



2021 Business Plan and Budget

Texas Reliability Entity, Inc.

Approved by Texas RE Board of Directors

Date: May 27, 2020

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Introduction

	TOTAL RESOURCES (in whole dollars)			
	2021 Budget	U.S.	Canada	Mexico
Statutory FTEs	63.0			
Non-statutory FTEs	4.0			
Total FTEs	67.0			
Statutory Expenses	\$ 14,161,538			
Non-Statutory Expenses	\$ 1,332,358			
Total Expenses	\$ 15,493,896			
Statutory Inc(Dec) in Fixed Assets	\$ 50,000			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 50,000			
Statutory Working Capital Requirement	\$ (618,943)			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	\$ (618,943)			
Total Statutory Funding Requirement	\$ 13,592,595			
Total Non-Statutory Funding Requirement	\$ 1,332,358			
Total Funding Requirement	\$ 14,924,953			
Statutory Funding Assessments	\$ 13,343,400			
Non-Statutory Fees	\$ 1,332,358			
NEL	384,059,677	384,059,677		
NEL%	100.00%	100.00%		

Refer to Table B-1 Reserve Analysis on page 37 in Section B

Organizational Overview

Texas Reliability Entity, Inc. (Texas RE) is a Texas non-profit corporation that is the Regional Entity for the Electric Reliability Council of Texas, Inc. (ERCOT) region, pursuant to its Amended and Restated Delegation Agreement (Delegation Agreement) with North American Electric Reliability Corporation (NERC) effective January 1, 2016. Texas RE ensures the reliability of the ERCOT region bulk-power system (BPS).

Texas RE also performs non-statutory activities as the Reliability Monitor for the ERCOT region on behalf of the Public Utility Commission of Texas (PUCT). As the Reliability Monitor, Texas RE monitors and reports to the PUCT regarding market participants' compliance with reliability-related ERCOT Protocols, Operating Guides, and Texas rules (ERCOT Regional Rules).

The ERCOT region is the geographic area located within the state of Texas that operates under the jurisdiction of the PUCT and is not synchronously interconnected with any electric utilities operating outside of Texas. The ERCOT region includes approximately 90% of Texas load and 75% of the Texas land area.

Membership and Governance

Members

Texas RE has the following six membership sectors under its Bylaws:

- System Coordination and Planning
- Transmission and Distribution
- Cooperative Utility
- Municipal Utility
- Generation
- Load-Serving and Marketing

Membership in Texas RE is voluntary and open to any entity that is a user, owner, or operator in the ERCOT region BPS, who registers with Texas RE as a member and complies with the Texas RE Bylaws requirements. There is no charge for membership with Texas RE. Any person or entity that has a direct and material interest in the BPS has a right to participate in the Texas RE Standards Development Process, even if not a Texas RE member.

Texas RE has one stakeholder committee, the Member Representatives Committee (MRC). The MRC includes representatives from members in each of the six membership sectors and provides advice and recommendations to the Board on administrative, financial, reliability-related, or any other matters, through its elected Chair and Vice Chair, who also serve as Affiliated Directors on Texas RE's Board. In addition, the MRC facilitates the Regional Standards Development Process, and coordinates the development of Regional Standards and variances with the development of continent-wide standards. A subcommittee of the MRC, the NERC Standards Review Forum (NSRF), monitors, reviews, and discusses NERC (continent-wide) Reliability Standards under development and Reliability Standards interpretation requests.

Board of Directors

Texas RE is governed by a hybrid Board of Directors (Board), comprised of the following nine individuals:

- The Texas RE President and Chief Executive Officer (CEO)
- Four Independent Directors (elected by membership)
- Two Affiliated Directors (the Chair and Vice Chair of the Member Representatives Committee)
- Chairman of the PUCT or another PUCT Commissioner designated by the Chairman, as an *ex officio* non-voting member
- Texas Public Counsel, from the Texas Office of Public Utility Counsel, as an *ex officio* non-voting member

The Board's primary role is to oversee the management of Texas RE, including assuring that Texas RE meets its requirements under the Bylaws and Delegation Agreement, and appointing a CEO to manage and be responsible for the day-to-day on-going activities of Texas RE.

Statutory Functional Scope

In accordance with its Delegation Agreement with NERC and in compliance with the NERC Rules of Procedure (NERC ROP), Texas RE performs the following statutory (or delegated) functions:

- Participation in the development of NERC Reliability Standards, or modifications thereof, and facilitation of developing needed Regional Standards or variances through Texas RE's Standards Development Process.
- Identification and registration of responsible entities with NERC and, as needed, certification of such entities within the ERCOT region.
- Monitoring and enforcement of compliance with approved NERC Reliability Standards and Regional Standards, in accordance with the NERC ROP, in the ERCOT region.
- Analysis and assessment of system events and disturbances.
- Assessment of the present and future reliability, adequacy, and security of the BPS.
- Promotion of effective training and education of personnel, and assistance in the certification of operating personnel.
- Promotion of situation awareness and the protection of critical infrastructure.

Financial Policies

Texas RE has policies and procedures in place that address its overall financial management, including procurement and business expense reimbursement. Additionally, Texas RE has a working capital and operating reserve policy to ensure the stability of the ongoing operations of the organization. This policy is intended to provide funds for situations such as a sudden unanticipated increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

2021 Overview of Cost Impacts

In developing the Texas RE 2021 Business Plan and Budget, Texas RE reflects the collaborative development of the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Texas RE also seeks input from its MRC, and posts the budget for comment. Prior to obtaining final approval from its Board, Texas RE seeks NERC input and review of its annual Regional Entity Business Plan and Budget, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

Overall, the Texas RE 2021 budgeted statutory expenses (\$14,211,538) increased by 2.8% from the 2020 budgeted statutory expenses (\$13,831,126).

The 2021 statutory assessment (\$13,343,400) is virtually the same as the 2020 assessment (\$13,344,128).

Significant statutory expense changes (including capital expenditures) include:

- Total Personnel expenses are increasing by 1.9%. Salaries expense is increasing 3.2%, which includes adding three additional FTEs in 2021, and an allowance for salary increases and promotions. Payroll taxes are increasing 2.0%. Total Benefits expense is decreasing 5.9%. Health plan expense did not increase as projected in 2020; however, health plan expense is projected to increase 14% for 2021 over actual 2020 cost, which is lower than the 2020 budgeted cost. Employee Benefits include education reimbursement, relocation expenses, and training and professional development. The budget for these costs is remaining consistent with 2020. Including these expenses in Employee Benefits is consistent with the NERC budget guidelines. Retirement costs are increasing 3.1%. All personnel-related expenses are increasing based on the additional salary expense for additional FTEs. (See CMEP program for details concerning FTE increase).
- Total Meeting and Travel expenses are increasing 3.2%. Meetings expense is decreasing 65.0%. The 2021 budget does not include Workshop Expense for a Reliability Summit and an offsite workshop in the Training and Education Program. An annual meeting with the Texas RE Board of Directors and stakeholders is not included in Meetings expense for 2021. Travel expense is increasing 16.8% primarily due to travel required for increased CIP activity, ERO Enterprise projects, and travel required for the additional FTEs.
- Total Operating expenses are increasing by 6.3%. The Consultants and Contracts expense is decreasing 9.7% due to board and executive search fees not being budgeted in 2021. IT Managed Services, which is included in Consultants and Contracts, is remaining consistent with 2020. The Consultants and Contracts expense includes three compensation studies for 2021, which is an increase over the two studies scheduled for 2020. Rent cost is increasing 19.5%. The lease for Texas RE office space was extended beginning October 2020, causing an escalation in rent and utilities for 2021. Office cost is increasing 1.8%. Increased costs for the external auditor firm and potential increases to the Independent Director's fees are increasing Professional Services 4.5%.

All statutory activity in the 2021 Business Plan and Budget aligns with the ERO Enterprise Long-Term Strategy.

ERO Enterprise Model and Transformation

The collective network of leadership, experience, skills, and technologies shared among NERC and the Regional Entities is referred to as the ERO Enterprise. The ERO Enterprise is a collaborative organization with distinct roles between NERC and the Regional Entities. The ERO Enterprise strives for consistency where necessary, but recognizes that each Regional Entity addresses reliability in unique ways based on its own challenges and stakeholder needs; the model enables innovative and distinctive approaches to address these unique reliability risks and challenges locally. As the ERO Enterprise continues to mature, the organization is working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations was established in 2019, committing the ERO Enterprise to:

- Work together as one team and honor each of its roles;

- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work;
- Collaborate to develop clear and consistent guidance across the ERO Enterprise;
- Share information, knowledge, and resources across the ERO Enterprise;
- Develop and share harmonized messages across ERO Enterprise communications; and
- Support innovation, initiatives, and the sharing of best-practices across the ERO Enterprise.

NERC has unique responsibilities to oversee program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. NERC and the Regional Entities also coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have a mirrored set of responsibilities within the ERO Enterprise model, providing input into the overall development of each ERO program area, providing training and development to meet ERO qualifications, and ensuring delegated responsibilities are completed. Regional Entities also have an obligation to meet professional standards of independence and objectivity and provide the best available expertise for addressing regional risks.



ERO Enterprise Long-Term Strategy

NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while

acknowledging the unique differences across the Regions, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership came together to revise the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC's) currently identified bulk power system (BPS) risks. This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, includes the following strategic focus areas:

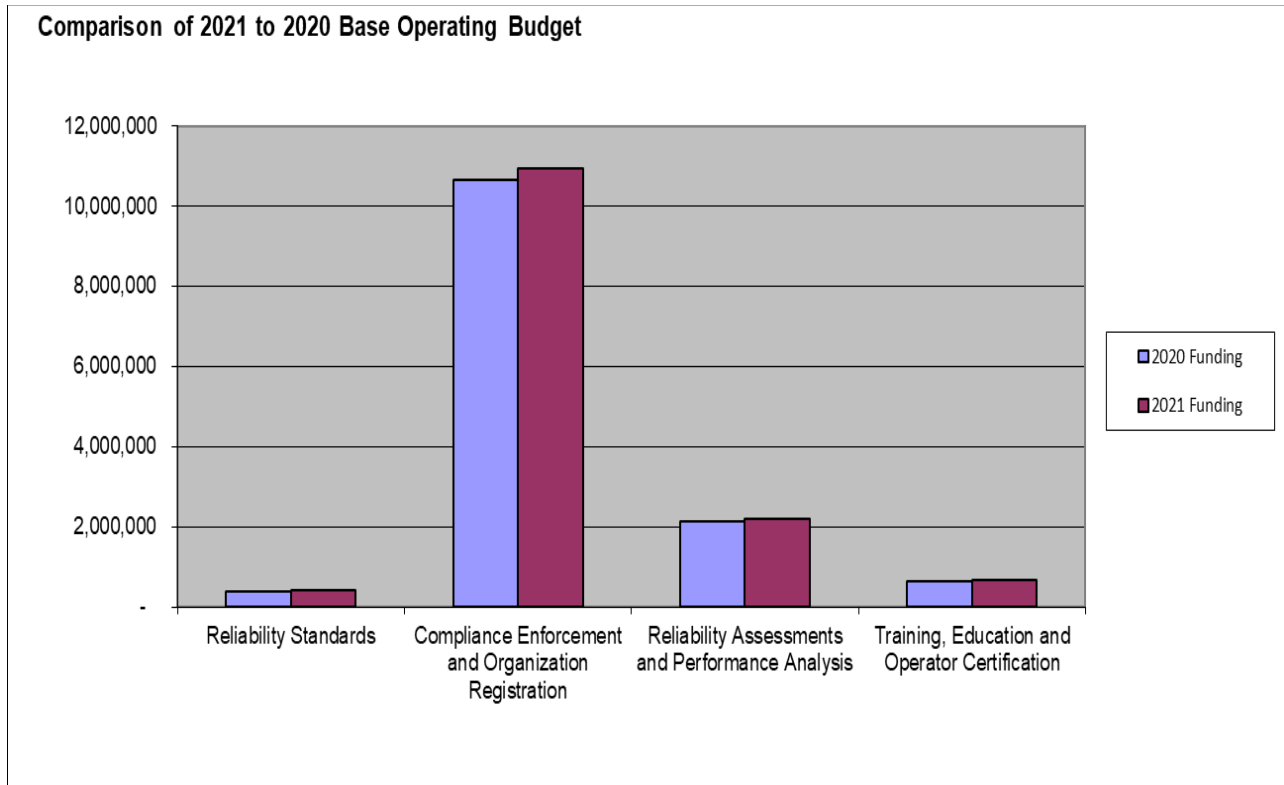
1. Expand risk-based focus in all standards, compliance monitoring, and enforcement programs;
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial ERO Reliability Risk Priorities Report;
3. Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability;
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's business plan and budget may reference how activities support each of the strategic focus areas.

