

ARENTFOX SCHIFF LLP

Owen E. MacBride
(312) 258-5680
Email: owen.macbride@afslaw.com

233 SOUTH WACKER DRIVE
SUITE 7100
CHICAGO, ILLINOIS 60606
Tel.: 312.258.5500
Fax: 312.258.5600

August 24, 2023

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: North American Electric Reliability Corporation
Docket No. RR23-____-000
Request for Acceptance of 2024 Business Plans and Budgets of NERC and
Regional Entities and for Approval of Proposed Assessments to Fund Budgets**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby submits this filing in accordance with 18 C.F.R. §39.4, requesting acceptance of the 2024 Business Plans and Budgets of NERC, the six Regional Entities, and the Western Interconnection Regional Advisory Body, and approval of the proposed assessments to fund the 2024 budgets.

NERC's filing consists of: (1) this transmittal letter, (2) the narrative text of this filing which follows this transmittal letter, and (3) Attachments 1 through 14, all of which are being transmitted in a single pdf file. Page ii in the Table of Contents to the narrative text list the 14 attachments.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Owen E. MacBride
Owen E. MacBride

Attorney for North American Electric
Reliability Corporation

I.	INTRODUCTION	1
II.	NOTICES AND COMMUNICATIONS.....	2
III.	OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS.....	3
	A. Development of the 2024 Business Plans and Budgets.....	3
	B. NERC’s 2024 Business Plan and Budget.....	6
	1. Organization of NERC’s 2024 Business Plan and Budget.....	6
	2. Summary of NERC’s 2024 Budget and Funding Requirement.....	9
	C. Regional Entity 2024 Business Plans and Budgets – Overview.....	11
	D. Allocation of Statutory Assessments.....	12
IV.	NERC BUSINESS PLAN AND BUDGET.....	16
	A. 2024 Business Plan and Budget by Program.....	16
	1. Reliability Standards and Power Risk Issues and Strategic Management.....	16
	2. Compliance Assurance and Organization Registration and Certification, and Compliance Enforcement.....	17
	3. Reliability Assessments and Performance Analysis.....	17
	4. Situation Awareness.....	18
	5. Event Analysis.....	18
	6. Electricity Information Sharing and Analysis Center (E-ISAC).....	18
	7. Personnel Certification and Credential Maintenance.....	19
	8. Training and Education.....	20
	9. Corporate Services	20
	B. Working Capital and Operating Reserves.....	21
	C. Fixed Asset Expenditures and Capital Financing.....	23
V.	REGIONAL ENTITY BUSINESS PLANS AND BUDGETS.....	24
	A. Development of the Regional Entity Business Plans and Budgets.....	24
	B. Summaries of Regional Entity Business Plans and Budgets.....	27
	1. MRO.....	27
	2. NPCC.....	28
	3. ReliabilityFirst.....	31
	4. SERC.....	32
	5. Texas RE.....	33

6.	WECC.....	33
VI.	WIRAB FUNDING REQUEST.....	36
VII.	METRICS RELATING TO NERC AND REGIONAL ENTITY BUDGETS.....	37
VIII.	CONCLUSION.....	38

ATTACHMENTS

Attachment 1: Summary tables showing NERC’s proposed 2024 budget; the proposed 2024 budget for statutory activities of each Regional Entity; and the 2024 U.S. ERO statutory assessments of NERC and the Regional Entities

Attachment 2: NERC Proposed 2024 Business Plan and Budget

Attachment 3: Midwest Reliability Organization Proposed 2024 Business Plan and Budget

Attachment 4: Northeast Power Coordinating Council, Inc. Proposed 2024 Business Plan and Budget

Attachment 5: ReliabilityFirst Corporation Proposed 2024 Business Plan and Budget

Attachment 6: SERC Reliability Corporation Proposed 2024 Business Plan and Budget

Attachment 7: Texas Reliability Entity Proposed 2024 Business Plan and Budget

Attachment 8: Western Electricity Coordinating Council Proposed 2024 Business Plan and Budget

Attachment 9: Western Interconnection Regional Advisory Body Proposed 2024 Business Plan and Budget

Attachment 10: NERC Management’s Responses to Stakeholder Comments Submitted on Posted Draft of NERC’s 2024 Business Plan and Budget

Attachment 11: Calculation of Adjustments to the 2024 AESO NERC Assessment, IESO NERC Assessment, New Brunswick NERC Assessment and Québec NERC Assessment

Attachment 12: Memorandum for NERC Board of Trustees Describing NERC’s Participation in Preparation of and Review of Regional Entity 2024 Business Plans and Budgets

Attachment 13: Metrics Comparing Regional Entity Operations Based on the 2024 Budgets

Attachment 14: Metrics on NERC and Regional Entity Administrative (Indirect) Costs Based on the 2023 and 2024 Budgets

I. INTRODUCTION

In accordance with 18 C.F.R. §39.4, the North American Electric Reliability Corporation (NERC) submits for the Commission's acceptance and approval: (1) NERC's proposed Business Plan and Budget as the electric reliability organization (ERO), for the year ending December 31, 2024; (2) the proposed Business Plans and Budgets for the year ending December 31, 2024, for the six Regional Entities,¹ and for the Western Interconnection Regional Advisory Body (WIRAB) for its activities under §215(j) of the Federal Power Act (FPA) for the year ending December 31, 2024; and (3) NERC's proposed allocation of the proposed ERO statutory assessments of NERC, the Regional Entities, and WIRAB by country and among the Regional footprints, and the proposed assessments to load-serving entities (LSEs) within each Regional Entity to collect the statutory funding requirements. This filing includes the following attachments:

Attachment 1 is a set of summary tables showing (i) NERC's proposed 2024 budget by program, (ii) the proposed 2024 budget for statutory activities of each Regional Entity, and (iii) the aggregate ERO statutory assessment of NERC and the Regional Entities allocated to the U.S., for which approval is requested.

Attachment 2 contains NERC's detailed 2024 Business Plan and Budget and the allocation of assessments by Regional Entity and LSE to recover the statutory funding requirements for 2024 of NERC, the Regional Entities and WIRAB.

Attachments 3 through 9 are the detailed 2024 Business Plans and Budgets of, respectively, MRO, NPCC, ReliabilityFirst, SERC, Texas RE, WECC, and WIRAB.

Attachment 10 contains NERC management's responses to stakeholder comments submitted on the posted draft of NERC's 2024 Business Plan and Budget during the budget development process.

Attachment 11 contains calculation of the adjustments to the NERC 2024 assessments to the Alberta Electric System Operator (AESO), Ontario Independent Electric System Operator (IESO), New Brunswick, and Québec, for credits for certain NERC Compliance

¹Midwest Reliability Organization (MRO), Northeast Power Coordinating Council, Inc. (NPCC), ReliabilityFirst Corporation (ReliabilityFirst), SERC Reliability Corporation (SERC), Texas Reliability Entity (Texas RE), and Western Electricity Coordinating Council (WECC).

Monitoring and Enforcement Program costs.

Attachment 12 is a memorandum prepared for the NERC Board of Trustees describing NERC's participation in preparation of and review of the Regional Entities' 2024 Business Plans and Budgets.

Attachment 13 provides metrics, based on the 2024 budgets, for Regional Entity operations.

Attachment 14 contains metrics, based on the 2023 and 2024 budgets, on NERC and Regional Entity administrative (indirect) costs.

The Commission's regulations (18 C.F.R. §39.4(b)) require the ERO to file its proposed annual budget for statutory and non-statutory activities at least 130 days prior to the start of its fiscal year. NERC's 2024 fiscal year begins January 1, 2024. The filing must contain the annual budget of each Regional Entity for statutory and non-statutory activities and the ERO's and each Regional Entity's business plan and organization chart, explanations of the proposed collection of all dues, fees and charges, and the proposed expenditure of funds collected. This information is included in this filing. In accordance with 18 C.F.R. §39.4(c), NERC requests an order by November 2, 2023, accepting the proposed Business Plans and Budgets and approving the assessments submitted in this filing, which will enable billings to be issued to LSEs or their designees for assessments, with initial payment dates on or about January 1, 2024, to support the activities of NERC, the Regional Entities, and WIRAB.

II. NOTICES AND COMMUNICATIONS

Notices and communications concerning this filing may be addressed to

Owen E. MacBride*
ArentFox Schiff LLP
233 South Wacker Drive, Suite 7100
Chicago, IL 60606
(312) 258-5680
owen.macbride@afslaw.com

Shamai Elstein*
Associate General Counsel
North American Electric Reliability Corporation
1401 H Street NY, Suite 410
Washington, D.C. 20005
(202) 603-3331
shamai.elstein@nerc.net

*Persons to be included on the
Commission's official service list

III. OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS

A. Development of the 2024 Business Plans and Budgets

NERC prepared its 2024 Business Plan and Budget, and worked with the Regional Entities in the development of their Business Plans and Budgets, through a rigorous process that provided ample opportunity for review and input by the NERC Board Finance and Audit Committee (FAC) and stakeholders. Development of the 2024 Business Plans and Budgets is in alignment with the *ERO Enterprise Long-Term Strategy*, approved by the NERC Board in December 2019, which identifies strategic focus areas for the ERO Enterprise (NERC and the Regional Entities), and, for NERC specifically, the NERC 2023-2025 plan and associated strategic focus areas, initially put forth in the NERC 2023 Business Plan and Budget.

During the Business Plan and Budget development process, successive versions of the NERC and Regional Entity Business Plans and Budgets were discussed in public meetings and conference calls of the FAC and of the full NERC Board, with opportunities for stakeholders to provide comments. NERC management also held conference calls with the NERC Member Representatives Committee (MRC) Business Plan and Budget Input Group (a subgroup of MRC members tasked with providing input on the Business Plans and Budgets) and representatives from industry trade associations and forum groups. The following chronology highlights important steps in preparation of the NERC and Regional Entity 2024 Business Plans and Budgets.

- On November 2-3, 2022, the ERO Finance Group, comprised of Finance representatives from NERC and each Regional Entity, met to review strategic goals and objectives for 2024 and discuss how they would be translated into the 2024 Business Plans and Budgets.
- On November 7, 2022, a meeting of the NERC FAC included a review of the proposed schedule for development of the 2024 Business Plans and Budgets.

- On February 22, 2023, March 22, 2023, and April 19, 2023, the ERO Finance Group met by conference call to discuss progress and status on the development of the 2024 Business Plans and Budgets.
- On April 28, 2023, a closed meeting of the NERC Corporate Governance and Human Resources Committee (CGHRC), Technology and Security Committee (TSC), and FAC was held to discuss the 2024 Business Plan and Budget including underlying assumptions for the budget.
- In late April and early May 2023, the Regional Entities provided drafts of their 2024 Business Plans and Budgets to NERC. NERC reviewed these drafts and provided feedback to the Regional Entities as needed prior to the submission of each Regional Entity's final Business Plan and Budget to its Board or other governing body.
- Beginning in April, 2023, and continuing into May, 2023, the Regional Entities posted drafts of their 2024 Business Plans and Budgets on their respective websites for various time periods for review and comment by their stakeholders, in accordance with each Regional Entity's review process. (See §V.A for information on the stakeholder review opportunities provided by each Regional Entity for its 2024 Business Plan and Budget.)
- On May 1, 2023, a conference call was held with the MRC Business Plan and Budget Input Group to discuss the development of NERC's 2024 Business Plan and Budget.
- On May 4, 2023, NERC's quarterly meeting with trade associations and forums, to which the MRC Business Plan and Budget Input Group was also invited, included discussion on the development of NERC's 2024 Business Plan and Budget.
- On May 25, 2023, a draft of the 2024 NERC Business Plan and Budget was posted on the NERC website for a 30-day stakeholder comment period. Drafts of the Regional Entities' and WIRAB's 2024 Business Plans and Budgets were also posted on the NERC website, as well as information on the ERO Enterprise combined 2024 budgets and assessments. Notice of the posting (and of subsequent postings) was sent by e-mail to a broad distribution list of interested persons and entities. Six sets of stakeholder comments were received and were posted on the NERC website.²
- On June 1, 2023, the NERC FAC held a conference call and webinar to review the draft NERC 2024 Business Plan and Budget, current versions of the Regional Entity and WIRAB 2024 Business Plans and Budgets, and the ERO Enterprise combined 2024 budgets and assessments.
- On June 7, 2023, representatives of NERC, each Regional Entity, and WIRAB met with Commission Staff to discuss the 2024 Business Plans and Budgets and the ERO Enterprise combined 2024 budgets and assessments.

² Comments were submitted by (i) Bonneville Power Administration, (ii) the Cooperative Sector (National Rural Electric Cooperative Association), (iii) Edison Electric Institute, (iv) Electricity Canada, (v) the Independent Electricity System Operator, and (vi) the ISO-RTO Council Standards Review Committee. The comments are posted at: <https://www.nerc.com/gov/bot/FINANCE/Pages/2024-Business-Plan-and-Budget.aspx>. NERC management's responses to these comments are provided in **Attachment 10**.

- At various dates in May and June 2023, the Boards or other governing bodies of the Regional Entities approved their respective proposed 2024 Business Plans and Budgets. By early July, the six Regional Entities and WIRAB submitted their final 2024 Business Plans and Budgets to NERC.
- On July 12, 2023, a closed meeting was held with the NERC FAC to review comments on the draft NERC 2024 Business Plan and Budget, the proposed final NERC 2024 Business Plan and Budget, and information on NERC's review of the Regional Entity 2024 Business Plans and Budgets.
- On July 20, 2023, a meeting of the Member Executive Committee (MEC) of the Electricity Subsector Coordinating Council (ESCC) included a review of the final projected Electricity Information Sharing and Analysis Center (E-ISAC) and Cybersecurity Risk Information Sharing Program (CRISP) budgets to be included in NERC's 2024 Business Plan and Budget, which were endorsed by the MEC.
- On July 24, 2023, another conference call was held with the MRC Business Plan and Budget Input Group to discuss stakeholder comments received on the draft NERC 2024 Business Plan and Budget and the proposed final NERC 2024 Business Plan and Budget.
- On July 27, 2023, NERC's quarterly meeting with trade associations and forums, to which the MRC Business Plan and Budget Input Group was also invited, included discussion of the stakeholder comments received on the draft NERC 2024 Business Plan and Budget, and a preview of the proposed final NERC 2024 Business Plan and Budget.
- On August 9, 2023, the final NERC, Regional Entity, and WIRAB 2024 Business Plans and Budgets and assessments, as proposed for NERC Board consideration, were posted on the NERC website for the upcoming FAC and NERC Board meetings.
- At the August 16, 2023, open meeting of the FAC, NERC management presented the final version of the NERC 2024 Business Plan and Budget. The FAC recommended NERC Board approval of the 2024 Business Plans and Budgets and associated statutory assessments for NERC, the Regional Entities, and WIRAB.
- At its August 17, 2023, meeting, the NERC Board approved the 2024 Business Plans and Budgets and statutory assessments for NERC, the Regional Entities, and WIRAB.

The processes followed by NERC and the Regional Entities to develop the proposed 2024 Business Plans and Budgets were thorough, comprehensive, open and inclusive, involved significant input from NERC and Regional Entity management and staffs, as well as iterative review and comment by the NERC FAC, and provided multiple opportunities for stakeholder input and comment, including by the MRC Business Plan and Budget Input Group, the full MRC, and trade associations and industry forums.

B. NERC's 2024 Business Plan and Budget

1. Organization of NERC's Business Plan and Budget

NERC's Business Plan and Budget (**Attachment 2**) is organized based on its statutory program areas: (1) Reliability Standards and Power Risk Issues and Strategic Management (PRISM); (2) Compliance Assurance and Organization Registration and Certification, and Compliance Enforcement; (3) Reliability Assessments and Performance Analysis (RAPA); (4) Situation Awareness; (5) Event Analysis; (6) E-ISAC, including CRISP; (7) Personnel Certification and Credential Maintenance; and (8) Training and Education. Each program area carries out or supports implementation of one or more ERO statutory activities as specified in §215 of the FPA and the Commission's regulations and orders. NERC's statutory, or "direct," programs are supported by its Corporate Services (formerly called Administrative Services), or "indirect," programs: General & Administrative (G&A), Legal and Regulatory, Business (Information) Technology (IT), Human Resources (HR) & Administration, and Finance and Accounting.

The initial sections of the NERC 2024 Business Plan and Budget, Preface and About NERC, provide an overview of NERC's organization, membership, governance, statutory and regulatory background, scope, responsibilities, delegated authorities, funding, and strategic and operational planning. The Introduction and Executive Summary describes strategic areas of focus for 2023-2025, identifies key 2024 budget assumptions and technology projects, and provides an overview and summary of NERC's 2024 budget and funding requirements. The table on page 10 shows the change in the 2024 budget from the 2023 budget for each statutory program. The table on page 11 shows budgeted 2024 staffing and the change from the 2023 budget for each statutory program and Corporate Services. The table on page 13 is NERC's overall Statement of Activities and Fixed Asset Additions (Statement of Activities), showing information from the

2023 budget, the 2024 budget, and variances between the 2024 and 2023 budgets, for major line item categories for Funding, Expenses, Fixed Asset Additions, and Net Financing Activity.

Section A of **Attachment 2** is NERC's detailed 2024 Business Plan and Budget, which addresses the requirements of 18 C.F.R. §39.4(b), the Commission's Order certifying NERC as the ERO,³ and applicable directives in subsequent Commission orders. Section A provides, for each statutory program and the Corporate Services departments, program purpose and scope, 2024 areas of focus, 2024 resource and technology requirements, and explanations of significant changes in budget items for 2024 from 2023. A Statement of Activities is provided for each statutory program and for Corporate Services, showing funding and expenditure information from the 2023 and 2024 budgets. Funding is shown from Assessments and applicable other sources.⁴ Expenses are shown by major categories and sub-categories of Personnel Expenses, Meeting & Travel Expense, Operating Expenses, and Other Non-Operating Expenses, and, for statutory programs, the Indirect Expenses allocated from Corporate Services. The Statements of Activities show Fixed Asset Additions, Net Financing Activity,⁵ and Total Budget (Total Expenses plus Fixed Asset Additions plus Net Financing Activity) for each statutory program.

Section B of **Attachment 2** provides Supplemental Financial Information comprised of tables detailing components of Funding and Expense categories and explanations of significant changes from the 2023 budget, including information on Reserve activity and balances. Section C, Non-Statutory Activity, of **Attachment 2** is empty for NERC, which has no non-

³ *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Corporation and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (*ERO Certification Order*).

⁴ Other funding sources include Third-Party Funding (provided for CRISP); System Operator Certification Testing, Certification Renewal, and Continuing Education Fees; fees from sales of Services & Software; Miscellaneous Funding; Interest & Investment Income; and Penalty collections or funds released from Assessment Stabilization Reserves (ASR).

⁵ Net Financing Activity shows the impacts of capital financing activity (debt borrowing, lease-financed asset purchases, and principal payments) on the total budget and funding requirements.

statutory activities. (In the Business Plans and Budgets of Regional Entities that have non-statutory activities, Section C provides information on their non-statutory activities and budgets.) Section D, Consolidated Statement of Activities by Program, shows 2024 budgeted line-item Funding sources, Expenses, Fixed Asset Additions, and Net Financing Activity, in total and for each statutory program and Corporate Services function, as well as direct and indirect expenses for each statutory program. NERC's Business Plan and Budget also includes the following Exhibits and Appendices:

Exhibit A – Application of NERC Section 215 Criteria, describes how major activities in the 2024 Business Plan and Budget for NERC's statutory and Corporate Services programs meet the Commission-approved criteria for eligibility for FPA §215 funding.⁶

Exhibit B – Capital Financing, describes proposed borrowing and debt service activity under NERC's capital financing program, including projected 2023, budgeted 2024, and projected 2025 and 2026 year-end outstanding debt balances and annual debt service.

Appendix 1 contains NERC's organization chart, as required by 18 C.F.R. §39.4(b).

Appendix 2 contains the calculation of the net energy for load (NEL)-based allocation factors for each LSE or designee and the allocation of the NERC, Regional Entity, and WIRAB statutory assessments, by allocation method, to each LSE or designee for 2024. Development of the assessments presented in Appendix 2 is discussed in §III.D below.

The information in the 2024 Business Plan and Budget demonstrates that the programs in it are necessary and appropriate to carry out NERC's responsibilities as the ERO and that the budgeted resources meet the Commission's objectives for affordability, sustainability, and efficiency and effectiveness of the ERO's expenditures. *ERO Certification Order*, P 202 (budget principle (5)). The 2024 Business Plan and Budget demonstrates how the activities and expenditures it includes lend themselves to accomplishing NERC's statutory responsibilities and objectives as the ERO. *Id.* (budget principle (2)).

⁶ The Commission approved the FPA §215 criteria in *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013).

2. Summary of NERC's 2024 Budget and Funding Requirement

NERC proposes a 2024 budget of \$113,620,944, an increase of 12.5% (\$12,619,331) over the 2023 budget. The proposed 2024 total Funding requirement is \$111,716,829 encompassing U.S., Canadian, and Mexican activities. Budgeted non-assessment sources of Funding total \$13,419,467, comprised of: (1) \$10,083,382 of Third-Party Funding for CRISP; (2) \$1,796,086 of Testing, Renewal, & Continuing Education Fees charged to participants in the System Operator Certification Program; (3) \$60,000 of revenue from Services & Software; (4) \$400,000 of Miscellaneous revenue (including projected revenue from the Vendor Affiliate Program conducted by the E-ISAC); (5) \$1,080,000 in Interest & Investment Income; and proposed release of \$1,300,000 of Penalty collections from NERC's ASR. Applying these funding sources to the statutory Funding requirement results in a net Funding requirement of \$96,997,362 to be funded by assessments (11.4% increase from 2023).

NERC's 2024 budget includes overall staffing of 251.14 full-time equivalent employees (FTEs), an increase of 14.26 FTEs from the 2023 budget. Staffing for the statutory programs is higher by 11.05 FTEs than the 2023 budget (bringing statutory program staffing to 159.38 FTEs), and staffing for Corporate Services is higher by 3.21 FTEs than the 2023 budget (bringing Corporate Services staffing to 91.76 FTEs). A significant driver of the increased staffing is the addition of 3.76 FTEs in RAPA and 0.94 FTE in Corporate Services in response to the Congressionally-mandated Interregional Transfer Capability Study (ITCS), which must be completed and filed with the Commission by December 2, 2024. The budgeted FTEs reflect an assumed 6.0% vacancy rate, *i.e.*, an adjustment for factors such as personnel attrition, delays in hiring, or start date delays.

The 2024 budget reflects increases from the 2023 budget of 13.4% in Personnel Expenses, 11.5% in Meeting & Travel Expenses, and 15.7% in Operating Expenses. The

Personnel expense increase reflects the additional budgeted FTEs, increased benefits expense, and increased Salaries expense reflecting that personnel with the specialized skills required by NERC, particularly in the cybersecurity and IT areas, are in great demand in the industry and therefore competitive compensation levels are necessary to retain and attract staff. For Meetings & Travel, the budget assumes a return to pre-pandemic levels of in-person meetings and travel from the low points in the 2021-2022 budgets, while continuing to utilize the efficiencies of virtual meetings where appropriate. Under Operating Expenses, budgeted 2024 Contractors & Consultants expense is increased by \$4,220,025 from the 2023 budget;⁷ and budgeted Office Costs are \$1,228,489 higher, with increased Software Licenses and Support costs as the main driver. Budgeted Fixed Asset Additions are \$4,624,000, a decrease of \$1,600,000 from the 2023 budget, reflecting reductions in Computer & Software CapEx and Equipment CapEx, primarily due to a shift of these expenditures to the applicable operational support and capital lease asset cost categories, respectively.

The following table shows NERC’s 2023 and 2024 budgets for its statutory programs:

<u>Program</u>	<u>2023 Budget</u>	<u>2024 Budget</u>
Reliability Standards and Power Risk Issues and Strategic Management	\$10,349,112	\$11,572,434
Compliance Assurance and Organization Registration and Certification	\$13,992,714	\$14,405,806
Compliance Enforcement	\$ 7,275,796	\$ 8,532,329
Reliability Assessments and Performance Analysis	\$18,154,510	\$23,025,951
Situation Awareness	\$ 6,010,996	\$ 6,615,001
Event Analysis	\$ 4,107,435	\$ 4,808,401
E-ISAC (including CRISP)	\$38,026,141	\$41,053,575
Personnel Certification and Credential Maintenance	\$ 1,961,763	\$ 2,440,201
Training and Education	<u>\$ 1,123,146</u>	<u>\$ 1,167,248</u>
	<u>\$101,001,613</u>	<u>\$113,620,945</u>

⁷ Table B-6 is a detailed list of budgeted 2023 and 2024 Contractors & Consultants costs by program.

The 2024 budgeted amounts for statutory programs incorporate Corporate Services costs of \$48,939,686 (15.9% increase from the 2023 budget). Principal components of this increase are Personnel Expenses (reflecting additional FTEs plus the Personnel cost increases mentioned above), Contractors & Consultants, Office Costs, and Professional Services. Corporate Services expenses, Fixed Asset Additions, Financing Activity, Interest and Investment Income, and Miscellaneous Funding, are allocated to the statutory programs based on the ratio of FTEs budgeted for each statutory program to total statutory program FTEs.⁸

C. Regional Entity Proposed 2024 Business Plans and Budgets - Overview

18 C.F.R. §39.4(b) requires that the ERO's annual budget submission include:

the entire annual budget for statutory and non-statutory activities for each Regional Entity, with supporting materials, including . . . each Regional Entity's complete business plan and organization chart, explaining . . . the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures

Section 39.4(b) further states the ERO's annual budget submission "shall include the line item budgets for the activities of each Regional Entity that are delegated or assigned to each Regional Entity pursuant to §39.8." This information is provided in the Regional Entities' 2024 Business Plans and Budgets, **Attachments 3 through 8**. In *Order No. 672*, the Commission stated: "The ERO must determine, at a minimum, whether each Regional Entity's proposed budget is adequate to carry out the functions delegated to it."⁹ NERC staff worked collaboratively with Regional Entities in developing their 2024 Business Plans and Budgets. Drafts and final proposed versions of the Regional Entities' Business Plans and Budgets were also reviewed by

⁸ An exception is that CRISP and the System Operator Certification programs are excluded from the Investment Income allocation because they earn interest income on funds generated by their programs.

⁹*Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006) (*Order No. 672*), at P 229.

the NERC FAC. **Attachment 12** is a memorandum prepared for the NERC Board describing NERC’s participation in preparation of and review of, and criteria NERC focused on in reviewing, the Regional Entity Business Plans and Budgets.

The table below shows the proposed 2024 budgets for statutory and (if applicable) non-statutory functions for each Regional Entity, and its total (for all jurisdictions) proposed assessment after taking into account other Funding sources.

Regional Entity	Total Budget for Statutory Functions	Budget for Non-Statutory Functions	Statutory Funding Assessment
MRO	\$24,884,445	-----	\$23,583,367 ¹⁰
NPCC	\$22,086,766	\$ 1,145,844	\$20,734,062 ¹¹
ReliabilityFirst	\$31,324,535	-----	\$26,959,272
SERC	\$31,999,954	-----	\$28,737,687
Texas RE	\$19,157,925	-----	\$18,681,013
WECC	\$35,404,795	\$ 3,255,197	\$25,000,000 ¹²

D. Allocation of Statutory Assessments

The total ERO statutory funding requirement for 2024, net of other NERC and Regional Entity income sources, to be funded by assessments, is \$241,385,455, consisting of \$96,997,362 for funding of NERC’s programs and \$144,388,093 for funding of Regional Entity statutory activities and the WIRAB. NERC’s proposed 2024 assessment is allocated \$87,154,927 to the U.S., \$9,495,621 to Canadian provinces, and \$346,814 to Mexico. Based on the aggregate NEL of the United States for 2022 on which the allocation of assessments is based, the U.S. assessment for NERC represents approximately \$0.000021 per end-user kilowatt-hour.¹³

NERC proposes allocation of its 2024 assessment to the Regional footprints as follows:

¹⁰ MRO’s assessment is allocated \$21,241,737 to the U.S. and \$2,341,630 to Canadian provinces.

¹¹ NPCC’s assessment is allocated \$12,264,077 to the U.S. and \$8,469,986 to Canadian provinces.

¹² WECC’s assessment is allocated \$20,424,437 to the U.S., \$3,905,472 to Canadian provinces, and \$670,091 to Mexico. The assessment amounts do not include the WIRAB assessments.

¹³ The allocation and calculation of assessments for the 2024 budgets is based on NEL data for the second preceding calendar year, 2022, the most current annual NEL data available as of August 2023.

• MRO	\$10,842,689 ¹⁴	• SERC	\$28,400,155
• NPCC	\$11,738,693 ¹⁵	• Texas RE	\$ 9,007,907
• ReliabilityFirst	\$18,685,009	• WECC	\$18,322,908 ¹⁶

Appendix 2 to **Attachment 2** shows, for each LSE or designee within the footprint of each Regional Entity: (i) 2022 NEL data and development of the NEL-based factors used to allocate the NERC and Regional Entity assessments (Appendix 2-A), and (ii) allocation of the total ERO, NERC, and Regional Entity statutory assessments (Appendices 2-B, 2-C and 2-D).

NERC has allocated its statutory assessment to LSEs within each Regional footprint primarily based on NEL, with these adjustments: In accordance with NERC’s *Expanded Policy on Allocation of Certain Compliance and Enforcement Costs*, the NEL-based assessments for AESO, IESO, New Brunswick, and Québec are adjusted for certain Compliance Monitoring and Enforcement Program (CMEP) costs, as shown on **Attachment 11**. The adjustments recognize entities in Ontario, Alberta, and New Brunswick expend resources to perform compliance and enforcement activities NERC or a Regional Entity would otherwise perform, and the compliance and enforcement resources NERC needs for Alberta and Québec are reduced due to the small number of entities subject to compliance and enforcement in those provinces. The credits, totaling \$1,704,351, are reflected in Appendix 2-C of **Attachment 2**. The credit amount is reallocated to all other LSEs (Balancing Authorities or designees) based on NEL. The resulting adjusted allocations to Regional Entity footprints are shown in Appendix 2-C of **Attachment 2**.

NEL has also been used to allocate the Regional Entity assessments, with these exceptions: First, portions of NPCC’s Compliance Monitoring and Enforcement and

¹⁴ For MRO, \$9,757,129 is allocated to the U.S. and \$1,085,560 is allocated to Canadian provinces.

¹⁵ For NPCC, \$5,719,262 is allocated to the U.S. and \$6,019,431 is allocated to Canadian provinces.

¹⁶ For WECC, \$15,585,464 is allocated to the U.S., \$2,390,630 is allocated to Canadian provinces, and \$346,814 is allocated to Mexico.

Organization Registration and Certification (CORC) Program costs have been allocated among the six U.S. and Canadian Balancing Authority Areas (BAAs) in NPCC using activity-based methodologies that reflect the nature and scope of the compliance functions and activities performed by NPCC in each Canadian province in its footprint. NPCC CORC costs allocated to the U.S. using these methodologies are then allocated between the New England and New York BAAs based on NEL, as the Commission directed in *North American Electric Reliability Corp.*, 128 FERC ¶61,025 (2009) (*July 16, 2009 Budget Compliance Order*). (Allocation of NPCC CORC Program costs is further described in §V.B.2 below and at pages 46-48 of NPCC’s 2024 Business Plan and Budget, **Attachment 4**.) Second, WECC’s allocation of its assessment to the AESO has been reduced by \$1,243,351 representing WECC CMEP costs that are duplicative of programs of the AESO.¹⁷ The AESO credit amount was allocated to the remainder of the LSEs (Balancing Authorities or designees) in WECC based on NEL.

After allocations of portions of the NERC, Regional Entity, and WIRAB funding requirements to Canadian provinces and Mexico, the total ERO statutory assessment for 2024 allocable to U.S. LSEs for which Commission approval is sought is \$216,043,567, comprised of the NERC assessment of \$87,154,927 and the aggregate Regional Entity and WIRAB assessments of \$128,888,640. The funding requirement of each Regional Entity for statutory activities is allocated 100% to that Regional Entity. The WIRAB funding requirement is allocated 100% to WECC. The table below shows the allocation to the Regional Entities of the 2024 ERO statutory assessment of \$216,043,567 for the U.S. statutory activities of NERC, the Regional Entities, and WIRAB.

¹⁷ See Appendix C of WECC’s 2024 Business Plan and Budget, **Attachment 8** to this filing.

Regional Entity	NERC U.S. Assessment	Regional Entity U.S. Assessment	Total U.S. Assessment	Assessment per kWh (2022 NEL)
MRO	\$ 9,757,129	\$ 21,241,737	\$ 30,998,866	\$ 0.0000669
NPCC	\$ 5,719,262	\$ 12,264,076	\$ 17,983,338	\$ 0.0000662
ReliabilityFirst	\$ 18,685,009	\$ 26,959,272	\$ 45,644,281	\$ 0.0000514
SERC	\$ 28,400,155	\$ 28,737,687	\$ 57,137,842	\$ 0.0000424
Texas RE	\$ 9,007,907	\$ 18,681,013	\$ 27,688,920	\$ 0.0000647
WECC	\$ 15,585,464	\$ 20,424,438	\$ 36,009,902	\$ 0.0000487
WIRAB	\$ -	\$ 580,417	\$ 580,417	\$ 0.0000008
Total	\$ 87,154,927	\$ 128,888,640	\$ 216,043,567	\$ 0.0000522

NERC obtained from each Regional Entity a listing of LSEs or their designees in the Regional Entity and a breakdown of the Regional Entity’s 2022 NEL by LSE or designee, and used this data to allocate the total ERO assessment allocated to each Regional Entity among LSEs, their designees, or other entities to be billed the assessments within that Regional Entity.¹⁸ The amounts of the NERC and Regional Entity assessments allocated to each LSE or designee or other entity to be billed in each Region is shown in Appendix 2-B of **Attachment 2**. NERC requests that the Commission approve the statutory assessment amounts for NERC and the Regional Entities allocated to each LSE or designee, shown in Appendix 2-B of **Attachment 2**, so that the LSEs and their designees or other entities may be billed for these assessments in accordance with 18 C.F.R. §39.4(e).¹⁹

¹⁸ For NPCC, assessments are allocated on the basis of NEL in each BAA (New York, New England, Ontario, Québec, Nova Scotia, and New Brunswick), and will be billed to ISO New England and the New York ISO (and similar entities in Ontario, Québec, New Brunswick, and Nova Scotia), which will be responsible for billing and collecting assessments from LSEs in their respective footprints. For Texas RE, assessments are allocated on the basis of NEL for the Electric Reliability Council of Texas (ERCOT), which acts as billing agent for the Regional Entity; the assessments will be billed to ERCOT, which will bill and collect assessments from LSEs in ERCOT.

¹⁹ As a matter of administrative convenience and efficiency, NERC will calculate and bill the assessments to certain entities, referred to as “designees,” based on NEL values that include the NEL for other LSEs served by the designee, or for which the designee is otherwise responsible for assessments. The lists of LSEs and designees for which assessments will be calculated and billed have been provided to NERC by the Regional Entities. NERC is not involved in developing the lists of LSEs or in arrangements between

As provided for in the delegation agreement with each Regional Entity, NERC will directly invoice the approved assessments to LSEs or designees, or to the other entities to be billed, in all Regional Entities except WECC. WECC will invoice LSEs or Balancing Authorities or their designees within the WECC footprint, collect the assessments, and remit the funds collected for the NERC, WECC and WIRAB assessments to NERC.²⁰

IV. NERC BUSINESS PLAN AND BUDGET

A. 2024 NERC Business Plan and Budget by Program

The proposed 2024 expenditure and staffing budgets for each NERC program and department are described in the subsections below. Key overall budget assumptions are discussed at pages 5-10 of **Attachment 2**. Budgeted increases in Salaries and benefits expense, noted in §II.B.2 above, impact the budgets for all programs. Because statutory program budgets include allocations of Expenses, Fixed Asset Additions, and Net Financing Activity that are budgeted in Corporate Services and allocated to statutory programs based on the ratio of budgeted FTEs in each statutory program to total budgeted statutory program FTEs, changes in FTEs budgeted for statutory programs for 2024 compared to 2023 impact the allocation of Corporate Services costs among the statutory programs.

1. Reliability Standards and Power Risk Issues and Strategic Management

The major activities of Reliability Standards and PRISM are described at pages 14-15 of **Attachment 2**. The 2024 budget is increased 11.8% (\$1,223,322) from 2023, primarily due to increased Personnel expenses. Budgeted staffing of 20.82 FTEs is an increase of 1.08 FTEs

LSEs and designees pursuant to which a designee agrees to accept responsibility for an assessment that would otherwise be billed to the LSE and the LSE agrees to reimburse the designee for the assessment.

²⁰ As approved by the Commission in the *ERO Certification Order* at P 218, for administrative convenience, billing and payment by LSEs of annual assessments less than \$100 will not be required.

from the 2023 budget. The budgeted Contractors & Consultants expense of \$219,888 includes funds to support the Standard Balloting System and PRISM's tool for the ERO Risk Registry.

2. Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement

The major activities of Compliance Assurance and Organization Registration and Certification are described at pages 17-18 of **Attachment 2**. The 2024 budget is increased 3.0% (\$413,092) from the 2023 budget, due primarily to increased Contractors & Consultants expense for work relating to the Align and ERO Secure Evidence Locker (SEL) systems, which is the result of (1) the incremental addition of dedicated system administrators and (2) the reallocation of contractors previously budgeted in the Business Technology function that are now dedicated to the Align and SEL systems²¹. Budgeted staffing is reduced by 0.94 FTE, to 21.62 FTEs.

The major activities of Compliance Enforcement are described at page 20 of **Attachment 2**. The 2024 budget is increased 17.3% (\$1,256,533) from 2023, due primarily to increased Personnel expense and increased Contractors & Consultants expense for work relating to the Align and ERO SEL systems as described above. Budgeted staffing is 13.16 FTEs, an increase of 0.94 FTE from the 2023 budget.

3. Reliability Assessments and Performance Analysis (RAPA)

The major activities of RAPA are described at pages 23-25 of **Attachment 2**. The 2024 budget is increased 26.8% (\$4,871,440) from 2023, due primarily to increased Personnel expense, Meetings & Travel expense, Contractors & Consultants expense, and Office Costs, and partially offset by decreased Fixed Asset Additions. Budgeted 2024 staffing is increased by 5.26 FTEs to 34.40 FTEs. The principal driver of these budget increases is the need for additional

²¹ Budgeted and actual costs for Align and SEL are allocated 50% to the Compliance Assurance program and 50% to Compliance Enforcement.

personnel, meetings and travel, consultant support, and software license and support resources to support completion of the ITCS by the December 2, 2024 deadline (many of these ITCS-related costs are already being incurred in 2023), as well as continuation of initiatives planned before the requirement to conduct the ITCS was enacted earlier this year.

4. Situation Awareness

The major activities of Situation Awareness are described at page 28 of **Attachment 2**. The 2024 budget is increased 10.0% (\$604,005) from 2023, due primarily to increased Personnel Expenses and Office Costs, partially offset by decreased Fixed Asset Additions. Budgeted staffing for 2024 is increased by 1.03 FTEs, to 8.55 FTEs.

5. Event Analysis

The major activities of Event Analysis are described on page 31 of **Attachment 2**. The 2024 budget is increased 17.1% (\$700,966), with increased Personnel Expenses the primary driver, partially offset by decreased Contractors & Consultants expense and Office Costs. Budgeted staffing for 2024 is increased by 1.03 FTEs, to 7.61 FTEs to provide additional resources for Event Analysis program support.

6. Electricity Information Sharing and Analysis Center (E-ISAC)

The major activities of the E-ISAC are described at pages 34-35 of **Attachment 2**. Of the activities the E-ISAC facilitates, the most significant is the CRISP, a public-private initiative that delivers cybersecurity risk information to E-ISAC member electricity asset owners and operators in the U.S., Canada, and Mexico. The 2024 budget for E-ISAC, including CRISP, is increasing by 8.0% (\$3,027,434). The CRISP budget comprises 31.2% of the total E-ISAC budget. Budgeted staffing for the E-ISAC is increased by 2.59 FTEs (of which 1.03 FTEs is for CRISP) from the 2023 budget to 48.46 FTEs (of which 41.69 FTEs are E-ISAC staff and 6.77

FTEs are CRISP staff), to provide increased analytical capabilities, leveraging of threat intelligence, membership support, and CRISP enhancement and expansion. Budgeted Contractors & Consultants, Office Costs, Professional Services expense, and Fixed Asset Additions are decreased from the 2023 budget.

Under the CRISP master agreement, the E-ISAC budget for 2024 is funded by \$10,083,382 of Third-Party Funding (an increase of \$514,212 from the 2023 budget) provided by CRISP participants. The Third-Party Funding is equal to 78.8% of the CRISP total budget. As previously approved by the Commission, any underrun in the 2024 CRISP budget will be redirected to the CRISP Operating Reserve. *North American Electric Reliability Corp.*, 180 FERC ¶61,013 (Letter Order July 8, 2022), P 7. The E-ISAC also receives funding (budgeted to total \$400,000) from its Vendor Affiliate Program (offered to certain industry stakeholders for collaboration and information sharing between the E-ISAC and the vendor community related to cybersecurity risks associated with supply chain software components) and from energy sector support organizations participating in CRISP workshops.

7. Personnel Certification and Credential Maintenance

The Personnel Certification and Credential Maintenance group oversees the System Operator Certification and Credential Maintenance programs under oversight of the NERC Personnel Certification and Governance Committee (PCGC). The major activities of this group are described at page 40 of **Attachment 2**. The 2024 budget is increased 24.4% (\$478,438) from the 2023 budget, due primarily to budgeted costs for Contractors & Consultants to upgrade the System Operator Certification and Continuing Education Database (SOCCED) base platform. Budgeted 2024 staffing is 2.87 FTEs, an increase of 0.05 FTE. Personnel Certification and Credential Maintenance receives no funding from assessments; it is funded by System Operator

certification testing and renewal fees (intended to recover the costs, including allocated indirect expenses, of the program), for system operator certification exams and certification renewals. The program also receives fees from continuing education providers, offsetting costs of reviewing courses taken by certified operators to maintain certification.

8. Training and Education

The major activities of the Training and Education Program are described at page 43 of **Attachment 2**. The 2024 budget is increased 3.9% (\$44,102) from the 2023 budget. Budgeted 2024 staffing of 1.88 FTEs is unchanged from the 2019 through 2023 budgets.

9. Corporate Services

The Corporate Services departments, which support NERC's statutory programs, are: (i) G&A (the Chief Executive Officer and support staff, Chief Administrative Officer, External Affairs, Board functions, and Office Rent); (ii) Legal and Regulatory (including Internal Audit and Corporate Risk Management); (iii) Business (Information) Technology; (iv) HR & Administration; and (v) Finance and Accounting. Responsibilities and functions of the Corporate Services departments are described at pages 46-49 of **Attachment 2**.

The total amount budgeted for Corporate Services for 2024 is increased by 15.9% (\$6,708,583) from 2023. This reflects increases to the budgets for G&A of \$5,007,995, Legal & Regulatory of \$523,257, Business Technology of \$737,479, HR & Administration of \$35,746, and Finance & Accounting of \$404,106. However, the approximately \$5.0 million increase in the G&A budget is primarily due to a change in the methodology for allocating loan financing activity and proceeds to program areas, rather than budgeting all loan financing activity for capital software projects in G&A (which for 2023 had the effect of reducing the G&A budget).

Budgeted 2024 staffing for Corporate Services is increased by 3.21 FTEs from 2023, to 91.76 FTEs, with increased staffing in G&A (1.10 FTEs), Business Technology (3.99 FTEs), and

Finance & Accounting (0.94 FTE) and decreases in Legal & Regulatory (0.94 FTE) and HR & Administration (1.88 FTEs). The increased budget for Business Technology is driven by the increased staffing (including two positions related to the security and sustainability focus area for cloud computing and system administration); increased Contractors & Consultants expense to support technology initiatives, as well as reclassification of some Fixed Asset costs to expense; and increased Office Costs, primarily due to increased costs for software licenses and agreements that support cyber security and daily operations.

The budgeted amount for Independent Trustee expenses for 2024 (included in G&A; *see* table on page 47 of **Attachment 2**) is increased by 7.2% (\$144,004) from 2023. Budgeted expenses for Quarterly Board Meetings and Trustee Travel are unchanged from the 2023 budget. Budgeted Trustee compensation for 2024 is increased by \$44,004 (\$4,000 per trustee) based on the independent third-party study on trustee compensation completed in late 2021.²² Additionally, \$100,000 is budgeted for trustee search fees to conduct a search in 2024 to fill one anticipated Board vacancy (no funds were budgeted for trustee search fees in 2023).

B. Working Capital and Reserves

NERC's Working Capital and Operating Contingency Reserve (WCOR) Policy provides for the Reserves maintained by NERC: Future Obligation Reserve, Working Capital, Operating Contingency Reserve (OCR), System Operator Certification Reserve, CRISP Reserves, and ASR. The discussion at page 12, and Table B-1, in **Attachment 2** show and explain the amounts proposed to be budgeted in each reserve for 2024 (projected at December 31, 2024), as follows:

²² The report to the NERC CGHRC of the results and recommendations of the independent trustee compensation study, which was performed by Meridian Compensation Partners, LLC, and considered by the Board in setting trustee compensation for 2023 and 2024, was provided as Attachment 12 to NERC's 2023 Business Plan and Budget filing (Docket No. RR22-4-000).

Future Obligation Reserve: \$3,126,280

This reserve is funded to offset future, non-current liabilities under lease, credit, loan, or other agreements to which NERC is a party. The projected level for this reserve at December 31, 2024, is \$3,126,280, an increase of \$218,053 from the projected balance at December 31, 2023.

Working Capital: \$0

As in past Business Plans and Budgets, NERC is not budgeting separate working capital funds in 2024 since assessments are billed and paid quarterly throughout the year. If an unforeseen revenue deficiency were to arise, NERC maintains a \$4,000,000 line of credit with a major financial institution.

Operating Contingency Reserve: \$10,910,208

The OCR provides both general working capital for day-to-day operations and funds for unanticipated contingencies. NERC's WCOR Policy specifies that except as otherwise approved by the Board, the budgeted OCR is to be between 3.5% - 7.0% of NERC's total operating expenses and Fixed Asset budget, excluding budgets of the System Operator Certification Program and CRISP, which have their own reserves. The projected balance in the OCR at December 31, 2023 is \$12,210,208, and at December 31, 2024 is \$10,910,208; NERC is proposing to release \$1,300,000 from the OCR to offset 2024 assessments. The projected balance at December 31, 2024 is 11.1% of the budget target, which is outside the range of 3.5-7.0% but has been approved by the NERC Board.

System Operator Certification Program Reserve: \$74,479

This reserve is funded by fees received by, and is used solely to meet needs of, the System Operator Certification Program. The projected balance for this reserve at December 31, 2024, is \$74,479, which is a decrease of \$604,115 from the projected reserve balance at December 31, 2023, primarily due to reserve funding for the upgrade to the SOCCED base platform, as approved by the PCGC.

CRISP Reserves (Operating, Equipment, and Defense Fund): \$4,333,748

The CRISP Reserves are comprised of the Operating Reserve, Equipment Reserve, and Defense Fund Reserve. Each Reserve is used for a specific purpose outlined in the CRISP master agreement and used solely in connection with CRISP. The CRISP Reserves are funded entirely by CRISP participants and do not affect the NERC statutory assessments. As approved by the Commission, underruns of the prior year's CRISP budget are redirected to the CRISP Operating Reserve.²³ Additionally, the CRISP participants have agreed to transfer a portion of funds in the CRISP Operating Reserve to a CRISP Equipment Reserve. The balance in the CRISP Operating Reserve at both December 31, 2023, and December 31, 2024 is projected to be \$3,383,748; and the balance in the CRISP Equipment Reserve at both December 31, 2023 and December 31, 2024 is projected to be \$450,000. Finally, the balance in the CRISP Defense Fund Reserve at both December 31, 2023 and December 31, 2024, is projected to be \$500,000.

Assessment Stabilization Reserve: \$256,000

NERC collected \$735,000 of Penalties in the 12 months ended June 30, 2023, which it proposes to deposit in the ASR. Including these Penalty collections, the balance in the

²³ *North American Electric Reliability Corp.*, 180 FERC ¶61,013 (Letter Order July 8, 2022).

ASR at December 31, 2023, will be \$1,556,000. NERC proposes to release \$1,300,000 from the ASR in 2024 to reduce the 2024 assessment. Pursuant to §1107.4 of the NERC ROP, NERC requests Commission approval of an exception to NERC ROP §1107.2 to deposit the \$735,000 of Penalties collected in the 12 months ended June 30, 2023 into the ASR, and to release \$1,300,000 from the ASR to reduce 2024 assessments.

Based on the beginning Working Capital and Reserves balances at January 1, 2023, the projected funding, expenditures, and net financing activity for 2023, the budgeted funding, expenditures, and net financing activity for 2024, and the target Working Capital and Reserves balances at December 31, 2024, Table B-1 (page 52) in **Attachment 2** shows the calculation of the resulting decrease of \$2,986,062 to NERC's 2024 assessment from application of Reserves. To the extent the actual year-end 2024 Working Capital and Reserves balances are higher than the projected amounts shown on Table B-1, the excess funds will be included in the OCR, System Operator Certification Program Reserve, or CRISP Reserves, as applicable, and subject to the limitations and authorities regarding their use as set forth in the WCOR Policy and, for the CRISP Reserves, the master agreements between NERC and CRISP participants.

C. Fixed Asset Expenditures and Financing Activity

As shown in Table B-12 of **Attachment 2**, NERC's 2024 Fixed Asset Additions budget of \$4,624,000 is reduced by \$1,600,000 from the 2023 budget, and is comprised of \$2,854,000 for Computer & Software CapEx (a decrease of \$2,465,000 from the 2023 budget), zero for Equipment CapEx (versus \$775,000 included in the 2023 budget), and \$1,770,000 of Capital Lease Assets (increase of \$1,640,000 from the 2023 budget). NERC has not budgeted for any Furniture & Fixtures CapEx or Leasehold Improvements in 2024.

NERC is loan financing major software application development projects over multi-year periods through a capital financing program, to spread the investment costs for projects over multiple years and thereby reduce the volatility of annual assessments. NERC financed \$2.0

million for ERO SEL project costs in 2020-2021 through a credit facility under which borrowings can be amortized over 5 years and prepaid without penalty. NERC is proposing to continue to fund capital software projects in 2024-2026 through a capital borrowing facility with a five-year loan amortization. NERC projects borrowings of \$2.4 million in 2024, \$2.1 million in 2025, and \$4.5 million in 2026, at a projected interest rate of 6.5%.²⁴ Exhibit B of **Attachment 2** shows projected year-end outstanding loan balances and annual debt service payments (principal repayment and interest) for 2023, 2024, 2025 and 2026. NERC's projected outstanding debt balance at December 31, 2023 is \$3,969,300 and at December 31, 2024 is \$5,461,307, and projected payment for debt service in 2024 is \$1,151,543.

As described in NERC's January 3, 2023 compliance filing on its 2023 Business Plan and Budget (*North American Electric Reliability Corp.*, Docket No. RR22-4-000, at 6-8), budgeted loan financing activity for capital software is being allocated to the statutory and Corporate Services budgets based on weighted percentages of capital software project costs; this is a change from the FTE ratio allocation method used in earlier Business Plans and Budgets.

V. **REGIONAL ENTITY BUSINESS PLANS AND BUDGETS**

A. **Development of the Regional Entity Business Plans and Budgets**

NERC management and staff worked collaboratively with the Regional Entities on development of their 2024 Business Plans and Budgets. Drafts of each Regional Entity's Business Plan and Budget were posted on the NERC website on May 25, 2023. NERC also reviewed and provided feedback on these drafts. The draft Business Plans and Budgets were also the subject of presentations and discussion at meetings of the NERC FAC. **Attachment 12** is a memorandum prepared by NERC management for the NERC Board describing NERC's

²⁴ The actual interest expense will be reflected in the quarterly budget-to-actual variance reports that NERC posts on its website, reviews in open session with the NERC FAC, and files with the Commission.

participation in preparation and review of Regional Entities' 2024 Business Plans and Budgets.

Additionally, each Regional Entity posted one or more drafts of its 2024 Business Plan and Budget on its own website for comment by its stakeholders, and/or provided other opportunities for stakeholder input, as follows:

MRO: MRO posted its draft 2024 Business Plan and Budget for comments on May 5, 2023. MRO's 2024 Business Plan and Budget was presented in multiple meetings of the MRO Board and its stakeholders. There were no written or oral challenges to the 2024 Business Plan and Budget. On June 15, 2023, MRO's Board of Directors approved a resolution that approved the 2024 reserves and 2024 budget, and affirmed that the budget is sufficient to complete MRO's delegated responsibilities.

NPCC: NPCC's draft 2024 Business Plan and Budget was presented to the NPCC FAC on April 11, 2023, and to its Board of Directors on May 3, 2023. NPCC's draft 2024 Business Plan and Budget was posted on its website for stakeholder review and comment on May 3, 2023, with a request for comments by May 17, 2023. NPCC did not receive any comments. The NPCC Board of Directors approved NPCC's 2024 Business Plan and Budget on June 19, 2023.

ReliabilityFirst: On April 27, 2023, the ReliabilityFirst Board of Directors approved the first draft of its 2024 Business Plan and Budget, after which it was posted to the ReliabilityFirst website for a 30-day industry review and comment period. ReliabilityFirst did not receive any comments. The final 2024 Business Plan and Budget was approved by the ReliabilityFirst Board on June 29, 2023.

SERC: On March 29, 2023, the draft 2024 Business Plan and Budget (BP&B) was presented to SERC Membership and approved by SERC's Board of Directors. The draft BP&B was then posted on the SERC public website for a 30-day comment period beginning April 6, 2023. No comments were received. On June 21, 2023, a revised draft 2024 BP&B was presented to SERC's Board of Directors and approved conditioned on a 15-day comment period and subsequent final approval by the Board Finance and Audit Committee. The revised draft BP&B was then posted on the SERC public website for a 15-day comment period beginning June 22, 2023. No comments were received. On July 14, 2023, SERC's Board Finance and Audit Committee approved the final 2024 BP&B for submittal to NERC.

Texas RE: Texas RE's 2024 Business Plan and Budget was presented in multiple meetings of the Texas RE Board and Member Representatives Committee. The draft 2024 Business Plan and Budget was posted for a 7-day comment period before being presented to the Texas RE Board of Directors for final approval. There were no written or oral challenges to the 2024 Business Plan and Budget. The Board of Directors approved Texas RE's 2024 Business Plan and Budget on May 17, 2023.

WECC: WECC's draft 2024 Business Plan and Budget was posted on its website on April 24, 2023, for a 15-business day comment period. The WECC Board of Directors and WECC stakeholders were notified of the posting. One set of comments was received

from stakeholders during the comment period. Additionally, one set of comments was received from both WECC's Member Advisory Committee Budget Subcommittee and WIRAB. WECC's Board of Directors approved WECC's 2024 Business Plan and Budget on June 14, 2023.

As described in **Attachment 12**, NERC's review of the draft Regional Entity Business Plans and Budgets focused on:

1. Adequacy of the resources and activities to perform delegated functions;
2. Alignment of the Regional Entity's activities with ERO goals, objectives, and strategic focus areas;
3. Efforts to improve efficiency and control costs;
4. Quality and completeness of the financial information presented, including:
 - a. Conformance with Commission budget reporting requirements and with the ERO Enterprise common presentation format,
 - b. Separation of statutory and non-statutory activities,
 - c. Supporting detail, including explanations for significant changes from the Regional Entity's 2023 budget,
 - d. Working capital and operating reserve budgets, policies and controls, and
 - e. Compliance with any budget or audit related orders from the Commission.

Through the processes described above, in §III.A, and in **Attachment 12**, NERC determined that each Regional Entity 2024 Business Plan and Budget provides necessary and adequate resources to carry out the Regional Entity's delegated functions in 2024.

The draft Regional Entity 2024 Business Plans and Budgets, posted on the NERC website on May 25, 2023, were reviewed in a meeting of the NERC FAC on June 1, 2023. The Regional Entities submitted their final 2024 Business Plans and Budgets, as approved by their respective governing bodies, to NERC by early July 2023. NERC's review of the Business Plans and Budgets was reviewed at the FAC's closed meeting on July 12, 2023. The final Regional Entity Business Plans and Budgets were submitted to the FAC for its review and recommendation to the Board at the FAC's August 16, 2023 meeting. The Business Plans and Budgets were approved by the Board at its August 17, 2023, meeting for submission to the Commission.

As previously discussed, the Congressionally-mandated ITCS that NERC must complete, in consultation with the Regional Entities, and file with the Commission by December 2, 2024 has resulted in related resource and funding additions to the NERC 2024 Business Plan Budget. As the ITCS work plan was developed after the Regional Entity 2024 business plans and budgets were finalized, these budgets do not include additional resources directly attributable or specific to Regional Entity participation in performing this study. The Regional Entities currently plan to support this study with resources previously included in their 2024 budgets and will adjust if needed according to each organization's business plan and budget process.

In developing their 2024 Business Plans and Budgets and proposed assessments, the Regional Entities took into account the need to maintain appropriate working capital and operating reserves. Table B-1 in each Regional Entity's Business Plan and Budget shows the calculation of the increase or decrease to its 2024 assessment to achieve the Regional Entity's target Reserves balance at December 31, 2024. The basis for each Regional Entity's target Reserves balance is stated on its Table B-1 or elsewhere in its Business Plan and Budget.

B. Summaries of Regional Entity Business Plans and Budgets

1. MRO – Attachment 3

MRO's 2024 statutory budget is \$24,884,445, an increase of \$1,801,976 (7.8%) from its 2023 budget. The most significant area of increase is the Compliance Enforcement program, primarily due to increased staffing. MRO's proposed assessment for 2024 is \$23,583,367, an increase of \$3,076,092 (15.0%) from its 2023 assessment, and reflects use of \$119,026 of Penalties collected between July 1, 2022, and June 30, 2023, and release of \$1,182,052 from MRO's ASR (including \$61,834 of Interest earned on the ASR), to reduce the assessment.

MRO is budgeting increased staffing for 2024 of 2.00 FTEs, reflecting a net increase of 1.37 FTEs in Statutory Programs and a net increase of 0.63 FTE in Administrative Services.

Total budgeted 2024 staffing is 80 FTEs (59.37 FTEs in statutory programs and 20.63 FTEs in Administrative Services), including 38.87 FTEs in MRO's Compliance programs. The 2024 budget for Administrative Services is \$9,638,989, an increase of \$913,305.

As described in its 2020 Business Plan and Budget, MRO established an ASR into which Penalty collections received in the 12 months ending the previous June 30 would be deposited, and from which funds would be released to reduce year-to-year fluctuations in assessments needed to fund operations. For 2024, to reduce assessments, MRO proposes to use the entire \$119,026 of Penalties collected between July 1, 2022, and June 30, 2023 and to release \$1,182,052 from the ASR (including \$61,834 of Interest earned on the ASR). Pursuant to §1107.4 of the NERC ROP, NERC and MRO request the Commission to approve an exception to the requirement of ROP §1107.2 that all Penalties collected during the 12 months ended the previous June 30 be used to reduce assessments in the following year, in order to allow MRO to utilize Penalties collected prior to July 1, 2022, and held in the ASR, to reduce its 2024 assessment. MRO's projected reserves balance at December 31, 2023, is \$4,599,521 (Working Capital - \$172,236; 30-day cash reserve - \$1,923,539; ASR - \$2,503,747). With the 2024 budget and proposed use of Penalties and ASR to reduce the 2024 assessment, MRO projects a reserves balance at December 31, 2024, of \$3,298,443 (Working Capital - \$1,095,774; 30-day cash reserve - \$1,000,000; ASR - \$1,202,669).

2. NPCC – Attachment 4

NPCC's statutory budget for 2024 is \$22,086,766, an increase of \$2,663,171 (13.7%) from its 2023 budget. The largest area of budget increase is the CMEP and Organization Registration and Certification program. NPCC's 2024 assessment is \$20,734,062, an increase of \$2,594,025 (14.3%) from 2023, and reflects release of \$400,000 in Penalty funds from NPCC's ASR and use of \$74,837 in other Income to reduce the assessment. NPCC's 2024 budget reflects

increased staffing of 11.20 FTEs from its 2023 budget, comprised of a 7.55 FTEs increase in Statutory Programs (including increase of 4.75 FTEs in its CMEP) and a net 3.65 FTEs increase in Administrative Programs. Total budgeted staffing is 68.10 FTEs, comprised of 51.55 FTEs for Statutory Programs and 16.55 FTEs for Administrative Programs. Budgeted 2024 Administrative Services expenditures are \$7,538,414, an increase of \$338,739.²⁵

NPCC maintains an ASR to receive Penalty collections and to release funds from the ASR as appropriate to stabilize year-to-year fluctuations in assessments. NPCC collected \$535,018 in Penalties during the 12 months ended June 30, 2023, and proposes to place the \$535,018 into the ASR (resulting in a balance of \$1,071,903 at December 31, 2023), and to use \$400,000 from the ASR to reduce its 2024 assessment (resulting in a projected balance of \$671,903 in the ASR at December 31, 2024). Pursuant to §1107.4 of the NERC ROP, NERC and NPCC request that the Commission approve an exception to the requirement of ROP §1107.2 that Penalties collected during the 12 months ended June 30 be used to reduce assessments in the following year, to allow NPCC to implement the proposed ASR transactions.

NPCC's projected Reserves balance at December 31, 2024, is \$6,277,052 (\$1,840,490 for Operating Reserve, \$3,764,659 for Working Capital, and \$671,903 in the ASR). The Working Capital target is 17.04% of 2024 budgeted expenditures, within NPCC's Board-approved range of 8.33% to 25.00% of budgeted expenditures. The Operating Reserve target is 8.33% of budgeted expenditures. NPCC's projected aggregate Reserves balance at December 31, 2023, is \$7,544,919 (Operating Reserve - \$1,618,568; Working Capital - \$4,864,447; ASR - \$1,071,903); thus, NPCC's 2024 assessment is reduced by an aggregate \$1,277,867 (including the proposed

²⁵ NPCC budgets all Office Rent, Office Costs, Professional Services, and Miscellaneous Operating Expense as Indirect Expenses, rather than in the statutory program budgets, and allocates these costs to the statutory programs on the basis of the proportion of direct statutory FTEs in each program.

\$400,000 release from the ASR) to reach its target Reserves at December 31, 2024.

To determine the assessments to recover NPCC's funding requirement, compliance program costs are allocated among the Independent System Operators/BAA's within NPCC in New York, New England, Ontario, Québec, New Brunswick and Nova Scotia. NPCC's allocation methodology for its Regional Entity compliance program costs applies a rolling seven-year compliance cost average to total compliance program expenses for the current budget year to allocate compliance program costs among U.S. and Canadian BAA's. To develop this average, for each of the seven years, costs attributed to CORC Fundamentals are allocated between BAA's in the U.S. and Canada on a NEL basis. Audits and Investigations-related costs are allocated between U.S. and Canadian BAA's, and among the Canadian provinces, using an audit-based methodology which incorporates relative costs based on categories of compliance audits reflective of their size and complexity as well as the different compliance models used in NPCC due to its international nature. Mitigation and Enforcement-related costs are allocated between U.S. and Canadian BAA's and among Canadian provinces through an enforcement activity-based methodology that uses historical data on each BAA's percentage of violations, mitigation plans and settlement agreements. The resulting seven-year average allocation percentage of total combined compliance costs attributable to each BAA is then applied to total compliance program expenses for the current budget year to allocate current budget year costs among U.S. and Canadian BAA's. The portions of the costs allocated to the New York and New England BAA's are allocated between them based on NEL (as required by PP 40-41 of the *July 16, 2009 Budget Compliance Order*). Within the Canadian portion of NPCC, the costs attributable to compliance functions performed by NPCC on behalf of provincial governments or regulatory authorities are allocated consistent with the specific Memorandum of Understanding or Agreement with each

province. Appropriate adjustments to the costs to be allocated are made for Penalty payments received by NPCC from U.S. registered entities (used solely to offset costs allocated to U.S. BAAs). The discussion and table on pages 46-48 of **Attachment 4** explains these assessment methodologies and shows development of the 2024 assessments by BAA within NPCC to recover NPCC's Regional Entity funding requirement.

3. ReliabilityFirst – Attachment 5

ReliabilityFirst has a statutory budget for 2024 of \$31,324,535, an increase of \$3,349,114 (12.0%) over its 2023 budget. ReliabilityFirst's proposed assessment for 2024 is \$26,959,272, an increase of \$2,338,932 (9.5%) over 2023, and reflects application of \$1,473,348 of Penalty collections during the 12 months ended June 30, 2023 and \$50,000 of other Income to reduce the assessment. ReliabilityFirst is budgeting an overall net staffing increase of 7.00 FTEs, including 4.00 additional FTEs in its CMEP and 4.00 additional FTEs in Administrative Services. Total budgeted staffing is 98.0 FTEs, comprised of 72.00 FTEs in statutory programs and 26.00 FTEs in Administrative Services. Total budgeted 2024 Administrative Services expenditures are \$10,449,499, an increase of \$1,790,118.

ReliabilityFirst's projected Working Capital and Operating Reserve balance at December 31, 2024, approved by its Board, is \$3,851,829 (\$2,851,829 for Working Capital and Working Capital Reserve (WC/WCR) and \$1,000,000 for Operating Reserve). ReliabilityFirst's projected WC/WCR and Operating Reserve balance at December 31, 2023 (not including Penalty collections held for release) is \$6,837,363 (\$5,837,363 in WC/WCR and \$1,000,000 in Operating Reserve). As a result, the requested assessment for 2024 reflects a decrease of \$2,985,535 in WC/WCR, which, along with application of Penalties collected in the 12 months ended June 30, 2023 (\$1,473,348) and other budgeted funding sources (\$50,000), and an adjustment to reserves of \$143,620 due to transactions recorded on the Statement of Financial Position that do not

impact the Statement of Activities, produces a 2024 assessment of \$26,959,272.

4. SERC – Attachment 6

SERC's 2024 statutory budget is \$31,999,954, an increase of \$3,784,059 (13.4%) from its 2023 budget. The principal areas of budget increase are in SERC's CMEP and Organization Registration and Certification and RAPA programs. SERC's proposed 2024 assessment of \$28,737,687 is an increase of \$2,544,810 (9.7%) from 2023, and reflects application of \$2,896,449 of Penalty collections and \$283,500 of other Income to reduce the assessments.

SERC's budgeted 2024 staffing for statutory programs and Corporate Services is 111 FTEs, an increase of 5.0 FTEs from 2023, comprised of 2.00 FTEs for the RAPA program, 1.00 FTE for the Training, Education and Stakeholder Outreach statutory program, and 2.00 FTEs for the Analytics & Information Technology program. Budgeted 2024 expenditures for Corporate Services are \$14,483,310, an increase of \$1,224,564, due primarily to increased Personnel expense and Office Costs.

SERC proposes to (i) place the \$6,596,448 of Penalties it collected in the 12 months ended June 30, 2023 into the SERC ASR, and (ii) release \$2,896,449 of Penalties from its ASR to offset SERC's 2024 assessment (leaving \$7,800,000 in the ASR at December 31, 2024, for future use to stabilize assessments). Pursuant to §1107.4 of the NERC ROP, NERC and SERC request Commission approval of the uses of Penalty collections described in the preceding sentence, as exceptions to the requirement in ROP §1107.2 that Penalties collected during the 12 months ended June 30 be used to reduce assessments in the following budget year. SERC's target WCR at December 31, 2024, is \$1,904,843 and its projected WCR at December 31, 2023, is \$1,987,161. Therefore, in addition to releasing \$2,896,449 of Penalty collections from the ASR, and \$283,500 of other Funding sources, SERC proposes to decrease its 2024 assessment by \$82,318 to reach its target WCR at December 31, 2024.

5. Texas RE – Attachment 7

Texas RE's 2024 statutory budget is \$19,157,925, an increase of \$1,424,458 (8.0%) from its 2023 budget, with the principal area of increase being the CMEP. Texas RE's proposed 2024 assessment is \$18,681,013, an increase of \$1,525,735 (8.9%) from 2023, and reflects application of \$426,912 of Penalty collections in the 12 months ended June 30, 2023 to reduce assessments. Texas RE's budgeted 2024 staffing is 70.00 FTEs, an increase of 3.00 FTE from the 2023 budget, with two FTEs budgeted to be added to statutory programs and one FTE budgeted to be added to the IT Administrative Services function. Budgeted 2024 staffing for statutory programs is 53.25 FTEs, including 42.75 FTEs in the CMEP, while budgeted 2024 staffing for Administrative Services is 16.75 FTEs. Texas RE's budgeted 2024 Administrative Services expenditures are \$8,445,528 (a \$79,083 increase), due primarily to increased Personnel Expenses partially offset by reduced Office Rent reflecting additional experience in new office space.

Texas RE's target Operating Reserve balance at December 31, 2024 is \$2,000,000, which is also the projected balance at December 31, 2023. Texas RE plans to maintain the balance in its ASR at \$223,093. Texas RE proposes to use the \$426,912 of Penalties collected in the 12 months ended June 30, 2023 and \$50,000 of other Income to reduce the proposed 2024 assessment to \$18,681,013.

6. WECC – Attachment 8

WECC's 2024 statutory budget is \$35,404,795, an increase of \$3,592,512 (11.3%) from its 2023 budget, with the principal areas of increase the CMEP and Organization Registration program and the RAPA program, due primarily to increased Personnel Expenses reflecting the addition of 8.00 FTEs for these two programs. WECC's proposed 2024 statutory assessment is \$25,000,000, an increase of \$5,249,463 (26.6%) from the 2023 assessment, due primarily to the increased budget and a reduced amount of Penalties to offset assessments.

WECC's budgeted staffing for 2024 is 168.0 FTEs, an increase of 8.00 FTEs from its 2023 budget. Budgeted 2024 staffing includes 127.50 FTEs (increase of 8.00 FTEs) in statutory programs and 40.50 FTEs (no net change) in Corporate Services. WECC's budgeted 2024 Corporate Services expenditures are \$11,495,225 (\$248,000 increase from the 2023 budget).

As described in detail in the NERC 2022 Business Plan and Budget filing and WECC's 2022 Business Plan and Budget, and in the Commission's order in Docket No. RR21-9-000 (¶¶21-23 and 25),²⁶ in December 2020, WECC entered into an agreement with Peak Reliability (Peak) in connection with Peak's termination of operations as Reliability Coordinator for the Western Interconnection and Peak's corporate dissolution, to receive a donation of \$4,127,000 from Peak's remaining funds to support WECC's reliability and security mission, subject to an agreement to hold back \$300,000 of the donation for five years to pay any bills that are rendered to Peak post-dissolution. The remainder of the donation, \$3,827,000, will be used for projects focused on the reliability and security of the Western Interconnection. The hold back amount was recorded as a non-statutory liability in WECC's 2020 financial results. The \$3.8 million is held by WECC (less amounts for projects approved for 2022 and 2023) in a Peak Reliability Donation Reserve (Peak Reserve). The Commission approved these arrangements, including accounting and recording treatment, in ¶25 of its Order in Docket No. RR21-9-000. In its 2022 and 2023 Business Plans and Budgets, WECC requested and received Commission approval to include two reliability- and security-related projects in each year's budget as projects to be funded from the Peak Reserve.

For 2024, as further described in WECC's 2024 Business Plan and Budget (**Attachment 8**), WECC has identified two projects to fund using the Peak Reserve: (1) an expanded trial of

²⁶ *North American Electric Reliability Corp., Order Accepting 2022 Business Plans and Budgets*, 177 FERC ¶ 61,078 (Nov. 2, 2021).

PLEXOS software, an energy market simulation platform, to provide in-depth analytics and modeling support for reliability assessment activities, and (2) acquisition of Electromagnetic Transient simulation software to support data collection and analysis of inverter-based resources. These projects were selected after extensive review and interaction with management, relevant committees, and other stakeholders; WECC believes the two projects are consistent with and will support WECC's reliability and security mission in the Western Interconnection. WECC proposes to use \$250,000 from the Peak Reserve in 2024 to fund these projects. This will leave a balance of \$2,620,164 in the Peak Reserve to fund future projects. Accordingly, NERC and WECC request Commission approval for WECC to use up to \$250,000 from the Peak Reliability Donation Reserve in 2024 to fund the two projects described above.

WECC's projected Working Capital Reserve (WCR) balance at December 31, 2024 is \$11,723,095, based on a Board-approved target working capital and operating reserve requirement of one to three months of Personnel, Meeting, and Operating expenses. WECC's projected reserve balance at December 31, 2023 is \$10,664,692. In the 12 months ended June 30, 2023, WECC received Penalty collections totaling \$10,137,948, which WECC proposes to use in 2024 to reduce its assessment in addition to the \$8,700,000 of Penalties carried forward from 2023. The release of \$250,000 from the Peak Donation reserve in 2024 (as described above), the use of \$10,137,948 of Penalties collected, the use of \$1,075,250 from other funding sources, and an increase of \$808,403 in working capital results in a proposed 2024 assessment for WECC of \$25,000,000.

WECC's allocation of its 2024 assessment to the AESO for Alberta has been reduced by \$1,243,351, representing WECC compliance costs (including allocated Indirect Costs and Fixed

Asset spending) considered duplicative of the AESO's compliance and enforcement programs.²⁷ The AESO credit amount is allocated to the remainder of the LSEs (Balancing Authorities or designees) in the WECC region based on NEL. Appendix C to WECC's 2024 Business Plan and Budget (**Attachment 8**) shows calculation of the adjustment to the AESO assessment.

VI. WIRAB FUNDING REQUEST

In its Order issued July 20, 2006, in Docket No. RR06-02-000, the Commission concluded that reasonable costs incurred by WIRAB for activities under §215(j) of the FPA can be funded through the ERO funding process.²⁸ As specified in P 35 of the *WIRAB Order*, WIRAB submitted to NERC a proposed 2024 Business Plan and Budget for §215(j) activities (**Attachment 9**). NERC has reviewed WIRAB's submission and believes it complies with P 35 of the *WIRAB Order*.

WIRAB's 2024 budget for expenses is \$831,492, a \$52,028 (5.9%) decrease from its 2023 budget. WIRAB's budgeted staffing for 2023 is 2.60 FTEs, a reduction of 0.40 FTE from the 2023 budget. WIRAB's budgeted 2024 Personnel Expenses are reduced by 16.3% from the 2023 budget. WIRAB's budget includes \$100,000 for Consultants & Contracts expense, the same amount as its 2019 through 2023 budgets, to provide technical expertise to WIRAB related to improved grid operating practices and reliability standards and compliance, and assist WIRAB in providing technically sound advice to WECC, NERC and the Commission under FPA §215(j). WIRAB's proposed statutory assessment for 2024 is \$692,692, an increase of \$10,772 (1.6%) from 2023. WIRAB's target Working Capital Reserve (WCR) at December 31, 2024 is \$573,700, as compared to a projected WCR at December 31, 2023 of \$711,500. The reduction

²⁷ The adjustment to the WECC assessment to the AESO is provided for in a memorandum of understanding entered into effective July 15, 2010 among NERC, WECC, and the AESO.

²⁸ *Order on Petition to Establish a Regional Advisory Body for the Western Interconnection*, Docket No. RR06-2-000, 116 FERC ¶61,061 (2006) (*WIRAB Order*), PP 33-37.

in the target WCR plus \$1,000 of other funding results in the proposed 2023 assessment of \$692,692, which is allocated \$580,417 (83.8%) to the U.S. portion, \$99,549 (14.4%) to the Canadian portion, and \$12,726 (1.8%) to the Mexican portion of the Western Interconnection.

VII. METRICS RELATED TO NERC AND REGIONAL ENTITY BUDGETS

Consistent with NERC's February 18, 2015 *Request to Revise Certain "Metrics" Filing Components for its Annual Business Plan and Budget Filings and its Annual Actual Cost-to-Budget True-Up Filings* in Docket No. RR15-6-000, and the Commission's June 15, 2015, letter order approving NERC's request, NERC is providing the metrics information listed below in **Attachment 13** and **Attachment 14** to this filing.

