



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

8000 Metropolis Drive (Building E), Suite 100, Boardroom B
Austin, Texas 78744
June 20, 2023

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/Role (if any)	Voting Category
Heeg, Peggy (Chair)	N/A	Voting
Hjaltman, Courtney	Office of Public Utility Counsel (OPUC), Public Counsel	Voting
Swainson, John	N/A	Voting

Other Board Members:

Director	Affiliation/Role (if any)	Voting Category
Aguilar, Carlos	N/A	Voting
England, Julie	N/A	Voting
Flexon, Bob	N/A	Voting
Flores, Bill	N/A	Voting
Foster, Paul	N/A	Voting
Jackson, Kathleen	Public Utility Commission of Texas (PUCT, Commission), Interim Chair	Non-Voting
Vegas, Pablo	ERCOT President and Chief Executive Officer (CEO)	Non-Voting

Officers and Guests:

Officer/Guest	Role
Berlin, Anna	ERCOT Associate Corporate Counsel
Black, Robert	ERCOT Vice President of Public Affairs



Day, Betty	ERCOT Vice President of Security and Compliance and Chief Compliance Officer
Glotfelty, Jimmy	PUCT Commissioner (<i>Not Present for Agenda Items 1 – 4</i>)
Hahne, Cynthia	ERCOT Corporate Counsel
Hobbs, Kristi	ERCOT Vice President of Corporate Strategy and PUC Relations
Levine, Jonathan	ERCOT Assistant General Counsel and Assistant Corporate Secretary
McAdams, Will	PUCT Commissioner
McNeill, Tom	Meridian Compensation Partners
Ögelman, Kenan	ERCOT Vice President of Commercial Operations
Parakkuth, Jayapal	ERCOT Vice President and Chief Information Officer
Rainwater, Kim	ERCOT Corporate Counsel
Rickerson, Woody	ERCOT Vice President of System Planning and Weatherization
Rychetsky, Penny	ERCOT Director of Internal Audit
Seely, Chad V.	ERCOT Senior Vice President, General Counsel and Corporate Secretary
Spak, Mara	ERCOT Vice President of Human Resources
Tamby, Jeyant	ERCOT Senior Vice President, Chief Administrative Officer and Chief of Staff
Taylor, Sean	ERCOT Vice President and Chief Financial Officer
Zerwas, Rebecca	ERCOT State Policy Principal and Board Liaison

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

Peggy Heeg, HR&G Committee Chair, determined that a quorum was present and called the HR&G Committee meeting to order at approximately 8:01 a.m. Chair Heeg highlighted the Antitrust Admonition and addressed the following Agenda Items in the order below.

Notice of Public Comment, if Any (Agenda Item 2)

Chair Heeg announced that on the agenda for the meeting, which was posted publicly on June 13, 2023, ERCOT had provided instructions for members of the public who were interested in commenting in person and that to date no individuals had expressed interest in commenting, which Chad Seely confirmed.

April 17, 2023 General Session Meeting Minutes (Agenda Item 3)

Chair Heeg entertained a motion to approve the April 17, 2023 General Session Meeting Minutes (Minutes).

Courtney Hjaltman moved to approve the Minutes as presented. Chair Heeg seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Human Resources Operations Report (Agenda Item 4)

Chair Heeg announced that moving forward, the Human Resources (HR) Operations Report previously presented during each meeting would instead be presented twice per year and requested feedback on information the Committee would like included in future reports. Ms. Spak presented the HR Operations Report. At the conclusion of the report, Ms. Spak thanked Jayapal



Parakkuth, Woody Rickerson, and Dan Woodfin for their efforts in establishing an expanded Employee Development Program.

Recommendation regarding 2024-2028 Strategic Plan (Agenda Item 5)

Kristi Hobbs presented the Recommendation regarding 2024-2028 Strategic Plan, highlighting changes to the plan since the Committee’s review at its April 17, 2023 meeting.

Chair Heeg recognized Kathleen Jackson, Interim Chair of the PUCT. Chair Jackson called an Open Meeting of the Commission to order to consider matters which had been duly posted with the Texas Secretary of State for June 20, 2023.