Summary by Program

The following table summarizes the Texas RE budget by program area.

Base Operating Budget	Budget 2020	Projection 2020	Budget 2021	Variance	
				2021 Budget v 2020 Budget	Variance %
Reliability Standards	\$ 407,002	\$ 407,002	\$ 414,169	\$ 7,167	1.8%
Compliance Enforcement and Organization Registration	10,637,638	10,637,638	10,938,214	300,577	2.8%
Reliability Assessments and Performance Analysis	2,145,050	2,145,050	2,196,381	51,331	2.4%
Training, Education and Operator Certification	641,437	641,437	662,774	21,337	3.3%
Total by Program	\$ 13,831,126	\$ 13,831,126	\$ 14,211,538	\$ 380,412	2.8%



FTEs by Program Area

Personnel Analysis

The following table displays total full-time equivalents (FTEs) by program area.

Total FTEs by Program Area	Budget 2020	Projection 2020	Direct FTEs 2020 Budget	Shared FTEs 2021 Budget	Total FTEs 2021 Budget	Change from 2020 Budget
STATUTORY						
Operational Programs						
Reliability Standards	1.25	1.25	1.25	-	1.25	-
Compliance and Organization Registration and Certification	35.75	35.75	38.75	-	38.75	3.00
Training and Education	2.25	2.25	2.25	-	2.25	-
Reliability Assessment and Performance Analysis	6.00	6.00	6.00	-	6.00	-
Total FTEs Operational Programs	45.25	45.25	48.25	-	48.25	3.00
Administrative Programs						
General & Administrative	4.00	4.00	4.00	-	4.00	-
Legal and Regulatory	2.75	2.75	2.75	-	2.75	-
Information Technology	5.00	5.00	5.00	-	5.00	-
Human Resources	-	-	-	-	-	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
Total FTEs Administrative Programs	14.75	14.75	14.75	-	14.75	-
Total FTEs	60.00	60.00	63.00	-	63.00	3.00

A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

For an explanation of the variances, refer to the Resource Requirements section in each program area in Section A.

2020 Budget and Projection and 2021 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
STATUTORY					
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget Over(Under)	2021 Budget	Variance 2020 Budget v 2021 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 13,344,128	\$ 13,344,128	\$ -	\$ 13,343,400	\$ (728)
Penalties Released*	710,000	710,000	-	169,195	(540,805)
Total NERC Funding	\$ 14,054,128	\$ 14,054,128	\$ -	\$ 13,512,595	\$ (541,533)
Interest	40,000	40,000	-	80,000	40,000
Total Funding (A)	\$ 14,094,128	\$ 14,094,128	\$ -	\$ 13,592,595	\$ (501,533)
Expenses					
Personnel Expenses					
Salaries	\$ 7,641,280	\$ 7,641,280	\$ -	7,886,558	\$ 245,278
Payroll Taxes	527,534	527,534	-	537,917	10,383
Benefits	1,501,005	1,501,005	-	1,412,700	(88,305)
Retirement Costs	1,073,802	1,073,802	-	1,107,299	33,497
Total Personnel Expenses	\$ 10,743,621	\$ 10,743,621	\$ -	\$ 10,944,474	\$ 200,853
Meeting & Travel Expenses					
Meetings	\$ 58,500	\$ 58,500	\$ -	20,500	\$ (38,000)
Travel	318,205	318,205	-	371,685	53,480
Conference Calls	17,640	17,640	-	14,900	(2,740)
Total Meeting & Travel Expenses	\$ 394,345	\$ 394,345	\$ -	\$ 407,085	\$ 12,740
Operating Expenses, Excluding Depreciation					
Consultants & Contracts	\$ 489,704	\$ 489,704	\$ -	442,404	\$ (47,300)
Office Rent	903,786	903,786	-	1,080,000	176,214
Office Costs	661,070	661,070	-	672,740	11,670
Professional Services	588,600	588,600	-	614,835	26,235
Total Operating Expenses	\$ 2,643,160	\$ 2,643,160	\$ -	\$ 2,809,979	\$ 166,819
Total Direct Expenses	\$ 13,781,126	\$ 13,781,126	\$ -	\$ 14,161,538	\$ 380,412
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 13,781,126	\$ 13,781,126	\$ -	\$ 14,161,538	\$ 380,412
Change in Net Assets (A - B)	\$ 313,002	\$ 313,002	\$ -	\$ (568,943)	\$ (881,945)
Fixed Assets, excluding Right of Use Assets (C)	50,000	50,000	-	50,000	-
TOTAL BUDGET (B + C)	13,831,126	13,831,126	\$ -	\$ 14,211,538	\$ 380,412
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 263,002	\$ 263,002	\$ -	\$ (618,943)	\$ (881,945)
FTEs	60.00	60.00		67.00	

*Penalties Released in the current year reflects the designated amount of funds released to offset U.S. Assessments. Actual penalties invoiced in the current year are reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Section A – Statutory Programs

2021 Business Plan and Budget



Section A — 2021 Business Plan – Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2020 Budget	2021 Budget	Increase (Decrease)
Total FTEs	1.25	1.25	-
Direct Expenses	\$ 250,580	\$ 257,836	\$ 7,255
Indirect Expenses	\$ 155,040	\$ 155,038	\$ (2)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,381	\$ 1,295	\$ (86)
Total Funding Requirement	\$ 407,002	\$ 414,169	\$ 7,167

Program Scope and Functional Description

Texas RE's Reliability Standards Program supports the NERC Reliability Standards Program and facilitates the development of regional standards and variances, in accordance with the Texas RE Standards Development Process. Texas RE Standards staff coordinates and publicly posts information regarding the activities of the Texas RE MRC's standards development activities, the NERC Standards Review Forum (NSRF), and all regional standard drafting teams (SDTs).

The Texas RE Standards Development Process is open to all individuals and organizations that are directly and materially affected by the ERCOT region BPS, with no undue financial barriers and regardless of Texas RE membership status. Texas RE's Standards Development Process provides for fair and due process by providing sufficient public notice of the intent to develop a regional standard. The Standards Development Process includes an appeals process and an interpretation process.

Texas RE Standards staff supports and participates in the NERC Standards Committee and other NERC activities relating to standards development. Texas RE regularly comments and votes on proposed NERC Reliability Standards and revisions from its perspective as the Compliance Enforcement Authority, based on recommendations and input from subject matter experts employed by Texas RE.

In addition, Texas RE reviews proposed NERC Reliability Standards. This Program area supports and facilitates standards activities of the Texas RE MRC and the NSRF. The MRC is a stakeholder committee that oversees the execution of the Texas RE Standards Development Process. The NSRF provides a regional stakeholder forum for education and discussion of NERC Reliability Standards activities, both regional and continent-wide.

Texas RE Standards staff provides education and advice to other Texas RE departments regarding issues relating to standards, including applicability and interpretation of requirements in accordance with NERC processes.

When developing Regional Standards, Texas RE is responsible for adhering to its FERC-approved Regional Standards development processes, and for assisting NERC as needed with obtaining NERC Board approval and subsequent filing(s) with FERC and other regulatory authorities, as appropriate, including developing the record necessary to support approval.

2021 Key Assumptions

- Continent-wide NERC Reliability Standards projects will consist primarily of conducting enhanced periodic reviews on existing standards to improve the content and respond to identified risks to reliability (including those that may be identified through the implementation of risk-based Compliance Monitoring and Enforcement), and addressing FERC directives that may arise. In addition, the Standards Efficiency Review will evaluate NERC Reliability Standards using a risk-based approach to identify potential efficiencies through retirement or modification of Reliability Standard Requirements. This activity will require the allocation of technical resources from several internal NERC departments (e.g., Reliability Assessment and Performance Analysis (RAPA), Reliability Risk Management (RRM), Compliance Analysis and Certification (CAC), and Compliance Assurance) and support from across the ERO Enterprise.
- During the enhanced periodic review of NERC Reliability Standards, any associated Regional Standards will be reviewed for potential incorporation as variances or as improvements to the continent-wide requirements. Regional and NERC Reliability Standards development processes may require modification to efficiently accomplish this task. Each Regional Entity will work with NERC and possibly other Regional Entities on projects where there is a regional standard/variance. Regional Standards development activity will be driven by requests the Regional Entity may receive or reliability issues the Regional Entity may identify. Regional Standards development activity is expected to remain low.
- In coordination with SDTs and consistent with current approaches, Regional Entities may support outreach during standards development. Additionally, following FERC approval, Regions will assist the transition of standards to compliance monitoring and enforcement supporting industry and auditor training, or providing information regarding the intent of the standard.
- The number of interpretations is expected to remain low. However, guidance requests associated with the implementation of standards may increase.
- Regional Entities will be asked to participate in teams to help develop application business requirements and test business functionality for ERO Enterprise applications projects.

2021 Goals and Key Deliverables

- Provide input on and facilitate industry review of new and existing NERC Reliability Standards, including cost effectiveness/impact analysis.
- Provide input and feedback for new and existing NERC Reliability Standards using compliance monitoring experience as a basis.

- Provide guidance and outreach on approved NERC Reliability Standards and Regional Standards.
- Develop, as needed, regional variances or Regional Standards to address specific reliability risks and evaluate the need for existing Regional Standards.
- Review existing Regional Standards to determine if any could be incorporated as a regional variance to a continent-wide NERC Reliability Standard.

Resource Requirements

Personnel Expenses

The number of FTEs assigned to this Program is consistent with 2020.

Consultants and Contracts

No consulting support and contracts are budgeted for 2021, which is consistent with the 2020 budget.