Attachment 13 provides the following information relating to the Regional Entities' operations based on their 2024 Business Plans and Budgets:

1. Numbers of registered entities
2. Numbers of registered functions
3. Total NEL (GWh)
4. NEL (GWh) per registered entity
5. Total ERO Funding (sum of assessments plus Penalty sanctions collections)
6. ERO Funding per registered entity
7. ERO Funding per registered function
8. Total Budget (sum of Total Expenses plus increase/decrease in Fixed Assets)
9. Total Budget per registered entity
10. Total Budget per registered function
11. Total Statutory FTEs (FTEs are based on working 2,080 hours per year)
12. Registered entities per Statutory FTE
13. Registered functions per Statutory FTE
14. Total CMEP Budget (sum of Direct Expenses, Indirect Expenses allocated to the CMEP Program, and Capital Expenditures)
15. CMEP budget per registered entity
16. CMEP budget per registered function
17. Total CMEP FTEs

18. Registered entities per CMEP FTE
19. Registered functions per CMEP FTE

In addition, **Attachment 13** provides the following metrics and graphics based on the Regional Entities' 2024 Business Plans and Budgets:

20. CMEP Budget per Number of Registered Functions and per Number of Registered Entities
21. Number of Registered Functions per Registered Entity
22. CMEP Budget as a Function of Number of Registered Entities and Number of Registered Functions
23. Number of Registered Entities per CMEP FTE and Number of Registered Functions per CMEP FTE
24. Comparisons of Number of Registered Entities per CMEP FTE and Number of Registered Functions per CMEP FTE for the current year (2023) and the budget year (2024)

Attachment 14 provides the following metrics on the budgeted Administrative Services costs of NERC and each Regional Entity, based on their budgets for 2023 and 2024:

1. Statutory Indirect (Administrative) Budget as a Percentage of Total Statutory Budget, 2023 and 2024
2. Ratio of Statutory Direct Budget to Statutory Indirect Budget, 2023 and 2024
3. Statutory Indirect FTEs as a Percentage of Total Statutory FTEs, 2023 and 2024
4. Number of Direct Statutory FTEs per Indirect FTE, 2023 and 2024

VIII. CONCLUSION

Based on the information in this filing, NERC requests that the Commission issue an order pursuant to 18 C.F.R. §39.4, by November 2, 2023: (1) accepting NERC's proposed 2024 Business Plan and Budget in **Attachment 2** and the proposed 2024 Business Plans and Budgets of the six Regional Entities for statutory activities in **Attachments 3 through 8** (including, (i) pursuant to §1107.4 of the NERC ROP, the application of Penalty collections proposed by NERC, MRO, NPCC, and SERC for assessment stabilization purposes, as described in §IV.B, V.B.1, V.B.2, and V.B.4 above, as exceptions to NERC ROP §1107.2); and (ii) WECC's

proposed use of funds from the Peak Reliability Donation Reserve in 2024 as described in §V.B.6 above); (2) accepting the proposed budget and funding requirement of WIRAB for 2024 in **Attachment 9**; and (3) approving the proposed assessments to each LSE or designee or other entities to be billed within each Region, as set forth in Appendix 2 to **Attachment 2**, to be billed to and paid by each such LSE or designee or other entity to fund the portion of NERC's 2024 Funding requirement allocated to the United States and the 2024 Funding requirement for statutory activities of each Regional Entity and WIRAB allocated to the United States.

Respectfully submitted,

James B. Robb
President and Chief Executive Officer
Andrew G. Sharp, Vice President and
Chief Financial Officer
North American Electric Reliability
Corporation
3353 Peachtree Road
Suite 600, North Tower
Atlanta, GA 30326

Shamai Elstein
Associate General Counsel
North American Electric Reliability Corporation
1401 H Street NW, Suite 410
Washington, D.C. 20005
(202) 603-3331
Shamai.elstein@nerc.net

/s/ Owen E. MacBride
Owen E. MacBride
ArentFox Schiff LLP
233 South Wacker Drive, Suite 7100
Chicago IL 60606
(312) 258-5680
owen.macbride@afslaw.com

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 1

SUMMARY TABLES FOR NERC AND REGIONAL ENTITY

PROPOSED 2024 BUDGETS AND ASSESSMENTS

NERC Proposed Budget by Program

NERC Program	2023 Budget for Statutory Functions	2024 Budget for Statutory Functions
Reliability Standards and Power Risk Issues and Strategic Management	\$ 10,349,112	\$ 11,572,434
Compliance Assurance and Organization Registration and Certification	13,992,714	14,405,806
Compliance Enforcement	7,275,796	8,532,329
Reliability Assessment and Performance Analysis	18,154,510	23,025,951
Situation Awareness	6,010,996	6,615,001
Event Analysis	4,107,435	4,808,401
E-ISAC (including CRISP)	38,026,141	41,053,575
Personnel Certification and Credential Maintenance	1,961,763	2,440,201
Training and Education	1,123,146	1,167,248
Total Budget	\$ 101,001,613	\$ 113,620,945

Proposed Budget for Statutory Activities of NERC, Each Regional Entity, and WIRAB

	2023 Budget for Statutory Functions	2024 Budget for Statutory Functions
NERC	\$ 101,001,613	\$ 113,620,945
MRO	23,082,469	24,884,445
NPCC	19,423,594	22,086,766
ReliabilityFirst	27,975,420	31,324,535
SERC	28,215,895	31,999,954
Texas RE	17,733,467	19,157,925
WECC	31,812,283	35,404,795
WIRAB	883,520	831,492
Total Budget	\$ 250,128,261	\$ 279,310,857

Proposed Assessments for Statutory Activities of NERC, Each Regional Entity, and WIRAB

	Assessments for		Assessments for		Allocation to U.S.	
	Statutory	Allocation to	Statutory	Allocation to	2024 Budget v	% Over
	Functions 2023	U.S. 2023	Functions 2024	U.S. 2024	2023 Budget v	(Under)
					Over (Under)	(Under)
NERC	\$ 87,074,681	\$ 78,211,559	\$ 96,997,362	\$ 87,154,927	\$ 8,943,368	11.43%
Regional Entities	\$ 126,366,343	\$ 113,009,670	\$ 143,695,401	\$ 128,308,223	\$ 15,298,552	13.54%
MRO	20,507,276	18,324,279	23,583,367	21,241,737		
NPCC	18,140,037	10,969,706	20,734,062	12,264,076		
ReliabilityFirst	24,620,339	24,620,339	26,959,272	26,959,272		
SERC	26,192,876	26,192,877	28,737,687	28,737,687		
Texas RE	17,155,278	17,155,278	18,681,013	18,681,013		
WECC	19,750,537	15,747,191	25,000,000	20,424,438		
WIRAB	\$ 681,920	\$ 571,006	\$ 692,692	\$ 580,417	\$ 9,411	1.65%
Total Budget	\$ 214,122,944	\$ 191,792,236	\$ 241,385,455	\$ 216,043,567	\$ 24,251,331	12.64%

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 2

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

PROPOSED 2024 BUSINESS PLAN AND BUDGET

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2024 Business Plan and Budget

Final

August 9, 2023

RELIABILITY | RESILIENCE | SECURITY



**3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com**

Table of Contents

Preface iii

About NERC..... iv

Introduction and Executive Summary..... 1

Section A – 2024 Business Plan and Budget Program Area and Department Detail 14

 Reliability Standards and Power Risk Issues and Strategic Management..... 14

 Compliance Assurance and Organization Registration and Certification..... 17

 Compliance Enforcement.....20

 Reliability Assessments and Performance Analysis 23

 Situation Awareness..... 28

 Event Analysis 31

 Electricity Information Sharing and Analysis Center 34

 Personnel Certification and Credential Maintenance..... 40

 Training and Education..... 43

 Corporate Services 46

Section B – Supplemental Financial Information 52

 Table B-1 – Total Reserves Analysis 52

 Table B-2 – Penalties 53

 Table B-3 – Outside Funding 54

 Table B-4 – Personnel..... 55

 Table B-5 – Meetings & Travel 55

 Table B-6 – Contractors & Consultants 56

 Table B-7 – Rent 57

 Table B-8 – Office Costs..... 58

 Table B-9 – Professional Services 58

 Table B-10 – Miscellaneous..... 59

 Table B-11 – Other Non-Operating Expenses 59

 Table B-12 – Fixed Assets 60

 Table B-13 – 2025 and 2026 Projections..... 61

Section C – Non-Statutory Activity..... 63

Section D – Consolidated Statement of Activities by Program..... 64

Exhibit A – Application of NERC Section 215 Criteria 65

Exhibit B – Capital Financing 84

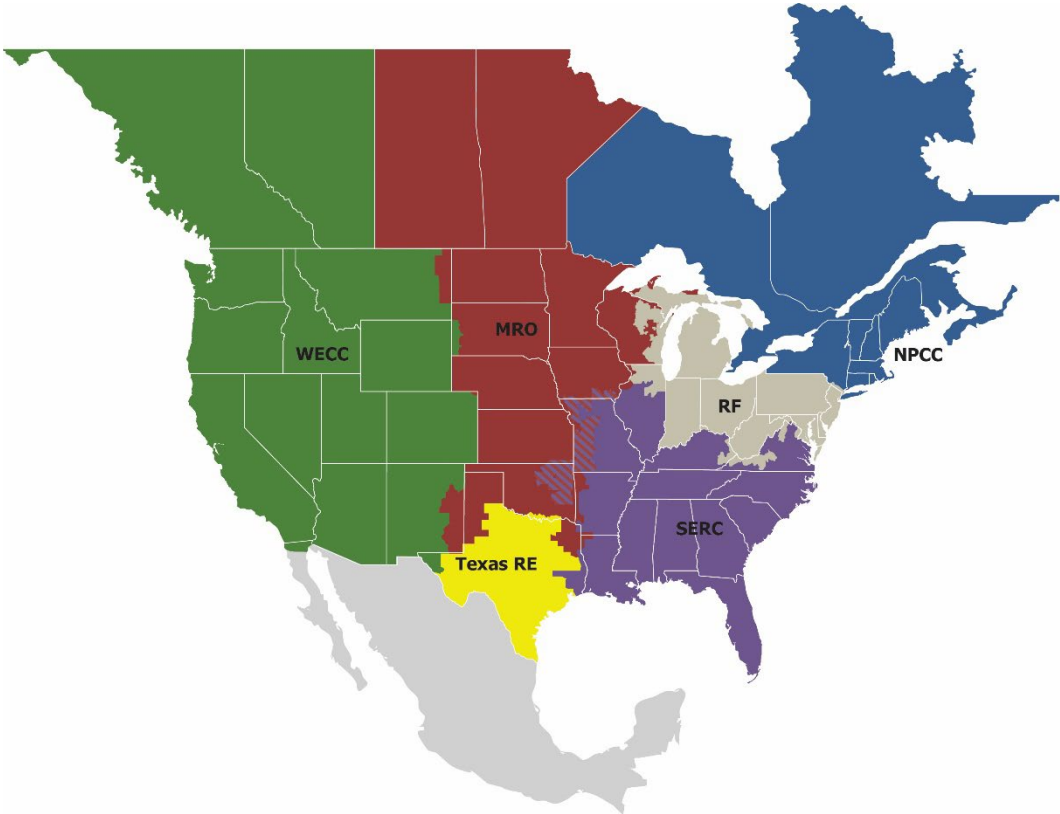
Appendix 1 – NERC Staff Organization Chart..... 85

Preface

Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

Reliability | Resilience | Security
Because nearly 400 million citizens in North America are counting on us

The North American BPS is divided into six Regional Entity boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Region while associated Transmission Owners/Operators participate in another.



MRO	Midwest Reliability Organization
NPCC	Northeast Power Coordinating Council
RF	ReliabilityFirst
SERC	SERC Reliability Corporation
Texas RE	Texas Reliability Entity
WECC	Western Electricity Coordinating Council

About NERC

Overview

The North American Electric Reliability Corporation (NERC) is a not-for-profit entity organized under the New Jersey Nonprofit Corporation Act. NERC’s area of responsibility spans the continental United States and portions of Canada and Mexico. Entities under NERC’s jurisdiction are the users, owners, and operators of the bulk power system (BPS)—a system that serves the needs of nearly 400 million people.¹

Electric Reliability Organization

The Federal Energy Regulatory Commission (FERC) certified and has oversight of NERC as the Electric Reliability Organization (ERO) within the United States to establish and enforce NERC Reliability Standards for the U.S. portion of the BPS, pursuant to Section 215 of the Federal Power Act (FPA). As of June 18, 2007, FERC granted NERC the legal authority to enforce Reliability Standards with all U.S. users, owners, and operators of the BPS and made compliance with those standards mandatory and enforceable. Section 215 also requires that the organization certified by FERC as the ERO seek recognition with relevant authorities in Canada and Mexico. In 2005, the U.S. Department of Energy and Canadian federal and provincial governments agreed to bilateral principles for a consistent, continent-wide reliability regulatory framework under a non-governmental institution (the ERO) designed to function on an international basis. To date, NERC has memoranda of understanding (MOUs) with eight Canadian provinces² and the Canada Energy Regulator in furtherance of this framework. NERC works with the Mexican regulator, *Comision Reguladora de Energía*, and the Mexican system and market operator, *CENACE*, under a MOU signed in 2017 to ensure consistency with the framework in Canada and the United States.

Membership and Governance

A 12-member Board of Trustees (Board), comprised of 11 independent trustees and NERC’s president and chief executive officer serving as the management trustee, governs NERC. The Board has formed several committees to facilitate oversight of the organization in the areas of finance and audit, corporate governance and human resources, compliance, technology and security, nominations, and enterprise-wide risk.

Membership in NERC is open to any person or entity that has an interest in the reliability of the North American BPS. Membership is voluntary and affords participants the opportunity to engage in the governance of the organization, including through election to the Member Representatives Committee (MRC).³ NERC, its members, and each applicable BPS owner, operator, and user must comply with the NERC [Rules of Procedure](#) (ROP).

¹ Standards, compliance, and enforcement activities focus on the [Bulk Electric System \(BES\)](#), comprised of certain BPS facilities.

² British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia

³ The [MRC](#) comprises voting representatives elected from 12 membership sectors. The MRC elects the independent trustees and, along with the Board, votes on amendments to the bylaws. The MRC also provides advice and recommendations to the Board on behalf of stakeholders with respect to annual budgets, business plans, and other matters pertinent to the purpose and operation of the organization.

Scope of Oversight

As the international, multijurisdictional ERO in North America, NERC:

- Proposes, supports the development of, monitors compliance with, and enforces mandatory Reliability Standards for the North American BES, subject to regulatory oversight and approvals from FERC in the United States and applicable authorities in Canada
- Conducts near-term and long-term reliability assessments of the North American BPS
- Certifies BPS operators as having the knowledge and skills to perform reliability responsibilities
- Maintains situational awareness of events and conditions that may threaten BPS reliability
- Coordinates efforts to improve physical and cyber security for the BPS of North America
- Conducts detailed analyses and investigations of system disturbances and events as well as measures ongoing trends to determine root causes, uncover lessons learned, and issue findings as recommendations, guidelines, and actions to mitigate and control risks to reliability
- Identifies and prioritizes risks to reliability and uses a broad toolkit to mitigate and control risks to reliability, including the potential need for new or modified Reliability Standards, improved compliance monitoring and enforcement methods, or other initiatives

Delegated Authorities

In executing its responsibility, NERC delegates certain authorities to the six Regional Entities to perform aspects of the ERO functions described above through delegation agreements, which are approved by FERC. These agreements describe the authorities delegated and responsibilities assigned to the Regional Entities in the United States to address, among other things: (1) developing regional Reliability Standards; (2) monitoring compliance with and enforcement of Reliability Standards (both North American-wide and regional); (3) registering owners, operators, and users of the BES and certifying reliability entities (Reliability Coordinators, Balancing Authorities, and Transmission Operators); (4) assessing reliability and analyzing performance; (5) training and education; (6) event analysis and reliability improvement; and (7) situation awareness and infrastructure security. NERC expects Regional Entities whose territories and geographic footprints extend into Canadian provinces and Mexico to perform equivalent functions in those jurisdictions.

Statutory and Regulatory Background

NERC's authority as the ERO in the United States is based on FPA Section 215, as added by the Energy Policy Act of 2005,⁴ and FERC's regulations and orders pursuant to Section 215. In Canada, NERC's authorities are established by MOUs and regulations previously mentioned. In this Business Plan and Budget (BP&B), *Exhibit A – Application of NERC Section 215 Criteria* summarizes the major activities NERC proposes to undertake in 2024 and the approved FPA Section 215 criteria applicable to such activities.⁵

Funding

FPA Section 215 and FERC's regulations specify procedures for NERC's funding in the United States. NERC's annual BP&B is subject to FERC approval and, once approved, NERC's annual funding is provided primarily through assessments to load-serving entities. These assessments are allocated on a net-energy-for-load (NEL) basis. Equivalent funding mechanisms are provided in Canada, subject to the specific laws and regulations of each province. Regional Entity funding requirements are addressed separately in their respective BP&Bs, which must be reviewed and approved by NERC and FERC.

⁴ Section 215 of the FPA, 16 United States C. 824o.

⁵ North American Electric Reliability Corporation, Order on Compliance, 143 FERC ¶ 61,052 (2013).

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American BPS. Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations 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. This model effectively blends a continent-wide scope with flexibility and responsiveness, and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

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 have been established, 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
- Support innovation, initiatives, and the sharing of best-practices across the ERO Enterprise

Building upon these commitments, the ERO Enterprise is guided by the value drivers shown in the graphic below and engages in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



ERO Enterprise Strategic and Operational Planning

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 Regional Entities, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and to ensure alignment with the BPS risks identified by NERC's Reliability Issues Steering Committee (RISC). This strategy, which was approved by the Board 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-based security capability
4. Strengthen engagement across the reliability and security ecosystem in North America
5. Capture effectiveness, efficiency, and continuous improvement opportunities

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas, but continually come together to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate.

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.

Introduction and Executive Summary

Background

Historical Budget and Assessment Increase Overview

For the 10-year period prior to the 2023–2025 plan discussed below, NERC’s average annual budget and assessment increase has been 5.7%. NERC incurred significant costs on behalf of the Electric Reliability Organization (ERO) Enterprise during this time period, including the Cyber Risk Information Sharing Program (CRISP) addition in 2015, the Electricity Information Sharing and Analysis Center (E-ISAC) program expansion in 2019, and the Align and ERO Secure Evidence Locker (SEL) system implementations. The 2021 budget and assessment were flat as a result of the temporary deferral of costs and projects in an effort to provide industry assessment relief through the financial uncertainty associated with the pandemic.

	2013	2014	2015 ⁽¹⁾	2016	2017	2018	2019 ⁽²⁾	2020	2021	2022 ⁽³⁾	Avg Annual
NERC Total Budget (millions)	\$54.3	\$56.4	\$66.7	\$67.2	\$69.6	\$73.1	\$79.9	\$82.7	\$82.9	\$88.8	
Annual Increase %		3.9%	18.3%	0.7%	3.6%	5.0%	9.3%	3.5%	0.2%	7.1%	5.7%
NERC Assessment (millions)	\$47.6	\$51.4	\$55.3	\$57.1	\$59.9	\$62.9	\$68.9	\$72.0	\$72.0	\$78.4	
Annual Increase %		8.0%	7.6%	3.3%	4.9%	5.0%	9.5%	4.5%	0.0%	8.9%	5.7%

⁽¹⁾ 2015 Budget increase includes addition of CRISP program (\$9 million)

⁽²⁾ Budgets in 2019 and prior years do not include net financing activity

⁽³⁾ 2022 Budget, as amended for Atlanta office transition costs

2023–2025 Strategic and Business Planning

From compromised supply chains and cyber breaches to record weather-related events, there has been an alarming increase in reliability, resilience, and security risks to the bulk power system (BPS). The industry is facing an absolute step change in the risk environment surrounding reliability and security. Three key challenges are:

- **Rapidly changing resource mix**
 - Retirements of synchronous generation and unbundling of essential reliability services
 - Interdependencies between the electric and natural gas systems
 - Uncertainties and engineering challenges resulting from the integration of more energy-constrained asynchronous inverter-based and distributed energy resources on the grid
- **Extreme weather**
 - Extreme, not infrequent
 - More widespread, more extreme, and of longer duration
 - Weather that at one time was not considered extreme can have extreme impacts on resource availability (e.g., long-term cloud cover, smoke, little/too much wind, etc.)
- **Rapidly evolving threat landscape**
 - Software vulnerabilities
 - Supply chain attacks
 - Ransomware
 - Physical attacks

In support of the ERO Enterprise’s mission to assure the effective and efficient reduction of risks to the reliability and security of the grid, and with consideration to the extraordinary costs to nearly 400 million North American citizens if responsive and preventive measures are not taken to address these risks, NERC developed a three-year plan to focus on investments where the ERO can most influence change.

In the last quarter of 2021, NERC leadership and the Board of Trustees (Board) came together to align on strategic priorities and focus areas for 2023–2025, and conducted extensive outreach with stakeholders to gain feedback. In parallel, NERC leadership developed budget assumptions to support the three-year plan, which were shared in detail with the Board and discussed with key stakeholders, including the Member Representatives Committee (MRC) Business Plan and Budget (BP&B) Input Group, the E-ISAC’s Member Executive Committee (MEC), and industry trades and forum representatives.

NERC’s plan for 2023–2025 does the following:

- Ensures NERC has the resources to address two critical emerging risks to BPS reliability, resilience, and security while leveraging the work of key partners:
 - Evolving energy availability concerns as the resource mix changes and climatic conditions become more extreme
 - Heightened cyber-security and physical risks driven by supply chain vulnerabilities occurring at an unprecedented rate
- Retools NERC’s approach to mitigating risk through a more nimble standard setting process that honors the important role of stakeholders in Reliability Standards development
- Invests in NERC’s own infrastructure to reduce enterprise and cyber risks related to business activities and systems and create a more sustainable organization

The 2023–2025 plan’s value proposition:

- Provides the framework and plans for NERC and the industry to get ahead of key grid transformation risks by defining key performance outcomes
- Is responsive to key needs of the security role envisioned for the E-ISAC expressed by industry through the MEC and government partners, including the Department of Energy and its Office of Cybersecurity, Energy Security, and Emergency Response
- Leverages technology and expertise to drive more comprehensive analytics around reliability assessments (i.e., more complete assessments of energy availability) and key institutional risks (e.g., improving the cyber security posture of NERC’s own systems and applications)
- Creates the capacity for better analytics and focus to manage and improve the productivity of NERC’s back-office systems while reducing risk of human error due to current manual processes
- Continues a strong focus on driving efficiency while assuring effectiveness of ERO programs and embedding risk-informed thinking into programs and processes

The plan is centered on four strategic areas of focus:

- **Energy:** Tackle the challenge of grid transformation and climate change-driven, extreme weather
- **Security:** Move the needle by focusing on supply chain, Information Technology (IT) and Operational Technology (OT) system monitoring, cyber design, and evolution of the Critical Infrastructure Protection (CIP) Standards

- **Agility:** Tool the company to be more nimble in key areas, particularly standards development and internal operational processes
- **Sustainability:** Invest in ERO systematic controls, eliminate single points of failure, strengthen succession planning, and ensure robust cyber security protections for all systems

With the 2023–2025 plan NERC proposed higher than historical average budget and assessment increases over this time period. However, the corresponding financial strategy included use of (1) project and equipment financing and (2) reserve releases in 2023 and 2025 to smooth the assessment impact of the budget increases.

\$ millions

	2022 ⁽¹⁾	2023	2024	2025	Notes
Annual Total Budget	\$88.8	\$101.0	\$110.1	\$122.6	
<i>\$ annual increase</i>	\$5.9	\$12.2	\$9.1	\$12.5	
<i>% annual increase</i>	7.2%	13.7%	9.0%	11.4%	Annual avg. 2023-2025 11.4%
Annual Total Assessment	\$78.4	\$87.1	\$97.2	\$108.0	
<i>\$ annual increase</i>	\$6.4	\$8.7	\$10.1	\$10.8	
<i>% annual increase</i>	8.9%	11.1%	11.6%	11.1%	Annual avg. 2023-2025 11.3%
Recommended Reserve Usage		\$2.0		\$0.5	

⁽¹⁾ 2022 budget includes amendment for Atlanta office lease costs (funded by reserves)

The detailed 2023 budget and 2024 and 2025 projections supporting the 2023–2025 plan were included in the 2023 BP&B, which was approved by the Federal Energy Regulatory Commission (FERC) on November 2, 2022.⁶

Investment Benefit and Performance Reporting

Given the significant investments proposed in the 2023–2025 plan, NERC is committed to reporting on the value and progress of the activities associated with these investments. Success is measured through accomplishment of the annual Work Plan Priorities, which includes initiatives that support the four strategic areas of focus discussed above.⁷ NERC leadership reports on the progress of these initiatives throughout the year and provides a comprehensive mid-year and end-of-year update to the Board on Work Plan Priority status, challenges, and accomplishments.

⁶ Order Accepting 2023 Business Plans and Budgets and Directing Compliance Filing 181 FERC ¶ 61,095 (2022)

⁷ The [2023 ERO Enterprise Work Plan Priorities](#) were approved by the Board in November 2022.

2024 Business Plan and Budget Overview

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs	251.14			
Non-statutory FTEs	-			
Total FTEs	251.14			
Statutory Expenses	\$ 111,591,205			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 111,591,205			
Statutory Fixed Asset Additions	\$ 4,624,000			
Non-Statutory Fixed Asset Additions	\$ -			
Total Fixed Asset Additions	\$ 4,624,000			
Statutory Funding(Use) of Reserves	\$ (1,904,115)			
Non-Statutory Funding of Reserves	\$ -			
Total Change in Working Capital	\$ (1,904,115)			
Net Proceeds from Financing Activities	\$ (2,594,260)			
Total Statutory Funding Requirement	\$ 111,716,829			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 111,716,829			
	TOTAL	US	CANADA	MEXICO
Statutory Funding Assessments	\$ 96,997,362	\$ 87,154,927	\$ 9,495,621	\$ 346,814
Non-Statutory Fees	\$ -	\$ -	\$ -	\$ -
NEL	4,686,829,725	4,139,006,535	531,594,992	16,228,198
NEL%	100.00%	88.31%	11.34%	0.35%

Budget Reporting Format and Presentation

NERC and the Regional Entities' budgets are comprised of both operating and fixed asset additions (fixed assets, or capital) costs as well as financing activity, if applicable. Operating costs generally include personnel, contractor support, consulting, meetings, travel, office space, software licensing, communications, and other customary services to support office operations. Fixed assets primarily reflect investments in equipment, infrastructure, and software applications to support business operations and improve efficiency. These operating and fixed asset costs, as well as corresponding funding and financing activity, are shown on a Statement of Activities report (SOA report) in this document, which is provided at both the total organization and department levels. These reports include funding, expenses, and financing activity for the current budget year and prior budget year to show year-over-year changes.

Overview of 2024 Budget and Funding Requirements

NERC's 2024 expense and fixed assets budget, including financing activity, is approximately \$113.6M, which is an increase of approximately \$12.6M (12.5%) from the 2023 budget. Total expenses are increasing approximately \$14.0M (14.4%) over 2023. The total fixed assets budget is approximately \$4.6M, a decrease of \$1.6M (25.7%) from 2023. The fixed assets budget includes the acquisition of \$1.8M in capital lease assets (primarily for equipment replacements), offset by corresponding lease proceeds reflected in financing activity. NERC is also proposing to finance \$2.4M of capital software expenditures in 2024, which is reflected by corresponding loan proceeds in financing activity. Approximately \$12.8M (11.3%) of NERC's 2024 budget is related to CRISP, with 78.8% of the CRISP budget funded by participating utilities and the majority of the remainder funded through assessments. See *Section A – Electricity Information Sharing and Analysis Center* for more information on CRISP funding.

NERC's proposed 2024 assessment is approximately \$97.0M, which is an increase of approximately \$9.9M (11.4%) from the 2023 assessment. Factors contributing to the difference between the 2024 budget and assessment include assumptions on other funding sources, such as third-party funding for CRISP and fees collected to fund the System Operator Certification and Credential Maintenance program. The proposed assessment includes a release of \$2.6M from reserves, comprised of \$1.3M from the Assessment Stabilization Reserve (ASR) and \$1.3M from the Operating Contingency Reserve (OCR). The allocation of the assessment among U.S. and Canadian entities will be impacted by the final determination of credits for certain costs for Canadian entities pursuant to *NERC's Expanded Policy on Allocation of Certain Compliance and Enforcement Costs*.⁸

2024 Budget Assumptions

Below is an overview of key 2024 assumptions, including changed assumptions from the 2024 projection included in the 2023 BP&B.

People Strategy

NERC is a knowledge-based organization. As the challenges to the reliability and security of the BPS evolve at the same time as the competition for talent increases, NERC's ability to retain, engage, and attract top talent is critical. NERC's people strategy for the 2023–2025 plan employs the following high-level workforce planning process:

- Identify the skills needed to support the four areas of focus
- Consider existing staff skillsets and succession planning
- Identify (1) gaps between current and needed skills, (2) single-threaded positions, (3) how to further optimize current resources, and (4) progress on current year Work Plan Priorities

⁸ *North American Electric Reliability Corp.*, Docket No. RR08-6-000, Attachment 16 (filed August 22, 2008)

- Create a plan to fill gaps using the following strategies:
 - Build – Develop current staff in the time frames needed
 - Borrow – Use contractors and consultants
 - Buy – Identify future full-time equivalent (FTE) staffing requests
 - Outsource – Outsource necessary functions that are not core to NERC’s mission
- Continually monitor and appropriately adjust plans to ensure business objectives are met

In 2024, NERC anticipates hiring 17 additional employees (14.3 FTEs, which incorporates a 6.0% vacancy rate) to support the four strategic areas of focus, primarily under Security and Energy. This is consistent with the projected FTE increase for 2024 included in the 2023 BP&B except for an additional five FTEs hired in 2023 to support a study on interregional transfer capability discussed further below. This is offset by the reduction of two open positions as part of resource optimization and efficiency efforts. Staffing is discussed in further detail in the *2024 Program Budget and FTE Comparisons* section below.

The 2024 personnel budget includes salaries, health insurance, and other benefits. NERC’s employee base consists primarily of professional skilled labor, with a relatively high concentration of cyber security and Information Technology (IT) employees. NERC competes for talent in the energy, high tech, cyber-security, and non-financial services sectors of the broader job market. In addition to the supply and demand for certain roles, inflation has played a factor in setting overall salary and cost of labor increases. NERC also conducts regular surveys to ensure compensation is market-based. Based on recently completed surveys and guidance from compensation advisors, for 2024 NERC is assuming a weighted average budgeted salary increase of 5.5%, which is consistent with the previous year’s projection. Medical and dental insurance premium cost estimates are also based on market data provided by the company’s benefits consultant and do not assume any plan changes. While salary rate increases are consistent with prior year projections, personnel costs have increased in 2024 over the prior projection primarily due to base salary inflation and higher medical insurance estimates. No other changes to retirement or other benefit plans have been assumed. A breakdown of 2024 personnel expenses is provided in *Table B-4 – Personnel*.

Technology Strategy

NERC’s technology strategy for the 2023–2025 plan addresses ever-emerging cyber security risks, enables agile business processes, mitigates ERO Enterprise and corporate risks, and delivers long-term benefits across the program areas. This plan aligns with the four strategic areas of focus, and adheres to the following:

- Flexible: Responsive to emerging issues (e.g., cyber) by shifting investments and priorities
- Measureable: Large investments are vetted through the IT Investment Review Policy and Procedure for justification and expected benefits
- Business-unit driven: Investments are mapped to the NERC program areas and support primary mission objectives
- Aligned to key business drivers: Each investment is linked to a key set of business drivers that align with the ERO Enterprise value drivers (see page vi above)

NERC’s technology strategy uses a “Solutions Hub” concept, which, to the extent possible, centers on Commercial off the Shelf applications such as the Microsoft xRM Dynamics Customer Relationship Management (CRM) platform, Governance Risk and Compliance, along with other Software as a Service platforms to configure ERO Enterprise technology solutions. The Solutions Hub is supported by both on premises and specialized infrastructure, surrounded by best-in-class cyber-security tools.

The flexibility of the 2023–2025 plan allows for reprioritization of investments as requirements develop and the risk and cyber threat environment changes. As such, technology investments are overall consistent with the technology investment level included in the 2024 projection in the 2023 BP&B. Key investments planned for 2024 include:

- **ERO Portal upgrade.** The ERO Portal is the central hub for requesting access to various ERO Enterprise applications (e.g., The Event Analysis Management System (TEAMS), MisOperations Information Data Analysis System (MIDAS), User Management and Records (UMR), along with a host of other ERO Enterprise applications). Originally constructed in 2015, the ERO Portal will be upgraded to take advantage of a host of new capabilities with the primary focus on security and ease of use for stakeholders.
- **CRM Platform modernization.** Much like the ERO Portal, the CRM platform is where the majority of the aforementioned ERO Enterprise applications reside, with the ERO Portal being the central hub for requesting access. Originally installed in 2015, the CRM platform will be upgraded to enhance security and provide more capabilities as the ERO Enterprise application footprint expands on the platform, including the Reliability Assessment Data System (RADS) and Registered Entity Bulk Electric System (BES) Generation and Transmission (G&T) Inventory solutions discussed below.
- **RADS.** Each year, NERC is responsible for independently assessing and reporting on the overall reliability, adequacy, and associated risks that could impact the upcoming summer and winter seasons as well as the long-term, 10-year period. Additionally, as emerging risks and potential impacts to reliability are identified, special assessments are conducted. NERC is undertaking a two-phased effort to automate the collection, management, and analysis of reliability assessment data. The first effort planned for 2024 is a refinement of data collection procedures. The subsequent phase will include the implementation of a technical solution that will support these refinements.
- **Registered Entity BES G&T Inventory.** ERO Enterprise tracking of registered entity BES assets is currently performed in a number of disparate systems supporting focused business processes, each with their own perspective on assets. This effort will begin with significant emphasis on standardizing asset collection, including unique identification, consistent asset descriptions, and verification against a master asset system. A component of this master system will be available to registered entities so they can manage and validate their asset inventory, and will increase efficiencies by reducing data collection efforts. NERC plans to collaborate with industry on this effort with more details to come.
- **Enterprise Analytics.** The Enterprise Analytics program is a multi-faceted effort focused on: (1) increasing data analytics capabilities across the ERO Enterprise; (2) implementing data quality measures within the ERO Enterprise environment to ensure data is trustworthy and available; and (3) creating a framework for the highly secured movement of data within the ERO Enterprise. Efforts include integrations, data modeling, data curating, and reports creation.
- **Atlanta Collaboration Space.** In similar fashion to the creation of the Washington, D.C., office collaboration space, NERC will undertake an initiative to determine the needs of NERC employees and stakeholders to identify the most appropriate and accommodating collaboration and meeting space for the Atlanta office location, including supporting network and audio visual requirements.
- **Finance & Accounting System implementation.** In 2024, NERC will continue implementation of a more modern, integrated Finance & Accounting system to support the Agility and Sustainability focus areas. This includes better support for reporting requirements, improved efficiency of internal business processes and financial data available to NERC staff, and an enhanced internal controls environment.

- **NERC Public Website upgrade.** As part of ongoing efforts to make NERC the trusted, independent voice for reliability, the NERC public website, originally constructed and implemented in 2014, will undergo an upgrade in 2024 and 2025. The new site will enhance the user experience—more intuitive design for ease of use, targeted information for stakeholders, metrics to inform decisions and assess impact, as well as more contemporary branding to attract new talent.
- **Identity Governance & Administration (IGA) phase two.** Phase two of implementation of IGA will include external accounts that access the ERO Enterprise applications such as TEAMS, MIDAS, and UMR, along with a number of other ERO Enterprise applications. Implementation will be in concert with the ERO Portal upgrade to enhance security of external accounts accessing ERO Enterprise applications to ensure they have been fully vetted and to ensure that roles are clearly defined based on the principle of least privilege.
- **ERO SEL Development Environment.** Construction of an ERO SEL development environment is planned for 2024 to invest in the ERO SEL infrastructure such that development and testing activities can be performed concurrently.
- **Additional Cyber Security enhancements.** In addition to the IGA and ERO SEL security investments, additional security enhancements are slated to improve NERC’s control environment and reduce the cyber risk to the organization, including additional Data Management and Loss Prevention expansions, maturing endpoint user device protections such as Extended Detection and Response, and Enterprise Virtual Desktops.

Interregional Transfer Capability Study (ITCS)

Shortly after the draft 2024 BP&B was posted for stakeholder comment on May 25, 2023, Congress passed the Fiscal Responsibility Act of 2023, which included a mandate for NERC to conduct an ITCS to be filed with FERC by December 2, 2024. NERC, in consultation with the Regional Entities, will analyze the amount of power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines between the areas. NERC recognizes that transmission adequacy is crucial to the future of the electricity industry and, beyond the delivery of the ITCS, this challenge will only continue to grow if not addressed in a timely, well-thought-out manner in NERC’s future assessments and in conjunction with the critical work NERC does.

The resources proposed in response to the ITCS include (1) five incremental FTEs hired in 2023, including four FTEs to support the study and build capability to include more in-depth transmission analytics into our future reliability assessments, and one FTE to support strategic communications, such as those related to the ITCS, and (2) other one-time costs for consultants, meetings, and technology. To accommodate these unanticipated expenses, NERC reevaluated its priorities for 2023 and 2024 to determine what could be deferred, what resources could be reassigned, what resources were needed, and what would provide the most benefit to industry now and in the future. This includes the following:

- In 2023: NERC will not conduct a special assessment on new and evolving electricity market practices and will instead incorporate these issues in the 2023 Long-Term Reliability Assessment as well as in the ITCS. NERC is also deferring hiring four open positions in the Reliability Assessment and Performance Analysis (RAPA), Situation Awareness, and Standards and Power Risk Issues Strategic Management (PRISM) areas until 2024, allowing NERC to keep 2023 personnel expense close to original budget.
- In 2023 and in 2024: Funding earmarked for geomagnetic disturbance and electromagnetic pulse research, emerging technology and cyber risk studies, and environmental regulatory analysis will be repurposed to fund ITCS costs. None of these efforts are being permanently omitted; rather the priority timeline has been adjusted.

To fund the incremental costs net of these deferrals and repurposing of funds, NERC is proposing to release reserves to eliminate any impact to 2023 assessments and the 2024 assessment proposed in the draft 2024 BP&B, as follows:

- In 2023: As approved by FERC on August 10, 2023 (184 FERC ¶61.090), NERC is planning to use up to \$700k from its ASR to fund the net 2023 ITCS non-personnel costs.
- In 2024: The net increase over the draft 2024 BP&B is \$2.6M, for which NERC is proposing to use \$1.3M from the ASR to fund the net ITCS non-personnel costs, and \$1.3M from the OCR to fully fund the incremental ITCS FTEs hired in 2023.

In acknowledgement that the ITCS mandate was issued by the U.S. government, the use of reserves in this manner results in the study being primarily funded by U.S. entities; the ASR is made up entirely of U.S. penalties, and funding from Canada and Mexico makes up only approximately 12% of the OCR release (~\$156k) toward permanent FTE resources for transmission transfer capabilities. NERC is also projecting to release additional funds from the ASR and OCR in 2025 to help manage the assessment impact from the ongoing costs related to the additional FTEs.

Meetings and Travel

While more virtual and hybrid options are available, meeting and travel costs are increasing. In 2024, the increase for meetings and travel is 11.5% higher than what was projected for 2024 in the 2023 BP&B, and marks the return to pre-pandemic levels. The 2024 budget is also increasing due to anticipated meetings and travel expenses related to the ITCS. Budget pressures are anticipated in this area as inflation impacts travel-related costs and requests for NERC engagement and attendance at events increases. A breakdown of 2024 meetings and travel expenses is provided in *Table B-5 – Meetings & Travel*.

Facilities and Rent

Rent expense in 2024 for both NERC offices are based on annual cash rent payments, net of any pro-rated spread of free rent incentives or excess tenant improvement allowances. A breakdown of 2024 rent expenses is provided in *Table B-7 – Rent*.

The lease for NERC's office in Atlanta expires in 2025 and, similar to the 2025 projection in the 2023 BP&B, the 2025 projection in the 2024 BP&B includes estimated one-time costs associated with a potential Atlanta office relocation, as well as an OCR release of \$500k to offset the assessment impact of the one-time costs. NERC is completing a workplace assessment to determine future needs and, currently, anticipates a lower-cost solution that recognizes the value of in-person collaboration for both staff and stakeholders, balanced by the ability to work effectively through remote work technologies.

CRISP

The contract with the Pacific Northwest National Laboratory (PNNL) currently matches the previous year projection for 2024. However, this is an estimate due to timing of contract negotiations and communication of the PNNL 2024 statement of work. Any changes to the assumption will not impact assessments since the PNNL contract is completely participant-funded. See *Section A – Electricity Information Sharing and Analysis Center* for more discussion on CRISP.

Fixed Asset Budget and Capital Financing

NERC's fixed assets budget includes IT equipment and servers, including leased equipment (capital lease assets) as part of infrastructure investments to support operational sustainability. The fixed assets budget also includes capital software projects related to the technology investments noted above. A breakdown of 2024 fixed asset addition expenditures is provided in *Table B-12 – Fixed Assets*.

Budgeted borrowing in 2024 is approximately \$4.2M, which is ~\$100k higher than the prior year projection. The fixed assets budget includes the acquisition of \$1.8M in capital lease assets (primarily for equipment and server replacements, and also for ERO SEL Development Environment equipment), offset by corresponding lease proceeds in financing activity. NERC is also proposing to finance \$2.4M of the total \$2.7M capital software budget in 2024, which is reflected as loan proceeds in financing activity.

Principal payments are reduced over the prior year projection for 2024 due to the expectation of borrowing \$1.0M less in 2023 than what was projected, and the timing of future loan borrowing assumed to be later in the year. This is partially offset by higher interest rate assumptions. Further information on NERC's capital financing program can be found in *Exhibit B – Capital Financing*.

2024 Program Budget and FTE Comparisons

The following table shows a 2024 versus 2023 budget comparison by program area. The amounts reflect all direct departmental costs, including fixed asset expenditures and financing activity, as well as indirect costs incurred for Corporate Services (formerly called Administrative Programs), which are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. See *Section A – Corporate Services* for discussion on this allocation method.

2024 versus 2023 Total Budget by Program

Total Budget	2023 Budget	2024 Budget	Increase (Decrease)	
Reliability Standards & PRISM	\$ 10,349,112	\$ 11,572,434	\$ 1,223,322	11.8%
CMEP	21,268,510	22,938,135	1,669,625	7.9%
RAPA	18,154,510	23,025,951	4,871,440	26.8%
Event Analysis	4,107,435	4,808,401	700,966	17.1%
Situation Awareness	6,010,996	6,615,001	604,005	10.0%
Personnel Certification	1,961,763	2,440,201	478,438	24.4%
Training and Education	1,123,146	1,167,248	44,102	3.9%
NERC Budget, excluding E-ISAC	\$ 62,975,472	\$ 72,567,370	\$ 9,591,898	15.2%
E-ISAC (non-CRISP)	\$ 26,118,401	\$ 28,256,811	\$ 2,138,410	8.2%
E-ISAC (CRISP)	11,907,740	12,796,764	889,024	7.5%
Total E-ISAC Budget	\$ 38,026,141	\$ 41,053,575	\$ 3,027,434	8.0%
Total Budget	\$ 101,001,613	\$ 113,620,945	\$ 12,619,332	12.5%

The increase to the 2024 RAPA budget over 2023 is primarily driven by resources in response to the ITCS, discussed above. The increase to the 2024 Personnel Certification budget is due to the addition of funds to upgrade the System Operator Certification Continuing Education Database base platform. The 2024 budgets for all remaining program areas are increasing over 2023 primarily due to one or a combination of the following: (1) assumptions related to personnel, discussed above, particularly incremental FTEs (see table below), which, for some programs, may also result in higher allocations of indirect, fixed asset, and net financing activity costs from the Corporate Services departments and (2) costs related to technology projects discussed above, of which a significant portion are budgeted in the Business Technology area and allocated to the statutory program departments. Further information on the statutory program and Corporate Services budgets is available in *Section A – 2024 Business Plan and Budget Program Area and Department Detail*.

The following table presents a 2024 versus 2023 comparison of budgeted FTEs by department. Also see *Appendix 1 – NERC Staff Organization Chart*.

2024 versus 2023 FTEs by Department

FTEs	2023 Budget	2024 Budget	Increase (Decrease)	
Reliability Standards & PRISM	19.74	20.82	1.08	5.5%
CMEP	34.78	34.78	-	0.0%
RAPA	29.14	34.40	5.26	18.1%
Event Analysis	6.58	7.61	1.03	15.7%
Situation Awareness	7.52	8.55	1.03	13.8%
Personnel Certification	2.82	2.87	0.05	1.7%
Training and Education	1.88	1.88	-	0.0%
Corporate Services	88.55	91.76	3.21	3.6%
NERC FTEs, excluding E-ISAC	191.01	202.68	11.67	6.1%
E-ISAC (non-CRISP)	40.14	41.69	1.55	3.9%
E-ISAC (CRISP)	5.73	6.77	1.03	18.0%
Total E-ISAC FTEs	45.87	48.46	2.59	5.6%
Total FTEs	236.88	251.14	14.26	6.0%

To support the areas of focus, NERC is adding 17 new positions (see People Strategy section discussion above) in 2024. The total increase of FTEs in 2024 versus 2023 is 14.26, which is the net result of the additions, the reduction of two open positions as part of resource optimization and efficiency efforts, a 6.0% attrition rate, and assumptions of hiring dates throughout the year. The table above reflects these additions and reductions as well as inter-departmental reallocations as follows:

- Reliability Standards & PRISM – The increase of 1.08 FTEs is primarily the net result of the addition of two positions related to the Energy focus area for standards development and technical expertise support, offset by the reallocation of one position to the RAPA area.
- Compliance Monitoring and Enforcement Program (CMEP) – FTEs are flat, which is the net result of the addition of one position related to the Agility focus area for increased enforcement analysis support, and the combination of two positions into one in the Compliance Assurance and Organization Registration programs as part of ongoing resource efficiency efforts.
- RAPA – The increase of 5.26 FTEs is due to the addition of FTEs in response to the ITCS (discussed above) and the reallocation of one position from Reliability Standards & PRISM to RAPA.
- Event Analysis and Situation Awareness – The increase of 1.03 FTEs for each program is primarily due to the addition of one position for each related to the Energy focus area for increased Event Analysis and Situation Awareness program support.
- E-ISAC and CRISP – The increase of 2.59 FTEs is the net result of the addition of four positions related to the Security focus area for increased analytical capabilities, membership support, and CRISP enhancement and expansion, and a slight reduction in the direct allocation of dedicated Business Technology staff costs to E-ISAC and CRISP.
- Corporate Services – The increase of 3.21 FTEs is the net result of (1) the addition of two positions related to the Security and Sustainability areas for cloud computing and system administration; (2) the addition of one position related to Sustainability for support for the publications team; (3) the addition of one position to support strategic communication initiatives in response to the ITCS; (4) the reallocation of staff from and to the Corporate Services area to better align with functional responsibilities; and (5) the elimination of one position being filled with a contractor.

2024 Reserves

At the end of 2024, NERC is projecting a total reserve budget of \$18.7M across all categories of reserves. This is an increase of \$4.1M (27.9%) from the total reserve amounts budgeted for the end of 2023 in the NERC 2023 BP&B. The reserve categories are as follows:

- **Future Obligation Reserve** – Includes funding that has been received to satisfy future obligations under lease, credit, loan, or other agreements to which the company is a party. This reserve is budgeted to be \$3.1M at the end of 2024.
- **System Operator Certification Reserve** – Includes surplus funding from fees collected for the System Operator Certification and Credential Maintenance program that are above incurred expenses and shall be used solely for the program needs. The 2024 System Operator Certification Reserve is budgeted to be \$74k at the end of 2024 and is comprised primarily of existing funds.
- **CRISP Reserves** – Represents funds dedicated to support CRISP. These reserves are established pursuant to a CRISP budget agreed to and funded entirely by CRISP participants. These reserves have no impact on assessments and are segregated from other reserves pursuant to the terms of the CRISP agreements. CRISP reserves are budgeted to be \$4.3M at the end of 2024.⁹
- **OCR** – Includes both general working capital funds resulting from day-to-day operations and additional funds for contingencies that were not anticipated.¹⁰ NERC’s current policy requires an OCR target of 3.5–7.0% of the company’s total expense and fixed asset budget except as otherwise approved by the Board. This percentage is calculated against NERC’s total budget for operating and fixed asset expenditures, less those costs related to CRISP and System Operator Certification, each of which has a separate reserve category. NERC is proposing to release \$1.3M from the OCR to offset 2024 assessments, and the OCR is budgeted to be \$10.9M at the end of 2024. This is 11.1% of budgeted operating and fixed asset costs, which is higher than the target maximum range and subject to Board approval.
- **ASR** – To date, this reserve has been funded entirely by previously received penalties from U.S. entities. In the 12 months ending June 30, 2023, NERC has collected and is proposing to deposit \$735k of penalty funds into the ASR. NERC is recommending the release of \$1.3M from the ASR to offset 2024 assessments, and the ASR is projected to have a balance of \$256k at the end of 2024.

See *Table B-1 – Total Reserves Analysis* for an analysis of projected reserve activity for 2023 and 2024 for all reserve categories.

The following SOA report compares the total NERC 2023 budget, 2023 year-end projection, and 2024 budget.

⁹ CRISP reserves historically were limited to the CRISP Defense Fund Reserve, which is intended to fund any expenses related to investigation and defense in connection with a claim pertaining to the CRISP agreement between NERC and participating utilities. In 2022, FERC approved NERC’s request to annually redirect underruns of the prior year’s CRISP budget to the CRISP Operating Reserve. *North American Electric Reliability Corp., 180 FERC ¶ 61,013 (Letter Order July 8, 2022)*. In 2023, CRISP participants agreed to transfer a portion of funds from the CRISP Operating Reserve to fund a CRISP Equipment Reserve.

¹⁰ As in past BP&Bs, NERC is not budgeting the use of working capital funds in 2024 for cash flow needs since assessments are billed and paid quarterly throughout the year. If an unforeseen revenue deficiency were to arise, NERC maintains a \$4.0M line of credit with a major financial institution. The “Change in Working Capital” referenced on the financial tables in this document reflects the projected net changes for the System Operator and CRISP reserves, if any, which result from the funding model for those programs. See Table B-1 for details.

Introduction and Executive Summary

Statement of Activities and Fixed Asset Additions 2023 Budget & Projection and 2024 Budget						
STATUTORY						
	2023	2023	Variance 2023 Projection v 2023 Budget	2024	Variance 2024 Budget v 2023 Budget	% Inc 2023 Over 2022
	Budget	Projection	Over(Under)	Budget	Over(Under)	
Funding						
NERC Funding						
NERC Assessments	\$ 87,074,681	\$ 87,074,681	\$ -	\$ 96,997,362	\$ 9,922,681	
Penalties Released*	1,000,000	1,000,000	-	1,300,000	300,000	
Total NERC Funding	\$ 88,074,681	\$ 88,074,681	\$ -	\$ 98,297,362	\$ 10,222,681	11.6%
Third-Party Funding (CRISP)	\$ 9,569,170	\$ 9,262,969	\$ (306,201)	\$ 10,083,382	\$ 514,212	
Testing, Renewal, & Continuing Ed Fees	1,781,775	1,931,798	150,023	1,796,086	14,311	
Services & Software	60,000	60,000	-	60,000	-	
Miscellaneous	260,000	259,999	-	400,000	140,000	
Interest & Investment Income	76,500	1,500,001	1,423,501	1,080,000	1,003,500	
Total Funding (A)	\$ 99,822,125	\$ 101,089,448	\$ 1,267,323	\$ 111,716,829	\$ 11,894,704	11.9%
Expenses						
Personnel Expenses						
Salaries	\$ 44,250,356	\$ 44,582,457	\$ 332,101	\$ 50,263,573	\$ 6,013,217	
Payroll Taxes	2,513,603	2,409,532	(104,070)	2,706,709	193,106	
Benefits	6,624,553	6,043,454	(581,100)	7,572,900	948,347	
Retirement Costs	4,629,894	4,598,982	(30,912)	5,238,161	608,267	
Total Personnel Expenses	\$ 58,018,406	\$ 57,634,425	\$ (383,981)	\$ 65,781,342	\$ 7,762,936	13.4%
Meeting & Travel Expenses						
Meetings & Conference Calls	\$ 1,291,650	\$ 1,323,251	\$ 31,601	\$ 1,375,300	\$ 83,650	
Travel	1,853,900	1,974,500	120,600	2,131,500	277,600	
Total Meeting & Travel Expenses	\$ 3,145,550	\$ 3,297,750	\$ 152,200	\$ 3,506,800	\$ 361,250	11.5%
Operating Expenses, excluding Depreciation						
Contractors & Consultants	\$ 17,149,110	\$ 16,966,382	\$ (182,728)	\$ 21,369,135	\$ 4,220,025	
Office Rent	3,022,266	3,022,266	-	3,089,858	67,592	
Office Costs	12,479,724	12,451,667	(28,057)	13,708,213	1,228,489	
Professional Services	3,290,596	2,992,225	(298,371)	3,517,866	227,270	
Miscellaneous	208,783	210,482	1,699	149,950	(58,833)	
Total Operating Expenses, excluding Depreciation	\$ 36,150,479	\$ 35,643,022	\$ (507,457)	\$ 41,835,022	\$ 5,684,543	15.7%
Total Direct Expenses	\$ 97,314,435	\$ 96,575,197	\$ (739,238)	\$ 111,123,164	\$ 13,808,729	14.2%
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Non-Operating Expenses	\$ 254,254	\$ 249,545	\$ (4,709)	\$ 468,040	\$ 213,786	84.1%
Total Expenses (B)	\$ 97,568,689	\$ 96,824,742	\$ (743,947)	\$ 111,591,204	\$ 14,022,515	14.4%
Change in Net Assets (=A-B)	\$ 2,253,436	\$ 4,264,706	\$ 2,011,270	\$ 125,625	\$ (2,127,811)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 6,224,000	\$ 6,655,201	\$ 431,201	\$ 4,624,000	\$ (1,600,000)	-25.7%
Financing Activity						
Loan or Financing Lease - Borrowing (-)	(4,130,000)	(3,561,198)	568,802	(4,212,498)	(82,498)	
Loan or Financing Lease - Principal Payments (+)	1,338,924	882,448	(456,480)	1,618,238	279,314	
Net Financing Activity (D)	\$ (2,791,076)	\$ (2,678,751)	\$ 112,325	\$ (2,594,260)	\$ 196,816	-7.1%
Total Budget (=B+C+D)	\$ 101,001,613	\$ 100,801,192	\$ (200,421)	\$ 113,620,944	\$ 12,619,331	12.5%
Change in Working Capital (=A-B-C-D)	\$ (1,179,488)	\$ 288,256	\$ 1,467,744	\$ (1,904,115)	\$ (724,627)	
FTEs	236.88	230.74	(6.14)	251.14	14.26	6.0%

*Penalties Released in the current year reflects the designated amount of funds released from the Assessment Stabilization Reserve to offset U.S. assessments as approved by the NERC Board and FERC. Actual penalties invoiced in the current reporting year are shown as an increase to the Assessment Stabilization Reserve on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Reliability Standards and PRISM

Reliability Standards and Power Risk Issues and Strategic Management (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	19.74	20.82	1.08
Personnel Expenses	4,206,355	4,633,901	427,545
Direct Expenses	\$ 4,689,003	\$ 5,173,610	\$ 484,606
Indirect Expenses	5,590,166	6,269,041	678,875
Other Non-Operating Expenses	-	1,363	1,363
Fixed Asset Additions	496,464	265,395	(231,069)
Financing Activity	(426,521)	(136,975)	289,546
Total Budget	\$ 10,349,112	\$ 11,572,434	\$ 1,223,322

Purpose and Scope

Reliability Standards

The Reliability Standards program carries out the ERO’s statutory responsibility to develop, adopt, obtain approval of, and modify mandatory NERC Reliability Standards (both continent-wide and regional) to assure the Bulk Electric System is planned, operated, maintained, and secured to minimize risks of cascading failures, avoid damage to major equipment, or limit interruptions of the bulk power system. The purpose of the Reliability Standards department is to deliver high-quality risk-based Reliability Standards, facilitate continent-wide industry engagement, and support regulatory filings. The group focuses on a risk-based approach to its projects, ensuring Reliability Standards are clear, timely, consider costs, effective in mitigating material risks, and do not unnecessarily burden industry with administrative requirements and/or detract from reliability or security. More information on the [Reliability Standards](#) program is available on the NERC website.

Power Risk Issues and Strategic Management

The overarching purpose of the Power Risk Issues and Strategic Management (PRISM) group is to leverage in-house expertise on Reliability Standards and standards development to implement cross-cutting efforts among NERC functions and the standing and technical committees. This group develops, supports, and prioritizes the ERO Risk Registry, and gauges responses to address reliability risks and work toward monitoring risk mitigation. This group also provides in-house training on Reliability Standards to effectuate a consistent view of their meaning, purpose, and relationship with the various work products of the committees and subcommittees. The PRISM group also conducts statistical analysis around the results of standards to identify potential weaknesses, redundancies, and overall necessity.

2024 Areas of Focus

Key areas of focus for the Reliability Standards program include:

- Developing a more nimble standard setting process that honors the important role of stakeholders in Reliability Standards development
- Addressing cyber security risks by continuing to enhance cyber security Reliability Standards

- Integrating and updating standards to address new risks such as inverters, distributed energy resources, energy management, and fuel management
- Addressing Federal Energy Regulatory Commission directives, orders, or special reports
- Revising the Standard Processes Manual to allow for a more agile standards development process
- Implementing a project prioritization process

Key areas of focus for PRISM include:

- Continuing Energy Reliability Assessment Task Force efforts to address items that could impact energy constrained resources, including developing scenarios for energy assessments
- Supporting the Reliability Issues Steering Committee (RISC) and RISC report recommendations
- Enhancing the NERC Risk Registry to include the ERO Enterprise (ERO Risk Registry) and be publicly used by the Standards Committee and Reliability and Security Technical Committee (RSTC)
- Maintaining technical support for Reliability Standards by advising on new and existing projects
- Owning the Reliability Risk Framework and any necessary updates

2024 Resource Requirements

The increase of 1.08 full-time equivalents (FTEs) from the 2023 budget to the 2024 budget is primarily the net result of an increase of two positions for standards development and technical expertise support, offset by the reallocation of one position to another department. The Contractors & Consultants budget includes funds for engineering expertise and technology-related support (see below).

2024 Technology Requirements

The Contractors & Consultants budget includes funds to support the Standard Balloting System (SBS) and PRISM's tool for the ERO Risk Registry.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Reliability Standards and PRISM is due to the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The decrease in Fixed Asset Additions is due to the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Reliability Standards and PRISM.

Net Financing Activity

The change in Net Financing Activity is due to the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Reliability Standards and PRISM.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection, and 2024 Budget					
Reliability Standards and Power Risk Issues and Strategic Management					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection	Budget	2024 Budget
			v 2023 Budget		v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 10,188,305	\$ 10,188,306	\$ -	\$ 11,274,349	\$ 1,086,044
Penalties Released	150,215	150,215	-	172,943	22,728
Total NERC Funding	\$ 10,338,520	\$ 10,338,521	\$ -	\$ 11,447,292	\$ 1,108,772
Third-Party Funding					
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	10,592	166,845	156,253	125,141	114,549
Total Funding (A)	\$ 10,349,112	\$ 10,505,366	\$ 156,254	\$ 11,572,434	\$ 1,223,322
Expenses					
Personnel Expenses					
Salaries	\$ 3,144,776	\$ 2,873,804	\$ (270,973)	\$ 3,472,506	\$ 327,729
Payroll Taxes	200,354	195,880	(4,474)	204,892	4,539
Benefits	509,360	437,986	(71,374)	578,541	69,181
Retirement Costs	351,865	322,053	(29,812)	377,961	26,096
Total Personnel Expenses	\$ 4,206,355	\$ 3,829,723	\$ (376,633)	\$ 4,633,901	\$ 427,545
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 75,000	\$ 75,000	\$ -	\$ 85,000	\$ 10,000
Travel	150,000	150,000	-	155,000	5,000
Total Meetings & Travel Expenses	\$ 225,000	\$ 225,000	\$ -	\$ 240,000	\$ 15,000
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 202,739	\$ 202,739	\$ -	\$ 219,888	\$ 17,149
Office Rent	-	-	-	-	-
Office Costs	52,209	62,533	10,324	77,121	24,912
Professional Services	-	-	-	-	-
Miscellaneous	2,700	2,700	-	2,700	-
Total Operating Expenses, excluding Depreciation	\$ 257,648	\$ 267,972	\$ 10,324	\$ 299,709	\$ 42,061
Total Direct Expenses	\$ 4,689,003	\$ 4,322,694	\$ (366,309)	\$ 5,173,610	\$ 484,606
Indirect Expenses	\$ 5,590,166	\$ 5,480,365	\$ (109,801)	\$ 6,269,041	\$ 678,875
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 1,363	\$ 1,363
Total Expenses (B)	\$ 10,279,169	\$ 9,803,059	\$ (476,110)	\$ 11,444,014	\$ 1,164,845
Change in Net Assets (=A-B)	\$ 69,943	\$ 702,307	\$ 632,364	\$ 128,420	\$ 58,477
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 496,464	\$ 546,011	\$ 49,547	\$ 265,395	\$ (231,069)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (549,620)	\$ (466,696)	\$ 82,924	\$ (255,345)	\$ 294,275
Loan or Financing Lease - Principal Payments (+)	123,099	61,400	(61,699)	118,370	(4,729)
Net Financing Activity (D)	\$ (426,521)	\$ (405,296)	\$ 21,225	\$ (136,975)	\$ 289,546
Total Budget (=B+C+D)	\$ 10,349,112	\$ 9,943,774	\$ (405,338)	\$ 11,572,434	\$ 1,223,322
Change in Working Capital (=A-B-C-D)	\$ -	\$ 561,591	\$ 561,591	\$ -	\$ -
FTEs	19.74	18.98	(0.76)	20.82	1.08

Compliance Assurance and Organization Registration and Certification

Compliance Assurance and Organization Registration and Certification (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	22.56	21.62	(0.94)
Direct Expenses	\$ 6,932,394	\$ 7,405,653	\$ 473,259
Indirect Expenses	6,388,761	6,509,614	120,853
Other Non-Operating Expenses	16,627	32,804	16,177
Fixed Asset Additions	935,423	1,055,579	120,156
Financing Activity	(280,490)	(597,844)	(317,354)
Total Budget	\$ 13,992,714	\$ 14,405,806	\$ 413,092

Purpose and Scope

Compliance Assurance

NERC's Compliance Assurance group works collaboratively with the Regional Entities to ensure effective implementation of risk-based compliance monitoring under the Compliance Monitoring and Enforcement Program (CMEP) across the ERO Enterprise. This program ensures that Regional Entities monitor registered entities for compliance according to their own facts and circumstances, including the entity's inherent risks, evaluation of controls to mitigate inherent risks, and other factors, such as risk elements and entity performance. The risk-based compliance monitoring approach also allows for the appropriate allocation of resources to issues that pose a higher level of risk to the reliability of the bulk power system (BPS). More information on the [Compliance Assurance](#) program is available on the NERC website.

Organization Registration and Organization Certification

Organization Registration (Registration) identifies and registers BPS users, owners, and operators that are responsible for performing specified reliability functions to which requirements of mandatory Reliability Standards are applicable. Organization Certification (Certification) ensures that an applicant to be a Reliability Coordinator (RC), Balancing Authority (BA), or Transmission Operator (TOP) has the tools, processes, training, and procedures to demonstrate its ability to meet the requirements of all the Reliability Standards applicable to the functions for which it is applying, thereby demonstrating the ability to become certified and then operational. The decision to certify changes to an already operating and certified RC, BA, or TOP is a collaborative decision between the affected Regional Entities and NERC. More information on the [Organization Registration and Certification](#) program is available on the NERC website.

2024 Areas of Focus

Key areas of focus for the Compliance Assurance, Registration, and Certification programs include:

- Continue efforts in addressing facility ratings and demonstrate the importance of implementing strong internal controls
- Continue to evaluate supply chain effectiveness and provide and analyze quarterly metrics on compliance data to inform emerging risks and Registration activities
- Enhance outreach to stakeholder/policy organizations and leverage the work of others
- Work to ensure successful roll-out of Align and the ERO Secure Evidence Locker (SEL); ensure meaningful oversight activities; and continue efforts to streamline risk-based CMEP activities

2024 Resource Requirements

The decrease of 0.94 FTEs full-time equivalents (FTEs) from the 2023 budget to the 2024 budget is the result of the combination of two positions into one as a part of ongoing resource efficiency efforts. The Contractors & Consultants budget includes technology-related support (see below).

2024 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for Align and the ERO SEL.¹¹ The Contracts & Consultants budget includes support and maintenance for BESnet, the Centralized Organization Registration ERO System (CORES), Align, and the ERO SEL. The Fixed Assets Additions budget includes expenditures for enhancements to Align, the ERO SEL, and CORES, as well as the creation of the ERO SEL Development Environment. The Fixed Assets Additions budget also includes a portion of expenditures related to the development of the Enterprise Analytics and Registered Entity Bulk Electric System (BES) Generation and Transmission (G&T) Inventory systems, which are discussed in the *Introduction and Executive Summary*.¹²

Explanation of Significant Cost Changes from 2023 to 2024

Contractors & Consultants

The increase in Contractors & Consultants is primarily due to a combination of the following related to the Align and ERO SEL systems: (1) the incremental addition of dedicated system administrators and support; (2) the reclassification of dedicated tier 1, quality assurance, and business analyst support from Business Technology to Compliance Assurance; and (3) the partial reclassification of Align enhancement costs from capital software to contractors and consultants within the Compliance Assurance budget.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Compliance Assurance, Registration, and Certification is due to the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The increase for Fixed Asset Additions is the net result of (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Compliance Assurance, Registration, and Certification; (2) the addition of equipment and capital software expenditures for the ERO SEL Development Environment; and (3) the addition of capital software expenditures related to the Enterprise Analytics and Registered Entity BES G&T Inventory systems.

Net Financing Activity

The change in Net Financing Activity is the net result of (1) the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Compliance Assurance, Registration, and Certification; (2) the addition of loan financing activity for capital software expenditures related to the ERO SEL Development Environment, Enterprise Analytics, and Registered Entity BES G&T Inventory systems; and (3) the addition of lease financing activity for ERO SEL Development Environment equipment.

¹¹ Any budgeted expenditures and financing activity related to Align and the ERO SEL are divided evenly between the Compliance Assurance and Compliance Enforcement program area budgets.

¹² Any budgeted expenditures and financing activity for the Enterprise Analytics and Registered Entity BES G&T Inventory systems are divided evenly among the program area budgets that include Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Compliance Assurance and Organization Registration and Certification					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection v 2023 Budget Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 13,808,935	\$ 13,808,935	\$ -	\$ 14,096,283	\$ 287,347
Penalties Released	171,674	171,674	-	179,580	7,906
Total NERC Funding	\$ 13,980,609	\$ 13,980,609	\$ -	\$ 14,275,862	\$ 295,253
Third-Party Funding					
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	12,105	183,459	171,354	129,944	117,839
Total Funding (A)	\$ 13,992,714	\$ 14,164,068	\$ 171,354	\$ 14,405,806	\$ 413,092
Expenses					
Personnel Expenses					
Salaries	\$ 4,179,061	\$ 4,007,207	\$ (171,853)	\$ 4,132,187	\$ (46,873)
Payroll Taxes	245,841	242,831	(3,010)	230,525	(15,315)
Benefits	787,967	649,001	(138,967)	707,990	(79,977)
Retirement Costs	467,379	433,217	(34,162)	451,185	(16,194)
Total Personnel Expenses	\$ 5,680,248	\$ 5,332,256	\$ (347,992)	\$ 5,521,888	\$ (158,360)
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 92,000	\$ 92,000	\$ -	\$ 127,000	\$ 35,000
Travel	270,000	270,000	-	270,000	-
Total Meetings & Travel Expenses	\$ 362,000	\$ 362,000	\$ -	\$ 397,000	\$ 35,000
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 140,800	\$ 260,800	\$ 120,000	\$ 780,321	\$ 639,521
Office Rent	-	-	-	-	-
Office Costs	746,196	749,352	3,156	703,394	(42,802)
Professional Services	-	-	-	-	-
Miscellaneous	3,150	3,150	-	3,050	(100)
Total Operating Expenses, excluding Depreciation	\$ 890,146	\$ 1,013,302	\$ 123,156	\$ 1,486,765	\$ 596,619
Total Direct Expenses	\$ 6,932,394	\$ 6,707,557	\$ (224,837)	\$ 7,405,653	\$ 473,259
Indirect Expenses	\$ 6,388,761	\$ 6,026,092	\$ (362,669)	\$ 6,509,614	\$ 120,853
Other Non-Operating Expenses	\$ 16,627	\$ 16,627	\$ -	\$ 32,804	\$ 16,177
Total Expenses (B)	\$ 13,337,782	\$ 12,750,276	\$ (587,506)	\$ 13,948,071	\$ 610,289
Change in Net Assets (=A-B)	\$ 654,933	\$ 1,413,792	\$ 758,860	\$ 457,735	\$ (197,197)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 935,423	\$ 970,149	\$ 34,726	\$ 1,055,579	\$ 120,156
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (628,137)	\$ (513,169)	\$ 114,968	\$ (992,499)	\$ (364,362)
Loan or Financing Lease - Principal Payments (+)	347,646	274,476	(73,171)	394,654	47,008
Net Financing Activity (D)	\$ (280,490)	\$ (238,693)	\$ 41,797	\$ (597,844)	\$ (317,354)
Total Budget (=B+C+D)	\$ 13,992,714	\$ 13,481,732	\$ (510,982)	\$ 14,405,806	\$ 413,092
Change in Working Capital (=A-B-C-D)	\$ -	\$ 682,336	\$ 682,336	\$ -	\$ -
FTEs	22.56	20.87	(1.69)	21.62	(0.94)

Compliance Enforcement

Compliance Enforcement (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	12.22	13.16	0.94
Direct Expenses	\$ 3,323,092	\$ 4,178,378	\$ 855,286
Indirect Expenses	3,460,579	3,962,374	501,795
Other Non-Operating Expenses	16,627	27,224	10,597
Fixed Asset Additions	532,573	682,744	150,171
Financing Activity	(57,075)	(318,391)	(261,316)
Total Budget	\$ 7,275,796	\$ 8,532,329	\$ 1,256,533

Purpose and Scope

The Compliance Enforcement program is responsible for overseeing enforcement processes, the application of penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. The Compliance Enforcement group works collaboratively with the Regional Entities to ensure consistent and effective implementation of the risk-based Compliance Monitoring and Enforcement Program (CMEP). The group focuses on ensuring that the ERO Enterprise dedicates resources to the matters that pose the greatest risk to the reliability of the bulk power system (BPS). More information on the [Compliance Enforcement](#) program is available on the NERC website.

2024 Areas of Focus

Key areas of focus for the Compliance Enforcement programs include:

- Continuing efforts to align risk determinations and using a risk-based approach to processing noncompliance
- Providing and analyze quarterly metrics on enforcement data
- Enhancing outreach to stakeholder/policy organizations
- Working to ensure successful roll-out of Align and the ERO Secure Evidence Locker (SEL); ensuring meaningful oversight activities; and continuing efforts to streamline risk-based CMEP activities

2024 Resource Requirements

The increase of 0.94 full-time equivalents (FTEs) from the 2023 budget to the 2024 budget is due to the addition of one position for enforcement analysis support. The Contractors & Consultants budget includes technology-related support (see below).

2024 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for Align and the ERO SEL.¹³ The Contracts & Consultants budget includes support and maintenance for Align and the ERO SEL. The Fixed Assets Additions budget includes expenditures for enhancements to Align and the ERO SEL, as well as the creation of the ERO SEL Development Environment.

¹³ Any budgeted expenditures and financing activity related to Align and the ERO SEL are divided evenly between the Compliance Assurance and Compliance Enforcement program area budgets.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The increase in Contractors & Consultants expenses is primarily due to a combination of the following related to the Align and ERO SEL systems: (1) the incremental addition of dedicated system administrators and support; (2) the reclassification of dedicated tier 1, quality assurance, and business analyst support from Business Technology to Compliance Assurance; and (3) the partial reclassification of Align enhancement costs from capital software to contractors and consultants within the Compliance Assurance budget.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Compliance Enforcement is due to the combination of the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The increase for Fixed Asset Additions is the net result of (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Compliance Enforcement and (2) the addition of equipment and capital software expenditures for the ERO SEL Development Environment.

Net Financing Activity

The change in Net Financing Activity is the net result of (1) the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Compliance Enforcement; (2) the addition of loan financing activity for capital software expenditures related to the ERO SEL Development Environment; and (3) the addition of lease financing activity for ERO SEL Development Environment equipment.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Compliance Enforcement					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection	Budget	2024 Budget
			v 2023 Budget		v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 7,176,249	\$ 7,176,249	\$ -	\$ 8,343,924	\$ 1,167,674
Penalties Released	92,990	92,990	-	109,309	16,319
Total NERC Funding	\$ 7,269,239	\$ 7,269,239	\$ -	\$ 8,453,233	\$ 1,183,994
Third-Party Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	6,557	104,784	98,227	79,096	72,539
Total Funding (A)	\$ 7,275,796	\$ 7,374,023	\$ 98,227	\$ 8,532,329	\$ 1,256,533
Expenses					
Personnel Expenses					
Salaries	\$ 1,950,093	\$ 1,882,794	\$ (67,299)	\$ 2,164,379	\$ 214,286
Payroll Taxes	126,000	116,114	(9,886)	132,901	6,901
Benefits	230,201	182,191	(48,010)	242,503	12,302
Retirement Costs	216,063	209,224	(6,839)	237,218	21,155
Total Personnel Expenses	\$ 2,522,357	\$ 2,390,323	\$ (132,034)	\$ 2,777,001	\$ 254,644
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 6,500	\$ 6,500	\$ -	\$ 7,150	\$ 650
Travel	54,000	54,000	-	74,000	20,000
Total Meetings & Travel Expenses	\$ 60,500	\$ 60,500	\$ -	\$ 81,150	\$ 20,650
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 69,000	\$ 189,000	\$ 120,000	\$ 696,933	\$ 627,933
Office Rent	-	-	-	-	-
Office Costs	654,435	660,342	5,907	621,394	(33,041)
Professional Services	15,000	15,000	-	-	(15,000)
Miscellaneous	1,800	1,800	-	1,900	100
Total Operating Expenses, excluding Depreciation	\$ 740,235	\$ 866,142	\$ 125,910	\$ 1,320,227	\$ 579,992
Total Direct Expenses	\$ 3,323,092	\$ 3,316,965	\$ (6,127)	\$ 4,178,378	\$ 855,286
Indirect Expenses	\$ 3,460,579	\$ 3,441,831	\$ (18,748)	\$ 3,962,374	\$ 501,795
Other Non-Operating Expenses	\$ 16,627	\$ 16,627	\$ -	\$ 27,224	\$ 10,597
Total Expenses (B)	\$ 6,800,298	\$ 6,775,423	\$ (24,875)	\$ 8,167,976	\$ 1,367,678
Change in Net Assets (=A-B)	\$ 475,498	\$ 598,600	\$ 123,102	\$ 364,353	\$ (111,145)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 532,573	\$ 567,790	\$ 35,217	\$ 682,744	\$ 150,171
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (340,241)	\$ (293,099)	\$ 47,142	\$ (650,257)	\$ (310,016)
Loan or Financing Lease - Principal Payments (+)	283,166	245,523	(37,643)	331,866	48,700
Net Financing Activity (D)	\$ (57,075)	\$ (47,576)	\$ 9,499	\$ (318,391)	\$ (261,316)
Total Budget (=B+C+D)	\$ 7,275,796	\$ 7,295,637	\$ 19,841	\$ 8,532,329	\$ 1,256,533
Change in Working Capital (=A-B-C-D)	\$ -	\$ 78,386	\$ 78,386	\$ -	\$ -
FTEs	12.22	11.92	(0.30)	13.16	0.94

Reliability Assessments and Performance Analysis

The Reliability Assessments and Performance Analysis (RAPA) program identifies, prioritizes, and enables activities to reduce known and emerging risks to the bulk power system (BPS). Four primary groups at NERC are focused on this program: (1) Reliability Assessments and Technical Committee; (2) Performance Analysis; (3) Advanced System Analytics and Modeling; and (4) Engineering and Security Integration.

