



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

Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive, Room 206
Austin, Texas 78744
November 15, 2010

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
Bivens, Danny	Office of Public Utility Counsel	Residential Consumer (Alternate Representative for Sheri Givers)
Dalton, Andrew (Chairman)	Valero Services, Inc.	Industrial Consumer
Doll, Laura		Unaffiliated
Gent, Michehl		Unaffiliated
Helton, Bob	International Power America Services	Independent Generator (beginning with Agenda Item 3)
Patton, A.D. (Vice Chairman)		Unaffiliated
Ryall, Jean	Constellation Energy Commodities Group	Independent Power Marketer

Guest Board Members:

Director	Affiliation	Segment
Crowder, Calvin	American Electric Power Service Corporation	Investor Owned Utility
Doggett, Trip	ERCOT	President and Chief Executive Officer
Dreyfus, Mark	Austin Energy	Municipal
Espinosa, Miguel		Unaffiliated (beginning with Agenda Item 3)
Fehrenbach, Nick	City of Dallas	Consumer/Commercial
Karnei, Clifton	Brazos Electric Power Cooperative, Inc.	Cooperative (beginning with Agenda Item 3)



Other Guests:

Day, Betty	ERCOT Director of Commercial Operations
Hobbs, Kristi	ERCOT Manager of Market Rules
Ierullo, Bruno	ERCOT Director of Human Resources
Jones, Brad	Luminant, Technical Advisory Committee Chair
Leady, Vickie	ERCOT Senior Corporate Counsel and Assistant Corporate Secretary
Magness, Bill	ERCOT Vice President, General Counsel and Corporate Secretary
Manning, Chuck	ERCOT Vice President and Chief Compliance Officer
Morgan, Richard	ERCOT Vice President and Chief Information Officer
Saathoff, Kent	ERCOT Vice President of Grid Operations and System Planning
Walker, Mark	NRG Texas, LLC (Segment Alternate)

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

Andrew Dalton determined a quorum was present and called the Committee meeting to order at approximately 2:23 p.m. He announced that the Finance and Audit Committee meeting ended early, that he would convene the meeting immediately in Executive Session, but that the Open Session portion of the meeting would occur as scheduled.

Executive Session (Agenda Items 9 through 14)

Chairman Dalton adjourned the meeting to Executive Session at approximately 2:26 p.m. until approximately 3:25 p.m.

Vote on Matters from Executive Session (Agenda Item 15)

Chairman Dalton announced that there were no voting matters from Executive Session.

Approval of October 18, 2010 Meeting Minutes (Agenda Item 2)

Laura Doll moved for approval of the minutes of the October 18, 2010 HR&G Committee meeting as presented. A. D. Patton seconded the motion. The motion passed by unanimous voice vote with no abstentions.

External Affairs Update (Agenda Item 3)

Theresa Gage provided a brief External Affairs Update to the Committee members and noted that she would be providing the Board with a full update on the following day. Ms. Gage solicited comments and suggestions from the Committee members on the one-page summary entitled “ERCOT Success Markers” for the Legislature and other interested parties, which she anticipated rolling out as early as December 2010. Ms. Doll suggested the addition of information on customer participation. Ms. Doll further suggested conforming the base years for data comparison or, alternatively, providing an explanation for the use of different base years. Dr. Patton suggested the identification of the various types of generation when referencing the addition of new generation. Ms. Gage agreed to produce a revised draft, but noted the importance of maintaining a high-level view for these external affairs purposes. Chairman Dalton encouraged Ms. Gage to limit the summary to one page. Chairman Dalton offered that secondary documents with additional detail could be prepared, such as talking points on the addition of new transmission and generation. Ms. Gage also noted the amount of liquidity and the number of



Market Participants in the ERCOT market. Michehl Gent commended Ms. Gage on the summary.

Recommendation regarding Board Consideration of External Affairs Updates through the End of the 2011 Legislative Session (Agenda Item 3a)

Chairman Dalton noted that the External Affairs Update would be considered by the full Board beginning in December 2010 through the end of the 2011 Legislative Session to keep the Board informed regarding Legislative developments. Chairman Dalton added that External Affairs Updates would be transitioned from the Board to the Committee upon conclusion of the 2011 Legislative Session. Mr. Gent asked Ms. Gage to distribute the ERCOT Success Markers one-page summary to the entire Board for the Board meeting on the following day. Trip Doggett noted that he requested Ms. Gage to work with the ERCOT Grid Operations and System Planning Department to develop supporting documentation for the one-page summary. Chairman Dalton noted the general Committee consensus of the move and timing of the External Affairs Update to the Board.

