve an employee's child, spouse or domestic partner, parent, sibling, or any other individual who lives in the employee's household. A listing of ERCOT Market Participants is available at: <http://www.ercot.com/mktparticipants>.

ERCOT also encourages employees to disclose other potential conflicts that may call into question an employee's ability to conduct ERCOT's business without the appearance of Conflicts of Interest with Market Participants or Vendors to ERCOT. Examples of potential conflicts are discussed in CS5.18, *ERCOT's Conflict of Interest Corporate Standard*. Management evaluates employee disclosures to determine whether, based upon the employee's job responsibilities, any Conflict of Interest exists (and whether to take any steps to address it).

(Please complete this Disclosure section even if you have no potential conflicts to disclose.)

Check this box if you have no Conflicts of Interest to report.

Potential Conflicts of Interest:

Name of Person or Entity: Relationship to Employee:
Description of Potential Conflict:

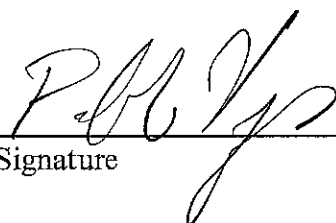
Potential Conflicts of Interest:

Name of Person or Entity: Relationship to Employee:
Description of Potential Conflict:

Employee Agreement

By checking the box below, I confirm that have read and understand the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and have participated in any associated ethics training required by ERCOT. I agree to conduct myself in accordance with the principles and standards discussed in the ERCOT Code of Conduct and CS7.6, *Information Protection Corporate Standard*, and I have made any required disclosures below.

I agree to the foregoing terms.


Signature


Date

SCHEDULE 2.1 – COMPENSATION

Beginning on the Start Date, Executive shall receive base salary in the annualized amount of \$990,000.00. Executive shall receive a one-time lump sum payment of \$247,500.00 on or before December 31, 2022. In addition to base salary and the one-time lump sum payment, beginning January 1, 2023, Executive shall be eligible to receive an annual short-term incentive payment with a target of 100% of Executive’s base salary and long-term incentive payment with a target of \$420,000.00, for achieving key performance indicators established by the Board ("KPIs"), so long as Executive continues to serve as President and Chief Executive Officer through the date such annual short-term incentive payment or long-term incentive payment is earned and accrued. Accrued annual short-term and long-term incentive payments, if earned, will be paid pursuant to the following compensation summary and payment schedule:

| Compensation Type | Payment Schedule |
|---------------------------|---------------------------------|
| Annual Base Salary | Bi-monthly |
| 2022 Lump Sum Payment | No later than December 31, 2022 |
| 2023 Short-term Incentive | On or before March 15, 2024 |
| 2024 Short-term Incentive | On or before March 15, 2025 |
| 2025 Short-term Incentive | On or before March 15, 2026 |
| 2026 Short-term Incentive | On or before March 15, 2027 |
| 2027 Short-term Incentive | On or before March 15, 2028 |
| 2023 Long-term Incentive | Q4 2026 |
| 2024 Long-term Incentive | Q4 2027 |
| 2025 Long-term Incentive | Q4 2028 |
| 2026 Long-term Incentive | Q4 2029 |
| 2027 Long-term Incentive | Q4 2030 |

Any annual increases to Executive’s compensation shall be determined annually by the Board.

Executive is entitled to 2023 short-term incentive and long-term incentive payments at the target amount.

SCHEDULE 2.2 – CURRENT EMPLOYER MAKE-WHOLE PAYMENTS

The sum of Executive’s make-whole payments is \$6,684,000.00. It is the intent of ERCOT and Executive to spread make-whole payments evenly over the Employment Term, while taking into account Relocation Expenses. For avoidance of doubt, make-whole payments shall be calculated such that the make-whole payments due in the first calendar quarters of 2023, and 2024 shall be reduced by the amount of Relocation Expenses, with the remainder of the make-whole payment sum paid in even installments during the first calendar quarters of 2025, 2026, and 2027. A summary of Executive’s make-whole payments, including an assumed \$500,000.00 for Relocation Expenses prior to the conclusion of the 2023 calendar year is as follows:

| Make-whole Payment | Payment Schedule |
|-----------------------------|-------------------------|
| \$384,000.00 | December 1, 2022 |
| \$760,000.00 ² | Q1 2023 |
| \$1,385,000.00 ³ | Q1 2024 |
| \$1,385,000.00 | Q1 2025 |
| \$1,385,000.00 | Q1 2026 |
| \$1,385,000.00 | Q1 2027 |

² The make-whole payment for 2023 reflects a deferral in the amount of the Relocation Expenses limit of \$500,000.00.

³ Following the completion of Executive’s relocation, ERCOT shall provide an accounting of actual Relocation Expenses. To the extent that actual Relocation Expenses are less than \$500,000.00, ERCOT shall add the difference between \$500,000.00 and the actual Relocation Expenses to the 2024 make-whole payment included in the above table. For avoidance of doubt, Executive shall be entitled to make-whole payments in an aggregate amount of \$6,300,000.00 during the five-year period ending December 31, 2027.

SCHEDULE 2.3 – RELOCATION EXPENSE REPAYMENT SCHEDULE

ERCOT's relocation expense repayment schedule is as follows:

| Date First Expense incurred or Hire Date – whichever is later | Repayment Obligation |
|--|-----------------------------|
| | |
| Less than 12 months | 100% |
| 12 - 18 months | 75% |
| 18 - 24 months | 50% |
| More than 24 months | No repayment is required |