Reliability Assessments and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	29.14	34.40	5.26
Direct Expenses	\$ 8,870,659	\$ 12,249,417	\$ 3,378,757
Indirect Expenses	8,252,149	10,358,777	2,106,627
Other Non-Operating Expenses	-	33,650	33,650
Fixed Asset Additions	1,661,328	1,239,531	(421,797)
Financing Activity	(629,626)	(855,424)	(225,797)
Total Budget	\$ 18,154,510	\$ 23,025,951	\$ 4,871,440

Purpose and Scope

Reliability Assessments and Technical Committee

The Reliability Assessments and Technical Committee group includes Reliability Assessment staff as well as the NERC staff secretaries of the Reliability and Security Technical Committee (RSTC). Reliability Assessment staff carry out the ERO’s statutory responsibility to conduct assessments of the overall reliability and adequacy of BPS and associated emerging reliability risks that could impact the short, mid, and long-term planning horizons, as well as other reliability issues requiring in-depth analysis. Reliability Assessment activities directly address the risk priorities established by the Reliability Issues Steering Committee, and the group relies on its own engineering and analysis expertise as well as Regional Entity and stakeholder resources. The RSTC and its subgroups provide the oversight, guidance, and leadership essential to enhancing BPS reliability by addressing strategic focus areas efficiently and comprehensively. More information on the [Reliability Assessment](#) program and the [RSTC](#) is available on the NERC website.

Performance Analysis

The Performance Analysis group monitors the performance of and identifies risks to BPS reliability through analyzing industry data and measuring historic trends. Analysis performed includes identifying potential risks related to system, equipment, entity, and organizational performance that may indicate a need to develop (1) improvements to reporting applications, and (2) new data collection or analysis tools, or to create, revise, or retire reporting areas. Performance Analysis staff leads the ERO, technical committee, and stakeholder process to publish the *State of Reliability* (SOR) report examining the year-over-year performance indicators of the grid. The program also develops the business requirements for all new reliability information data systems, specifically those required by NERC Rules of Procedure Section 1600 Data Requests. More information on the [Performance Analysis](#) program is available on the NERC website.

Advanced System Analytics and Modeling

Advanced System Analytics and Modeling (ASAM) staff provide technical leadership and support in the areas of resource and demand balancing and system analysis and modeling, including technical support for the NERC balancing and modeling Reliability Standards. ASAM staff also provide support for the development and improvement of long-term, sustainable interconnection-based power flow, dynamic,

and load models that exhibit the accuracy and fidelity necessary to reflect actual Bulk Electric System (BES) reliability performance and dynamic conditions. ASAM further provides advanced statistical analysis functions to support: (1) the SOR report and reliability assessments; (2) the Frequency Response Annual Analysis report to the Federal Energy Regulatory Commission; (3) analytical review of Reliability Standard effectiveness; and (4) various reports on an emergent basis. ASAM further collaborates with academic and other research and development groups, advising on projects to provide insight on emergent issues.

Engineering and Security Integration

The Engineering and Security Integration department is responsible for driving key reliability and security initiatives working with internal and external stakeholders. Primary areas of focus include better integrating security concepts with conventional engineering activities as well as enabling new technologies in a reliable and secure manner. The group is responsible for key ERO work priorities, including inverter-based resource and distributed energy resource (DER) initiatives across the ERO Enterprise, and promoting concepts of cyber planning and grid transformation issues. The group coordinates a significant number of NERC's technical stakeholder groups under the RSTC, supports the standards development process on engineering and security-related topics, provides technical expertise across the ERO Enterprise, and coordinates with the Electricity Information Sharing and Analysis Center on cross-departmental topics related to security risks.

The groups described above work collaboratively with NERC stakeholders, particularly through the RSTC, to create a reliability strategy that is relevant, timely, and effective to address the most important reliability risks. Further, these groups work closely with other organizations to collaborate, coordinate, and leverage expertise, including but not limited to the Department of Energy, Electric Power Research Institute, Institute of Electrical and Electronics Engineers, Institute of Nuclear Power Operations, North American Transmission Forum, North American Generator Forum, Carnegie Mellon Industry Center, Power Systems Energy Research Center, Interstate Natural Gas Association of America, Natural Gas Supply Association, Electricity Canada, and International Council on Large Electric Systems.

2024 Areas of Focus

Key areas of focus for RAPA include:

- Ensuring the reliable and secure integration of BPS-connected inverter-based resources and DER, including the analysis of grid disturbances, development of technical guidance and educational materials, and collaboration with industry to ensure the Reliability Standards adequately address emerging risks in this area
- Increasing understanding of changing resource mix impacts on BPS reliability by collecting plant, event, connected energy storage, and performance data for photovoltaic and wind generation, combined with enhanced design data and event reporting for conventional generation
- Improving the ERO's analytic, independent, and objective capabilities and adapt to the evolving BPS reliability challenges by:
 - Enhancing reliability assessments to include evaluations of energy availability and expanded probabilistic methods that can identify risks of energy shortfall for all assessment areas in long-duration and seasonal time horizons
 - Further enhancing scenario development capabilities to better understand the implications of extreme weather, increased reliance on variable generation, and the changing climate and environmental conditions

- Conducting the Congressionally-mandated Interregional Transfer Capability Study (ITCS) and developing the capabilities to annually assess transmission adequacy and transfer capability, making recommendations that support long-term reliability needs
- Supporting technical studies that provide additional insight into the increasing dependency of natural gas generation, particularly during extreme winter weather and ramping periods
- Leveraging RAPA processes, tools, and products to measure and improve BES resilience for widespread long-term extreme temperature and weather events, including the development of a systematic collection of load loss outage and recovery data
- Assessing impacts from federal and state regulations (e.g., market, environmental) on the reliability and resilience of the BPS

2024 Resource Requirements

The increase of 5.26 full-time equivalents (FTEs) from the 2023 budget to the 2024 budget is primarily due to the addition of four FTEs hired in 2023 in response to the ITCS (mentioned above and discussed in the *Introduction and Executive Summary*) and the reallocation of one FTE to the Engineering and Security Integration group from another department. The Contractors & Consultants budget includes support for (1) the ITCS; (2) probabilistic analysis; (3) the Generating Availability Data System (GADS); (4) studies and expertise related to grid transformation and security integration, and (5) technology systems (see below).

2024 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for various analytical tools and data collection and management systems, including GADS, the Transmission Availability Data System, the Demand Response Availability Data System, as well as software to support the ITCS. The Contractors & Consultants budget includes support for pc-GAR software and the GMD reporting application, as well as initial efforts to automate the collection, management, and analysis of reliability assessment data through a Reliability Assessment Data System (RADS). The Fixed Assets Additions budget includes expenditures for (1) continued development of data collection applications for solar reporting, as well as integrating energy storage with the solar and wind facilities (GADS Solar and GADS Wind); (2) enhancements to the GMD reporting application; and (3) a portion of expenditures related to the development of the Enterprise Analytics and Registered Entity BES Generation and Transmission (G&T) Inventory systems, which are discussed in the *Introduction and Executive Summary*.¹⁴

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Meetings & Travel

The increase for Meetings & Travel is related to increased cost and demand, as well as associated meetings and travel to support the ITCS, as discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The increase for Contractors & Consultants expenses is the net result of (1) consulting costs in support of the ITCS; (2) the reclassification of fixed asset expenditures for RADS to Contractors & Consultants due to

¹⁴ Any budgeted expenditures and financing activity for the Enterprise Analytics and Registered Entity BES G&T Inventory systems are divided evenly among the program area budgets that include Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

the deferral of RADS discovery work from 2023 to 2024; and (3) the reclassification of contractor and consultant funds to fixed assets expenditures for development and enhancement work on applications supporting Performance Analysis.

Office Costs

The increase for Office Costs is due to an increase of software license and support expenses for the ITCS and the GADS Solar and Wind applications, offset by a decrease of software license and support expenses for technology tools supporting ASAM and Reliability Assessments.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department’s budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for RAPA is due to the combination of the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The decrease for Fixed Asset Additions is due to (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to RAPA; (2) the reclassification of fixed asset expenditures for RADS to Contractors & Consultants due to the deferral of RADS discovery work from 2023 to 2024; and (3) a decrease in development costs for GADS Solar and Wind as those applications are completed, offset by an increase in expenditures related to the development of the Enterprise Analytics and Registered Entity BES G&T Inventory systems.

Net Financing Activity

The change in Net Financing Activity is the net result of (1) the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to RAPA and (2) the addition of loan financing activity for capital software expenditures related to the Enterprise Analytics and Registered Entity BES G&T Inventory systems.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Reliability Assessments and Performance Analysis					
			Variance		Variance
	2023	2023	2023 Projection	2024	2024 Budget
	Budget	Projection	v 2023 Budget	Budget	v 2024 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 17,964,426	\$ 17,964,426	\$ -	\$ 22,473,405	\$ 4,508,980
Penalties Released	114,449	114,449	-	285,766	171,317
Total NERC Funding	\$ 18,078,875	\$ 18,078,875	\$ -	\$ 22,759,171	\$ 4,680,296
Third-Party Funding					
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	60,000	60,000	-	60,000	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	15,636	257,740	242,104	206,780	191,144
Total Funding (A)	\$ 18,154,510	\$ 18,396,615	\$ 242,105	\$ 23,025,951	\$ 4,871,440
Expenses					
Personnel Expenses					
Salaries	\$ 5,162,514	\$ 5,224,559	\$ 62,044	\$ 6,756,482	\$ 1,593,968
Payroll Taxes	307,570	299,757	(7,813)	375,148	67,577
Benefits	747,809	749,123	1,314	960,372	212,563
Retirement Costs	566,745	561,085	(5,660)	734,159	167,414
Total Personnel Expenses	\$ 6,784,638	\$ 6,834,524	\$ 49,885	\$ 8,826,161	\$ 2,041,522
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 219,750	\$ 219,750	\$ -	\$ 257,250	\$ 37,500
Travel	244,400	244,399	-	398,600	154,200
Total Meetings & Travel Expenses	\$ 464,150	\$ 464,149	\$ -	\$ 655,850	\$ 191,700
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 876,654	\$ 860,654	\$ (16,000)	\$ 1,818,400	\$ 941,746
Office Rent	-	-	-	-	-
Office Costs	740,217	747,855	7,638	944,006	203,789
Professional Services	-	-	-	-	-
Miscellaneous	5,000	4,999	-	5,000	-
Total Operating Expenses, excluding Depreciation	\$ 1,621,871	\$ 1,613,507	\$ (8,364)	\$ 2,767,406	\$ 1,145,535
Total Direct Expenses	\$ 8,870,659	\$ 8,912,180	\$ 41,521	\$ 12,249,417	\$ 3,378,757
Indirect Expenses	\$ 8,252,149	\$ 8,465,980	\$ 213,831	\$ 10,358,777	\$ 2,106,627
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 33,650	\$ 33,650
Total Expenses (B)	\$ 17,122,809	\$ 17,378,160	\$ 255,352	\$ 22,641,843	\$ 5,519,035
Change in Net Assets (=A-B)	\$ 1,031,702	\$ 1,018,454	\$ (13,247)	\$ 384,107	\$ (647,594)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 1,661,328	\$ 1,769,178	\$ 107,850	\$ 1,239,531	\$ (421,797)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (811,343)	\$ (720,944)	\$ 90,399	\$ (1,142,794)	\$ (331,451)
Loan or Financing Lease - Principal Payments (+)	181,717	94,850	(86,867)	287,371	105,654
Net Financing Activity (D)	\$ (629,626)	\$ (626,094)	\$ 3,532	\$ (855,424)	\$ (225,797)
Total Budget (=B+C+D)	\$ 18,154,510	\$ 18,521,244	\$ 366,734	\$ 23,025,951	\$ 4,871,440
Change in Working Capital (=A-B-C-D)	\$ -	\$ (124,629)	\$ (124,629)	\$ -	\$ -
FTEs	29.14	29.32	0.18	34.40	5.26

Situation Awareness

Situation Awareness (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	7.52	8.55	1.03
Direct Expenses	\$ 3,229,002	\$ 3,892,040	\$ 663,038
Indirect Expenses	2,129,587	2,575,543	445,956
Other Non-Operating Expenses	-	21,842	21,842
Fixed Asset Additions	814,891	215,034	(599,857)
Financing Activity	(162,484)	(89,458)	73,026
Total Budget	\$ 6,010,996	\$ 6,615,001	\$ 604,005

Purpose and Scope

NERC and the Regional Entities monitor bulk power system (BPS) conditions, significant occurrences, emerging risks, and threats across the 17 Reliability Coordinator regions in North America to maintain an understanding of conditions and situations that could impact reliable operation. NERC’s BPS Awareness (BPSA) group also supports the development and publication of NERC Alerts and awareness products and facilitates information sharing among industry, the Regional Entities, and the government during crisis situations and major system disturbances. The process for understanding the potential threats or vulnerabilities to BPS reliability starts with understanding occurrences and events in the context in which they occur, and registered entities robustly share information and collaborate with the ERO to maintain and improve overall reliability. More information on the [BPSA](#) program is available on the NERC website.

2024 Areas of Focus

Key areas of focus for BPSA include:

- Enhancing situation awareness tools to increase agility and efficiency, as well as visibility and understanding of the reliability or availability of natural gas and its interdependency with electrical generation
- Collaborating across the ERO Enterprise and with stakeholders to mitigate emerging and known risk by using all available tools, including the NERC Alerts process to issue Advisory (Level 1) Alerts on significant and emerging reliability and security-related topics as needed, and to facilitate the tracking of actions specified in Recommendation (Level 2) and Essential Action (Level 3) Alerts
- Continue engaging with industry, the Electricity Information Sharing and Analysis Center (E-ISAC), government partners, and the ERO Enterprise on emerging risks to BPS reliability
- Engaging situation awareness subject matter experts in support of the work of Reliability Standards, the E-ISAC, and the Reliability and Security Technical Committee to advance the security posture of the industry

2024 Resource Requirements

The increase of 1.03 full-time equivalents (FTEs) from the 2023 budget to the 2024 budget is related to the addition of one position for BPSA support required to take on the broader, deeper, and cross-section knowledge needed to maintain situational awareness across the system as it evolves. The Contractors & Consultants budget includes technology-related support (see below).

2024 Technology Requirements

The majority of the Office Costs budget includes software licenses and support for various BPSA systems and tools related to wide-area view situation awareness, conditions monitoring, resource adequacy, inadvertent interchange, frequency monitoring, Reliability Coordinator information sharing, alerting, and data collection and analysis. The Contractors & Consultants budget includes support for PI Historian software, as well as initial discovery for development and/or enhancements to systems related to resource adequacy and curtailment events. The Fixed Assets Additions budget includes funds for ongoing enhancements to the Situation Awareness for FERC, NERC, and the Regional Entities (SAFNR) and Reliability Coordinator information sharing tools.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Meetings & Travel

The increase for Meetings & Travel is related to increased cost and demand as discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The increase in Contractors & Consultants expenses is support for expenses discussed in the Technology Requirements above.

Office Costs

The increase for Office Costs is primarily related to the software licenses and support expenses discussed in the Technology Requirements above, including support for new systems and annual escalation for existing software agreements.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Situation Awareness is due to the combination of the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The decrease for Fixed Asset Additions is due to (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Situation Awareness and (2) a decrease in enhancement costs for situation awareness tools as those enhancements are completed.

Net Financing Activity

The change in Net Financing Activity is the net result of (1) the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Situation Awareness and (2) the addition of loan financing activity for capital software expenditures for situation awareness tools.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Situation Awareness					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection v 2023 Budget Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 5,949,736	\$ 5,949,736	\$ -	\$ 6,492,537	\$ 542,801
Penalties Released	57,225	57,225	-	71,051	13,826
Total NERC Funding	\$ 6,006,961	\$ 6,006,961	\$ -	\$ 6,563,588	\$ 556,627
Third-Party Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	4,035	68,215	64,180	51,412	47,377
Total Funding (A)	\$ 6,010,996	\$ 6,075,176	\$ 64,180	\$ 6,615,001	\$ 604,005
Expenses					
Personnel Expenses					
Salaries	\$ 1,282,278	\$ 1,316,331	\$ 34,053	\$ 1,575,816	\$ 293,538
Payroll Taxes	77,182	69,211	(7,972)	90,980	13,798
Benefits	271,648	260,497	(11,150)	330,661	59,013
Retirement Costs	139,292	140,535	1,242	173,771	34,479
Total Personnel Expenses	\$ 1,770,400	\$ 1,786,574	\$ 16,174	\$ 2,171,227	\$ 400,827
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 70,000	\$ 70,000	\$ -	\$ 71,000	\$ 1,000
Travel	16,000	16,000	-	18,700	2,700
Total Meetings & Travel Expenses	\$ 86,000	\$ 86,000	\$ -	\$ 89,700	\$ 3,700
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 23,000	\$ 23,000	\$ -	\$ 83,000	\$ 60,000
Office Rent	-	-	-	-	-
Office Costs	1,348,302	1,351,321	3,019	1,546,713	198,411
Professional Services	-	-	-	-	-
Miscellaneous	1,300	1,299	-	1,400	100
Total Operating Expenses, excluding Depreciation	\$ 1,372,602	\$ 1,375,620	\$ 3,018	\$ 1,631,113	\$ 258,511
Total Direct Expenses	\$ 3,229,002	\$ 3,248,194	\$ 19,192	\$ 3,892,040	\$ 663,038
Indirect Expenses	\$ 2,129,587	\$ 2,240,655	\$ 111,068	\$ 2,575,543	\$ 445,956
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 21,842	\$ 21,842
Total Expenses (B)	\$ 5,358,589	\$ 5,488,849	\$ 130,260	\$ 6,489,425	\$ 1,130,836
Change in Net Assets (=A-B)	\$ 652,407	\$ 586,326	\$ (66,080)	\$ 125,576	\$ (526,831)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 814,891	\$ 847,883	\$ 32,992	\$ 215,034	\$ (599,857)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (209,379)	\$ (190,809)	\$ 18,570	\$ (200,301)	\$ 9,078
Loan or Financing Lease - Principal Payments (+)	46,895	25,104	(21,791)	110,843	63,948
Net Financing Activity (D)	\$ (162,484)	\$ (165,705)	\$ (3,221)	\$ (89,458)	\$ 73,026
Total Budget (=B+C+D)	\$ 6,010,996	\$ 6,171,027	\$ 160,031	\$ 6,615,001	\$ 604,005
Change in Working Capital (=A-B-C-D)	\$ -	\$ (95,851)	\$ (95,851)	\$ -	\$ -
FTEs	7.52	7.76	0.24	8.55	1.03

Event Analysis

Event Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	6.58	7.61	1.03
Direct Expenses	\$ 2,130,315	\$ 2,435,048	\$ 304,732
Indirect Expenses	1,863,389	2,292,516	429,128
Other Non-Operating Expenses	-	3,240	3,240
Fixed Asset Additions	255,905	314,552	58,647
Financing Activity	(142,174)	(236,955)	(94,781)
Total Budget	\$ 4,107,435	\$ 4,808,401	\$ 700,966

Purpose and Scope

The Event Analysis program informs assessments of the reliability and adequacy of the Bulk Electric System (BES) through analysis of real-time operating events on the system. This includes identifying potential issues of concern related to system, equipment, entity, human error, and organizational performance that may indicate a need to (1) develop remediation and/or risk reduction strategies and action plans, (2) revise, retire, or consider new Reliability Standards, and (3) shape aggregate reliability assurance planning. The Event Analysis group analyzes reportable events to identify and understand lessons learned, sequence of events, root and contributing causes, risks to reliability, and potential mitigating actions. The group keeps the industry well informed of system events, emerging trends, event precursors, risk analysis, lessons learned, and recommended corrective and expected mitigation activities through various verbal and written communications/reports and cross-functional collaboration efforts. More information on the [Event Analysis](#) program is available on the NERC website.

2024 Areas of Focus

Key areas of focus for Event Analysis include:

- Enhancing event processing in support of developing a coherent system performance picture within the Rules of Procedure Section 800 system performance monitoring and reporting program
- Enhancing program data collection, organization, and manipulation capabilities
- Tuning alignment activities of cross-functional project collaboration through data analysis and disturbance reporting flexibility and agility
- Reinforcing fundamental practices and advocacy of enhanced reliability practices through joint reliability partnership activities with stakeholders and the ERO Enterprise

2024 Resource Requirements

The increase of 1.03 full-time equivalents (FTEs) from the 2023 budget to the 2024 budget is primarily related to the addition of one position for Event Analysis program support. The Contractors & Consultants budget includes potential augmentation for event analysis review, program activities support, and technology-related support (see below).

2024 Technology Requirements

The Contractors & Consultants budget includes maintenance and support for The Event Analysis Management System (TEAMS). The Fixed Assets Additions budget also includes a portion of expenditures related to the development of the Enterprise Analytics and Registered Entity BES Generation and Transmission (G&T) Inventory systems, which are discussed in the *Introduction and Executive Summary*.¹⁵

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The decrease in Contractors & Consultants expenses is due to a decrease in dedicated support and maintenance expenses for TEAMS.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Event Analysis is due to the combination of the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The increase for Fixed Asset Additions is the net result of (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Event Analysis and (2) an increase for expenditures related to the development of the Enterprise Analytics and Registered Entity BES G&T Inventory systems.

Net Financing Activity

The change in Net Financing Activity is the net result of (1) the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Event Analysis and (2) the addition of loan financing activity for capital software expenditures related to the Enterprise Analytics and Registered Entity BES G&T Inventory systems.

¹⁵ Any budgeted expenditures and financing activity for the Enterprise Analytics and Registered Entity BES G&T Inventory systems are divided evenly among the program area budgets that include Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Event Analysis					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection v 2023 Budget Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 4,053,833	\$ 4,053,833	\$ -	\$ 4,699,395	\$ 645,562
Penalties Released	50,072	50,072	-	63,243	13,172
Total NERC Funding	\$ 4,103,904	\$ 4,103,905	\$ -	\$ 4,762,638	\$ 658,734
Third-Party Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	3,531	59,688	56,157	45,763	42,232
Total Funding (A)	\$ 4,107,435	\$ 4,163,593	\$ 56,158	\$ 4,808,401	\$ 700,966
Expenses					
Personnel Expenses					
Salaries	\$ 1,336,089	\$ 1,355,165	\$ 19,076	\$ 1,626,448	\$ 290,359
Payroll Taxes	72,312	63,901	(8,411)	86,462	14,150
Benefits	193,518	186,251	(7,267)	242,253	48,735
Retirement Costs	144,644	147,399	2,754	180,085	35,440
Total Personnel Expenses	\$ 1,746,563	\$ 1,752,716	\$ 6,152	\$ 2,135,248	\$ 388,684
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 25,000	\$ 25,000	\$ -	\$ 26,500	\$ 1,500
Travel	91,000	91,000	-	91,000	-
Total Meetings & Travel Expenses	\$ 116,000	\$ 116,001	\$ -	\$ 117,500	\$ 1,500
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 220,802	\$ 190,802	\$ (30,000)	\$ 165,000	\$ (55,802)
Office Rent	-	-	-	-	-
Office Costs	45,750	45,150	(600)	16,000	(29,750)
Professional Services	-	-	-	-	-
Miscellaneous	1,200	1,200	-	1,300	100
Total Operating Expenses, excluding Depreciation	\$ 267,752	\$ 237,152	\$ (30,600)	\$ 182,300	\$ (85,452)
Total Direct Expenses	\$ 2,130,315	\$ 2,105,868	\$ (24,447)	\$ 2,435,048	\$ 304,732
Indirect Expenses	\$ 1,863,389	\$ 1,960,573	\$ 97,184	\$ 2,292,516	\$ 429,128
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 3,240	\$ 3,240
Total Expenses (B)	\$ 3,993,704	\$ 4,066,441	\$ 72,737	\$ 4,730,804	\$ 737,100
Change in Net Assets (=A-B)	\$ 113,731	\$ 97,151	\$ (16,580)	\$ 77,597	\$ (36,134)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 255,905	\$ 284,773	\$ 28,868	\$ 314,552	\$ 58,647
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (183,207)	\$ (166,958)	\$ 16,249	\$ (289,119)	\$ (105,912)
Loan or Financing Lease - Principal Payments (+)	41,033	21,966	(19,067)	52,164	11,131
Net Financing Activity (D)	\$ (142,174)	\$ (144,992)	\$ (2,818)	\$ (236,955)	\$ (94,781)
Total Budget (=B+C+D)	\$ 4,107,435	\$ 4,206,222	\$ 98,787	\$ 4,808,401	\$ 700,966
Change in Working Capital (=A-B-C-D)	\$ -	\$ (42,629)	\$ (42,629)	\$ -	\$ -
FTEs	6.58	6.79	0.21	7.61	1.03

Electricity Information Sharing and Analysis Center

E-ISAC (including CRISP) (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	45.87	48.46	2.59
Direct Expenses	\$ 24,658,079	\$ 25,996,156	\$ 1,338,077
Indirect Expenses	12,990,480	14,590,026	1,599,545
Other Non-Operating Expenses	-	8,791	8,791
Fixed Asset Additions	1,368,735	790,657	(578,078)
Financing Activity	(991,153)	(332,056)	659,097
Total Budget	\$ 38,026,141	\$ 41,053,575	\$ 3,027,434

Purpose and Scope

The Electricity Information Sharing and Analysis Center (E-ISAC) provides its members and partners with resources to prepare for and reduce cyber and physical security threats to the North American electricity industry. The E-ISAC offers products and services that give timely, relevant, and actionable situational awareness and analysis to asset owners and operators as well as cross-sector and government partners. In 2017, the E-ISAC developed a long-term strategic plan to better define its mission and focus its resources. The central underpinning of the plan is for the E-ISAC to focus on providing timely and actionable information to industry regarding cyber and physical security threats and mitigation strategies. The strategic plan also recognizes the critical interdependencies between the E-ISAC, industry, U.S. and Canadian government agencies, and other stakeholders. In 2020, the strategic plan was validated in terms of the primary focus areas. More information on [E-ISAC](#) is available on the NERC website.

The E-ISAC also oversees the Cybersecurity Risk Information Sharing Program (CRISP), a unique public-private initiative among the E-ISAC, the North American electric utility industry, the Department of Energy (DOE), and the U.S. Intelligence Community that delivers real-time, relevant, and actionable cyber security risk information to all E-ISAC member electricity asset owners and operators, including those from Canada and Mexico. Using passive information sharing devices on participant networks outside boundary firewalls, participant data is collected and then matched against known threat signatures—classified and unclassified—to identify potential threats and provide participants with recommended mitigation steps. The Pacific Northwest National Laboratory (PNNL), is the primary subcontractor to NERC for the deployment of the required technology, supporting infrastructure, analysis, and technical capabilities for CRISP. PNNL is a U.S. DOE National Laboratory, operated by Battelle with oversight by the DOE.

E-ISAC and CRISP Funding and Indirect Cost Allocation Structure

Of the total 2024 E-ISAC budget, including CRISP, approximately 74% is funded by assessments and 25% is funded by CRISP participants for CRISP costs. Just under 2% of the budget is funded by “other funding.” This includes interest income (\$397k), funding from the Downstream Natural Gas ISAC (\$60k), anticipated revenue from the Vendor Affiliate Program (\$300k), and anticipated revenue from industry trade associations to attend CRISP workshops (\$40k).¹⁶ The Vendor Affiliate Program launched in 2022 with incremental implementation over three years. With the increasing complexities and risk in reliance on supply chain software components, this fee-for-service program provides opportunities for collaboration

¹⁶ The funding from the Downstream Natural Gas ISAC equates to approximately half of a full-time equivalent (FTE), which covers the services the E-ISAC provides to the natural gas sector. Expenditures in this area are carefully monitored and fees will be adjusted as required.

and information sharing between the E-ISAC and the vendor community. Participating vendors collaborate with electricity sector stakeholders in a trusted environment, providing timely and actionable information, helping to maintain situational awareness as events unfold, and offering post-event analysis and subject matter expertise on an ongoing basis. Sales and business development activities are strictly prohibited. CRISP has also introduced “observer status” for energy sector support organizations such as the trade associations. Participants in observer status are able to join all tracks of the CRISP workshops, including the program update, in exchange for a fee. This additional funding will be used to offset workshop costs.

The E-ISAC and CRISP budgets are allocated indirect costs (i.e., the Direct Expenses, Fixed Asset Additions, and Net Financing Activity budgets of the Corporate Services departments) in the same manner as all other NERC statutory program departments, which is based on the ratio of a statutory program department’s FTEs to total budgeted statutory FTEs. There are no specific indirect costs that E-ISAC or CRISP incur that other statutory program departments do not.

The CRISP budget specifically includes two major categories of expense: (1) costs funded fully by CRISP participants, which include the contract with PNNL, an annual security review, and any programs agreed to be funded exclusively by CRISP participants; and (2) operational program costs, which are funded 50% by participants and 50% by NERC assessments. Examples of these operational costs include (1) dedicated personnel for CRISP program management and administration, as well as time allocated from E-ISAC staff for data analysis; (2) office costs, insurance, and indirect expenses (as noted above); and (3) fixed asset addition expenditures. The total costs paid by participants, which make up just under 80% of the CRISP budget (the majority of which is for the PNNL contract), are shown on the “Third-Party Funding” line of the Statement of Activities reports below. Funding for the remaining 50% of CRISP operational costs (less additional funding from investment income and fees for workshops) is shown on the “NERC Assessments” line.

2024 Areas of Focus

Key areas of focus for E-ISAC include:

- Reviewing and curating security intelligence applicable to the electricity sector
- Conducting threat hunts for malicious technology on Information Technology (IT) and Operational Technology (OT) platforms
- Expanding CRISP participation and technology modernization
- Expanding membership and strategic relationships, including (1) further collaboration with the natural gas sector, (2) enhanced membership engagement with registered entities, small and medium utilities, and emerging renewable energy participants, and (3) operating the vendor affiliate program
- Continuing to plan and execute the biennial GridEx exercise and annual Grid Security Conference

2024 Resource Requirements

The increase of 2.59 FTEs from the 2023 budget to the 2024 budget is the net result of the addition of four positions for increased analytical capabilities and leveraging of threat intelligence, membership support, and CRISP enhancement and expansion, and a slight reduction in the allocation of dedicated Business Technology staff to E-ISAC and CRISP. The Contractors & Consultants budget includes expenses for security consulting, strategic partnerships, GridEx support, OT security analysis, Watch Officer contractors, and technology support (see below). This budget also includes the CRISP contract with PNNL, annual security review, and member security training; these expenses make up \$7.4M of the total Contractors & Consultants budget and are funded fully by CRISP participants.

2024 Technology Requirements

The majority of the Office Costs budget is related to software and content services licenses and support for data analysis and security intelligence tools, automated information sharing, GridEx activities, critical broadcast capability, customer relationship management (CRM) technology for member engagement and the E-ISAC Portal, a portion of costs for the Situation Awareness for FERC, NERC, and the Regional Entities (SAFNR) tool that provides wide-area view situation awareness, and various technology needs to support CRISP. The Contractors & Consultants budget includes operational support and maintenance for the CRM technology for the Portal. The Fixed Asset Additions budget includes a portion of expenditures for SAFNR enhancements and computer equipment for CRISP.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Meetings & Travel

The increase for Meetings & Travel is related to increased cost and demand as discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The decrease in Contractors & Consultants expenses is the net result of (1) decreased support costs for GridEx, which is held every other year (GridEx will not occur in 2024); (2) reduced Watch Officer contractor expenses to align with recent actuals; and (3) the estimated increase for the CRISP contract with PNNL.

Office Costs

The decrease in Office Costs is due to the reduction of certain software licenses and support expenses.

Professional Services

The decrease in Professional Services is a result of (1) a reduction in CRISP insurance requirements and (2) the partial reclassification of insurance costs from the CRISP budget to the NERC General and Administrative budget due to decreased CRISP participant responsibility for these insurance costs, as agreed up on by the CRISP participants and NERC.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for the E-ISAC and CRISP is due to the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The decrease for Fixed Asset Additions is due to (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to E-ISAC and CRISP and (2) a shift from capital software expenditures to contractors and consultants as part of a managed services provider model.

Net Financing Activity

The change in Net Financing Activity is primarily due to the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to E-ISAC and CRISP.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
E-ISAC (including CRISP)					
			Variance		Variance
	2023	2023	2023 Projection	2024	2024 Budget
	Budget	Projection	v 2023 Budget	Budget	v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 27,825,365	\$ 27,825,365	\$ -	\$ 29,777,135	\$ 1,951,771
Penalties Released	349,070	349,070	-	402,492	53,422
Total NERC Funding	\$ 28,174,435	\$ 28,174,435	\$ -	\$ 30,179,628	\$ 2,005,193
Third-Party Funding	\$ 9,569,170	\$ 9,262,969	\$ (306,201)	\$ 10,083,382	\$ 514,212
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	260,000	259,999	-	400,000	140,000
Interest & Investment Income	22,537	582,217	559,680	390,565	368,028
Total Funding (A)	\$ 38,026,141	\$ 38,279,620	\$ 253,479	\$ 41,053,575	\$ 3,027,434
Expenses					
Personnel Expenses					
Salaries	\$ 8,634,606	\$ 8,857,942	\$ 223,336	\$ 9,924,848	\$ 1,290,242
Payroll Taxes	503,699	473,762	(29,937)	544,491	40,792
Benefits	1,168,786	1,201,434	32,648	1,535,407	366,621
Retirement Costs	930,186	941,226	11,040	1,067,757	137,570
Total Personnel Expenses	\$ 11,237,278	\$ 11,474,364	\$ 237,086	\$ 13,072,503	\$ 1,835,225
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 140,000	\$ 176,601	\$ 36,601	\$ 208,000	\$ 68,000
Travel	246,000	276,001	30,001	275,000	29,000
Total Meetings & Travel Expenses	\$ 386,000	\$ 452,601	\$ 66,601	\$ 483,000	\$ 97,000
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 10,172,855	\$ 9,942,075	\$ (230,780)	\$ 10,066,237	\$ (106,618)
Office Rent	-	-	-	-	-
Office Costs	2,002,096	2,016,391	14,295	1,939,166	(62,930)
Professional Services	850,000	550,000	(300,000)	425,000	(425,000)
Miscellaneous	9,850	9,851	-	10,250	400
Total Operating Expenses, excluding Depreciation	\$ 13,034,801	\$ 12,518,317	\$ (516,484)	\$ 12,440,653	\$ (594,148)
Total Direct Expenses	\$ 24,658,079	\$ 24,445,282	\$ (212,796)	\$ 25,996,156	\$ 1,338,077
Indirect Expenses	\$ 12,990,480	\$ 12,802,919	\$ (187,561)	\$ 14,590,026	\$ 1,599,545
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 8,791	\$ 8,791
Total Expenses (B)	\$ 37,648,559	\$ 37,248,201	\$ (400,358)	\$ 40,594,973	\$ 2,946,414
Change in Net Assets (=A-B)	\$ 377,582	\$ 1,031,419	\$ 653,837	\$ 458,602	\$ 81,020
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 1,368,735	\$ 1,490,114	\$ 121,379	\$ 790,657	\$ (578,078)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (1,277,212)	\$ (1,090,269)	\$ 186,943	\$ (623,967)	\$ 653,245
Loan or Financing Lease - Principal Payments (+)	286,058	143,439	(142,619)	291,911	5,853
Net Financing Activity (D)	\$ (991,153)	\$ (946,830)	\$ 44,323	\$ (332,056)	\$ 659,097
Total Budget (=B+C+D)	\$ 38,026,141	\$ 37,791,485	\$ (234,656)	\$ 41,053,575	\$ 3,027,434
Change in Working Capital (=A-B-C-D)	\$ -	\$ 488,135	\$ 488,135	\$ -	\$ -
FTEs	45.87	44.34	(1.53)	48.46	2.59

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
E-ISAC Only					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection	Budget	2024 Budget
			v 2023 Budget		v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 25,531,428	\$ 25,531,428	\$ -	\$ 27,299,970	\$ 1,768,542
Penalties Released	305,436	305,436	-	346,276	40,840
Total NERC Funding	\$ 25,836,864	\$ 25,836,864	\$ -	\$ 27,646,246	\$ 1,809,382
Third-Party Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	260,000	259,999	-	360,000	100,000
Interest & Investment Income	21,537	342,217	320,680	250,565	229,028
Total Funding (A)	\$ 26,118,401	\$ 26,439,081	\$ 320,680	\$ 28,256,811	\$ 2,138,410
Expenses					
Personnel Expenses					
Salaries	\$ 7,593,979	\$ 7,767,712	\$ 173,733	\$ 8,617,649	\$ 1,023,670
Payroll Taxes	442,675	422,466	(20,209)	468,991	26,316
Benefits	979,020	1,016,027	37,007	1,277,737	298,717
Retirement Costs	820,843	834,618	13,776	927,859	107,017
Total Personnel Expenses	\$ 9,836,516	\$ 10,040,822	\$ 204,306	\$ 11,292,236	\$ 1,455,720
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 95,000	\$ 95,000	\$ -	\$ 100,000	\$ 5,000
Travel	210,000	210,000	-	237,000	27,000
Total Meetings & Travel Expenses	\$ 305,000	\$ 305,000	\$ -	\$ 337,000	\$ 32,000
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 2,827,834	\$ 2,827,834	\$ -	\$ 2,391,237	\$ (436,597)
Office Rent	-	-	-	-	-
Office Costs	1,454,296	1,540,834	86,538	1,387,860	(66,436)
Professional Services	-	-	-	-	-
Miscellaneous	9,200	9,201	-	9,300	100
Total Operating Expenses, excluding Depreciation	\$ 4,291,330	\$ 4,377,868	\$ 86,538	\$ 3,788,397	\$ (502,933)
Total Direct Expenses	\$ 14,432,846	\$ 14,723,691	\$ 290,845	\$ 15,417,633	\$ 984,787
Indirect Expenses	\$ 11,366,670	\$ 11,240,813	\$ (125,857)	\$ 12,552,234	\$ 1,185,563
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 8,791	\$ 8,791
Total Expenses (B)	\$ 25,799,517	\$ 25,964,504	\$ 164,987	\$ 27,978,658	\$ 2,179,141
Change in Net Assets (=A-B)	\$ 318,884	\$ 474,577	\$ 155,693	\$ 278,153	\$ (40,731)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 1,186,143	\$ 1,295,882	\$ 109,739	\$ 564,389	\$ (621,754)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (1,117,560)	\$ (957,243)	\$ 160,317	\$ (540,965)	\$ 576,595
Loan or Financing Lease - Principal Payments (+)	250,301	125,938	(124,363)	254,729	4,428
Net Financing Activity (D)	\$ (867,259)	\$ (831,305)	\$ 35,954	\$ (286,236)	\$ 581,023
Total Budget (=B+C+D)	\$ 26,118,401	\$ 26,429,081	\$ 310,680	\$ 28,256,811	\$ 2,138,410
Change in Working Capital (=A-B-C-D)	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -
FTEs	40.14	38.93	(1.21)	41.69	1.55

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
CRISP Only					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection	Budget	2024 Budget
			v 2024 Budget		v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 2,293,937	\$ 2,293,937	\$ -	\$ 2,477,166	\$ 183,229
Penalties Released	43,634	43,634	-	56,216	12,582
Total NERC Funding	\$ 2,337,571	\$ 2,337,571	\$ -	\$ 2,533,382	\$ 195,811
Third-Party Funding	\$ 9,569,170	\$ 9,262,969	\$ (306,201)	\$ 10,083,382	\$ 514,212
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	40,000	40,000
Interest & Investment Income	1,000	240,000	239,000	140,000	139,000
Total Funding (A)	\$ 11,907,740	\$ 11,840,539	\$ (67,201)	\$ 12,796,764	\$ 889,024
Expenses					
Personnel Expenses					
Salaries	\$ 1,040,627	\$ 1,090,230	\$ 49,603	\$ 1,307,199	\$ 266,572
Payroll Taxes	61,024	51,296	(9,728)	75,500	14,476
Benefits	189,766	185,407	(4,359)	257,671	67,904
Retirement Costs	109,344	106,608	(2,735)	139,897	30,553
Total Personnel Expenses	\$ 1,400,761	\$ 1,433,542	\$ 32,780	\$ 1,780,267	\$ 379,505
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 45,000	\$ 81,601	\$ 36,601	\$ 108,000	\$ 63,000
Travel	36,000	66,000	30,000	38,000	2,000
Total Meetings & Travel Expenses	\$ 81,000	\$ 147,601	\$ 66,601	\$ 146,000	\$ 65,000
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 7,345,021	\$ 7,114,241	\$ (230,780)	\$ 7,675,000	\$ 329,979
Office Rent	-	-	-	-	-
Office Costs	547,800	475,557	(72,243)	551,306	3,506
Professional Services	850,000	550,000	(300,000)	425,000	(425,000)
Miscellaneous	650	651	-	950	300
Total Operating Expenses, excluding Depreciation	\$ 8,743,471	\$ 8,140,449	\$ (603,022)	\$ 8,652,256	\$ (91,215)
Total Direct Expenses	\$ 10,225,232	\$ 9,721,591	\$ (503,641)	\$ 10,578,523	\$ 353,290
Indirect Expenses	\$ 1,623,810	\$ 1,562,106	\$ (61,704)	\$ 2,037,792	\$ 413,982
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 11,849,042	\$ 11,283,697	\$ (565,345)	\$ 12,616,315	\$ 767,273
Change in Net Assets (=A-B)	\$ 58,698	\$ 556,842	\$ 498,144	\$ 180,449	\$ 121,751
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 182,592	\$ 194,232	\$ 11,640	\$ 226,268	\$ 43,676
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (159,651)	\$ (133,026)	\$ 26,625	\$ (83,002)	\$ 76,650
Loan or Financing Lease - Principal Payments (+)	35,757	17,501	(18,256)	37,182	1,425
Net Financing Activity (D)	\$ (123,894)	\$ (115,525)	\$ 8,369	\$ (45,820)	\$ 78,075
Total Budget (=B+C+D)	\$ 11,907,740	\$ 11,362,404	\$ (545,336)	\$ 12,796,764	\$ 889,024
Change in Working Capital (=A-B-C-D)	\$ -	\$ 478,135	\$ 478,135	\$ -	\$ -
FTEs	5.73	5.41	(0.32)	6.77	1.03

Personnel Certification and Credential Maintenance

Personnel Certification and Credential Maintenance (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	2.82	2.87	0.05
Direct Expenses	\$ 1,108,890	\$ 1,553,151	\$ 444,261
Indirect Expenses	798,595	863,231	64,636
Other Non-Operating Expenses	-	1,704	1,704
Fixed Asset Additions	115,209	36,544	(78,665)
Financing Activity	(60,932)	(14,430)	46,502
Total Budget	\$ 1,961,763	\$ 2,440,201	\$ 478,438

Purpose and Scope

The Personnel Certification and Credential Maintenance group oversees the System Operator Certification and Credential Maintenance programs that promote reliability of the North American bulk power system (BPS) by ensuring that system operators maintain their required credentials to work in system control centers across North America. NERC’s system operator certification exam tests specific knowledge of job skills and Reliability Standards and also prepares operators to handle the BPS during normal and emergency operations. Certification is maintained by completing NERC-approved Credential Maintenance Program courses and activities.

The Personnel Certification Governance Committee (PCGC) is a NERC standing committee that provides oversight to implement and maintain the integrity and independence of the NERC System Operator Certification Program. The Credential Maintenance Working Group reports to the PCGC and is responsible for developing and maintaining the Credential Maintenance Program under the general guidelines set by the PCGC. The PCGC’s Exam Working Group, which consists of subject matter experts from all regions of North America, is responsible for doing an extensive job analysis survey of certified operators across the industry, which provides the basis for the exams. NERC contracts with psychometric consultants who assist a working group of certified system operators in the development and maintenance of each exam.

The System Operator Certification and Credential Maintenance programs are completely self-funded through exam and continuing education provider fees, and the PCGC oversees the programs’ budgets. More information on the [System Operator Certification and Credential Maintenance Program](#) is available on the NERC website.

2024 Areas of Focus

Key areas of focus for Personnel Certification and Credential Maintenance include:

- Seeking industry input on improvement opportunities for the Personnel Certification and Credential Maintenance Program and develop and implement any changes
- Moving to a new exam development and scheduling vendor
- Upgrading the System Operator Certification Continuing Education Database (SOCCED) base platform

2024 Resource Requirements

There is no change in full-time equivalents (FTEs) from the 2023 budget to the 2024 budget. The Contractors & Consultants budget includes support for exam testing and development, credential maintenance audit and review services, and technology-related support (see below).

2024 Technology Requirements

The Office Costs budget includes software licenses and support for SOCCED. The Contractors & Consultants budget includes funds for SOCCED support and maintenance and work to update the SOCCED platform.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The increase in Contractors & Consultants expenses is primarily due to the effort to upgrade the SOCCED base platform.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Personnel Certification and Credential Maintenance is due to the combination of the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The decrease for Fixed Asset Additions is due to (1) the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Personnel Certification and Credential Maintenance and (2) a reclassification of SOCCED capital software costs to contractors and consultants, which is offset by decreased general contractor support for the System Operator Certification and Credential Maintenance program.

Net Financing Activity

The change in Net Financing Activity is primarily due to the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Personnel Certification and Credential Maintenance.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Personnel Certification and Credential Maintenance					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection v 2023 Budget Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Third-Party Funding					
Testing, Renewal, & Continuing Ed Fees	1,781,775	1,931,798	150,023	1,796,086	14,311
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	500	60,000	59,500	40,000	39,500
Total Funding (A)	\$ 1,782,275	\$ 1,991,798	\$ 209,523	\$ 1,836,086	\$ 53,811
Expenses					
Personnel Expenses					
Salaries	\$ 340,141	\$ 344,206	\$ 4,065	\$ 379,729	\$ 39,589
Payroll Taxes	24,946	24,291	(655)	26,046	1,100
Benefits	43,337	41,178	(2,159)	49,873	6,536
Retirement Costs	38,117	38,314	197	41,985	3,868
Total Personnel Expenses	\$ 446,540	\$ 447,988	\$ 1,448	\$ 497,633	\$ 51,093
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 68,000	\$ 63,000	\$ (5,000)	\$ 72,000	\$ 4,000
Travel	18,000	28,600	10,600	23,500	5,500
Total Meetings & Travel Expenses	\$ 86,000	\$ 91,599	\$ 5,599	\$ 95,500	\$ 9,500
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 407,750	\$ 572,281	\$ 164,531	\$ 782,260	\$ 374,510
Office Rent	-	-	-	-	-
Office Costs	168,300	181,795	13,495	177,458	9,158
Professional Services	-	-	-	-	-
Miscellaneous	300	300	-	300	-
Total Operating Expenses, excluding Depreciation	\$ 576,350	\$ 754,375	\$ 178,025	\$ 960,018	\$ 383,668
Total Direct Expenses	\$ 1,108,890	\$ 1,293,963	\$ 185,072	\$ 1,553,151	\$ 444,261
Indirect Expenses	\$ 798,595	\$ 840,246	\$ 41,651	\$ 863,231	\$ 64,636
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ 1,704	\$ 1,704
Total Expenses (B)	\$ 1,907,485	\$ 2,134,209	\$ 226,723	\$ 2,418,086	\$ 510,601
Change in Net Assets (=A-B)	\$ (125,210)	\$ (142,411)	\$ (17,200)	\$ (582,000)	\$ (456,790)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 115,209	\$ 127,581	\$ 12,372	\$ 36,544	\$ (78,665)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (78,517)	\$ (71,553)	\$ 6,964	\$ (35,160)	\$ 43,357
Loan or Financing Lease - Principal Payments (+)	17,586	9,414	(8,172)	20,731	3,145
Net Financing Activity (D)	\$ (60,932)	\$ (62,139)	\$ (1,207)	\$ (14,430)	\$ 46,502
Total Budget (=B+C+D)	\$ 1,961,763	\$ 2,199,650	\$ 237,887	\$ 2,440,201	\$ 478,438
Change in Working Capital (=A-B-C-D)	\$ (179,488)	\$ (207,852)	\$ (28,364)	\$ (604,115)	\$ (424,627)
FTEs	2.82	2.91	0.09	2.87	0.05

Training and Education

Training and Education (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
FTE Reporting	1.88	1.88	-
Direct Expenses	\$ 587,898	\$ 589,959	\$ 2,061
Indirect Expenses	532,397	566,053	33,657
Other Non-Operating Expenses	-	-	-
Fixed Asset Additions	43,473	23,963	(19,509)
Financing Activity	(40,621)	(12,728)	27,893
Total Budget	\$ 1,123,146	\$ 1,167,248	\$ 44,102

Purpose and Scope

Section 901 of the NERC Rules of Procedure acknowledges the need to acquire and sustain informed, knowledgeable, and skilled personnel in order to assure the reliable operation of the North American bulk power system (BPS). The Training and Education group facilitates the learning and development of NERC and ERO Enterprise staff as well as BPS industry participants.¹⁷ The program oversees and coordinates learning activities and resources that support the acquisition and increase of knowledge and skills among stakeholders. Learners are typically engaged through learning events and products and resources, such as custom-made and off-the-shelf interactive self-paced e-learning modules, video-based learning, and in-person and live-webinar instructor-led training.

2024 Areas of Focus

Key areas of focus for Training and Education include support related to:

- Leadership development, new hire orientation, and confidential information training
- Events, including annual ERO Enterprise Compliance Monitoring and Enforcement Program (CMEP) Staff Workshop and preparation for GridEx
- Training materials for the Align CMEP tool

2024 Resource Requirements

There is no change in full-time equivalents (FTEs) from the 2023 budget to the 2024 budget. The Contractors & Consultants budget includes support for various training initiatives, including those that specifically support learning for and growth of the ERO Enterprise.

2024 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for the learning management system content and platform.

¹⁷ NERC’s Human Resources budget includes funding for general NERC employee training and development.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Indirect Expenses

Expenses incurred in the Corporate Services departments are considered indirect and are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. The increase in Indirect Expenses for Training and Education is due to the combination of the increase in FTEs explained above and the overall increase in expenses for the Corporate Services departments.

Fixed Asset Additions

The decrease for Fixed Asset Additions is due to the overall decrease in fixed asset expenditures in the Corporate Services departments, resulting in a decrease in the allocation of fixed asset expenditures from the Corporate Services departments to Training and Education.

Net Financing Activity

The change in Net Financing Activity is primarily due to the change in financing activity in the Corporate Services departments, resulting in a change to the allocation of financing activity from the Corporate Services departments to Training and Education.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Training and Education					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Projection	Budget	2024 Budget
			v 2023 Budget		v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ 1,107,831	\$ 1,107,831	\$ -	\$ 1,140,333	\$ 32,502
Penalties Released	14,306	14,306	-	15,616	1,309
Total NERC Funding	\$ 1,122,138	\$ 1,122,137	\$ -	\$ 1,155,949	\$ 33,811
Third-Party Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	1,009	17,054	16,045	11,299	10,291
Total Funding (A)	\$ 1,123,146	\$ 1,139,191	\$ 16,045	\$ 1,167,248	\$ 44,102
Expenses					
Personnel Expenses					
Salaries	\$ 249,925	\$ 254,376	\$ 4,451	\$ 260,530	\$ 10,606
Payroll Taxes	20,183	24,238	4,055	19,285	(898)
Benefits	48,836	45,427	(3,409)	53,089	4,253
Retirement Costs	31,154	31,468	314	29,254	(1,900)
Total Personnel Expenses	\$ 350,098	\$ 355,510	\$ 5,412	\$ 362,159	\$ 12,061
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 2,000	\$ 2,000	\$ -	\$ 2,000	\$ -
Travel	3,500	3,500	-	3,500	-
Total Meetings & Travel Expenses	\$ 5,500	\$ 5,499	\$ -	\$ 5,500	\$ -
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 90,000	\$ 90,000	\$ -	\$ 90,000	\$ -
Office Rent	-	-	-	-	-
Office Costs	141,600	141,951	350	131,600	(10,000)
Professional Services	-	-	-	-	-
Miscellaneous	700	699	(1)	700	-
Total Operating Expenses, excluding Depreciation	\$ 232,300	\$ 232,650	\$ 350	\$ 222,300	\$ (10,000)
Total Direct Expenses	\$ 587,898	\$ 593,659	\$ 5,762	\$ 589,959	\$ 2,061
Indirect Expenses	\$ 532,397	\$ 560,164	\$ 27,767	\$ 566,053	\$ 33,657
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,120,295	\$ 1,153,823	\$ 33,529	\$ 1,156,013	\$ 35,718
Change in Net Assets (=A-B)	\$ 2,852	\$ (14,632)	\$ (17,484)	\$ 11,236	\$ 8,384
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 43,473	\$ 51,721	\$ 8,248	\$ 23,963	\$ (19,509)
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ (52,345)	\$ (47,702)	\$ 4,643	\$ (23,056)	\$ 29,289
Loan or Financing Lease - Principal Payments (+)	11,724	6,276	(5,448)	10,328	(1,395)
Net Financing Activity (D)	\$ (40,621)	\$ (41,426)	\$ (805)	\$ (12,728)	\$ 27,893
Total Budget (=B+C+D)	\$ 1,123,146	\$ 1,164,118	\$ 40,972	\$ 1,167,248	\$ 44,102
Change in Working Capital (=A-B-C-D)	\$ -	\$ (24,927)	\$ (24,927)	\$ -	\$ -
FTEs	1.88	1.94	0.06	1.88	0.00

Corporate Services

Corporate Services (in whole dollars)						
	Direct Expenses, Fixed Assets, & Net Financing Activity			FTEs		
	2023 Budget	2024 Budget	Increase (Decrease)	2023 Budget	2024 Budget	Increase (Decrease)
General & Administrative ¹	\$ 9,020,093	\$ 14,028,088	\$ 5,007,995	19.74	20.84	1.10
Legal & Regulatory	5,552,134	6,075,391	523,257	16.92	15.98	(0.94)
Business Technology	20,442,840	21,180,319	737,479	31.21	35.20	3.99
Human Resources & Administration	4,334,818	4,370,564	35,746	12.22	10.34	(1.88)
Finance & Accounting	2,881,218	3,285,324	404,106	8.46	9.40	0.94
Total Corporate Services	\$ 42,231,103	\$ 48,939,686	\$ 6,708,583	88.55	91.76	3.21

¹ In the 2023 budget, loan financing activity for capital software projects was budgeted in G&A and allocated to the statutory program departments using the FTE ratio allocation method. In 2024, loan financing activity for capital software is budgeted directly in the respective statutory program and corporate services departments based on a weighted percentage of capital software project costs. Since the 2023 G&A budget included \$4.0M in loan proceeds, which decreases the total G&A budget, this shift is the primary reason for the \$5.0M increase to the G&A budget in 2024.

Scope and Functional Description

NERC’s Corporate Services area (formerly called Administrative Programs) includes the budget for all business and administrative functions of the organization, including (1) General & Administrative; (2) Legal & Regulatory; (3) Business Technology; (4) Human Resources (HR) & Administration; (5) Finance & Accounting; and (6) other general expenses necessary to support statutory program activities.

The Corporate Services department budgets include the same cost categories as the statutory program departments, including personnel, contractors and consultants, meetings and travel, office costs, professional services, fixed asset additions (fixed assets), and financing activity. These costs support NERC on the organizational level. If it is identified that a Corporate Services function provides dedicated support or manages investments that materially and quantifiably benefit a certain statutory program department, those associated costs are budgeted in the applicable statutory program department budget.

Since the activities of the Corporate Services departments support the entire organization, the budgets of the Corporate Services departments are allocated to the statutory program departments using the full time equivalent (FTE) ratio allocation method. The FTE ratio allocation method uses a percentage calculation of the number of FTEs in each statutory program department divided into the total statutory program department FTEs. This calculated percentage is used for the following allocations from the Corporate Services departments to the statutory program departments:

- Interest and Investment Income. The Cybersecurity Risk Information Sharing Program (CRISP) and the System Operator Certification program are excluded from the investment income allocation since these programs earn investment income from funds directly generated by their program.
- Miscellaneous Funding
- Direct and Non-Operating Expenses
- Fixed Assets
- Financing Activity

General & Administrative

The General & Administrative (G&A) area is responsible for the administration and general management of the organization. Expenses in this area include office rent as well as personnel and related costs for (1) the Chief Executive Officer (CEO) and support staff and the Chief Administrative Officer (CAO); (2) the External Affairs department; and (3) Board of Trustees (Board) costs.

External Affairs

The External Affairs department includes staff who are focused on five areas: (1) addressing policy matters that arise in legislative and regulatory arenas and managing outreach at the state, federal, and provincial levels; (2) serving as the liaison with government entities and industry stakeholders in the United States, Mexico and Canada; (3) managing all external and internal communications that support NERC initiatives, including media coordination, development of messaging and announcements, the public NERC website, social media, and other outreach, as well as facilitating consistent messaging internally and across the ERO Enterprise; (4) editing and design of all NERC publications including assessments, white papers, and guidelines; and (5) support for the Member Representatives Committee and the ERO Enterprise Executive Leadership Team.

Board Costs

The following table details the Board costs included in the total G&A expenses.

Board of Trustee Expenses	2023 Budget	2024 Budget	Increase (Decrease)		
Meeting and Travel Expenses					
Quarterly Board Meetings	\$ 240,000	\$ 240,000	\$ -		0.0%
Trustee Travel	200,000	200,000	-		0.0%
Total	\$ 440,000	\$ 440,000	\$ -		0.0%
Professional Services					
Independent Trustee Fees	\$ 1,568,496	\$ 1,612,500	\$ 44,004		2.8%
Trustee Search Fees	-	100,000	100,000		
Total	\$ 1,568,496	\$ 1,712,500	\$ 144,004		9.2%
Total	\$ 2,008,496	\$ 2,152,500	\$ 144,004		7.2%

The increase for Independent Trustee Fees is due the approved increase of \$4,000 per trustee, which is based on the independent study on trustee compensation completed at the end of 2021. The increase for Trustee Search Fees is to conduct a search to fill one anticipated trustee vacancy.

Legal & Regulatory

The Legal & Regulatory department supports the NERC statutory program and corporate services departments and is responsible for providing a wide range of governance and legal support regarding corporate, commercial, insurance, contract, employment, antitrust, real estate, copyright, tax, legislation, and other legal matters. The department also addresses legal and regulatory matters that arise in connection with NERC's role as the ERO and the delegation agreements with the Regional Entities. Additionally, the Legal & Regulatory department includes the Internal Audit and Corporate Risk Management functions, explained further below.

Internal Audit

The Internal Audit group performs independent, objective activities (i.e., audits and assessments) designed to add value and improve NERC and Regional Entity operations. The activities ensure that (1) risks are appropriately identified, managed, and monitored across NERC and the ERO Enterprise; (2) internal control systems are adequately promoted and are effectively functioning; and (3) significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board are reported. Internal Audit specifically engages with NERC's Compliance and Certification Committee to collaborate on monitoring of the ERO Enterprise as contemplated by Sections 406, 506, and Appendix 4A of the NERC Rules of Procedure.

Corporate Risk Management

The Corporate Risk Management (CRM) area focuses on ERO Enterprise corporate financial, operational, legal, regulatory, and compliance risks. In coordination with Internal Audit, CRM also conducts dynamic enterprise risk management, which is based on the Committee of Sponsoring Organization of the Treadway Commission framework. CRM also works with the Regional Entities to enhance the ERO Enterprise-wide corporate risk identification and risk mitigation efforts, resulting in more streamlined and coordinated reports and harmonized assessment of ERO Enterprise risks and processes.

Business Technology

NERC's Business (Information) Technology department provides the technology and management needed for the organization to maintain daily operations and meet ERO statutory obligations, including applications and infrastructure leveraged by the ERO Enterprise and registered entities. The Business Technology department includes a Project Management Office (PMO) that provides project management skills and leadership for major ERO Enterprise and NERC business technology projects. NERC's Business Technology department focuses on five key areas: cyber security, NERC infrastructure support, the Electricity Information Sharing and Analysis Center (E-ISAC), ERO Enterprise application and infrastructure support, and ERO Enterprise new functionality.¹⁸ Business Technology manages NERC's overall technology strategy, which is discussed in more detail in the *Introduction and Executive Summary*.

HR & Administration

The HR & Administration department performs activities related to payroll, benefits and retirement plan administration, employee relations, performance and compensation management, succession planning, leadership and employee development, facilities management, and meeting planning and coordination. The HR function manages NERC's overall people strategy, which is designed to create an employee experience that meets the expectations of an evolving workforce and attracts, retains, and engages top talent by supporting a more sustainable, diverse, post-pandemic organization. This strategy is intended to ensure NERC has the talent to meet its goals as outlined in its four strategic areas of focus. A critical component to NERC's people strategy is workforce planning, which is discussed in more detail in the *Introduction and Executive Summary*.

Finance & Accounting

NERC's Finance & Accounting department manages all finance and accounting functions, including accounts payable and receivable, assessment and CRISP billing, travel and expense reporting, budget management, financial reporting, corporate insurance program management, coordination of the annual external financial statement audit and Form 990, and property, sales, and use tax returns. This area also holds primary responsibility for the development of the annual business plan and budget and associated stakeholder outreach efforts. NERC Finance & Accounting manages systems, policies, procedures, and controls governing day-to-day practices, including procurement, expense reimbursement, and back office systems and procedures.

¹⁸ The E-ISAC is a specific area of focus for the Business Technology department given the amount of human and technology resources need to support the E-ISAC's critical mission to provide quality analysis and rapid sharing of security information on how to mitigate complex, constantly evolving threats to the grid. However, as discussed in the Corporate Services Scope and Functional Description section above, to the extent that any costs are primarily incurred to support the E-ISAC, those costs are directly assigned to the E-ISAC's budget.

2024 Areas of Focus

Key areas of focus for Corporate Services include:

- Continuing to enhance state outreach and engagement, including further developed outreach for ERO Enterprise assessments and reports, and expanding collaboration efforts with the National Association of Regulatory Utility Commissioners and government partners
- Elevating communication efforts across the ERO Enterprise to better educate, inform, and engage current stakeholders as well as working with subject matter experts to identify and attract new stakeholder groups
- Maturing internal assurance programs, including internal audit, risk management, and contingency planning
- Implementing and supporting adaptable and sustainable technology and enhancing cyber security to focus on prevention, detection, and mitigation
- Increasing automation and controls across the HR and Finance & Accounting areas

2024 Resource Requirements

The increase of 3.21 FTEs is the net result of (1) the addition of two positions related to the Security and Sustainability areas for cloud computing and system administration; (2) the addition of one position related to Sustainability for support for the publications team; (3) the addition of one position to support strategic communication initiatives in response to the Interregional Transfer Capability Study (ITCS), as discussed in the *Introduction and Executive Summary*; (4) the reallocation of staff from and to the Corporate Services area to better align with functional responsibilities; and (5) the elimination of one position being filled with a contractor.

The Contractors & Consultants budget includes various support and consulting needs across the Corporate Services departments, with the largest investments in Business Technology and HR & Administration. This includes support for Business Technology related to applications and infrastructure, cyber security, and the PMO, as well as HR functional services, such as executive coaching, leadership training, and administrative support. Additional contractor and consultant expenses in the Corporate Services area include public affairs consulting to support the ITCS, audit support for the Internal Audit function, and conversion activities related to the implementation of a new Finance & Accounting system.

2024 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for the Corporate Services departments, especially in Business Technology for the software required to support cyber security and overall daily operations. The Fixed Assets Additions budget includes funding for capital software projects in the Business Technology department that benefit company operations, including upgrades to the Customer Relationship Management platform and NERC website, as well as equipment replacements and upgrades to support operational sustainability. The Fixed Assets budget also includes funds for continued implementation of or enhancements to new Finance & Accounting and HR systems.

Explanation of Significant Cost Changes from 2023 to 2024

Personnel

The increase for Personnel is related to the increase in FTEs explained above and salary increase and benefit cost assumptions discussed in the *Introduction and Executive Summary*.

Contractors & Consultants

The increase for Contractors & Consultants is primarily due to (1) additional support needs related to the investments discussed in the Technology Requirements above and (2) the reclassification of technology costs from the Fixed Asset Additions budget for capital software to Contractors & Consultants, which is offset by a decrease in Fixed Asset Additions.

Office Costs

The increase in Office Costs is primarily related to the annual escalation for existing software agreements budgeted in the Business Technology department that support cyber security and daily operations. There is also an increase in software license costs in the HR & Administration and Finance & Accounting budgets due to the implementation of new HR and Finance & Accounting systems.

Professional Services

The increase in Professional Services is due to a combination of (1) the partial reclassification of insurance costs from the CRISP budget to G&A due to decreased CRISP participant responsibility for these insurance costs, as agreed upon by the CRISP participants and NERC; (2) the trustee search fees discussed in Board costs above; and (3) an increase in legal expenses for real estate matters as NERC explores options for its Atlanta office location in anticipation of the current office lease expiration in 2025.

Fixed Asset Additions

There is a significant decrease in fixed asset expenditures from the 2023 budget to the 2024 budget due to a reclassification of technology support from the Fixed Asset Additions budget for capital software to Contractors & Consultants, which is offset by an increase in the Contractors & Consultants budget.

Net Financing Activity

Total NERC net financing activity (the net of loan and lease financing proceeds and payments) for 2024 is close to the net financing budget for 2023. However, in the 2023 budget, loan financing activity for capital software projects was budgeted in G&A and allocated to the statutory program departments using the FTE ratio allocation method. In 2024, loan financing activity for capital software is budgeted directly in the respective statutory program and corporate services departments based on a weighted percentage of capital software project costs. As such, a portion of loan financing activity has shifted out of the Corporate Services area to the statutory programs from the 2023 to 2024 budget. See the capital financing assumptions discussed in the *Introduction and Executive Summary* for additional information.

Section A – 2024 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions					
2023 Budget & Projection and 2024 Budget					
Corporate Services					
			Variance		Variance
	2023	2023	2023 Projection	2024	2024 Budget
	Budget	Projection	v 2023 Budget	Budget	v 2023 Budget
			Over(Under)		Over(Under)
Funding					
NERC Funding					
NERC Assessments	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ (1,300,000)	\$ (300,000)
Penalties Released	-	-	-	-	-
Total NERC Funding	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ (1,300,000)	\$ (300,000)
Third-Party Funding					
Testing, Renewal, & Continuing Ed Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Interest & Investment Income	-	0	0	-	-
Total Funding (A)	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ (1,300,000)	\$ (300,000)
Expenses					
Personnel Expenses					
Salaries	\$ 17,970,873	\$ 18,466,074	\$ 495,201	\$ 19,970,647	\$ 1,999,774
Payroll Taxes	935,516	899,548	(35,968)	995,979	60,463
Benefits	2,623,091	2,290,365	(332,726)	2,872,210	249,119
Retirement Costs	1,744,448	1,774,462	30,014	1,944,786	200,338
Total Personnel Expenses	\$ 23,273,928	\$ 23,430,449	\$ 156,521	\$ 25,783,622	\$ 2,509,694
Meetings & Travel Expenses					
Meetings & Conference Calls	\$ 593,400	\$ 593,401	\$ -	\$ 519,400	\$ (74,000)
Travel	761,000	841,000	80,000	822,200	61,200
Total Meetings & Travel Expenses	\$ 1,354,400	\$ 1,434,400	\$ 80,000	\$ 1,341,600	\$ (12,800)
Operating Expenses, excluding Depreciation					
Contractors & Consultants	\$ 4,945,510	\$ 4,608,732	\$ (336,778)	\$ 6,667,096	\$ 1,721,586
Office Rent	3,022,266	3,022,266	-	3,089,858	67,592
Office Costs	6,580,619	6,494,978	(85,641)	7,551,361	970,742
Professional Services	2,425,596	2,427,225	1,629	3,092,866	667,270
Miscellaneous	182,783	184,484	1,701	123,350	(59,433)
Total Operating Expenses, excluding Depreciation	\$ 17,156,774	\$ 16,737,685	\$ (419,089)	\$ 20,524,531	\$ 3,367,757
Total Direct Expenses	\$ 41,785,102	\$ 41,602,534	\$ (182,568)	\$ 47,649,753	\$ 5,864,651
Indirect Expenses	\$ (42,006,102)	\$ (41,818,825)	\$ 187,277	\$ (47,987,175)	\$ (5,981,073)
Other Non-Operating Expenses	\$ 221,000	\$ 216,291	\$ (4,709)	\$ 337,422	\$ 116,422
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A-B)	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ (1,300,000)	\$ (300,000)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Activity					
Loan or Financing Lease - Borrowing (-)	\$ -	\$ -	\$ -	\$ -	\$ -
Loan or Financing Lease - Principal Payments (+)	-	-	-	-	-
Net Financing Activity (D)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Budget (=B+C+D)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Working Capital (=A-B-C-D)	\$ (1,000,000)	\$ (1,000,000)	\$ -	\$ (1,300,000)	\$ (300,000)
FTEs	88.55	85.91	(2.64)	91.76	3.21

Section B – Supplemental Financial Information

Breakdown by Statement of Activity Sections

The following detailed schedules support the consolidated Statement of Activities.

Table B-1 – Total Reserves Analysis

Total Reserves Analysis								
Statutory								
	Total Reserves	Future Obligation Reserve ¹	Operating Contingency Reserve ²	System Operator Certification Reserve	CRISP Equipment Reserve ³	CRISP Operating Reserve ³	CRISP Defense Fund Reserve ⁴	Assessment Stabilization Reserve
Beginning Reserves - 1/1/2023	\$ 20,856,504	\$ 2,293,856	\$ 10,880,743	\$ 964,284	\$ -	\$ 2,961,621	\$ 500,000	\$ 3,256,000
Generation(use) of reserves from 2023 projections								
Projected 2023 operating results, including debt service and financing	\$ 3,095,391	\$ -	\$ 2,329,465	\$ (106,202)	\$ -	\$ 872,127	-	\$ -
Budgeted addition(use) of reserves	(1,895,647)	283,841	(1,000,000)	(179,488)	-	-	-	(1,000,000)
Other addition(use) of reserves	(369,470)	330,530	-	-	450,000	(450,000)	-	(700,000)
Projected Reserves - 12/31/2023	\$ 21,686,778	\$ 2,908,227	\$ 12,210,208	\$ 678,594	\$ 450,000	\$ 3,383,748	\$ 500,000	\$ 1,556,000
Projected Reserves - 12/31/2024	\$ 18,700,716	\$ 3,126,280	\$ 10,910,208	\$ 74,479	\$ 450,000	\$ 3,383,748	\$ 500,000	\$ 256,000
Addition(use) of reserves	(1,686,062)	218,053	(1,300,000)	(604,115)	-	-	-	-
Less: Assessment Stabilization Reserve Release - Penalties	(1,300,000)	-	-	-	-	-	-	(1,300,000)
Total Adjustments to Reserves	\$ (2,986,062)	\$ 218,053	\$ (1,300,000)	\$ (604,115)	\$ -	\$ -	\$ -	\$ (1,300,000)
Assessment Reconciliation								
2024 Expenses, Capital Expenditures, & Net Financing	\$ 113,620,945							
Less: Assessment Stabilization Reserve Release - Penalties	(1,300,000)							
Addition(use) of reserves	(1,904,115)							
Less: Other Funding Sources	(13,419,468)							
2024 NERC Assessment	\$ 96,997,362							

¹As explained in the discussion of reserves in the *Introduction and Executive Summary*, the Future Obligations Reserve offsets future, non-current liabilities.

²Except as otherwise approved by the Board, after review by the FAC, the amount of the Operating Contingency Reserve shall be between three and one half (3.5%) percent and seven (7%) percent of the company's total expense, fixed asset, and net financing budget minus the sum of the System Operator Certification and CRISP budgets, each of which have separate reserves.

³In 2022, FERC approved NERC's request to annually redirect underruns of the prior year's CRISP budget to the CRISP Operating Reserve. *North American Electric Reliability Corp., 180 FERC ¶ 61,013 (Letter Order July 8, 2022)*. In 2023, the CRISP participants agreed to transfer \$450k from the CRISP Operating Reserve to fund a CRISP Equipment Reserve.

⁴The CRISP Defense Fund Reserve is intended to fund any expenses related to investigation and defense in connection with a claim pertaining to the CRISP agreement between NERC and participating utilities.

See the 2024 Reserves discussion in the *Introduction and Executive Summary* for further details on the reserve categories and factors impacting reserve balances in 2024.

Table B-2 – Penalties

Penalty Sanctions and Allocation Method

NERC Rules of Procedure (ROP) Section 1107.2 specifies that penalty monies received by NERC during the 12 months ended June 30 are to be used in the subsequent budget year to offset assessments. In 2015, the Board of Trustees (Board) approved an updated *Working Capital and Operating Reserves Policy* that was approved by the Federal Energy Regulatory Commission (FERC). This updated policy allows NERC, with Board and FERC approval pursuant to ROP Section 1107.4, to place penalty funds into an Assessment Stabilization Reserve (ASR) for use in future years to offset assessments. Penalty sanctions released from the ASR are allocated to the following statutory programs to reduce assessments: (1) Reliability Standards and Power Risk Issues Strategic Management, (2) Compliance Assurance and Organization Registration and Certification, (3) Compliance Enforcement, (4) Reliability Assessment and Performance Analysis (RAPA), (5) Situation Awareness, (6) Event Analysis, (7) the Electricity Information Sharing and Analysis Center (E-ISAC), including the Cybersecurity Risk Information Sharing Program (CRISP), and (8) Training and Education. Penalty sanctions are allocated based on the number of full-time equivalents (FTEs) in the program divided by the aggregate total FTEs in the programs receiving the allocation.

Penalty Sanctions	Date Received	Amount Received
Penalties received between 7/1/2022 and 6/30/2023		
	October 2022	\$ 735,000
		<u>\$ 735,000</u>
Penalties received prior to 6/30/2022, held in ASR		\$ 2,521,000
Budgeted release of ASR in 2023		(1,000,000)
Additional projected release of ASR in 2023		<u>(700,000)</u>
Total penalties available on 1/1/2024 to offset assessments		<u>\$ 1,556,000</u>
Adjustments		
Total penalties released to offset assessments in the 2024 Budget		\$ (1,300,000)
Total penalties held in ASR 12/31/2024		<u>\$ 256,000</u>

During the period July 1, 2022, to June 30, 2023, NERC has collected and is proposing to deposit \$735k of penalty funds into the ASR. NERC is recommending the release of \$1.3M from the ASR to offset 2024 assessments. The balance held in the ASR will be used for assessment offsets to stabilize and reduce assessments in future years.

Table B-3 – Outside Funding

Outside Funding Breakdown By Program (Excludes Any Penalty/Reserve Releases)	2023 Budget	2024 Budget	Increase (Decrease)
Reliability Standards and PRISM			
Interest & Investment Income Allocation	\$ 10,592	\$ 125,141	\$ 114,549
Total	\$ 10,592	\$ 125,141	\$ 114,549
Compliance Assurance, Certification, and Registration			
Interest & Investment Income Allocation	\$ 12,105	\$ 129,944	\$ 117,839
Total	\$ 12,105	\$ 129,944	\$ 117,839
Compliance Enforcement			
Interest & Investment Income Allocation	\$ 6,557	\$ 79,096	\$ 72,539
Total	\$ 6,557	\$ 79,096	\$ 72,539
Reliability Assessment and Performance Analysis			
Services and Software	\$ 60,000	\$ 60,000	\$ -
Interest & Investment Income Allocation	15,636	206,780	191,144
Total	\$ 75,636	\$ 266,780	\$ 191,144
Personnel Certification and Credential Maintenance			
Testing Fees	\$ 526,500	\$ 546,000	\$ 19,500
Certificate Renewals	764,000	748,400	(15,600)
Continuing Education Fees	491,275	501,686	3,250
Interest & Investment Income Allocation	500	40,000	39,500
Total	\$ 1,782,275	\$ 1,836,086	\$ 46,650
Training and Education			
Interest & Investment Income Allocation	\$ 1,009	\$ 11,299	\$ 10,291
Total	\$ 1,009	\$ 11,299	\$ 10,291
Event Analysis			
Interest & Investment Income Allocation	\$ 3,531	\$ 45,763	\$ 42,232
Total	\$ 3,531	\$ 45,763	\$ 42,232
Situation Awareness			
Interest & Investment Income Allocation	\$ 4,035	\$ 51,412	\$ 47,377
Total	\$ 4,035	\$ 51,412	\$ 47,377
E-ISAC			
Third Party Funding (CRISP)	\$ 9,569,170	\$ 10,083,382	\$ 514,212
Miscellaneous Funding	260,000	400,000	140,000
Interest & Investment Income Allocation	22,537	390,565	368,028
Total	\$ 9,851,706	\$ 10,873,947	\$ 1,022,241
Grand Total	\$ 11,747,445	\$ 13,419,468	\$ 1,664,862

Interest & Investment Income – Increasing due to anticipated higher interest rates.