Ms. Hobbs reported that ERCOT staff had participated in nine Member Segment meetings with nearly 100 Members and highlighted feedback received regarding Strategic Objective 2, “Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices.” Ms. Hobbs, Committee members, and other Board members discussed including reference to consumers within Strategic Objective 2, and possibly including in the Strategic Plan a graphic, based on a graphic contained in the June 19, 2023 ERCOT staff presentation to the Finance and Audit Committee on Agenda Item 5, Recommendation regarding 2024-2025 Budget and Fee, to communicate the historical context and scope of grid and reliability changes. Chair Heeg entertained a motion regarding the objectives and high-level priorities for the 2024-2028 ERCOT Strategic Plan.

Ms. Hjaltman moved to recommend the Board approve the objectives and high-level priorities for the 2024-2028 ERCOT Strategic Plan, as revised by the Committee. Mr. Swainson seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Recommendation regarding Board Compensation (Agenda Item 6)

Chair Heeg indicated the HR&G Committee Charter requires annual Committee review of the Board’s policies and procedures addressing Director compensation, which has not been changed since 2011. Chair Heeg discussed work by Meridian Compensation Partners (Meridian), engaged earlier in the year, to conduct a board compensation benchmarking analysis and develop a recommended range for ERCOT Board compensation levels that informs the Committee’s recommendation to the Board, and introduced Tom McNeill of Meridian. Mr. McNeill, Committee members, and other Board members discussed a trend toward simplification and transparency by eliminating meeting fees from the compensation programs of public companies, as well as the public availability of Internal Revenue Service Form 990s disclosing board compensation levels for all other North American Independent System Operators (ISOs) other than PJM. Mr. McNeill, Committee members, other Board members, and PUCT Commissioners discussed legal restrictions limiting Board members’ ability to accept other work; the complexity of ERCOT; and the extensive board and industry experience of members of the Board. Mr. McNeil, Committee members, other Board members, and PUCT Commissioners discussed the appropriate weight of non-profits other than ISOs within the benchmarking studies, and also discussed the size and complexity of ERCOT, recruiting and retention challenges, and lags in board compensation disclosures, including by other ISOs, as support for the



recommendation to position compensation near the 75th percentile among the other ISOs. Meridian also recommended regular review of compensation for adjustments.

Ms. Swainson moved to recommend the Board approve an increase to Director compensation levels as recommended by Meridian, as reflected in *Attachment A* to the Board Decision Template, to be effective July 1, 2023, subject to the review and approval of the PUCT. Ms. Hjaltman seconded the motion. The motion passed by unanimous voice vote with no abstentions.

Review Conflict of Interest Disclosures Submitted by Employees and Directors (Agenda Item 7)

Mr. Seely presented the Review of Conflict of Interest Disclosures Submitted by Employees and Directors. He reported the HR&G Committee Charter since 2022 requires regular Committee review of reports regarding potential conflicts of interest disclosed by employees and the Board. Mr. Seely reviewed Board member conflict disclosure rules, processes, and recent disclosures. He reviewed employee conflict disclosure rules, processes, and disclosure trends, and commented that the increase in reported employee conflicts from 2021 to 2022 reflects a greater number of secondary employment disclosures, likely due to increased employee awareness. Mr. Seely and Committee members discussed employees' annual ethics training and conflict of interest reporting obligations. Chair Heeg and other Committee members requested that going forward, ERCOT staff report to the Committee disclosures by ERCOT officers or Board members, as well as any serious employee disclosures.

Future Agenda Items (Agenda Item 8)

Ms. Spak presented the Future Agenda Items. She highlighted items anticipated for the August 30, 2023 Committee meeting.

Other Business (Agenda Item 9)

No other business was discussed at this time.

Executive Session; Vote on Matters from Executive Session and Adjournment (Agenda Items 10 and 11)

Chair Heeg announced that no voting items from Executive Session were expected; accordingly, she would adjourn the meeting immediately upon conclusion of Executive Session. Chair Heeg adjourned General Session at approximately 9:19 a.m. and convened Executive Session at approximately 9:59 a.m.

There were no voting items from Executive Session.

Chair Heeg adjourned the meeting upon conclusion of Executive Session at approximately 10:17 a.m.



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

Jonathan M. Levine
Assistant Corporate Secretary

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