Section A — 2021 Business Plan and Budget – Statutory Programs

Reliability Standards Program

The following table shows the funding sources and related expenses for the Reliability Standards Program for 2021. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
RELIABILITY STANDARDS					
	2020	2020	Variance	2021	Variance
	Budget	Projection	2020 Projection	Budget	2020 Budget
			v 2020 Budget		v 2021 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 368,622	\$ 368,622	\$ -	345,684	\$ (22,938)
Penalties Released	19,613	19,613	-	4,383	(15,230)
Total NERC Funding	\$ 388,236	\$ 388,236	\$ -	\$ 350,067	\$ (38,168)
Interest	1,105	1,105	-	2,073	968
Total Funding	\$ 389,341	\$ 389,341	\$ -	\$ 352,140	\$ (37,201)
Expenses					
Personnel Expenses					
Salaries	\$ 163,534	\$ 163,534	\$ -	174,732	\$ 11,198
Payroll Taxes	11,883	11,883	-	12,643	760
Benefits	40,608	40,608	-	40,608	-
Retirement Costs	21,480	21,480	-	22,953	1,473
Total Personnel Expenses	\$ 237,505	\$ 237,505	\$ -	\$ 250,936	\$ 13,430
Meeting & Travel Expenses					
Meetings	\$ -	\$ -	\$ -	-	\$ -
Travel	9,575	9,575	-	6,900	(2,675)
Conference Calls	3,500	3,500	-	-	(3,500)
Total Meeting & Travel Expenses	\$ 13,075	\$ 13,075	\$ -	\$ 6,900	\$ (6,175)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	-	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Expenses	\$ 250,580	\$ 250,580	\$ -	\$ 257,836	\$ 7,255
Indirect Expenses	\$ 155,040	\$ 155,040	\$ -	\$ 155,038	\$ (2)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 405,621	\$ 405,621	\$ -	\$ 412,874	\$ 7,253
Change in Assets	\$ (16,280)	\$ (16,280)	\$ -	\$ (60,734)	\$ (44,454)
Fixed Assets					
Fixed Assets, excluding Right of Use Assets (C)	\$ 1,381	\$ 1,381	-	\$ 1,295	(86)
TOTAL BUDGET	\$ 407,002	\$ 407,002	\$ -	\$ 414,169	\$ 7,167
TOTAL CHANGE IN WORKING CAPITAL	\$ (17,661)	\$ (17,661)	\$ -	\$ (62,029)	\$ (44,368)
FTEs	1.25	1.25	-	1.25	-

Approved by the Texas RE Board of Directors May 27, 2020

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2020 Budget	2021 Budget	Increase (Decrease)
Total FTEs	35.75	38.75	3.0
Direct Expenses	\$ 6,163,982	\$ 6,091,875	\$ (72,107)
Indirect Expenses	\$ 4,434,153	\$ 4,806,184	\$ 372,031
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 39,503	\$ 40,155	\$ 653
Total Funding Requirement	\$ 10,637,638	\$ 10,938,214	\$ 300,577

Program Scope and Functional Description

Texas RE's Compliance Monitoring and Enforcement and Organization Registration and Certification Program includes the key activities of registering (and where required, certifying) responsible entities, monitoring and assessing compliance with the NERC Reliability Standards and Regional Standards, and enforcing and ensuring mitigation of violations of standards in accordance with the NERC ROP. The primary monitoring and assessment methods include audits, self-reports, self-certifications, complaints, spot checks, compliance investigations, and data submittals.

There are several major ERO-wide activities that are expected to benefit NERC, the Regional Entities, and registered entities. The risk-based Compliance and Enforcement Monitoring Program (CMEP) is a multi-year effort to identify and implement changes to enhance the effectiveness of the ERO's compliance and enforcement functions. To support this effort, a set of new tools, referred to as Align and Evidence Locker(s) are being developed collaboratively with NERC, the Regional Entities, and registered entities. Risk-based CMEP is designed to improve BES reliability by focusing efforts on serious and substantial reliability risks and on the internal controls that mitigate those risks. Align and Evidence Locker(s) will support those initiatives across the ERO.

Continued development and implementation of Align and Evidence Locker(s) is expected to be a major activity for Texas RE and the registered entities in 2021. Risk-based CMEP efforts that continue to fully develop will require Texas RE to appropriately allocate current resources and request additional resources to provide continuous improvement in the processes. Based on the high level of coordination between NERC, Regional Entities, and registered entities that is necessary for an efficient and effective implementation, Align and Evidence Locker(s) will shift and in some cases increase workload levels. Additionally, reallocation of resources may be required to meet the training requirements for the compliance and enforcement staff associated with Align and Evidence Locker(s). Risk-based CMEP, enhanced security, and other factors (e.g.,

CIP Low Impact, Supply Chain, additional registered entities associated with solar and battery Facilities, etc.) have gradually but significantly impacted resource staffing of Texas RE.

To facilitate continuous improvement and quality efforts, three additional FTEs are included in the budget request. Since resource demands are not fully known but are forecasted to increase, consideration will be given to reallocating existing staff or using available reserves to provide as much resource support as possible.

2021 Key Assumptions

- Expand risk-based focus in all standards, compliance monitoring, and enforcement programs.
- Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial *ERO Reliability Risk Priorities Report*.
- Strengthen engagement across the reliability and security ecosystem in North America.
- Capture effectiveness, efficiency, and continuous improvement opportunities.

2021 Goals and Key Deliverables

COMPLIANCE MONITORING

- Participate in the NERC standards development and Standards Efficiency Review (SER) initiative to develop and recommend solutions.
- Expand the risk-based approach to compliance monitoring processes.
- Review, refine, and enhance Internal Control and Compliance Oversight Plan processes.
- Actively engage in the deployment of Align and Evidence Locker(s) to ensure CMEP processes are efficient, effective, secure, and consistent for staff and stakeholders.
- Identify current and emerging risks to security and reliability affecting the ERCOT Interconnection
- Identify and develop monitoring approaches focusing on emerging risks such as distributive generation, storage, and demand side resources.
- Continue to focus on and mitigate cyber security risks.
- Promote and encourage effective collaboration and engagement with Texas RE Board, industry, regulators, and stakeholders.
- Expand ERO Enterprise stakeholder engagement to ensure the right subject matter experts participate to resolve issues in a timely and cost effective manner.
- Proactively participate in ERO working groups to efficiently and effectively work with the ERO Enterprise.
- Ensure Texas RE is appropriately staffed and managed to maximize stakeholder value, maintain independence, and perform all delegated responsibilities.

Promote communication, motivation, team building, and workforce development within Texas RE.

ENFORCEMENT

- Review, validate, and process or dismiss all possible violations in a timely fashion, to enhance visibility of violations and penalties.
- Undertake enforcement activities in accordance with established risk-based approaches.
- Manage all settlements and contested cases to completion, as efficiently as possible.
- Coordinate appropriate engineering, other subject matter experts, and legal resources for the processing of alleged violations, including all settlements, appeals, and contested cases.
- Use targeted, aggressive enforcement for the violations posing the most risk to BPS reliability.
- Conduct technical assessments of registered entities' plans and activities to mitigate noncompliance.
- Support streamlined mechanisms implemented to expedite possible violations that pose a lesser reliability risk to the BPS.
- Improve the consistency and timeliness of all compliance and enforcement data tracking to enable review and reporting for compliance and enforcement staff, management, the Texas RE Board, NERC, and stakeholders.
- Promote timeliness and transparency of compliance results, including those efforts associated with meeting the caseload index, average violation aging, and mitigation aging metrics.
- Assure timely mitigation of all violations, assessing all mitigating activities and mitigation plans for effectiveness and reasonableness of implementation, tracking completion of accepted plans to closure, and verifying completion of mitigation plans.
- Enhance feedback loops to the Reliability Standard development process.

REGISTRATION AND CERTIFICATION

- Identify and register BES owners, operators, and users. Maintain accurate, up-to-date registration information, identifying entities responsible for compliance.
- Ensure entities performing the functions of Reliability Coordinator, Balancing Authority, and Transmission Operator have the tools, processes, and training to meet applicable Reliability Standards requirements.

Resource Requirements

Personnel Expenses

The number of FTEs assigned to this Program is increasing by three compared with 2020.

Consultants and Contracts

There is an increase of 2.6% in contracts and consulting services for this department due to slightly higher costs associated with webCDMS.

Section A — 2021 Business Plan and Budget – Statutory Programs

Compliance Monitoring, Enforcement and Organization Registration and Certification Program

The following table shows the funding sources and related expenses for the Compliance Enforcement and Organization Registration and Certification Program for 2021. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION					
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget Over(Under)	2021 Budget	Variance 2020 Budget v 2021 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 10,542,599	\$ 10,542,599	\$ -	\$ 10,716,202	\$ 173,603
Penalties Released	560,939	560,939	-	135,882	(425,058)
Total NERC Funding	<u>\$ 11,103,538</u>	<u>\$ 11,103,538</u>	<u>\$ -</u>	<u>\$ 10,852,083</u>	<u>\$ (251,455)</u>
Interest	31,602	31,602	-	64,249	32,646
Total Funding	<u>\$ 11,135,140</u>	<u>\$ 11,135,140</u>	<u>\$ -</u>	<u>\$ 10,916,332</u>	<u>\$ (218,808)</u>
Expenses					
Personnel Expenses					
Salaries	\$ 4,084,786	\$ 4,084,786	\$ -	\$ 4,066,256	\$ (18,530)
Payroll Taxes	313,103	313,103	-	310,653	(2,450)
Benefits	896,703	896,703	-	816,798	(79,905)
Retirement Costs	578,151	578,151	-	579,329	1,178
Total Personnel Expenses	<u>\$ 5,872,743</u>	<u>\$ 5,872,743</u>	<u>\$ -</u>	<u>\$ 5,773,036</u>	<u>\$ (99,707)</u>
Meeting & Travel Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	114,625	114,625	-	143,175	28,550
Conference Calls	7,000	7,000	-	-	(7,000)
Total Meeting & Travel Expenses	<u>\$ 121,625</u>	<u>\$ 121,625</u>	<u>\$ -</u>	<u>\$ 143,175</u>	<u>\$ 21,550</u>
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 151,204	\$ 151,204	\$ -	\$ 155,204	\$ 4,000
Office Rent	-	-	-	-	-
Office Costs	18,410	18,410	-	20,460	2,050
Professional Services	-	-	-	-	-
Total Operating Expenses	<u>\$ 169,614</u>	<u>\$ 169,614</u>	<u>\$ -</u>	<u>\$ 175,664</u>	<u>\$ 6,050</u>
Total Direct Expenses	<u>\$ 6,163,982</u>	<u>\$ 6,163,982</u>	<u>\$ -</u>	<u>\$ 6,091,875</u>	<u>\$ (72,107)</u>
Indirect Expenses	<u>\$ 4,434,153</u>	<u>\$ 4,434,153</u>	<u>\$ -</u>	<u>\$ 4,806,184</u>	<u>\$ 372,031</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses	<u>\$ 10,598,135</u>	<u>\$ 10,598,135</u>	<u>\$ -</u>	<u>\$ 10,898,059</u>	<u>\$ 299,924</u>
Change in Net Assets	<u>\$ 537,005</u>	<u>\$ 537,005</u>	<u>\$ -</u>	<u>\$ 18,273</u>	<u>\$ (518,732)</u>
Fixed Assets, excluding Right of Use Assets	<u>\$ 39,503</u>	<u>\$ 39,503</u>	<u>\$ -</u>	<u>\$ 40,155</u>	<u>\$ 653</u>
TOTAL BUDGET	<u>\$ 10,637,638</u>	<u>\$ 10,637,638</u>	<u>\$ -</u>	<u>\$ 10,938,214</u>	<u>\$ 300,577</u>
TOTAL CHANGE IN WORKING CAPITAL	<u>\$ 497,502</u>	<u>\$ 497,502</u>	<u>\$ -</u>	<u>\$ (21,883)</u>	<u>\$ (519,385)</u>
FTEs	35.75	35.75	-	38.75	3.00

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)			
	2020 Budget	2021 Budget	Increase (Decrease)
Total FTEs	6.00	6.00	-
Direct Expenses	\$ 1,394,226	\$ 1,445,980	\$ 51,753
Indirect Expenses	\$ 744,193	\$ 744,183	\$ (10)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 6,630	\$ 6,218	\$ (412)
Total Funding Requirement	\$ 2,145,050	\$ 2,196,381	\$ 51,331

Program Scope and Functional Description

Texas RE's Reliability Assessment and Performance Analysis (RAPA) Program supports assessment of system adequacy and operating reliability of the BPS in the ERCOT region, both existing and planned, as well as review of system disturbances in the ERCOT region. In addition to these assessments and analyses, Texas RE participates with NERC and stakeholders in ongoing work to evaluate system performance, measure progress in improving current reliability and track leading indicators of future reliability. This program requires validation and analysis of data collected from registered entities, which is used in measurement of ongoing reliability performance of generation, transmission, and demand response. RAPA also identifies risks and analyzes key issues that may affect reliability, such as market practices, legislation, regulation, technology developments, high-impact low frequency (HILF) events, and technology trends. Event analyses will determine causative factors for system disturbances as well as "lessons learned" upon recovering from them. Texas RE will disseminate these insights to industry and seek broader collaboration among stakeholders to identify and reduce threats to reliability.