Testing Fees & Certificate Renewals – Changes reflect the estimated number of 2024 tests and renewals.

Third Party Funding (i.e., CRISP participant funding) – Increasing primarily due to the estimated increase for the contract with the Pacific Northwest National Laboratory (PNNL), which is fully funded by CRISP participants. The increase in third-party funding is also due to higher personnel costs for CRISP, including an additional FTE that also results in higher allocations of costs from the Corporate Services, for which CRISP participants pay 50%.

Miscellaneous Funding – Increasing in E-ISAC due to estimated increased revenue from the E-ISAC Vendor Affiliate Program, as well as additional funding for CRISP from energy sector support organizations participating in CRISP workshops. See *Section A – Electricity Information Sharing and Analysis Center* for more discussion on E-ISAC and CRISP funding.

Table B-4 – Personnel

Personnel	2023 Budget	2024 Budget	Increase (Decrease)	
Salaries	\$ 44,250,356	\$ 50,263,573	\$ 6,013,217	13.6%
Payroll Taxes	2,513,603	2,706,709	193,106	7.7%
Benefits	6,624,553	7,572,900	948,347	14.3%
Retirement	4,629,894	5,238,161	608,267	13.1%
Total	\$ 58,018,406	\$ 65,781,342	\$ 7,762,936	13.4%
FTEs	236.88	251.14	14.26	6.0%
Cost per FTE				
Salaries	\$ 186,805	\$ 200,144	\$ 13,339	7.1%
Payroll Taxes	10,611	10,778	167	1.6%
Benefits	27,966	30,154	2,189	7.8%
Retirement	19,545	20,858	1,312	6.7%
Total	\$ 244,927	\$ 261,934	\$ 17,007	6.9%

The increase in overall personnel costs is primarily related to the increase of 14.26 FTEs and salary and benefit increase assumptions for existing staff. See the Personnel and 2024 Program Budget and FTE Comparisons discussions in the *Introduction and Executive Summary* for more details.

Table B-5 – Meetings & Travel

Meetings & Travel	2023 Budget	2024 Budget	Increase (Decrease)	
Meetings & Conference Calls	\$ 1,291,650	\$ 1,375,300	\$ 83,650	6.5%
Travel	1,853,900	2,131,500	277,600	15.0%
Total	\$ 3,145,550	\$ 3,506,800	\$ 361,250	11.5%

While more virtual and hybrid options are available, meeting and travel costs are increasing due to inflation and NERC engagement requests and attendance. The 2024 budget marks the return to pre-pandemic levels (following a reduction in these budget areas in 2021 and 2022 related to the pandemic). The 2024 budget is also increasing due to anticipated meeting and travel expenses related to the Interregional Transfer Capability Study (ITCS) discussed in the *Introduction and Executive Summary*.

Table B-6 – Contractors & Consultants

Contractors & Consultants	2023 Budget	2024 Budget	Increase(Decrease)
Reliability Standards & PRISM			
SBS and PRISM Application Support	\$ 90,739	\$ 107,888	\$ 17,149
Engineering and Standards Support	112,000	112,000	-
Total	\$ 202,739	\$ 219,888	\$ 17,149
CMEP			
Process Documentation Support	\$ 50,000	\$ -	\$ (50,000)
Secure Evidence Locker Annual Certification	100,000	100,000	-
Align and Secure Evidence Locker Application Support	-	1,249,866	1,249,866
BES Exception Process and CORES Application Support	40,800	105,388	64,588
Workshop Facilitation	19,000	22,000	3,000
Total	\$ 209,800	\$ 1,477,254	\$ 1,267,454
RAPA			
RADS, GADS, pc-GAR, and GMD Application Support	\$ 301,654	\$ 344,400	\$ 42,746
Interregional Transfer Capability Study (ITCS) Consulting & Support	-	1,250,000	1,250,000
Reliability Analyses, Studies, Research, and Other Support	575,000	224,000	(351,000)
Total	\$ 876,654	\$ 1,818,400	\$ 941,746
Event Analysis			
TEAMS Application Support	\$ 90,802	\$ 35,000	(55,802)
Event Analysis Activity and Review Support	130,000	130,000	-
Total	\$ 220,802	\$ 165,000	\$ (55,802)
Situation Awareness			
Situation Awareness Application Support	\$ 23,000	\$ 83,000	\$ 60,000
Total	\$ 23,000	\$ 83,000	\$ 60,000
E-ISAC			
Security and Other Consulting	\$ 413,198	\$ 393,767	\$ (19,431)
GridEx and Other Events	626,000	305,660	(320,340)
Technology Support	447,991	564,053	116,062
Watch Operations	940,645	727,757	(212,888)
Partnerships	400,000	400,000	-
CRISP PNNL and Other Participant Paid	6,982,599	7,400,000	417,401
Other CRISP Support	362,422	275,000	(87,422)
Total	\$ 10,172,855	\$ 10,066,237	\$ (106,618)
Personnel Certification and Credential Maintenance			
System Operator Testing Expenses and Examination Development	\$ 110,750	\$ 159,760	\$ 49,010
Special Project and Other Support	102,000	52,500	(49,500)
Continuing Education Audit and Review Services	120,000	120,000	-
SOCCE Database Support & Platform Update	75,000	450,000	375,000
Total	\$ 407,750	\$ 782,260	\$ 374,510
Training and Education			
ERO Enterprise and Industry Learning and Development Support	\$ 90,000	\$ 90,000	\$ -
Total	\$ 90,000	\$ 90,000	\$ -
General & Administrative			
Communications Support	\$ 20,000	\$ 75,000	\$ 55,000
Public Affairs Consulting for ITCS	\$ -	\$ 240,000	\$ 240,000
Executive and Leadership Support	100,000	125,000	25,000
Total	\$ 120,000	\$ 440,000	\$ 320,000
Business Technology			
Applications & Infrastructure, Security, PMO and Operations Support	\$ 3,420,510	\$ 4,597,096	\$ 1,176,586
Total	\$ 3,420,510	\$ 4,597,096	\$ 1,176,586
Human Resources & Administration			
Training and Development	\$ 440,000	\$ 290,000	\$ (150,000)
HR Consulting and Other Services	410,000	545,000	135,000
Total	\$ 850,000	\$ 835,000	\$ (15,000)
Finance & Accounting			
Accounting and System Conversion Support	\$ 350,000	\$ 540,000	\$ 190,000
Total	\$ 350,000	\$ 540,000	\$ 190,000
Legal & Regulatory			
Internal Audit Support	\$ 195,000	\$ 245,000	\$ 50,000
Workshop Facilitation	10,000	10,000	-
Total	\$ 205,000	\$ 255,000	\$ 50,000
Total Contractors & Consultants	\$ 17,149,110	\$ 21,369,135	\$ 4,220,025

Compliance Monitoring and Enforcement Program (CMEP) – Increasing primarily due to a combination of the following related to the Align and ERO Secure Evidence Locker (SEL) systems: (1) the incremental addition of dedicated system administrators and support; (2) the reclassification of dedicated tier 1, quality assurance, and business analyst support from Business Technology to Compliance Assurance and Enforcement; and (3) the partial reclassification of Align enhancement costs from capital software to contractors and consultants within the Compliance Assurance and Enforcement budgets.

RAPA and General & Administrative – Increasing due to consulting and contractor support for the ITCS discussed in the *Introduction and Executive Summary*.

Personnel Certification and Credential Maintenance – Increasing due to costs associated with the upgrade of the System Operator Certification Continuing Education Database base platform.

Business Technology – Increasing primarily due to the reclassification of technology costs from the fixed assets budget for capital software to contractors and consultants, which is offset by a decrease in the fixed assets budget, and additional support needs as part of the technology strategy investments discussed in the *Introduction and Executive Summary*.

For additional information on expenses for contractors and consultants, see the Resource Requirements sections of each program area in *Section A – 2024 Business Plan and Budget Program Area and Department Detail*.

Table B-7 – Rent

Office Rent	2023 Budget	2024 Budget	Increase (Decrease)
Office Rent	\$ 2,872,266	\$ 2,945,858	\$ 73,592 2.6%
Maintenance	150,000	144,000	(6,000) -4.0%
Total	\$ 3,022,266	\$ 3,089,858	\$ 67,592 2.2%

Rent expense in 2024 for the Atlanta and Washington, D.C. offices is based on annual cash rent payments, net of any pro-rated spread of free rent incentives or excess tenant improvement allowances. The increase from the 2023 to the 2024 budget reflects the annual increase per the lease agreements for both offices.

Table B-8 – Office Costs

Office Costs	2023 Budget	2024 Budget	Increase (Decrease)	
Telephone	\$ 385,000	\$ 428,592	\$ 43,592	11.3%
Internet	359,249	336,532	(22,717)	-6.3%
Office Supplies	129,850	185,495	55,645	42.9%
Computer Supplies	196,450	202,995	6,545	3.3%
Software Licenses & Support	10,035,952	10,963,565	927,613	9.2%
Subscriptions and Publications	440,923	627,596	186,673	42.3%
Dues	170,700	166,156	(4,544)	-2.7%
Postage	10,500	6,494	(4,006)	-38.2%
Express Shipping	75,200	97,945	22,745	30.2%
Copying	39,900	14,165	(25,735)	-64.5%
Stationary & Office Forms	-	105	105	-
Expensed A/V and Hardware Lease Costs	365,000	380,000	15,000	4.1%
Equipment Repair/Service Contracts	144,000	150,000	6,000	4.2%
Bank Charges	30,000	44,400	14,400	48.0%
Merchant Card Fees	97,000	104,173	7,173	7.4%
Total	\$ 12,479,724	\$ 13,708,213	\$ 1,228,489	9.8%

Software Licenses & Support – Includes non-capital software license and support costs, as well as expenses for infrastructure management software, data center co-location, offsite data backup, and network and security monitoring. The increase in this area is related to (1) annual escalation estimates for software licenses for tools used by the statutory program and Corporate Services departments, particularly for Business Technology and (2) new software products to support the technology strategy discussed in the *Introduction and Executive Summary*.

Subscriptions and Publications – Increasing due to an increase in research and advisory-related subscriptions as a result of the increase in FTEs and strategic initiatives.

The remaining changes to Office Costs items are to bring these budgets closer to recent actual costs.

Table B-9 – Professional Services

Professional Services	2023 Budget	2024 Budget	Increase (Decrease)	
Independent Trustee Fees	\$ 1,568,496	\$ 1,612,500	\$ 44,004	2.8%
Trustee Search Fees	-	100,000	100,000	
Outside Legal	495,000	645,000	150,000	30.3%
Government Relations	20,000	20,000	-	0.0%
Accounting and Auditing Fees	145,000	145,000	-	0.0%
Insurance Commercial	1,040,000	862,716	(177,284)	-17.0%
Outside Services	22,100	132,650	110,550	500.2%
Total	\$ 3,290,596	\$ 3,517,866	\$ 227,270	6.9%

Independent Trustee Fees – Increasing due to the approved increase of \$4,000 per trustee, which is based on the independent study on trustee compensation completed at the end of 2021. The increase for Trustee Search Fees is to conduct a search to fill one anticipated trustee vacancy.

Outside Legal – Increasing due to legal expenses for real estate matters as NERC explores options for its Atlanta office location in anticipation of the current office lease expiration in 2025.

Insurance Commercial – Decreasing due to a reduction in CRISP insurance assumptions, offset by an increase in Outside Services for CRISP support and risk management and advisory services.

Table B-10 – Miscellaneous

Miscellaneous Expenses	2023 Budget	2024 Budget	Increase (Decrease)	
Miscellaneous Expense	\$ 10,250	\$ 12,550	\$ 2,300	22.4%
Employee Rewards and Recognition	52,617	25,400	(27,217)	-51.7%
Employee Engagement	117,917	85,000	(32,917)	-27.9%
Sponsorships	28,000	27,000	(1,000)	-3.6%
Total	\$ 208,783	\$ 149,950	\$ (58,833)	-28.2%

Employee Rewards and Recognition – Decreasing due to the reclassification of funds for the employee referral program from Miscellaneous to Personnel.

Employee Engagement – Decreasing to bring this budget closer to recent actual costs.

Table B-11 – Other Non-Operating Expenses

Other Non-Operating Expenses	2023 Budget	2024 Budget	Increase (Decrease)	
Property and Other Tax Expense	\$ 100,000	\$ 140,000	\$ 40,000	40.0%
Interest Expense	154,254	328,040	173,786	112.7%
Total	\$ 254,254	\$ 468,040	\$ 213,786	84.1%

Property and Other Tax Expense – Increasing to bring this budget closer to recent actual costs.

Interest Expense – Increasing due to the capital financing assumptions discussed in *Exhibit B – Capital Financing*.

Table B-12 – Fixed Assets

Fixed Asset Additions	2023		2024		Increase (Decrease)
	Budget	Budget	Budget	Budget	
Computer & Software CapEx	\$ 5,319,000	\$ 2,854,000	(2,465,000)		-46.3%
Furniture & Fixtures CapEx	-	-	-		
Equipment CapEx	775,000	-	(775,000)		-100.0%
Capital Lease Assets	130,000	1,770,000	1,640,000		1261.5%
Leasehold Improvements	-	-	-		
Total	\$ 6,224,000	\$ 4,624,000	\$ (1,600,000)		-25.7%

Computer and Software CapEx – Decreasing primarily due to the reclassification of technology costs from the fixed assets budget for capital software to contractors and consultants, which is offset by an increase to the contractors and consultants budget.

Equipment CapEx and Capital Lease Assets – The decrease in Equipment CapEx and increase in Capital Lease Assets is related to (1) the reclassification of technology-related equipment from Equipment CapEx to Capital Lease Assets due to the assumption of lease financing for this equipment and (2) equipment for the ERO SEL Development Environment and additional equipment replacements in support of the technology strategy discussed in the *Introduction and Executive Summary*.

Also as described in the *Introduction and Executive Summary*, in 2024 NERC is projecting to finance \$2.4M of the approximately \$2.9M of capital software expenditures reflected in Computer & Software CapEx above, and lease finance the approximately \$1.8M of equipment and server replacements reflected in Capital Lease Assets above. The 2024 loan and lease financing borrowing and loan and lease financing principal payments are reflected in the Net Financing Activity section of NERC's Statement of Activity report. Also see *Exhibit B – Capital Financing* for further details.

Table B-13 – 2025 and 2026 Projections

Statement of Activities and Fixed Asset Additions 2024 Budget & Projected 2025 and 2026 Budgets							
	2024 Budget	2025 Projection	\$ Change 25 vs 24	% Change 25 vs 24	2026 Projection	\$ Change 26 vs 25	% Change 26 vs 25
Funding							
ERO Funding							
NERC Assessments	\$ 96,997,362	\$ 108,465,823	\$ 11,468,461	11.8%	\$ 118,066,407	\$ 9,600,584	8.9%
Penalties Released	1,300,000	300,000	(1,000,000)	-76.9%	-	(300,000)	-100.0%
Total NERC Funding	\$ 98,297,362	\$ 108,765,823	\$ 10,468,461	10.6%	\$ 118,066,407	\$ 9,300,584	8.6%
Third-Party Funding							
Testing Fees	\$ 10,083,382	\$ 10,797,658	\$ 714,276	7.1%	\$ 11,337,836	\$ 540,178	5.0%
Services & Software	1,796,086	1,902,796	106,710	5.9%	1,834,996	(67,800)	-3.6%
Miscellaneous	60,000	60,000	-	0.0%	60,000	-	0.0%
Interest & Investment Income	400,000	520,000	120,000	30.0%	540,000	20,000	3.8%
	1,080,000	1,080,000	-	0.0%	1,080,000	-	0.0%
Total Funding (A)	\$ 111,716,829	\$ 123,126,277	\$ 11,409,448	10.2%	\$ 132,919,239	\$ 9,792,962	8.0%
Expenses							
Personnel Expenses							
Salaries	\$ 50,263,573	\$ 55,253,738	\$ 4,990,166	9.9%	\$ 59,195,145	\$ 3,941,407	7.1%
Payroll Taxes	2,706,709	2,876,346	169,637	6.3%	2,985,132	108,786	3.8%
Benefits	7,572,900	8,651,829	1,078,929	14.2%	9,611,201	959,373	11.1%
Retirement Costs	5,238,161	5,754,000	515,838	9.8%	6,186,191	432,192	7.5%
Total Personnel Expenses	\$ 65,781,342	\$ 72,535,912	\$ 6,754,570	10.3%	\$ 77,977,670	\$ 5,441,758	7.5%
Meetings & Travel Expenses							
Meetings & Conference Calls	\$ 1,375,300	\$ 1,492,725	\$ 117,425	8.5%	\$ 1,421,151	\$ (71,574)	-4.8%
Travel	2,131,500	2,117,180	(14,320)	-0.7%	2,208,791	91,611	4.3%
Total Meetings and Travel Expenses	\$ 3,506,800	\$ 3,609,905	\$ 103,105	2.9%	\$ 3,629,942	\$ 20,037	0.6%
Operating Expenses, excluding Depreciation							
Contractors and Consultants	\$ 21,369,135	\$ 22,286,613	\$ 917,478	4.3%	\$ 23,602,875	\$ 1,316,262	5.9%
Office Rent	3,089,858	3,136,567	46,709	1.5%	2,865,458	(271,109)	-8.6%
Office Costs	13,708,213	14,610,768	902,555	6.6%	15,377,504	766,736	5.2%
Professional Services	3,517,866	3,542,146	24,280	0.7%	3,756,042	213,896	6.0%
Miscellaneous	149,950	150,650	700	0.5%	153,150	2,500	1.7%
Total Operating Expenses, excluding Depreciation	\$ 41,835,022	\$ 43,726,744	\$ 1,891,722	4.5%	\$ 45,755,029	\$ 2,028,285	4.6%
Total Direct Expenses	\$ 111,123,164	\$ 119,872,561	\$ 8,749,397	7.9%	\$ 127,362,641	\$ 7,490,079	6.2%
Indirect Expenses	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Other Non-Operating Expenses	\$ 468,040	\$ 722,429	\$ 254,389	54.4%	\$ 907,018	\$ 184,589	25.6%
Total Expenses (B)	\$ 111,591,205	\$ 120,594,990	\$ 9,003,786	8.1%	\$ 128,269,659	\$ 7,674,668	6.4%
Change in Net Assets (=A-B)	\$ 125,625	\$ 2,531,287	\$ 2,405,662	1915.0%	\$ 4,649,580	\$ 2,118,294	83.7%
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 4,624,000	\$ 7,309,000	\$ 2,685,000	58.1%	\$ 8,476,500	\$ 1,167,500	16.0%
Financing Activity							
Loan or Financing Lease - Borrowing (-)	(4,212,498)	(5,862,501)	(1,650,003)	39.2%	(6,812,500)	(949,999)	16.2%
Loan or Financing Lease - Principal Payments (+)	1,618,238	2,178,742	560,504	34.6%	3,160,401	981,659	45.1%
Net Financing Activity (D)	\$ (2,594,260)	\$ (3,683,759)	\$ (1,089,499)	42.0%	\$ (3,652,099)	\$ 31,660	-0.9%
Total Budget (=B+C+D)	\$ 113,620,945	\$ 124,220,231	\$ 10,599,287	9.3%	\$ 133,094,060	\$ 8,873,828	7.1%
Change in Working Capital (=A-B-C-D)	\$ (1,904,115)	\$ (1,093,954)	\$ 810,161	-42.5%	\$ (174,821)	\$ 919,134	-84.0%
FTEs	251.14	262.08	10.94	4.4%	269.60	7.52	2.9%

The current projection for 2025 estimates a budget increase of \$10.6M (9.3%) and assessment increase of \$11.5M (11.8%) over 2024. This includes the following key assumptions in support of the strategic areas of focus:

- FTE increase of 10.94
- Weighted average salary increase of 5.5%
- Continued technology investments
- Reserve release of \$1.3M, comprised of the following:

- \$500k from the Operating Contingency Reserve (OCR) to fund potential one-time out-of-pocket costs related to Atlanta office relocation in 2025
- An additional \$500k from the OCR and \$300k from the ASR to reduce impact from incremental resources hired in 2023 in response to the ITCS

Borrowing in 2025 is currently estimated to be \$5.9M. The 2025 borrowing continues to assume a new audio/visual equipment lease for an Atlanta office relocation of \$2.0M, and reflects an increase of \$1.4M for lease financing of IT datacenter equipment replacements previously not projected to be lease financed, to help smooth assessments. Additionally, \$1.0M of budgeted 2023 borrowing is being deferred and reallocated to 2025.

2025 will be year 3 of the initial 2023–2025 strategic plan initially put forth in the 2023 BP&B. The 2025 budget projection, excluding the unanticipated FTEs hired in 2023 in response to the ITCS, is generally consistent with the 2025 budget projection included in the 2023 BP&B. Factoring in the additional FTEs hired in response to the ITCS and other adjustments, the three-year plan increase (2025 vs 2022) is now \$35.4M versus the originally projected \$33.8M in the 2023 BP&B, with the majority of the increase attributable to adding resources to develop the expertise and capacity to annually assess transmission adequacy and transfer capability.

The projection for 2026 is preliminary and will be further refined during the next budget cycle. Currently, the 2026 budget increase over 2025 is estimated to be approximately \$8.8M (7.1%) and the assessment increase is projected to be \$9.6M (8.9%), which reflects a reduced level of increase relative to the increases for 2023–2025. The increase for 2026 is driven primarily by personnel (including the addition of 7.5 FTEs) and continued technology investments for infrastructure, ERO applications, and security. The 2026 projection for borrowing is currently \$6.8M, which includes loan borrowing for capital software projects and lease financing for a technology equipment refresh for the ERO SEL.

Section C – Non-Statutory Activity

NERC has no non-statutory activities.

Section D – Consolidated Statement of Activities by Program

Statement of Activities, Fixed Asset Additions, Financing Activity, and Change in Working Capital by Program 2024 Budget	Statutory Activities														
	Statutory Total	Reliability Standards and Power Risk Issue Strategic Management	Compliance Assurance, Registration, and Certification	Event Analysis	Compliance Enforcement	Personnel Certification and Credential Maintenance	Training and Education	Reliability Assessments and Performance Analysis	Situation Awareness	E-ISAC (Including CRSP)	General and Administrative (Includes Executive and External Affairs)	Legal and Regulatory	Information Technology	Human Resources and Administration	Accounting and Finance
Funding															
ERO Funding															
NERC Assessments	\$ 96,997,362	\$ 11,274,349	\$ 14,096,283	\$ 4,699,395	\$ 8,343,924	\$ -	\$ 1,140,333	\$ 22,473,405	\$ 6,492,537	\$ 29,777,135	\$ (1,300,000)	\$ -	\$ -	\$ -	\$ -
Penalties Released	1,300,000	172,943	179,580	63,243	109,309	-	15,616	285,766	71,051	402,492	-	-	-	-	-
Total NERC Funding	\$ 98,297,362	\$ 11,447,292	\$ 14,275,862	\$ 4,762,638	\$ 8,453,233	\$ -	\$ 1,155,949	\$ 22,759,171	\$ 6,563,588	\$ 30,179,628	\$ (1,300,000)	\$ -	\$ -	\$ -	\$ -
Third-Party Funding	\$ 10,083,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,083,382	\$ -	\$ -	\$ -	\$ -	\$ -
Testing, Renewal, & Continuing Ed Fees	1,796,086	-	-	-	-	1,796,086	-	-	-	-	-	-	-	-	-
Services & Software	60,000	-	-	-	-	-	60,000	-	-	-	-	-	-	-	-
Miscellaneous	400,000	-	-	-	-	-	-	-	-	400,000	-	-	-	-	-
Interest & Investment Income	1,080,000	125,141	129,944	45,763	79,096	40,000	11,299	206,780	51,412	390,565	-	-	-	-	-
Total Funding (A)	\$ 111,716,829	\$ 11,572,434	\$ 14,405,806	\$ 4,808,401	\$ 8,532,329	\$ 1,836,086	\$ 1,167,248	\$ 23,025,951	\$ 6,615,001	\$ 41,053,575	\$ (1,300,000)	\$ -	\$ -	\$ -	\$ -
Expenses															
Personnel Expenses															
Salaries	\$ 50,263,573	\$ 3,472,506	\$ 4,132,187	\$ 1,626,448	\$ 2,164,379	\$ 379,729	\$ 260,530	\$ 6,756,482	\$ 1,575,816	\$ 9,924,848	\$ 5,339,641	\$ 3,706,933	\$ 7,029,481	\$ 2,294,569	\$ 1,600,022
Payroll Taxes	2,706,709	204,802	230,525	86,462	132,901	26,046	19,285	375,148	90,980	544,491	235,674	182,514	382,517	102,680	92,595
Benefits	2,572,900	578,541	707,990	242,253	242,503	49,873	53,089	960,372	330,661	1,535,407	628,025	540,420	1,120,383	352,630	230,753
Retirement Costs	5,238,161	377,961	451,185	180,085	237,218	41,985	29,254	734,159	173,771	1,067,757	434,097	391,470	760,810	186,430	171,979
Total Personnel Expenses	\$ 65,781,342	\$ 4,633,901	\$ 5,521,888	\$ 2,135,248	\$ 2,777,001	\$ 497,633	\$ 362,159	\$ 8,826,161	\$ 2,171,227	\$ 13,072,503	\$ 6,637,437	\$ 4,821,336	\$ 9,293,191	\$ 2,936,309	\$ 2,095,349
Meeting and Travel Expenses															
Meetings & Conference Calls	\$ 1,375,300	\$ 85,000	\$ 127,000	\$ 26,500	\$ 7,150	\$ 72,000	\$ 2,000	\$ 257,250	\$ 71,000	\$ 208,000	\$ 358,000	\$ 10,000	\$ 138,900	\$ 10,000	\$ 2,500
Travel	2,131,500	155,000	270,000	91,000	74,000	23,500	3,500	398,600	18,700	275,000	475,000	125,000	106,200	60,000	56,000
Total Meeting & Travel Expenses	\$ 3,506,800	\$ 240,000	\$ 397,000	\$ 117,500	\$ 81,150	\$ 95,500	\$ 5,500	\$ 655,850	\$ 89,700	\$ 483,000	\$ 833,000	\$ 135,000	\$ 245,100	\$ 70,000	\$ 58,500
Operating Expenses, excluding Depreciation															
Contractors & Consultants	\$ 21,369,135	\$ 219,888	\$ 780,321	\$ 165,000	\$ 696,933	\$ 782,260	\$ 90,000	\$ 1,818,400	\$ 83,000	\$ 10,066,237	\$ 440,000	\$ 255,000	\$ 4,597,096	\$ 835,000	\$ 540,000
Office Rent	3,089,858	-	-	-	-	-	-	-	-	3,089,858	-	-	-	-	-
Office Costs	13,708,213	77,121	703,394	16,000	621,394	177,458	131,600	944,006	1,546,713	1,939,166	501,027	252,355	5,942,347	439,032	416,600
Professional Services	3,517,866	-	-	-	-	-	-	-	-	425,000	2,333,216	610,000	-	4,650	145,000
Miscellaneous	149,950	2,700	3,050	1,300	1,900	300	700	5,000	1,400	10,250	53,550	1,700	4,400	62,200	1,500
Total Operating Expenses, excluding Depreciation	\$ 41,835,022	\$ 299,709	\$ 1,486,765	\$ 182,300	\$ 1,320,227	\$ 960,018	\$ 222,300	\$ 2,767,406	\$ 1,631,113	\$ 12,440,653	\$ 6,417,651	\$ 1,119,055	\$ 10,543,843	\$ 1,340,882	\$ 1,103,100
Total Direct Expenses	\$ 111,123,164	\$ 5,173,610	\$ 7,405,653	\$ 2,435,048	\$ 4,178,378	\$ 1,553,151	\$ 589,959	\$ 12,249,417	\$ 3,892,040	\$ 25,996,156	\$ 13,888,088	\$ 6,075,391	\$ 20,082,134	\$ 4,347,191	\$ 3,256,949
Indirect Expenses	\$ -	\$ 6,269,041	\$ 6,509,614	\$ 2,292,516	\$ 3,962,374	\$ 863,231	\$ 566,053	\$ 10,358,777	\$ 2,575,543	\$ 14,590,026	\$ (14,028,088)	\$ (6,075,391)	\$ (20,272,740)	\$ (4,350,599)	\$ (3,260,357)
Other Non-Operating Expenses	\$ 468,040	\$ 1,363	\$ 32,804	\$ 3,240	\$ 27,224	\$ 1,704	\$ -	\$ 33,650	\$ 21,842	\$ 8,791	\$ 140,000	\$ -	\$ 190,606	\$ 3,408	\$ 3,408
Total Expenses (B)	\$ 111,591,205	\$ 11,444,014	\$ 13,948,071	\$ 4,730,804	\$ 8,167,976	\$ 2,418,086	\$ 1,156,013	\$ 22,641,843	\$ 6,489,425	\$ 40,594,973	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A-B)	\$ 125,625	\$ 128,420	\$ 457,735	\$ 77,597	\$ 364,353	\$ (582,000)	\$ 11,236	\$ 384,107	\$ 125,576	\$ 458,602	\$ (1,300,000)	\$ -	\$ -	\$ -	\$ -
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 4,624,000	\$ 265,395	\$ 1,055,579	\$ 314,552	\$ 682,744	\$ 36,544	\$ 23,963	\$ 1,239,531	\$ 215,034	\$ 790,657	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Activity															
Loan or Financing Lease - Borrowing (-)	\$ (4,212,498)	\$ (255,345)	\$ (992,499)	\$ (289,119)	\$ (650,257)	\$ (35,160)	\$ (23,056)	\$ (1,142,794)	\$ (200,301)	\$ (623,967)	\$ -	\$ -	\$ -	\$ -	\$ -
Loan or Financing Lease - Principal Payments (+)	1,618,238	118,370	394,654	52,164	331,866	20,731	10,328	287,371	110,843	291,911	-	-	-	-	-
Net Financing Activity (D)	\$ (2,594,260)	\$ (136,975.05)	\$ (597,844)	\$ (236,955)	\$ (318,391)	\$ (14,430)	\$ (12,728)	\$ (855,424)	\$ (89,458)	\$ (332,056)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Budget (=B+C)	\$ 113,620,945	\$ 11,572,434	\$ 14,405,806	\$ 4,808,401	\$ 8,532,329	\$ 2,440,201	\$ 1,167,248	\$ 23,025,951	\$ 6,615,001	\$ 41,053,575	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Working Capital (=A-B-C-D)	\$ (1,904,115)	\$ -	\$ -	\$ -	\$ -	\$ (604,115)	\$ -	\$ -	\$ -	\$ -	\$ (1,300,000)	\$ -	\$ -	\$ -	\$ -
FTEs	251.14	20.82	21.62	7.61	13.16	2.87	1.88	34.40	8.55	48.46	20.84	15.98	35.20	10.34	9.40

Exhibit A – Application of NERC Section 215 Criteria

DISCUSSION OF HOW THE NERC MAJOR ACTIVITIES IN THE 2024 BUSINESS PLAN AND BUDGET MEET THE NERC WRITTEN CRITERIA FOR DETERMINING WHETHER A RELIABILITY ACTIVITY IS ELIGIBLE TO BE FUNDED UNDER FEDERAL POWER ACT SECTION 215

I. Introduction

This Exhibit discusses how the major activities in NERC’s 2024 Business Plan and Budget meet the NERC written criteria for determining whether a reliability activity is eligible to be funded under §215 of the Federal Power Act (FPA §215). This Exhibit is intended to satisfy Recommendation No. 38 resulting from the financial performance review of NERC conducted by the Federal Energy Regulatory Commission’s (Commission’s) Division of Audits (DA) in 2012–2013 and adopted by the Commission in its November 2, 2012 order on NERC’s 2013 Business Plan and Budget.¹⁹ NERC submitted the written criteria to the Commission in a compliance filing dated February 21, 2013 in Docket No. FA11-21-000.²⁰ The Commission approved the NERC written criteria, with modifications, in an order issued in that docket on April 18, 2013.²¹ The NERC written criteria as used in this Exhibit incorporate the modifications specified in the Compliance Order.²²

II. Reliability Standards and Power Risk Issue Strategic Management 2024 Major Activities

The major activities of Reliability Standards and Power Risk Issue Strategic Management (PRISM) are described at pages 14–15 of the 2024 Business Plan and Budget. Reliability Standards carries out the ERO’s statutory responsibility to develop, adopt, obtain approval of, and modify as and when appropriate, mandatory Reliability Standards to assure the Bulk Electric System (BES) is planned, operated, maintained, and secured to minimize risks of cascading failures, avoid damages to major equipment, or limit interruptions. The Reliability Standards department delivers high-quality risk-based Reliability Standards, facilitates continent-wide industry engagement, and supports regulatory filings. Reliability Standards focuses on a risk-based approach to its projects, ensuring Reliability Standards are clear, timely, consider costs, effective in mitigating material risks, and do not unnecessarily burden industry with administrative requirements and/or detract from reliability or security. The major activity of PRISM is to leverage in-house expertise on Reliability Standards and standards development to implement cross-cutting efforts among NERC functions and the NERC standing and technical committees. The PRISM group provides in-house training on Reliability Standards and conducts statistical analyses concerning the results of standards to identify potential weaknesses, redundancies, and overall necessity.

The major activities for the Reliability Standards group for 2024 include developing a more nimble standard-setting process that honors the important role of stakeholders in standards development; addressing cyber security risk by continuing to enhance cyber security Reliability Standards; integrating and updating standards to address new risks such as inverters, distributed energy resources, energy

¹⁹ *North American Electric Reliability Corporation, Order Accepting 2013 Business Plan and Budget of the North American Electric Reliability Corporation and Ordering Compliance Filing*, 141 FERC ¶ 61,086 (2012) (“2013 Budget Order”). Recommendation 38, as adopted in the 2013 Budget Order, is: “In its annual business plan and budget filings, [NERC should] provide an explanation as to why the proposed activities to be undertaken by each program area for the budget year are statutory, including, at a minimum: a description and the purpose of the major activities to be taken by each program area and an explanation for why the activity is a statutory activity.” *Id.* at P 16.

²⁰ *Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraph 30 of November 2, 2012 Commission Order – NERC Written Criteria for Determining Whether a Reliability Activity is Eligible to be Funded Under Federal Power Act Section 215*, filed February 1, 2013 in Docket No. FA 11-21-000.

²¹ *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013) (“Compliance Order”).

²² For ease of reference, the complete NERC written criteria, as modified in accordance with the Compliance Order, are provided at the end of this Exhibit.

management, and fuel management; addressing FERC directives, orders or special reports; revising the Standard Processes Manual to allow for a more agile standards development process; and implementing a project prioritization process.

The major activities of the PRISM group for 2024 include continuing the efforts of the Energy Reliability Assessment Task Force (ERATF) to address items that could impact energy constrained resources, including developing scenarios for energy assessments; supporting the Reliability Issues Steering Committee (RISC) and RISC Risk Priorities report recommendations; enhancing the NERC Risk Registry to include the entire ERO Enterprise (ERO Risk Registry) and be publicly used by the Standards Committee and the Reliability and Security Technical Committee; maintaining technical support for Reliability Standards by advising on new and existing projects; and owning the Reliability Risk Framework and any necessary updates.

The major activities of the Reliability Standards and PRISM program satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?
- I.B: Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?
- I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated?
- I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures, and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, (iii) industry personnel?
- II.F.1: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (ii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
- IV: Is the activity one that was required or directed by a Commission order issued pursuant to §215? (Reliability Standards development projects are often initiated in response to directives in Commission orders).
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for the Reliability Standards Program are §300 and Appendix 3A.)
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X. Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

III. Compliance Assurance and Organization Registration and Certification and Compliance Enforcement 2024 Major Activities

The major activities of Compliance Assurance and Organization Registration and Certification and Compliance Enforcement are described on pages 17-18 and 20 of the 2024 Business Plan and Budget.

Compliance Assurance works collaboratively with the Regional Entities to ensure effective implementation of risk-based compliance monitoring under the Compliance Monitoring and Enforcement Program (CMEP) across the ERO Enterprise. Compliance Assurance ensures that Regional Entities monitor registered entities for compliance according to their facts and circumstances, including the entity's inherent risks, evaluation of controls to mitigate inherent risks, and other factors, in order to allow for appropriate allocation of resources to issues that pose a higher level of risk to the reliability of the BPS.

Organization Registration (Registration) identifies and registers BPS users, owners, and operators that are responsible for performing specified reliability functions to which requirements of mandatory Reliability Standards are applicable. Organization Certification (Certification) ensures that an applicant to be a Reliability Coordinator (RC), Balancing Authority (BA), or Transmission Operator (TOP) has the tools, processes, training, and procedures to demonstrate its ability to meet the requirements of all the Reliability Standards applicable to the functions for which it is applying, thereby demonstrating the ability to become certified and then operational. The decision to certify changes to an already operating and certified RC, BA, or TOP is a collaborative decision between the affected Regional Entities and NERC.

The major activities of Compliance Assurance and Organization Registration and Certification for 2024 include: continuing efforts to address facility ratings and demonstrate the importance of implementing strong internal controls; continuing to evaluate supply chain effectiveness and provide and analyze quarterly metrics on compliance data to inform emerging risks and Registration activities; enhancing outreach to stakeholder and policy organizations and leveraging work of others; working to ensure successful roll-out of Align and the ERO Secure Evidence Locker (SEL); ensuring meaningful oversight activities; and continuing efforts to streamline risk-based CMEP activities.

Compliance Enforcement is responsible for overseeing enforcement processes, the application of Penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. Compliance Enforcement works collaboratively with the Regional Entities to ensure consistent and effective implementation of the risk-based CMEP. It also focuses on ensuring that the ERO Enterprise dedicates resources to the matters that pose the greatest risk to reliability. Compliance Enforcement monitors Regional Entities' enforcement processes and provides oversight of the BPS. The major activities of Compliance Enforcement for 2024 include continuing efforts to align risk determinations and use a risk-based approach to processing noncompliance; providing and analyzing quarterly metrics on enforcement data; enhancing outreach to stakeholder/policy organizations; working to ensure successful roll-out of Align and the ERO Secure Evidence Locker (SEL); ensuring meaningful oversight activities; and continuing efforts to streamline risk-based CMEP activities.

The major activities of Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?

- I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated?
- II. Is the activity necessary or appropriate for the monitoring and enforcement of compliance with Reliability Standards?
- A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the BPS that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
- B: Is the activity necessary or appropriate for the Certification of RCs, TOPs, and BAs as having the requisite personnel, qualifications and facilities and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?
- D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
- E: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards.
- F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents. (2) Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the process? This includes development of guidance documents. (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities? (4) Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are §400 and 500 and Appendices 4B, 4C, 5A, 5B and 5C.)

- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- IX: Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in the activities encompassed by one or more of the other criteria?
- X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

IV. Reliability Assessments and Performance Analysis 2024 Major Activities

The major activities of Reliability Assessments and Performance Analysis (RAPA) are described at pages 23–25 of the 2024 Business Plan and Budget. RAPA comprises four primary groups: (1) Reliability Assessments and Technical Committee (RATC); (2) Performance Analysis (PA); (3) Advanced System Analytics and Modeling (ASAM); and (4) Engineering and Security Integration.

The RATC group, which includes Reliability Assessment staff and the NERC staff secretaries of the RSTC, carries out the ERO’s statutory responsibility to conduct assessments of the reliability and adequacy of the BPS and associated emerging reliability risks that could impact the short, mid, and long-term planning horizons, as well as other reliability issues requiring in-depth analysis. Reliability Assessment activities directly address the risk priorities established by the RISC. RATC relies on its own engineering and analysis expertise as well as Regional Entity and stakeholder resources. The RSTC and its subgroups provide the oversight, guidance, and leadership essential to enhancing BPS reliability by addressing areas of strategic focus efficiently and comprehensively.

Performance Analysis monitors the performance of and identifies risks to reliability of the BPS through analyzing industry data and measuring historic trends. Analysis performed by Performance Analysis includes identifying potential risks of concern related to systems, equipment, entity and organizational performance that may indicate a need to develop improvements to reporting applications and new data analysis tools, or to create, revise, or retire reporting areas. Performance Analysis staff leads the ERO, technical committees, and stakeholder process to publish the *State of Reliability* (SOR) Report examining year-over-year performance indicators of the grid. Performance Analysis also develops the business requirements for all new reliability information data systems, specifically those required by NERC ROP 1600 data requests.

Advanced System Analytics and Modeling staff provide technical leadership and support in the areas of resource and demand balancing and system analysis and modeling, including technical support for the balancing (BAL) and modeling (MOD) Reliability Standards. ASAM staff also provides support for the development and improvement of long-term, sustainable interconnection-based power flow, dynamic, and load models that demonstrate the accuracy and fidelity necessary to reflect actual BES reliability performance and dynamic conditions. ASAM provides advanced statistical analysis functions to support the SOR Report and reliability assessments, the Frequency Response Annual Analysis (FRAA) report to the FERC, analytical review of Reliability Standard effectiveness, and various reports on an emergent basis.

The Engineering and Security Integration department is responsible for driving key reliability and security initiatives working with internal and external stakeholders. Primary areas of focus include better

integrating security concepts with conventional engineering activities as well as enabling new technologies in a reliable and secure manner. The group is responsible for key ERO work priorities, including inverter-based resource and distributed energy resource initiatives across the ERO Enterprise, and promoting concepts of cyber planning and grid transformation issues. The group coordinates a significant number of NERC’s technical stakeholder groups under the RSTC, supports the standards development process on engineering and security-related topics, provides technical expertise across the ERO Enterprise, and coordinates with the Electricity Information Sharing and Analysis Center (E-ISAC) on cross-departmental topics related to security risks.

The four RAPA groups work collaboratively with NERC stakeholders, particularly through the RSTC, to create a reliability strategy that is relevant, timely, and effective to address the most important reliability risks. Further, these groups work closely with other organizations to collaborate, coordinate, and leverage expertise, including but not limited to the U.S. Department of Energy, Electric Power Research Institute, Institute of Electrical and Electronics Engineers, Institute of Nuclear Power Operations, North American Transmission Forum, North American Generator Forum, Carnegie Mellon Industry Center, Power Systems Energy Research Center, Interstate Natural Gas Association of America, Natural Gas Supply Association, Canadian Electricity Association, and International Council on Large Electric Systems.

The major activities of RAPA for 2024 include (1) ensuring the reliable and secure integration of BPS-connected inverter-based resources and distributed energy resources, including the analysis of grid disturbances, development of technical guidance and educational materials, and collaboration with industry to ensure Reliability Standards adequately address emerging risks in this area; (2) increasing understanding of impacts that the changing resource mix has on BPS reliability by collecting plant, event, connected energy storage, and performance data for photovoltaic and wind generation, combined with enhanced design data and event reporting for conventional generation; (3) Improving the ERO’s analytic, independent, and objective capabilities and adapt to the evolving BPS reliability challenges by: (a) enhancing reliability assessments to include evaluations of energy availability and expanded probabilistic methods that can identify risks of energy shortfall for all assessment areas in long-duration and seasonal time horizons; (b) further enhancing scenario development capabilities to better understand the implications of extreme weather, increased reliance on variable generation, and the changing climate and environmental conditions; (c) conducting the Congressionally-mandated Interregional Transfer Capability Study (ITCS) and developing the capabilities to annually assess transmission adequacy and transfer capability, making recommendations that support long-term reliability needs; and (d) supporting technical studies that provide additional insight into the increasing dependency of natural gas generation, particularly during extreme winter weather and ramping periods; (4) leveraging RAPA processes, tools, and products to measure and improve BES resilience for wide-spread long-term extreme temperature events, including the development of a systematic collection of load loss outage and recovery data; and (5) assessing impacts from federal and state regulations on the reliability and resilience of the BPS.

The major activities of RAPA satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
- I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (1) Measuring reliability performance—past, present and future; publishing or disseminating the

- results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks? (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences and near miss events?
- II.E.: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as: (1) Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks? (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences, and near miss events?
- III.A: Is the activity necessary or appropriate for the preparation or dissemination of long-term, seasonal, and special assessments of the reliability and adequacy of the BPS?
- III.B: Is the activity necessary or appropriate for measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
- III.D. Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability?
- III.E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for major activities of the RAPA program are §801-806 and §809-811.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- IX: Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

V. Situation Awareness 2024 Major Activities

The major activities of Situation Awareness are described at page 28 of the 2024 Business Plan and Budget. The NERC Situation Awareness group and the Regional Entities monitor BPS conditions, significant occurrences and emerging risks, and threats across the 17 Reliability Coordinator regions in North America, to maintain an understanding of conditions and situations that could impact reliable operation. NERC's BPS Awareness Group supports development and publication of NERC Alerts and awareness products, and facilitates information sharing among industry, Regional Entities and government during crisis situations and major system disturbances. Major activities of Situation Awareness for 2023 include (1) enhancing situation awareness tools to increase agility and efficiency, as well as visibility and understanding of the reliability or availability of natural gas and its interdependency with electric generation; (2) collaborating across the ERO Enterprise and with stakeholders to mitigate emerging and known risk by using all available tools, including the NERC Alerts process to issue Advisory (Level 1) Alerts on significant and emerging reliability and security-related topics as needed, and to facilitate the tracking of actions specified in Recommendations (Level 2) and Essential Actions (Level 3) Alerts; (3) continue engaging with industry, the E-ISAC, government partners, and the ERO Enterprise on emerging risks to BPS reliability; and (4) engaging situation awareness subject-matter experts in support of the work of Reliability Standards, the E-ISAC, and the RSTC to advance the security posture of the industry.

The major activities of the Situation Awareness group satisfy the following criteria:

- I.C.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (2) Monitoring, event analysis and investigations of BPS major events, off-normal occurrences and near-miss events?
- III.C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?
- III.D: Is the activity necessary or appropriate for awareness of circumstances on the BPS System and to contribute to understanding risks to reliability?
- III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's ROP that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are ROP 810 and 1001.)

VI. Event Analysis 2024 Major Activities

The major activities of Event Analysis are described at pages 31 of the 2024 Business Plan and Budget. The Event Analysis program informs assessments of the reliability and adequacy of the BES through analysis of real-time operating events. This includes identifying potential issues of concern related to system, equipment, entity, human error, and organizational performance that may indicate a need to (1) develop remediation and/or risk reduction strategies and action plans, (2) revise, retire, or consider new Reliability Standards; and (3) shape aggregate reliability assurance planning. Event Analysis analyzes reportable events to identify and understand lessons learned, sequence of events, root and contributing causes, risks to reliability, and potential mitigating actions. Event Analysis keeps the industry well informed of system events, emerging trends, event precursors, risk analysis, lessons learned, and recommended corrective and expected mitigation activities through various verbal and written communications and reports and cross-functional collaboration efforts.

Major activities for the Event Analysis group in 2024 include: enhancing event processing in support of developing a coherent system performance picture within the NERC ROP Section 800 system performance monitoring and reporting program; enhancing program data collection, organization, and manipulation capabilities; tuning alignment activities of cross-functional project collaboration through data analysis and disturbance reporting flexibility and agility; and reinforcing fundamental practices and advocacy of enhanced reliability practices through joint reliability partnership activities with stakeholders and the ERO Enterprise.

The major activities of the Event Analysis group satisfy the following criteria:

- I.C.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (2) Monitoring, event analysis and investigations of BPS major events, off-normal occurrences and near-miss events?
- II.E.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as: (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences, and near miss events?
- II.F.3: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (3) Disseminating, through workshops, webinars, Advisories, Recommendations, Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities; monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities?
- III.B. Is the activity necessary or appropriate for measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results

- of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
- III.C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?
- III.D. Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability?
- III.E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- III.F. Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are §807-808 and §810-811 and Appendix 8.)
- VI. Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

VII. Electricity Information Sharing and Analysis Center 2024 Major Activities

The major activities of the Electricity Information Sharing and Analysis Center (E-ISAC) are described at pages 34–35 of the 2024 Business Plan and Budget. The E-ISAC provides its members and partners with resources to prepare for and reduce cyber and physical security threats to the North American electricity industry. The E-ISAC offers products and services that give timely, relevant, and actionable situational awareness and analysis to asset owners and operators as well as cross-sector and government partners. The central underpinning of the E-ISAC’s strategic plan, developed in 2017, is for the E-ISAC to focus on providing timely and actionable information to industry regarding cyber and physical security threats and mitigation strategies. The strategic plan also recognizes the critical interdependencies between the E-ISAC, industry, U.S. and Canadian government agencies, and other stakeholders.

The E-ISAC oversees the Cybersecurity Risk Information Sharing Program (CRISP), a unique public-private initiative among the E-ISAC, the North American electric utility industry, the U.S. Department of Energy (DOE), and the U.S. Intelligence Community that delivers real-time, relevant, and actionable cyber security risk information to all E-ISAC member electricity asset owners and operators, including those from Canada and Mexico. Using passive information sharing devices on participant networks outside boundary firewalls, participant data is collected and then matched against known threat signatures, both classified and unclassified, to identify potential threats and provide participants with recommended mitigation steps. The Pacific Northwest National Laboratory, a U.S. DOE National Laboratory, operated by Battelle

with oversight by the DOE, is the primary subcontractor to NERC for the deployment of the required technology, supporting infrastructure, analysis, and technical capabilities for CRISP.

The major activities of the E-ISAC for 2024 include: reviewing and curating intelligence applicable to the electricity sector; conducting threat hunts for malicious software on Information Technology and Operational Technology sensor platforms; expanding CRISP participation and technology modernization; expanding membership and strategic relationships, including further collaboration with the natural gas sector, enhanced membership engagement with registered entities, small and medium utilities, and emerging renewable energy participants; operating the Vendor Affiliate Program (initiated in 2022, this program provides opportunities for collaboration and information sharing between the E-ISAC and the vendor community); and continuing to plan and execute the biennial GridEx exercise (not scheduled for 2024) and annual Grid Security Conference.

The major activities of the E-ISAC satisfy the following criteria:

- I.C.1: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (1) Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks? (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences and near-miss events?
- III.D: Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability.
- III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS.
- III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are §810 and 1003.)

VIII. Personnel Certification and Credential Maintenance 2024 Major Activities

NERC has placed the System Operator Certification and Credential Maintenance Program into a separate group overseen by the NERC Personnel Certification Governance Committee (PCGC), a NERC standing committee. These programs are funded through examination, renewal, and continuing education provider fees, and do not receive funding from FPA §215 statutory assessments. The PCGC oversees the budgets for these programs. For completeness, however, a summary of the major activities of the Personnel Certification and Credential Maintenance group is provided in this Exhibit.

The major activities of the Personnel Certification and Credential Maintenance group are described at page 40 of the 2024 Business Plan and Budget. This group promotes the reliability of the North American

BPS by ensuring that employers have a workforce of system operators that meet minimum qualifications and maintain their required credentials to work in system control centers. NERC’s System Operator Certification exam tests specific knowledge of job skills and Reliability Standards, and prepares operators to handle the BPS during normal and emergency operations. The PCGC’s Exam Working Group, comprised of subject matter experts from all regions of North America, is responsible for doing an extensive job analysis survey of certified operators across the industry, which provides the basis for the exams. Certification is maintained by completing NERC approved Credential Maintenance Program courses and activities. The Credential Maintenance Working Group reports to the PCGC and is responsible for developing and maintaining the Credential Maintenance Program under the guidelines set by the PCGC.

The major activities for the Personnel Certification and Credential Maintenance Program for 2024 include: seeking industry input on improvement opportunities for the Personnel Certification and Credential Maintenance Program and developing and implementing any changes; moving to a new exam development and scheduling vendor; and upgrading the System Operator Certification Continuing Education Database (SOCCED) base platform.

The major activities of the Personnel Certification group satisfy the following criteria:

- I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?
- II.C: Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?
- II.F.1: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provision for the major activities of the Personnel Certification Program is §900.)
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

IX. Training and Education 2024 Major Activities

The major activities of Training and Education are described at page 43 of the 2024 Business Plan and Budget. The Training and Education group facilitates the learning and development of NERC and ERO Enterprise staff as well as BPS and industry participants, in accordance with NERC ROP 901, which acknowledges the need to acquire and sustain informed, knowledgeable and skilled personnel to assure the reliable operation of the North American BPS. The program oversees and coordinates learning activities and resources that support the acquisition and increase of knowledge and skills among stakeholders. Learners are typically engaged through learning events and products and resources.

The major activities for the Training and Education group for 2024 include: leadership development, new hire orientation, and confidential information training; events, including the annual ERO Enterprise Compliance Monitoring and Enforcement Program Staff Workshop and preparation for GridEx; and developing training materials for the Align CMEP tool.

The major activities of Training and Education satisfy the following criteria:

- I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?
- II.F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents. (2) Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents. (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities. (4) Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
- III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for the major activities of Training and Education are in §900.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and the applicable provisions of Commission orders.

X. Corporate Services (formerly Administrative Services) 2024 Major Activities

NERC’s Corporate Services Departments are General and Administrative, Legal and Regulatory, Business (Information) Technology (IT), Human Resources (HR) and Administration, and Finance and Accounting. The departments’ major activities are described at pages 46–49 of the 2024 Business Plan and Budget.

General and Administrative is responsible for the administration and general management of the organization and includes the Chief Executive Officer, Chief Administrative Officer, and support staff; External Affairs staff (legislative and regulatory relations, internal and external communications, and liaison with government entities and industry stakeholders in the U.S., Canada and Mexico); and Board of Trustees costs, as well as Office Rent for NERC’s two offices.

Legal and Regulatory provides legal support to the organization, including management and the NERC program areas. Legal support is provided in areas including corporate, commercial, insurance, contracts, employment, antitrust, real estate, copyright, tax, legislation, and other legal matters. Legal and regulatory support is also provided in connection with matters relating to NERC’s role as the ERO, including the delegation agreements with Regional Entities. Legal and Regulatory also includes the Internal Audit and Corporate Risk Management functions.

Business Technology provides the technology and management needed for the organization to maintain daily operations and meet ERO statutory obligations, including applications and infrastructure leveraged by the ERO Enterprise and registered entities. Business Technology’s Project Management Office provides project management skills and leadership for major ERO Enterprise and NERC business technology projects. The Business Technology Department focuses on five key areas: cyber security, NERC infrastructure support, the E-ISAC, ERO Enterprise application and infrastructure support, and ERO Enterprise new functionality. Business Technology manages NERC’s overall Technology Strategy.

HR and Administration’s activities include payroll, benefits and retirement plan administration, employee relations, performance and compensation management, succession planning, leadership and employee development, facilities management, and meeting planning and coordination. The HR function manages NERC’s overall people strategy to create an employee experience that meets expectations of an evolving workforce and attracts, retains, and engages top talent.

Finance and Accounting manages all finance and accounting functions of NERC, including accounts payable and receivable, assessment and CRISP billing, travel and expense reporting, budget management, financial reporting, corporate insurance program management, coordination of the annual financial statement audit and Form 990, property, sales, and use tax returns, and management of systems, policies, procedures and controls governing day-to-day practices, including procurement, expense reimbursement, and back office systems and procedures. Finance and Accounting is also responsible for preparation of the annual business plan and budget.

The major activities for the Corporate Services programs for 2023 include: (1) continuing to enhance state outreach and engagement, including further developed outreach for ERO Enterprise assessments and reports, and expanding collaboration efforts with NARUC and government partners; (2) elevating communications efforts across the ERO Enterprise to better educate, inform, and engage current stakeholders as well as working with subject matter experts to identify and attract new stakeholder groups; (3) maturing internal assurance programs, including internal audit, risk management, and contingency planning; (4) implementing and supporting adaptable and sustainable technology and enhancing cyber security to focus on prevention, detection, and mitigation; and (5) increasing automation and controls across the HR and Finance and Accounting areas.

As support functions for all of NERC’s statutory programs, the major activities of NERC’s Corporate Services Departments satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
- II.A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the BPS that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?

- II.D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
- III.C: Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for ERO Enterprise audits conducted by the Internal Audit group in Legal and Regulatory are §406, §506, and Appendix 4A, and for major activities of Finance and Accounting is §1100.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and the applicable provisions of Commission orders.
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- XI: Is the activity a governance or administrative/overhead function, activity or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization?

**NERC WRITTEN CRITERIA FOR DETERMINING
WHETHER AN ACTIVITY IS ELIGIBLE TO BE FUNDED
UNDER SECTION 215 OF THE FEDERAL POWER ACT**

For purposes of internal management approval of a proposed new activity or group of related activities (“major activity”), the proposed activity or major activity must be shown to fall within at least one of the criteria listed below. When sub-criteria are listed below a roman numeral numbered major criterion, the proposed activity should be a positive answer to at least one of the sub-criteria. Conversely, an activity that falls under a sub-criterion should pertain to the subject matter of the major criterion.

NERC’s annual business plan and budget will describe how each major activity falls within one or more of the criteria listed below. If the major activity is substantially the same as a major activity that was shown to fall within the criteria in a previous year’s business plan and budget, the current year’s business plan and budget can refer to the prior year business plan and budget.

A determination that an activity falls within FPA §215 does not necessarily mean that NERC will propose or undertake such activity. The determination of whether an activity falling under FPA §215 should or will be undertaken in a given budget year will be addressed in the context of the applicable business plan and budget and will include opportunities for stakeholder input.

The criteria listed below are not necessarily each distinct from the others. An activity or major activity may fall within more than one of the criteria listed below.

- I. Is the activity necessary or appropriate for the development of Reliability Standards?
 - A. Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
 - B. Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?
 - C. Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as:
 1. Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System (BPS)²³ based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
 2. Monitoring, event analysis and investigation of BPS major events, off-normal occurrences and near miss events?
 - D. Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?

²³ This document uses the term “Bulk Power System” because that is the term defined and used in FPA §215. NERC recognizes that a different term, “Bulk Electric System,” is used to define the current reach of reliability standards.

- II. Is the activity necessary or appropriate for the monitoring and enforcement of compliance with Reliability Standards?
- A. Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the BPS that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
 - B. Is the activity necessary or appropriate for the Certification of RCs, TOPS, and BAs as having the requisite personnel, qualifications and facilities and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?
 - C. Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?²⁴
 - D. Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
 - E. Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as:
 - 1. Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
 - 2. Monitoring, event analysis and investigation of BPS major events, off-normal occurrences, and near miss events?
 - F. Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as:
 - 1. Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
 - 2. Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents.

²⁴ Although certification of system operating personnel is an activity falling within the scope of, and eligible to be funded pursuant to, FPA §215, NERC strives to fully fund the costs of this activity through fees charged to participants.

3. Disseminating, through workshops, webinars, Advisories, Recommendations, Essential Actions, and other publications; “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities; monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities?
4. Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
- G. Is the activity necessary or appropriate for the development and provision of tools and services that are useful for the provision of adequate reliability, because they relate specifically to compliance with existing Reliability Standards and they proactively help avert Reliability Standard violations and BPS disturbances?
- III. Is the activity necessary or appropriate for conducting and disseminating periodic assessments of the reliability of the BPS or monitoring the reliability of the BPS?
 - A. Is the activity necessary or appropriate for the preparation or dissemination of long-term, seasonal, and special assessments of the reliability and adequacy of the BPS?
 - B. Is the activity necessary or appropriate for measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
 - C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?
 - D. Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability?
 - E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
 - F. Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
 - G. Is the activity necessary or appropriate for data collection and analysis of information regarding BPS reliability matters mandated by the Commission?
- IV. Is the activity one that was required or directed by a Commission order issued pursuant to FPA §215? Justification of an activity as a FPA §215 activity based on this category must reference the particular Commission order and directive.
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)?

- VI. Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- VII. Is the activity necessary or appropriate to maintain NERC’s certification as the Electric Reliability Organization? This Criterion includes conducting periodic assessments of NERC’s and the Regional Entities’ performance as the Electric Reliability Organization as required by 18 C.F.R. §39.3(c).
- VIII. Does the activity respond to or is it necessary or appropriate for audits of NERC and the Regional Entities conducted by the Commission?
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X. Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?
- XI. Is the activity a governance or administrative/overhead function, activity or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization? (Should NERC perform any non-FPA §215 activities, the costs of governance and administrative/overhead functions must be appropriately allocated.)

NERC’s current governance and administrative/overhead functions are carried out in the following program areas:

- A. Technical Committees and Members’ Forum Programs
- B. General and administrative (includes, but is not limited to, executive, board of trustees, communications, government affairs, and facilities and related services)
- C. Legal and Regulatory
- D. Information Technology
- E. Human Resources
- F. Accounting and Finance

The following matters are excluded from the scope of FPA §215 activities. While a list of non-FPA §215 activities would be infinite, the following excluded matters are listed here because they are expressly referred to in FPA §215, the Commission’s ERO regulations and/or a Commission order issued pursuant to FPA §215:

- A. Developing or enforcing requirements to enlarge BPS facilities, or to construct new transmission capacity or generation capacity, or requirements for adequacy or safety of electric facilities or services.
- B. Activities entailing Real-time operational control of the BPS.
- C. Activities pertaining to facilities used in the local distribution of electricity.

Exhibit B – Capital Financing

The company maintains a capital financing program (line of credit) as a funding source for major software application development projects and hardware equipment. NERC financed \$2.0M for ERO Secure Evidence Locker (SEL) project costs, borrowing \$1.3M in late 2020 and the remaining \$700k in 2021, with an interest rate of 2.5% and 3.2%, respectively. Borrowings under the credit facility for the ERO SEL are amortized over a five-year period and can be prepaid without penalty.

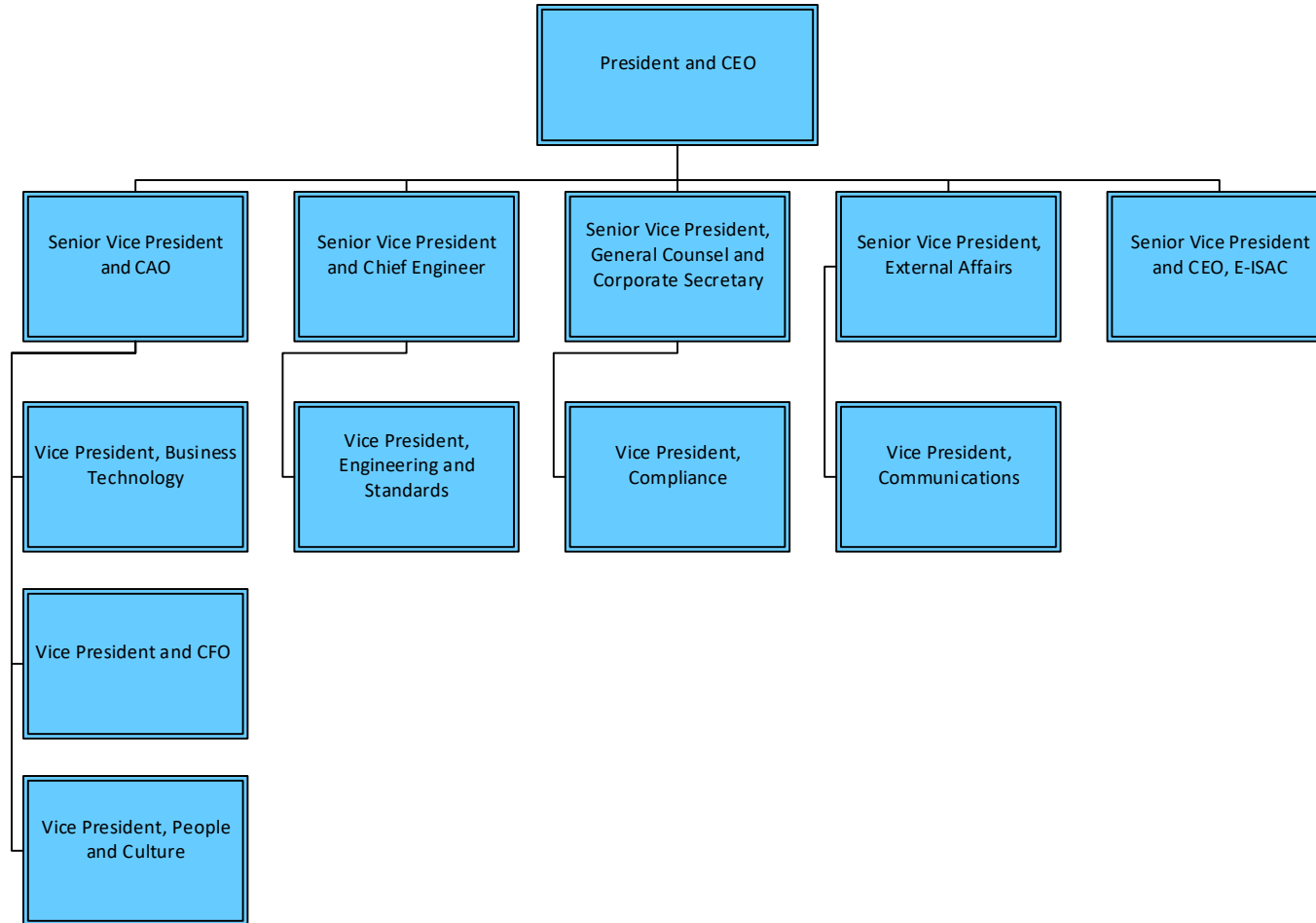
As discussed in the *Introduction and Executive Summary*, due to increased spending on capital software projects related to the 2023–2025 Technology Strategy, a portion of these projects is proposed to be financed with NERC’s capital borrowing facility using a five-year loan amortization. NERC has assumed loan borrowings of \$2.4M in 2024, \$2.1M in 2025, and \$4.5M in 2026 with an interest rate of 6.5%. Loans in each period are assumed to be closed late in each calendar year, with debt service beginning January 1 of the following year.

The tables below show projected year-end outstanding debt and the future annual payments for debt service.

