

Cooperative Sector (provided via email from Patti Metro, NRECA)

The Cooperative Sector appreciates the opportunity to review and provide comments on the First Draft of NERC's 2024 Business Plan and Budget. Cooperatives find the approach implemented in 2022 to extend the business planning cycle to a 3-YR planning horizon helpful by providing the needed transparency to the ERO budget process and the agility to adjust the budget as unexpected or new reliability challenges are identified.

- Cooperatives continue to be concerned with the three-year proposed year over year average budget increase of 10%. Considering that the draft ERO and Regional Entity budgets currently total approximately a quarter of a billion dollars, it is important to reflect on the contribution of these funds to the overall improvement to BES reliability and if there are more cost-efficient methods to achieve similar or better results.
- Included in the ERO budget are an increase of almost forty-five (45) FTEs, including those proposed by NERC and the Regional Entities, where again as shared previously, many stakeholder organizations are maintaining or lowering headcount through 2024. In addition, it is surprising that the proposed weighted average merit increase is 5.5% as the industry average is approximately 3%. There is an expectation that the ERO adheres to the industry norms for compensation.
 - Cooperatives suggest more transparency with explanations on how staffing is being managed and allocated in the ERO. The 2024 budget allocates only 21% of NERC's budget into compliance monitoring and enforcement and 10% into standards development. The remainder of the budget, approximately two-thirds, supports areas that were initially supplemental to the intent of the ERO; CRISP, E-ISAC, situational awareness, and event analysis. Cooperatives request that additional information be provided in the next draft version of the 2024 BPB to further support this large part of the budget going to these areas.
 - Cooperatives support many of the new reliability initiatives but it is difficult to determine whether the ERO is appropriately allocating resources to the areas that are outside the authority of the ERO and if there is a need to expand to these areas, it may make sense to consider other funding mechanisms in addition to assessment.
- Cooperatives recommend the ERO utilize some of the funds in its reserve accounts to offset the budget and assessment increases in the draft BPB. If the ERO disagrees, a detailed description should be included in the BPB supporting such a decision. This explanation will afford industry the opportunity to comment on the ERO's basis for their decision.
- In reviewing the budgets for the ERO and Regional Entities, Cooperatives have been unable to determine the cost savings associated with the implied efficiencies of the Align system. There does not appear to be a corresponding decrease in the Regional Entity's budget for transitioning to a consolidated single ERO CMEP business processes program.
- Cooperatives question the need to continue leasing office space in Atlanta. NERC has transitioned to a predominately remote work organization. If staff needs to meet in person there are many other alternatives available for these types of engagements as NERC has already recognized in an office space survey many stakeholders completed in early June. Cooperatives encourage using the survey results for evaluating cost savings for hosting meetings and physical office space needs.
- As shared in its 2022 Business Plan and Budget comments as well as in several requests for Policy Input, Cooperatives continue to believe there is a need for improved collaboration and participation with technical partners such as the NATF, NAGF, EPRI, CEATI, and the national labs

to ensure that there is not a duplication or significant overlap in the activities and analysis being conducted by these groups. It is important that any efforts related to collaboration should include approaches to facilitate increased participation by smaller entities which could provide overall benefits to the execution of ERO Enterprise programs.

- Some areas of possible inefficiencies
 - NERC “Reliability Vignettes” are like the NATF “Operating Experience Reports”
 - NATF/NERC/RE Operations/Misoperations metrics analysis and annual reports
 - NERC and the Regional Entities may be completing duplicative work with respect to RAPA, Event Analysis, and Situation Awareness
 - Regional assistance visits are very similar to peer reviews and targeted peer reviews that are offered and completed by the NATF and NAGF