Recommendation regarding Creation of an External Affairs Subcommittee for the 2011 Legislative Session (Agenda Item 3b)

Chairman Dalton reminded the Committee members of the previous discussion on the merits of creating an External Affairs subcommittee during the Legislative Session, but noted that this concept had been re-evaluated. After discussion, Chairman Dalton announced that a subcommittee could be created at a later time if it was determined that its creation was warranted. **Mr. Gent moved that the Committee not create an External Affairs subcommittee at this time. Ms. Doll seconded the motion. The motion passed by unanimous voice vote with no abstentions.**

Recommendation regarding Revision of Board Policies and Procedures (Agenda Item 4)

Chairman Dalton noted that, at the October 18, 2010 Committee meeting, the Committee agreed to survey other Independent System Operators (ISOs) on Unaffiliated Director expense reimbursements specifically related to Unaffiliated Directors' expenses to facilitate service on the ERCOT Board, such as divestiture of stocks or creation of blind trusts. Chairman Dalton reported that the survey indicated that other ISOs and Regional Transmission Organizations (RTOs) did not generally reimburse for such costs, including limited instances in which blind trusts were created. Based on this research, Chairman Dalton recommended no change to the Board Policies and Procedures and noted the general consensus of the Committee. Chairman Dalton recommended that, in the future, Unaffiliated Director candidates during the interview process should be advised of ERCOT's policy with regard to the non-reimbursement of these types of expenses.

Recommendation regarding Technical Advisory Committee (TAC) and TAC Subcommittee Structure (Agenda Items 5)

Brad Jones provided an update on the revised TAC 2010 Structural and Procedural Review, in which TAC considered ERCOT staff comments from the October 19, 2010 Board meeting and the status of the Market Credit Working Group. Mr. Doggett noted that this matter was being considered at the Board meeting on the following day. In response to Mr. Gent's request for TAC to provide recommendations to the Board for voting items rather than requests for Board



feedback, Mr. Jones noted that TAC is of the opinion that TAC has control over the subcommittees and their structure. He added that TAC wanted to solicit Board feedback, but that a Board decision on this matter was not necessary. Chairman Dalton noted that the Board has the authority to direct TAC on matters related to TAC subcommittees. He added that there was value to the Committee and the Board's periodic review of such structure. Mr. Gent advised that a vote on these matters was beneficial since such a vote represents an action of the Committee or the Board and avoids confusion regarding feedback from individual Committee or Board members who did not represent the collective opinion of the Committee or Board, respectively.

Chairman Dalton and Mr. Gent expressed concern over TAC having a potential Consent Agenda which may limit or eliminate beneficial discussion of issues. Chairman Dalton also noted the possibility of an increase in the frequency of situations in which the Board is revising the wording or addressing the intent of a particular Protocol Revision Request. Mr. Dalton recommended that a discussion on a potential TAC Consent Agenda be held during the Board meeting on the following day.

Third Quarter 2010 Key Performance Indicators (KPIs) Update (Agenda Item 6)

Paula Feuerbacher provided the Committee with the Third Quarter 2010 KPI Update and responded to the Committee members' questions on this topic. In response to Chairman Dalton's request, Mr. Doggett and Ms. Feuerbacher agreed to provide the Year-End 2010 KPI update in January 2011 with the information available at that time.

Future Agenda Items (Agenda Item 7)

No additional items were added to the Committee's Future Agenda Items list. In response to Ms. Doll's inquiry about the Board's 2011 Strategic Planning Event, Mr. Doggett and Mr. Magness provided a brief update on initial steps for coordination of the event.

Other Business (Agenda Item 8)

No other business was considered at this time.

Adjournment (Agenda Item 16)

Chairman Dalton adjourned the meeting at approximately 4:05 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
Senior Corporate Counsel and
Assistant Corporate Secretary