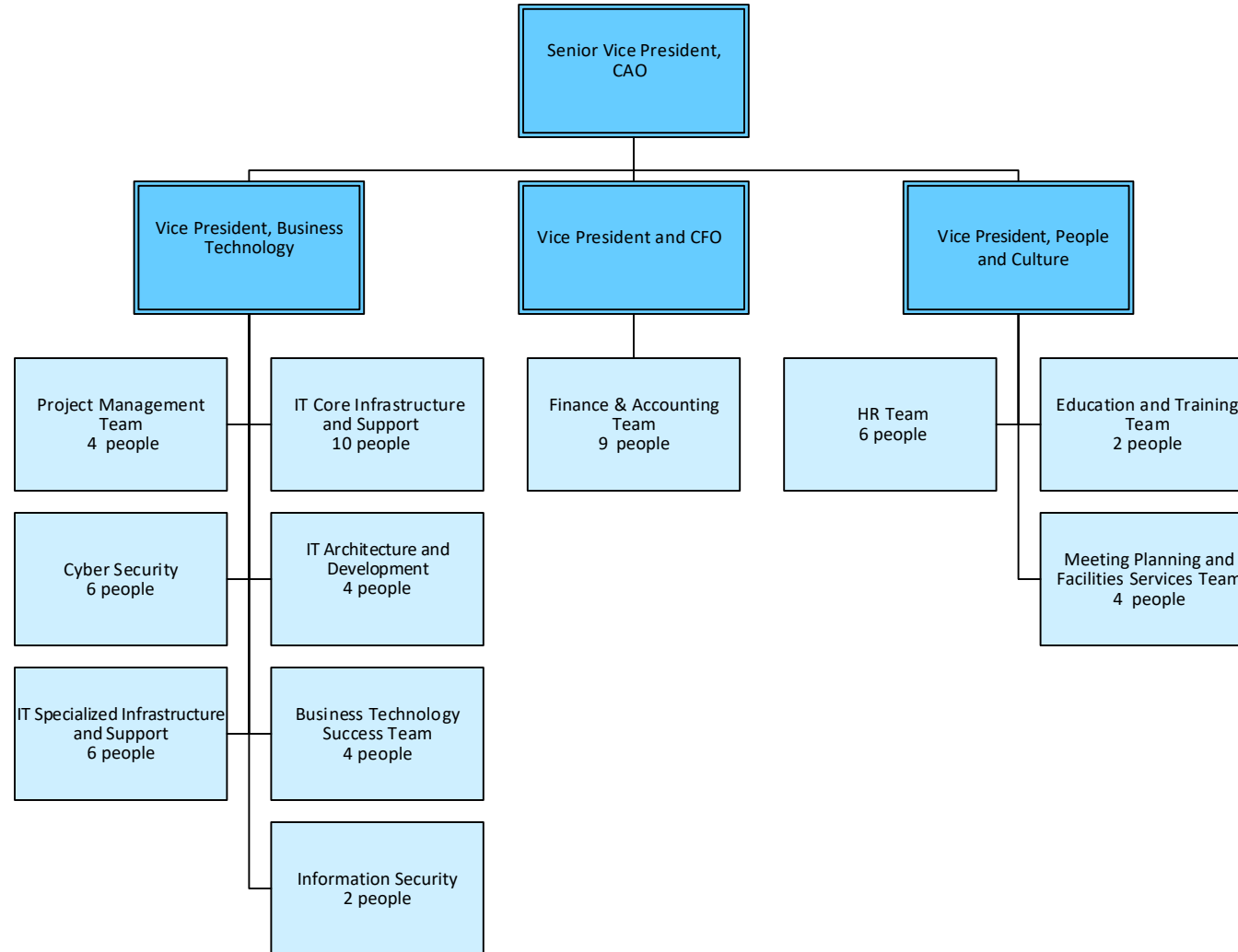
	Year-End Outstanding Loan Debt Balance				
	Prior Years Actual	2023 Projected	2024 Budget	2025 Projected	2026 Projected
Prior Years	\$ 1,383,224	\$ 969,300	\$ 543,643	\$ 105,847	\$ -
2023 Projection	-	3,000,000	2,475,164	1,915,180	1,317,694
2024 Budgeted	-	-	2,442,500	2,015,193	1,559,270
2025 Projected	-	-	-	2,100,000	1,732,612
2026 Projected	-	-	-	-	4,500,000
Total Outstanding Balance	\$ 1,383,224	\$ 3,969,300	\$ 5,461,307	\$ 6,136,220	\$ 9,109,576

	Future Annual Payments for Loan Debt Service				
		2023 Projected	2024 Budget	2025 Projected	2026 Projected
Prior Years - Principal		\$ 413,924	\$ 425,657	\$ 437,796	\$ 105,847
2023 Projection		-	524,836	559,984	597,486
2024 Budgeted		-	-	427,307	455,923
2025 Projected		-	-	-	367,388
2026 Projected		-	-	-	-
Interest Expense		33,253	201,050	299,924	350,531
Total Principal and Interest Costs		\$ 447,177	\$ 1,151,543	\$ 1,725,011	\$ 1,877,175

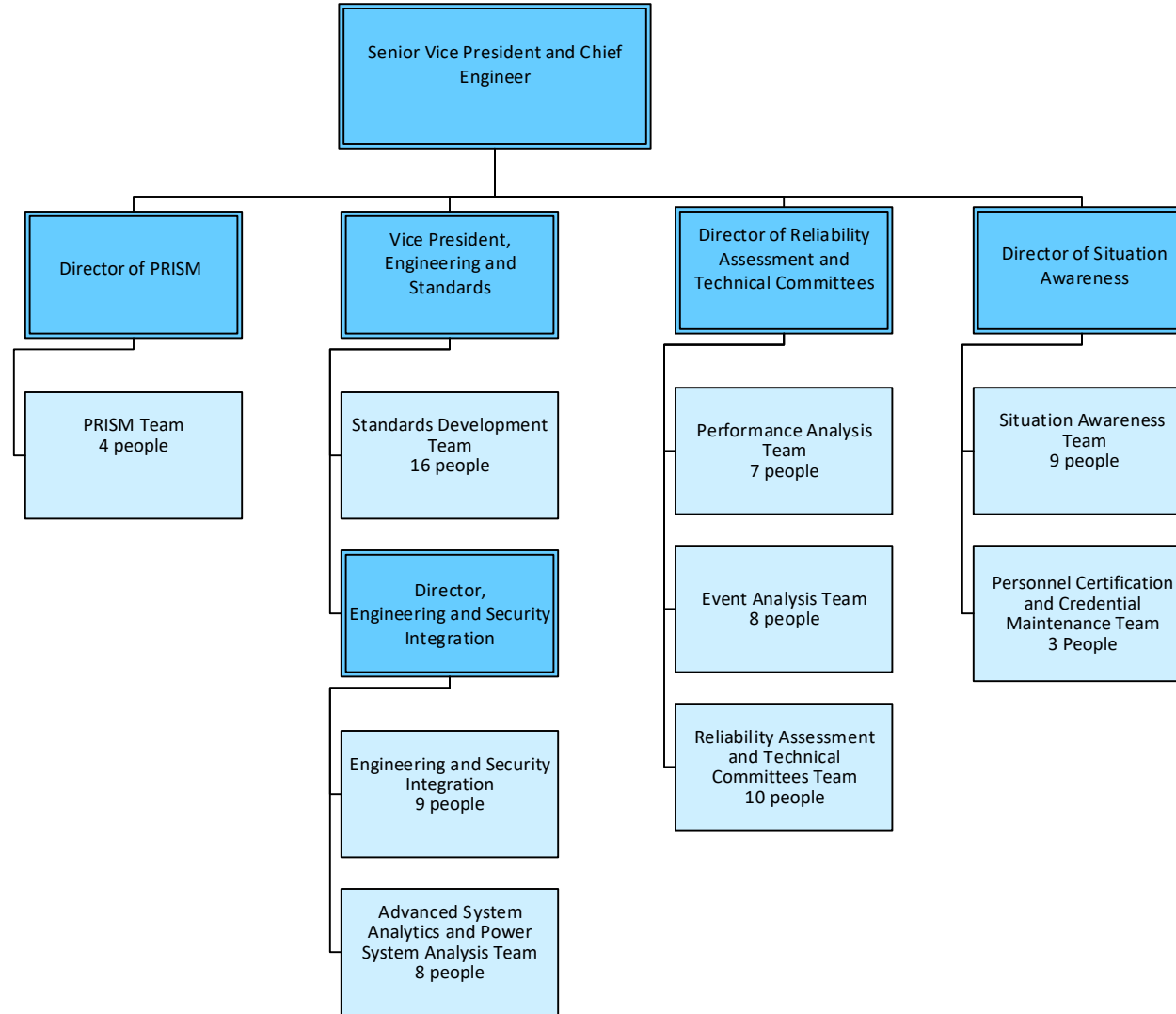
NERC Staff Organization Chart – Budget 2024



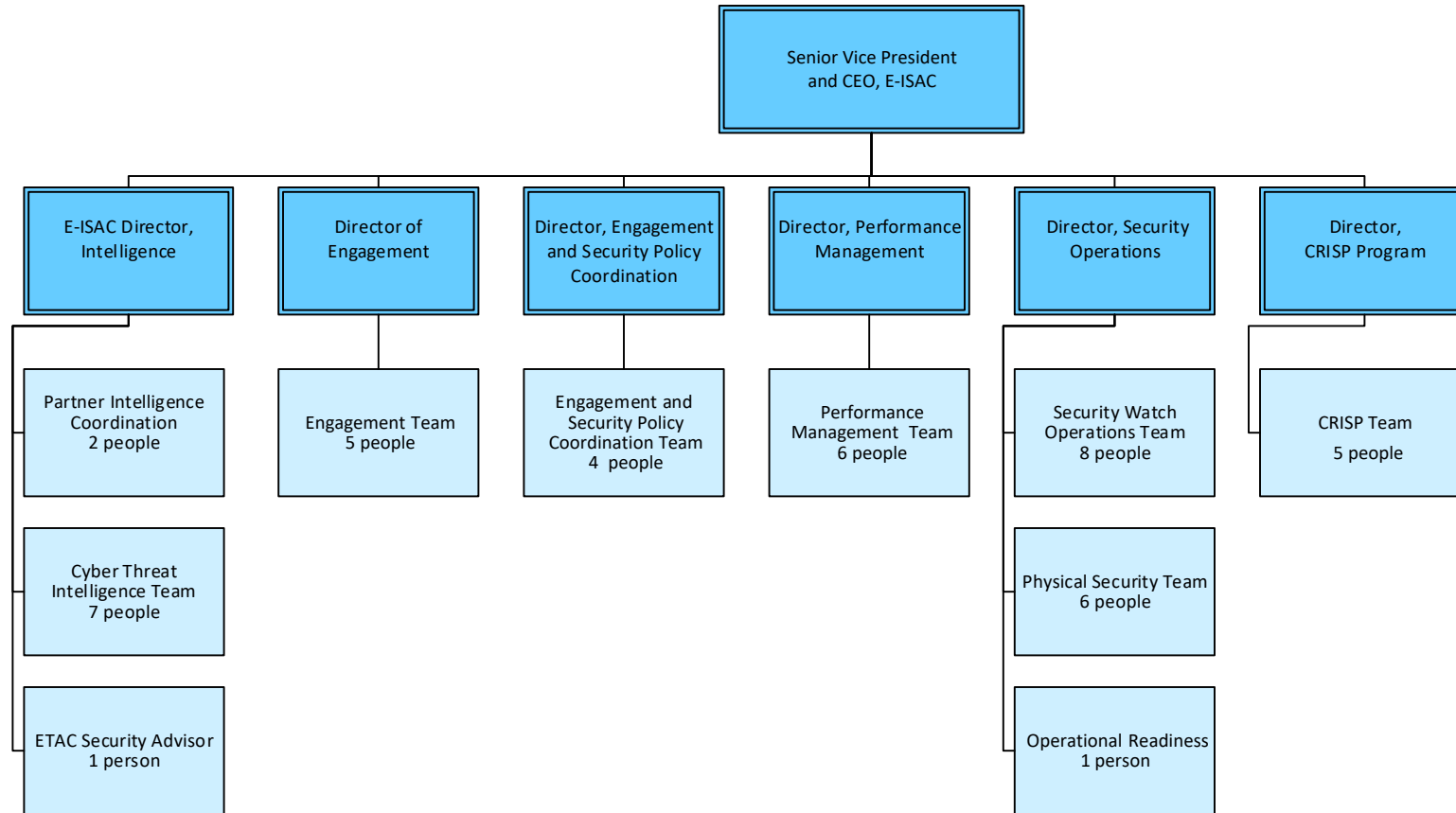
Business Technology, Finance & Accounting, and HR & Administration



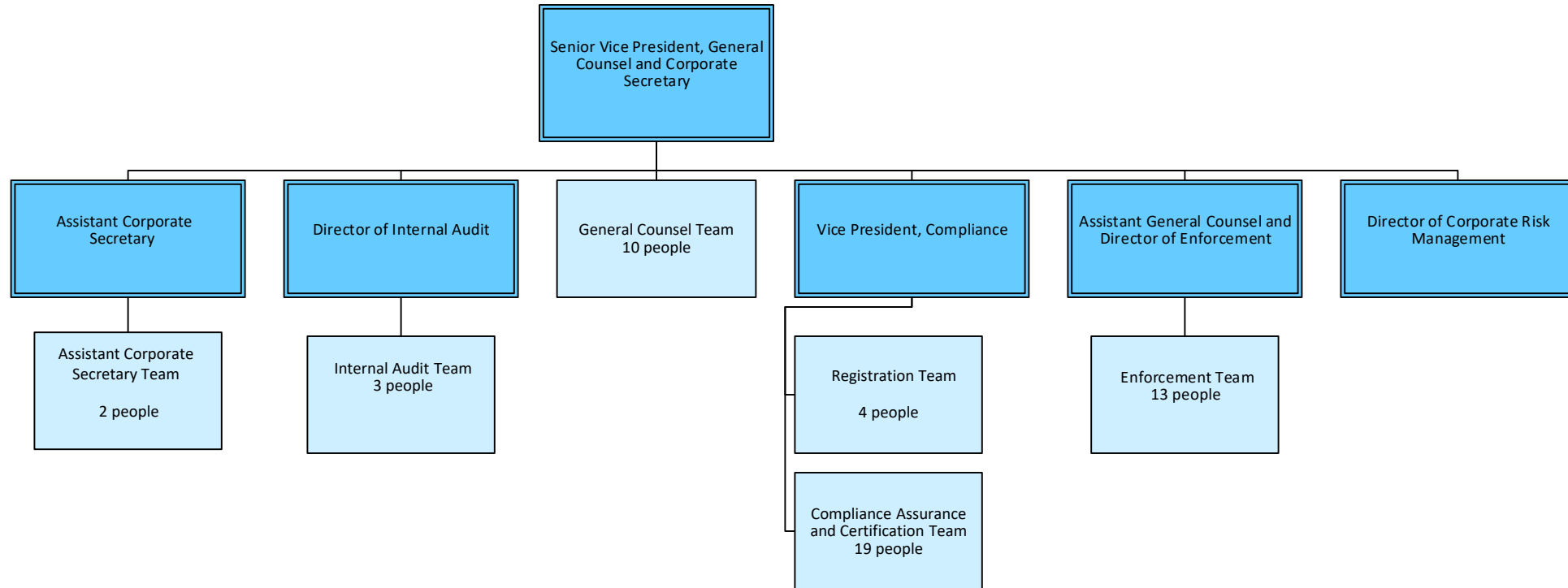
Reliability Standards & PRISM, RAPA, Situation Awareness, and Personnel Certification and Credential Maintenance



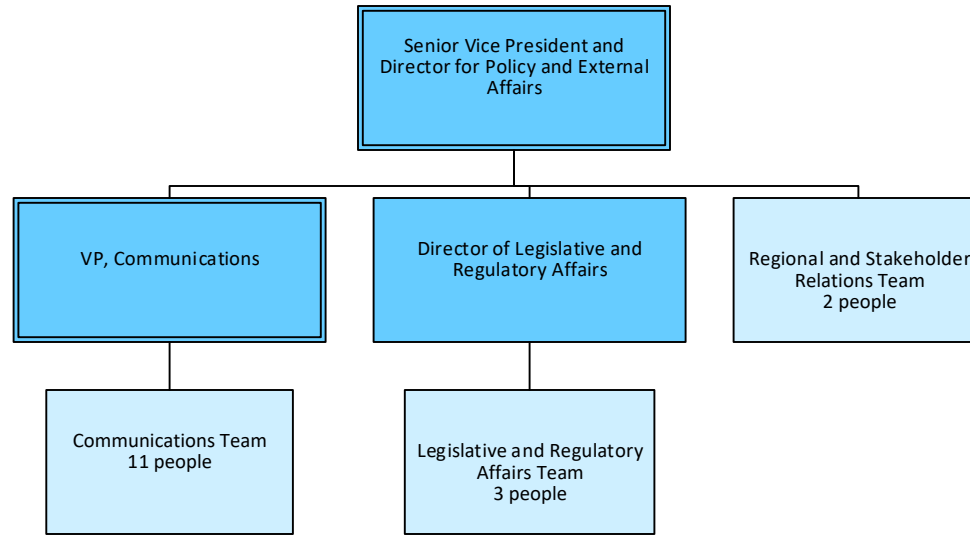
Electricity Information Sharing and Analysis Center



Legal and Regulatory, Internal Audit, Corporate Risk Management, Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement



External Affairs



2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	MRO	C-1217	Manitoba Hydro	Canada	25,343,900	-	25,343,900	-	4.929%	0.000%	4.929%	0.000%	0.541%	0.000%	0.541%	0.000%	0.000%
2022	MRO	C-1235	SaskPower	Canada	25,451,900	-	25,451,900	-	4.950%	0.000%	4.950%	0.000%	0.543%	0.000%	0.543%	0.000%	0.000%
2022	MRO	C-1707	AEP-VEMCO	U.S.	742,985	742,985	-	-	0.145%	0.145%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2022	MRO	C-1195	Alliant Energy (ALTE- WPL & ALTW IPL)	U.S.	29,046,355	29,046,355	-	-	5.649%	5.649%	0.000%	0.000%	0.620%	0.620%	0.000%	0.000%	0.702%
2022	MRO	C-1246	American Electric Power Service Corporation	U.S.	38,124,940	38,124,940	-	-	7.415%	7.415%	0.000%	0.000%	0.813%	0.813%	0.000%	0.000%	0.921%
2022	MRO	C-1196	Ames Municipal Electric System	U.S.	794,206	794,206	-	-	0.154%	0.154%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2022	MRO	C-1986	Arkansas Electric Cooperative Corporation (AEC)	U.S.	4,809,654	4,809,654	-	-	0.935%	0.935%	0.000%	0.000%	0.103%	0.103%	0.000%	0.000%	0.116%
2022	MRO	C-1604	Atlantic Municipal Utilities (AMU)	U.S.	158,163	158,163	-	-	0.031%	0.031%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2022	MRO	C-1199	Basin Electric Power Cooperative (BEPC)	U.S.	25,116,839	25,116,839	-	-	4.885%	4.885%	0.000%	0.000%	0.536%	0.536%	0.000%	0.000%	0.607%
2022	MRO	C-1247	Board of Public Utilities (Kansas City, KS) (BPU)	U.S.	2,460,173	2,460,173	-	-	0.478%	0.478%	0.000%	0.000%	0.052%	0.052%	0.000%	0.000%	0.059%
2022	MRO	C-1620	Board of Public Utilities City of McPherson, KS (MCPHER)	U.S.	1,100,089	1,100,089	-	-	0.214%	0.214%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.027%
2022	MRO	C-1647	Carthage Water and Light	U.S.	293,992	293,992	-	-	0.057%	0.057%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	MRO	C-1200	Cedar Falls Utilities (CFU)	U.S.	554,132	554,132	-	-	0.108%	0.108%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2022	MRO	C-1201	Central Iowa Power Cooperative (CIPCO)	U.S.	3,088,584	3,088,584	-	-	0.601%	0.601%	0.000%	0.000%	0.066%	0.066%	0.000%	0.000%	0.075%
2022	MRO	C-1477	Central Minnesota Municipal Power Agency (CMMPA)	U.S.	468,603	468,603	-	-	0.091%	0.091%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	MRO	C-1469	Central Valley Electric Cooperative (CVEC)	U.S.	910,080	910,080	-	-	0.177%	0.177%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2022	MRO	C-2056	City of Beatrice	U.S.	177,680	177,680	-	-	0.035%	0.035%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	MRO	C-1556	City of Bentonville (BENVILL)	U.S.	740,943	740,943	-	-	0.144%	0.144%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2022	MRO	C-1713	City of Bloomer (Bloomer Electric & Water Co.)	U.S.	66,429	66,429	-	-	0.013%	0.013%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2022	MRO	C-1703	City of Chanute (CHANUTEKS)	U.S.	549,699	549,699	-	-	0.107%	0.107%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2022	MRO	C-1203	City of Escanaba (EME)	U.S.	137,524	137,524	-	-	0.027%	0.027%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	MRO	C-1719	City of Kasota	U.S.	3,762	3,762	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	MRO	C-2032	City of Lubbock (Lubbock Power and Light)	U.S.	2,649,986	2,649,986	-	-	0.515%	0.515%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.064%
2022	MRO	C-1709	City of Nixa	U.S.	172,704	172,704	-	-	0.034%	0.034%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	MRO	C-2057	City of South Sioux City, NE	U.S.	202,520	202,520	-	-	0.039%	0.039%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	MRO	C-1722	City of Spooner	U.S.	31,840	31,840	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-2052	City of Superior NE	U.S.	40,047	40,047	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-2053	City of Wakefield, NE	U.S.	46,160	46,160	-	-	0.009%	0.009%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-2054	City of Wayne, NE	U.S.	70,355	70,355	-	-	0.014%	0.014%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	MRO	C-1436	City Utilities of Springfield, MO (SPRM)	U.S.	3,346,964	3,346,964	-	-	0.651%	0.651%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.081%
2022	MRO	C-1204	Corn Belt Power Cooperative (CBPC)	U.S.	2,051,269	2,051,269	-	-	0.399%	0.399%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%	0.050%
2022	MRO	C-1710	Dahlberg Electric Company	U.S.	122,686	122,686	-	-	0.024%	0.024%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	MRO	C-1207	Dairyland Power Cooperative (DPC)	U.S.	6,009,226	6,009,226	-	-	1.169%	1.169%	0.000%	0.000%	0.128%	0.128%	0.000%	0.000%	0.145%
2022	MRO	C-1437	East Texas Electric Cooperative, Inc. (ETEC)	U.S.	1,124,647	1,124,647	-	-	0.219%	0.219%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2022	MRO	C-1716	Eldridge Electric and Water Utilities	U.S.	41,770	41,770	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-1250	Empire District Electric Co.	U.S.	5,305,212	5,305,212	-	-	1.032%	1.032%	0.000%	0.000%	0.113%	0.113%	0.000%	0.000%	0.128%
2022	MRO	C-1205	Falls City Water & Light Department	U.S.	43,216	43,216	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-1470	Farmers Electric Cooperative, Inc. of New Mexico (FARMCOOPNM)	U.S.	348,670	348,670	-	-	0.068%	0.068%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2022	MRO	C-1206	Fremont Department of Utilities (City of)	U.S.	500,795	500,795	-	-	0.097%	0.097%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2022	MRO	C-1208	Geneseo Municipal Utilities	U.S.	69,279	69,279	-	-	0.013%	0.013%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2022	MRO	C-1438	Golden Spread Electric Cooperative, Inc (GSEC)	U.S.	6,631,471	6,631,471	-	-	1.290%	1.290%	0.000%	0.000%	0.141%	0.141%	0.000%	0.000%	0.160%
2022	MRO	C-1209	Grand Island Utilities Department	U.S.	768,893	768,893	-	-	0.150%	0.150%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2022	MRO	C-1251	Grand River Dam Authority (GRDA)	U.S.	6,828,521	6,828,521	-	-	1.328%	1.328%	0.000%	0.000%	0.146%	0.146%	0.000%	0.000%	0.165%
2022	MRO	C-1717	Great Lakes Utilities	U.S.	1,520,199	1,520,199	-	-	0.296%	0.296%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.037%
2022	MRO	C-1210	Great River Energy (GRE)	U.S.	13,644,132	13,644,132	-	-	2.654%	2.654%	0.000%	0.000%	0.291%	0.291%	0.000%	0.000%	0.330%
2022	MRO	C-1606	Harlan Municipal Utilities	U.S.	17,981	17,981	-	-	0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	MRO	C-1211	Hastings Utilities (HAST)	U.S.	458,977	458,977	-	-	0.089%	0.089%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	MRO	C-1212	Heartland Consumers Power District (HCPD)	U.S.	536,942	536,942	-	-	0.104%	0.104%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2022	MRO	C-1213	Hutchinson Utilities Commission (HUCH)	U.S.	283,875	283,875	-	-	0.055%	0.055%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	MRO	C-1248	Independence Power & Light (Independence, MO) (INDN)	U.S.	1,062,254	1,062,254	-	-	0.207%	0.207%	0.000%	0.000%	0.023%	0.023%	0.000%	0.000%	0.026%
2022	MRO	C-1252	Evergy Metro, Inc.	U.S.	16,094,301	16,094,301	-	-	3.130%	3.130%	0.000%	0.000%	0.343%	0.343%	0.000%	0.000%	0.389%
2022	MRO	C-1439	Kansas Electric Power Cooperative (KEPC)	U.S.	2,161,417	2,161,417	-	-	0.420%	0.420%	0.000%	0.000%	0.046%	0.046%	0.000%	0.000%	0.052%
2022	MRO	C-1440	Kansas Municipal Energy Agency (KMEA)	U.S.	1,708,844	1,708,844	-	-	0.332%	0.332%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.041%
2022	MRO	C-1637	Kansas Power Pool (KPP)	U.S.	859,749	859,749	-	-	0.167%	0.167%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
2022	MRO	C-1598	Energy Missouri West, Inc.	U.S.	9,434,175	9,434,175	-	-	1.835%	1.835%	0.000%	0.000%	0.201%	0.201%	0.000%	0.000%	0.228%
2022	MRO	C-2038	Kennett Board of Public Works	U.S.	122,724	122,724	-	-	0.024%	0.024%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	MRO	C-1472	Lea County Electric Cooperative (LCEC)	U.S.	1,196,613	1,196,613	-	-	0.233%	0.233%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
2022	MRO	C-1215	Lincoln Electric System (LES)	U.S.	3,301,900	3,301,900	-	-	0.642%	0.642%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.080%
2022	MRO	C-1216	Madison, Gas and Electric (MGE)	U.S.	3,352,669	3,352,669	-	-	0.652%	0.652%	0.000%	0.000%	0.072%	0.072%	0.000%	0.000%	0.081%
2022	MRO	C-2039	Malden Board of Public Works	U.S.	52,493	52,493	-	-	0.010%	0.010%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-1220	MidAmerican Energy Company (MEC)	U.S.	30,846,160	30,846,160	-	-	5.999%	5.999%	0.000%	0.000%	0.658%	0.658%	0.000%	0.000%	0.745%
2022	MRO	C-1441	Midwest Energy, Inc (MIDW)	U.S.	1,849,559	1,849,559	-	-	0.360%	0.360%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.045%
2022	MRO	C-1224	Minnesota Municipal Power Agency (MMPA) Avant Energy Inc is Agent	U.S.	2,021,700	2,021,700	-	-	0.393%	0.393%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2022	MRO	C-1221	Minnesota Power (MP)	U.S.	11,618,133	11,618,133	-	-	2.260%	2.260%	0.000%	0.000%	0.248%	0.248%	0.000%	0.000%	0.281%
2022	MRO	C-1222	Minnkota Power Cooperative, Inc. (MPC)	U.S.	4,134,190	4,134,190	-	-	0.804%	0.804%	0.000%	0.000%	0.088%	0.088%	0.000%	0.000%	0.100%
2022	MRO	C-1987	Missouri Joint Municipal Electric Utility	U.S.	464,960	464,960	-	-	0.090%	0.090%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	MRO	C-1223	Missouri River Energy Services	U.S.	2,829,107	2,829,107	-	-	0.550%	0.550%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	MRO	C-1226	Montana-Dakota Utilities Co. (MDU)	U.S.	3,312,394	3,312,394	-	-	0.644%	0.644%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.080%
2022	MRO	C-1607	Montezuma Municipal Light & Power	U.S.	23,379	23,379	-	-	0.005%	0.005%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2022	MRO	C-2051	Moose Lake Water & Light Commission	U.S.	34,504	34,504	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-1227	Municipal Energy Agency of Nebraska (MEAN)	U.S.	1,021,062	1,021,062	-	-	0.199%	0.199%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2022	MRO	C-1228	Muscatine Power and Water (MPW)	U.S.	911,964	911,964	-	-	0.177%	0.177%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2022	MRO	C-1229	Nebraska City Utilities	U.S.	123,441	123,441	-	-	0.024%	0.024%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	MRO	C-1230	Nebraska Public Power District (NPPD)	U.S.	14,462,009	14,462,009	-	-	2.813%	2.813%	0.000%	0.000%	0.309%	0.309%	0.000%	0.000%	0.349%
2022	MRO	C-1711	North Central Power Company	U.S.	41,575	41,575	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-2055	Northeast Power	U.S.	376,207	376,207	-	-	0.073%	0.073%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	MRO	C-1442	Northeast Texas Electric Cooperative, Inc. (NTEC)	U.S.	3,539,689	3,539,689	-	-	0.688%	0.688%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%	0.086%
2022	MRO	C-1231	NorthWestern Energy (NWE)	U.S.	1,729,579	1,729,579	-	-	0.336%	0.336%	0.000%	0.000%	0.037%	0.037%	0.000%	0.000%	0.042%
2022	MRO	C-1712	NorthWestern Wisconsin Electric Company	U.S.	197,259	197,259	-	-	0.038%	0.038%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	MRO	C-1255	Oklahoma Gas and Electric Co. (OKGE)	U.S.	32,640,620	32,640,620	-	-	6.348%	6.348%	0.000%	0.000%	0.696%	0.696%	0.000%	0.000%	0.789%
2022	MRO	C-1444	Oklahoma Municipal Power Authority (OMPA)	U.S.	3,063,366	3,063,366	-	-	0.596%	0.596%	0.000%	0.000%	0.065%	0.065%	0.000%	0.000%	0.074%
2022	MRO	C-1232	Omaha Public Power District (OPPD)	U.S.	12,731,398	12,731,398	-	-	2.476%	2.476%	0.000%	0.000%	0.272%	0.272%	0.000%	0.000%	0.308%
2022	MRO	C-1233	Otter Tail Power Company (OTP)	U.S.	5,877,618	5,877,618	-	-	1.143%	1.143%	0.000%	0.000%	0.125%	0.125%	0.000%	0.000%	0.142%
2022	MRO	C-1651	Paragould Light, Water & Cable (PARAGOULD)	U.S.	590,967	590,967	-	-	0.115%	0.115%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2022	MRO	C-1725	Peoples Electric Cooperative (PEC)	U.S.	913,682	913,682	-	-	0.178%	0.178%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2022	MRO	C-2040	Piggott Municipal Light, Water & Sewer	U.S.	36,601	36,601	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-1720	Resale Power Group of Iowa	U.S.	522,999	522,999	-	-	0.102%	0.102%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2022	MRO	C-1721	Rice Lake Utilities	U.S.	158,592	158,592	-	-	0.031%	0.031%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2022	MRO	C-1234	Rochester Public Utilities (RPU)	U.S.	1,596	1,596	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	MRO	C-1473	Roosevelt County Electric Cooperative	U.S.	179,780	179,780	-	-	0.035%	0.035%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	MRO	C-1236	Southern Minnesota Municipal Power Agency (SMMMPA)	U.S.	2,767,719	2,767,719	-	-	0.538%	0.538%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2022	MRO	C-1257	Southwestern Public Service Co. Xcel Energy (SPS)	U.S.	24,930,312	24,930,312	-	-	4.849%	4.849%	0.000%	0.000%	0.532%	0.532%	0.000%	0.000%	0.602%
2022	MRO	C-1256	Sunflower Electric Cooperative (SECI)	U.S.	4,884,897	4,884,897	-	-	0.950%	0.950%	0.000%	0.000%	0.104%	0.104%	0.000%	0.000%	0.118%
2022	MRO	C-1665	Upper Peninsula Power Co (UPPC)	U.S.	773,483	773,483	-	-	0.150%	0.150%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2022	MRO	C-1714	Village of Cadott	U.S.	12,563	12,563	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	MRO	C-1260	Everg Kansas Central, Inc.	U.S.	25,064,533	25,064,533	-	-	4.875%	4.875%	0.000%	0.000%	0.535%	0.535%	0.000%	0.000%	0.606%
2022	MRO	C-1239	Western Area Power Administration Rocky Mountain Region (LM) (WAPA-RMR)	U.S.	44,829	44,829	-	-	0.009%	0.009%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	MRO	C-1240	Western Area Power Administration Upper Great Plains (UM) (WAPA)	U.S.	9,065,768	9,065,768	-	-	1.763%	1.763%	0.000%	0.000%	0.193%	0.193%	0.000%	0.000%	0.219%
2022	MRO	C-1259	Western Farmers Electric Cooperative (WFEC)	U.S.	9,553,488	9,553,488	-	-	1.858%	1.858%	0.000%	0.000%	0.204%	0.204%	0.000%	0.000%	0.231%
2022	MRO	C-1501	West Texas Municipal Power Agency (WTMPA)	U.S.	127,611	127,611	-	-	0.025%	0.025%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	MRO	C-1242	Wisconsin Public Power, Inc. (East and West regions) (WPPI)	U.S.	5,295,530	5,295,530	-	-	1.030%	1.030%	0.000%	0.000%	0.113%	0.113%	0.000%	0.000%	0.128%
2022	MRO	C-1983	Wolverine Power Marketing Cooperative	U.S.	76,056	76,056	-	-	0.015%	0.015%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	MRO	C-1244	Xcel Energy Company Northern States Power (NSP)	U.S.	42,957,017	42,957,017	-	-	8.355%	8.355%	0.000%	0.000%	0.917%	0.917%	0.000%	0.000%	1.038%
TOTAL MRO					514,164,004	463,368,204	50,795,800	-	100.000%	90.121%	9.879%	0.000%	10.970%	9.887%	1.084%	0.000%	11.195%
2022	NPCC	C-1336	New England	U.S.	118,928,000	118,928,000	-	-	19.014%	19.014%	0.000%	0.000%	2.537%	2.537%	0.000%	0.000%	2.873%
2022	NPCC	C-1339	New York	U.S.	152,681,000	152,681,000	-	-	24.411%	24.411%	0.000%	0.000%	3.258%	3.258%	0.000%	0.000%	3.689%
2022	NPCC	C-1337	Ontario	Canada	137,570,000	-	137,570,000	-	21.995%	0.000%	21.995%	0.000%	2.935%	0.000%	2.935%	0.000%	0.000%
2022	NPCC		Quebec	Canada	190,098,000	-	190,098,000	-	30.393%	0.000%	30.393%	0.000%	4.056%	0.000%	4.056%	0.000%	0.000%
2022	NPCC	C-1341	Hydro Quebec	Canada	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	NPCC	C-1572	Regie	Canada	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	NPCC	C-1705	New Brunswick	Canada	14,855,000	-	14,855,000	-	2.375%	0.000%	2.375%	0.000%	0.317%	0.000%	0.317%	0.000%	0.000%
2022	NPCC	C-1340	Nova Scotia	Canada	11,330,000	-	11,330,000	-	1.811%	0.000%	1.811%	0.000%	0.242%	0.000%	0.242%	0.000%	0.000%
TOTAL NPCC					625,462,000	271,609,000	353,853,000	-	100.000%	43.425%	56.575%	0.000%	13.345%	5.795%	7.550%	0.000%	6.562%
2022	RF	C-1102	Cannelton Utilities	U.S.	13,602	13,602	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	RF	C-1106	City of Croswell	U.S.	44,804	44,804	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	RF	C-1490	City of Lansing	U.S.	2,101,811	2,101,811	-	-	0.237%	0.237%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.051%
2022	RF	C-1120	Cloverland Electric Cooperative	U.S.	793,826	793,826	-	-	0.089%	0.089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2022	RF	C-1122	CMS ERM Michigan LLC	U.S.	176,076	176,076	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	RF	C-1124	Constellation New Energy (MECS-CONS)	U.S.	2,103,340	2,103,340	-	-	0.237%	0.237%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.051%
2022	RF	C-1123	Constellation New Energy (MECS-DET)	U.S.	2,330,409	2,330,409	-	-	0.263%	0.263%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.056%
2022	RF	C-1126	Consumers Energy Company	U.S.	33,249,142	33,249,142	-	-	3.747%	3.747%	0.000%	0.000%	0.709%	0.709%	0.000%	0.000%	0.803%
2022	RF	C-1128	DTE Electric Company	U.S.	48,626,098	48,626,098	-	-	5.480%	5.480%	0.000%	0.000%	1.038%	1.038%	0.000%	0.000%	1.175%
2022	RF	C-1166	Duke Energy Indiana	U.S.	28,368,360	28,368,360	-	-	3.197%	3.197%	0.000%	0.000%	0.605%	0.605%	0.000%	0.000%	0.685%
2022	RF	C-1135	Ferdinand Municipal Light & Water	U.S.	47,058	47,058	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	RF	C-1646	Energy Harbor LLC (MECS-CONS)	U.S.	496,132	496,132	-	-	0.056%	0.056%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2022	RF	C-1549	Energy Harbor LLC (MECS-DET)	U.S.	121,563	121,563	-	-	0.014%	0.014%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	RF	C-1145	Hoosier Energy	U.S.	8,019,871	8,019,871	-	-	0.904%	0.904%	0.000%	0.000%	0.171%	0.171%	0.000%	0.000%	0.194%
2022	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	3,009,348	3,009,348	-	-	0.339%	0.339%	0.000%	0.000%	0.064%	0.064%	0.000%	0.000%	0.073%
2022	RF	C-1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	393,315	393,315	-	-	0.044%	0.044%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.010%
2022	RF	C-1486	Indiana Municipal Power Agency (SIGE)	U.S.	569,799	569,799	-	-	0.064%	0.064%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2022	RF	C-1149	Indianapolis Power & Light Co.	U.S.	13,548,065	13,548,065	-	-	1.527%	1.527%	0.000%	0.000%	0.289%	0.289%	0.000%	0.000%	0.327%
2022	RF	C-2050	Logansport Municipal Utility (LMU)	U.S.	405,855	405,855	-	-	0.046%	0.046%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	RF	C-1666	Constellation New Energy (MIUP)	U.S.	322,075	322,075	-	-	0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	RF	C-1614	Just Energy	U.S.	4,065	4,065	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	RF	C-1154	Michigan Public Power Agency	U.S.	3,758,802	3,758,802	-	-	0.424%	0.424%	0.000%	0.000%	0.080%	0.080%	0.000%	0.000%	0.091%
2022	RF	C-1155	Michigan South Central Power Agency	U.S.	755,891	755,891	-	-	0.085%	0.085%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2022	RF	C-1163	Northern Indiana Public Service Co.	U.S.	15,807,068	15,807,068	-	-	1.781%	1.781%	0.000%	0.000%	0.337%	0.337%	0.000%	0.000%	0.382%
2022	RF	C-1164	Ontonagon County Rural Electrification Assoc.	U.S.	29,643	29,643	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	RF	C-1265	PJM Interconnection, LLC	U.S.	667,506,424	667,506,424	-	-	75.224%	75.224%	0.000%	0.000%	14.242%	14.242%	0.000%	0.000%	16.127%
2022	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	U.S.	348,999	348,999	-	-	0.039%	0.039%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2022	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	U.S.	618,479	618,479	-	-	0.070%	0.070%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2022	RF	C-1176	Direct Energy	U.S.	12,106	12,106	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	RF	C-1174	Direct Energy	U.S.	894,008	894,008	-	-	0.101%	0.101%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2022	RF	C-1581	Spartan Renewable Energy	U.S.	144,177	144,177	-	-	0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	RF	C-1985	Spartan Renewable Energy (MI UP)	U.S.	74,789	74,789	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	RF	C-1180	Thumb Electric Cooperative	U.S.	202,594	202,594	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	RF	C-2074	Union City Michigan	U.S.	16,189	16,189	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	RF	C-2027	Upper Michigan Energy Resources	U.S.	1,788,658	1,788,658	-	-	0.202%	0.202%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2022	RF	C-1181	Vectren, a CenterPoint Energy Company	U.S.	4,865,336	4,865,336	-	-	0.548%	0.548%	0.000%	0.000%	0.104%	0.104%	0.000%	0.000%	0.118%
2022	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	U.S.	3,240,209	3,240,209	-	-	0.365%	0.365%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.078%
2022	RF	C-1488	Wabash Valley Power Alliance (NIPSCO)	U.S.	1,823,445	1,823,445	-	-	0.205%	0.205%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.044%
2022	RF	C-1185	Wisconsin Electric Power Co.	U.S.	24,364,046	24,364,046	-	-	2.746%	2.746%	0.000%	0.000%	0.520%	0.520%	0.000%	0.000%	0.589%
2022	RF	C-2041	Wisconsin Public Service Co.	U.S.	11,844,499	11,844,499	-	-	1.355%	1.355%	0.000%	0.000%	0.253%	0.253%	0.000%	0.000%	0.286%
2022	RF	C-1189	Wolverine Power Marketing Cooperative	U.S.	703,261	703,261	-	-	0.079%	0.079%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2022	RF	C-1191	Wolverine Power Supply Cooperative	U.S.	2,973,815	2,973,815	-	-	0.335%	0.335%	0.000%	0.000%	0.063%	0.063%	0.000%	0.000%	0.072%
2022	RF	C-1190	Wolverine Power Marketing Cooperative (MECS-DET)	U.S.	838,106	838,106	-	-	0.094%	0.094%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.020%
TOTAL RELIABILITYFIRST					887,355,157	887,355,157	-	-	100.000%	100.000%	0.000%	0.000%	18.933%	18.933%	0.000%	0.000%	21.439%
2022	SERC	C-1267	Alabama Municipal Electric Authority	U.S.	3,509,343	3,509,343	-	-	0.260%	0.260%	0.000%	0.000%	0.075%	0.075%	0.000%	0.000%	0.085%
2022	SERC	C-1268	Alabama Power Company	U.S.	55,456,550	55,456,550	-	-	4.112%	4.112%	0.000%	0.000%	1.183%	1.183%	0.000%	0.000%	1.340%
2022	SERC	C-1269	Ameren - Illinois	U.S.	40,696,216	40,696,216	-	-	3.017%	3.017%	0.000%	0.000%	0.868%	0.868%	0.000%	0.000%	0.983%
2022	SERC	C-1271	Ameren - Missouri	U.S.	36,653,068	36,653,068	-	-	2.718%	2.718%	0.000%	0.000%	0.782%	0.782%	0.000%	0.000%	0.886%
2022	SERC	C-1273	Associated Electric Cooperative Inc.	U.S.	24,746,151	24,746,151	-	-	1.835%	1.835%	0.000%	0.000%	0.528%	0.528%	0.000%	0.000%	0.598%
2022	SERC	C-1582	Beauregard Electric Cooperative, Inc.	U.S.	1,581,137	1,581,137	-	-	0.117%	0.117%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2022	SERC	C-1462	Benton Utility District	U.S.	299,763	299,763	-	-	0.022%	0.022%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	SERC	C-1274	Big Rivers Electric Corporation	U.S.	3,677,146	3,677,146	-	-	0.273%	0.273%	0.000%	0.000%	0.078%	0.078%	0.000%	0.000%	0.089%
2022	SERC	C-1275	Black Warrior EMC	U.S.	407,191	407,191	-	-	0.030%	0.030%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	SERC	C-1276	Blue Ridge EMC	U.S.	1,227,154	1,227,154	-	-	0.091%	0.091%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2022	SERC	C-1628	Brazos Electric Power Cooperative, Inc.	U.S.	649,198	649,198	-	-	0.048%	0.048%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2022	SERC	C-1463	Canton, MS	U.S.	111,847	111,847	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2022	SERC	C-1277	Central Electric Power Cooperative Inc.	U.S.	19,612,865	19,612,865	-	-	1.454%	1.454%	0.000%	0.000%	0.418%	0.418%	0.000%	0.000%	0.474%
2022	SERC	C-1667	Century Aluminum - Hawesville	U.S.	1,676,746	1,676,746	-	-	0.124%	0.124%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.041%
2022	SERC	C-1668	Century Aluminum - Sebree	U.S.	3,320,974	3,320,974	-	-	0.246%	0.246%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.080%
2022	SERC	C-1278	City of Blountstown FL	U.S.	33,199	33,199	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1279	City of Camden SC	U.S.	200,300	200,300	-	-	0.015%	0.015%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	SERC	C-1280	City of Collins MS	U.S.	46,917	46,917	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1281	City of Columbia MO	U.S.	1,219,197	1,219,197	-	-	0.090%	0.090%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
2022	SERC	C-1282	City of Conway AR (Conway Corporation)	U.S.	954,182	954,182	-	-	0.071%	0.071%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2022	SERC	C-1284	City of Evergreen AL	U.S.	55,801	55,801	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1285	City of Hampton GA	U.S.	36,684	36,684	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1286	City of Hartford AL	U.S.	31,555	31,555	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1287	City of Henderson (KY) Municipal Power & Light	U.S.	555,036	555,036	-	-	0.041%	0.041%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2022	SERC	C-1288	City of North Little Rock AR (DENL)	U.S.	923,979	923,979	-	-	0.069%	0.069%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.022%
2022	SERC	C-1289	City of Orangeburg SC Department of Public Utilities	U.S.	762,000	762,000	-	-	0.056%	0.056%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.018%
2022	SERC	C-1290	City of Robertsdale AL	U.S.	91,943	91,943	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	SERC	C-1291	City of Ruston LA (DERS)	U.S.	294,537	294,537	-	-	0.022%	0.022%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	SERC	C-1292	Seneca Light & Power	U.S.	161,161	161,161	-	-	0.012%	0.012%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2022	SERC	C-1115	City of Springfield (CWLP)	U.S.	1,644,264	1,644,264	-	-	0.122%	0.122%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.040%
2022	SERC	C-1465	City of Thayer, MO	U.S.	25,475	25,475	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1293	City of Troy AL	U.S.	474,480	474,480	-	-	0.035%	0.035%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	SERC	C-1294	City of West Memphis AR (West Memphis Utilities)	U.S.	361,402	361,402	-	-	0.027%	0.027%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	SERC	C-1583	Claiborne Electric Cooperative, Inc.	U.S.	649,466	649,466	-	-	0.048%	0.048%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2022	SERC	C-1584	Concordia Electric Cooperative, Inc.	U.S.	215,930	215,930	-	-	0.016%	0.016%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2022	SERC	C-1726	Cube Hydro Carolinas	U.S.	11,391	11,391	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	SERC	C-1283	Dalton Utilities	U.S.	3,487,487	3,487,487	-	-	0.259%	0.259%	0.000%	0.000%	0.074%	0.074%	0.000%	0.000%	0.084%
2022	SERC	C-1585	Dixie Electric Membership Corporation	U.S.	2,353,213	2,353,213	-	-	0.174%	0.174%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.057%
2022	SERC	C-1295	Dominion Virginia Power	U.S.	97,418,135	97,418,135	-	-	7.223%	7.223%	0.000%	0.000%	2.079%	2.079%	0.000%	0.000%	2.354%
2022	SERC	C-1296	Duke Energy Carolinas, LLC	U.S.	87,168,070	87,168,070	-	-	6.463%	6.463%	0.000%	0.000%	1.860%	1.860%	0.000%	0.000%	2.106%
2022	SERC	C-1466	Durant, MS	U.S.	23,986	23,986	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1478	LG&E and KU Services Co as agent for LG&E Co and KU Co	U.S.	32,169,386	32,169,386	-	-	2.385%	2.385%	0.000%	0.000%	0.686%	0.686%	0.000%	0.000%	0.777%
2022	SERC	C-1297	East Kentucky Power Cooperative	U.S.	14,651,062	14,651,062	-	-	1.086%	1.086%	0.000%	0.000%	0.313%	0.313%	0.000%	0.000%	0.354%

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	SERC	C-1298	East Mississippi Electric Power Association	U.S.	422,079	422,079	-	-	0.031%	0.031%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	SERC	C-1669	Electricities of North Carolina Inc	U.S.	11,921,915	11,921,915	-	-	0.884%	0.884%	0.000%	0.000%	0.254%	0.254%	0.000%	0.000%	0.288%
2022	SERC	C-1300	EnergyUnited EMC	U.S.	2,794,961	2,794,961	-	-	0.207%	0.207%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2022	SERC	C-1301	Entergy	U.S.	125,128,320	125,128,320	-	-	9.277%	9.277%	0.000%	0.000%	2.670%	2.670%	0.000%	0.000%	3.023%
2022	SERC	C-1302	Fayetteville (NC) Public Works Commission	U.S.	2,098,902	2,098,902	-	-	0.156%	0.156%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.051%
2022	SERC	C-1303	Florida Public Utilities (FL Panhandle Load)	U.S.	304,027	304,027	-	-	0.023%	0.023%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	SERC	C-1304	French Broad EMC	U.S.	566,672	566,672	-	-	0.042%	0.042%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
2022	SERC	C-1305	Georgia Power Company	U.S.	88,749,333	88,749,333	-	-	6.580%	6.580%	0.000%	0.000%	1.894%	1.894%	0.000%	0.000%	2.144%
2022	SERC	C-1306	Georgia System Optns Corporation	U.S.	42,990,894	42,990,894	-	-	3.188%	3.188%	0.000%	0.000%	0.917%	0.917%	0.000%	0.000%	1.039%
2022	SERC	C-1479	Greenwood (MS) Utilities Commission	U.S.	271,672	271,672	-	-	0.020%	0.020%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	SERC	C-1307	Greenwood (SC) Commissioners of Public Works	U.S.	300,436	300,436	-	-	0.022%	0.022%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	SERC	C-1586	Haywood EMC	U.S.	357,388	357,388	-	-	0.026%	0.026%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	SERC	C-1984	Hoosier Energy REC, Inc	U.S.	448,058	448,058	-	-	0.033%	0.033%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	SERC	C-1309	Illinois Municipal Electric Agency	U.S.	1,850,000	1,850,000	-	-	0.137%	0.137%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.045%
2022	SERC	C-1480	Itta Bena, MS	U.S.	13,078	13,078	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	SERC	C-1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	201,247	201,247	-	-	0.015%	0.015%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	SERC	C-1617	Kentucky Municipal Power	U.S.	681,610	681,610	-	-	0.051%	0.051%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.016%
2022	SERC	C-1481	Municipal Energy Agency of MS-Kosciusko, MS	U.S.	71,354	71,354	-	-	0.005%	0.005%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	SERC	C-1482	Municipal Energy Agency of MS-Leland, MS	U.S.	29,736	29,736	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1313	McCormick Commission of Public Works	U.S.	17,139	17,139	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	SERC	C-1314	Mississippi Power Company	U.S.	10,082,235	10,082,235	-	-	0.748%	0.748%	0.000%	0.000%	0.215%	0.215%	0.000%	0.000%	0.244%
2022	SERC	C-1630	Mt. Carmel Public Utility	U.S.	96,649	96,649	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	SERC	C-1315	Municipal Electric Authority of Georgia	U.S.	12,490,000	12,490,000	-	-	0.926%	0.926%	0.000%	0.000%	0.266%	0.266%	0.000%	0.000%	0.302%
2022	SERC	C-1316	N.C. Electric Membership Corp.	U.S.	13,882,066	13,882,066	-	-	1.029%	1.029%	0.000%	0.000%	0.296%	0.296%	0.000%	0.000%	0.335%
2022	SERC	C-1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	307,597	307,597	-	-	0.023%	0.023%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2022	SERC	C-1574	Northern Virginia Electric Cooperative	U.S.	8,763,390	8,763,390	-	-	0.650%	0.650%	0.000%	0.000%	0.187%	0.187%	0.000%	0.000%	0.212%
2022	SERC	C-1319	Old Dominion Electric Cooperative	U.S.	5,267,753	5,267,753	-	-	0.391%	0.391%	0.000%	0.000%	0.112%	0.112%	0.000%	0.000%	0.127%
2022	SERC	C-1618	Osceola (Arkansas) Municipal Light and Power	U.S.	129,229	129,229	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1320	Owensboro (KY) Municipal Utilities	U.S.	814,621	814,621	-	-	0.060%	0.060%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.020%
2022	SERC	C-1321	Piedmont EMC in Duke and Progress Areas	U.S.	538,390	538,390	-	-	0.040%	0.040%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2022	SERC	C-1323	Piedmont Municipal Power Agency (PMPA)	U.S.	2,493,100	2,493,100	-	-	0.185%	0.185%	0.000%	0.000%	0.053%	0.053%	0.000%	0.000%	0.060%
2022	SERC	C-1589	Pointe Coupee Electric Memb. Corp.	U.S.	236,177	236,177	-	-	0.018%	0.018%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2022	SERC	C-1266	PowerSouth Energy	U.S.	9,549,259	9,549,259	-	-	0.708%	0.708%	0.000%	0.000%	0.204%	0.204%	0.000%	0.000%	0.231%
2022	SERC	C-1330	Prairie Power, Inc.	U.S.	1,607,798	1,607,798	-	-	0.119%	0.119%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.039%
2022	SERC	C-1706	Duke Energy Progress	U.S.	45,990,826	45,990,826	-	-	3.410%	3.410%	0.000%	0.000%	0.981%	0.981%	0.000%	0.000%	1.111%
2022	SERC	C-1325	Rutherford EMC	U.S.	1,445,214	1,445,214	-	-	0.107%	0.107%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2022	SERC	C-1326	South Carolina Electric & Gas Company	U.S.	22,938,687	22,938,687	-	-	1.701%	1.701%	0.000%	0.000%	0.489%	0.489%	0.000%	0.000%	0.554%
2022	SERC	C-1327	South Carolina Public Service Authority	U.S.	10,332,597	10,332,597	-	-	0.766%	0.766%	0.000%	0.000%	0.220%	0.220%	0.000%	0.000%	0.250%
2022	SERC	C-1590	South Louisiana Electric Cooperative Association	U.S.	537,737	537,737	-	-	0.040%	0.040%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.013%
2022	SERC	C-1328	Cooperative Energy (formerly SMEPA)	U.S.	10,368,613	10,368,613	-	-	0.769%	0.769%	0.000%	0.000%	0.221%	0.221%	0.000%	0.000%	0.251%
2022	SERC	C-1329	Southern Illinois Power Cooperative	U.S.	1,354,984	1,354,984	-	-	0.100%	0.100%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2022	SERC	C-1591	Southwest Louisiana Electric Membership Corporation	U.S.	2,765,260	2,765,260	-	-	0.205%	0.205%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2022	SERC	C-1619	Southwestern Electric Cooperative, Inc.	U.S.	472,031	472,031	-	-	0.035%	0.035%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	SERC	C-1331	Tennessee Valley Authority	U.S.	166,109,014	166,109,014	-	-	12.316%	12.316%	0.000%	0.000%	3.544%	3.544%	0.000%	0.000%	4.013%
2022	SERC	C-1632	East Texas Electric Cooperative (ETEC)	U.S.	2,224,307	2,224,307	-	-	0.165%	0.165%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.054%
2022	SERC	C-1332	Tombigbee Electric Cooperative Inc.	U.S.	129,319	129,319	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1594	Town of Sharpsburg, N.C.	U.S.	20,193	20,193	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	SERC	C-1595	Town of Stantonsburg, N.C. JRO	U.S.	58,092	58,092	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1333	Town of Waynesville NC	U.S.	84,081	84,081	-	-	0.006%	0.006%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	SERC	C-1334	Town of Winnsboro SC	U.S.	61,084	61,084	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1335	Town of Winterville NC	U.S.	60,786	60,786	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	1,109,858	1,109,858	-	-	0.082%	0.082%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2022	SERC	C-1435	Arkansas Electric Cooperative Corporation	U.S.	10,797,079	10,797,079	-	-	0.801%	0.801%	0.000%	0.000%	0.230%	0.230%	0.000%	0.000%	0.261%
2022	SERC	C-1557	City of Clarksdale, Mississippi	U.S.	144,091	144,091	-	-	0.011%	0.011%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1708	City of Abbeville	U.S.	129,260	129,260	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1558	Hope Water & Light (HWL)	U.S.	248,268	248,268	-	-	0.018%	0.018%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2022	SERC	C-1559	City of Minden	U.S.	137,958	137,958	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1249	Cleco Power LLC	U.S.	10,650,077	10,650,077	-	-	0.790%	0.790%	0.000%	0.000%	0.227%	0.227%	0.000%	0.000%	0.257%
2022	SERC	C-1648	Jonesboro City Water & Light	U.S.	1,507,500	1,507,500	-	-	0.112%	0.112%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.036%
2022	SERC	C-1471	Lafayette Utilities System	U.S.	2,081,850	2,081,850	-	-	0.154%	0.154%	0.000%	0.000%	0.044%	0.044%	0.000%	0.000%	0.050%
2022	SERC	C-1253	Louisiana Energy & Power Authority (LEPA)	U.S.	956,798	956,798	-	-	0.071%	0.071%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2022	SERC	C-1443	Missouri Joint Municipal Electric Utility Commission	U.S.	3,015,318	3,015,318	-	-	0.224%	0.224%	0.000%	0.000%	0.064%	0.064%	0.000%	0.000%	0.073%
2022	SERC	C-1639	OzMo Ozark Missouri, West Plains MO	U.S.	183,869	183,869	-	-	0.014%	0.014%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	SERC	C-1653	Poplar Bluff Municipal Utilities	U.S.	374,204	374,204	-	-	0.028%	0.028%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	SERC	C-1636	City of Prescott	U.S.	82,993	82,993	-	-	0.006%	0.006%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	SERC	C-1561	Public Service Commission of Yazoo City of Mississippi	U.S.	120,000	120,000	-	-	0.009%	0.009%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1654	Sikeston Board of Municipal Utilities	U.S.	380,239	380,239	-	-	0.028%	0.028%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	SERC	C-1074	Alachua, City of	U.S.	147,486	147,486	-	-	0.011%	0.011%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	SERC	C-1075	Bartow, City of	U.S.	304,659	304,659	-	-	0.023%	0.023%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2022	SERC	C-1076	Chattahoochee, City of	U.S.	36,330	36,330	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1078	Florida Power & Light Co.	U.S.	141,400,103	141,400,103	-	-	10.484%	10.484%	0.000%	0.000%	3.017%	3.017%	0.000%	0.000%	3.416%
2022	SERC	C-1079	Florida Public Utilities Company	U.S.	375,209	375,209	-	-	0.028%	0.028%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	SERC	C-1080	Gainesville Regional Utilities	U.S.	1,894,824	1,894,824	-	-	0.140%	0.140%	0.000%	0.000%	0.040%	0.040%	0.000%	0.000%	0.046%
2022	SERC	C-1081	Homestead, City of	U.S.	634,000	634,000	-	-	0.047%	0.047%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2022	SERC	C-1082	JE A	U.S.	12,929,925	12,929,925	-	-	0.959%	0.959%	0.000%	0.000%	0.276%	0.276%	0.000%	0.000%	0.312%
2022	SERC	C-1083	Lakeland Electric	U.S.	3,405,633	3,405,633	-	-	0.253%	0.253%	0.000%	0.000%	0.073%	0.073%	0.000%	0.000%	0.082%
2022	SERC	C-1626	Lee County Electric Cooperative, Inc	U.S.	4,575,334	4,575,334	-	-	0.339%	0.339%	0.000%	0.000%	0.098%	0.098%	0.000%	0.000%	0.111%
2022	SERC	C-1661	City of Lake Worth	U.S.	491,263	491,263	-	-	0.036%	0.036%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2022	SERC	C-1084	Mount Dora, City of	U.S.	101,849	101,849	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	SERC	C-1085	New Smyrna Beach, Utilities Commission of	U.S.	484,849	484,849	-	-	0.036%	0.036%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2022	SERC	C-1086	Orlando Utilities Commission	U.S.	7,849,852	7,849,852	-	-	0.582%	0.582%	0.000%	0.000%	0.167%	0.167%	0.000%	0.000%	0.190%
2022	SERC	C-1087	Duke Energy Florida	U.S.	42,450,198	42,450,198	-	-	3.147%	3.147%	0.000%	0.000%	0.906%	0.906%	0.000%	0.000%	1.026%
2022	SERC	C-1088	Quincy, City of	U.S.	134,628	134,628	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	SERC	C-1089	Reedy Creek Improvement District	U.S.	1,223,597	1,223,597	-	-	0.091%	0.091%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2022	SERC	C-1090	St. Cloud, City of (OUC)	U.S.	-	-	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	SERC	C-1091	Tallahassee, City of	U.S.	2,766,101	2,766,101	-	-	0.205%	0.205%	0.000%	0.000%	0.059%	0.059%	0.000%	0.000%	0.067%
2022	SERC	C-1092	Tampa Electric Company	U.S.	21,572,121	21,572,121	-	-	1.599%	1.599%	0.000%	0.000%	0.460%	0.460%	0.000%	0.000%	0.521%
2022	SERC	C-1093	Wauchula, City of	U.S.	63,517	63,517	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2022	SERC	C-1094	Williston, City of	U.S.	37,990	37,990	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	SERC	C-1095	Winter Park, City of	U.S.	428,235	428,235	-	-	0.032%	0.032%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	SERC	C-1072	Florida Municipal Power Agency	U.S.	7,096,589	7,096,589	-	-	0.526%	0.526%	0.000%	0.000%	0.151%	0.151%	0.000%	0.000%	0.171%
2022	SERC	C-1073	Seminole Electric Cooperative	U.S.	16,330,436	16,330,436	-	-	1.211%	1.211%	0.000%	0.000%	0.348%	0.348%	0.000%	0.000%	0.395%
TOTAL SERC					1,348,729,586	1,348,729,586	-	-	100.000%	100.000%	0.000%	0.000%	28.777%	28.777%	0.000%	0.000%	32.586%
2022	Texas RE	C-1019	ERCOT	U.S.	427,787,483	427,787,483	-	-	100.000%	100.000%	0.000%	0.000%	9.127%	9.127%	0.000%	0.000%	10.336%
TOTAL ERCOT					427,787,483	427,787,483	-	-	100.000%	100.000%	0.000%	0.000%	9.127%	9.127%	0.000%	0.000%	10.336%
2022	WECC		Alberta Electric System Operator	Canada	61,478,682	-	61,478,682	-	6.960%	0.000%	6.960%	0.000%	1.312%	0.000%	1.312%	0.000%	0.000%
2022	WECC		British Columbia Hydro & Power Authority	Canada	65,467,510	-	65,467,510	-	7.411%	0.000%	7.411%	0.000%	1.397%	0.000%	1.397%	0.000%	0.000%
2022	WECC		Centro Nacional de Control de Energia	Mexico	16,228,198	-	-	16,228,198	1.837%	0.000%	0.000%	1.837%	0.346%	0.000%	0.000%	0.346%	0.000%
2022	WECC		Agua Irrigation District - APS	U.S.	39,340	39,340	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Aha Macav Power Service	U.S.	20,272	20,272	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Ajo Improvement District	U.S.	11,555	11,555	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Air Liquide Hydrogen Energy U.S., LLC	U.S.	46,303	46,303	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Arizona Electric Power Cooperative, Inc	U.S.	3,975,761	3,975,761	-	-	0.450%	0.450%	0.000%	0.000%	0.085%	0.085%	0.000%	0.000%	0.096%
2022	WECC		Arizona Public Service Company	U.S.	30,896,656	30,896,656	-	-	3.498%	3.498%	0.000%	0.000%	0.659%	0.659%	0.000%	0.000%	0.746%
2022	WECC		Arkansas River Power Authority (ARPA)	U.S.	248,825	248,825	-	-	0.028%	0.028%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2022	WECC		Avangrid Renewables	U.S.	116,573	116,573	-	-	0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2022	WECC		Avista Corporation	U.S.	9,972,032	9,972,032	-	-	1.129%	1.129%	0.000%	0.000%	0.213%	0.213%	0.000%	0.000%	0.241%
2022	WECC		Barrick Goldstrike Mines Inc.	U.S.	1,433,311	1,433,311	-	-	0.162%	0.162%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2022	WECC		Basin Electric Power Cooperative - NorthWestern	U.S.	873,732	873,732	-	-	0.099%	0.099%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2022	WECC		Basin Electric Power Cooperative - WACM	U.S.	2,395,244	2,395,244	-	-	0.271%	0.271%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2022	WECC		Basin Electric Power Cooperative - WAUW	U.S.	160,617	160,617	-	-	0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2022	WECC		Beartooth Electric Cooperative	U.S.	88,192	88,192	-	-	0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		Big Horn County Electric Cooperative	U.S.	72,483	72,483	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		Black Hills Energy Colorado Electric	U.S.	1,999,319	1,999,319	-	-	0.226%	0.226%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.048%
2022	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	4,615,768	4,615,768	-	-	0.523%	0.523%	0.000%	0.000%	0.098%	0.098%	0.000%	0.000%	0.112%
2022	WECC		Black Hills State University South Dakota	U.S.	17,244	17,244	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Bonneville Power Administration-Transmission	U.S.	58,341,843	58,341,843	-	-	6.605%	6.605%	0.000%	0.000%	1.245%	1.245%	0.000%	0.000%	1.410%
2022	WECC		Bonneville Power Administration-Power Services	U.S.	6,927,330	6,927,330	-	-	0.784%	0.784%	0.000%	0.000%	0.148%	0.148%	0.000%	0.000%	0.167%
2022	WECC		Bonneville Power Administration-Hydro	U.S.	201,500	201,500	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	19,023	19,023	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	17	17	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Bureau of Reclamation (Wellfield)	U.S.	14,660	14,660	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Burlington	U.S.	32,828	32,828	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Caesars Entertainment LLC/North	U.S.	38,377	38,377	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Caesars Entertainment LLC/South	U.S.	493,967	493,967	-	-	0.056%	0.056%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2022	WECC		California Independent System Operator	U.S.	214,927,430	214,927,430	-	-	24.331%	24.331%	0.000%	0.000%	4.586%	4.586%	0.000%	0.000%	5.193%
2022	WECC		Calpine Energy Solutions, LLC. (Noble Americas)	U.S.	1,705,506	1,705,506	-	-	0.193%	0.193%	0.000%	0.000%	0.036%	0.036%	0.000%	0.000%	0.041%
2022	WECC		Central Arizona Water Conservation District - WALC	U.S.	1,241,940	1,241,940	-	-	0.141%	0.141%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.030%
2022	WECC		Circus Circus Las Vegas	U.S.	51,875	51,875	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		City of Aztec Electric Dept. - WACM	U.S.	38,162	38,162	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		City of Fallon	U.S.	94,256	94,256	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		City of Farmington	U.S.	968,606	968,606	-	-	0.110%	0.110%	0.000%	0.000%	0.021%	0.021%	0.000%	0.000%	0.023%
2022	WECC		City of Gallup	U.S.	193,124	193,124	-	-	0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	WECC		City of Henderson	U.S.	43,087	43,087	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	WECC		City of Las Vegas	U.S.	43,113	43,113	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		City of Mesa	U.S.	263,214	263,214	-	-	0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2022	WECC		City of North Las Vegas	U.S.	20,327	20,327	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		City of Page	U.S.	96,947	96,947	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		City of Redding	U.S.	769,317	769,317	-	-	0.087%	0.087%	0.000%	0.000%	0.016%	0.016%	0.000%	0.000%	0.019%
2022	WECC		City of Roseville	U.S.	1,207,800	1,207,800	-	-	0.137%	0.137%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
2022	WECC		City of Tacoma DBA Tacoma Power	U.S.	4,934,217	4,934,217	-	-	0.559%	0.559%	0.000%	0.000%	0.105%	0.105%	0.000%	0.000%	0.119%
2022	WECC		City of Williams	U.S.	52,660	52,660	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Clark County Water Reclamation District	U.S.	85,332	85,332	-	-	0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		Colorado River Agency-Bureau of Indian Affairs	U.S.	21,179	21,179	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2022	WECC		Colorado River Commission of Nevada	U.S.	161,010	161,010	-	-	0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2022	WECC		Colorado Springs Utilities	U.S.	3,082,298	3,082,298	-	-	0.349%	0.349%	0.000%	0.000%	0.066%	0.066%	0.000%	0.000%	0.074%
2022	WECC		Colorado Springs Utilities - WACM	U.S.	2,107,655	2,107,655	-	-	0.239%	0.239%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.051%
2022	WECC		Constellation New Energy	U.S.	361,852	361,852	-	-	0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	WECC		Intermountain Rural Electric Association (CORE)	U.S.	2,379,005	2,379,005	-	-	0.269%	0.269%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.057%
2022	WECC		Delta-Montrose Electric Association	U.S.	616,779	616,779	-	-	0.070%	0.070%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2022	WECC		Deseret Generation & Transmission Cooperative - WACM	U.S.	93,149	93,149	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		Douglas Palisades / PUD No. 1 of DC	U.S.	20,894	20,894	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2022	WECC		El Paso Electric Company	U.S.	8,894,319	8,894,319	-	-	1.007%	1.007%	0.000%	0.000%	0.190%	0.190%	0.000%	0.000%	0.215%
2022	WECC		Electrical District #2	U.S.	219,178	219,178	-	-	0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2022	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	8,186	8,186	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	112	112	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	41,546	41,546	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	426,518	426,518	-	-	0.048%	0.048%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	WECC		Francis E. Warren Air Force Base	U.S.	22,085	22,085	-	-	0.003%	0.003%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.001%
2022	WECC		Georgia-Pacific Gypsum, LLC	U.S.	23,933	23,933	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Grand Valley Power	U.S.	264,324	264,324	-	-	0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2022	WECC		Harquahala Valley Power Districts - APS	U.S.	109,210	109,210	-	-	0.012%	0.012%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2022	WECC		Holy Cross Energy	U.S.	709,769	709,769	-	-	0.080%	0.080%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2022	WECC		Idaho Power Company	U.S.	17,091,478	17,091,478	-	-	1.935%	1.935%	0.000%	0.000%	0.365%	0.365%	0.000%	0.000%	0.413%
2022	WECC		Imperial Irrigation District	U.S.	3,895,032	3,895,032	-	-	0.441%	0.441%	0.000%	0.000%	0.083%	0.083%	0.000%	0.000%	0.094%
2022	WECC		Jicarilla Apache Nation Power Authority	U.S.	25,228	25,228	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	294,413	294,413	-	-	0.033%	0.033%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	WECC		Kit Carson Electric Inc	U.S.	273,835	273,835	-	-	0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	WECC		Las Vegas Valley Water District	U.S.	117,107	117,107	-	-	0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2022	WECC		Los Angeles Department of Water and Power	U.S.	26,755,783	26,755,783	-	-	3.029%	3.029%	0.000%	0.000%	0.571%	0.571%	0.000%	0.000%	0.646%
2022	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	U.S.	50,251	50,251	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		McMullen Valley Water Conservation & Drainage District - APS	U.S.	155,294	155,294	-	-	0.018%	0.018%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2022	WECC		Merced Irrigation District	U.S.	543,496	543,496	-	-	0.062%	0.062%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2022	WECC		MGM Resorts Design and Development	U.S.	801,889	801,889	-	-	0.091%	0.091%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2022	WECC		Modesto Irrigation District	U.S.	2,705,346	2,705,346	-	-	0.306%	0.306%	0.000%	0.000%	0.058%	0.058%	0.000%	0.000%	0.065%
2022	WECC		Montana-Dakota Utilities Co.	U.S.	19,355	19,355	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Mt. Wheeler Power	U.S.	605,945	605,945	-	-	0.069%	0.069%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2022	WECC		Municipal Energy Agency of Nebraska - PSCO	U.S.	205,005	205,005	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	WECC		Municipal Energy Agency of Nebraska - WACM	U.S.	680,151	680,151	-	-	0.077%	0.077%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.016%
2022	WECC		Navajo Tribal Utility Authority - APS	U.S.	25,517	25,517	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Navajo Tribal Utility Authority - PNM	U.S.	226,057	226,057	-	-	0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2022	WECC		Navajo Tribal Utility Authority - WACM	U.S.	387,913	387,913	-	-	0.044%	0.044%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2022	WECC		Nebraska Public Power Marketing	U.S.	3,953	3,953	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Needles Public Utilities Authority	U.S.	59,430	59,430	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Nevada Gold Mines (Newmont)	U.S.	957,633	957,633	-	-	0.108%	0.108%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.023%
2022	WECC		Nevada Power Company dba NV Energy	U.S.	31,731,139	31,731,139	-	-	3.592%	3.592%	0.000%	0.000%	0.677%	0.677%	0.000%	0.000%	0.767%
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	10,128,073	10,128,073	-	-	1.147%	1.147%	0.000%	0.000%	0.216%	0.216%	0.000%	0.000%	0.245%
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC - WAUW	U.S.	299,548	299,548	-	-	0.034%	0.034%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2022	WECC		Okanogan PUD	U.S.	678,878	678,878	-	-	0.077%	0.077%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2022	WECC		Overton Power District No. 5	U.S.	430,740	430,740	-	-	0.049%	0.049%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	WECC		PacifiCorp East	U.S.	52,679,671	52,679,671	-	-	5.964%	5.964%	0.000%	0.000%	1.124%	1.124%	0.000%	0.000%	1.273%
2022	WECC		PacifiCorp - IPC	U.S.	2,178	2,178	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		PacifiCorp - Portland General	U.S.	3,557	3,557	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		PacifiCorp - WACM	U.S.	101,377	101,377	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		PacifiCorp West	U.S.	21,617,556	21,617,556	-	-	2.447%	2.447%	0.000%	0.000%	0.461%	0.461%	0.000%	0.000%	0.522%
2022	WECC		Pend Oreille County PUD No. 1	U.S.	512,208	512,208	-	-	0.058%	0.058%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2022	WECC		Peppermill Hotel Casino	U.S.	52,366	52,366	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Platte River Power Authority	U.S.	3,282,224	3,282,224	-	-	0.372%	0.372%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.079%
2022	WECC		Portland General Electric Company	U.S.	19,429,021	19,429,021	-	-	2.200%	2.200%	0.000%	0.000%	0.415%	0.415%	0.000%	0.000%	0.469%
2022	WECC		Public Service Company of Colorado (Xcel)	U.S.	32,428,354	32,428,354	-	-	3.671%	3.671%	0.000%	0.000%	0.692%	0.692%	0.000%	0.000%	0.783%
2022	WECC		Public Service Company of Colorado (Xcel) - WACM	U.S.	65,091	65,091	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2022	WECC		Public Service Company of New Mexico	U.S.	10,155,541	10,155,541	-	-	1.150%	1.150%	0.000%	0.000%	0.217%	0.217%	0.000%	0.000%	0.245%

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2022	WECC		Public Utility District No. 1 of Chelan County	U.S.	1,999,574	1,999,574	-	-	0.226%	0.226%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.048%
2022	WECC		PUD No. 1 of Douglas County	U.S.	1,332,398	1,332,398	-	-	0.151%	0.151%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.032%
2022	WECC		PUD No. 2 of Grant County	U.S.	5,896,945	5,896,945	-	-	0.668%	0.668%	0.000%	0.000%	0.126%	0.126%	0.000%	0.000%	0.142%
2022	WECC		PUD No. 2 of Grant County - Avista	U.S.	97,884	97,884	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2022	WECC		Puget Sound Energy, Inc.	U.S.	24,889,656	24,889,656	-	-	2.818%	2.818%	0.000%	0.000%	0.531%	0.531%	0.000%	0.000%	0.601%
2022	WECC		Raton Public Service	U.S.	47,510	47,510	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Reno City Center	U.S.	8,885	8,885	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Roosevelt Irrigation District - APS	U.S.	43,769	43,769	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Sacramento Municipal Utility District	U.S.	11,344,416	11,344,416	-	-	1.284%	1.284%	0.000%	0.000%	0.242%	0.242%	0.000%	0.000%	0.274%
2022	WECC		Sahara Las Vegas	U.S.	29,130	29,130	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Salt River Project	U.S.	32,951,005	32,951,005	-	-	3.730%	3.730%	0.000%	0.000%	0.703%	0.703%	0.000%	0.000%	0.796%
2022	WECC		Seattle City Light	U.S.	9,805,815	9,805,815	-	-	1.110%	1.110%	0.000%	0.000%	0.209%	0.209%	0.000%	0.000%	0.237%
2022	WECC		Shell Energy North America	U.S.	205,443	205,443	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2022	WECC		Silver State Energy Association	U.S.	632,321	632,321	-	-	0.072%	0.072%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2022	WECC		Southern Nevada Water Authority	U.S.	129,956	129,956	-	-	0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2022	WECC		Switch-North	U.S.	265,509	265,509	-	-	0.030%	0.030%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2022	WECC		Switch-South	U.S.	707,943	707,943	-	-	0.080%	0.080%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2022	WECC		The Incorporated County of Los Alamos	U.S.	590,414	590,414	-	-	0.067%	0.067%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.014%
2022	WECC		Tohono O'Odham Utility Authority	U.S.	63,953	63,953	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2022	WECC		Tonopah Irrigation District - APS	U.S.	37,971	37,971	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2022	WECC		Town of Fredonia - WALC	U.S.	2,152	2,152	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - PSCO	U.S.	2,390,226	2,390,226	-	-	0.271%	0.271%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - WACM	U.S.	9,973,376	9,973,376	-	-	1.129%	1.129%	0.000%	0.000%	0.213%	0.213%	0.000%	0.000%	0.241%
2022	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	U.S.	2,568,925	2,568,925	-	-	0.291%	0.291%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.062%
2022	WECC		Truckee Donner Public Utility District	U.S.	173,824	173,824	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	WECC		Tucson Electric Power Company	U.S.	14,911,499	14,911,499	-	-	1.688%	1.688%	0.000%	0.000%	0.318%	0.318%	0.000%	0.000%	0.360%
2022	WECC		Turlock Irrigation District	U.S.	2,387,283	2,387,283	-	-	0.270%	0.270%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2022	WECC		U. S. Army Yuma Proving Ground	U.S.	15,845	15,845	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		US Dept of Energy - Kirtland AFB	U.S.	461,897	461,897	-	-	0.052%	0.052%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.011%
2022	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	4,942	4,942	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Western Area Power - Loveland, CO - PSCO	U.S.	68,072	68,072	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2022	WECC		Western Area Power - Loveland, CO - WACM	U.S.	1,391,278	1,391,278	-	-	0.158%	0.158%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2022	WECC		Western Area Power Administration - CRSP	U.S.	1,124,746	1,124,746	-	-	0.127%	0.127%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2022	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	1,442,321	1,442,321	-	-	0.163%	0.163%	0.000%	0.000%	0.031%	0.031%	0.000%	0.000%	0.035%
2022	WECC		Western Area Power Administration-Desert Southwest Region - WALC	U.S.	2,184,396	2,184,396	-	-	0.247%	0.247%	0.000%	0.000%	0.047%	0.047%	0.000%	0.000%	0.053%
2022	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	400,882	400,882	-	-	0.045%	0.045%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2022	WECC		Western Area Power Administration-Upper Great Plains Region - NorthWestern	U.S.	8,706	8,706	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2022	WECC		Wynn Las Vegas	U.S.	176,806	176,806	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2022	WECC		Yampa Valley Electric Association	U.S.	559,113	559,113	-	-	0.063%	0.063%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
TOTAL WECC					883,331,495	740,157,105	126,946,192	16,228,198	100.000%	83.792%	14.371%	1.837%	18.847%	15.792%	2.709%	0.346%	17.882%
TOTAL ERO					4,686,829,725	4,139,006,535	531,594,992	16,228,198	600.000%	517.338%	80.825%	1.837%	100.000%	88.311%	11.342%	0.346%	100.000%

Current Year NEL Summary by Regional Entity					Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL									
2022	MRO				514,164,004	463,368,204	50,795,800	-	100.000%	90.121%	9.879%	0.000%	10.970%	9.887%	1.084%	0.000%	11.195%
2022	NPCC				625,462,000	271,609,000	353,853,000	-	100.000%	43.425%	56.575%	0.000%	13.345%	5.795%	7.550%	0.000%	6.562%
2022	RF				887,355,157	887,355,157	-	-	100.000%	100.000%	0.000%	0.000%	18.933%	18.933%	0.000%	0.000%	21.439%
2022	SERC				1,348,729,586	1,348,729,586	-	-	100.000%	100.000%	0.000%	0.000%	28.777%	28.777%	0.000%	0.000%	32.586%
2022	Texas RE				427,787,483	427,787,483	-	-	100.000%	100.000%	0.000%	0.000%	9.127%	9.127%	0.000%	0.000%	10.336%
2022	WECC				883,331,495	740,157,105	126,946,192	16,228,198	100.000%	83.792%	14.371%	1.837%	18.847%	15.792%	2.709%	0.346%	17.882%
Total					4,686,829,725	4,139,006,535	531,594,992	16,228,198	600.000%	517.338%	80.825%	1.837%	100.000%	88.311%	11.342%	0.346%	100.000%