RAPA also includes Situation Awareness and Infrastructure Security. Situation Awareness covers the assessment of the current condition of and threats to the BPS and development and application of situation awareness tools for monitoring the BPS. Infrastructure Security resources participate in the on-going development of CIP Reliability Standards, improving regional coordination and cooperation for the CIP program, and aid the NERC-led efforts to develop industry alerts and guidance in support of the Electricity – Information Sharing and Analysis Center (E-ISAC). Most of the Texas RE Infrastructure Security effort is handled by CIP resources within the Compliance, Monitoring, Enforcement and Organizational Registration and Certification Program, while Situation Awareness is closely tied to initial event review, which is primarily performed as part of the Event Analysis Process, in the RAPA Program.

2021 Key Assumptions

- Current staffing levels are expected to meet known and predicted program needs. Evolution of ERO RAPA programs, particularly those involving data analytics and probabilistic analysis, have not established a need for additional Regional program resources at this time.

- Continued ERCOT ISO and Regional stakeholder support is expected in Regional planning activities that meet ERO schedules for the various proposed reliability assessments and Interconnection study case model building activities.
- Regional Entities will be asked to participate in teams to help develop application business requirements and test business functionality for ERO Enterprise applications projects.

2021 Goals and Key Deliverables

- Provide independent reviews of reliability assessments for the ERCOT region and assist NERC in its overall development of the annual long-term reliability assessment, along with continuing support for winter and summer seasonal assessments and with enhanced use of probabilistic analysis.
- Contribute to an anticipated NERC short-term special reliability assessment in 2021 that focuses on specific risk concerns in a six-to-twenty-four month horizon, including scope development, data collection, analysis and review. The assessment may involve topics such as fuel supply risk, new technologies, energy storage, changes in resource mix, or delays in transmission development.
- Support NERC-wide modelling improvement efforts, particularly those related to dynamic loads, inverter-based resources, distributed energy resources and generator model validation. As the Interconnection model designee associated with MOD-032 and MOD-033 Reliability Standards, Texas RE will continue to work with stakeholders to integrate fidelity and quality tests into Interconnection study-case development processes. Support NERC staff analysis of system frequency response and other characteristics using Interconnection study-cases.
- Contribute to development and outreach for Reliability Guidelines and Technical Reference documents developed through technical working groups under the NERC Reliability and Security Technical Committee.
- Provide regional data collection and analysis to meet NERC System Analysis initiatives or FERC Order directives. These may include continuing review of risks associated with geomagnetic disturbances, system short-circuit strength, voltage and reactive issues, protection system misoperations, system frequency response, human performance, drought, environmental regulations, oscillation analysis, phasor measurement unit (PMU) application, distributed energy resources, and new technology integration.
- Oversee NERC Rules of Procedure Section 1600 collection and validation of reliability data for the Region, provide analysis, respond to FERC inquiries and support stakeholders' training. In 2021, Texas RE will assist in development of application requirements and testing to support development of NERC's Enterprise Reporting data repository along with ERO-wide analytical programs. Systems include:
 - Transmission Availability Data System (TADS)
 - Generation Availability Data System (GADS), separate portals for conventional, wind and solar generation
 - Demand Response Availability Data System (DADS)
 - Protection System Mis-operations (MIDAS)

- Participate in ERO development of an outcome-based approach to achieve measurable improvements in reliability, using the data above and NERC's grid performance metrics. Collect data and perform analysis as needed to evaluate the NERC metrics and contribute to NERC's annual State of Reliability report along with Region-specific annual reports and quarterly reviews. While content may change, the number of metrics and level of analysis is expected to remain essentially consistent in 2021 with 2020.
- Review NERC Reliability Standards and process developments. Evaluate against existing and proposed Regional criteria and processes for reliability concerns.
- Continue to implement the NERC event analysis and cause-coding process within the ERCOT region, expecting a similar volume of events as 2020, estimated at 12 Category 1 (minor), and three Category 2 or 3 (moderate impact) events. No Category 4 or 5 events (significant impact) are anticipated but processes and procedures to address this possibility will be maintained. Conduct follow-up on recommendations and trends from past major events within ERCOT and other power systems.
- Review approximately 80 lesser system events, such as remedial action scheme misoperations, communications issues, and frequency disturbances, which do not meet the threshold for NERC events analysis, in order to monitor trends and system impacts in these areas.
- Support application of the BES Definition and manage the NERC Exception Request through technical review of Registration requests, evaluation of retail generator exports and analysis of transmission topology and distribution provider loads. Coordinate internally and with other Regions and NERC for consistent application. Ten or fewer requests with significant review are expected.
- Promote the work of the NERC Reliability Issues Steering Committee (RISC) to identify the most significant system risks and incorporate into RAPA activities and projects. Tailor RISC observations and Regional information to identify impacts within the Region and means to mitigate them.
- Provide workshops, webinars, and other outreach to support industry participation in RAPA programs and to disseminate "lessons learned," best practices, trends and observations. Conduct focused reviews with ten entities on topics such as protection system misoperations, model usage and validation and equipment performance data.
- Use software applications and data from ERCOT ISO, NERC, and other sources for Regional Situation Awareness, and support use by other departments in Texas RE. Provide regional coordination to maintain the Situation Awareness for FERC, NERC and the Regional Entities (SAFNR) tool, along with internal real-time visualization tools. Texas RE uses these tools to provide regular reporting to NERC along with information on current events in the ERCOT region.
- Continue joint activities with ERCOT ISO to host winter preparation workshops for generators and conduct 30-40 site visits to promote best practices,

- Texas RE will manage handling of NERC Alerts within the Region, anticipating four alerts, with two alerts expected to require extensive response coordination and analysis.
- Texas RE staff will continue to support training initiatives for Situation Awareness that concern system resiliency and recovery. Planning with NERC and E-ISAC staff will continue for the sixth NERC GridEx Security exercise in late 2021. Texas RE will participate in Regional exercises for blackstart and severe weather operations.

Resource Requirements

Personnel Expenses

The number of FTEs assigned to this Program is consistent with 2020.

Consultants and Contracts

No consulting support and contracts are budgeted for 2021, which is consistent with the 2020 budget. No task assignments have been identified that require consulting or contractor support.

Section A — 2021 Business Plan and Budget – Statutory Programs

Reliability Assessment and Performance Analysis Program

The following table shows the funding sources and related expenses for the Reliability Assessment and Performance Analysis Program for 2021. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS					
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget Over(Under)	2021 Budget	Variance 2020 Budget v 2021 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 1,769,387	\$ 1,769,387	\$ -	\$ 1,659,283	\$ (110,104)
Penalties Released	94,144	94,144		21,040	(73,104)
Total NERC Funding	\$ 1,863,531	\$ 1,863,531	\$ -	\$ 1,680,323	\$ (183,208)
Interest	5,304	5,304	-	9,948	4,644
Total Funding	\$ 1,868,835	\$ 1,868,835	\$ -	\$ 1,690,271	\$ (178,564)
Expenses					
Personnel Expenses					
Salaries	\$ 903,185	\$ 903,185	\$ -	\$ 932,415	\$ 29,230
Payroll Taxes	63,114	63,114	-	64,899	1,785
Benefits	154,128	154,128	-	155,128	1,000
Retirement Costs	130,959	130,959	-	134,397	3,438
Total Personnel Expenses	\$ 1,251,386	\$ 1,251,386	\$ -	\$ 1,286,840	\$ 35,453
Meeting & Travel Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	73,200	73,200	-	87,500	14,300
Conference Calls	-	-	-	-	-
Total Meeting & Travel Expenses	\$ 73,200	\$ 73,200	\$ -	\$ 87,500	\$ 14,300
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	69,640	69,640	-	71,640	2,000
Professional Services	-	-	-	-	-
Total Operating Expenses	\$ 69,640	\$ 69,640	\$ -	\$ 71,640	\$ 2,000
Total Direct Expenses	\$ 1,394,226	\$ 1,394,226	\$ -	\$ 1,445,980	\$ 51,753
Indirect Expenses	\$ 744,193	\$ 744,193	\$ -	\$ 744,183	\$ (10)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 2,138,420	\$ 2,138,420	\$ -	\$ 2,190,163	\$ 51,743
Change in Net Assets	\$ (269,585)	\$ (269,585)	\$ -	\$ (499,892)	\$ (230,307)
Fixed Assets, excluding Right of Use Assets	\$ 6,630	\$ 6,630	\$ -	\$ 6,218	\$ (412)
TOTAL BUDGET	\$ 2,145,050	\$ 2,145,050	\$ -	\$ 2,196,381	\$ 51,331
TOTAL CHANGE IN WORKING CAPITAL	\$ (276,215)	\$ (276,215)	\$ -	\$ (506,110)	\$ (229,895)
FTEs	6.00	6.00	-	6.00	-

Approved by the Texas RE Board of Directors May 27, 2020

Training, Education, and Continuing Education Program

Training, Education and Operator Certification (in whole dollars)			
	2020 Budget	2021 Budget	Increase (Decrease)
Total FTEs	2.25	2.25	-
Direct Expenses	\$ 359,878	\$ 381,373	\$ 21,495
Indirect Expenses	\$ 279,073	\$ 279,069	\$ (4)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 2,486	\$ 2,332	\$ (155)
Total Funding Requirement	\$ 641,437	\$ 662,774	\$ 21,337

Program Scope and Functional Description

Texas RE's Training, Education, and Continuing Education Program provides education and training primarily focused on implementation of the CMEP (including processes and expectations), application of NERC and Regional Reliability Standards, lessons learned from event analyses, and other related information pertinent to system reliability and compliance. Texas RE subject matter experts from other programs provide expertise for educational materials, meetings, and workshops. Texas RE also supports ERO-wide initiatives such as GridSecCon and the Electric Power Human Performance Improvement Symposium, including co-hosting on a rotational basis among the Regions. In addition, Texas RE provides assistance for the annual ERCOT Operator Training Seminar and Generator Winter Weatherization Workshop.

Texas RE will continue to coordinate Standards and Compliance workshops and other education and sharing meetings and webinars, including *Talk with Texas RE*, in 2021. The purpose of these workshops, meetings, and webinars is to provide standards, compliance, and procedural information and expectations, share lessons learned and best practices, obtain feedback from stakeholders, and provide sharing opportunities for registered entities and other stakeholders. Texas RE will use cost-effective additional education mechanisms such as webinars, newsletters, and conference calls, and will coordinate presentations by Texas RE subject matter experts at other industry meetings.

2021 Key Assumptions

- Additional resources are required to support training related to ERO initiatives and stakeholder conferences.
- Additional resources are also required to support enhanced region-specific stakeholder training opportunities and develop new content-delivery platforms.

