

## **Director Compensation Committee Charter**

### **I. Purpose**

- A. The Director Compensation Committee (the Committee) of the Texas Reliability Entity, Inc. (Texas RE) Board of Directors (Board) shall evaluate and fix from time to time, by simple majority vote, the amount of the annual retainer fee or other compensation to be paid to the Independent Directors for their services to Texas RE, including any fees to be paid for each meeting of the Board or any Board committee attended by an Independent Director.
- B. The Committee will evaluate the fee or other compensation annually, to ensure that Director compensation is appropriate.

### **II. Membership**

- A. The Committee is comprised of two Independent Directors that are not currently serving as Board Chair and Vice Chair, two Affiliated Directors, and the CEO.
- B. The Board Chair shall appoint an Independent Director as the Chair of the Committee.

### **III. Meetings**

- A. The Committee will meet as necessary, but at least once per year.
- B. Meetings of the Committee are not required to be publicly posted.
- C. The presence of a majority of the Committee members, in person, by communication system, or by proxy, will constitute a quorum. At any meeting at which a quorum exists, the act of a simple majority of the members present, in person, by communication system, or by proxy, shall be the act of the Committee.
- D. The Chair, in consultation with the Texas RE General Counsel, the Texas RE Human Resources Manager, and other Committee members, shall develop the agenda, and determine the frequency and length of meetings. The Chair shall establish such other rules, as may from time to time be necessary and proper for the conduct of the Committee.
- E. Minutes for all meetings will be prepared by the Corporate Secretary or his or her designee to document the Committee's discharge of its responsibilities. The Committee shall make regular reports to the Board of Directors.

### **IV. Responsibilities and Duties**

- A. In determining appropriate compensation for Independent Directors, the Committee should evaluate factors including: (i) the amount of work and level of responsibility Board members are asked to undertake; and (ii) market data with respect to the compensation of the members of governing boards of relevant organizations. The Committee is authorized to engage a consultant or other third party as necessary to assist with the discharge of its duties.
- B. The Chair will report any vote of the Committee to the full Board.

- C. Any changes in Director compensation approved by the Committee will be reflected in the Board Policies and Procedures.