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	MRO	C-1217	Manitoba Hydro	1,709,952	-	1,709,952	-	541,626	-	541,626	-	1,168,326	-	1,168,326	-
2022	MRO	C-1235	SaskPower	1,717,238	-	1,717,238	-	543,934	-	543,934	-	1,173,304	-	1,173,304	-
2022	MRO	C-1707	AEP-VEMCO	49,705	49,705	-	-	15,645	15,645	-	-	34,060	34,060	-	-
2022	MRO	C-1195	Alliant Energy (ALTE- WPL & ALTW IPL)	1,943,172	1,943,172	-	-	611,628	611,628	-	-	1,331,544	1,331,544	-	-
2022	MRO	C-1246	American Electric Power Service Corporation	2,550,520	2,550,520	-	-	802,796	802,796	-	-	1,747,724	1,747,724	-	-
2022	MRO	C-1196	Ames Municipal Electric System	53,132	53,132	-	-	16,724	16,724	-	-	36,408	36,408	-	-
2022	MRO	C-1986	Arkansas Electric Cooperative Corporation (AECC)	321,761	321,761	-	-	101,277	101,277	-	-	220,484	220,484	-	-
2022	MRO	C-1604	Atlantic Municipal Utilities (AMU)	10,581	10,581	-	-	3,330	3,330	-	-	7,251	7,251	-	-
2022	MRO	C-1199	Basin Electric Power Cooperative (BEPCC)	1,680,291	1,680,291	-	-	528,884	528,884	-	-	1,151,407	1,151,407	-	-
2022	MRO	C-1247	Board of Public Utilities (Kansas City, KS) (BPU)	164,583	164,583	-	-	51,804	51,804	-	-	112,779	112,779	-	-
2022	MRO	C-1620	Board of Public Utilities City of McPherson, KS (MCPHER)	73,595	73,595	-	-	23,165	23,165	-	-	50,430	50,430	-	-
2022	MRO	C-1647	Carthage Water and Light	19,668	19,668	-	-	6,191	6,191	-	-	13,477	13,477	-	-
2022	MRO	C-1200	Cedar Falls Utilities (CFU)	37,071	37,071	-	-	11,668	11,668	-	-	25,403	25,403	-	-
2022	MRO	C-1201	Central Iowa Power Cooperative (CIPCO)	206,623	206,623	-	-	65,036	65,036	-	-	141,587	141,587	-	-
2022	MRO	C-1477	Central Minnesota Municipal Power Agency (CMMPA)	31,349	31,349	-	-	9,867	9,867	-	-	21,482	21,482	-	-
2022	MRO	C-1469	Central Valley Electric Cooperative (CVEC)	60,883	60,883	-	-	19,164	19,164	-	-	41,720	41,720	-	-
2022	MRO	C-2056	City of Beatrice	11,887	11,887	-	-	3,741	3,741	-	-	8,145	8,145	-	-
2022	MRO	C-1556	City of Bentonville (BENVILL)	49,568	49,568	-	-	15,602	15,602	-	-	33,966	33,966	-	-
2022	MRO	C-1713	City of Bloomer (Bloomer Electric & Water Co.)	4,444	4,444	-	-	1,399	1,399	-	-	3,045	3,045	-	-
2022	MRO	C-1703	City of Chanute (CHANUTEKS)	36,774	36,774	-	-	11,575	11,575	-	-	25,199	25,199	-	-
2022	MRO	C-1203	City of Escanaba (EME)	9,200	9,200	-	-	2,896	2,896	-	-	6,304	6,304	-	-
2022	MRO	C-1719	City of Kasota	252	252	-	-	79	79	-	-	172	172	-	-
2022	MRO	C-2032	City of Lubbock (Lubbock Power and Light)	177,281	177,281	-	-	55,801	55,801	-	-	121,481	121,481	-	-
2022	MRO	C-1709	City of Nixa	11,554	11,554	-	-	3,637	3,637	-	-	7,917	7,917	-	-
2022	MRO	C-2057	City of South Sioux City, NE	13,548	13,548	-	-	4,264	4,264	-	-	9,284	9,284	-	-
2022	MRO	C-1722	City of Spooner	2,130	2,130	-	-	670	670	-	-	1,460	1,460	-	-
2022	MRO	C-2052	City of Superior NE	2,679	2,679	-	-	843	843	-	-	1,836	1,836	-	-
2022	MRO	C-2053	City of Wakefield, NE	3,088	3,088	-	-	972	972	-	-	2,116	2,116	-	-
2022	MRO	C-2054	City of Wayne, NE	4,707	4,707	-	-	1,481	1,481	-	-	3,225	3,225	-	-
2022	MRO	C-1436	City Utilities of Springfield, MO (SPRM)	223,909	223,909	-	-	70,477	70,477	-	-	153,432	153,432	-	-
2022	MRO	C-1204	Corn Belt Power Cooperative (CBPC)	137,228	137,228	-	-	43,194	43,194	-	-	94,034	94,034	-	-
2022	MRO	C-1710	Dahlberg Electric Company	8,208	8,208	-	-	2,583	2,583	-	-	5,624	5,624	-	-
2022	MRO	C-1207	Dairyland Power Cooperative (DPC)	402,011	402,011	-	-	126,536	126,536	-	-	275,475	275,475	-	-
2022	MRO	C-1437	East Texas Electric Cooperative, Inc. (ETEC)	75,238	75,238	-	-	23,682	23,682	-	-	51,556	51,556	-	-
2022	MRO	C-1716	Eldridge Electric and Water Utilities	2,794	2,794	-	-	880	880	-	-	1,915	1,915	-	-
2022	MRO	C-1250	Empire District Electric Co.	354,913	354,913	-	-	111,712	111,712	-	-	243,202	243,202	-	-
2022	MRO	C-1205	Falls City Water & Light Department	2,891	2,891	-	-	910	910	-	-	1,981	1,981	-	-
2022	MRO	C-1470	Farmers Electric Cooperative, Inc. of New Mexico (FARMCOOPNM)	23,326	23,326	-	-	7,342	7,342	-	-	15,984	15,984	-	-
2022	MRO	C-1206	Fremont Department of Utilities (City of)	33,503	33,503	-	-	10,545	10,545	-	-	22,957	22,957	-	-
2022	MRO	C-1208	Geneseo Municipal Utilities	4,635	4,635	-	-	1,459	1,459	-	-	3,176	3,176	-	-
2022	MRO	C-1438	Golden Spread Electric Cooperative, Inc (GSEC)	443,639	443,639	-	-	139,639	139,639	-	-	304,000	304,000	-	-
2022	MRO	C-1209	Grand Island Utilities Department	51,438	51,438	-	-	16,191	16,191	-	-	35,248	35,248	-	-
2022	MRO	C-1251	Grand River Dam Authority (GRDA)	456,821	456,821	-	-	143,788	143,788	-	-	313,033	313,033	-	-
2022	MRO	C-1717	Great Lakes Utilities	101,700	101,700	-	-	32,011	32,011	-	-	69,689	69,689	-	-
2022	MRO	C-1210	Great River Energy (GRE)	912,779	912,779	-	-	287,304	287,304	-	-	625,475	625,475	-	-
2022	MRO	C-1606	Harlan Municipal Utilities	1,203	1,203	-	-	379	379	-	-	824	824	-	-
2022	MRO	C-1211	Hastings Utilities (HAST)	30,705	30,705	-	-	9,665	9,665	-	-	21,040	21,040	-	-
2022	MRO	C-1212	Heartland Consumers Power District (HCPD)	35,921	35,921	-	-	11,306	11,306	-	-	24,615	24,615	-	-
2022	MRO	C-1213	Hutchinson Utilities Commission (HUCH)	18,991	18,991	-	-	5,978	5,978	-	-	13,013	13,013	-	-
2022	MRO	C-1248	Independence Power & Light (Independence, MO) (INDN)	71,064	71,064	-	-	22,368	22,368	-	-	48,696	48,696	-	-
2022	MRO	C-1252	Evergy Metro, Inc.	1,076,693	1,076,693	-	-	338,897	338,897	-	-	737,795	737,795	-	-
2022	MRO	C-1439	Kansas Electric Power Cooperative (KEPC)	144,597	144,597	-	-	45,513	45,513	-	-	99,084	99,084	-	-
2022	MRO	C-1440	Kansas Municipal Energy Agency (KMEA)	114,320	114,320	-	-	35,983	35,983	-	-	78,337	78,337	-	-
2022	MRO	C-1637	Kansas Power Pool (KPP)	57,516	57,516	-	-	18,104	18,104	-	-	39,413	39,413	-	-
2022	MRO	C-1598	Evergy Missouri West, Inc.	631,137	631,137	-	-	198,655	198,655	-	-	432,482	432,482	-	-
2022	MRO	C-2038	Kennett Board of Public Works	8,210	8,210	-	-	2,584	2,584	-	-	5,626	5,626	-	-
2022	MRO	C-1472	Lea County Electric Cooperative (LCEC)	80,052	80,052	-	-	25,197	25,197	-	-	54,855	54,855	-	-
2022	MRO	C-1215	Lincoln Electric System (LES)	220,894	220,894	-	-	69,528	69,528	-	-	151,366	151,366	-	-
2022	MRO	C-1216	Madison, Gas and Electric (MGE)	224,290	224,290	-	-	70,597	70,597	-	-	153,693	153,693	-	-
2022	MRO	C-2039	Malden Board of Public Works	3,512	3,512	-	-	1,105	1,105	-	-	2,406	2,406	-	-
2022	MRO	C-1220	MidAmerican Energy Company (MEC)	2,063,577	2,063,577	-	-	649,527	649,527	-	-	1,414,050	1,414,050	-	-
2022	MRO	C-1441	Midwest Energy, Inc (MIDW)	123,734	123,734	-	-	38,946	38,946	-	-	84,788	84,788	-	-
2022	MRO	C-1224	Minnesota Municipal Power Agency (MMPA) Avant Energy Inc is Agent	135,250	135,250	-	-	42,571	42,571	-	-	92,679	92,679	-	-
2022	MRO	C-1221	Minnesota Power (MP)	777,241	777,241	-	-	244,643	244,643	-	-	532,599	532,599	-	-
2022	MRO	C-1222	Minnkota Power Cooperative, Inc. (MPC)	276,573	276,573	-	-	87,054	87,054	-	-	189,520	189,520	-	-
2022	MRO	C-1987	Missouri Joint Municipal Electric Utility	31,105	31,105	-	-	9,791	9,791	-	-	21,315	21,315	-	-
2022	MRO	C-1223	Missouri River Energy Services	189,264	189,264	-	-	59,572	59,572	-	-	129,692	129,692	-	-
2022	MRO	C-1226	Montana-Dakota Utilities Co. (MDU)	221,596	221,596	-	-	69,749	69,749	-	-	151,847	151,847	-	-
2022	MRO	C-1607	Montezuma Municipal Light & Power	1,564	1,564	-	-	492	492	-	-	1,072	1,072	-	-
2022	MRO	C-2051	Moose Lake Water & Light Commission	2,308	2,308	-	-	727	727	-	-	1,582	1,582	-	-
2022	MRO	C-1227	Municipal Energy Agency of Nebraska (MEAN)	68,308	68,308	-	-	21,500	21,500	-	-	46,808	46,808	-	-
2022	MRO	C-1228	Muscataine Power and Water (MPW)	61,009	61,009	-	-	19,203	19,203	-	-	41,806	41,806	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	MRO	C-1229	Nebraska City Utilities	8,258	8,258	-	-	2,599	2,599	-	-	5,659	5,659	-	-
2022	MRO	C-1230	Nebraska Public Power District (NPPD)	967,494	967,494	-	-	304,526	304,526	-	-	662,968	662,968	-	-
2022	MRO	C-1711	North Central Power Company	2,781	2,781	-	-	875	875	-	-	1,906	1,906	-	-
2022	MRO	C-2055	Northeast Power	25,168	25,168	-	-	7,922	7,922	-	-	17,246	17,246	-	-
2022	MRO	C-1442	Northeast Texas Electric Cooperative, Inc. (NTEC)	236,802	236,802	-	-	74,535	74,535	-	-	162,267	162,267	-	-
2022	MRO	C-1231	NorthWestern Energy (NWE)	115,707	115,707	-	-	36,420	36,420	-	-	79,287	79,287	-	-
2022	MRO	C-1712	NorthWestern Wisconsin Electric Company	13,196	13,196	-	-	4,154	4,154	-	-	9,043	9,043	-	-
2022	MRO	C-1255	Oklahoma Gas and Electric Co. (OKGE)	2,183,625	2,183,625	-	-	687,312	687,312	-	-	1,496,312	1,496,312	-	-
2022	MRO	C-1444	Oklahoma Municipal Power Authority (OMPA)	204,936	204,936	-	-	64,505	64,505	-	-	140,431	140,431	-	-
2022	MRO	C-1232	Omaha Public Power District (OPPD)	851,718	851,718	-	-	268,085	268,085	-	-	583,633	583,633	-	-
2022	MRO	C-1233	Otter Tail Power Company (OTP)	393,207	393,207	-	-	123,765	123,765	-	-	269,442	269,442	-	-
2022	MRO	C-1651	Paragould Light, Water & Cable (PARAGOULD)	39,535	39,535	-	-	12,444	12,444	-	-	27,091	27,091	-	-
2022	MRO	C-1725	Peoples Electric Cooperative (PEC)	61,124	61,124	-	-	19,239	19,239	-	-	41,885	41,885	-	-
2022	MRO	C-2040	Piggott Municipal Light, Water & Sewer	2,449	2,449	-	-	771	771	-	-	1,678	1,678	-	-
2022	MRO	C-1720	Resale Power Group of Iowa	34,988	34,988	-	-	11,013	11,013	-	-	23,975	23,975	-	-
2022	MRO	C-1721	Rice Lake Utilities	10,610	10,610	-	-	3,339	3,339	-	-	7,270	7,270	-	-
2022	MRO	C-1234	Rochester Public Utilities (RPU)	107	107	-	-	34	34	-	-	73	73	-	-
2022	MRO	C-1473	Roosevelt County Electric Cooperative	12,027	12,027	-	-	3,786	3,786	-	-	8,241	8,241	-	-
2022	MRO	C-1236	Southern Minnesota Municipal Power Agency (SMMPA)	185,158	185,158	-	-	58,280	58,280	-	-	126,878	126,878	-	-
2022	MRO	C-1257	Southwestern Public Service Co. Xcel Energy (SPS)	1,667,813	1,667,813	-	-	524,957	524,957	-	-	1,142,856	1,142,856	-	-
2022	MRO	C-1256	Sunflower Electric Cooperative (SECI)	326,795	326,795	-	-	102,861	102,861	-	-	223,934	223,934	-	-
2022	MRO	C-1665	Upper Peninsula Power Co (UPPC)	51,745	51,745	-	-	16,287	16,287	-	-	35,458	35,458	-	-
2022	MRO	C-1714	Village of Cadott	840	840	-	-	265	265	-	-	576	576	-	-
2022	MRO	C-1260	Evergy Kansas Central, Inc.	1,676,792	1,676,792	-	-	527,783	527,783	-	-	1,149,009	1,149,009	-	-
2022	MRO	C-1239	Western Area Power Administration Rocky Mountain Region (LM) (WAPA-RMR)	2,999	2,999	-	-	944	944	-	-	2,055	2,055	-	-
2022	MRO	C-1240	Western Area Power Administration Upper Great Plains (UM) (WAPA)	606,491	606,491	-	-	190,898	190,898	-	-	415,593	415,593	-	-
2022	MRO	C-1259	Western Farmers Electric Cooperative (WFEC)	639,119	639,119	-	-	201,167	201,167	-	-	437,951	437,951	-	-
2022	MRO	C-1501	West Texas Municipal Power Agency (WTMPA)	8,537	8,537	-	-	2,687	2,687	-	-	5,850	5,850	-	-
2022	MRO	C-1242	Wisconsin Public Power, Inc. (East and West regions) (WPPI)	354,266	354,266	-	-	111,508	111,508	-	-	242,758	242,758	-	-
2022	MRO	C-1983	Wolverine Power Marketing Cooperative	5,088	5,088	-	-	1,602	1,602	-	-	3,487	3,487	-	-
2022	MRO	C-1244	Xcel Energy Company Northern States Power (NSP)	2,873,781	2,873,781	-	-	904,545	904,545	-	-	1,969,237	1,969,237	-	-
			TOTAL MRO	34,426,056	30,998,866	3,427,190	-	10,842,689	9,757,129	1,085,560	-	23,583,367	21,241,737	2,341,630	-
2022	NPCC	C-1336	New England	7,859,564	7,859,564	-	-	2,504,263	2,504,263	-	-	5,355,301	5,355,301	-	-
2022	NPCC	C-1339	New York	10,123,774	10,123,774	-	-	3,214,999	3,214,999	-	-	6,908,775	6,908,775	-	-
2022	NPCC	C-1337	Ontario	5,145,131	-	5,145,131	-	2,245,644	-	2,245,644	-	2,899,487	-	2,899,487	-
2022	NPCC		Quebec	7,923,001	-	7,923,001	-	3,289,166	-	3,289,166	-	4,633,835	-	4,633,835	-
2022	NPCC	C-1341	Hydro Quebec	-	-	-	-	-	-	-	-	-	-	-	-
2022	NPCC	C-1572	Regie	-	-	-	-	-	-	-	-	-	-	-	-
2022	NPCC	C-1705	New Brunswick	834,738	-	834,738	-	242,487	-	242,487	-	592,250	-	592,250	-
2022	NPCC	C-1340	Nova Scotia	586,547	-	586,547	-	242,134	-	242,134	-	344,413	-	344,413	-
			TOTAL NPCC	32,472,755	17,983,338	14,489,417	-	11,738,693	5,719,262	6,019,431	-	20,734,062	12,264,076	8,469,986	-
2022	RF	C-1102	Cannelton Utilities	700	700	-	-	286	286	-	-	413	413	-	-
2022	RF	C-1106	City of Crosswell	2,305	2,305	-	-	943	943	-	-	1,361	1,361	-	-
2022	RF	C-1490	City of Lansing	108,114	108,114	-	-	44,258	44,258	-	-	63,856	63,856	-	-
2022	RF	C-1120	Cloverland Electric Cooperative	40,833	40,833	-	-	16,716	16,716	-	-	24,118	24,118	-	-
2022	RF	C-1122	CMS ERM Michigan LLC	9,057	9,057	-	-	3,708	3,708	-	-	5,349	5,349	-	-
2022	RF	C-1124	Constellation New Energy (MECS-CONS)	108,193	108,193	-	-	44,290	44,290	-	-	63,903	63,903	-	-
2022	RF	C-1123	Constellation New Energy (MECS-DET)	119,873	119,873	-	-	49,071	49,071	-	-	70,802	70,802	-	-
2022	RF	C-1126	Consumers Energy Company	1,710,288	1,710,288	-	-	700,126	700,126	-	-	1,010,162	1,010,162	-	-
2022	RF	C-1128	DTE Electric Company	2,501,257	2,501,257	-	-	1,023,918	1,023,918	-	-	1,477,339	1,477,339	-	-
2022	RF	C-1166	Duke Energy Indiana	1,459,228	1,459,228	-	-	597,352	597,352	-	-	861,876	861,876	-	-
2022	RF	C-1135	Ferdinand Municipal Light & Water	2,421	2,421	-	-	991	991	-	-	1,430	1,430	-	-
2022	RF	C-1646	Energy Harbor LLC (MECS-CONS)	25,520	25,520	-	-	10,447	10,447	-	-	15,073	15,073	-	-
2022	RF	C-1549	Energy Harbor LLC (MECS-DET)	6,253	6,253	-	-	2,560	2,560	-	-	3,693	3,693	-	-
2022	RF	C-1145	Hoosier Energy	412,531	412,531	-	-	168,874	168,874	-	-	243,657	243,657	-	-
2022	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	154,797	154,797	-	-	63,368	63,368	-	-	91,429	91,429	-	-
2022	RF	C-1485	Indiana Municipal Power Agency (NIPSCO)	20,232	20,232	-	-	8,282	8,282	-	-	11,950	11,950	-	-
2022	RF	C-1486	Indiana Municipal Power Agency (SIGE)	29,310	29,310	-	-	11,998	11,998	-	-	17,311	17,311	-	-
2022	RF	C-1149	Indianapolis Power & Light Co.	696,893	696,893	-	-	285,281	285,281	-	-	411,612	411,612	-	-
2022	RF	C-2050	Logansport Municipal Utility (LMU)	20,877	20,877	-	-	8,546	8,546	-	-	12,331	12,331	-	-
2022	RF	C-1666	Constellation New Energy (MIUP)	16,567	16,567	-	-	6,782	6,782	-	-	9,785	9,785	-	-
2022	RF	C-1614	Just Energy	209	209	-	-	86	86	-	-	124	124	-	-
2022	RF	C-1154	Michigan Public Power Agency	193,347	193,347	-	-	79,149	79,149	-	-	114,198	114,198	-	-
2022	RF	C-1155	Michigan South Central Power Agency	38,882	38,882	-	-	15,917	15,917	-	-	22,965	22,965	-	-
2022	RF	C-1163	Northern Indiana Public Service Co.	813,093	813,093	-	-	332,849	332,849	-	-	480,244	480,244	-	-
2022	RF	C-1164	Ontonagon County Rural Electrification Assoc.	1,525	1,525	-	-	624	624	-	-	901	901	-	-
2022	RF	C-1265	PJM Interconnection, LLC	34,335,576	34,335,576	-	-	14,055,661	14,055,661	-	-	20,279,915	20,279,915	-	-
2022	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	17,952	17,952	-	-	7,349	7,349	-	-	10,603	10,603	-	-
2022	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	31,814	31,814	-	-	13,023	13,023	-	-	18,790	18,790	-	-
2022	RF	C-1176	Direct Energy	623	623	-	-	255	255	-	-	368	368	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	RF	C-1174	Direct Energy	45,987	45,987	-	-	18,825	18,825	-	-	27,161	27,161	-	-
2022	RF	C-1581	Spartan Renewable Energy	7,416	7,416	-	-	3,036	3,036	-	-	4,380	4,380	-	-
2022	RF	C-1985	Spartan Renewable Energy (MI UP)	3,847	3,847	-	-	1,575	1,575	-	-	2,272	2,272	-	-
2022	RF	C-1180	Thumb Electric Cooperative	10,421	10,421	-	-	4,266	4,266	-	-	6,155	6,155	-	-
2022	RF	C-2074	Union City Michigan	833	833	-	-	341	341	-	-	492	492	-	-
2022	RF	C-2027	Upper Michigan Energy Resources	92,006	92,006	-	-	37,664	37,664	-	-	54,342	54,342	-	-
2022	RF	C-1181	Vectren, a CenterPoint Energy Company	250,266	250,266	-	-	102,449	102,449	-	-	147,817	147,817	-	-
2022	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	166,672	166,672	-	-	68,229	68,229	-	-	98,443	98,443	-	-
2022	RF	C-1488	Wabash Valley Power Alliance (NIPSCO)	93,795	93,795	-	-	38,396	38,396	-	-	55,399	55,399	-	-
2022	RF	C-1185	Wisconsin Electric Power Co.	1,253,252	1,253,252	-	-	513,033	513,033	-	-	740,219	740,219	-	-
2022	RF	C-2041	Wisconsin Public Service Co.	609,264	609,264	-	-	249,409	249,409	-	-	359,855	359,855	-	-
2022	RF	C-1189	Wolverine Power Marketing Cooperative	36,175	36,175	-	-	14,809	14,809	-	-	21,366	21,366	-	-
2022	RF	C-1191	Wolverine Power Supply Cooperative	152,969	152,969	-	-	62,620	62,620	-	-	90,349	90,349	-	-
2022	RF	C-1190	Wolverine Power Marketing Cooperative (MECS-DET)	43,111	43,111	-	-	17,648	17,648	-	-	25,463	25,463	-	-
TOTAL RELIABILITYFIRST				45,644,281	45,644,281	-	-	18,685,009	18,685,009	-	-	26,959,272	26,959,272	-	-
2022	SERC	C-1267	Alabama Municipal Electric Authority	148,670	148,670	-	-	73,896	73,896	-	-	74,774	74,774	-	-
2022	SERC	C-1268	Alabama Power Company	2,349,372	2,349,372	-	-	1,167,747	1,167,747	-	-	1,181,625	1,181,625	-	-
2022	SERC	C-1269	Ameren - Illinois	1,724,062	1,724,062	-	-	856,939	856,939	-	-	867,123	867,123	-	-
2022	SERC	C-1271	Ameren - Missouri	1,552,778	1,552,778	-	-	771,802	771,802	-	-	780,975	780,975	-	-
2022	SERC	C-1273	Associated Electric Cooperative Inc.	1,048,351	1,048,351	-	-	521,079	521,079	-	-	527,272	527,272	-	-
2022	SERC	C-1582	Beauregard Electric Cooperative, Inc.	66,984	66,984	-	-	33,294	33,294	-	-	33,690	33,690	-	-
2022	SERC	C-1462	Benton Utility District	12,699	12,699	-	-	6,312	6,312	-	-	6,387	6,387	-	-
2022	SERC	C-1274	Big Rivers Electric Corporation	155,779	155,779	-	-	77,430	77,430	-	-	78,350	78,350	-	-
2022	SERC	C-1275	Black Warrior EMC	17,250	17,250	-	-	8,574	8,574	-	-	8,676	8,676	-	-
2022	SERC	C-1276	Blue Ridge EMC	51,987	51,987	-	-	25,840	25,840	-	-	26,147	26,147	-	-
2022	SERC	C-1628	Brazos Electric Power Cooperative, Inc.	27,503	27,503	-	-	13,670	13,670	-	-	13,833	13,833	-	-
2022	SERC	C-1463	Canton, MS	4,738	4,738	-	-	2,355	2,355	-	-	2,383	2,383	-	-
2022	SERC	C-1277	Central Electric Power Cooperative Inc.	830,883	830,883	-	-	412,987	412,987	-	-	417,896	417,896	-	-
2022	SERC	C-1667	Century Aluminum - Hawesville	71,034	71,034	-	-	35,307	35,307	-	-	35,727	35,727	-	-
2022	SERC	C-1668	Century Aluminum - Seebree	140,690	140,690	-	-	69,930	69,930	-	-	70,761	70,761	-	-
2022	SERC	C-1278	City of Blountstown FL	1,406	1,406	-	-	699	699	-	-	707	707	-	-
2022	SERC	C-1279	City of Camden SC	8,486	8,486	-	-	4,218	4,218	-	-	4,268	4,268	-	-
2022	SERC	C-1280	City of Collins MS	1,988	1,988	-	-	988	988	-	-	1,000	1,000	-	-
2022	SERC	C-1281	City of Columbia MO	51,650	51,650	-	-	25,673	25,673	-	-	25,978	25,978	-	-
2022	SERC	C-1282	City of Conway AR (Conway Corporation)	40,423	40,423	-	-	20,092	20,092	-	-	20,331	20,331	-	-
2022	SERC	C-1284	City of Evergreen AL	2,364	2,364	-	-	1,175	1,175	-	-	1,189	1,189	-	-
2022	SERC	C-1285	City of Hampton GA	1,554	1,554	-	-	772	772	-	-	782	782	-	-
2022	SERC	C-1286	City of Hartford AL	1,337	1,337	-	-	664	664	-	-	672	672	-	-
2022	SERC	C-1287	City of Henderson (KY) Municipal Power & Light	23,514	23,514	-	-	11,687	11,687	-	-	11,826	11,826	-	-
2022	SERC	C-1288	City of North Little Rock AR (DENL)	39,144	39,144	-	-	19,456	19,456	-	-	19,687	19,687	-	-
2022	SERC	C-1289	City of Orangeburg SC Department of Public Utilities	32,282	32,282	-	-	16,045	16,045	-	-	16,236	16,236	-	-
2022	SERC	C-1290	City of Robertsdale AL	3,895	3,895	-	-	1,936	1,936	-	-	1,959	1,959	-	-
2022	SERC	C-1291	City of Ruston LA (DERS)	12,478	12,478	-	-	6,202	6,202	-	-	6,276	6,276	-	-
2022	SERC	C-1292	Seneca Light & Power	6,827	6,827	-	-	3,394	3,394	-	-	3,434	3,434	-	-
2022	SERC	C-1115	City of Springfield (CWLP)	69,658	69,658	-	-	34,623	34,623	-	-	35,035	35,035	-	-
2022	SERC	C-1465	City of Thayer, MO	1,079	1,079	-	-	536	536	-	-	543	543	-	-
2022	SERC	C-1293	City of Troy AL	20,101	20,101	-	-	9,991	9,991	-	-	10,110	10,110	-	-
2022	SERC	C-1294	City of West Memphis AR (West Memphis Utilities)	15,311	15,311	-	-	7,610	7,610	-	-	7,700	7,700	-	-
2022	SERC	C-1583	Claiborne Electric Cooperative, Inc.	27,514	27,514	-	-	13,676	13,676	-	-	13,838	13,838	-	-
2022	SERC	C-1584	Concordia Electric Cooperative, Inc.	9,148	9,148	-	-	4,547	4,547	-	-	4,601	4,601	-	-
2022	SERC	C-1726	Cube Hydro Carolinas	483	483	-	-	240	240	-	-	243	243	-	-
2022	SERC	C-1283	Dalton Utilities	147,745	147,745	-	-	73,436	73,436	-	-	74,309	74,309	-	-
2022	SERC	C-1585	Dixie Electric Membership Corporation	99,692	99,692	-	-	49,552	49,552	-	-	50,140	50,140	-	-
2022	SERC	C-1295	Dominion Virginia Power	4,127,041	4,127,041	-	-	2,051,331	2,051,331	-	-	2,075,710	2,075,710	-	-
2022	SERC	C-1296	Duke Energy Carolinas, LLC	3,692,805	3,692,805	-	-	1,835,495	1,835,495	-	-	1,857,310	1,857,310	-	-
2022	SERC	C-1466	Durant, MS	1,016	1,016	-	-	505	505	-	-	511	511	-	-
2022	SERC	C-1478	LG&E and KU Services Co as agent for LG&E Co and KU Co	1,362,830	1,362,830	-	-	677,390	677,390	-	-	685,440	685,440	-	-
2022	SERC	C-1297	East Kentucky Power Cooperative	620,680	620,680	-	-	308,507	308,507	-	-	312,173	312,173	-	-
2022	SERC	C-1298	East Mississippi Electric Power Association	17,881	17,881	-	-	8,888	8,888	-	-	8,993	8,993	-	-
2022	SERC	C-1669	Electricities of North Carolina Inc	505,062	505,062	-	-	251,039	251,039	-	-	254,023	254,023	-	-
2022	SERC	C-1300	EnergyUnited EMC	118,406	118,406	-	-	58,853	58,853	-	-	59,553	59,553	-	-
2022	SERC	C-1301	Entergy	5,300,960	5,300,960	-	-	2,634,823	2,634,823	-	-	2,666,137	2,666,137	-	-
2022	SERC	C-1302	Fayetteville (NC) Public Works Commission	88,918	88,918	-	-	44,197	44,197	-	-	44,722	44,722	-	-
2022	SERC	C-1303	Florida Public Utilities (FL Panhandle Load)	12,880	12,880	-	-	6,402	6,402	-	-	6,478	6,478	-	-
2022	SERC	C-1304	French Broad EMC	24,007	24,007	-	-	11,932	11,932	-	-	12,074	12,074	-	-
2022	SERC	C-1305	Georgia Power Company	3,759,794	3,759,794	-	-	1,868,792	1,868,792	-	-	1,891,002	1,891,002	-	-
2022	SERC	C-1306	Georgia System Optns Corporation	1,821,275	1,821,275	-	-	905,258	905,258	-	-	916,017	916,017	-	-
2022	SERC	C-1479	Greenwood (MS) Utilities Commission	11,509	11,509	-	-	5,721	5,721	-	-	5,789	5,789	-	-
2022	SERC	C-1307	Greenwood (SC) Commissioners of Public Works	12,728	12,728	-	-	6,326	6,326	-	-	6,401	6,401	-	-
2022	SERC	C-1586	Haywood EMC	15,140	15,140	-	-	7,526	7,526	-	-	7,615	7,615	-	-
2022	SERC	C-1984	Hoosier Energy REC, Inc	18,982	18,982	-	-	9,435	9,435	-	-	9,547	9,547	-	-
2022	SERC	C-1309	Illinois Municipal Electric Agency	78,374	78,374	-	-	38,955	38,955	-	-	39,418	39,418	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	SERC	C-1480	Itta Bena, MS	554	554	-	-	275	275	-	-	279	279	-	-
2022	SERC	C-1587	Jefferson Davis Electric Cooperative, Inc.	8,526	8,526	-	-	4,238	4,238	-	-	4,288	4,288	-	-
2022	SERC	C-1617	Kentucky Municipal Power	28,876	28,876	-	-	14,353	14,353	-	-	14,523	14,523	-	-
2022	SERC	C-1481	Municipal Energy Agency of MS-Kosciusko, MS	3,023	3,023	-	-	1,502	1,502	-	-	1,520	1,520	-	-
2022	SERC	C-1482	Municipal Energy Agency of MS-Leland, MS	1,260	1,260	-	-	626	626	-	-	634	634	-	-
2022	SERC	C-1313	McCormick Commission of Public Works	726	726	-	-	361	361	-	-	365	365	-	-
2022	SERC	C-1314	Mississippi Power Company	427,126	427,126	-	-	212,301	212,301	-	-	214,824	214,824	-	-
2022	SERC	C-1630	Mt. Carmel Public Utility	4,094	4,094	-	-	2,035	2,035	-	-	2,059	2,059	-	-
2022	SERC	C-1315	Municipal Electric Authority of Georgia	529,129	529,129	-	-	263,002	263,002	-	-	266,127	266,127	-	-
2022	SERC	C-1316	N.C. Electric Membership Corp.	588,103	588,103	-	-	292,314	292,314	-	-	295,788	295,788	-	-
2022	SERC	C-1588	Northeast Louisiana Power Cooperative, Inc.	13,031	13,031	-	-	6,477	6,477	-	-	6,554	6,554	-	-
2022	SERC	C-1574	Northern Virginia Electric Cooperative	371,254	371,254	-	-	184,530	184,530	-	-	186,724	186,724	-	-
2022	SERC	C-1319	Old Dominion Electric Cooperative	223,164	223,164	-	-	110,923	110,923	-	-	112,241	112,241	-	-
2022	SERC	C-1618	Osceola (Arkansas) Municipal Light and Power	5,475	5,475	-	-	2,721	2,721	-	-	2,754	2,754	-	-
2022	SERC	C-1320	Owensboro (KY) Municipal Utilities	34,511	34,511	-	-	17,153	17,153	-	-	17,357	17,357	-	-
2022	SERC	C-1321	Piedmont EMC in Duke and Progress Areas	22,808	22,808	-	-	11,337	11,337	-	-	11,472	11,472	-	-
2022	SERC	C-1323	Piedmont Municipal Power Agency (PMPA)	105,618	105,618	-	-	52,497	52,497	-	-	53,121	53,121	-	-
2022	SERC	C-1589	Pointe Coupee Electric Memb. Corp.	10,005	10,005	-	-	4,973	4,973	-	-	5,032	5,032	-	-
2022	SERC	C-1266	PowerSouth Energy	404,547	404,547	-	-	201,078	201,078	-	-	203,468	203,468	-	-
2022	SERC	C-1330	Prairie Power, Inc.	68,113	68,113	-	-	33,855	33,855	-	-	34,258	34,258	-	-
2022	SERC	C-1706	Duke Energy Progress	1,948,364	1,948,364	-	-	968,427	968,427	-	-	979,937	979,937	-	-
2022	SERC	C-1325	Rutherford EMC	61,225	61,225	-	-	30,432	30,432	-	-	30,794	30,794	-	-
2022	SERC	C-1326	South Carolina Electric & Gas Company	971,779	971,779	-	-	483,019	483,019	-	-	488,760	488,760	-	-
2022	SERC	C-1327	South Carolina Public Service Authority	437,732	437,732	-	-	217,573	217,573	-	-	220,159	220,159	-	-
2022	SERC	C-1590	South Louisiana Electric Cooperative Association	22,781	22,781	-	-	11,323	11,323	-	-	11,458	11,458	-	-
2022	SERC	C-1328	Cooperative Energy (formerly SMEPA)	439,258	439,258	-	-	218,332	218,332	-	-	220,926	220,926	-	-
2022	SERC	C-1329	Southern Illinois Power Cooperative	57,403	57,403	-	-	28,532	28,532	-	-	28,871	28,871	-	-
2022	SERC	C-1591	Southwest Louisiana Electric Membership Corporation	117,148	117,148	-	-	58,228	58,228	-	-	58,920	58,920	-	-
2022	SERC	C-1619	Southwestern Electric Cooperative, Inc.	19,997	19,997	-	-	9,940	9,940	-	-	10,058	10,058	-	-
2022	SERC	C-1331	Tennessee Valley Authority	7,037,075	7,037,075	-	-	3,497,752	3,497,752	-	-	3,539,322	3,539,322	-	-
2022	SERC	C-1632	East Texas Electric Cooperative (ETEC)	94,231	94,231	-	-	46,837	46,837	-	-	47,394	47,394	-	-
2022	SERC	C-1332	Tombigbee Electric Cooperative Inc.	5,478	5,478	-	-	2,723	2,723	-	-	2,755	2,755	-	-
2022	SERC	C-1594	Town of Sharpsburg, N.C.	855	855	-	-	425	425	-	-	430	430	-	-
2022	SERC	C-1595	Town of Stantonsburg, N.C. JRO	2,461	2,461	-	-	1,223	1,223	-	-	1,238	1,238	-	-
2022	SERC	C-1333	Town of Waynesville NC	3,562	3,562	-	-	1,770	1,770	-	-	1,792	1,792	-	-
2022	SERC	C-1334	Town of Winnsboro SC	2,588	2,588	-	-	1,286	1,286	-	-	1,302	1,302	-	-
2022	SERC	C-1335	Town of Winterville NC	2,575	2,575	-	-	1,280	1,280	-	-	1,295	1,295	-	-
2022	SERC	C-1597	Washington-St. Tammany Electric Cooperative, Inc.	47,018	47,018	-	-	23,370	23,370	-	-	23,648	23,648	-	-
2022	SERC	C-1435	Arkansas Electric Cooperative Corporation	457,410	457,410	-	-	227,354	227,354	-	-	230,056	230,056	-	-
2022	SERC	C-1557	City of Clarksdale, Mississippi	6,104	6,104	-	-	3,034	3,034	-	-	3,070	3,070	-	-
2022	SERC	C-1708	City of Abbeville	5,476	5,476	-	-	2,722	2,722	-	-	2,754	2,754	-	-
2022	SERC	C-1558	Hope Water & Light (HWL)	10,518	10,518	-	-	5,228	5,228	-	-	5,290	5,290	-	-
2022	SERC	C-1559	City of Minden	5,844	5,844	-	-	2,905	2,905	-	-	2,940	2,940	-	-
2022	SERC	C-1249	Cleco Power LLC	451,182	451,182	-	-	224,258	224,258	-	-	226,924	226,924	-	-
2022	SERC	C-1648	Jonesboro City Water & Light	63,864	63,864	-	-	31,743	31,743	-	-	32,121	32,121	-	-
2022	SERC	C-1471	Lafayette Utilities System	88,196	88,196	-	-	43,837	43,837	-	-	44,358	44,358	-	-
2022	SERC	C-1253	Louisiana Energy & Power Authority (LEPA)	40,534	40,534	-	-	20,147	20,147	-	-	20,387	20,387	-	-
2022	SERC	C-1443	Missouri Joint Municipal Electric Utility Commission	127,742	127,742	-	-	63,493	63,493	-	-	64,248	64,248	-	-
2022	SERC	C-1639	OzMo Ozark Missouri, West Plains MO	7,789	7,789	-	-	3,872	3,872	-	-	3,918	3,918	-	-
2022	SERC	C-1653	Poplar Bluff Municipal Utilities	15,853	15,853	-	-	7,880	7,880	-	-	7,973	7,973	-	-
2022	SERC	C-1636	City of Prescott	3,516	3,516	-	-	1,748	1,748	-	-	1,768	1,768	-	-
2022	SERC	C-1561	Public Service Commission of Yazoo City of Mississippi	5,084	5,084	-	-	2,527	2,527	-	-	2,557	2,557	-	-
2022	SERC	C-1654	Sikeston Board of Municipal Utilities	16,109	16,109	-	-	8,007	8,007	-	-	8,102	8,102	-	-
2022	SERC	C-1074	Alachua, City of	6,248	6,248	-	-	3,106	3,106	-	-	3,143	3,143	-	-
2022	SERC	C-1075	Bartow, City of	12,907	12,907	-	-	6,415	6,415	-	-	6,491	6,491	-	-
2022	SERC	C-1076	Chattahoochee, City of	1,539	1,539	-	-	765	765	-	-	774	774	-	-
2022	SERC	C-1078	Florida Power & Light Co.	5,990,301	5,990,301	-	-	2,977,457	2,977,457	-	-	3,012,844	3,012,844	-	-
2022	SERC	C-1079	Florida Public Utilities Company	15,895	15,895	-	-	7,901	7,901	-	-	7,995	7,995	-	-
2022	SERC	C-1080	Gainesville Regional Utilities	80,273	80,273	-	-	39,899	39,899	-	-	40,373	40,373	-	-
2022	SERC	C-1081	Homestead, City of	26,859	26,859	-	-	13,350	13,350	-	-	13,509	13,509	-	-
2022	SERC	C-1082	JEA	547,766	547,766	-	-	272,265	272,265	-	-	275,501	275,501	-	-
2022	SERC	C-1083	Lakeland Electric	144,277	144,277	-	-	71,712	71,712	-	-	72,565	72,565	-	-
2022	SERC	C-1626	Lee County Electric Cooperative, Inc	193,830	193,830	-	-	96,343	96,343	-	-	97,488	97,488	-	-
2022	SERC	C-1661	City of Lake Worth	20,812	20,812	-	-	10,345	10,345	-	-	10,467	10,467	-	-
2022	SERC	C-1084	Mount Dora, City of	4,315	4,315	-	-	2,145	2,145	-	-	2,170	2,170	-	-
2022	SERC	C-1085	New Smyrna Beach, Utilities Commission of	20,540	20,540	-	-	10,209	10,209	-	-	10,331	10,331	-	-
2022	SERC	C-1086	Orlando Utilities Commission	332,553	332,553	-	-	165,294	165,294	-	-	167,259	167,259	-	-
2022	SERC	C-1087	Duke Energy Florida	1,798,368	1,798,368	-	-	893,872	893,872	-	-	904,496	904,496	-	-
2022	SERC	C-1088	Quincy, City of	5,703	5,703	-	-	2,835	2,835	-	-	2,869	2,869	-	-
2022	SERC	C-1089	Reedy Creek Improvement District	51,837	51,837	-	-	25,765	25,765	-	-	26,071	26,071	-	-
2022	SERC	C-1090	St. Cloud, City of (OUC)	-	-	-	-	-	-	-	-	-	-	-	-
2022	SERC	C-1091	Tallahassee, City of	117,184	117,184	-	-	58,246	58,246	-	-	58,938	58,938	-	-
2022	SERC	C-1092	Tampa Electric Company	913,886	913,886	-	-	454,243	454,243	-	-	459,642	459,642	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	SERC	C-1093	Wauchula, City of	2,691	2,691	-	-	1,337	1,337	-	-	1,353	1,353	-	-
2022	SERC	C-1094	Williston, City of	1,609	1,609	-	-	800	800	-	-	809	809	-	-
2022	SERC	C-1095	Winter Park, City of	18,142	18,142	-	-	9,017	9,017	-	-	9,125	9,125	-	-
2022	SERC	C-1072	Florida Municipal Power Agency	300,641	300,641	-	-	149,433	149,433	-	-	151,209	151,209	-	-
2022	SERC	C-1073	Seminole Electric Cooperative	691,826	691,826	-	-	343,869	343,869	-	-	347,956	347,956	-	-
TOTAL SERC				57,137,842	57,137,842	-	-	28,400,155	28,400,155	-	-	28,737,687	28,737,687	-	-
2022	Texas RE	C-1019	ERCOT	27,688,920	27,688,920	-	-	9,007,907	9,007,907	-	-	18,681,013	18,681,013	-	-
TOTAL ERCOT				27,688,920	27,688,920	-	-	9,007,907	9,007,907	-	-	18,681,013	18,681,013	-	-
2022	WECC		Alberta Electric System Operator	2,241,934	-	2,241,934	-	991,521	-	991,521	-	1,250,413	-	1,250,413	-
2022	WECC		British Columbia Hydro & Power Authority	4,153,716	-	4,153,716	-	1,399,110	-	1,399,110	-	2,754,607	-	2,754,607	-
2022	WECC		Centro Nacional de Control de Energia	1,029,630	-	-	1,029,630	346,814	-	-	346,814	682,817	-	682,817	-
2022	WECC		Aguila Irrigation District - APS	1,945	1,945	-	-	828	828	-	-	1,116	1,116	-	-
2022	WECC		Aha Macav Power Service	1,002	1,002	-	-	427	427	-	-	575	575	-	-
2022	WECC		Ajo Improvement District	571	571	-	-	243	243	-	-	328	328	-	-
2022	WECC		Air Liquide Hydrogen Energy U.S., LLC	2,289	2,289	-	-	975	975	-	-	1,314	1,314	-	-
2022	WECC		Arizona Electric Power Cooperative, Inc	196,545	196,545	-	-	83,717	83,717	-	-	112,828	112,828	-	-
2022	WECC		Arizona Public Service Company	1,527,403	1,527,403	-	-	650,590	650,590	-	-	876,814	876,814	-	-
2022	WECC		Arkansas River Power Authority (ARPA)	12,301	12,301	-	-	5,239	5,239	-	-	7,061	7,061	-	-
2022	WECC		Avangrid Renewables	5,763	5,763	-	-	2,455	2,455	-	-	3,308	3,308	-	-
2022	WECC		Avista Corporation	492,976	492,976	-	-	209,981	209,981	-	-	282,995	282,995	-	-
2022	WECC		Barrick Goldstrike Mines Inc.	70,857	70,857	-	-	30,181	30,181	-	-	40,676	40,676	-	-
2022	WECC		Basin Electric Power Cooperative - NorthWestern	43,194	43,194	-	-	18,398	18,398	-	-	24,796	24,796	-	-
2022	WECC		Basin Electric Power Cooperative - WACM	118,411	118,411	-	-	50,437	50,437	-	-	67,974	67,974	-	-
2022	WECC		Basin Electric Power Cooperative - WAUW	7,940	7,940	-	-	3,382	3,382	-	-	4,558	4,558	-	-
2022	WECC		Beartooth Electric Cooperative	4,360	4,360	-	-	1,857	1,857	-	-	2,503	2,503	-	-
2022	WECC		Big Horn County Electric Cooperative	3,583	3,583	-	-	1,526	1,526	-	-	2,057	2,057	-	-
2022	WECC		Black Hills Energy Colorado Electric	98,838	98,838	-	-	42,100	42,100	-	-	56,739	56,739	-	-
2022	WECC		Black Hills Power/Cheyenne Light Fuel & Power	228,185	228,185	-	-	97,194	97,194	-	-	130,990	130,990	-	-
2022	WECC		Black Hills State University South Dakota	852	852	-	-	363	363	-	-	489	489	-	-
2022	WECC		Bonneville Power Administration-Transmission	2,884,180	2,884,180	-	-	1,228,502	1,228,502	-	-	1,655,678	1,655,678	-	-
2022	WECC		Bonneville Power Administration-Power Services	342,459	342,459	-	-	145,869	145,869	-	-	196,590	196,590	-	-
2022	WECC		Bonneville Power Administration-Hydro	9,961	9,961	-	-	4,243	4,243	-	-	5,718	5,718	-	-
2022	WECC		Buckeye Water Conservation and Drainage District - APS	940	940	-	-	401	401	-	-	540	540	-	-
2022	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	1	1	-	-	0	0	-	-	0	0	-	-
2022	WECC		Bureau of Reclamation (Wellfield)	725	725	-	-	309	309	-	-	416	416	-	-
2022	WECC		Burlington	1,623	1,623	-	-	691	691	-	-	932	932	-	-
2022	WECC		Caesars Entertainment LLC/North	1,897	1,897	-	-	808	808	-	-	1,089	1,089	-	-
2022	WECC		Caesars Entertainment LLC/South	24,420	24,420	-	-	10,401	10,401	-	-	14,018	14,018	-	-
2022	WECC		California Independent System Operator	10,625,127	10,625,127	-	-	4,525,720	4,525,720	-	-	6,099,407	6,099,407	-	-
2022	WECC		Calpine Energy Solutions, LLC (Noble Americas)	84,313	84,313	-	-	35,913	35,913	-	-	48,400	48,400	-	-
2022	WECC		Central Arizona Water Conservation District - WALC	61,396	61,396	-	-	26,151	26,151	-	-	35,245	35,245	-	-
2022	WECC		Circus Circus Las Vegas	2,564	2,564	-	-	1,092	1,092	-	-	1,472	1,472	-	-
2022	WECC		City of Aztec Electric Dept. - WACM	1,887	1,887	-	-	804	804	-	-	1,083	1,083	-	-
2022	WECC		City of Fallon	4,660	4,660	-	-	1,985	1,985	-	-	2,675	2,675	-	-
2022	WECC		City of Farmington	47,884	47,884	-	-	20,396	20,396	-	-	27,488	27,488	-	-
2022	WECC		City of Gallup	9,547	9,547	-	-	4,067	4,067	-	-	5,481	5,481	-	-
2022	WECC		City of Henderson	2,130	2,130	-	-	907	907	-	-	1,223	1,223	-	-
2022	WECC		City of Las Vegas	2,131	2,131	-	-	908	908	-	-	1,224	1,224	-	-
2022	WECC		City of Mesa	13,012	13,012	-	-	5,542	5,542	-	-	7,470	7,470	-	-
2022	WECC		City of North Las Vegas	1,005	1,005	-	-	428	428	-	-	577	577	-	-
2022	WECC		City of Page	4,793	4,793	-	-	2,041	2,041	-	-	2,751	2,751	-	-
2022	WECC		City of Redding	38,032	38,032	-	-	16,199	16,199	-	-	21,832	21,832	-	-
2022	WECC		City of Roseville	59,709	59,709	-	-	25,433	25,433	-	-	34,276	34,276	-	-
2022	WECC		City of Tacoma DBA Tacoma Power	243,927	243,927	-	-	103,900	103,900	-	-	140,028	140,028	-	-
2022	WECC		City of Williams	2,603	2,603	-	-	1,109	1,109	-	-	1,494	1,494	-	-
2022	WECC		Clark County Water Reclamation District	4,218	4,218	-	-	1,797	1,797	-	-	2,422	2,422	-	-
2022	WECC		Colorado River Agency-Bureau of Indian Affairs	1,047	1,047	-	-	446	446	-	-	601	601	-	-
2022	WECC		Colorado River Commission of Nevada	7,960	7,960	-	-	3,390	3,390	-	-	4,569	4,569	-	-
2022	WECC		Colorado Springs Utilities	152,376	152,376	-	-	64,904	64,904	-	-	87,472	87,472	-	-
2022	WECC		Colorado Springs Utilities - WACM	104,194	104,194	-	-	44,381	44,381	-	-	59,813	59,813	-	-
2022	WECC		Constellation New Energy	17,888	17,888	-	-	7,620	7,620	-	-	10,269	10,269	-	-
2022	WECC		Intermountain Rural Electric Association (CORE)	117,608	117,608	-	-	50,095	50,095	-	-	67,514	67,514	-	-
2022	WECC		Delta-Montrose Electric Association	30,491	30,491	-	-	12,987	12,987	-	-	17,504	17,504	-	-
2022	WECC		Deseret Generation & Transmission Cooperative - WACM	4,605	4,605	-	-	1,961	1,961	-	-	2,643	2,643	-	-
2022	WECC		Douglas Palisades / PUD No. 1 of DC	1,033	1,033	-	-	440	440	-	-	593	593	-	-
2022	WECC		El Paso Electric Company	439,699	439,699	-	-	187,287	187,287	-	-	252,411	252,411	-	-
2022	WECC		Electrical District #2	10,835	10,835	-	-	4,615	4,615	-	-	6,220	6,220	-	-
2022	WECC		Electrical District #2 - Coolidge Generating Station	405	405	-	-	172	172	-	-	232	232	-	-
2022	WECC		Electrical District No. 6 of Pinal County - APS	6	6	-	-	2	2	-	-	3	3	-	-
2022	WECC		Electrical District No. 7 of Maricopa County - APS	2,054	2,054	-	-	875	875	-	-	1,179	1,179	-	-
2022	WECC		Electrical District No. 8 of Maricopa County - APS	21,085	21,085	-	-	8,981	8,981	-	-	12,104	12,104	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	WECC		Francis E. Warren Air Force Base	1,092	1,092	-	-	465	465	-	-	627	627	-	-
2022	WECC		Georgia-Pacific Gypsum, LLC	1,183	1,183	-	-	504	504	-	-	679	679	-	-
2022	WECC		Grand Valley Power	13,067	13,067	-	-	5,566	5,566	-	-	7,501	7,501	-	-
2022	WECC		Harquahala Valley Power Districts - APS	5,399	5,399	-	-	2,300	2,300	-	-	3,099	3,099	-	-
2022	WECC		Holy Cross Energy	35,088	35,088	-	-	14,946	14,946	-	-	20,142	20,142	-	-
2022	WECC		Idaho Power Company	844,932	844,932	-	-	359,895	359,895	-	-	485,038	485,038	-	-
2022	WECC		Imperial Irrigation District	192,554	192,554	-	-	82,018	82,018	-	-	110,537	110,537	-	-
2022	WECC		Jicarilla Apache Nation Power Authority	1,247	1,247	-	-	531	531	-	-	716	716	-	-
2022	WECC		Kaiser Aluminum Fabricated Products LLC	14,555	14,555	-	-	6,199	6,199	-	-	8,355	8,355	-	-
2022	WECC		Kit Carson Electric Inc	13,537	13,537	-	-	5,766	5,766	-	-	7,771	7,771	-	-
2022	WECC		Las Vegas Valley Water District	5,789	5,789	-	-	2,466	2,466	-	-	3,323	3,323	-	-
2022	WECC		Los Angeles Department of Water and Power	1,322,696	1,322,696	-	-	563,396	563,396	-	-	759,300	759,300	-	-
2022	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	2,484	2,484	-	-	1,058	1,058	-	-	1,426	1,426	-	-
2022	WECC		McMullen Valley Water Conservation & Drainage District - APS	7,677	7,677	-	-	3,270	3,270	-	-	4,407	4,407	-	-
2022	WECC		Merced Irrigation District	26,868	26,868	-	-	11,444	11,444	-	-	15,424	15,424	-	-
2022	WECC		MGM Resorts Design and Development	39,642	39,642	-	-	16,885	16,885	-	-	22,757	22,757	-	-
2022	WECC		Modesto Irrigation District	133,741	133,741	-	-	56,966	56,966	-	-	76,775	76,775	-	-
2022	WECC		Montana-Dakota Utilities Co.	957	957	-	-	408	408	-	-	549	549	-	-
2022	WECC		Mt. Wheeler Power	29,955	29,955	-	-	12,759	12,759	-	-	17,196	17,196	-	-
2022	WECC		Municipal Energy Agency of Nebraska - PSCO	10,135	10,135	-	-	4,317	4,317	-	-	5,818	5,818	-	-
2022	WECC		Municipal Energy Agency of Nebraska - WACM	33,624	33,624	-	-	14,322	14,322	-	-	19,302	19,302	-	-
2022	WECC		Navajo Tribal Utility Authority - APS	1,261	1,261	-	-	537	537	-	-	724	724	-	-
2022	WECC		Navajo Tribal Utility Authority - PNM	11,175	11,175	-	-	4,760	4,760	-	-	6,415	6,415	-	-
2022	WECC		Navajo Tribal Utility Authority - WACM	19,177	19,177	-	-	8,168	8,168	-	-	11,009	11,009	-	-
2022	WECC		Nebraska Public Power Marketing	195	195	-	-	83	83	-	-	112	112	-	-
2022	WECC		Needles Public Utilities Authority	2,938	2,938	-	-	1,251	1,251	-	-	1,687	1,687	-	-
2022	WECC		Nevada Gold Mines (Newmont)	47,341	47,341	-	-	20,165	20,165	-	-	27,177	27,177	-	-
2022	WECC		Nevada Power Company dba NV Energy	1,568,657	1,568,657	-	-	668,162	668,162	-	-	900,495	900,495	-	-
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	500,690	500,690	-	-	213,267	213,267	-	-	287,424	287,424	-	-
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC - WAUW	14,808	14,808	-	-	6,308	6,308	-	-	8,501	8,501	-	-
2022	WECC		Okanogan PUD	33,561	33,561	-	-	14,295	14,295	-	-	19,266	19,266	-	-
2022	WECC		Overton Power District No. 5	21,294	21,294	-	-	9,070	9,070	-	-	12,224	12,224	-	-
2022	WECC		PacificCorp East	2,604,266	2,604,266	-	-	1,109,274	1,109,274	-	-	1,494,992	1,494,992	-	-
2022	WECC		PacificCorp - IPC	108	108	-	-	46	46	-	-	62	62	-	-
2022	WECC		PacificCorp - Portland General	176	176	-	-	75	75	-	-	101	101	-	-
2022	WECC		PacificCorp - WACM	5,012	5,012	-	-	2,135	2,135	-	-	2,877	2,877	-	-
2022	WECC		PacificCorp West	1,068,683	1,068,683	-	-	455,200	455,200	-	-	613,483	613,483	-	-
2022	WECC		Pend Oreille County PUD No. 1	25,321	25,321	-	-	10,786	10,786	-	-	14,536	14,536	-	-
2022	WECC		Peppermill Hotel Casino	2,589	2,589	-	-	1,103	1,103	-	-	1,486	1,486	-	-
2022	WECC		Platte River Power Authority	162,260	162,260	-	-	69,114	69,114	-	-	93,146	93,146	-	-
2022	WECC		Portland General Electric Company	960,491	960,491	-	-	409,116	409,116	-	-	551,375	551,375	-	-
2022	WECC		Public Service Company of Colorado (Xcel)	1,603,124	1,603,124	-	-	682,843	682,843	-	-	920,281	920,281	-	-
2022	WECC		Public Service Company of Colorado (Xcel) - WACM	3,218	3,218	-	-	1,371	1,371	-	-	1,847	1,847	-	-
2022	WECC		Public Service Company of New Mexico	502,048	502,048	-	-	213,845	213,845	-	-	288,203	288,203	-	-
2022	WECC		Public Utility District No. 1 of Chelan County	98,851	98,851	-	-	42,105	42,105	-	-	56,746	56,746	-	-
2022	WECC		PUD No. 1 of Douglas County	65,868	65,868	-	-	28,056	28,056	-	-	37,812	37,812	-	-
2022	WECC		PUD No. 2 of Grant County	291,521	291,521	-	-	124,172	124,172	-	-	167,349	167,349	-	-
2022	WECC		PUD No. 2 of Grant County - Avista	4,839	4,839	-	-	2,061	2,061	-	-	2,778	2,778	-	-
2022	WECC		Puget Sound Energy, Inc.	1,230,442	1,230,442	-	-	524,101	524,101	-	-	706,341	706,341	-	-
2022	WECC		Raton Public Service	2,349	2,349	-	-	1,000	1,000	-	-	1,348	1,348	-	-
2022	WECC		Reno City Center	439	439	-	-	187	187	-	-	252	252	-	-
2022	WECC		Roosevelt Irrigation District - APS	2,164	2,164	-	-	922	922	-	-	1,242	1,242	-	-
2022	WECC		Sacramento Municipal Utility District	560,821	560,821	-	-	238,879	238,879	-	-	321,942	321,942	-	-
2022	WECC		Sahara Las Vegas	1,440	1,440	-	-	613	613	-	-	827	827	-	-
2022	WECC		Salt River Project	1,628,962	1,628,962	-	-	693,848	693,848	-	-	935,114	935,114	-	-
2022	WECC		Seattle City Light	484,759	484,759	-	-	206,481	206,481	-	-	278,278	278,278	-	-
2022	WECC		Shell Energy North America	10,156	10,156	-	-	4,326	4,326	-	-	5,830	5,830	-	-
2022	WECC		Silver State Energy Association	31,259	31,259	-	-	13,315	13,315	-	-	17,945	17,945	-	-
2022	WECC		Southern Nevada Water Authority	6,424	6,424	-	-	2,736	2,736	-	-	3,688	3,688	-	-
2022	WECC		Switch-North	13,126	13,126	-	-	5,591	5,591	-	-	7,535	7,535	-	-
2022	WECC		Switch-South	34,998	34,998	-	-	14,907	14,907	-	-	20,091	20,091	-	-
2022	WECC		The Incorporated County of Los Alamos	29,188	29,188	-	-	12,432	12,432	-	-	16,755	16,755	-	-
2022	WECC		Tohono O'Odham Utility Authority	3,162	3,162	-	-	1,347	1,347	-	-	1,815	1,815	-	-
2022	WECC		Tonopah Irrigation District - APS	1,877	1,877	-	-	800	800	-	-	1,078	1,078	-	-
2022	WECC		Town of Fredonia - WALC	106	106	-	-	45	45	-	-	61	61	-	-
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - PSCO	118,163	118,163	-	-	50,331	50,331	-	-	67,832	67,832	-	-
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - WACM	493,043	493,043	-	-	210,009	210,009	-	-	283,034	283,034	-	-
2022	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	126,997	126,997	-	-	54,094	54,094	-	-	72,903	72,903	-	-
2022	WECC		Truckee Donner Public Utility District	8,593	8,593	-	-	3,660	3,660	-	-	4,933	4,933	-	-
2022	WECC		Tucson Electric Power Company	737,163	737,163	-	-	313,991	313,991	-	-	423,172	423,172	-	-
2022	WECC		Turlock Irrigation District	118,017	118,017	-	-	50,269	50,269	-	-	67,749	67,749	-	-
2022	WECC		U.S. Army Yuma Proving Ground	783	783	-	-	334	334	-	-	450	450	-	-
2022	WECC		US Dept of Energy - Kirtland AFB	22,834	22,834	-	-	9,726	9,726	-	-	13,108	13,108	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE, & WIRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WIRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2022	WECC		Wellton-Mohawk Irrigation & Drainage District	244	244	-	-	104	104	-	-	140	140	-	-
2022	WECC		Western Area Power - Loveland, CO - PSCO	3,365	3,365	-	-	1,433	1,433	-	-	1,932	1,932	-	-
2022	WECC		Western Area Power - Loveland, CO - WACM	68,779	68,779	-	-	29,296	29,296	-	-	39,483	39,483	-	-
2022	WECC		Western Area Power Administration - CRSP	55,603	55,603	-	-	23,684	23,684	-	-	31,919	31,919	-	-
2022	WECC		Western Area Power Administration - Sierra Nevada Region	71,302	71,302	-	-	30,371	30,371	-	-	40,932	40,932	-	-
2022	WECC		Western Area Power Administration-Desert Southwest Region - WALC	107,988	107,988	-	-	45,997	45,997	-	-	61,991	61,991	-	-
2022	WECC		Western Area Power Administration-Upper Great Plains Region	19,818	19,818	-	-	8,441	8,441	-	-	11,377	11,377	-	-
2022	WECC		Western Area Power Administration-Upper Great Plains Region - NorthWestern	430	430	-	-	183	183	-	-	247	247	-	-
2022	WECC		Wynn Las Vegas	8,741	8,741	-	-	3,723	3,723	-	-	5,018	5,018	-	-
2022	WECC		Yampa Valley Electric Association	27,640	27,640	-	-	11,773	11,773	-	-	15,867	15,867	-	-
TOTAL WECC				44,015,600.23	36,590,320	6,395,650	1,029,630	18,322,908	15,585,464	2,390,630	346,814	25,692,692	21,004,855	4,005,020	682,817
TOTAL ERO				241,385,455	216,043,567	24,312,257	1,029,630	96,997,362	87,154,927	9,495,621	346,814	144,388,093	128,888,640	14,816,636	682,817

Current Year NEL Summary by Regional Entity

2022	MRO			34,426,056	30,998,866	3,427,190	-	10,842,689	9,757,129	1,085,560	-	23,583,367	21,241,737	2,341,630	-
2022	NPCC			32,472,755	17,983,338	14,489,417	-	11,738,693	5,719,262	6,019,431	-	20,734,062	12,264,076	8,469,986	-
2022	RF			45,644,281	45,644,281	-	-	18,685,009	18,685,009	-	-	26,959,272	26,959,272	-	-
2022	SERC			57,137,842	57,137,842	-	-	28,400,155	28,400,155	-	-	28,737,687	28,737,687	-	-
2022	Texas RE			27,688,920	27,688,920	-	-	9,007,907	9,007,907	-	-	18,681,013	18,681,013	-	-
2022	WECC			44,015,600	36,590,320	6,395,650	1,029,630	18,322,908	15,585,464	2,390,630	346,814	25,692,692	21,004,855	4,005,020	682,817
Total				241,385,455	216,043,567	24,312,257	1,029,630	96,997,362	87,154,927	9,495,621	346,814	144,388,093	128,888,640	14,816,636	682,817

Data Year	Regional Entity	NERC ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico
2022	MRO	C-1217	Manitoba Hydro	Canada	541,626	-	541,626	-	531,540	-	531,540	-	-	-	10,086	-	10,086	-
2022	MRO	C-1235	SaskPower	Canada	543,934	-	543,934	-	533,805	-	533,805	-	-	-	10,129	-	10,129	-
2022	MRO	C-1707	AEP-VEMCO	U.S.	15,645	15,645	-	-	15,583	15,583	-	-	(233)	(233)	296	296	-	-
2022	MRO	C-1195	Alliant Energy (ALTE- WPL & ALTW IPL)	U.S.	611,628	611,628	-	-	609,192	609,192	-	-	(9,123)	(9,123)	11,559	11,559	-	-
2022	MRO	C-1246	American Electric Power Service Corporation	U.S.	802,796	802,796	-	-	799,598	799,598	-	-	(11,974)	(11,974)	15,172	15,172	-	-
2022	MRO	C-1196	Ames Municipal Electric System	U.S.	16,724	16,724	-	-	16,657	16,657	-	-	(249)	(249)	316	316	-	-
2022	MRO	C-1986	Arkansas Electric Cooperative Corporation (AECC)	U.S.	101,277	101,277	-	-	100,873	100,873	-	-	(1,511)	(1,511)	1,914	1,914	-	-
2022	MRO	C-1604	Atlantic Municipal Utilities (AMU)	U.S.	3,330	3,330	-	-	3,317	3,317	-	-	(50)	(50)	63	63	-	-
2022	MRO	C-1199	Basin Electric Power Cooperative (BEPC)	U.S.	528,884	528,884	-	-	526,778	526,778	-	-	(7,889)	(7,889)	9,995	9,995	-	-
2022	MRO	C-1247	Board of Public Utilities (Kansas City, KS) (BPU)	U.S.	51,804	51,804	-	-	51,597	51,597	-	-	(773)	(773)	979	979	-	-
2022	MRO	C-1620	Board of Public Utilities City of McPherson, KS (MCPHER)	U.S.	23,165	23,165	-	-	23,072	23,072	-	-	(346)	(346)	438	438	-	-
2022	MRO	C-1647	Carthage Water and Light	U.S.	6,191	6,191	-	-	6,166	6,166	-	-	(92)	(92)	117	117	-	-
2022	MRO	C-1200	Cedar Falls Utilities (CFU)	U.S.	11,668	11,668	-	-	11,622	11,622	-	-	(174)	(174)	221	221	-	-
2022	MRO	C-1201	Central Iowa Power Cooperative (CIPCO)	U.S.	65,036	65,036	-	-	64,777	64,777	-	-	(970)	(970)	1,229	1,229	-	-
2022	MRO	C-1477	Central Minnesota Municipal Power Agency (CMMMPA)	U.S.	9,867	9,867	-	-	9,828	9,828	-	-	(147)	(147)	186	186	-	-
2022	MRO	C-1469	Central Valley Electric Cooperative (CVEC)	U.S.	19,164	19,164	-	-	19,087	19,087	-	-	(286)	(286)	362	362	-	-
2022	MRO	C-2056	City of Beatrice	U.S.	3,741	3,741	-	-	3,727	3,727	-	-	(56)	(56)	71	71	-	-
2022	MRO	C-1556	City of Bentonville (BENVILL)	U.S.	15,602	15,602	-	-	15,540	15,540	-	-	(233)	(233)	295	295	-	-
2022	MRO	C-1713	City of Bloomer (Bloomer Electric & Water Co.)	U.S.	1,399	1,399	-	-	1,393	1,393	-	-	(21)	(21)	26	26	-	-
2022	MRO	C-1703	City of Chanute (CHANUTEKS)	U.S.	11,575	11,575	-	-	11,529	11,529	-	-	(173)	(173)	219	219	-	-
2022	MRO	C-1203	City of Escanaba (EME)	U.S.	2,896	2,896	-	-	2,884	2,884	-	-	(43)	(43)	55	55	-	-
2022	MRO	C-1719	City of Kasota	U.S.	79	79	-	-	79	79	-	-	(1)	(1)	1	1	-	-
2022	MRO	C-2032	City of Lubbock (Lubbock Power and Light)	U.S.	55,801	55,801	-	-	55,578	55,578	-	-	(832)	(832)	1,055	1,055	-	-
2022	MRO	C-1709	City of Nixa	U.S.	3,637	3,637	-	-	3,622	3,622	-	-	(54)	(54)	69	69	-	-
2022	MRO	C-2057	City of South Sioux City, NE	U.S.	4,264	4,264	-	-	4,247	4,247	-	-	(64)	(64)	81	81	-	-
2022	MRO	C-1722	City of Spooner	U.S.	670	670	-	-	668	668	-	-	(10)	(10)	13	13	-	-
2022	MRO	C-2052	City of Superior NE	U.S.	843	843	-	-	840	840	-	-	(13)	(13)	16	16	-	-
2022	MRO	C-2053	City of Wakefield, NE	U.S.	972	972	-	-	968	968	-	-	(14)	(14)	18	18	-	-
2022	MRO	C-2054	City of Wayne, NE	U.S.	1,481	1,481	-	-	1,476	1,476	-	-	(22)	(22)	28	28	-	-
2022	MRO	C-1436	City Utilities of Springfield, MO (SPRM)	U.S.	70,477	70,477	-	-	70,196	70,196	-	-	(1,051)	(1,051)	1,332	1,332	-	-
2022	MRO	C-1204	Corn Belt Power Cooperative (CBPC)	U.S.	43,194	43,194	-	-	43,021	43,021	-	-	(644)	(644)	816	816	-	-
2022	MRO	C-1710	Dahlberg Electric Company	U.S.	2,583	2,583	-	-	2,573	2,573	-	-	(39)	(39)	49	49	-	-
2022	MRO	C-1207	Dairyland Power Cooperative (DPC)	U.S.	126,536	126,536	-	-	126,032	126,032	-	-	(1,887)	(1,887)	2,391	2,391	-	-
2022	MRO	C-1437	East Texas Electric Cooperative, Inc. (ETEC)	U.S.	23,682	23,682	-	-	23,587	23,587	-	-	(353)	(353)	448	448	-	-
2022	MRO	C-1716	Eldridge Electric and Water Utilities	U.S.	880	880	-	-	876	876	-	-	(13)	(13)	17	17	-	-
2022	MRO	C-1250	Empire District Electric Co.	U.S.	111,712	111,712	-	-	111,267	111,267	-	-	(1,666)	(1,666)	2,111	2,111	-	-
2022	MRO	C-1205	Falls City Water & Light Department	U.S.	910	910	-	-	906	906	-	-	(14)	(14)	17	17	-	-
2022	MRO	C-1470	Farmers Electric Cooperative, Inc. of New Mexico (FARMCOOPNM)	U.S.	7,342	7,342	-	-	7,313	7,313	-	-	(110)	(110)	139	139	-	-
2022	MRO	C-1206	Fremont Department of Utilities (City of)	U.S.	10,545	10,545	-	-	10,503	10,503	-	-	(157)	(157)	199	199	-	-
2022	MRO	C-1208	Geneseo Municipal Utilities	U.S.	1,459	1,459	-	-	1,453	1,453	-	-	(22)	(22)	28	28	-	-
2022	MRO	C-1438	Golden Spread Electric Cooperative, Inc (GSEC)	U.S.	139,639	139,639	-	-	139,083	139,083	-	-	(2,083)	(2,083)	2,639	2,639	-	-
2022	MRO	C-1209	Grand Island Utilities Department	U.S.	16,191	16,191	-	-	16,126	16,126	-	-	(241)	(241)	306	306	-	-
2022	MRO	C-1251	Grand River Dam Authority (GRDA)	U.S.	143,788	143,788	-	-	143,215	143,215	-	-	(2,145)	(2,145)	2,717	2,717	-	-
2022	MRO	C-1717	Great Lakes Utilities	U.S.	32,011	32,011	-	-	31,883	31,883	-	-	(477)	(477)	605	605	-	-
2022	MRO	C-1210	Great River Energy (GRE)	U.S.	287,304	287,304	-	-	286,160	286,160	-	-	(4,285)	(4,285)	5,430	5,430	-	-
2022	MRO	C-1606	Harlan Municipal Utilities	U.S.	379	379	-	-	377	377	-	-	(6)	(6)	7	7	-	-
2022	MRO	C-1211	Hastings Utilities (HAST)	U.S.	9,665	9,665	-	-	9,626	9,626	-	-	(144)	(144)	183	183	-	-
2022	MRO	C-1212	Hearland Consumers Power District (HCPD)	U.S.	11,306	11,306	-	-	11,261	11,261	-	-	(169)	(169)	214	214	-	-
2022	MRO	C-1213	Hutchinson Utilities Commission (HUHC)	U.S.	5,978	5,978	-	-	5,954	5,954	-	-	(89)	(89)	113	113	-	-
2022	MRO	C-1248	Independence Power & Light (Independence, MO) (INDN)	U.S.	22,368	22,368	-	-	22,279	22,279	-	-	(334)	(334)	423	423	-	-
2022	MRO	C-1252	Evergy Metro, Inc.	U.S.	338,897	338,897	-	-	337,547	337,547	-	-	(5,055)	(5,055)	6,405	6,405	-	-
2022	MRO	C-1439	Kansas Electric Power Cooperative (KEPC)	U.S.	45,513	45,513	-	-	45,332	45,332	-	-	(679)	(679)	860	860	-	-
2022	MRO	C-1440	Kansas Municipal Energy Agency (KMEA)	U.S.	35,983	35,983	-	-	35,840	35,840	-	-	(537)	(537)	680	680	-	-
2022	MRO	C-1637	Kansas Power Pool (KPP)	U.S.	18,104	18,104	-	-	18,032	18,032	-	-	(270)	(270)	342	342	-	-
2022	MRO	C-1598	Evergy Missouri West, Inc.	U.S.	198,655	198,655	-	-	197,864	197,864	-	-	(2,963)	(2,963)	3,754	3,754	-	-
2022	MRO	C-2038	Kennett Board of Public Works	U.S.	2,584	2,584	-	-	2,574	2,574	-	-	(39)	(39)	49	49	-	-
2022	MRO	C-1472	Lea County Electric Cooperative (LCEC)	U.S.	25,197	25,197	-	-	25,097	25,097	-	-	(376)	(376)	476	476	-	-
2022	MRO	C-1215	Lincoln Electric System (LES)	U.S.	69,528	69,528	-	-	69,251	69,251	-	-	(1,037)	(1,037)	1,314	1,314	-	-
2022	MRO	C-1216	Madison, Gas and Electric (MGE)	U.S.	70,597	70,597	-	-	70,316	70,316	-	-	(1,053)	(1,053)	1,334	1,334	-	-
2022	MRO	C-2039	Malden Board of Public Works	U.S.	1,105	1,105	-	-	1,101	1,101	-	-	(16)	(16)	21	21	-	-
2022	MRO	C-1220	MidAmerican Energy Company (MEC)	U.S.	649,527	649,527	-	-	646,940	646,940	-	-	(9,688)	(9,688)	12,275	12,275	-	-
2022	MRO	C-1441	Midwest Energy, Inc (MIDW)	U.S.	38,946	38,946	-	-	38,791	38,791	-	-	(581)	(581)	736	736	-	-
2022	MRO	C-1224	Minnesota Municipal Power Agency (MMPA) Avant Energy Inc is Agent	U.S.	42,571	42,571	-	-	42,401	42,401	-	-	(635)	(635)	805	805	-	-
2022	MRO	C-1221	Minnesota Power (MP)	U.S.	244,643	244,643	-	-	243,668	243,668	-	-	(3,649)	(3,649)	4,623	4,623	-	-
2022	MRO	C-1222	Minnkota Power Cooperative, Inc. (MPC)	U.S.	87,054	87,054	-	-	86,707	86,707	-	-	(1,298)	(1,298)	1,645	1,645	-	-
2022	MRO	C-1987	Missouri Joint Municipal Electric Utility	U.S.	9,791	9,791	-	-	9,752	9,752	-	-	(146)	(146)	185	185	-	-
2022	MRO	C-1223	Missouri River Energy Services	U.S.	59,572	59,572	-	-	59,335	59,335	-	-	(889)	(889)	1,126	1,126	-	-
2022	MRO	C-1226	Montana-Dakota Utilities Co. (MDU)	U.S.	69,749	69,749	-	-	69,471	69,471	-	-	(1,040)	(1,040)	1,318	1,318	-	-
2022	MRO	C-1607	Montezuma Municipal Light & Power	U.S.	492	492	-	-	490	490	-	-	(7)	(7)	9	9	-	-
2022	MRO	C-2051	Moose Lake Water & Light Commission	U.S.	727	727	-	-	724	724	-	-	(11)	(11)	14	14	-	-
2022	MRO	C-1227	Municipal Energy Agency of Nebraska (MEAN)	U.S.	21,500	21,500	-	-	21,415	21,415	-	-	(321)	(321)	406	406	-	-
2022	MRO	C-1228	Muscataine Power and Water (MPW)	U.S.	19,203	19,203	-	-	19,127	19,127	-	-	(286)	(286)	363	363	-	-
2022	MRO	C-1229	Nebraska City Utilities	U.S.	2,599	2,599	-	-	2,589	2,589	-	-	(39)	(39)	49	49	-	-
2022	MRO	C-1230	Nebraska Public Power District (NPPD)	U.S.	304,526	304,526	-	-	303,313	303,313	-	-	(4,542)	(4,542)	5,755	5,755	-	-
2022	MRO	C-1711	North Central Power Company	U.S.	875	875	-	-	872	872	-	-	(13)	(13)	17	17	-	-
2022	MRO	C-2055	Northeast Power	U.S.	7,922	7,922	-	-	7,890	7,890	-	-	(118)	(118)	150	150	-	-
2022	MRO	C-1442	Northeast Texas Electric Cooperative, Inc. (NTEC)	U.S.	74,535	74,535	-	-	74,238	74,238	-	-	(1,112)	(1,112)	1,409	1,409	-	-
2022	MRO	C-1231	NorthWestern Energy (NWE)	U.S.	36,420	36,420	-	-	36,275	36,275	-	-	(