2021 Goals and Key Deliverables

- Communicate and maintain effective relationships with industry, regulators, and stakeholders.
- Promote stakeholder engagement in Texas RE and the ERO Enterprise, including attending training opportunities.
- Develop technical materials for and present Reliability Standards and Compliance workshops for registered entities.
- Present additional workshops, webinars, meetings, and other industry outreach, including *Talk with Texas RE* meetings to support CMEP implementation and any new or modified NERC Reliability Standards, procedures, or programs.
- Create and publish newsletters that disseminate lessons learned for registered entities and include useful updates regarding standard revisions and interpretations, other reliability or compliance-related information, and Texas RE and NERC activities.
- Maintain and continually enhance the Texas RE website.
- Develop an Annual Report summarizing Texas RE’s accomplishments during the prior year.
- Coordinate with and provide Texas RE subject matter experts as a resource for ERCOT regional stakeholder training and NERC compliance and reliability working groups.
- Provide a mechanism for workshop, webinar, and meeting participants and other stakeholders to provide feedback and suggestions to be used to enhance future workshops, webinars, and meetings.
- Explore opportunities to improve training for stakeholders and keep Texas RE’s content and delivery mediums relevant.

Resource Requirements

Personnel Expenses

The number of FTEs assigned to this Program is consistent with 2020.

Consultants and Contracts

Consulting support and contracts costs are increasing slightly in 2021 for report and presentation design assistance.

Section A — 2021 Business Plan and Budget – Statutory Programs

Training, Education, and Continuing Education Program

The following table shows the funding sources and related expenses for the Training, Education, and Continuing Education Program for 2021. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
TRAINING, EDUCATION and OPERATOR CERTIFICATION					
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget Over(Under)	2021 Budget	Variance 2020 Budget v 2021 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 663,520	\$ 663,520	\$ -	\$ 622,231	\$ (41,289)
Penalties Released	35,304	35,304	-	7,890	(27,414)
Total NERC Funding	\$ 698,824	\$ 698,824	\$ -	\$ 630,121	\$ (68,703)
Interest	1,989	1,989	-	3,731	1,742
Total Funding	\$ 700,813	\$ 700,813	\$ -	\$ 633,852	\$ (66,961)
Expenses					
Personnel Expenses					
Salaries	\$ 210,025	\$ 210,025	\$ -	\$ 247,624	\$ 37,599
Payroll Taxes	15,109	15,109	-	17,824	2,716
Benefits	51,955	51,955	-	53,755	1,800
Retirement Costs	30,459	30,459	-	35,340	4,881
Total Personnel Expenses	\$ 307,548	\$ 307,548	\$ -	\$ 354,543	\$ 46,995
Meeting & Travel Expenses					
Meetings	\$ 34,500	\$ 34,500	\$ -	\$ 4,500	\$ (30,000)
Travel	3,030	3,030	-	3,030	-
Conference Calls	3,300	3,300	-	-	(3,300)
Total Meeting & Travel Expenses	\$ 40,830	\$ 40,830	\$ -	\$ 7,530	\$ (33,300)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,500	\$ 1,500	\$ -	\$ 3,500	\$ 2,000
Office Rent	-	-	-	-	-
Office Costs	7,000	7,000	-	12,800	5,800
Professional Services	3,000	3,000	-	3,000	-
Total Operating Expenses	\$ 11,500	\$ 11,500	\$ -	\$ 19,300	\$ 7,800
Total Direct Expenses	\$ 359,878	\$ 359,878	\$ -	\$ 381,373	\$ 21,495
Indirect Expenses	\$ 279,073	\$ 279,073	\$ -	\$ 279,069	\$ (4)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 638,950	\$ 638,950	\$ -	\$ 660,442	\$ 21,492
Change in Net Assets	\$ 61,862	\$ 61,862	\$ -	\$ (26,591)	\$ (88,453)
Fixed Assets, excluding Right of Use Assets	\$ 2,486	\$ 2,486	\$ -	\$ 2,332	\$ (155)
TOTAL BUDGET	\$ 641,437	\$ 641,437	\$ -	\$ 662,774	\$ 21,337
TOTAL CHANGE IN WORKING CAPITAL	\$ 59,376	\$ 59,376	\$ -	\$ (28,922)	\$ (88,298)
FTEs	2.25	2.25	-	2.25	-

Administrative Services

Administrative Services						
	Direct Expenses & Fixed Assets			FTEs		
	2020 Budget	2021 Budget	Inc (Dec)	2020 Budget	2021 Budget	Inc (Dec)
General and Administrative	3,088,993	3,270,895	181,902	4.00	4.00	-
Legal and Regulatory	561,822	582,309	20,487	2.75	2.75	-
Information Technology	1,419,323	1,521,147	101,824	5.00	5.00	-
Human Resources	64,415	101,845	37,430	-	-	-
Finance and Accounting	527,908	558,278	30,370	3.00	3.00	-
Total Administrative Services	5,662,460	6,034,474	372,014	14.75	14.75	-

Program Scope and Functional Description

The Administrative Services Program is comprised of the following programs: General and Administrative, Legal and Regulatory, Information Technology, Human Resources, and Finance and Accounting. The resource requirements and comparative budget information for each of these functions is described below.

Texas RE allocates its general and administrative expenses to the functional/direct areas proportionately based on FTE count. Each direct activity receives a pro-rata allocation of expense based on its FTEs compared to total direct program FTEs.

Fixed asset additions that benefit the entire corporation that are not specific to any one activity/function will be allocated based on FTEs to all of the direct activities.

General and Administrative

This Program includes the President and CEO, the Vice President and Chief Operating Officer (VP), the personnel costs for the HR Department, and the compensation and expenses of the Texas RE Board. The President and CEO carries out the general affairs of Texas RE including administrative and corporate facilities support. The President and CEO reports to the Board and is responsible for leading, overseeing and managing the activities of Texas RE, managing relationships with NERC, FERC, registered entities, and other stakeholders, and for making final decisions with respect to non-contested enforcement actions. The VP performs a leadership role in coordinating and facilitating the activities of all Texas RE programs. The VP reports to the CEO and acts on behalf of the CEO in his absence.

Personnel expenses for Human Resources (HR) are included in General and Administrative (G&A). The benefits expenses in G&A include tuition reimbursement, training and classes, and relocation costs.

The number of FTEs assigned to this Program is consistent with 2020. Administrative Services costs are allocated among Programs based on Program FTE count during the year.

Consulting support and contracts costs are decreasing 45.0% in 2021. The 2020 budget included search firm costs. These services are not anticipated in 2021.

Legal and Regulatory

The Legal and Regulatory group provides legal advice, counsel, and governmental and external relations support to Texas RE management, Board, and employees, on all legal and regulatory matters affecting the organization. The Legal and Regulatory group also oversees (1) corporate membership enrollment, meetings, and voting; (2) Board and committee meetings, minutes, support, training, and other activities; (3) corporate documents and transactions; (4) governmental, regulatory relations, and communications; (5) the work of any outside legal counsel; and (6) the prosecution of any contested enforcement matters.

2021 Key Assumptions

- Texas RE will maintain the scope of its current operations.
- Activities of the Legal and Regulatory program will be consistent with current levels, but may increase due to external litigation activities.

2021 Key Deliverables and Goals

- Provide timely, useful legal advice to the CEO, the Board, and all Program areas, and provide annual employee and Board ethics and antitrust compliance training.
- Effectively communicate information to the Board, Texas RE members, and registered entities.
- Oversee membership registration, membership voting and meetings, and maintain an accurate roster of members.
- Maintain effective relationships and communications with NERC, FERC, PUCT, and other state and federal representatives, and timely file all documents required by NERC or FERC.
- Negotiate contracts and review corporate documents.
- Update and maintain corporate policies and procedures.
- Oversee the prosecution and any appeal of contested enforcement or disputed registration matters.

The budgeted number of FTEs for Legal and Regulatory is remaining constant in 2021.

Consulting support and contracts are increasing 85.0% to reflect actual costs for the ethics reporting hotline.

Legal Fees are remaining consistent in 2021.

Information Technology

Texas RE's Information Technology (IT) and physical and cyber security program provides IT and security support to Texas RE, including the following: hardware, systems, software, and applications support; physical and electronic and security, data center operations, IT and security-related vendor management; strategy, planning, development, and deployment of enterprise systems and applications, including training and planning for improvement and efficiency of business processes and operations.

Texas RE's approach is to keep its in-house IT staff small and efficiently outsource maintenance, services, and major development to ensure that applications and hardware are well maintained, service levels remain high, costs are controlled, and systems are consistent with business, regional, and federal requirements.

Texas RE supports the ERO efforts to implement, operate, and maintain software tools supporting common enterprise-wide operations that have been approved by the ERO Executive Committee (ERO-EC), which is comprised of the senior leadership of NERC and each of the Regional Entities. Texas RE's budget assumes the availability of enterprise software tools as described in NERC's Business Plan and Budget. If implementation of these software applications is delayed or otherwise not available as planned, Texas RE could incur additional costs to conduct operations pending the availability of these applications.

NERC and the Regional Entities are committed to working collaboratively to minimize duplication of effort and investments, and improve operational efficiency. This collaboration continues to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting combined NERC and Regional Entity operations.

The NERC information technology budget does not supplant Texas RE's need for IT expenditures for specific regional projects and internal region-specific IT support needs. Texas RE's 2021 Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes Texas RE costs for internal region-specific support needs.

2021 Key Assumptions

- Focus on better leverage of current technology to support business functions and workflow.
- Increase knowledge of industry best practices for security, data management, and system administration.

2021 Goals and Key Deliverables

- Provide IT and security support to all Texas RE's operations, including: IT and security budget; infrastructure; service support; service design and delivery; service transition; and hardware and network security in a secure and efficient manner, with the following strategy:
 - Continue to develop knowledge of systems through training and experience to reduce the reliance on external vendors.
 - Continue to use third-party security services to evaluate and test Texas RE's security posture, while fostering maturity in Texas RE's Internal Controls Program and security posture.
 - Continue to maintain the appropriate number of employees to oversee the strategy, policies and procedures, service, and performance, budget, and vendor management. Cross-train employees to serve as backups and mentors to each other.
 - Continue to outsource IT and security services that are not within the core competencies or IT's cost-containment plan, and augment employees with temporary contractors as needed to meet business requirements while

developing knowledge of systems through training and experience to reduce the reliance on external vendors.

- Develop internal applications to increase consistency, efficiency, and assist users in business processes.
- Assist business staff with enhancement requests and other IT-related project requirements, and prioritize and oversee all IT or security-related projects.
- Coordinate and share best practices with other Regional Entities and NERC.
- Participate in the design, planning and implementation of ERO Centralized Applications.
- Continue the Security Awareness Program that addresses, through education and training, social media vulnerabilities that pose threats to Texas RE systems.
- Train and support Texas RE staff on software and applications.
- Continue to develop and test failover and disaster recovery methods for all Texas RE systems.

The budgeted number of FTEs for IT are remaining constant in 2021.

IT-Managed Services, which is included in the consulting support and contracts category, is remaining consistent in 2021.

Human Resources

The Texas RE Human Resources (HR) program area is responsible for the delivery of all HR functions including: recruitment, staffing, compensation, benefits, health and safety, employee relations, performance management, and employee training and development. HR maintains Human Resources Information System products and ensures compliance with all federal and state requirements.

2021 Key Assumptions

- Provide competitive compensation and benefits.
- Ensure that Texas RE maintains a skilled, qualified workforce.
- Maintain appropriate salaries and benefits based on industry data.

2021 Goals and Key Deliverables

- Recruit highly skilled employees.
- Review and update employee handbook and policies and procedures, as needed.
- Review and manage employee benefit plans.
- Review Texas RE compensation strategy in concert with executive management team to ensure Texas RE remains a competitive employer in its industry.

Personnel expenses are reported under G&A.

Consulting services and contracts are increasing by 100% in 2021. The 2020 budget planned for two compensation studies. The 2021 budget plans for three studies: CEO, Executive, and all staff, using one consultant for all studies.

Finance and Accounting

The Finance and Accounting function provides all accounting services and financial analysis for Texas RE. Texas RE Finance and Accounting personnel are responsible for general accounting and reporting, budget preparation and reporting, cash management, and tax filing.