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	
2022	MRO	C-1232	Omaha Public Power District (OPPD)	U.S.	268,085	268,085	-	-	267,017	267,017	-	-	(3,999)	(3,999)	5,066	5,066	-	-	
2022	MRO	C-1233	Otter Tail Power Company (OTP)	U.S.	123,765	123,765	-	-	123,272	123,272	-	-	(1,846)	(1,846)	2,339	2,339	-	-	
2022	MRO	C-1651	Paragould Light, Water & Cable (PARAGOULD)	U.S.	12,444	12,444	-	-	12,394	12,394	-	-	(186)	(186)	235	235	-	-	
2022	MRO	C-1725	Peoples Electric Cooperative (PEC)	U.S.	19,239	19,239	-	-	19,163	19,163	-	-	(287)	(287)	364	364	-	-	
2022	MRO	C-2040	Piggott Municipal Light, Water & Sewer	U.S.	771	771	-	-	768	768	-	-	(11)	(11)	15	15	-	-	
2022	MRO	C-1720	Resale Power Group of Iowa	U.S.	11,013	11,013	-	-	10,969	10,969	-	-	(164)	(164)	208	208	-	-	
2022	MRO	C-1721	Rice Lake Utilities	U.S.	3,339	3,339	-	-	3,326	3,326	-	-	(50)	(50)	63	63	-	-	
2022	MRO	C-1234	Rochester Public Utilities (RPU)	U.S.	34	34	-	-	33	33	-	-	(1)	(1)	1	1	-	-	
2022	MRO	C-1473	Roosevelt County Electric Cooperative	U.S.	3,786	3,786	-	-	3,771	3,771	-	-	(56)	(56)	72	72	-	-	
2022	MRO	C-1236	Southern Minnesota Municipal Power Agency (SMMMPA)	U.S.	58,280	58,280	-	-	58,048	58,048	-	-	(869)	(869)	1,101	1,101	-	-	
2022	MRO	C-1257	Southwestern Public Service Co. Xcel Energy (SPS)	U.S.	524,957	524,957	-	-	522,866	522,866	-	-	(7,830)	(7,830)	9,921	9,921	-	-	
2022	MRO	C-1256	Sunflower Electric Cooperative (SECI)	U.S.	102,861	102,861	-	-	102,451	102,451	-	-	(1,534)	(1,534)	1,944	1,944	-	-	
2022	MRO	C-1665	Upper Peninsula Power Co (UPPC)	U.S.	16,287	16,287	-	-	16,222	16,222	-	-	(243)	(243)	308	308	-	-	
2022	MRO	C-1714	Village of Cadott	U.S.	265	265	-	-	263	263	-	-	(4)	(4)	5	5	-	-	
2022	MRO	C-1260	Eergy Kansas Central, Inc.	U.S.	527,783	527,783	-	-	525,681	525,681	-	-	(7,872)	(7,872)	9,974	9,974	-	-	
2022	MRO	C-1239	Western Area Power Administration Rocky Mountain Region (LM) (WAPA-RMR)	U.S.	944	944	-	-	940	940	-	-	(14)	(14)	18	18	-	-	
2022	MRO	C-1240	Western Area Power Administration Upper Great Plains (UM) (WAPA)	U.S.	190,898	190,898	-	-	190,137	190,137	-	-	(2,847)	(2,847)	3,608	3,608	-	-	
2022	MRO	C-1259	Western Farmers Electric Cooperative (WFEC)	U.S.	201,167	201,167	-	-	200,366	200,366	-	-	(3,001)	(3,001)	3,802	3,802	-	-	
2022	MRO	C-1501	West Texas Municipal Power Agency (WTMPA)	U.S.	2,687	2,687	-	-	2,676	2,676	-	-	(40)	(40)	51	51	-	-	
2022	MRO	C-1242	Wisconsin Public Power, Inc. (East and West regions) (WPPI)	U.S.	111,508	111,508	-	-	111,064	111,064	-	-	(1,663)	(1,663)	2,107	2,107	-	-	
2022	MRO	C-1983	Wolverine Power Marketing Cooperative	U.S.	1,602	1,602	-	-	1,595	1,595	-	-	(24)	(24)	30	30	-	-	
2022	MRO	C-1244	Xcel Energy Company Northern States Power (NSP)	U.S.	904,545	904,545	-	-	900,942	900,942	-	-	(13,492)	(13,492)	17,095	17,095	-	-	
TOTAL MRO					10,842,689	9,757,129	1,085,560	-	10,783,615	9,718,269	1,065,346	-	-	(145,537)	(145,537)	204,612	184,397	20,214	-
2022	NPCC	C-1336	New England	U.S.	2,504,263	2,504,263	-	-	2,494,289	2,494,289	-	-	(37,354)	(37,354)	47,327	47,327	-	-	
2022	NPCC	C-1339	New York	U.S.	3,214,999	3,214,999	-	-	3,202,194	3,202,194	-	-	(47,955)	(47,955)	60,759	60,759	-	-	
2022	NPCC	C-1337	Ontario	Canada	2,245,644	-	2,245,644	-	2,885,270	-	2,885,270	-	-	-	(639,626)	-	(639,626)	-	
2022	NPCC	-	Quebec	Canada	3,289,166	-	3,289,166	-	3,986,945	-	3,986,945	-	-	-	(697,779)	-	(697,779)	-	
2022	NPCC	C-1341	Hydro Quebec	Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	NPCC	C-1572	Regie	Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2022	NPCC	C-1705	New Brunswick	Canada	242,487	-	242,487	-	311,555	-	311,555	-	-	-	(69,068)	-	(69,068)	-	
2022	NPCC	C-1340	Nova Scotia	Canada	242,134	-	242,134	-	237,625	-	237,625	-	-	-	4,509	-	4,509	-	
TOTAL NPCC					11,738,693	5,719,262	6,019,431	-	13,117,879	5,696,483	7,421,395	-	-	(85,308)	(85,308)	(1,293,877)	108,087	(1,401,964)	-
2022	RF	C-1102	Cannelton Utilities	U.S.	286	286	-	-	285	285	-	-	(4)	(4)	5	5	-	-	
2022	RF	C-1106	City of Croswell	U.S.	943	943	-	-	940	940	-	-	(14)	(14)	18	18	-	-	
2022	RF	C-1490	City of Lansing	U.S.	44,258	44,258	-	-	44,081	44,081	-	-	(660)	(660)	836	836	-	-	
2022	RF	C-1120	Cloverland Electric Cooperative	U.S.	16,716	16,716	-	-	16,649	16,649	-	-	(249)	(249)	316	316	-	-	
2022	RF	C-1122	CMS ERM Michigan LLC	U.S.	3,708	3,708	-	-	3,693	3,693	-	-	(55)	(55)	70	70	-	-	
2022	RF	C-1124	Constellation New Energy (MECS-CONS)	U.S.	44,290	44,290	-	-	44,114	44,114	-	-	(661)	(661)	837	837	-	-	
2022	RF	C-1123	Constellation New Energy (MECS-DET)	U.S.	49,071	49,071	-	-	48,876	48,876	-	-	(732)	(732)	927	927	-	-	
2022	RF	C-1126	Consumers Energy Company	U.S.	700,126	700,126	-	-	697,338	697,338	-	-	(10,443)	(10,443)	13,231	13,231	-	-	
2022	RF	C-1128	DTE Electric Company	U.S.	1,023,918	1,023,918	-	-	1,019,840	1,019,840	-	-	(15,273)	(15,273)	19,351	19,351	-	-	
2022	RF	C-1166	Duke Energy Indiana	U.S.	597,352	597,352	-	-	594,973	594,973	-	-	(8,910)	(8,910)	11,289	11,289	-	-	
2022	RF	C-1135	Ferdinand Municipal Light & Water	U.S.	991	991	-	-	987	987	-	-	(15)	(15)	19	19	-	-	
2022	RF	C-1646	Energy Harbor LLC (MECS-CONS)	U.S.	10,447	10,447	-	-	10,405	10,405	-	-	(156)	(156)	197	197	-	-	
2022	RF	C-1549	Energy Harbor LLC (MECS-DET)	U.S.	2,560	2,560	-	-	2,550	2,550	-	-	(38)	(38)	48	48	-	-	
2022	RF	C-1145	Hoosier Energy	U.S.	168,874	168,874	-	-	168,202	168,202	-	-	(2,519)	(2,519)	3,192	3,192	-	-	
2022	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	63,368	63,368	-	-	63,115	63,115	-	-	(945)	(945)	1,198	1,198	-	-	
2022	RF	C-1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	8,282	8,282	-	-	8,249	8,249	-	-	(124)	(124)	157	157	-	-	
2022	RF	C-1486	Indiana Municipal Power Agency (SIGE)	U.S.	11,998	11,998	-	-	11,950	11,950	-	-	(179)	(179)	227	227	-	-	
2022	RF	C-1149	Indianapolis Power & Light Co.	U.S.	285,281	285,281	-	-	284,145	284,145	-	-	(4,255)	(4,255)	5,391	5,391	-	-	
2022	RF	C-2050	Logansport Municipal Utility (LMU)	U.S.	8,546	8,546	-	-	8,512	8,512	-	-	(127)	(127)	162	162	-	-	
2022	RF	C-1666	Constellation New Energy (MIUP)	U.S.	6,782	6,782	-	-	6,755	6,755	-	-	(101)	(101)	128	128	-	-	
2022	RF	C-1614	Just Energy	U.S.	86	86	-	-	85	85	-	-	(1)	(1)	2	2	-	-	
2022	RF	C-1154	Michigan Public Power Agency	U.S.	79,149	79,149	-	-	78,834	78,834	-	-	(1,181)	(1,181)	1,496	1,496	-	-	
2022	RF	C-1155	Michigan South Central Power Agency	U.S.	15,917	15,917	-	-	15,853	15,853	-	-	(237)	(237)	301	301	-	-	
2022	RF	C-1163	Northern Indiana Public Service Co.	U.S.	332,849	332,849	-	-	331,523	331,523	-	-	(4,965)	(4,965)	6,290	6,290	-	-	
2022	RF	C-1164	Ontonagon County Rural Electrification Assoc.	U.S.	624	624	-	-	622	622	-	-	(9)	(9)	12	12	-	-	
2022	RF	C-1265	PJM Interconnection, LLC	U.S.	14,055,661	14,055,661	-	-	13,999,681	13,999,681	-	-	(209,654)	(209,654)	265,634	265,634	-	-	
2022	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	U.S.	7,349	7,349	-	-	7,320	7,320	-	-	(110)	(110)	139	139	-	-	
2022	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	U.S.	13,023	13,023	-	-	12,971	12,971	-	-	(194)	(194)	246	246	-	-	
2022	RF	C-1176	Direct Energy	U.S.	255	255	-	-	254	254	-	-	(4)	(4)	5	5	-	-	
2022	RF	C-1174	Direct Energy	U.S.	18,825	18,825	-	-	18,750	18,750	-	-	(281)	(281)	356	356	-	-	
2022	RF	C-1581	Spartan Renewable Energy	U.S.	3,036	3,036	-	-	3,024	3,024	-	-	(45)	(45)	57	57	-	-	
2022	RF	C-1985	Spartan Renewable Energy (MI UP)	U.S.	1,575	1,575	-	-	1,569	1,569	-	-	(23)	(23)	30	30	-	-	
2022	RF	C-1180	Thumb Electric Cooperative	U.S.	4,266	4,266	-	-	4,249	4,249	-	-	(64)	(64)	81	81	-	-	
2022	RF	C-2074	Union City Michigan	U.S.	341	341	-	-	340	340	-	-	(5)	(5)	6	6	-	-	
2022	RF	C-2027	Upper Michigan Energy Resources	U.S.	37,664	37,664	-	-	37,514	37,514	-	-	(662)	(662)	712	712	-	-	
2022	RF	C-1181	Vectren, a CenterPoint Energy Company	U.S.	102,449	102,449	-	-	102,041	102,041	-	-	(1,528)	(1,528)	1,936	1,936	-	-	
2022	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	U.S.	68,229	68,229</													

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico
2022	SERC	C-1271	Ameren - Missouri	U.S.	771,802	771,802	-	-	768,729	768,729	-	-	(11,512)	(11,512)	14,586	14,586	-	-
2022	SERC	C-1273	Associated Electric Cooperative Inc.	U.S.	521,079	521,079	-	-	519,004	519,004	-	-	(7,772)	(7,772)	9,848	9,848	-	-
2022	SERC	C-1582	Beauregard Electric Cooperative, Inc.	U.S.	33,294	33,294	-	-	33,161	33,161	-	-	(497)	(497)	629	629	-	-
2022	SERC	C-1462	Benton Utility District	U.S.	6,312	6,312	-	-	6,287	6,287	-	-	(94)	(94)	119	119	-	-
2022	SERC	C-1274	Big Rivers Electric Corporation	U.S.	77,430	77,430	-	-	77,121	77,121	-	-	(1,155)	(1,155)	1,463	1,463	-	-
2022	SERC	C-1275	Black Warrior EMC	U.S.	8,574	8,574	-	-	8,540	8,540	-	-	(128)	(128)	162	162	-	-
2022	SERC	C-1276	Blue Ridge EMC	U.S.	25,840	25,840	-	-	25,737	25,737	-	-	(385)	(385)	488	488	-	-
2022	SERC	C-1628	Brazos Electric Power Cooperative, Inc.	U.S.	13,670	13,670	-	-	13,616	13,616	-	-	(204)	(204)	258	258	-	-
2022	SERC	C-1463	Canton, MS	U.S.	2,355	2,355	-	-	2,346	2,346	-	-	(35)	(35)	45	45	-	-
2022	SERC	C-1277	Central Electric Power Cooperative Inc.	U.S.	412,987	412,987	-	-	411,343	411,343	-	-	(6,160)	(6,160)	7,805	7,805	-	-
2022	SERC	C-1667	Century Aluminum - Hawesville	U.S.	35,307	35,307	-	-	35,167	35,167	-	-	(527)	(527)	667	667	-	-
2022	SERC	C-1668	Century Aluminum - Seabee	U.S.	69,930	69,930	-	-	69,651	69,651	-	-	(1,043)	(1,043)	1,322	1,322	-	-
2022	SERC	C-1278	City of Blountstown FL	U.S.	699	699	-	-	696	696	-	-	(10)	(10)	13	13	-	-
2022	SERC	C-1279	City of Camden SC	U.S.	4,218	4,218	-	-	4,201	4,201	-	-	(63)	(63)	80	80	-	-
2022	SERC	C-1280	City of Collins MS	U.S.	988	988	-	-	984	984	-	-	(15)	(15)	19	19	-	-
2022	SERC	C-1281	City of Columbia MO	U.S.	25,673	25,673	-	-	25,570	25,570	-	-	(383)	(383)	485	485	-	-
2022	SERC	C-1282	City of Conway AR (Conway Corporation)	U.S.	20,092	20,092	-	-	20,012	20,012	-	-	(300)	(300)	380	380	-	-
2022	SERC	C-1284	City of Evergreen AL	U.S.	1,175	1,175	-	-	1,170	1,170	-	-	(18)	(18)	22	22	-	-
2022	SERC	C-1285	City of Hampton GA	U.S.	772	772	-	-	769	769	-	-	(12)	(12)	15	15	-	-
2022	SERC	C-1286	City of Hartford AL	U.S.	664	664	-	-	662	662	-	-	(10)	(10)	13	13	-	-
2022	SERC	C-1287	City of Henderson (KY) Municipal Power & Light	U.S.	11,687	11,687	-	-	11,641	11,641	-	-	(174)	(174)	221	221	-	-
2022	SERC	C-1288	City of North Little Rock AR (DENL)	U.S.	19,456	19,456	-	-	19,379	19,379	-	-	(290)	(290)	368	368	-	-
2022	SERC	C-1289	City of Orangeburg SC Department of Public Utilities	U.S.	16,045	16,045	-	-	15,982	15,982	-	-	(239)	(239)	303	303	-	-
2022	SERC	C-1290	City of Robertsdale AL	U.S.	1,936	1,936	-	-	1,928	1,928	-	-	(29)	(29)	37	37	-	-
2022	SERC	C-1291	City of Ruston LA (DERS)	U.S.	6,202	6,202	-	-	6,177	6,177	-	-	(93)	(93)	117	117	-	-
2022	SERC	C-1292	Seneca Light & Power	U.S.	3,394	3,394	-	-	3,380	3,380	-	-	(51)	(51)	64	64	-	-
2022	SERC	C-1115	City of Springfield (CWLP)	U.S.	34,623	34,623	-	-	34,485	34,485	-	-	(516)	(516)	654	654	-	-
2022	SERC	C-1465	City of Thayer, MO	U.S.	536	536	-	-	534	534	-	-	(8)	(8)	10	10	-	-
2022	SERC	C-1293	City of Troy AL	U.S.	9,991	9,991	-	-	9,951	9,951	-	-	(149)	(149)	189	189	-	-
2022	SERC	C-1294	City of West Memphis AR (West Memphis Utilities)	U.S.	7,610	7,610	-	-	7,580	7,580	-	-	(114)	(114)	144	144	-	-
2022	SERC	C-1583	Clalborne Electric Cooperative, Inc.	U.S.	13,676	13,676	-	-	13,621	13,621	-	-	(204)	(204)	258	258	-	-
2022	SERC	C-1584	Concordia Electric Cooperative, Inc.	U.S.	4,547	4,547	-	-	4,529	4,529	-	-	(68)	(68)	86	86	-	-
2022	SERC	C-1726	Cube Hydro Carolinas	U.S.	240	240	-	-	239	239	-	-	(4)	(4)	5	5	-	-
2022	SERC	C-1283	Dalton Utilities	U.S.	73,436	73,436	-	-	73,143	73,143	-	-	(1,095)	(1,095)	1,388	1,388	-	-
2022	SERC	C-1585	Divie Electric Membership Corporation	U.S.	49,552	49,552	-	-	49,354	49,354	-	-	(739)	(739)	936	936	-	-
2022	SERC	C-1295	Dominion Virginia Power	U.S.	2,051,331	2,051,331	-	-	2,043,161	2,043,161	-	-	(30,598)	(30,598)	38,768	38,768	-	-
2022	SERC	C-1296	Duke Energy Carolinas, LLC	U.S.	1,835,495	1,835,495	-	-	1,828,185	1,828,185	-	-	(27,378)	(27,378)	34,689	34,689	-	-
2022	SERC	C-1466	Durant, MS	U.S.	505	505	-	-	503	503	-	-	(8)	(8)	10	10	-	-
2022	SERC	C-1478	LG&E and KU Services Co as agent for LG&E Co and KU Co	U.S.	677,390	677,390	-	-	674,692	674,692	-	-	(10,104)	(10,104)	12,802	12,802	-	-
2022	SERC	C-1297	East Kentucky Power Cooperative	U.S.	308,507	308,507	-	-	307,278	307,278	-	-	(4,602)	(4,602)	5,830	5,830	-	-
2022	SERC	C-1298	East Mississippi Electric Power Association	U.S.	8,888	8,888	-	-	8,852	8,852	-	-	(133)	(133)	168	168	-	-
2022	SERC	C-1669	Electricities of North Carolina Inc	U.S.	251,039	251,039	-	-	250,040	250,040	-	-	(3,744)	(3,744)	4,744	4,744	-	-
2022	SERC	C-1300	EnergyUnited EMC	U.S.	58,853	58,853	-	-	58,619	58,619	-	-	(878)	(878)	1,112	1,112	-	-
2022	SERC	C-1301	Entergy	U.S.	2,634,823	2,634,823	-	-	2,624,329	2,624,329	-	-	(39,301)	(39,301)	49,795	49,795	-	-
2022	SERC	C-1302	Fayetteville (NC) Public Works Commission	U.S.	44,197	44,197	-	-	44,020	44,020	-	-	(659)	(659)	835	835	-	-
2022	SERC	C-1303	Florida Public Utilities (FL Panhandle Load)	U.S.	6,402	6,402	-	-	6,376	6,376	-	-	(95)	(95)	121	121	-	-
2022	SERC	C-1304	French Broad EMC	U.S.	11,932	11,932	-	-	11,885	11,885	-	-	(178)	(178)	226	226	-	-
2022	SERC	C-1305	Georgia Power Company	U.S.	1,868,792	1,868,792	-	-	1,861,349	1,861,349	-	-	(27,875)	(27,875)	35,318	35,318	-	-
2022	SERC	C-1306	Georgia System Optns Corporation	U.S.	905,258	905,258	-	-	901,652	901,652	-	-	(13,503)	(13,503)	17,108	17,108	-	-
2022	SERC	C-1479	Greenwood (MS) Utilities Commission	U.S.	5,721	5,721	-	-	5,698	5,698	-	-	(85)	(85)	108	108	-	-
2022	SERC	C-1307	Greenwood (SC) Commissioners of Public Works	U.S.	6,326	6,326	-	-	6,301	6,301	-	-	(94)	(94)	120	120	-	-
2022	SERC	C-1586	Haywood EMC	U.S.	7,526	7,526	-	-	7,496	7,496	-	-	(112)	(112)	142	142	-	-
2022	SERC	C-1984	Hoosier Energy REC, Inc	U.S.	9,435	9,435	-	-	9,397	9,397	-	-	(141)	(141)	178	178	-	-
2022	SERC	C-1309	Illinois Municipal Electric Agency	U.S.	38,955	38,955	-	-	38,800	38,800	-	-	(581)	(581)	736	736	-	-
2022	SERC	C-1480	Itta Bena, MS	U.S.	275	275	-	-	274	274	-	-	(4)	(4)	5	5	-	-
2022	SERC	C-1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	4,238	4,238	-	-	4,221	4,221	-	-	(63)	(63)	80	80	-	-
2022	SERC	C-1617	Kentucky Municipal Power	U.S.	14,353	14,353	-	-	14,295	14,295	-	-	(214)	(214)	271	271	-	-
2022	SERC	C-1481	Municipal Energy Agency of MS-Kosciusko, MS	U.S.	1,502	1,502	-	-	1,497	1,497	-	-	(22)	(22)	28	28	-	-
2022	SERC	C-1482	Municipal Energy Agency of MS-Leland, MS	U.S.	626	626	-	-	624	624	-	-	(9)	(9)	12	12	-	-
2022	SERC	C-1313	McCormick Commission of Public Works	U.S.	361	361	-	-	359	359	-	-	(5)	(5)	7	7	-	-
2022	SERC	C-1314	Mississippi Power Company	U.S.	212,301	212,301	-	-	211,456	211,456	-	-	(3,167)	(3,167)	4,012	4,012	-	-
2022	SERC	C-1630	Mt. Carmel Public Utility	U.S.	2,035	2,035	-	-	2,027	2,027	-	-	(30)	(30)	38	38	-	-
2022	SERC	C-1315	Municipal Electric Authority of Georgia	U.S.	263,002	263,002	-	-	261,954	261,954	-	-	(3,923)	(3,923)	4,970	4,970	-	-
2022	SERC	C-1316	N.C. Electric Membership Corp.	U.S.	292,314	292,314	-	-	291,150	291,150	-	-	(4,360)	(4,360)	5,524	5,524	-	-
2022	SERC	C-1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	6,477	6,477	-	-	6,451	6,451	-	-	(97)	(97)	122	122	-	-
2022	SERC	C-1574	Northern Virginia Electric Cooperative	U.S.	184,530	184,530	-	-	183,795	183,795	-	-	(2,752)	(2,752)	3,487	3,487	-	-
2022	SERC	C-1319	Old Dominion Electric Cooperative	U.S.	110,923	110,923	-	-	110,481	110,481	-	-	(1,655)	(1,655)	2,096	2,096	-	-
2022	SERC	C-1618	Osceola (Arkansas) Municipal Light and Power	U.S.	2,721	2,721	-	-	2,710	2,710	-	-	(41)	(41)	51	51	-	-
2022	SERC	C-1320	Owensboro (KY) Municipal Utilities	U.S.	17,153	17,153	-	-	17,085	17,085	-	-	(256)	(256)	324	324	-	-
2022	SERC	C-1321	Piedmont EMC in Duke and Progress Areas	U.S.	11,337	11,337	-	-	11,292	11,292	-	-	(169)	(169)	214	214	-	-
2022	SERC	C-1323	Piedmont Municipal Power Agency (PMPA)	U.S.	52,497	52,497	-	-	52,288	52,288	-	-	(783)	(783)	992	992	-	-
2022	SERC	C-1589	Pointe Coupee Electric Memb. Corp.	U.S.	4,973	4,973	-	-	4,953	4,953	-	-	(74)	(74)	94	94	-	-
2022	SERC	C-1266	PowerSouth Energy	U.S.	201,078	201,078	-	-	200,278	200,278	-	-	(2,999)	(2,999)	3,800	3,800	-	-
2022	SERC	C-1330	Prairie Power, Inc.	U.S.	33,855	33,855	-	-	33,721	33,721	-	-	(505)	(505)	640	640	-	-
2022	SERC	C-1706	Duke Energy Progress	U.S.	968,427	968,427	-	-	964,570	964,570	-	-	(14,445)	(14,445)	18,302	18,302	-	-
2022	SERC	C-1325	Rutherford EMC	U.S.	30,432	30,432	-	-	30,311	30,311	-	-	(454)	(454)	575	575	-	-
2022	SERC	C-1326	South Carolina Electric & Gas Company	U.S.	483,019	483,019	-	-	481,095	481,095	-	-	(7,205)	(7,205)	9,128	9,128	-	-
2022	SERC	C-1327	South Carolina Public Service Authority	U.S.	217,573	217,573	-	-	216,707	216,707	-	-	(3,245)	(3,245)	4,112	4,112	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico
2022	SERC	C-1619	Southwestern Electric Cooperative, Inc.	U.S.	9,940	9,940	-	-	9,900	9,900	-	-	(148)	(148)	188	188	-	-
2022	SERC	C-1331	Tennessee Valley Authority	U.S.	3,497,752	3,497,752	-	-	3,483,821	3,483,821	-	-	(52,172)	(52,172)	66,103	66,103	-	-
2022	SERC	C-1632	East Texas Electric Cooperative (ETEC)	U.S.	46,837	46,837	-	-	46,651	46,651	-	-	(699)	(699)	885	885	-	-
2022	SERC	C-1332	Tombigbee Electric Cooperative Inc.	U.S.	2,723	2,723	-	-	2,712	2,712	-	-	(41)	(41)	51	51	-	-
2022	SERC	C-1594	Town of Sharpsburg, N.C.	U.S.	425	425	-	-	424	424	-	-	(6)	(6)	8	8	-	-
2022	SERC	C-1595	Town of Stantonburg, N.C. JRO	U.S.	1,223	1,223	-	-	1,218	1,218	-	-	(18)	(18)	23	23	-	-
2022	SERC	C-1333	Town of Waynesville NC	U.S.	1,770	1,770	-	-	1,763	1,763	-	-	(26)	(26)	33	33	-	-
2022	SERC	C-1334	Town of Winstonsboro SC	U.S.	1,286	1,286	-	-	1,281	1,281	-	-	(19)	(19)	24	24	-	-
2022	SERC	C-1335	Town of Winterville NC	U.S.	1,280	1,280	-	-	1,275	1,275	-	-	(19)	(19)	24	24	-	-
2022	SERC	C-1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	23,370	23,370	-	-	23,277	23,277	-	-	(349)	(349)	442	442	-	-
2022	SERC	C-1435	Arkansas Electric Cooperative Corporation	U.S.	227,354	227,354	-	-	226,448	226,448	-	-	(3,991)	(3,991)	4,297	4,297	-	-
2022	SERC	C-1557	City of Clarksdale, Mississippi	U.S.	3,034	3,034	-	-	3,022	3,022	-	-	(45)	(45)	57	57	-	-
2022	SERC	C-1708	City of Abbeville	U.S.	2,722	2,722	-	-	2,711	2,711	-	-	(41)	(41)	51	51	-	-
2022	SERC	C-1558	Hope Water & Light (HWL)	U.S.	5,228	5,228	-	-	5,207	5,207	-	-	(78)	(78)	99	99	-	-
2022	SERC	C-1559	City of Minden	U.S.	2,905	2,905	-	-	2,893	2,893	-	-	(43)	(43)	55	55	-	-
2022	SERC	C-1249	Cleco Power LLC	U.S.	224,258	224,258	-	-	223,365	223,365	-	-	(3,345)	(3,345)	4,238	4,238	-	-
2022	SERC	C-1648	Jonesboro City Water & Light	U.S.	31,743	31,743	-	-	31,617	31,617	-	-	(473)	(473)	600	600	-	-
2022	SERC	C-1471	Lafayette Utilities System	U.S.	43,837	43,837	-	-	43,663	43,663	-	-	(654)	(654)	828	828	-	-
2022	SERC	C-1253	Louisiana Energy & Power Authority (LEPA)	U.S.	20,147	20,147	-	-	20,067	20,067	-	-	(301)	(301)	381	381	-	-
2022	SERC	C-1443	Missouri Joint Municipal Electric Utility Commission	U.S.	63,493	63,493	-	-	63,241	63,241	-	-	(947)	(947)	1,200	1,200	-	-
2022	SERC	C-1639	OzMo Ozark Missouri, West Plains MO	U.S.	3,872	3,872	-	-	3,856	3,856	-	-	(58)	(58)	73	73	-	-
2022	SERC	C-1653	Poplar Bluff Municipal Utilities	U.S.	7,880	7,880	-	-	7,848	7,848	-	-	(118)	(118)	149	149	-	-
2022	SERC	C-1636	City of Prescott	U.S.	1,748	1,748	-	-	1,741	1,741	-	-	(26)	(26)	33	33	-	-
2022	SERC	C-1561	Public Service Commission of Yazoo City of Mississippi	U.S.	2,527	2,527	-	-	2,517	2,517	-	-	(38)	(38)	48	48	-	-
2022	SERC	C-1654	Sikeston Board of Municipal Utilities	U.S.	8,007	8,007	-	-	7,975	7,975	-	-	(119)	(119)	151	151	-	-
2022	SERC	C-1074	Alachua, City of	U.S.	3,106	3,106	-	-	3,093	3,093	-	-	(46)	(46)	59	59	-	-
2022	SERC	C-1075	Bartow, City of	U.S.	6,415	6,415	-	-	6,390	6,390	-	-	(96)	(96)	121	121	-	-
2022	SERC	C-1076	Chattahoochee, City of	U.S.	765	765	-	-	762	762	-	-	(11)	(11)	14	14	-	-
2022	SERC	C-1078	Florida Power & Light Co.	U.S.	2,977,457	2,977,457	-	-	2,965,599	2,965,599	-	-	(44,412)	(44,412)	56,270	56,270	-	-
2022	SERC	C-1079	Florida Public Utilities Company	U.S.	7,901	7,901	-	-	7,869	7,869	-	-	(118)	(118)	149	149	-	-
2022	SERC	C-1080	Gainesville Regional Utilities	U.S.	39,899	39,899	-	-	39,740	39,740	-	-	(595)	(595)	754	754	-	-
2022	SERC	C-1081	Homestead, City of	U.S.	13,350	13,350	-	-	13,297	13,297	-	-	(199)	(199)	252	252	-	-
2022	SERC	C-1082	JEA	U.S.	272,265	272,265	-	-	271,181	271,181	-	-	(4,061)	(4,061)	5,145	5,145	-	-
2022	SERC	C-1083	Lakeland Electric	U.S.	71,712	71,712	-	-	71,427	71,427	-	-	(1,070)	(1,070)	1,355	1,355	-	-
2022	SERC	C-1626	Lee County Electric Cooperative, Inc	U.S.	96,343	96,343	-	-	95,959	95,959	-	-	(1,437)	(1,437)	1,821	1,821	-	-
2022	SERC	C-1661	City of Lake Worth	U.S.	10,345	10,345	-	-	10,303	10,303	-	-	(154)	(154)	195	195	-	-
2022	SERC	C-1084	Mount Dora, City of	U.S.	2,145	2,145	-	-	2,136	2,136	-	-	(32)	(32)	41	41	-	-
2022	SERC	C-1085	New Smyrna Beach, Utilities Commission of	U.S.	10,209	10,209	-	-	10,169	10,169	-	-	(152)	(152)	193	193	-	-
2022	SERC	C-1086	Orlando Utilities Commission	U.S.	165,294	165,294	-	-	164,636	164,636	-	-	(2,466)	(2,466)	3,124	3,124	-	-
2022	SERC	C-1087	Duke Energy Florida	U.S.	893,872	893,872	-	-	890,312	890,312	-	-	(13,333)	(13,333)	16,893	16,893	-	-
2022	SERC	C-1088	Quincy, City of	U.S.	2,835	2,835	-	-	2,824	2,824	-	-	(42)	(42)	54	54	-	-
2022	SERC	C-1089	Reedy Creek Improvement District	U.S.	25,765	25,765	-	-	25,663	25,663	-	-	(384)	(384)	487	487	-	-
2022	SERC	C-1090	St. Cloud, City of (OUC)	U.S.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	SERC	C-1091	Tallahassee, City of	U.S.	58,246	58,246	-	-	58,014	58,014	-	-	(869)	(869)	1,101	1,101	-	-
2022	SERC	C-1092	Tampa Electric Company	U.S.	454,243	454,243	-	-	452,434	452,434	-	-	(6,775)	(6,775)	8,585	8,585	-	-
2022	SERC	C-1093	Wauchula, City of	U.S.	1,337	1,337	-	-	1,332	1,332	-	-	(20)	(20)	25	25	-	-
2022	SERC	C-1094	Williston, City of	U.S.	800	800	-	-	797	797	-	-	(12)	(12)	15	15	-	-
2022	SERC	C-1095	Winter Park, City of	U.S.	9,017	9,017	-	-	8,981	8,981	-	-	(135)	(135)	170	170	-	-
2022	SERC	C-1072	Florida Municipal Power Agency	U.S.	149,433	149,433	-	-	148,837	148,837	-	-	(2,229)	(2,229)	2,824	2,824	-	-
2022	SERC	C-1073	Seminole Electric Cooperative	U.S.	343,869	343,869	-	-	342,500	342,500	-	-	(5,129)	(5,129)	6,499	6,499	-	-
TOTAL SERC					28,400,155	28,400,155	-	-	28,287,044	28,287,044	-	-	(423,616)	(423,616)	536,727	536,727	-	-
2022	Texas RE	C-1019	ERCOT	U.S.	9,007,907	9,007,907	-	-	8,972,031	8,972,031	-	-	(134,362)	(134,362)	170,238	170,238	-	-
TOTAL ERCOT					9,007,907	9,007,907	-	-	8,972,031	8,972,031	-	-	(134,362)	(134,362)	170,238	170,238	-	-
2022	WECC		Alberta Electric System Operator	Canada	991,521	-	991,521	-	1,289,399	-	1,289,399	-	-	-	(297,878)	-	(297,878)	-
2022	WECC		British Columbia Hydro & Power Authority	Canada	1,399,110	-	1,399,110	-	1,373,057	-	1,373,057	-	-	-	26,053	-	26,053	-
2022	WECC		Centro Nacional de Control de Energia	Mexico	346,814	-	-	346,814	340,356	-	340,356	-	340,356	-	6,458	-	-	6,458
2022	WECC		Agulla Irrigation District - APS	U.S.	828	828	-	-	825	825	-	-	(12)	(12)	16	16	-	-
2022	WECC		Aha Macav Power Service	U.S.	427	427	-	-	425	425	-	-	(6)	(6)	8	8	-	-
2022	WECC		Ajo Improvement District	U.S.	243	243	-	-	242	242	-	-	(4)	(4)	5	5	-	-
2022	WECC		Air Liquide Hydrogen Energy U.S., LLC	U.S.	975	975	-	-	971	971	-	-	(15)	(15)	18	18	-	-
2022	WECC		Arizona Electric Power Cooperative, Inc	U.S.	83,717	83,717	-	-	83,384	83,384	-	-	(1,249)	(1,249)	1,582	1,582	-	-
2022	WECC		Arizona Public Service Company	U.S.	650,590	650,590	-	-	647,999	647,999	-	-	(9,704)	(9,704)	12,295	12,295	-	-
2022	WECC		Arkansas River Power Authority (ARPA)	U.S.	5,239	5,239	-	-	5,219	5,219	-	-	(78)	(78)	99	99	-	-
2022	WECC		Avangrid Renewables	U.S.	2,455	2,455	-	-	2,445	2,445	-	-	(37)	(37)	46	46	-	-
2022	WECC		Avista Corporation	U.S.	209,981	209,981	-	-	209,144	209,144	-	-	(3,132)	(3,132)	3,968	3,968	-	-
2022	WECC		Barrick Goldstrike Mines Inc.	U.S.	30,181	30,181	-	-	30,061	30,061	-	-	(450)	(450)	570	570	-	-
2022	WECC		Basin Electric Power Cooperative - NorthWestern	U.S.	18,398	18,398	-	-	18,325	18,325	-	-	(274)	(274)	348	348	-	-
2022	WECC		Basin Electric Power Cooperative - WACM	U.S.	50,437	50,437	-	-	50,236	50,236	-	-	(752)	(752)	953	953	-	-
2022	WECC		Basin Electric Power Cooperative - WAUW	U.S.	3,382	3,382	-	-	3,369	3,369	-	-	(50)	(50)	64	64	-	-
2022	WECC		Beartooth Electric Cooperative	U.S.	1,857	1,857	-	-	1,850	1,850	-	-	(28)	(28)	35	35	-	-
2022	WECC		Big Horn County Electric Cooperative	U.S.	1,526	1,526	-	-	1,520	1,520	-	-	(23)	(23)	29	29	-	-
2022	WECC		Black Hills Energy Colorado Electric	U.S.	42,100	42,100	-	-	41,932	41,932	-	-	(628)	(628)	796	796	-	-
2022	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	97,194	97,194	-	-	96,807	96,807	-	-	(1,450)	(1,450)	1,837	1,837	-	-
2022	WECC		Black Hills State University South Dakota	U.S.	363	363	-	-	362	362	-	-	(5)	(5)	7	7	-	-
2022	WECC		Bonneville Power Administration-Transmission	U.S.	1,228,502	1,228,502	-	-	1,223,609	1,223,609	-	-	(18,324)	(18,324)	23,217	23,217	-	-
2022	WECC		Bonneville Power Administration-Power Services	U.S.	145,869	145,869	-	-	145,288	145,288	-	-	(2,176)	(2,176)	2,757	2,757	-	-
2022	WECC		Bonneville Power Administration-Hydro	U.S.	4,243	4,243	-	-	4,226	4,226	-	-	(63)	(63)	80	80	-	-
2022	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	401	401	-	-	399	399	-	-	(6)	(6)	8	8	-	-
2022	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	0	0	-	-	0	0	-	-	(0)	(0)	0	0	-	-
2022	WECC		Bureau of Reclamation (Wellfield)	U.S.	309	309	-	-	307	307	-	-						

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits			
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico
2022	WECC		Burlington	U.S.	691	691	-	-	689	689	-	-	(10)	(10)	13	13	-	-
2022	WECC		Caesars Entertainment LLC/North	U.S.	808	808	-	-	805	805	-	-	(12)	(12)	15	15	-	-
2022	WECC		Caesars Entertainment LLC/South	U.S.	10,401	10,401	-	-	10,360	10,360	-	-	(155)	(155)	197	197	-	-
2022	WECC		California Independent System Operator	U.S.	4,525,720	4,525,720	-	-	4,507,695	4,507,695	-	-	(67,505)	(67,505)	85,530	85,530	-	-
2022	WECC		Calpine Energy Solutions, LLC (Noble Americas)	U.S.	35,913	35,913	-	-	35,770	35,770	-	-	(536)	(536)	679	679	-	-
2022	WECC		Central Arizona Water Conservation District - WALC	U.S.	26,151	26,151	-	-	26,047	26,047	-	-	(390)	(390)	494	494	-	-
2022	WECC		Circus Circus Las Vegas	U.S.	1,092	1,092	-	-	1,088	1,088	-	-	(16)	(16)	21	21	-	-
2022	WECC		City of Aztec Electric Dept. - WACM	U.S.	804	804	-	-	800	800	-	-	(12)	(12)	15	15	-	-
2022	WECC		City of Fallon	U.S.	1,985	1,985	-	-	1,977	1,977	-	-	(30)	(30)	38	38	-	-
2022	WECC		City of Farmington	U.S.	20,396	20,396	-	-	20,315	20,315	-	-	(304)	(304)	385	385	-	-
2022	WECC		City of Gallup	U.S.	4,067	4,067	-	-	4,050	4,050	-	-	(61)	(61)	77	77	-	-
2022	WECC		City of Henderson	U.S.	907	907	-	-	904	904	-	-	(14)	(14)	17	17	-	-
2022	WECC		City of Las Vegas	U.S.	908	908	-	-	904	904	-	-	(14)	(14)	17	17	-	-
2022	WECC		City of Mesa	U.S.	5,542	5,542	-	-	5,520	5,520	-	-	(83)	(83)	105	105	-	-
2022	WECC		City of North Las Vegas	U.S.	428	428	-	-	426	426	-	-	(6)	(6)	8	8	-	-
2022	WECC		City of Page	U.S.	2,041	2,041	-	-	2,033	2,033	-	-	(30)	(30)	39	39	-	-
2022	WECC		City of Redding	U.S.	16,199	16,199	-	-	16,135	16,135	-	-	(242)	(242)	306	306	-	-
2022	WECC		City of Roseville	U.S.	25,433	25,433	-	-	25,331	25,331	-	-	(379)	(379)	481	481	-	-
2022	WECC		City of Tacoma DBA Tacoma Power	U.S.	103,900	103,900	-	-	103,486	103,486	-	-	(1,550)	(1,550)	1,964	1,964	-	-
2022	WECC		City of Williams	U.S.	1,109	1,109	-	-	1,104	1,104	-	-	(17)	(17)	21	21	-	-
2022	WECC		Clark County Water Reclamation District	U.S.	1,797	1,797	-	-	1,790	1,790	-	-	(27)	(27)	34	34	-	-
2022	WECC		Colorado River Agency-Bureau of Indian Affairs	U.S.	446	446	-	-	444	444	-	-	(7)	(7)	8	8	-	-
2022	WECC		Colorado River Commission of Nevada	U.S.	3,390	3,390	-	-	3,377	3,377	-	-	(51)	(51)	64	64	-	-
2022	WECC		Colorado Springs Utilities	U.S.	64,904	64,904	-	-	64,645	64,645	-	-	(968)	(968)	1,227	1,227	-	-
2022	WECC		Colorado Springs Utilities - WACM	U.S.	44,381	44,381	-	-	44,204	44,204	-	-	(662)	(662)	839	839	-	-
2022	WECC		Constellation New Energy	U.S.	7,620	7,620	-	-	7,589	7,589	-	-	(114)	(114)	144	144	-	-
2022	WECC		Intermountain Rural Electric Association (CORE)	U.S.	50,095	50,095	-	-	49,895	49,895	-	-	(747)	(747)	947	947	-	-
2022	WECC		Delta-Montrose Electric Association	U.S.	12,987	12,987	-	-	12,936	12,936	-	-	(194)	(194)	245	245	-	-
2022	WECC		Deseret Generation & Transmission Cooperative - WACM	U.S.	1,961	1,961	-	-	1,954	1,954	-	-	(29)	(29)	37	37	-	-
2022	WECC		Douglas Palisades / PUD No. 1 of DC	U.S.	440	440	-	-	438	438	-	-	(7)	(7)	8	8	-	-
2022	WECC		El Paso Electric Company	U.S.	187,287	187,287	-	-	186,541	186,541	-	-	(2,794)	(2,794)	3,539	3,539	-	-
2022	WECC		Electrical District #2	U.S.	4,615	4,615	-	-	4,597	4,597	-	-	(69)	(69)	87	87	-	-
2022	WECC		Electrical District #2 - Coolidge Generating Station	U.S.	172	172	-	-	172	172	-	-	(3)	(3)	3	3	-	-
2022	WECC		Electrical District No. 6 of Pinal County - APS	U.S.	2	2	-	-	2	2	-	-	(0)	(0)	0	0	-	-
2022	WECC		Electrical District No. 7 of Maricopa County - APS	U.S.	875	875	-	-	871	871	-	-	(13)	(13)	17	17	-	-
2022	WECC		Electrical District No. 8 of Maricopa County - APS	U.S.	8,981	8,981	-	-	8,945	8,945	-	-	(134)	(134)	170	170	-	-
2022	WECC		Francis E. Warren Air Force Base	U.S.	465	465	-	-	463	463	-	-	(7)	(7)	9	9	-	-
2022	WECC		Georgia-Pacific Gypsum, LLC	U.S.	504	504	-	-	502	502	-	-	(8)	(8)	10	10	-	-
2022	WECC		Grand Valley Power	U.S.	5,566	5,566	-	-	5,544	5,544	-	-	(83)	(83)	105	105	-	-
2022	WECC		Harquahala Valley Power Districts - APS	U.S.	2,300	2,300	-	-	2,290	2,290	-	-	(34)	(34)	43	43	-	-
2022	WECC		Holy Cross Energy	U.S.	14,946	14,946	-	-	14,886	14,886	-	-	(223)	(223)	282	282	-	-
2022	WECC		Idaho Power Company	U.S.	359,895	359,895	-	-	358,461	358,461	-	-	(5,368)	(5,368)	6,802	6,802	-	-
2022	WECC		Imperial Irrigation District	U.S.	82,018	82,018	-	-	81,691	81,691	-	-	(1,223)	(1,223)	1,550	1,550	-	-
2022	WECC		Jcarilla Apache Nation Power Authority	U.S.	531	531	-	-	529	529	-	-	(8)	(8)	10	10	-	-
2022	WECC		Kaiser Aluminum Fabricated Products LLC	U.S.	6,199	6,199	-	-	6,175	6,175	-	-	(92)	(92)	117	117	-	-
2022	WECC		Kit Carson Electric Inc	U.S.	5,766	5,766	-	-	5,743	5,743	-	-	(86)	(86)	109	109	-	-
2022	WECC		Las Vegas Valley Water District	U.S.	2,466	2,466	-	-	2,456	2,456	-	-	(37)	(37)	47	47	-	-
2022	WECC		Los Angeles Department of Water and Power	U.S.	563,396	563,396	-	-	561,152	561,152	-	-	(8,404)	(8,404)	10,647	10,647	-	-
2022	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	U.S.	1,058	1,058	-	-	1,054	1,054	-	-	(16)	(16)	20	20	-	-
2022	WECC		McMullen Valley Water Conservation & Drainage District - APS	U.S.	3,270	3,270	-	-	3,257	3,257	-	-	(49)	(49)	62	62	-	-
2022	WECC		Merced Irrigation District	U.S.	11,444	11,444	-	-	11,399	11,399	-	-	(171)	(171)	216	216	-	-
2022	WECC		MGM Resorts Design and Development	U.S.	16,885	16,885	-	-	16,818	16,818	-	-	(252)	(252)	319	319	-	-
2022	WECC		Modesto Irrigation District	U.S.	56,966	56,966	-	-	56,739	56,739	-	-	(850)	(850)	1,077	1,077	-	-
2022	WECC		Montana-Dakota Utilities Co.	U.S.	408	408	-	-	406	406	-	-	(6)	(6)	8	8	-	-
2022	WECC		Mt. Wheeler Power	U.S.	12,759	12,759	-	-	12,709	12,709	-	-	(190)	(190)	241	241	-	-
2022	WECC		Municipal Energy Agency of Nebraska - PSCO	U.S.	4,317	4,317	-	-	4,300	4,300	-	-	(64)	(64)	82	82	-	-
2022	WECC		Municipal Energy Agency of Nebraska - WACM	U.S.	14,322	14,322	-	-	14,265	14,265	-	-	(214)	(214)	271	271	-	-
2022	WECC		Navajo Tribal Utility Authority - APS	U.S.	537	537	-	-	535	535	-	-	(8)	(8)	10	10	-	-
2022	WECC		Navajo Tribal Utility Authority - PNM	U.S.	4,760	4,760	-	-	4,741	4,741	-	-	(71)	(71)	90	90	-	-
2022	WECC		Navajo Tribal Utility Authority - WACM	U.S.	8,168	8,168	-	-	8,136	8,136	-	-	(122)	(122)	154	154	-	-
2022	WECC		Nebraska Public Power Marketing	U.S.	83	83	-	-	83	83	-	-	(1)	(1)	2	2	-	-
2022	WECC		Needles Public Utilities Authority	U.S.	1,251	1,251	-	-	1,246	1,246	-	-	(19)	(19)	24	24	-	-
2022	WECC		Nevada Gold Mines (Newmont)	U.S.	20,165	20,165	-	-	20,085	20,085	-	-	(301)	(301)	381	381	-	-
2022	WECC		Nevada Power Company dba NV Energy	U.S.	668,162	668,162	-	-	665,500	665,500	-	-	(9,966)	(9,966)	12,627	12,627	-	-
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	213,267	213,267	-	-	212,417	212,417	-	-	(3,181)	(3,181)	4,030	4,030	-	-
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC - WAUW	U.S.	6,308	6,308	-	-	6,282	6,282	-	-	(94)	(94)	119	119	-	-
2022	WECC		Okanogan PUD	U.S.	14,295	14,295	-	-	14,238	14,238	-	-	(213)	(213)	270	270	-	-
2022	WECC		Overton Power District No. 5	U.S.	9,070	9,070	-	-	9,034	9,034	-	-	(135)	(135)	171	171	-	-
2022	WECC		PacifiCorp East	U.S.	1,109,274	1,109,274	-	-	1,104,856	1,104,856	-	-	(16,546)	(16,546)	20,964	20,964	-	-
2022	WECC		PacifiCorp - IPC	U.S.	46	46	-	-	46	46	-	-	(1)	(1)	1	1	-	-
2022	WECC		PacifiCorp - Portland General	U.S.	75	75	-	-	75	75	-	-	(1)	(1)	1	1	-	-
2022	WECC		PacifiCorp - WACM	U.S.	2,135	2,135	-	-	2,126	2,126	-	-	(32)	(32)	40	40	-	-
2022	WECC		PacifiCorp West	U.S.	455,200	455,200	-	-	453,387	453,387	-	-	(6,790)	(6,790)	8,603	8,603	-	-
2022	WECC		Pend Oreille County PUD No. 1	U.S.	10,786	10,786	-	-	10,743	10,743	-	-	(161)	(161)	204	204	-	-
2022	WECC		Peppermill Hotel Casino	U.S.	1,103	1,103	-	-	1,098	1,098	-	-	(16)	(16)	21	21	-	-
2022	WECC		Platte River Power Authority	U.S.	69,114	69,114	-	-	68,838	68,838	-	-	(1,031)	(1,031)	1,306	1,306	-	-
2022	WECC		Portland General Electric Company	U.S.	409,116	409,116	-	-	407,487	407,487	-	-	(6,102)	(6,102)	7,732	7,732	-	-
2022	WECC		Public Service Company of Colorado (Xcel)	U.S.	682,843	682,843	-	-	680,123	680,123	-	-	(10,185)	(10,185)	12,905	12,905	-	-
2022	WECC		Public Service Company of Colorado (Xcel) - WACM	U.S.	1,371	1,371	-	-	1,365	1,365	-	-	(20)	(20)	26	26	-	-
2022	WECC		Public Service Company of New Mexico	U.S.	213,845	213,845	-	-	212,993	212,993	-	-	(3,190)	(3,190)	4,041	4,041	-	-
2022	WECC		Public Utility District No. 1 of Chelan County	U.S.	42,105	42,105	-	-	41,937	41,937	-	-	(628)	(628)	796	796	-	-
2022	WECC		PUD No. 1 of Douglas County	U.S.	28,056	28,056	-	-	27,945	27,945	-	-	(418)	(418)	530	530	-	-

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	
2022	WECC		PUD No. 2 of Grant County	U.S.	124,172	124,172	-	-	123,677	123,677	-	-	(1,852)	(1,852)	2,347	2,347	-	-	
2022	WECC		PUD No. 2 of Grant County - Avista	U.S.	2,061	2,061	-	-	2,053	2,053	-	-	(31)	(31)	39	39	-	-	
2022	WECC		Puget Sound Energy, Inc.	U.S.	524,101	524,101	-	-	522,013	522,013	-	-	(7,817)	(7,817)	9,905	9,905	-	-	
2022	WECC		Raton Public Service	U.S.	1,000	1,000	-	-	996	996	-	-	(15)	(15)	19	19	-	-	
2022	WECC		Reno City Center	U.S.	187	187	-	-	186	186	-	-	(3)	(3)	4	4	-	-	
2022	WECC		Roosevelt Irrigation District - APS	U.S.	922	922	-	-	918	918	-	-	(14)	(14)	17	17	-	-	
2022	WECC		Sacramento Municipal Utility District	U.S.	238,879	238,879	-	-	237,928	237,928	-	-	(3,563)	(3,563)	4,515	4,515	-	-	
2022	WECC		Sahara Las Vegas	U.S.	613	613	-	-	611	611	-	-	(9)	(9)	12	12	-	-	
2022	WECC		Salt River Project	U.S.	693,848	693,848	-	-	691,085	691,085	-	-	(10,349)	(10,349)	13,113	13,113	-	-	
2022	WECC		Seattle City Light	U.S.	206,481	206,481	-	-	205,658	205,658	-	-	(3,080)	(3,080)	3,902	3,902	-	-	
2022	WECC		Shell Energy North America	U.S.	4,326	4,326	-	-	4,309	4,309	-	-	(65)	(65)	82	82	-	-	
2022	WECC		Silver State Energy Association	U.S.	13,315	13,315	-	-	13,262	13,262	-	-	(199)	(199)	252	252	-	-	
2022	WECC		Southern Nevada Water Authority	U.S.	2,736	2,736	-	-	2,726	2,726	-	-	(41)	(41)	52	52	-	-	
2022	WECC		Switch-North	U.S.	5,591	5,591	-	-	5,569	5,569	-	-	(83)	(83)	106	106	-	-	
2022	WECC		Switch-South	U.S.	14,907	14,907	-	-	14,848	14,848	-	-	(222)	(222)	282	282	-	-	
2022	WECC		The Incorporated County of Los Alamos	U.S.	12,432	12,432	-	-	12,383	12,383	-	-	(185)	(185)	235	235	-	-	
2022	WECC		Tohono O'odham Utility Authority	U.S.	1,347	1,347	-	-	1,341	1,341	-	-	(20)	(20)	25	25	-	-	
2022	WECC		Tonopah Irrigation District - APS	U.S.	800	800	-	-	796	796	-	-	(12)	(12)	15	15	-	-	
2022	WECC		Town of Fredonia - WALC	U.S.	45	45	-	-	45	45	-	-	(1)	(1)	1	1	-	-	
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - PSCO	U.S.	50,331	50,331	-	-	50,130	50,130	-	-	(751)	(751)	951	951	-	-	
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - WACM	U.S.	210,009	210,009	-	-	209,173	209,173	-	-	(3,132)	(3,132)	3,969	3,969	-	-	
2022	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	U.S.	54,094	54,094	-	-	53,878	53,878	-	-	(807)	(807)	1,022	1,022	-	-	
2022	WECC		Truckee Donner Public Utility District	U.S.	3,660	3,660	-	-	3,646	3,646	-	-	(55)	(55)	69	69	-	-	
2022	WECC		Tucson Electric Power Company	U.S.	313,991	313,991	-	-	312,740	312,740	-	-	(4,683)	(4,683)	5,934	5,934	-	-	
2022	WECC		Turlock Irrigation District	U.S.	50,269	50,269	-	-	50,069	50,069	-	-	(750)	(750)	950	950	-	-	
2022	WECC		U.S. Army Yuma Proving Ground	U.S.	334	334	-	-	332	332	-	-	(5)	(5)	6	6	-	-	
2022	WECC		US Dept of Energy - Kirtland AFB	U.S.	9,726	9,726	-	-	9,687	9,687	-	-	(145)	(145)	184	184	-	-	
2022	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	104	104	-	-	104	104	-	-	(2)	(2)	2	2	-	-	
2022	WECC		Western Area Power - Loveland, CO - PSCO	U.S.	1,433	1,433	-	-	1,428	1,428	-	-	(21)	(21)	27	27	-	-	
2022	WECC		Western Area Power - Loveland, CO - WACM	U.S.	29,296	29,296	-	-	29,179	29,179	-	-	(437)	(437)	554	554	-	-	
2022	WECC		Western Area Power Administration - CRSP	U.S.	23,684	23,684	-	-	23,589	23,589	-	-	(353)	(353)	448	448	-	-	
2022	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	30,371	30,371	-	-	30,250	30,250	-	-	(453)	(453)	574	574	-	-	
2022	WECC		Western Area Power Administration-Desert Southwest Region - WALC	U.S.	45,997	45,997	-	-	45,814	45,814	-	-	(686)	(686)	869	869	-	-	
2022	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	8,441	8,441	-	-	8,408	8,408	-	-	(126)	(126)	160	160	-	-	
2022	WECC		Western Area Power Administration-Upper Great Plains Region - NorthWestern	U.S.	183	183	-	-	183	183	-	-	(3)	(3)	3	3	-	-	
2022	WECC		Wynn Las Vegas	U.S.	3,723	3,723	-	-	3,708	3,708	-	-	(56)	(56)	70	70	-	-	
2022	WECC		Yampa Valley Electric Association	U.S.	11,773	11,773	-	-	11,726	11,726	-	-	(176)	(176)	222	222	-	-	
TOTAL WECC					18,322,908	15,585,464	2,390,630	346,814	18,526,202	15,523,391	2,662,456	340,356	(232,472)	(232,472)	29,178	29,178	294,545	(271,825)	6,458
TOTAL ERO					96,997,362	87,154,927	9,495,621	346,814	98,297,362	86,807,810	11,149,196	340,356	(1,300,000)	(1,300,000)	-	-	1,647,117	(1,653,575)	6,458
Current Year NEL Summary by Regional Entity																			
2022	MRO				10,842,689	9,757,129	1,085,560	-	10,783,615	9,718,269	1,065,346	-	(145,537)	(145,537)	204,612	184,397	20,214	-	
2022	NPCC				11,738,693	5,719,262	6,019,431	-	13,117,879	5,696,483	7,421,395	-	(85,308)	(85,308)	(1,293,877)	108,087	(1,401,964)	-	
2022	RF				18,685,009	18,685,009	-	-	18,610,591	18,610,591	-	-	(278,705)	(278,705)	353,123	353,123	-	-	
2022	SERC				28,400,155	28,400,155	-	-	28,287,044	28,287,044	-	-	(423,616)	(423,616)	536,727	536,727	-	-	
2022	Texas RE				9,007,907	9,007,907	-	-	8,972,031	8,972,031	-	-	(134,362)	(134,362)	170,238	170,238	-	-	
2022	WECC				18,322,908	15,585,464	2,390,630	346,814	18,526,202	15,523,391	2,662,456	340,356	(232,472)	(232,472)	29,178	29,178	294,545	(271,825)	6,458
Total					96,997,362	87,154,927	9,495,621	346,814	98,297,362	86,807,810	11,149,196	340,356	(1,300,000)	(1,300,000)	-	-	1,647,117	(1,653,575)	6,458

2022 NEL Calculations and Allocations to Load Serving Entities (or Designee) for the 2024 NERC and RE Assessments

Data Year	Regional Entity	NERC ID	Entity	Country	Total Regional Entity Assessments (Including WIRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		NPCC CORC Program			WECC Compliance Assessments (ex.AESO)				WIRAB Assessments				
					Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Total	US	Canada	Mexico	Total	US	Canada	Mexico	
2022	WECC		Navajo Tribal Utility Authority - WACM	U.S.	11,009	11,009	-	-	15,431	15,431	-	-	(5,313)	(5,313)	-	-	-	587	587	-	-	-	304	304	-	-
2022	WECC		Nebraska Public Power Marketing	U.S.	112	112	-	-	157	157	-	-	(54)	(54)	-	-	-	6	6	-	-	-	3	3	-	-
2022	WECC		Needles Public Utilities Authority	U.S.	1,687	1,687	-	-	2,364	2,364	-	-	(814)	(814)	-	-	-	90	90	-	-	-	47	47	-	-
2022	WECC		Nevada Gold Mines (Newmont)	U.S.	27,177	27,177	-	-	38,094	38,094	-	-	(13,117)	(13,117)	-	-	-	1,449	1,449	-	-	-	751	751	-	-
2022	WECC		Nevada Power Company dba NV Energy	U.S.	900,495	900,495	-	-	1,262,230	1,262,230	-	-	(434,622)	(434,622)	-	-	-	48,005	48,005	-	-	-	24,883	24,883	-	-
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	287,424	287,424	-	-	402,884	402,884	-	-	(138,724)	(138,724)	-	-	-	15,322	15,322	-	-	-	7,942	7,942	-	-
2022	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC - WAUW	U.S.	8,501	8,501	-	-	11,916	11,916	-	-	(4,103)	(4,103)	-	-	-	453	453	-	-	-	235	235	-	-
2022	WECC		Okanogan PUD	U.S.	19,266	19,266	-	-	27,005	27,005	-	-	(9,299)	(9,299)	-	-	-	1,027	1,027	-	-	-	532	532	-	-
2022	WECC		Overton Power District No. 5	U.S.	12,224	12,224	-	-	17,134	17,134	-	-	(5,900)	(5,900)	-	-	-	652	652	-	-	-	338	338	-	-
2022	WECC		PacifiCorp East	U.S.	1,494,992	1,494,992	-	-	2,095,539	2,095,539	-	-	(721,555)	(721,555)	-	-	-	79,697	79,697	-	-	-	41,310	41,310	-	-
2022	WECC		PacifiCorp - HC	U.S.	62	62	-	-	87	87	-	-	(30)	(30)	-	-	-	3	3	-	-	-	2	2	-	-
2022	WECC		PacifiCorp - Portland General	U.S.	101	101	-	-	141	141	-	-	(40)	(40)	-	-	-	5	5	-	-	-	3	3	-	-
2022	WECC		PacifiCorp - WACM	U.S.	2,877	2,877	-	-	4,033	4,033	-	-	(1,389)	(1,389)	-	-	-	153	153	-	-	-	79	79	-	-
2022	WECC		PacifiCorp West	U.S.	613,483	613,483	-	-	859,922	859,922	-	-	(296,096)	(296,096)	-	-	-	32,704	32,704	-	-	-	16,952	16,952	-	-
2022	WECC		Pend Oreille County PUD No. 1	U.S.	14,536	14,536	-	-	20,375	20,375	-	-	(7,016)	(7,016)	-	-	-	775	775	-	-	-	402	402	-	-
2022	WECC		Pepperhill Hotel Casino	U.S.	1,486	1,486	-	-	2,083	2,083	-	-	(717)	(717)	-	-	-	79	79	-	-	-	41	41	-	-
2022	WECC		Platte River Power Authority	U.S.	93,146	93,146	-	-	130,563	130,563	-	-	(44,957)	(44,957)	-	-	-	4,966	4,966	-	-	-	2,574	2,574	-	-
2022	WECC		Portland General Electric Company	U.S.	551,375	551,375	-	-	772,865	772,865	-	-	(266,120)	(266,120)	-	-	-	29,393	29,393	-	-	-	15,236	15,236	-	-
2022	WECC		Public Service Company of Colorado (Xcel)	U.S.	920,281	920,281	-	-	1,289,964	1,289,964	-	-	(434,172)	(434,172)	-	-	-	49,060	49,060	-	-	-	25,430	25,430	-	-
2022	WECC		Public Service Company of Colorado (Xcel) - WACM	U.S.	1,847	1,847	-	-	2,589	2,589	-	-	(892)	(892)	-	-	-	98	98	-	-	-	51	51	-	-
2022	WECC		Public Service Company of New Mexico	U.S.	288,203	288,203	-	-	403,976	403,976	-	-	(139,101)	(139,101)	-	-	-	15,364	15,364	-	-	-	7,964	7,964	-	-
2022	WECC		Public Utility District No. 1 of Cheelan County	U.S.	56,746	56,746	-	-	79,541	79,541	-	-	(27,388)	(27,388)	-	-	-	3,025	3,025	-	-	-	1,568	1,568	-	-
2022	WECC		PUD No. 1 of Douglas County	U.S.	37,812	37,812	-	-	53,001	53,001	-	-	(18,250)	(18,250)	-	-	-	2,016	2,016	-	-	-	1,045	1,045	-	-
2022	WECC		PUD No. 2 of Grant County	U.S.	167,349	167,349	-	-	234,574	234,574	-	-	(80,771)	(80,771)	-	-	-	8,921	8,921	-	-	-	4,624	4,624	-	-
2022	WECC		PUD No. 2 of Grant County - Avista	U.S.	2,778	2,778	-	-	3,894	3,894	-	-	(1,341)	(1,341)	-	-	-	148	148	-	-	-	77	77	-	-
2022	WECC		Puget Sound Energy, Inc.	U.S.	706,341	706,341	-	-	990,083	990,083	-	-	(340,914)	(340,914)	-	-	-	37,655	37,655	-	-	-	19,518	19,518	-	-
2022	WECC		Raton Public Service	U.S.	1,348	1,348	-	-	1,890	1,890	-	-	(651)	(651)	-	-	-	72	72	-	-	-	37	37	-	-
2022	WECC		Reno City Center	U.S.	252	252	-	-	353	353	-	-	(122)	(122)	-	-	-	13	13	-	-	-	7	7	-	-
2022	WECC		Roosevelt Irrigation District - APS	U.S.	1,242	1,242	-	-	1,741	1,741	-	-	(600)	(600)	-	-	-	66	66	-	-	-	34	34	-	-
2022	WECC		Sacramento Municipal Utility District	U.S.	321,942	321,942	-	-	451,268	451,268	-	-	(155,385)	(155,385)	-	-	-	17,163	17,163	-	-	-	8,896	8,896	-	-
2022	WECC		Sahara Las Vegas	U.S.	827	827	-	-	1,159	1,159	-	-	(399)	(399)	-	-	-	44	44	-	-	-	23	23	-	-
2022	WECC		Salt River Project	U.S.	995,114	995,114	-	-	1,310,754	1,310,754	-	-	(451,331)	(451,331)	-	-	-	49,850	49,850	-	-	-	25,840	25,840	-	-
2022	WECC		Seattle City Light	U.S.	270,281	270,281	-	-	390,964	390,964	-	-	(134,310)	(134,310)	-	-	-	14,805	14,805	-	-	-	7,690	7,690	-	-
2022	WECC		Shell Energy North America	U.S.	5,830	5,830	-	-	8,172	8,172	-	-	(2,814)	(2,814)	-	-	-	311	311	-	-	-	161	161	-	-
2022	WECC		Silver State Energy Association	U.S.	17,945	17,945	-	-	25,153	25,153	-	-	(8,661)	(8,661)	-	-	-	957	957	-	-	-	496	496	-	-
2022	WECC		Southern Nevada Water Authority	U.S.	3,688	3,688	-	-	5,170	5,170	-	-	(1,780)	(1,780)	-	-	-	197	197	-	-	-	102	102	-	-
2022	WECC		Switch-North	U.S.	7,535	7,535	-	-	10,562	10,562	-	-	(3,637)	(3,637)	-	-	-	402	402	-	-	-	208	208	-	-
2022	WECC		Switch-South	U.S.	20,091	20,091	-	-	28,161	28,161	-	-	(9,697)	(9,697)	-	-	-	1,071	1,071	-	-	-	555	555	-	-
2022	WECC		The Incorporated County of Los Alamos	U.S.	16,755	16,755	-	-	23,486	23,486	-	-	(8,087)	(8,087)	-	-	-	893	893	-	-	-	463	463	-	-
2022	WECC		Tohono O'odham Utility Authority	U.S.	1,815	1,815	-	-	2,544	2,544	-	-	(876)	(876)	-	-	-	97	97	-	-	-	50	50	-	-
2022	WECC		Tonopah Irrigation District - APS	U.S.	1,078	1,078	-	-	1,510	1,510	-	-	(620)	(620)	-	-	-	57	57	-	-	-	30	30	-	-
2022	WECC		Town of Fredonia - WALC	U.S.	61	61	-	-	86	86	-	-	(29)	(29)	-	-	-	3	3	-	-	-	2	2	-	-
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - PSCO	U.S.	67,832	67,832	-	-	95,081	95,081	-	-	(32,739)	(32,739)	-	-	-	3,616	3,616	-	-	-	1,874	1,874	-	-
2022	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - WACM	U.S.	283,034	283,034	-	-	396,730	396,730	-	-	(136,606)	(136,606)	-	-	-	15,088	15,088	-	-	-	7,821	7,821	-	-
2022	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	U.S.	72,903	72,903	-	-	102,189	102,189	-	-	(35,187)	(35,187)	-	-	-	3,886	3,886	-	-	-	2,015	2,015	-	-
2022	WECC		Truckee Donner Public Utility District	U.S.	4,933	4,933	-	-	6,915	6,915	-	-	(2,381)	(2,381)	-	-	-	263	263	-	-	-	136	136	-	-
2022	WECC		Tucson Electric Power Company	U.S.	423,172	423,172	-	-	593,163	593,163	-	-	(204,243)	(204,243)	-	-	-	22,559	22,559	-	-	-	11,693	11,693	-	-
2022	WECC		Turlock Irrigation District	U.S.	67,749	67,749	-	-	94,963	94,963	-	-	(32,699)	(32,699)	-	-	-	3,612	3,612	-	-	-	1,872	1,872	-	-
2022	WECC		U.S. Army Yuma Proving Ground	U.S.	450	450	-	-	630	630	-	-	(217)	(217)	-	-	-	24	24	-	-	-	12	12	-	-
2022	WECC		US Dept of Energy - Kirtland AFB	U.S.	13,108	13,108	-	-	18,374	18,374	-	-	(6,327)	(6,327)	-	-	-	699	699	-	-	-	362	362	-	-
2022	WECC		Welton-Mohawk Irrigation & Drainage District	U.S.	140	140	-	-	197	197	-	-	(68)	(68)	-	-	-	7	7	-	-	-	4	4	-	-
2022	WECC		Western Area Power - Loveland, CO - PSCO	U.S.	1,932	1,932	-	-	2,708	2,708	-	-	(932)	(932)	-	-	-	103	103	-						

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 3

MIDWEST RELIABILITY ORGANIZATION

PROPOSED 2024 BUSINESS PLAN AND BUDGET



Midwest Reliability Organization

2024 Business Plan and Budget

Approved by MRO Board of Directors: June 15, 2023

TABLE OF CONTENTS

Introduction	
Organizational Overview	3
MRO Core Principles.....	4
Membership and Governance	5
Business Plan and Budget Development.....	6
Financial Policies and Controls.....	6
Accounting and Recordkeeping.....	7
Organizational Structure and Staffing	7
Statutory Programs and Departments	7
General and Administrative Departments	8
2024 Key Strategic Goals and Supporting Activities	8
ERO Enterprise Model and Transformation	9
ERO Enterprise Strategic and Operational Planning.....	10
2024 Overview of Cost Impacts.....	11
Comparison of 2024 and 2023 Statutory Budgets	13
2023 Budget and Projection and 2024 Budget Comparisons.....	15
Section A – Statutory Programs	17
Reliability Standards Program	17
Compliance Monitoring and Enforcement Program.....	19
Compliance Monitoring and Enforcement Program Resource Requirements.....	20
Compliance Monitoring and Enforcement Program Budget Detail	21
Reliability Analysis and Organization Registration and Certification Program	22
Training and Education Budget Detail.....	27
Situation Awareness and Infrastructure Security Program.....	28
Situation Awareness and Infrastructure Security Resource Requirements	29
Situation Awareness and Infrastructure Security Budget Detail	30
Administrative Services	31
General and Administrative	32
General and Administrative Budget Detail	33
Legal	34
Legal Resource Requirements	34
Legal Budget Detail	35
Information Technology	36
Information Technology Budget Detail	37
Human Resources.....	38

Human Resources Budget Detail.....	39
Finance, Accounting, and Corporate Risk.....	40
Finance , Accounting, Corporate Risk Budget Detail	41
Section B – Supplemental Financial Information	43
Reserve Balance	43
Breakdown by Statement of Activity Sections	44
Section C – Non-Statutory Activities.....	56
2024 Non-Statutory Business Plan and Budget.....	56
Section D – Additional Consolidated Financial Statements	58
2024 Consolidated Statement of Activities by Program, Statutory and Non-Statutory	58
Appendix A.....	60
Organization Chart	60
Appendix B.....	60
Appendix C.....	63
Index of Figures and Tables	63

Introduction

The following table summarizes the 2024 Midwest Reliability Organization (MRO) budget.

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs	80.00			
Non-statutory FTEs				
Total FTEs	80.00			
Statutory Expenses	\$ 24,216,445			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 24,216,445			
Statutory Inc(Dec) in Fixed Assets	\$ 668,000			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 668,000			
Assessment Stabilization Adjustment	\$ (1,301,078)			
Non-Statutory Stabilization Adjustment				
Total Assessment Stabilization Adjustment	\$ (1,301,078)			
Total Statutory Funding Requirement	\$ 23,583,367			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 23,583,367			
Statutory Funding Assessments	\$ 23,583,367	\$ 21,241,737	\$ 2,341,630	-
Non-Statutory Fees				
NEL	514,164,004	463,368,204	50,795,800	-
NEL%	100.00%	90.12%	9.88%	0.00%

Table 1. MRO 2024 Budget

Organizational Overview

MRO is a Delaware nonprofit¹ corporation that is a cross-border Regional Entity² operating under a delegation agreement (Delegation Agreement) with the North American Electric Reliability Corporation (NERC)³ and in accordance with the MRO Bylaws. The MRO region covers central North America and includes all or portions of 16 states within the United States,⁴

¹ MRO is tax exempt under Internal Revenue Service Section 501(c)(3) and under applicable State of Minnesota provisions.

² 16 U.S.C. § 824o(a)(7)

³ The Commission certified NERC as the Electric Reliability Organization (ERO) in accordance with Section 215 of the Federal Power Act on July 20, 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61, 062 (2006) (“ERO Certification Order”), *order on reh’g and compliance*, 117 FERC ¶ 61, 126 (2006), *aff’d sub nom. Alcoa Inc. v. FERC*, 564 F.3d 342 (D.C. Cir. 2009).

⁴ The MRO Region covers the states of Iowa, Kansas, Nebraska, Minnesota, North Dakota, and Oklahoma; and portions of Arkansas, Illinois, Louisiana, Michigan, Missouri, Montana, New Mexico, South Dakota, Texas, and Wisconsin.

and the Canadian provinces of Saskatchewan and Manitoba. MRO's current Delegation Agreement was approved by the Federal Energy Regulatory Commission (FERC)⁵ pursuant to FERC's authority under the Federal Power Act (FPA)⁶ and is effective through December 31, 2025.

MRO's vision is:

"A highly reliable and secure North American bulk power system."

MRO's mission is:

"To identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations® (HEROs)."

MRO's vision and mission align with, and support, the Electric Reliability Organization (ERO) Enterprise's⁷ vision and mission.⁸

Further, MRO supports the ERO Enterprise Long-Term Strategy.⁹ Working closely with registered entities and subject matter experts in the region, MRO continually identifies and assesses risks to reliability and security of the regional bulk power system. Region-specific activities to support the direction of the ERO Enterprise and address regional risks are reflected in MRO's 2022-2024 Strategic Plan (MRO Strategic Plan).

In the MRO Strategic Plan, MRO adopted the ERO Enterprise Core Principles¹⁰ to guide its conduct and behaviors.

MRO Core Principles

We are accountable for results, providing clarity and assurance of procedures, processes and controls to improve the reliability of the bulk power system. The following core principles guide our conduct and behavior:

- **Accountability**
 - *Maintain the public trust in fulfilling responsibilities and use our funding wisely.*
 - *Act in a timely manner on the basis of facts to address issues related to events, emerging reliability risks, the needs of stakeholders, and the public interest.*
- **Independence**
 - *Be impartial, objective, fair, and intellectually honest.*
 - *Ensure governance practices that provide both regulatory independence and inclusion of stakeholder expertise to address reliability and security matters.*

⁵ *Order Conditionally Approving Revised Pro Forma Delegation Agreement and Revised Delegation Agreements with Regional Entities*, 173 FERC ¶61,277 (December 2020).

⁶ 16 U.S.C. 824 o (e)(4)

⁷ The ERO Enterprise refers to NERC and the Regional Entities collectively.

⁸ MRO expands upon the ERO Enterprise mission statement "*To assure the effective and efficient reduction of risks to the reliability and security of the grid*" adding the concepts of identifying and prioritizing mitigation of risks and to include the High Reliability Organization (HRO) theory and principles, which MRO brands as "HERO." Although this is not explicitly included in the ERO Enterprise mission statement, NERC also promotes the HRO theory.

⁹ ERO Enterprise Long-Term Strategy as approved by the NERC Board of Trustees December 12, 2019.

¹⁰ MRO made three additions in keeping with the ERO Enterprise Core Principles: 1) the addition of accountability for clarity, assurance, and results; 2) an addition to articulate using funding wisely; and 3) a description of how to strive for operational excellence.

- **Inclusiveness and Transparency**
 - *Create opportunities for stakeholder engagement.*
 - *Consider and balance the diverse interests of all stakeholders, including costs imposed to the consumer.*
 - *Leverage industry expertise and avoid unnecessary duplication.*
- **Innovation**
 - *Assess emerging risks and adapt to change.*
 - *Encourage new ideas and prioritize efforts that contribute to improving productivity and reliable operations.*
- **Excellence**
 - *Strive for operational excellence by being rigorous, accurate, and exacting.*
 - *Promote the active participation of the best technical experts.*
 - *Make informed decisions regarding efficient use and allocation of resources.*
- **Integrity**
 - *Maintain the highest levels of ethical conduct.*
 - *Maintain respectful relationships.*
 - *Protect the security of confidential information.*

Membership and Governance

MRO membership¹¹ consists of members and adjunct members. As of April 2023, MRO had 93 members, nine of which are non-voting, adjunct members. Each voting member organization belongs to one of seven industry sectors:

- Transmission System Operator
- Generator and/or Power Marketer
- Investor Owned Utility
- Cooperative
- Municipal Utility
- Federal Power Marketing Agency
- Canadian Utility

MRO's Board of Directors is a hybrid board consisting of a combination of independent and balanced stakeholder board members. The MRO Board consists of 17 stakeholder directors elected by members from the seven industry sectors, plus 4 independent directors and 2 regional directors elected by all members. Pursuant to MRO's Bylaws, no two industry sectors can control a vote. In addition, the board has adopted procedures to ensure it carries out its responsibilities free of conflicts of interest.

The board has three committees that provide functional oversight of MRO's operations:

- Finance and Audit Committee (FAC)
- Governance and Personnel Committee (GPC)
- Organizational Group Oversight Committee (OGOC)

The board has established three advisory councils comprised of stakeholder members:

- Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC)
- Reliability Advisory Council (RAC)
- Security Advisory Council (SAC)

¹¹ Membership is voluntary and provides members with voting rights. There is no fee for membership.