2021 Key Assumptions

- Current accounting systems and controls are adequate.
- Identify and implement efficiencies in financial processes.
- Provide improved reporting and financial analysis to Directors, the Audit, Governance, and Finance Committee, and the Board of Directors.

2021 Goals and Key Deliverables

- Work with all Regional Entities to provide consistency in budget submittals to NERC and FERC.
- Provide improved reporting and financial analysis to the Texas RE CEO, managers, and the Texas RE Board.
- Ensure strong internal controls designed to protect the assets of Texas RE and ensure accurate financial reporting.
- Identify and implement efficiencies in the financial processes.
- Ensure that Texas RE receives an unqualified opinion on the audit of its financial statements.

The budgeted number of FTEs for Finance and Accounting are remaining constant in 2021.

No consulting support and contracts are budgeted for 2021, which is consistent with the 2020 budget.

Section A — 2021 Business Plan and Budget – Statutory Programs

Administrative Services

The following table shows funding sources and related expenses for the Administrative Services section of the 2021 Business Plan and Budget. Explanations of variances by expense category are included with the Department Section and with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
ADMINISTRATIVE SERVICES					
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget Over(Under)	2021 Budget	Variance 2020 Budget v 2021 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 2,279,750	\$ 2,279,750	\$ -	\$ 2,465,531	\$ 185,781
Payroll Taxes	124,325	124,325	-	131,898	7,573
Benefits	357,610	357,610	-	346,410	(11,200)
Retirement Costs	312,753	312,753	-	335,280	22,527
Total Personnel Expenses	\$ 3,074,438	\$ 3,074,438	\$ -	\$ 3,279,119	\$ 204,681
Meeting and Travel Expenses					
Meetings	\$ 24,000	\$ 24,000	\$ -	\$ 16,000	\$ (8,000)
Travel	117,775	117,775	-	131,080	13,305
Conference Calls	3,840	3,840	-	14,900	11,060
Total Meeting & Travel Expenses	\$ 145,615	\$ 145,615	\$ -	\$ 161,980	\$ 16,365
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 337,000	\$ 337,000	\$ -	\$ 283,700	\$ (53,300)
Office Rent	903,786	903,786	-	1,080,000	176,214
Office Costs	566,020	566,020	-	567,840	1,820
Professional Services	585,600	585,600	-	611,835	26,235
Total Operating Expenses	\$ 2,392,406	\$ 2,392,406	\$ -	\$ 2,543,375	\$ 150,969
Total Direct Expenses	\$ 5,612,459	\$ 5,612,459	\$ -	\$ 5,984,474	\$ 372,015
Indirect Expenses	\$ (5,612,459)	\$ (5,612,459)	\$ -	\$ (5,984,474)	\$ (372,015)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 0	\$ 0	\$ -	\$ -	\$ (0)
Change in Assets	\$ (0)	\$ (0)	\$ -	\$ -	\$ 0
Fixed Assets, excluding Right of Use Assets	\$ (0)	\$ (0)	\$ -	\$ -	\$ 0
TOTAL BUDGET	\$ (0)	\$ (0)	\$ -	\$ -	\$ 0
TOTAL CHANGE IN WORKING CAPITAL	\$ 0	\$ 0	\$ -	\$ -	\$ (0)
FTEs	14.75	14.75	-	14.75	-

Approved by the Texas RE Board of Directors May 27, 2020

Section B – Supplemental Financial Information
2021 Business Plan and Budget



Section B — Supplemental Financial Information

Table B-1 – Reserve Balance

Working Capital Reserve Analysis 2020-2021	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2019	3,823,564
Plus: 2020 Funding (from LSEs or designees)	14,054,754
Plus: 2020 Other funding sources	40,000
Less: 2020 Projected expenses & capital expenditures	(13,831,126)
Projected Working Capital Reserve (Deficit), December 31, 2020	4,087,192
Desired Working Capital Reserve, December 31, 2021	2,000,000
Assessment Stabilization	1,468,244
Minus: Projected Working Capital Reserve, December 31, 2020	(4,087,192)
Increase(decrease) in funding requirement to achieve Working Capital Reserve	(618,943)
2021 Expenses and Capital Expenditures	14,211,538
Less: Penalties Released ¹	(169,195)
Less: Other Funding Sources	(80,000)
Adjustment to achieve desired Working Capital Reserve	(618,943)
2021 NERC Assessment	13,343,400

¹ Represents collections on or prior to June 30, 2020.

Explanation of Changes in Reserve Policy from Prior Years

The Board-approved Working Capital and Operating Reserve Policy calls for Texas RE to retain a \$2,000,000 cash reserve, or an amount as adjusted by the Board, or as required by regulators. The projected Operating Reserve for the 2021 budget period is \$2,000,000. In addition to the Operating Reserve \$2,000,000 amount, \$1,468,244 has been set aside for assessment stabilization.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the statement of activities on page 11 of the 2021 Texas RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Texas RE anticipates no variance between budgeted and actual/forecasted results for 2020. The 2021 budget was based on this information.

Penalty Sanctions

Penalty monies received by June 30, 2020 are to be used to offset assessments in the 2021 Budget, as documented in the NERC Policy – *ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD*. Penalty monies received from July 1, 2020 through June 30, 2021 will be used to offset assessments in the 2022 Budget.

All penalties received by June 30, 2020 are detailed in Exhibit B-2.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; and Training, Education and Operator Certification. Penalty sanctions are allocated based on the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

Table B-2 – Penalty Sanctions

Penalty Sanctions Received On or Prior to June 30, 2020	Date Received	Amount Received
	12/20/2019	\$ 169,195
		\$ -
		\$ -
		\$ -
Total Penalties Released		<u>\$ 169,195</u>

Table B-3 – Supplemental Funding

	Budget 2020	Budget 2020	Budget 2021	Variance 2021 Budget v 2020 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Total	\$ -	\$ -	\$ -	\$ -
Situation Awareness and Infrastructure Security				
Total	\$ -	\$ -	\$ -	\$ -
General and Administrative				
Interest Income	\$ 40,000	\$ 40,000	\$ 80,000	\$ 40,000
Total	\$ 40,000	\$ 40,000	\$ 80,000	\$ 40,000
Total Outside Funding	\$ 40,000	\$ 40,000	\$ 80,000	\$ 40,000

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- Texas RE anticipates its investments will earn interest of approximately \$80,000 in 2021. Texas RE’s banking account is the Business Banking U.S. End of Day Money Market Mutual Fund Sweep account. This account type allows for higher interest and dividend collections.

Table B-4 – Personnel Expenses

Personnel Expenses	Budget 2020	Projection 2020	Budget 2021	Variance 2021 Budget v 2020 Budget	Variance %
Total Salaries	\$ 7,641,280	\$ 7,641,280	\$ 7,886,558	\$ 245,278	3.2%
Total Payroll Taxes	527,534	527,534	537,917	10,383	2.0%
Total Benefits	1,501,005	1,501,005	1,412,700	(88,305)	-5.9%
Total Retirement	1,073,802	1,073,802	1,107,299	33,497	3.1%
Total Personnel Costs	\$ 10,743,621	\$ 10,743,621	\$ 10,944,474	\$ 200,853	1.9%
FTEs	60.00	60.00	63.00	3.00	5.0%
Cost per FTE					
Salaries	\$ 127,355	\$ 127,355	\$ 125,183	(2,171)	-1.7%
Payroll Taxes	8,792	8,792	8,538	(254)	-2.9%
Benefits	25,017	25,017	22,424	(2,593)	-10.4%
Retirement	17,897	17,897	17,576	(321)	-1.8%
Total Cost per FTE	\$ 179,060	\$ 179,060	\$ 173,722	\$ (5,339)	-3.0%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- Total costs for Texas RE personnel expenses are increasing by 1.9%. Salaries expense is increasing 3.2%, which includes an additional three FTEs for the CMEP program. Salaries expense also includes an allowance for salary increases, promotions, and market adjustments.
- Payroll taxes are increasing 2.0%, which includes State Unemployment Insurance Tax.
- Total Benefits expense is decreasing 5.9%. Health plan expense did not increase as projected in 2020; however, health plan expense is projected to increase 14% for 2021 over actual 2020 cost, which is lower than the 2020 budgeted cost. Employee Benefits include education reimbursement, relocation expenses, and training and professional development, which are remaining consistent with 2020.
- Retirement costs are increasing 3.1%. Forfeiture funds are used when available to fund the employer portion of retirement plan cost. The overall cost for the plan has increased due to increases in fund costs.
- All personnel related expenses are increasing based on the additional salary expense for added FTEs.

Table B-5 – Meeting & Travel Expense

Meeting and Travel Expenses	Budget 2020	Projection 2020	Budget 2021	Variance 2021 Budget v 2020 Budget	Variance %
Meetings	\$ 58,500	\$ 58,500	\$ 20,500	\$ (38,000)	-65.0%
Travel	318,205	318,205	371,685	53,480	16.8%
Conference Calls	17,640	17,640	14,900	(2,740)	-15.5%
	\$ 394,345	\$ 394,345	\$ 407,085	\$ 12,740	3.2%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- Meetings expense is decreasing. The 2021 budget does not include Workshop Expense for a proposed Reliability Summit and an offsite workshop in the Training and Education Program. An annual meeting with the Texas RE Board of Directors and stakeholders is not included in Meetings expense.
- The budget for Travel has been increased to reflect travel costs for additional FTEs, increased activity related to CIP, and ERO Enterprise projects and NERC-related meetings.

Table B-6 – Consultants and Contracts

Consultants and Contracts	Budget 2020	Projection 2020	Budget 2021	Variance 2021 Budget v 2020 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	151,204	151,204	155,204	4,000	2.6%
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	1,500	1,500	3,500	2,000	133.3%
General and Administrative	200,000	200,000	110,000	(90,000)	-45.0%
Legal and Regulatory	2,000	2,000	3,700	1,700	85.0%
Information Technology	100,000	100,000	100,000	-	0.0%
Human Resources	35,000	35,000	70,000	35,000	100.0%
Accounting and Finance	-	-	-	-	
Consultants Total	\$ 489,704	\$ 489,704	\$ 442,404	\$ (47,300)	-9.7%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

For an explanation of the variances, refer to the Resource Requirements section in each program area in Section A.

Table B-7 – Office Rent

Rent	Budget 2020	Projection 2020	Budget 2021	Variance 2021 Budget v 2020 Budget	Variance %
Office Rent	\$ 544,638	\$ 544,638	\$ 742,000	\$ 197,362	36.2%
Utilities	344,148	344,148	\$ 324,000	(20,148)	-5.9%
Maintenance	15,000	15,000	\$ 14,000	(1,000)	-6.7%
Total Office Rent & Utilites	\$ 903,786	\$ 903,786	\$ 1,080,000	\$ 176,214	19.5%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- The lease for Texas RE office space was extended beginning October 2020, causing an escalation in Office Rent and utilities for 2021.

Table B-8 – Office Costs

Office Costs	Budget 2020	Projection 2020	Budget 2021	Variance	
				2021 Budget v 2020 Budget	Variance %
Telephone/Cell Phone	\$ 41,760	\$ 41,760	\$ 41,760	\$ -	0.0%
Internet Expense	125,000	125,000	\$ 125,000	-	0.0%
Office Supplies	40,050	40,050	\$ 42,350	2,300	5.7%
Computer Supplies & Maintenance	21,400	21,400	\$ 31,400	10,000	46.7%
IT Remote Support	1,350	1,350	\$ 1,350	-	0.0%
Software & Software Maintenance	167,600	167,600	\$ 170,100	2,500	1.5%
Subscriptions & Publications	23,680	23,680	\$ 25,020	1,340	5.7%
Dues	7,320	7,320	\$ 8,200	880	12.0%
Postage	410	410	\$ 360	(50)	-12.2%
Express Shipping	200	200	\$ 300	100	50.0%
Stationary & Office Forms	1,950	1,950	\$ 1,950	-	0.0%
Equipment Repair/Srv. Contracts	12,000	12,000	\$ 10,000	(2,000)	-16.7%
Bank Charges	1,800	1,800	\$ 1,800	-	0.0%
Property Taxes	15,400	15,400	\$ 12,000	(3,400)	-22.1%
Merchant Credit Card Fee	1,400	1,400	\$ 1,400	-	0.0%
IT-Leased Equipment	196,000	196,000	\$ 196,000	-	0.0%
Office Furniture & Equipment Exp	2,500	2,500	\$ 2,500	-	0.0%
IT Maintenance	-	-	\$ -	-	-
Employment Related Fees	1,250	1,250	\$ 1,250	-	0.0%
Total Office Costs	\$ 661,070	\$ 661,070	\$ 672,740	\$ 11,670	1.8%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- All categories in the Office Costs have been adjusted in the 2021 budget to more accurately reflect actual experience.
- Computer Supplies and Maintenance are increasing to align with actual costs.
- Software and Software Maintenance is increasing to reflect the costs of the PI Software.

Table B-9 – Professional Services

Professional Services	Budget 2020	Projection 2020	Budget 2021	Variance	
				2021 Budget v 2020 Budget	Variance %
Board of Director Fees	\$ 342,700	\$ 342,700	\$ 359,835	\$ 17,135	5.0%
Accounting & Auditing Fees	54,000	54,000	58,000	4,000	7.4%
Legal Fees	30,000	30,000	30,000	-	0.0%
Insurance - Commercial	67,900	67,900	73,000	5,100	7.5%
Professional Services-Other	94,000	94,000	94,000	-	0.0%
Total Professional Services	\$ 588,600	\$ 588,600	\$ 614,835	\$ 26,235	4.5%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- Board of Director Fees have been adjusted to reflect the potential increases that may be recommended by a third-party compensation study and approved by the Director Compensation Committee in late 2020.
- Accounting and Auditing Fees are increasing slightly due to annual price adjustment.
- Commercial Insurance is projected to increase slightly based on an estimate from the broker.
- Legal Fees and Professional Services are remaining consistent with 2020.

Table B-10 – Miscellaneous Expense

Miscellaneous	Budget		Projection		Budget		Variance	
	2020		2020		2021		2021 Budget v 2020 Budget	Variance %
Miscellaneous Expense	\$	-	\$	-	\$	-	\$	-
Total Miscellaneous Expenses	\$	-	\$	-	\$	-	\$	-

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- N/A

Table B-11 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2020	Projection 2020	Budget 2021	Variance	
				2021 Budget v 2020 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment					-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- N/A

Table B-12 – Fixed Assets

Fixed Assets	Budget 2020	Projection 2020	Budget 2021	Variance	
				2021 Budget v 2020 Budget	Variance %
Computer & Software CapEx	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.0%
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	-	-	-	-	
Leasehold Improvements	-	-	-	-	
Total Fix Assets	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	0.0%

Explanation of Significant Variances – 2021 Budget versus 2020 Budget

- Computer and Software CapEx is remaining consistent with 2020.

Table B-13 – 2021 and 2022 Projection

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2021 Budget & Projected 2022 and 2023 Budgets							
	2021 Budget	2022 Projection	\$ Change 22 v 21	% Change 22 v 21	2023 Projection	\$ Change 23 v 22	% Change 23 v 22
Funding							
ERO Funding							
NERC Assessments	\$ 13,343,400	\$ 13,877,136	\$ 533,736	4.0%	\$ 14,452,222	\$ 575,085	4.0%
Penalties Released	169,195	-	(169,195)	-100.00%	-	-	
Total NERC Funding	\$ 13,512,595	\$ 13,877,136	\$ 364,541	2.7%	\$ 14,452,222	\$ 575,085	4.0%
Interest	80,000	83,200	3,200	4.00%	86,528	3,328	4.0%
Total Funding	\$ 13,592,595	\$ 13,960,336	\$ 367,741	2.7%	\$ 14,538,750	\$ 578,413	4.1%
Expenses							
Personnel Expenses							
Salaries	\$ 7,886,558	\$ 8,202,020	\$ 315,462	4.0%	\$ 8,530,101	\$ 328,081	4.0%
Payroll Taxes	537,917	559,434	21,517	4.0%	581,811	22,377	4.0%
Benefits	1,412,700	1,469,208	56,508	4.0%	1,527,976	58,768	4.0%
Retirement Costs	1,107,299	1,151,591	44,292	4.0%	1,197,655	46,064	4.0%
Total Personnel Expenses	\$ 10,944,474	\$ 11,382,253	\$ 437,779	4.0%	\$ 11,837,543	\$ 455,290	4.0%
Meeting & Travel Expenses							
Meetings	\$ 20,500	\$ 21,320	\$ 820	4.0%	\$ 22,172.80	853	4.0%
Travel	371,685	386,552	14,867	4.0%	402,015	15,462	4.0%
Conference Calls	14,900	15,496	596	4.0%	16,116	620	4.0%
Total Meeting & Travel Expenses	\$ 407,085	\$ 423,368	\$ 16,283	4.0%	\$ 440,303	\$ 16,935	4.0%
Operating Expenses, excluding Depreciation							
Consultants & Contracts	\$ 442,404	\$ 460,100	\$ 17,696	4.0%	\$ 478,504	\$ 18,404	4.0%
Office Rent	1,080,000	1,281,858	201,858	18.7%	1,367,746	85,888	6.7%
Office Costs	672,740	699,650	26,910	4.0%	727,636	27,986	4.0%
Professional Services	614,835	639,428	24,593	4.0%	665,006	25,577	4.0%
Total Operating Expenses	\$ 2,809,979	\$ 3,081,036	\$ 271,057	9.6%	\$ 3,238,892	\$ 157,855	5.1%
Total Direct Expenses	\$ 14,161,538	\$ 14,886,657	\$ 725,120	5.1%	\$ 15,516,738	\$ 630,080	4.2%
Indirect Expenses	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses	\$ 14,161,538	\$ 14,886,657	\$ 725,120	5.1%	\$ 15,516,738	\$ 630,080	4.2%
Change in Net Assets	\$ (568,943)	\$ (926,321)	\$ (357,378)	62.8%	\$ (977,988)	\$ (51,667)	5.6%
Fixed Assets, excluding Right of Use Assets	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ 200,000	\$ (51,667)	0.0%
TOTAL BUDGET	\$ 14,211,538	\$ 14,936,657	\$ 725,120	5.1%	\$ 15,716,738	\$ 630,080	4.2%
TOTAL CHANGE IN WORKING CAPITAL	\$ (618,943)	\$ (976,321)	\$ (357,378)	0.0%	\$ (1,177,988)	(201,667)	20.7%
FTEs	63	63	-	0.0%	63	-	0.0%

2022 and 2023 Projection Analysis

Assumes overall workload will remain consistent; reflects no additional FTEs and an overall expense increase of approximately 4% per year for all categories except Rent and Utilities. The current lease for Texas RE's office space ends on March 31, 2022, which was extended from the prior termination date of September 30, 2020. This lease extension and possible relocation costs resulted in a 18.7% escalation in rent and utilities for the 2022 projection.

Section C – Texas Reliability Monitor (Non-Statutory) Activities

2021 Business Plan and Budget



Section C — Texas Reliability Monitor (Non-Statutory) Business Plan and Budget

State (Non-Statutory) Activities (in whole dollars)			
	2020 Budget	2021 Budget	Increase (Decrease)
Total FTEs	4.0	4.0	-
Direct Expenses	\$ 1,191,965	\$ 1,332,358	\$ 140,393
Indirect Expenses	-	-	-
Inc(Dec) in Fixed Assets	-	-	-
Total Funding Requirement	\$ 1,191,965	\$ 1,332,358	\$ 140,393

Texas Reliability Monitor (Non-Statutory) Functional Scope

Texas RE performs non-statutory activities as the ERCOT region Reliability Monitor on behalf of the Public Utility Commission of Texas (PUCT). As the Reliability Monitor, Texas RE audits and investigates market participants' compliance with ERCOT Protocols and Operating Guides (ERCOT Regional Rules), reports possible non-compliance with reliability-related regional rules to the PUCT, and provides testimony and support to the PUCT in enforcement cases prosecuted by the PUCT. These non-statutory activities are funded through the ERCOT ISO system administration fee and payment to Texas RE is authorized by the PUCT.

Major 2021 Assumptions and Cost Impacts

- Texas RE will continue to be the Reliability Monitor and perform ERCOT Regional Rules compliance monitoring and reporting for the PUCT in 2021.

2021 Texas Reliability Monitor (Non-Statutory) Goals and Objectives

- Appropriately monitor, investigate, and report to the PUCT regarding stakeholder compliance with the ERCOT Regional Rules.
- Review and assess system disturbances for potential violations of ERCOT Regional Rules and report all findings to the PUCT.
- Provide technical expertise to the PUCT for the review and modification of ERCOT Regional Rules that impact reliability.
- Provide technical or testimony support as needed to the PUCT for its enforcement of ERCOT Regional Rules violations.

Funding Sources

- Texas Reliability Monitor (Non-Statutory) activities are funded through the ERCOT ISO system administration fee and payment to Texas RE is authorized by the PUCT. Texas RE's total 2021 non-statutory budget and funding is \$1,332,358.
- Total expenses for 2021 are increasing 11.8% over 2020.

Personnel Expenses

- State (Non-statutory) personnel are remaining consistent with 2020. Personnel expenses are increasing 6.5%. Payroll taxes reflect an increase in State Unemployment Insurance. Health-plan expense is projected to increase 14% in 2021. Employee Benefits include training and professional development.

Meeting and Travel Expenses

- Travel expenses are increasing slightly in 2021.

Operating Expenses

- Operating Expenses are increasing to reflect an increase in office costs. Within the Operating Expenses, Software and Software Maintenance is increasing due to PI software costs.

Indirect Expenses

- Costs are being charged directly to the expense line item in 2021; therefore, no indirect expenses are charged.

Section C — 2021 Business Plan and Budget – Texas Reliability Monitor (Non-Statutory) Activities

2021 Budget and Projection and 2020 Budget Comparisons¹

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2020 Budget & Projection, and 2021 Budget					
TEXAS RELIABILITY MONITOR (NON-STATUTORY)					
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget Over(Under)	2021 Budget	Variance 2019 Budget v 2020 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -		\$ -	\$ -
Penalties Released	-	-		-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
PUCT	\$ 1,191,965	\$ 1,191,965		\$ 1,332,358	\$ 140,393
Total Funding (A)	\$ 1,191,965	\$ 1,191,965	\$ -	\$ 1,332,358	\$ 140,393
Expenses					
Personnel Expenses					
Salaries	\$ 691,642	\$ 691,642		\$ 742,981	\$ 51,340
Payroll Taxes	47,318	47,318		49,989	2,671
Benefits	142,159	142,159		145,159	3,000
Retirement Costs	99,084	99,084		105,792	6,708
Total Personnel Expenses	\$ 980,203	\$ 980,203	\$ -	\$ 1,043,921	\$ 63,718
Meeting Expenses					
Meetings	\$ -	\$ -		\$ 1,500	\$ 1,500
Travel	4,400	4,400		4,960	\$ 560
Conference Calls	-	-		1,200	1,200
Total Meeting Expenses	\$ 4,400	\$ 4,400	\$ -	\$ 7,660	\$ 3,260
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 44,132	\$ 44,132		\$ 45,376	\$ 1,244
Office Rent	103,224	103,224		64,913	(38,311)
Office Costs	31,898	31,898		133,483	101,585
Professional Services	28,108	28,108		33,165	5,057
Miscellaneous	-	-		-	-
Depreciation	-	-		3,840	3,840
Total Operating Expenses	\$ 207,362	\$ 207,362	\$ -	\$ 280,777	\$ 73,415
Total Direct Expenses	\$ 1,191,965	\$ 1,191,965	\$ -	\$ 1,332,358	\$ 140,393
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,191,965	\$ 1,191,965	\$ -	\$ 1,332,358	\$ 140,393
Change in Net Assets	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)
Fixed Assets, excluding Right of Use Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B + C)	\$ 1,191,965	\$ 1,191,965	\$ -	\$ 1,332,358	140,393
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)
FTEs	4.0	4.0		4.0	

¹ The 2020 budgeted amount reflects a slightly different amount than submitted in Texas RE's prior budget due to contract negotiations. Specifically, Texas RE estimated its 2020 budget Total Funding Requirement for non-statutory activities as \$1,191,965; however, following contract negotiations with the PUCT, Total Funding Requirement for non-statutory activities for 2020 is \$1,205,867.

Personnel Analysis

Total FTE's by Program Area	Budget 2020	Budget 2020	Direct FTEs 2020 Budget	Shared FTEs 2021 Budget	Total FTEs 2021 Budget	Change from 2020 Budget
STATE (NON-STATUTORY)						
Operational Programs						
State (Non-Statutory)	4.00	4.00	4.00	0.00	4.00	0.00
Total FTEs Operational Programs	4.00	4.00	4.00	0.00	4.00	0.00
Administrative Programs						
G&A	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs Administrative Programs	0.00	0.00	0.00	0.00	0.00	0.00
Total FTEs	4.00	4.00	4.00	0.00	4.00	0.00

A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

Reserve Analysis — 2020-2021

Texas RE does not have reserves for Texas Reliability Monitor (Non-Statutory) activities due to contractual provisions ensuring minimal risk for this funding.

Section D – Supplemental Information

2021 Business Plan and Budget



Section D – Supplemental Information

2021 Consolidated Statement of Activities by Program, Statutory and Texas Reliability Monitor (Non-Statutory)

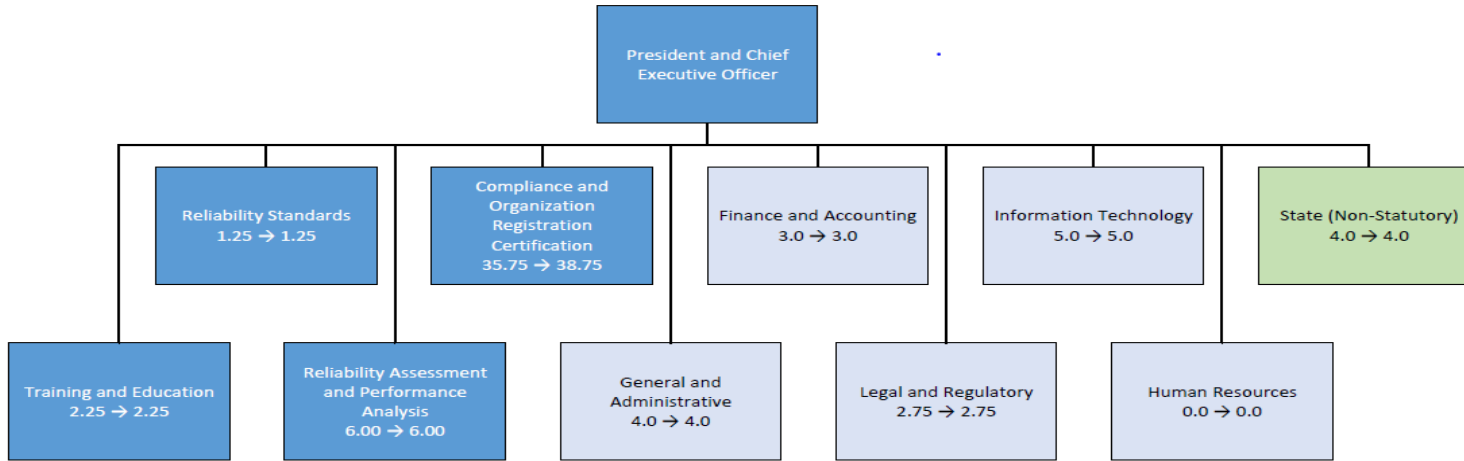
Funding	Total	Texas Reliability Monitor (Non-Statutory) Total	Statutory Total	Reliability Standards	CMEP	RAPA	Training and Education	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance	Texas Reliability Monitor (Non-Statutory) Total
ERO Funding													
NERC Assessments	\$ 13,343,400	\$ -	\$ 13,343,400	\$ 345,684	\$ 10,716,202	\$ 1,659,283	\$ 622,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	169,195	-	169,195	4,383	135,882	21,040	7,890	-	-	-	-	-	-
Total NERC Funding	\$ 13,512,595	\$ -	\$ 13,512,595	\$ 350,067	\$ 10,852,084	\$ 1,680,323	\$ 630,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PUCT Fees	1,332,358	1,332,358	-	-	-	-	-	-	-	-	-	-	1,332,358
Interest	80,000	-	80,000	2,073	64,249	9,948	3,731	-	-	-	-	-	-
Total Funding	\$ 14,924,953	\$ 1,332,358	\$ 13,592,595	\$ 352,140	\$ 10,916,333	\$ 1,690,271	\$ 633,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,332,358
Expenses													
Personnel Expenses													
Salaries	\$ 8,629,539	\$ 742,981	\$ 7,886,558	\$ 174,732	\$ 4,066,256	\$ 932,415	\$ 247,624	\$ 1,164,853	\$ 398,222	\$ 553,935	\$ -	\$ 348,521	\$ 742,981
Payroll Taxes	587,906	49,989	537,917	12,643	310,653	64,899	17,824	43,203	23,415	41,603	-	23,678	49,989
Benefits	1,557,860	145,159	1,412,700	40,608	816,798	155,128	53,755	103,290	51,618	130,523	-	60,979	145,159
Retirement Costs	1,213,091	105,792	1,107,299	22,953	579,329	134,397	35,340	152,049	57,174	76,386	-	49,671	105,792
Total Personnel Expenses	\$ 11,988,395	\$ 1,043,921	\$ 10,944,474	\$ 250,936	\$ 5,773,036	\$ 1,286,840	\$ 354,543	\$ 1,463,395	\$ 530,429	\$ 802,447	\$ -	\$ 482,848	\$ 1,043,921
Meeting Expenses													
Meetings	\$ 22,000	\$ 1,500	\$ 20,500	\$ -	\$ -	\$ -	\$ 4,500	\$ -	\$ -	\$ -	\$ 16,000	\$ -	\$ 1,500
Travel	376,645	4,960	371,685	6,900	143,175	87,500	3,030	94,395	13,650	9,950	5,585	7,500	4,960
Conference Calls	16,100	1,200	14,900	-	-	-	-	3,500	-	11,400	-	-	1,200
Total Meeting Expenses	\$ 414,745	\$ 7,660	\$ 407,085	\$ 6,900	\$ 143,175	\$ 87,500	\$ 7,530	\$ 97,895	\$ 13,650	\$ 21,350	\$ 21,585	\$ 7,500	\$ 7,660
Operating Expenses, excluding Depreciation													
Consultants & Contracts	\$ 487,780	\$ 45,376	\$ 442,404	\$ -	\$ 155,204	\$ -	\$ 3,500	\$ 110,000	\$ 3,700	\$ 100,000	\$ 70,000	\$ -	\$ 45,376
Office Rent	1,144,913	64,913	1,080,000	-	-	-	-	1,080,000	-	-	-	-	64,913
Office Costs	806,223	133,483	672,740	-	20,460	71,640	12,800	86,770	4,530	457,350	9,260	9,930	133,483
Professional Services	648,000	33,165	614,835	-	-	-	3,000	432,835	30,000	90,000	1,000	58,000	33,165
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	3,840	3,840	-	-	-	-	-	-	-	-	-	-	3,840
Total Operating Expenses	\$ 3,090,756	\$ 280,777	\$ 2,809,979	\$ -	\$ 175,664	\$ 71,640	\$ 19,300	\$ 1,709,605	\$ 38,230	\$ 647,350	\$ 80,260	\$ 67,930	\$ 280,777
Total Direct Expenses	\$ 1,332,358	\$ 1,332,358	\$ 14,161,538	\$ 257,836	\$ 6,091,875	\$ 1,445,980	\$ 381,373	\$ 3,270,895	\$ 582,309	\$ 1,471,147	\$ 101,845	\$ 558,278	\$ 1,332,358
Indirect Expenses	\$ -	\$ -	\$ -	\$ 155,038	\$ 4,806,184	\$ 744,183	\$ 279,069	\$ (3,270,895)	\$ (582,309)	\$ (1,471,147)	\$ (101,845)	\$ (558,278)	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 1,332,358	\$ 1,332,358	\$ 14,161,538	\$ 412,874	\$ 10,898,059	\$ 2,190,163	\$ 660,442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,332,358
Change in Net Assets	\$ 13,592,595	\$ (0)	\$ (568,942)	\$ (60,734)	\$ 18,274	\$ (499,892)	\$ (26,590)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)
Fixed Assets, excluding Right of Use Assets	\$ 50,000	\$ -	\$ 50,000	\$ 1,295	\$ 40,155	\$ 6,218	\$ 2,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ 14,211,538	\$ -	\$ 14,211,538	\$ 414,169	\$ 10,938,214	\$ 2,196,381	\$ 662,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL	\$ (618,943)	\$ (0)	\$ (618,943)	\$ (62,029)	\$ (21,882)	\$ (506,110)	\$ (28,922)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)
FTEs	67.00	4.00	63.00	1.25	38.75	6.00	2.25	4.00	2.75	5.00	-	3.00	4.00

Statement of Financial Position

Statement of Financial Position			
STATUTORY and STATE (NON- STATUTORY)			
	(Per Audit) 31-Dec-19	Projected 31-Dec-20	Budget 31-Dec-21
ASSETS			
Cash	\$ 5,319,250	\$ 4,288,000	\$ 4,000,000
Accounts receivable, net of allowance for uncollectible	-	-	-
Other Receivables	-	-	-
Prepaid expenses and other current assets	365,414	300,000	300,000
Security deposit	39,705	39,705	39,705
Cash value of insurance policies	-	-	-
Property and equipment	72,835	55,000	79,003
Total Assets	\$ 5,797,204	\$ 4,682,705	\$ 4,418,708
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	\$ 906,215	\$ 850,000	\$ 850,000
Deferred income/rent	109,713	109,713	-
Deferred penalty income	-	-	-
Regional assessments	-	-	-
Deferred compensation	-	-	-
Accrued retirement liabilities			
Accrued incentive compensation			
Total Liabilities	\$ 1,015,928	\$ 959,713	\$ 850,000
Unrestricted Net Assets			
Undesignated	\$ 3,901,280	\$ 3,012,992	\$ 3,399,708
Regulator designated	879,996	710,000	169,000
Total Net Assets	\$ 4,781,276	\$ 3,722,992	\$ 3,568,708
Total Liabilities and Net Assets	\$ 5,797,204	\$ 4,682,705	\$ 4,418,708

2021 Texas RE Combined Statutory and Texas Reliability Monitor (Non-Statutory) Organization Chart

2021 Texas RE Combined Statutory and Non-Statutory Organization Chart



- Statutory Program Area
- Administrative Services Program Area
- Non-Statutory Program Area

Arrow indicates number of FTEs from 2020 to 2021.