The advisory councils are comprised of industry subject matter experts from MRO member companies tasked with identifying risks to the reliability and security of the regional bulk power system, developing mitigation strategies, and expanding outreach efforts to help registered entities become more aware of and reduce risk to their individual systems. In addition to producing educational material for the region in the form of newsletter articles and webinars, each of the advisory councils sponsors one major outreach conference annually. The advisory councils also contribute to MRO's annual Regional Risk Assessment (RRA).

Each advisory council may have subgroups that it oversees. All organizational group charters are published on MRO's website. Board-approved *Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups* sets out the processes for the organizational groups and MRO sponsored NERC Representatives. The three most active subgroups are the NERC Standards Review Forum (NSRF), which meets weekly to discuss ongoing NERC Standards projects, the Protective Relay Subgroup (PRS), which focuses on protection system misoperations and reviews power system events in the region, and the Security Advisory Council Threat Forum (SACTF), which meets weekly in a trusted forum with Electricity - Information Sharing and Analysis Center (E-ISAC) staff to discuss timely threat information for the power industry.

The advisory councils also work with MRO staff and the MRO Board's OGOC to interface with NERC technical committees to ensure awareness and avoid duplication of efforts. MRO sponsors staff from member companies to participate in NERC technical committee meetings that are focused on risks most material to the MRO region. These representatives report back to one of MRO's advisory councils and are assigned an MRO staff member to assist with these efforts.

Pursuant to *Policy and Procedure 2: Expense Reimbursement*, MRO compensates organizational group members and NERC representatives for travel costs associated with MRO and NERC organizational group participation.

Business Plan and Budget Development

Each year, MRO prepares a Business Plan and Budget for the following calendar year. The Business Plan and Budget takes into account the ERO Enterprise Long-Term Strategy and the MRO Strategic Plan. MRO staff develops the Business Plan and Budget with board and stakeholder input. The Business Plan and Budget process is a coordinated effort with NERC and the other Regional Entities.

The draft Business Plan and Budget is reviewed by the MRO FAC and the board, and is subsequently posted for stakeholder comment. After consideration of stakeholder comments, but prior to obtaining final approval from its board of directors, MRO seeks NERC input. The MRO Board considers the final version of the Business Plan and Budget at its second quarter meeting, and upon approval, staff submits it to NERC for approval by NERC's Board of Trustees. Upon NERC Board approval of the Business Plans and Budgets of NERC and all six Regional Entities, a filing is submitted to FERC for approval, which is typically obtained in October or November of the year preceding the budget year.

Financial Policies and Controls

MRO adheres to internal financial controls and policies that govern financial stewardship and guide financial practices. MRO's board-approved *Policy and Procedure 12: General Finance* is

used to guide prudent and sound judgement in managing the financial and physical resources of MRO.

In addition to operating expenses, MRO's budget includes a cash reserve as specified in *Policy and Procedure 13: Reserves Policy*.

Accounting and Recordkeeping

MRO uses GAAP to consistently record financial transactions, and uses a Chart of Accounts based on NERC's System of Accounts, as required in the Delegation Agreement. Additionally, MRO maintains an accounting manual to provide instructions to accounting staff on accounting transactions and functions. MRO maintains its books on an accrual basis with monthly closings, recognizing revenues when earned and expenses when incurred. The majority of MRO expenses are labor and benefit costs. General and Administrative costs are allocated to each MRO statutory program area based on the number of full-time equivalents (FTEs) in each statutory program area.

Organizational Structure and Staffing

MRO has six statutory departments, each of which is dedicated to one or more statutory function or program area, and five general and administrative departments.

Statutory Programs and Departments

- The Compliance Monitoring Department encompasses MRO's oversight activities (including the development of Compliance Oversight Plans (COPs)) and conducts oversight activities such as audits, spot checks, and self-certifications. This department is managed by a director who reports to the Senior Vice President and Chief Operating Officer.
- MRO's Risk Assessment and Mitigation (RAM) Department is responsible for providing an independent review of all identified potential noncompliances in the MRO region. The department also has oversight of the Reliability Standards Program, which is responsible for monitoring NERC Reliability Standards projects. The RAM Department is managed by a director who reports to the Senior Vice President and Chief Operating Officer.
- The Enforcement Department is responsible for the disposition and enforcement of noncompliance with NERC Reliability Standards, along with engagement and outreach efforts with state and provincial regulatory authorities and key decision makers, and is managed by a director who reports to the Senior Vice President and Chief Operating Officer.
- The Reliability Analysis Department is responsible for reliability assessments, performance analysis, event analysis, situational awareness, and organization registration and certification. This department is managed by a director who reports to the Senior Vice President and Chief Operating Officer.
- The Security Department focuses on activities to promote identification, assessment, mitigation, and communication of cyber, physical, and operational security risks to the North American bulk power system. This department is managed by a director who reports to the Senior Vice President and Chief Operating Officer.
- The Communications and Outreach Department provides training and outreach to MRO registered entities of risks to reliability and security of the bulk power system. Education is offered to provide best practices and lessons learned to stakeholders across MRO's regional footprint in an effort to reduce risk and directly supports MRO's strategic plan and other ERO Enterprise initiatives. These efforts are led by a director who reports to the Vice President and Engineer for Strategy, Innovation and Finance. Each of the

statutory departments also contribute resources and technical expertise to support MRO's outreach efforts.

General and Administrative Departments

- The Information Technology (IT) Department is responsible for providing a secure network infrastructure and information technology systems that support the users. Systems include IT, cyber, and physical security. This department is managed by a director who reports to the Vice President and Engineer for Strategy, Innovation, and Finance.
- The Legal Department is responsible for providing advice to MRO on legal and regulatory matters. The Vice President General Counsel and Corporate Secretary oversees this department.
- The Human Resource Department performs all employee-related functions, including benefits administration, recruitment, retention, and talent management. This department is managed by a director who reports to the Vice President General Counsel and Corporate Secretary.
- The Finance and Accounting Department performs accounting, finance, budget, treasury functions, internal compliance, ethics, corporate risk management, and facilities management. This department is managed by a director who reports to the Vice President and Engineer for Strategy, Innovation, and Finance, who is also the Corporate Compliance Officer and Treasurer.
- The General and Administrative Department is led by MRO's President and CEO and performs corporate executive functions.

2024 Key Strategic Goals and Supporting Activities

MRO's President and CEO has established three strategic priorities for MRO staff in 2024. The following strategic priorities support MRO's vision and mission and the ERO Enterprise Long-Term Strategy. They are forward-looking and serve to guide the key objectives and support activities found within MRO's Strategic Plan:

1. **People:** *Ensure that MRO remains an innovative, resilient, and high-performing organization with an increased emphasis on leadership development and culture;*
2. **Processes:** *Drive operational excellence throughout MRO in all processes and procedures, while emphasizing effectiveness and efficiency; and*
3. **Partnerships:** *Develop a nimble, adaptive, and collaborative culture that allows MRO to carry out its mission as a trusted and valued member of the ERO Enterprise.*

Priority 1: People

Ensure that MRO remains an innovative, resilient, and high performing organization with an increased emphasis on leadership development and culture. The future of MRO relies upon developing the next generation of leaders that will continue to advance the organization's vision and mission. Improving staff training, creating career advancement and development opportunities, focusing on soft skills (in addition to technical competency), and fostering a culture of diversity, equity and inclusion are objectives in this area.

Key Objectives:

1. Ensure continuous learning, growth, and career development opportunities.
2. Foster a culture of diversity, equity, inclusion, honesty, and trust through constructive feedback, empowerment, and clarity of roles.
3. Promote opportunities for cross-departmental and inter-ERO collaboration.

4. Formalize processes to ensure continuity of leadership and a skilled and engaged workforce.

Priority 2: Processes

Drive operational excellence throughout MRO in all processes and procedures, while emphasizing effectiveness and efficiency. Amazing results can be achieved through a mindset of continuous improvement and the ability to imagine an invented future. Leveraging the skills of futuristic thinkers at MRO, across the ERO, and within industry, is critical to addressing complex and evolving risk. Planning for the future must be integrated with delegated responsibilities and MRO's public trust obligation to be an effective and efficient regulator, and to use funding wisely.

Key Objectives

1. Focus on identifying, assessing, and mitigating corporate risks and ensure expenditure of resources are prioritized and appropriately deployed.
2. Foster a culture of continued improvement and innovation through forward thinking and futuristic visioning.
3. Leverage Key Performance Indicators (KPIs) to measure operational effectiveness.
4. Develop a process to assess and prioritize work.

Priority 3: Partnerships

Develop a nimble, adaptive, and collaborative culture that allows MRO to carry out its mission as a trusted and valued member of the ERO Enterprise. The electricity industry is facing numerous dynamic challenges that require forward-thinking insight and analysis to develop and support initiatives that ensure a highly reliable and secure bulk power system into the future. Increased coordination across all industry stakeholders, as well as other critical infrastructure sectors, is critical to MRO's success.

Key Objectives:

1. Focus on advanced methods for identifying, assessing, and actively mitigating new and emerging risks to the bulk power system and ensure resources are deployed appropriately.
2. Lead and support ERO transformation efforts.
3. Expand collaborative relationships with federal, state, and provincial regulators, independent system operators, industry leadership, and the broader reliability and security ecosystem.
4. Ensure security and confidentiality of our partners' data and information.
5. Increase capability to support mitigation of increasing frequency and sophistication of cyber risks for corporate and industry (ransomware, phishing, vulnerabilities, etc.).
6. Be a trusted leader in providing premier and cutting-edge outreach to our stakeholders.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system. Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations 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. This model effectively blends a continent-wide scope with flexibility and responsiveness, and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

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.

Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



ERO Enterprise Strategic and Operational Planning

NERC and the Regional Entities are continually refining 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 Regional entities, 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 risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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 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.

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.¹²

2024 Overview of Cost Impacts

In developing MRO's 2024 Business Plan and Budget (2024 BP&B), MRO used shared enterprise-wide assumptions, internal strategic assumptions, and risk assumptions. Prior to obtaining final approval from its board of directors, MRO seeks NERC input and review of its annual Business Plan and Budget, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

MRO's 2024 total budget (\$24.9M) increased by 7.8 percent from the 2023 total budget (\$23.1M). The 2024 statutory assessment (\$23.6M) represents a 15 percent increase from the 2023 assessment. As a result of the pandemic, significant draws of MRO's reserve balance were used to offset the variance between the budgeted expenditures and assessments in prior years. Increasing budget costs and fewer reserves results in higher assessments. MRO proposes to use the majority of its remaining assessment stabilization reserves to manage the variance between the budgeted expenditures and the assessments.

Other significant statutory expense changes (including capital expenditures) in the 2024 BP&B compared to the 2023 budget include:

- **Increase in FTEs.** An evaluation of MRO's personnel resources identified a need for two additional staff to support the priorities identified in the board-approved strategic plan.

¹² The 2023 *ERO Work Plan Priorities* were approved by the Board in November 2022. NERC management and the Board evaluate annual work plan priorities throughout the year.

Based on actual headcount, two staff persons will be added to support technical programs in the areas of Reliability Analysis and Compliance Enforcement¹³. Total FTEs increase from 78 to 80 in the 2024 BP&B. The allocation of FTEs is represented in table 3. An explanation of the FTE variances is included in the Resource Requirements section in each program area in Section A.

- **Increase in Salaries.** A comprehensive review was completed of all staff positions according to MRO's pay philosophy, the current job market, and competition for talent. The 2024 BP&B reflects an increase in salaries of 3 percent with an additional 2 percent allotted for promotions and market adjustments.
- **Increase in Benefits.** MRO measured the average cost related to health premiums per employee based on premium cost assumptions provided by MRO's benefit provider, which are higher than budgeted in 2023. A proposed increase to FTEs also results in benefit costs being higher than in the 2023 budget. The per employee cost is applied to each department based on FTEs.
- **Meetings and Travel.** MRO will host the majority of its outreach events that support the strategic plan at its Saint Paul office. There is one off-site conference planned in the southern area of MRO's regional footprint in the 2024 BP&B. MRO will also co-host a Grid Security Conference with NERC in 2024. Historic costs and emerging trends related to use of virtual technology will result in slightly reduced travel for MRO staff and members as compared with 2023.
- **Decrease in Consultant and Contract Support.** The majority of MRO's consultants and contracts are used in the areas of Information Technology and Compliance Monitoring. These areas utilize additional technical support to maintain MRO's IT infrastructure and support newly implemented ERO-wide applications and tools. In 2024, Compliance Monitoring will expire its consulting support for Align and its contract of WebCDMS.
- **Increase in Office Rent.** Office rent is adjusted as a result of increased rent and the adoption of lease accounting standard ASC 842.
- **Other Operating Expenses.** Other operating expenses are increasing as a result of a people first initiative that will result in staff-wide training, and other fringe benefits aimed at staff retention.

¹³ The term Compliance Enforcement = Compliance Monitoring, Risk Assessment and Mitigation, and Enforcement.

Comparison of 2024 and 2023 Statutory Budgets

The following table and figure summarize and illustrate MRO’s 2024 BP&B by program area.

Base Operating Budget	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ 236,896	\$ 236,896	\$ 67,514	\$ (169,381)	-71.5%
Compliance Enforcement	14,920,720	14,920,720	16,206,382	1,285,662	8.6%
Reliability Analysis, Organization Registration and Certification	4,846,672	4,846,672	5,479,694	633,022	13.1%
Training and Education	1,950,810	1,950,810	1,920,488	(30,321)	-1.6%
Situation Awareness and Infrastructure Security	1,127,372	1,127,372	1,210,366	82,994	7.4%
Total	\$ 23,082,469	\$ 23,082,469	\$ 24,884,445	\$ 1,801,976	7.8%

This table combines Compliance Monitoring, Risk Assessment and Mitigation, and Enforcement into Compliance Enforcement.

Table 2. Budget by Program Area

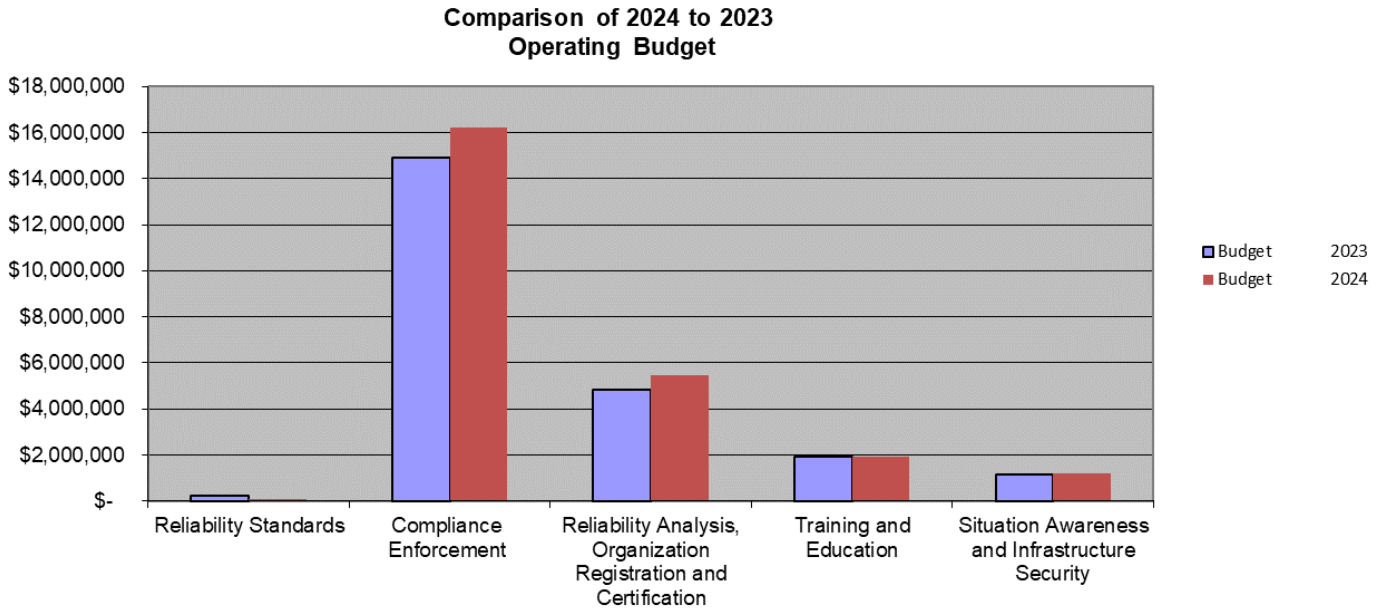


Figure 1. Budget by Program Area Chart

The following table displays total FTEs by program area.

Total FTEs by Program Area	Budget 2023	Budget 2024	Variance from 2023 Budget
STATUTORY			
Operational Programs			
Reliability Standards	0.63	0.16	(0.47)
Compliance Monitoring	18.82	19.10	0.28
Compliance Risk Assessment and Mitigation	15.63	16.30	0.67
Compliance Enforcement	2.85	3.47	0.62
Training and Education	5.05	4.56	(0.49)
Reliability Analysis and Organization Registration and Certification	12.07	12.91	0.84
Situation Awareness and Infrastructure Security	2.95	2.87	(0.08)
Total FTEs Operational Programs	58.00	59.37	1.37
Administrative Programs			
General and Administrative	2.68	3.07	0.39
Legal	2.66	1.87	(0.79)
Information Technology	9.14	9.01	(0.13)
Human Resources	2.00	2.05	0.05
Finance and Accounting	3.52	4.63	1.11
Total FTEs Administrative Programs	20.00	20.63	0.63
Total FTEs	78.00	80.00	2.00

Table 3. Total FTEs by Program Area

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

2023 Budget and Projection and 2024 Budget Comparisons

The following table lists the 2023 budget and projection compared to the 2024 budget.

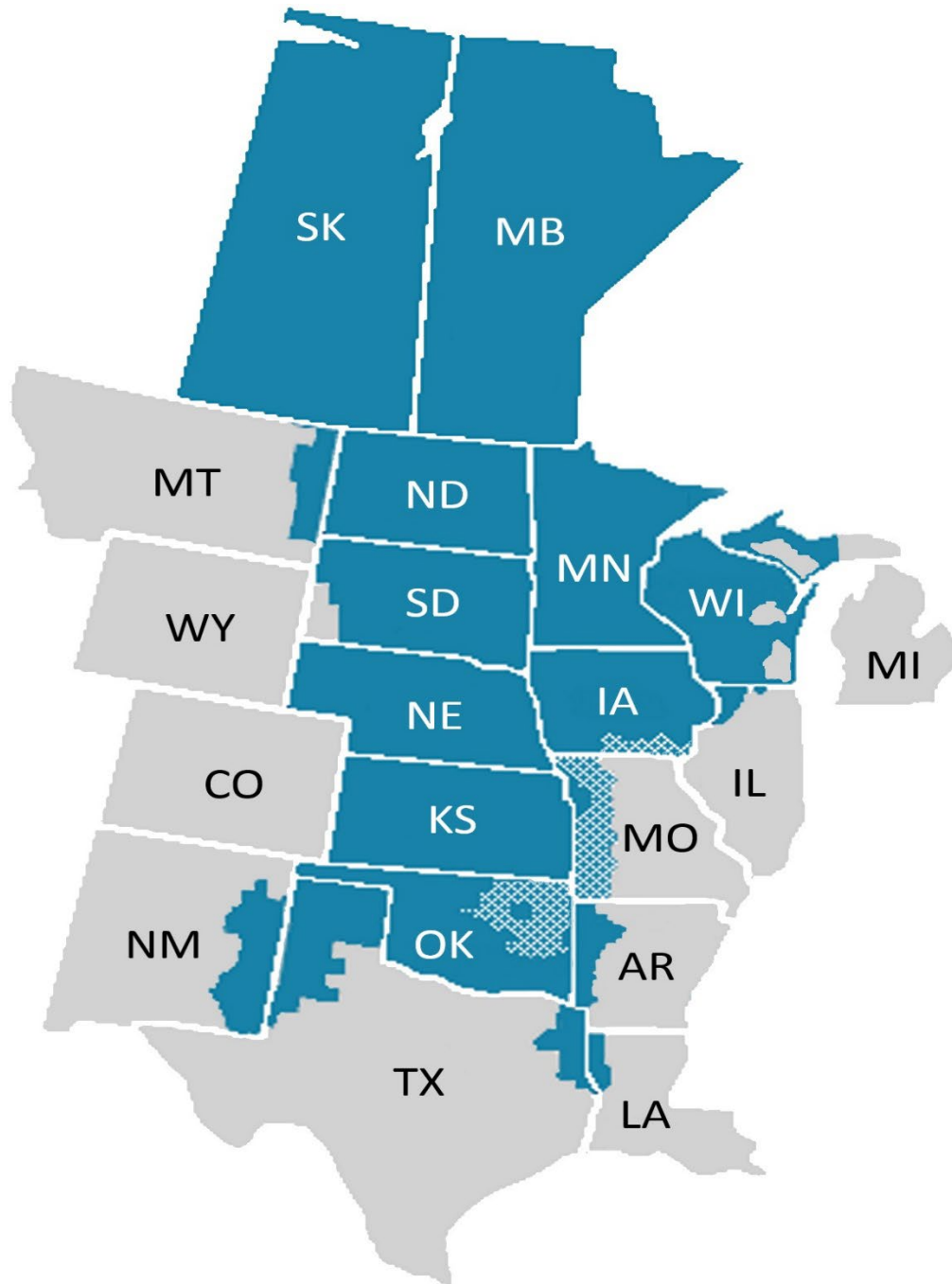
Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 20,507,275	\$ 20,507,275	\$ -	\$ 23,583,367	\$ 3,076,092
Penalties Released*	331,928	331,928	-	119,026	(212,902)
Interest & Investment Income	419	419	-	61,834	61,415
Total Funding (A)	\$ 20,839,622	\$ 20,839,622	\$ -	\$ 23,764,227	\$ 2,924,605
Expenses					
Personnel Expenses					
Salaries	\$ 13,294,284	\$ 13,294,284	\$ -	\$ 14,236,654	\$ 942,370
Payroll Taxes	863,417	863,417	-	940,730	77,313
Benefits	1,425,181	1,425,181	-	1,653,189	228,008
Retirement Costs	2,277,278	2,277,278	-	2,525,303	248,025
Total Personnel Expenses	\$ 17,860,160	\$ 17,860,160	\$ -	\$ 19,355,876	\$ 1,495,716
Meeting Expenses					
Meetings & Conference Calls	\$ 178,877	\$ 178,877	\$ -	\$ 200,000	\$ 21,123
Travel	581,670	581,670	-	512,925	(68,745)
Total Meeting Expenses	\$ 760,547	\$ 760,547	\$ -	\$ 712,925	\$ (47,622)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,381,018	\$ 1,381,018	\$ -	\$ 1,150,498	\$ (230,520)
Office Rent	1,046,000	1,046,000	-	1,171,880	125,880
Office Costs	1,154,744	1,154,744	-	1,244,266	89,522
Professional Services	631,500	631,500	-	581,000	(50,500)
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 4,213,262	\$ 4,213,262	\$ -	\$ 4,147,644	\$ (65,618)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ -	\$ -	\$ -	\$ (0)	\$ -
Total Expenses (B)	\$ 22,833,969	\$ 22,833,969	\$ -	\$ 24,216,445	\$ 1,382,476
Change in Net Assets (=A - B)	\$ (1,994,347)	\$ (1,994,347)	\$ -	\$ (452,218)	\$ 1,542,129
Fixed Asset Additions, excluding Right of Use Assets (C)	248,500	248,500	-	668,000	419,500
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 23,082,469	\$ 23,082,469	\$ -	\$ 24,884,445	\$ 1,801,976
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (2,242,847)	\$ (2,242,847)	\$ -	\$ (1,120,218)	\$ -
FTEs	78.00	78.00	-	80.00	2.00

Table 4. 2023 Budget and Projection and 2024 Comparisons¹⁴

¹⁴ *Penalties released in the current year reflects the designated amount of funds released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with GAAP.

Section A – Statutory Programs

2024 Business Plan and Budget



Section A – Statutory Programs

Reliability Standards Program

The following table shows funding sources and related expenses for the Reliability Standards Program.

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	0.63	0.16	(0.47)
Direct Expenses	\$ 142,117	\$ 41,537	\$ (100,579)
Indirect Expenses	\$ 92,080	\$ 24,176	\$ (67,903)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 2,699	\$ 1,800	\$ (899)
Total Funding Requirement	\$ 236,896	\$ 67,514	\$ (169,382)

Table A-1. Reliability Standards Budget

Program Scope and Functional Description

MRO’s efforts related to NERC Reliability Standards support NERC’s stakeholder-driven processes to develop and maintain risk-responsive Reliability Standards by providing feedback into the standards process, conducting outreach during standards development, and providing clarity to industry on enforceable standards and requirements. MRO’s CMEPAC and its subgroups develop Standard Application Guides (SAGs), comment on NERC Standard projects, participate in standards development, and maintain MRO’s Regional Reliability Standards Process Manual as required by the Delegation Agreement.

Impact on Resource Needs

Staff support of workload and activities in Reliability Standards has a decrease.

Reliability Standards Program Resource Requirements

Overall Budget Change 2024 vs 2023 (Decrease \$169.4K, 71.5%)

Overall, decreased cost is due to decreased staff support. Subject matter expertise that develop SAGs and support outreach in this area is carried out by the CMEP Advisory Council.

Personnel Expenses (Decrease \$92.7K, 69.1%)

Overall, decreased cost is due to decreased staff support.

Indirect Expenses (Decrease \$67.9K, 73.7%)

There is a decrease in administrative services allocated to this program based on FTEs.

Reliability Standards Budget Details

The following table shows funding sources and related expenses for the Reliability Standards Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 233,286	\$ 233,286	\$ -	\$ 67,027	\$ (166,259)
Penalties Released	3,605	3,605	-	321	(3,285)
Interest	5	5	-	167	162
Total Funding (A)	\$ 236,896	\$ 236,896	\$ -	\$ 67,514	\$ (169,381)
Expenses					
Personnel Expenses					
Salaries	\$ 98,403	\$ 98,403	\$ -	\$ 30,922	\$ (67,481)
Payroll Taxes	6,424	6,424	-	2,040	(4,384)
Benefits	11,598	11,598	-	3,313	(8,284)
Retirement Costs	17,792	17,792	-	5,262	(12,530)
Total Personnel Expenses	\$ 134,217	\$ 134,217	\$ -	\$ 41,537	\$ (92,679)
Meeting Expenses					
Meetings	\$ 1,400	\$ 1,400	\$ -	\$ -	\$ (1,400)
Travel	6,500	6,500	-	-	(6,500)
Total Meeting Expenses	\$ 7,900	\$ 7,900	\$ -	\$ -	\$ (7,900)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses					
	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses					
	\$ 92,080	\$ 92,080	\$ -	\$ 24,176	\$ (67,903)
Total Expenses (B)	\$ 234,196	\$ 234,196	\$ -	\$ 65,714	\$ (168,483)
Change in Net Assets (=A - B)	\$ 2,699	\$ 2,699	\$ -	\$ 1,800	\$ (899)
Fixed Asset Additions, excluding Right of Use Assets (C)					
	2,699	2,699	-	1,800	(899)
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 236,896	\$ 236,896	\$ -	\$ 67,514	\$ (169,381)
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	0.63	0.63	-	0.16	(0.47)

Table A-2. Reliability Standards Budget Detail

Compliance Monitoring and Enforcement Program

The following table lists the budget for the Compliance Monitoring and Enforcement Program (CMEP).

Compliance Monitoring and Enforcement Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	37.30	38.87	1.57
Direct Expenses	\$ 9,309,202	\$ 9,895,661	\$ 586,460
Indirect Expenses	\$ 5,451,707	\$ 5,873,376	\$ 421,670
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 159,811	\$ 437,345	\$ 277,534
Total Funding Requirement	\$ 14,920,720	\$ 16,206,382	\$ 1,285,663

Table A-3. Compliance Monitoring and Enforcement Program Budget

Program Scope and Functional Description

MRO's CMEP work is performed by three departments: Compliance Monitoring, Risk Assessment and Mitigation (RAM), and Enforcement, creating an effective "check and balance" for making decisions about noncompliance and enforcement. MRO's RAM Department develops Inherent Risk Assessments (IRAs) for registered entities to describe the risk each entity poses to the bulk power system by the nature of the facilities the entity owns and operates. This information is used to provide a ranking of requirements for monitoring an entity based on risk.

The Compliance Monitoring Department uses IRAs as input when developing Compliance Oversight Plans (COPs). COPs are registered entity-specific and inform the scope and timing of oversight activities for each registered entity based on the risk the entity poses to reliability and security of the regional bulk power system. A variety of discovery and compliance monitoring methods are used, including spot checks, audits, self-certifications, and self-reports.

Following identification of a proposed non-compliance, RAM conducts a risk assessment of the possible violation and evaluates and monitors related mitigation efforts. The Enforcement Department independently reviews and processes noncompliances and violations using risk-based disposition methods, including any penalty determinations. Enforcement also analyzes the registered entity's compliance history and culture of compliance that are used as inputs to the COP completed by the Compliance Monitoring Department.

All three of the CMEP departments are responsible for supporting and facilitating the work of the CMEP Advisory Council and its subgroups. Additionally, CMEP staff support ERO collaboration group activities that align MRO's CMEP program, including associated tools, with that of the other Regional Entities and NERC.

The 2024 BP&B anticipates that staff will perform CMEP activities for approximately 235 registered entities. The Compliance Monitoring Department will conduct approximately 14 audits and will also contribute to audits of registered entities that participate in coordinated oversight where MRO is the Affected Regional Entity. In addition to the activities described above, the Enforcement Department will review registered entity participation in the ERO Enterprise Self-Logging Program.

Impact on Resource Needs

In addition to regular oversight work, the CMEP departments will dedicate resources to support the continued implementation of ERO Enterprise Tools and the activities of the ERO Enterprise collaboration groups. These initiatives improve the effectiveness of MRO activities and better define the expectation of CMEP staff.

Compliance Monitoring and Enforcement Program Resource Requirements**Overall Budget Change 2024 vs 2023 (Increase \$1.3M, 8.6%)**

The budget increase for 2024 is due to an increase in personnel costs and allocation of increased indirect expenses.

Personnel Expenses (Increase \$912K, 10.7%)

Average salary increases in the 2024 BP&B were budgeted at 3 percent and an additional 2 percent in promotion, equity, and market adjustments. Benefits increased due to projected increase in medical premium costs. An increase of 1.57 FTE will be added to this program area.

Meeting Expenses (Decrease \$53.4K, 22.6%)

Historic cost trends reflect lower than budgeted expenditure. Virtual technology increased hybrid options for meeting attendance, which reduced travel and meeting cost estimates for 2024.

Operating Expense (Decrease \$272K, 50.1%)

Cost decrease to this program relates to reduced consulting costs associated with WebCDMS.

Compliance Monitoring and Enforcement Program Budget Detail

The following table shows funding sources and related expenses for the CMEP.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 14,706,986	\$ 14,706,986		\$ 16,087,972	\$ 1,380,986
Penalties Released	213,464	213,464		77,927	(135,537)
Interest	269	269	-	40,483	40,214
Total Funding (A)	\$ 14,920,720	\$ 14,920,720		\$ 16,206,382	\$ 1,285,662
Expenses					
Personnel Expenses					
Salaries	\$ 6,323,947	\$ 6,323,947	\$ -	\$ 6,930,750	\$ 606,803
Payroll Taxes	427,795	427,795	-	476,081	48,285
Benefits	685,082	685,082	-	804,920	119,838
Retirement Costs	1,093,595	1,093,595	-	1,230,571	136,975
Total Personnel Expenses	\$ 8,530,420	\$ 8,530,420	\$ -	\$ 9,442,321	\$ 911,901
Meeting Expenses					
Meetings	\$ 11,500	\$ 11,500	\$ -	\$ 15,000	\$ 3,500
Travel	224,470	224,470	-	167,600	(56,870)
Total Meeting Expenses	\$ 235,970	\$ 235,970	\$ -	\$ 182,600	\$ (53,370)
Operating Expenses					
Consultants & Contracts	\$ 348,382	\$ 348,382	\$ -	\$ 75,000	\$ (273,382)
Office Rent	-	-	-	-	-
Office Costs	194,430	194,430	-	195,740	1,310
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 542,812	\$ 542,812	\$ -	\$ 270,740	\$ (272,072)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ 5,451,707	\$ 5,451,707	\$ -	\$ 5,873,376	\$ 421,670
Total Expenses (B)	\$ 14,760,908	\$ 14,760,908	\$ -	\$ 15,769,037	\$ 1,008,129
Change in Net Assets (=A - B)	\$ 159,811	\$ 159,811	\$ -	\$ 437,345	\$ 277,534
Fixed Asset Additions, excluding Right of Use Assets (C)	159,811	159,811	-	437,345	277,534
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 14,920,720	\$ 14,920,720	\$ -	\$ 16,206,382	\$ 1,285,662
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	37.30	37.30	-	38.87	1.57

Table A-4. Compliance Monitoring and Enforcement Program Budget Detail

Reliability Analysis and Organization Registration and Certification Program

The following table lists the budget for the Reliability Analysis program.

Reliability Analysis and Organization Registration and Certification (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	12.07	12.91	0.84
Direct Expenses	\$ 3,030,827	\$ 3,383,697	\$ 352,870
Indirect Expenses	\$ 1,764,131	\$ 1,950,741	\$ 186,609
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 51,714	\$ 145,257	\$ 93,543
Total Funding Requirement	\$ 4,846,672	\$ 5,479,694	\$ 633,021

Table A-5. Reliability Analysis and Organization Registration and Certification Budget

Program Scope and Functional Description

MRO's Reliability Analysis Department performs event analysis, performance analysis, and reliability assessments in support of related NERC program areas. This work includes: analyses of large-scale bulk power system outages, disturbances, and near misses to determine root causes and lessons learned; the quarterly review of operational data submissions to assess system performance; and the availability of electric generation and transmission equipment through various NERC reporting systems, such as Transmission Availability Data Systems (TADS), Generating Availability Data Systems (GADS), Demand Response Availability Data Systems (DADS), and Misoperation Information Data Analysis Systems (MIDAS). The department also conducts assessments of the grid's ability to meet electric power demand within the region during specific time periods. This information may indicate the need to develop and implement targeted interventions based on reliability risk. Reliability Analysis staff participate in the Eastern Interconnection Reliability Assessment Group (ERAG), which facilitates data collection and development of power flow and dynamics simulation models for the Eastern Interconnection. Reliability Analysis also supports MRO's Reliability Advisory Council, the Protective Relay Subgroup, and related ERO Enterprise activities.

The Reliability Analysis Department is responsible for the organization registration and certification programs, which appropriately register all users, owners, and operators of the bulk power system in MRO's regional footprint as required by NERC. The program includes periodically certifying that certain registered entities (Reliability Coordinators, Balancing Authorities, and Transmission Operators) are able to perform associated tasks. All entities registered for any reliability function are required to comply with mandatory NERC Reliability Standards.

Impact on Resource Needs

Staffing for this program will increase by 0.84 FTEs. The addition of a registration and certification engineer will add value and streamline activities for ongoing reliability assessment analysis and an increase in work in the registration and certification programs expected in 2024.

Reliability Analysis and Organization Registration and Certification Resource Requirements

Overall Budget Change 2024 vs 2023 (Increase \$633K, 13.1%)

The budget increase for 2024 is due to an increase in personnel costs and allocation of increased indirect expenses.

Personnel Expenses (Increase \$350K, 12.5%)

The average salary increase was budgeted at 3 percent and an additional 2 percent in promotion, equity, and market adjustments. Benefits increased due to projected increase in medical premium costs. An increase of 0.84 FTE will be added to this program area.

Meeting Expenses (Decrease \$21K, 15.4%)

Historic cost trends reflect lower than budgeted expenditure. Virtual technology increased hybrid options for meeting attendance, which reduced travel and meeting cost estimates for 2024.

Operating Expense (Increase \$23.4K, 28.1%)

Cost increase to this program includes staff-related costs captured in office costs and costs associated with contracts and/or consulting related to increased registration and energy assessment activity.

Indirect Expenses (Increase \$186.6K, 10.6%)

There is an overall increase in administrative services expenditures that are allocated to the operational programs based on FTEs.

Reliability Analysis and Organization Registration and Certification Budget Detail

The following table lists funding sources and related expenses for the Reliability Analysis Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
RELIABILITY ANALYSIS and ORGANIZATION REGISTRATION and CERTIFICATION					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 4,777,509	\$ 4,777,509		\$ 5,440,366	\$ 662,857
Penalties Released	69,075	69,075		25,882	(43,193)
Interest	87	87	-	13,446	13,359
Total Funding (A)	\$ 4,846,672	\$ 4,846,672		\$ 5,479,694	\$ 633,022
Expenses					
Personnel Expenses					
Salaries	\$ 2,101,041	\$ 2,101,041	\$ -	\$ 2,331,409	\$ 230,368
Payroll Taxes	139,972	139,972	-	159,883	19,911
Benefits	217,524	217,524	-	263,889	46,364
Retirement Costs	352,240	352,240	-	406,036	53,796
Total Personnel Expenses	\$ 2,810,777	\$ 2,810,777	\$ -	\$ 3,161,217	\$ 350,440
Meeting Expenses					
Meetings	\$ 9,000	\$ 9,000	\$ -	\$ 8,000	\$ (1,000)
Travel	127,600	127,600	-	107,600	(20,000)
Total Meeting Expenses	\$ 136,600	\$ 136,600	\$ -	\$ 115,600	\$ (21,000)
Operating Expenses					
Consultants & Contracts	\$ 41,100	\$ 41,100	\$ -	\$ 56,000	\$ 14,900
Office Rent	-	-	-	-	-
Office Costs	42,350	42,350	-	50,880	8,530
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 83,450	\$ 83,450	\$ -	\$ 106,880	\$ 23,430
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ 1,764,131	\$ 1,764,131	\$ -	\$ 1,950,741	\$ 186,609
Total Expenses (B)	\$ 4,794,958	\$ 4,794,958	\$ -	\$ 5,334,437	\$ 539,479
Change in Net Assets (=A - B)	\$ 51,714	\$ 51,714	\$ -	\$ 145,257	\$ 93,543
Fixed Asset Additions, excluding Right of Use Assets (C)	51,714	51,714	-	145,257	93,543
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 4,846,672	\$ 4,846,672	\$ -	\$ 5,479,694	\$ 633,022
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	12.07	12.07	-	12.91	0.84

Table A-6. Reliability Analysis and Organization Registration and Certification Budget Detail

Training and Education Program

The following table summarizes the budget for the Training and Education program.

Training and Education (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	5.05	4.56	(0.49)
Direct Expenses	\$ 1,191,073	\$ 1,180,152	\$ (10,922)
Indirect Expenses	\$ 738,100	\$ 689,030	\$ (49,070)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 21,637	\$ 51,307	\$ 29,670
Total Funding Requirement	\$ 1,950,811	\$ 1,920,488	\$ (30,321)

Table A-7. Training and Education Budget

Program Scope and Functional Description

MRO is committed to its mission “to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations® (HEROs).” One way we do this is by providing training and education to industry on the implementation of the CMEP, the application of NERC Reliability Standards, and sharing information and best practices related to reliability and security of the bulk power system in MRO’s regional footprint. The Training and Education Program provides outreach to MRO registered entities through various channels like newsletter articles, publications, conferences, webinars, roundtable events, video and social media, as well as presentation opportunities at other industry events. Raising awareness of risk and providing lessons learned and best practices to mitigate or reduce risk directly supports MRO’s strategic plan and other ERO Enterprise initiatives.

In addition, in partnership with NERC and the other Regional Entities, MRO is expanding outreach to state and provincial regulators to educate and inform key decision and policy makers of risks to reliability and security of the bulk power system within MRO’s regional footprint. This outreach includes virtual and in-person interactions with both Canadian and U.S. regulatory agencies to share information about the ERO Enterprise and important work to assess and mitigate risk to the North American bulk power system. There is an increased need for greater coordination with state and provincial regulatory agencies as the lines between electricity generation and distribution intersect with the addition of behind the meter, renewable resources. This coordination has increased workload for MRO staff resources that assist with these efforts.

Impact on Resource Needs

In a post-pandemic environment, training, education, and outreach have been conducted through a hybrid approach that includes both in-person and virtual opportunities for participation – offering a “best of both worlds” experience for attendees. Providing this hybrid approach allows MRO to expand its audience and reach and enables industry stakeholders to participate in a way that works best for them. MRO has adapted to this hybrid outreach approach without adding any costs to outreach participants. All of MRO’s events are offered free of charge and virtual participation has the added benefit of eliminating travel costs for participants.

While this hybrid format provides significant benefit to industry, it does increase the amount of time and effort required to host outreach events. An Outreach Department was formed in 2022 and will have three full-time staff supporting outreach efforts by the close of 2023. This new department is charged with centralizing MRO's outreach efforts and meeting the strategic plan objective of "being a trusted leader in providing premier and cutting-edge outreach to MRO stakeholders."

Training and Education Resource Requirements

Overall Budget Change 2024 vs 2023 (Decrease \$30.3K, 1.6%)

The budget decrease for 2024 is primarily due to decrease in staff resources. Dedicated FTEs are focused in executing this program. Outreach activities increased as well as use of outreach tools and technology, fees for engaging best in class speakers and industry experts, and expenses related to cohosting with NERC the 2024 Grid Security Conference in the MRO region.

Personnel Expenses (Decrease \$141K, 13.6%)

Previously, staff resources from other areas were allocated to this program to run outreach activities. Dedicated staff in this area reduces need for support from other department staff.

Meeting Expenses (Increase \$44.7K, 31.8%)

Outreach activities increase as well as use of outreach tools and technology, fees for engaging speakers and industry experts, and expenses related to cohosting 2024 Grid Security Conference in the MRO region.

Operating Expense (Increase \$85.3K, 694%)

Cost increase to this program includes meeting supplies and staff-related costs captured in office costs. Costs associated with external communications and media consulting was moved to this functional area, formerly under legal.

Training and Education Budget Detail

The following table shows funding sources and related expenses for the Training and Education Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
TRAINING and EDUCATION					
	2023	2023	Variance	2024	Variance
	Budget	Projection	v 2023 Projection	Budget	v 2023 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 1,921,873	\$ 1,921,873		\$ 1,906,597	\$ (15,275)
Penalties Released	28,901	28,901		9,142	(19,759)
Interest	36	36	-	4,749	4,713
Total Funding (A)	\$ 1,950,810	\$ 1,950,810		\$ 1,920,488	\$ (30,321)
Expenses					
Personnel Expenses					
Salaries	\$ 765,029	\$ 765,029	\$ -	\$ 627,888	\$ (137,140)
Payroll Taxes	52,590	52,590	-	45,854	(6,736)
Benefits	89,316	89,316	-	94,428	5,112
Retirement Costs	131,338	131,338	-	129,141	(2,197)
Total Personnel Expenses	\$ 1,038,273	\$ 1,038,273	\$ -	\$ 897,312	\$ (140,962)
Meeting Expenses					
Meetings	\$ 90,000	\$ 90,000	\$ -	\$ 125,000	\$ 35,000
Travel	50,500	50,500	-	60,225	9,725
Total Meeting Expenses	\$ 140,500	\$ 140,500	\$ -	\$ 185,225	\$ 44,725
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 50,550	\$ 50,550
Office Rent	-	-	-	-	-
Office Costs	12,300	12,300	-	32,065	19,765
Professional Services	-	-	-	15,000	15,000
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 12,300	\$ 12,300	\$ -	\$ 97,615	\$ 85,315
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ 738,100	\$ 738,100	\$ -	\$ 689,030	\$ (49,070)
Total Expenses (B)	\$ 1,929,173	\$ 1,929,173	\$ -	\$ 1,869,182	\$ (59,991)
Change in Net Assets (=A - B)	\$ 21,637	\$ 21,637	\$ -	\$ 51,307	\$ 29,670
Fixed Asset Additions, excluding Right of Use Assets (C)	21,637	21,637	-	51,307	29,670
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 1,950,810	\$ 1,950,810	\$ -	\$ 1,920,488	\$ (30,321)
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ 0
FTEs	5.05	5.05	-	4.56	(0.49)

Table A-8. Training and Education Budget Detail

Situation Awareness and Infrastructure Security Program

The following table lists the budget for Situation Awareness and Infrastructure Security.

Situation Awareness and Infrastructure Security (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.95	2.87	(0.08)
Direct Expenses	\$ 683,566	\$ 744,409	\$ 60,843
Indirect Expenses	\$ 431,167	\$ 433,666	\$ 2,499
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 12,639	\$ 32,292	\$ 19,653
Total Funding Requirement	\$ 1,127,372	\$ 1,210,366	\$ 82,994

Table A-9. Situation Awareness and Infrastructure Security Budget

Program Scope and Functional Description

MRO monitors present conditions and emerging threats to reliability and security of the bulk power system and provides leadership coordination, technical expertise, and assistance to industry and government partners as necessary. MRO's Reliability Analysis and Security Departments support these efforts.

The Reliability Analysis Department determines which entities may be more susceptible to a specific risk based on responses to NERC Alerts. NERC Alerts are used to effectively disseminate information to the electricity industry regarding reliability or security and at times require review of responses by MRO staff depending on the request.

The Security Department supports the efforts of the MRO SAC and its subgroup, the SAC Threat Forum. These organizational groups assess and help to mitigate and reduce cyber, physical, and operational risks to the bulk power system through a variety of outreach mechanisms. The department also develops and maintains strong connections with other industry security groups like the E-ISAC and federal security agencies and serves as a resource to MRO's IT Department.

Impact on Resource Needs

Situational Awareness Program staff work with stakeholders to identify known and emerging risks to reliability and security, assist industry in mitigating those risks, and promote a culture of continuous improvement across MRO's region.

The Infrastructure Security Program focuses on activities to promote identification, assessment, mitigation, and communication of cyber, physical, and operational risks to the security of the North American bulk power system. In addition, the department leads and administers emergency management and business continuity initiatives for MRO, the ERO Enterprise, and the Region.

Situation Awareness and Infrastructure Security Resource Requirements

Overall Budget Change 2024 vs 2023 (Increase \$83K, 7.4%)

The portion of this budget that addresses infrastructure security increased in overall program costs to address increased activities in improving MRO's security posture.

Operating Expense (Increase \$10.9K, 69.2%)

Cost increase to this program includes use of security consulting.

Situation Awareness and Infrastructure Security Budget Detail

The following table shows funding sources and related expenses for the Situation Awareness and Infrastructure Security Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
SITUATION AWARENESS and INFRASTRUCTURE SECURITY					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 1,110,468	\$ 1,110,468	\$ -	\$ 1,201,623	\$ 91,155
Penalties Released	16,883	16,883	-	5,754	(11,129)
Interest	21	21	-	2,989	2,968
Total Funding (A)	\$ 1,127,372	\$ 1,127,372		\$ 1,210,366	\$ 82,994
Expenses					
Personnel Expenses					
Salaries	\$ 464,895	\$ 464,895	\$ -	\$ 496,688	\$ 31,793
Payroll Taxes	30,578	30,578	-	31,586	1,008
Benefits	54,105	54,105	-	59,432	5,327
Retirement Costs	83,501	83,501	-	89,623	6,122
Total Personnel Expenses	\$ 633,079	\$ 633,079	\$ -	\$ 677,329	\$ 44,250
Meeting Expenses					
Meetings	\$ 4,277	\$ 4,277	\$ -	\$ -	\$ (4,277)
Travel	30,500	30,500	-	40,500	10,000
Total Meeting Expenses	\$ 34,777	\$ 34,777	\$ -	\$ 40,500	\$ 5,723
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000
Office Rent	-	-	-	-	-
Office Costs	15,710	15,710	-	16,580	870
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 15,710	\$ 15,710	\$ -	\$ 26,580	\$ 10,870
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ 431,167	\$ 431,167	\$ -	\$ 433,666	\$ 2,499
Total Expenses (B)	\$ 1,114,733	\$ 1,114,733	\$ -	\$ 1,178,075	\$ 63,342
Change in Net Assets (=A - B)	\$ 12,639	\$ 12,639	\$ -	\$ 32,292	\$ 19,653
Fixed Asset Additions, excluding Right of Use Assets (C)	12,639	12,639	-	32,292	19,653
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 1,127,372	\$ 1,127,372	\$ -	\$ 1,210,366	\$ 82,994
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	
FTEs	2.95	2.95	-	2.87	(0.08)

Table A-10. Situation Awareness and Infrastructure Security Budget Detail

Administrative Services

The following table outlines the budget for Administrative Services.

Administrative Services (in whole dollars)						
	Direct Expenses and Fixed Assets			FTEs		
	2023 Budget	2024 Budget	Increase (Decrease)	2023 Budget	2024 Budget	Increase (Decrease)
General and Administrative	\$2,997,150	\$3,417,244	\$420,093	2.68	3.07	0.39
Legal	\$994,092	\$687,028	-\$307,064	2.66	1.87	(0.79)
Information Technology	\$2,971,820	\$3,500,772	\$528,952	9.14	9.01	(0.13)
Human Resources	\$643,783	\$726,633	\$82,850	2.00	2.05	0.05
Finance and Accounting	\$1,118,839	\$1,307,313	\$188,473	3.52	4.63	1.11
Total Administrative Services	\$8,725,684	\$9,638,989	\$913,305	20.00	20.63	0.63

Table A-11. Administrative Services Budget

Program Scope and Functional Description

MRO's Administrative Services area comprises the business and administrative functions of the organization, including legal and regulatory, information technology, human resources, finance and accounting, and general expenses. Costs incurred for these services are allocated as an indirect expense across MRO's other program areas.

Methodology for Allocation of Administrative Services Expenses to Programs

All expenses for the Administrative Services programs, referred to as indirect expenses, are allocated to the delegated program areas based on the respective number of FTEs.

Funding Sources

The expenses related to the indirect program areas are being allocated entirely to the direct programs; therefore, the indirect program areas have no ERO assessment revenue.

General and Administrative

The following table lists the General and Administrative budget.

General and Administrative (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.68	3.07	0.39
Total Direct Expenses	\$ 2,997,150	\$ 3,417,244	\$ 420,093
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ (2,242,847)	\$ (1,120,218)	\$ 1,122,629

Table A-12. General and Administrative Budget

Program Scope and Functional Description

The General and Administrative Department is led by MRO's President and CEO. The department ensures that there is appropriate attention to the execution of MRO's strategic priorities and the day-to-day operations and risk management of the corporation, board governance, policies and procedures, proper record-keeping, and related responsibilities under applicable regulations, as well as MRO's Delegation Agreement with NERC.

Some of the external pressures that impact this budget area include escalating cyber security threats and vulnerabilities to the corporation, increased security requirements related to the handling and storage of corporate and external data, the need for greater coordination of emergency response and crisis communications across the ERO Enterprise, and expanded Regional Entity oversight from NERC. Additionally, under the guidance of MRO's Board of Directors, a Corporate Risk Management function was added in 2022 to monitor operational, cyber, legal, and reputational risks to the organization. Insights in this area provide additional input into MRO's strategic planning.

Impact on Resource Needs

New initiatives that align with MRO's strategic plan result in additional support required from the General and Administrative Departments. Dedicated resources will support the implementation of the three strategic plan initiatives: People, Processes, and Partnerships. Resources include staffing, technology, and consultation for organizational prioritization and continued leadership training.

General and Administrative Services Resource Requirements

Overall Budget Change 2024 vs 2023 (Increase \$420K, 14%)

The budget increase for 2024 is due to an increase in personnel costs, costs for consulting, and increase in rent costs.

Personnel Expenses (Increase \$308K, 27.8%)

Average salary increases were budgeted at 3 percent with an additional 2 percent in promotion, equity, and market adjustments. Also, benefits increased due to projected increase in medical premium costs.

Section A – Statutory Programs

General and Administrative Budget Detail

The following table shows funding sources and related expenses for the General and Administrative Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
GENERAL and ADMINISTRATIVE					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget	Budget	2024 Budget
			v 2023 Projection		v 2023 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ (2,242,847)	\$ (2,242,847)	\$ -	\$ (1,120,218)	\$ 1,122,629
Penalties Released	-	-	-	-	-
Total Funding (A)	\$ (2,242,847)	\$ (2,242,847)	\$ -	\$ (1,120,218)	\$ 1,122,629
Expenses					
Personnel Expenses					
Salaries	\$ 908,838	\$ 908,838	\$ -	\$ 1,162,540	\$ 253,702
Payroll Taxes	33,958	33,958	-	44,198	10,240
Benefits	49,320	49,320	-	63,574	14,253
Retirement Costs	117,584	117,584	-	147,757	30,173
Total Personnel Expenses	\$ 1,109,700	\$ 1,109,700	\$ -	\$ 1,418,069	\$ 308,368
Meeting Expenses					
Meetings	\$ 60,000	\$ 60,000	\$ -	\$ 50,000	\$ (10,000)
Travel	110,300	110,300	-	110,300	-
Total Meeting Expenses	\$ 170,300	\$ 170,300	\$ -	\$ 160,300	\$ (10,000)
Operating Expenses					
Consultants & Contracts	\$ 80,000	\$ 80,000	\$ -	\$ 130,000	\$ 50,000
Office Rent	1,046,000	1,046,000	-	1,171,880	125,880
Office Costs	130,650	130,650	-	136,995	6,345
Professional Services	460,500	460,500	-	400,000	(60,500)
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 1,717,150	\$ 1,717,150	\$ -	\$ 1,838,875	\$ 121,725
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ (2,997,150)	\$ (2,997,150)	\$ -	\$ (3,417,244)	\$ (420,093)
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ 0
Change in Net Assets (=A - B)	\$ (2,242,847)	\$ (2,242,847)	\$ -	\$ (1,120,218)	\$ 1,122,629
Fixed Asset Additions, excluding Right of Use Assets (C)	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ -	\$ -	\$ -	\$ -	\$ 0
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (2,242,847)	\$ (2,242,847)	\$ -	\$ (1,120,218)	\$ 1,122,629
FTEs	2.68	2.68	-	3.07	0.39

Table A-13. General and Administrative Budget Detail

Legal

The following table lists the Legal budget.

Legal (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.66	1.87	(0.79)
Total Direct Expenses	\$ 994,092	\$ 687,028	\$ (307,064)
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Table A-14. Legal Budget

Program Scope and Functional Description

MRO's Legal function provides advice to the board, the President and CEO, and staff on legal matters affecting MRO. This department also is responsible for supporting and facilitating the work of the MRO Governance and Personnel Committee that is responsible for the oversight of MRO's governance, board, and personnel matters. Corporate records for the board and organizational groups are maintained in this area. MRO may use external specialized legal resources on an as-needed basis.

Legal Resource Requirements**Overall Budget Change 2024 vs 2023 (Decrease \$307K, 30.9%)**

The decrease in this indirect program area is related to the decrease in personnel, meeting, and operating costs.

Personnel Expenses (Decrease \$207K, 27.1%)

Personnel costs are lower as a reflection of the lower FTE.

Meeting Expense (Decrease \$12.3K, 60.6%)

Historic cost trends reflect lower than budgeted expenditure. Virtual technology increased hybrid options for meeting attendance, which reduced travel and meeting cost estimates for 2024.

Operating Expense (Decrease \$87.4K, 41.7%)

Costs associated with external communications and media consulting were moved to the training and education functional area.

Legal Budget Detail

The following table shows funding sources and related expenses for the Legal Department.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
LEGAL					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 591,987	\$ 591,987	\$ -	\$ 426,340	\$ (165,647)
Payroll Taxes	33,224	33,224	-	25,111	(8,113)
Benefits	48,952	48,952	-	38,724	(10,228)
Retirement Costs	90,199	90,199	-	66,839	(23,360)
Total Personnel Expenses	\$ 764,363	\$ 764,363	\$ -	\$ 557,014	\$ (207,349)
Meeting Expenses					
Meetings	\$ 500	\$ 500	\$ -	\$ 500	\$ -
Travel	19,800	19,800	-	7,500	(12,300)
Total Meeting Expenses	\$ 20,300	\$ 20,300	\$ -	\$ 8,000	\$ (12,300)
Operating Expenses					
Consultants & Contracts	\$ 54,900	\$ 54,900	\$ -	\$ -	\$ (54,900)
Office Rent	-	-	-	-	-
Office Costs	39,529	39,529	-	22,014	(17,515)
Professional Services	115,000	115,000	-	100,000	(15,000)
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 209,429	\$ 209,429	\$ -	\$ 122,014	\$ (87,415)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ (994,092)	\$ (994,092)	\$ -	\$ (687,028)	\$ 307,064
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A - B)	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Asset Additions, excluding Right of Use Assets (C)	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	2.66	2.66	-	1.87	(0.79)

Table A-15. Legal Budget Detail

Information Technology

The following table lists the Information Technology budget.

Information Technology (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	9.14	9.01	(0.13)
Total Direct Expenses	\$ 2,971,820	\$ 3,500,772	\$ 528,952
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Table A-16. Information Technology Budget

Program Scope and Functional Description

MRO's Information Technology (IT) function is responsible for providing and supporting the technology tools and resources that staff use to perform delegated functions and other work.

As part of this function, the IT Department is also responsible for managing and securing the IT infrastructure and assets of the company. This includes providing ways for the company to preserve and protect the confidentiality, integrity, and availability of company data, and responding in a timely manner to the ever evolving cyber threats faced by the organization. Using a risk-based approach, tailored to the company's unique IT environment and associated risks and threats, this includes designing, implementing, and maintaining internal controls and processes to protect the organization.

As the complexity of the security risks and tools utilized to meet the organization's needs continues to evolve, this function at times also utilizes highly specialized external technical resources. Their use allows us to be more agile and ultimately respond more timely and at a deeper technical and security level when necessary.

Information Technology Resource Requirements

Overall Budget Change 2024 vs 2023 (Increase \$528.9K, 17.8%)

The increase is due to a combination of the convergence of some hardware on triennial and quinquennial end-of-life schedules coming due, and IT staff and consulting and contract costs related to the mitigation of cyber security threats and risks.

Fixed Asset (Increase \$419.5K, 168.8%)

Increased capital asset costs are due to scheduled replacement of three and five year end-of-life assets.

Information Technology Budget Detail

The following table shows funding sources and related expenses for the Information Technology Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
INFORMATION TECHNOLOGY					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Projection Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 1,187,790	\$ 1,187,790	\$ -	\$ 1,207,389	\$ 19,599
Payroll Taxes	85,342	85,342	-	88,632	3,290
Benefits	167,699	167,699	-	186,579	18,880
Retirement Costs	236,004	236,004	-	252,434	16,430
Total Personnel Expenses	\$ 1,676,834	\$ 1,676,834	\$ -	\$ 1,735,034	\$ 58,200
Meeting Expenses					
Meetings	\$ 1,200	\$ 1,200	\$ -	\$ -	\$ (1,200)
Travel	5,000	5,000	-	9,200	4,200
Total Meeting Expenses	\$ 6,200	\$ 6,200	\$ -	\$ 9,200	\$ 3,000
Operating Expenses					
Consultants & Contracts	\$ 670,636	\$ 670,636	\$ -	\$ 716,848	\$ 46,212
Office Rent	-	-	-	-	-
Office Costs	369,650	369,650	-	371,690	2,040
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 1,040,286	\$ 1,040,286	\$ -	\$ 1,088,538	\$ 48,252
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ (2,723,320)	\$ (2,723,320)	\$ -	\$ (2,832,772)	\$ (109,452)
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A - B)	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Asset Additions, excluding Right of Use Assets	\$ 248,500	\$ 248,500	-	\$ 668,000	\$ 419,500
Allocation of Fixed Assets	\$ (248,500)	\$ (248,500)	-	\$ (668,000)	\$ (419,500)
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	9.14	9.14	-	9.01	(0.13)

Table A-17. Information Technology Budget Detail

Human Resources

The following table lists the Human Resources budget.

Human Resources (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.00	2.05	0.05
Total Direct Expenses	\$ 643,783	\$ 726,633	\$ 82,850
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Table A-18. Human Resources Budget

Program Scope and Functional Description

Human Resources

The Human Resources function designs, plans, and implements employee related policies and procedures in adherence with applicable federal and state laws. The Human Resource Department facilitates recruiting and retention efforts, employee benefits, payroll, employee engagement initiatives, and tasks associated with employee life cycle activities, including onboarding, training, and professional development. The department engages in Diversity, Equity, and Inclusion (DEI) initiatives within the organization alongside the staff-led DEI Committee and works closely with the ERO Enterprise on similar efforts. Additionally, the department undertakes and supports important initiatives directed by the board's Governance and Personnel Committee.

MRO has developed a People First Philosophy and culture that supports talent management and MRO's four keys to sustainable success: connection, curiosity, commitment, and competency. Training initiatives and opportunities for employee collaboration are planned throughout the year to create peer-to-peer mentorship and information and knowledge sharing, theme-focused learning, and dedicated team building. MRO continues to review and enhance its employee engagement and culture enrichment activities in an effort to positively impact all stages of the employee life cycle from candidate identification, the onboarding experience of new employees, as well as the overall corporate culture to be an "employer of choice" that attracts and retains qualified staff.

Human Resources Resource Requirements

Overall Budget Change 2024 vs 2023 (Increase \$82.8K, 12.9%)

The budget change in this administrative area is primarily due to the focus on on-going training and development initiatives.

Personnel Expense (Increase \$60K, 15.6%)

Average salary increases were budgeted at 3 percent with an additional 2 percent in promotion, equity, and market adjustments. The benefits increase is based on a projected increase in medical premium costs.

Human Resources Budget Detail

The following table shows funding sources and related expenses for the Human Resources Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
HUMAN RESOURCES					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Projection Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released				-	
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 275,529	\$ 275,529	\$ -	\$ 318,823	\$ 43,294
Payroll Taxes	18,801	18,801	-	22,128	3,327
Benefits	36,806	36,806	-	42,451	5,645
Retirement Costs	53,322	53,322	-	61,061	7,739
Total Personnel Expenses	\$ 384,458	\$ 384,458	\$ -	\$ 444,463	\$ 60,005
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	2,000	2,000	-	2,000	-
Total Meeting Expenses	\$ 2,000	\$ 2,000	\$ -	\$ 2,000	\$ -
Operating Expenses					
Consultants & Contracts	\$ 125,000	\$ 125,000	\$ -	\$ 107,100	\$ (17,900)
Office Rent	-	-	-	-	-
Office Costs	132,325	132,325	-	173,070	40,745
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 257,325	\$ 257,325	\$ -	\$ 280,170	\$ 22,845
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ (643,783)	\$ (643,783)	\$ -	\$ (726,633)	\$ (82,850)
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A - B)	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Asset Additions, excluding Right of Use Assets (C)	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	2.00	2.00		2.05	0.05

Table A-19. Human Resources Budget Detail

Finance and Accounting

The following table lists the Finance and Accounting budget.

Finance and Accounting (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.52	4.63	1.11
Total Direct Expenses	\$ 1,118,839	\$ 1,307,313	\$ 188,473
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Working Capital Requirement	\$ -	\$ -	\$ -

Table A-20. Finance and Accounting Budget

Program Scope and Functional Description

Finance and Accounting

The Finance and Accounting function directs the overall financial planning and accounting practices of the organization, oversees treasury, budget, tax, and audit activities, as well as the financial and accounting system controls and standards. This department is responsible for supporting and facilitating the work of the MRO Finance and Audit Committee that is responsible for the oversight of MRO's financial health and to monitor the component parts of the financial audit process and the integrity of financial reporting. Also, this program manages the organization's corporate risk program which assesses and mitigates key corporate risks. Identified corporate risks are prioritized and then incorporated into the strategic planning process as an opportunity to proactively address risks. This program reports the overall outcome of MRO's annual financial and corporate risk activities to the MRO Board of Directors. Additionally, this staff supports ERO collaboration group activities that align MRO's Finance and Corporate Risk program, including associated tools, with that of the other Regional Entities and NERC.

Finance and Accounting Resource Requirements

Overall Budget Change 2024 vs 2023 (Increase \$188.5K, 16.8%)

The increased costs in the Finance and Accounting area are a result of increase in personnel costs.

Personnel Expenses (Increase \$203.5K, 26.2%)

Average salary increases were budgeted at 3 percent with an additional 2 percent in promotion, equity, and market adjustments. Benefits increased due to projected increase in medical premium costs. An increase of 1.11 FTE was added to this program area.

Finance and Accounting Budget Detail

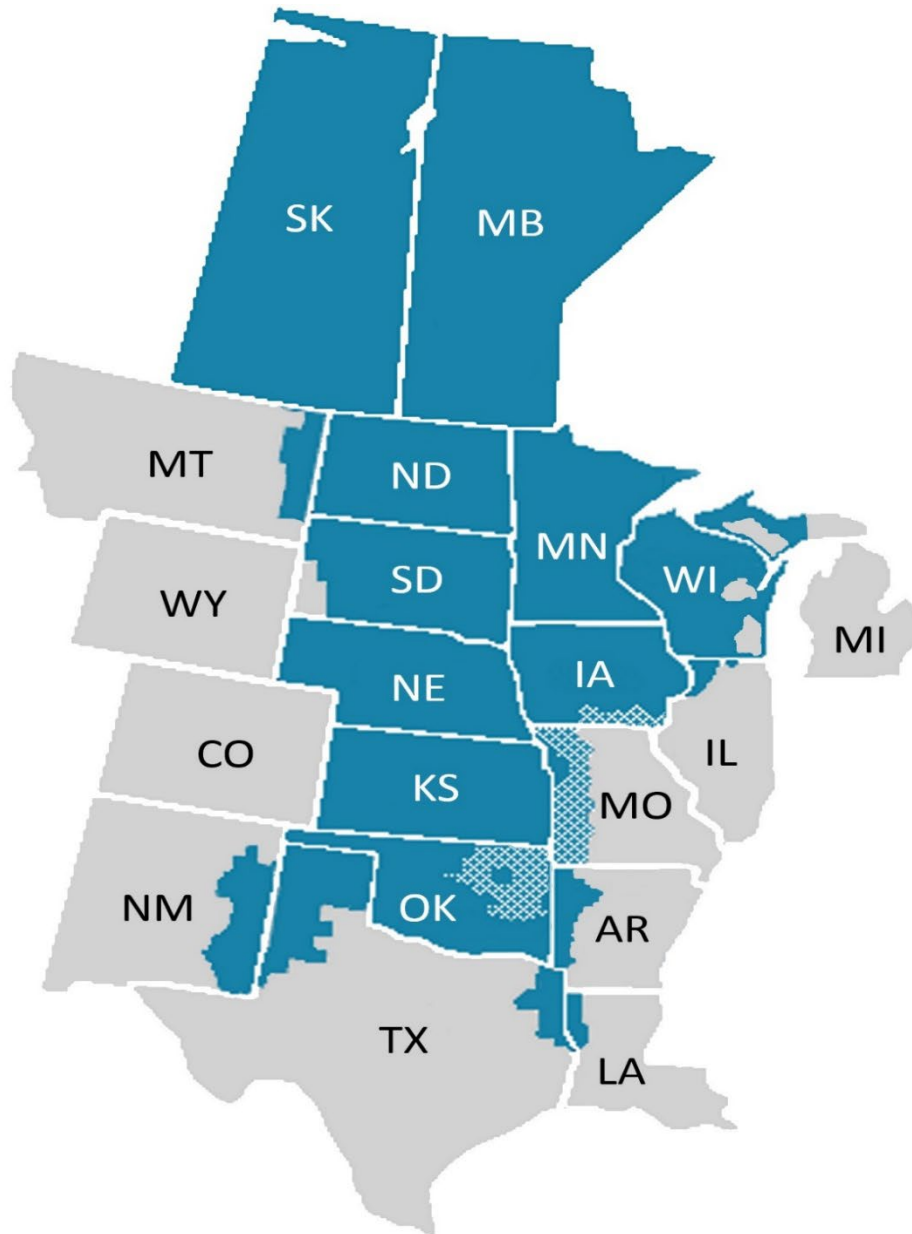
The following table shows funding sources and related expenses for the Finance and Accounting Program.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
FINANCE AND ACCOUNTING					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection	Budget	2024 Budget v 2023 Budget
			Over(Under)		Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Funding (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 576,825	\$ 576,825	\$ -	\$ 703,905	\$ 127,080
Payroll Taxes	34,733	34,733	-	45,218	10,485
Benefits	64,779	64,779	-	95,878	31,099
Retirement Costs	101,703	101,703	-	136,580	34,877
Total Personnel Expenses	\$ 778,039	\$ 778,039	\$ -	\$ 981,581	\$ 203,541
Meeting Expenses					
Meetings	\$ 1,000	\$ 1,000	\$ -	\$ 1,500	\$ 500
Travel	5,000	5,000	-	8,000	3,000
Total Meeting Expenses	\$ 6,000	\$ 6,000	\$ -	\$ 9,500	\$ 3,500
Operating Expenses					
Consultants & Contracts	\$ 61,000	\$ 61,000	\$ -	\$ 5,000	\$ (56,000)
Office Rent	-	-	-	-	-
Office Costs	217,800	217,800	-	245,232	27,432
Professional Services	56,000	56,000	-	66,000	10,000
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 334,800	\$ 334,800	\$ -	\$ 316,232	\$ (18,568)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Indirect Expenses	\$ (1,118,839)	\$ (1,118,839)	\$ -	\$ (1,307,313)	\$ (188,473)
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A - B)	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Asset Additions, excluding Right of Use Assets	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	3.52	3.52	-	4.63	1.11

Table A-21. Finance and Accounting Budget Detail

Section B – Supplemental Financial Information

2024 Business Plan and Budget



Section B – Supplemental Financial Information

Reserve Balance

Table B-1 analyzes the reserve for 2022 through 2024.

Reserve Analysis 2022-2024				
	Total Reserves	Working Capital Reserves	30-Day Reserves	Assessment Stabilization Reserves (ASR)
Beginning January 1, 2022	\$8,377,927	\$2,239,614	\$1,513,332	4,624,981
Plus: Penalty Sanctions ¹	453,960			453,960
Plus: Release from ASR	-			
Plus: 2022 Assessments	17,832,414	17,832,414		
Adjustment for targeted 30-day reserves		(156,198)	156,198	
Less: 2022 Expenditures	(19,489,587)	(19,489,587)		
Final Reserves December 31, 2022	\$7,174,714	\$426,243	\$1,669,530	\$5,078,941
Beginning January 1, 2023	\$7,174,714	\$426,243	\$1,669,530	\$5,078,941
Plus: Penalty Sanctions ¹	-	332,347		(332,347)
Plus: Release from ASR	-	2,242,847		(2,242,847)
Plus: 2023 Assessments	20,507,276	20,507,276		
Adjustment for targeted 30-day reserves		(254,009)	254,009	
Less: 2023 Projected Expenditures	(23,082,469)	(23,082,469)		
Projected Reserves December 31, 2023	\$4,599,521	\$172,235	\$1,923,539	\$2,503,747
Beginning January 1, 2024	\$4,599,521	\$172,235	\$1,923,539	\$2,503,747
Plus: Penalty Sanctions ¹	-	119,026		(119,026)
Plus: Release from ASR	-	1,182,052		(1,182,052)
Plus: 2024 Assessments	23,583,367	23,583,367		
Adjustment for targeted reserves up to \$1M		923,539	(923,539)	
Less: 2024 Projected Expenditures	(24,884,445)	(24,884,445)		
Projected Reserves December 31, 2024	\$3,298,443	\$1,095,774	\$1,000,000	\$1,202,669

¹ Penalty sanctions released represent penalties collected between July 1 of the previous year through June 30 of the current budget year plus interest earned

Table B-1. Reserve Analysis 2022 - 2024

Explanation of Significant Variances from 2023

Per Policy and Procedure 13, MRO's reserves are identified and quantified each year in the Business Plan and Budget. MRO resets its reserves at the beginning of each year. MRO's FAC resolved that a reserve of cash up to \$1M is sufficient based on MRO's cash flow risk. The FAC and the board determined that the certainty of MRO's funding stream supports the resolution that a \$1M reserve is reasonable for sustaining short-term contingencies.

Policy and Procedure 13 also addresses additional cash-on-hand necessary to meet unplanned, short-term financial needs resulting from changes in the level of expenditures that would adversely affect the company's total annual operating budget during the budget year. The policy combines penalties received and surplus working capital. MRO staff may propose to set aside these funds in a separate reserve account to be released in future periods to mitigate year-over-year variations in assessments. MRO proposes to release \$1,301,078 from assessment stabilization reserves to offset assessment increases, which includes \$119,026 in penalty sanctions collected between July 1, 2022 and June 30, 2023, and \$61,834 of interest earned on the ASR.

Breakdown by Statement of Activity Sections

Table B-2 lists all penalties, including date received and amount, received prior to June 30, 2023.

Penalty Sanctions Received On or Prior to June 30, 2023	Date Received	Amount Received
	Jul-22	\$ 82,000
	Dec-22	37,026
Total Penalties Received		\$ 119,026

Table B-2. Penalty Sanctions Received

Penalty Sanctions

All penalties received after July 1, 2022, and prior to June 30, 2023, are listed above.

Allocation Method: Penalty sanctions received have been combined with surplus working capital (if any). MRO staff may set aside these funds in a separate reserve account to be released in future budget periods to mitigate year-over-year variations in budget assessments. Assuming no additional penalties are collected, all remaining penalty dollars will be released in the 2024 budget year as part of assessment stabilization. Interest earned on penalties collected will also be added to the total amount released. \$62K in interest will be included in the total penalties used for 2024.

Table B-3 lists the budget for Supplemental Funding.

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget
Reliability Standards				
Interest Income	\$ -	\$ -	\$ 167	\$ 167
Other	-	-	-	-
Total	\$ -	\$ -	\$ 167	\$ 167
Compliance Monitoring, Enforcement & Org. Registration				
Interest Income	\$ -	\$ -	\$ 40,483	\$ 40,483
Other	-	-	-	-
Total	\$ -	\$ -	\$ 40,483	\$ 40,483
Reliability Assessment and Performance Analysis				
Interest Income	\$ -	\$ -	\$ 13,446	\$ 13,446
Other	-	-	-	-
Total	\$ -	\$ -	\$ 13,446	\$ 13,446
Training and Education				
Interest Income	\$ -	\$ -	\$ 4,749	\$ 4,749
Other	-	-	-	-
Total	\$ -	\$ -	\$ 4,749	\$ 4,749
Situation Awareness and Infrastructure Security				
Interest Income	\$ -	\$ -	\$ 2,989	\$ 2,989
Other	-	-	-	-
Total	\$ -	\$ -	\$ 2,989	\$ 2,989
General and Administrative				
Interest Income	\$ 419	\$ -	\$ -	\$ (419)
Other	-	-	-	-
Total	\$ 419	\$ -	\$ -	\$ (419)
Total Outside Funding	\$ 419	\$ -	\$ 61,834	\$ 61,415

Table B-3. Supplemental Funding

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Interest income on reserves held including penalties received are used in future budget years. All interest earned is applied to reserves for the reduction of future assessments.

Table B-4 summarizes Personnel Expenses.

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Total Salaries	\$ 13,294,284	\$ 13,294,284	\$ 14,236,654	\$ 942,370	7.1%
Total Payroll Taxes	863,417	863,417	940,730	77,313	9.0%
Total Benefits	1,425,181	1,425,181	1,653,189	228,008	16.0%
Total Retirement	2,277,278	2,277,278	2,525,303	248,025	10.9%
Total Personnel Costs	\$ 17,860,160	\$ 17,860,160	\$ 19,355,876	\$ 1,495,716	8.4%
FTEs	78.00	78.00	80.00	2.00	2.6%
Cost per FTE					
Salaries	170,440	\$ 170,440	\$ 177,958	7,519	4.4%
Payroll Taxes	11,069	11,069	11,759	690	6.2%
Benefits	18,272	18,272	20,665	2,393	13.1%
Retirement	29,196	29,196	31,566	2,370	8.1%
Total Cost per FTE	\$ 228,976	\$ 228,976	\$ 241,948	\$ 12,972	5.7%

Table B-4. Personnel Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

The following assumptions apply to Personnel:

- Total personnel expenses were increased to include the addition of 2 FTEs to support the statutory and administrative programs.
- Average salary increases were budgeted at 3 percent with an additional 2 percent in promotion, equity, and market adjustments. Medical premiums are projected to increase by 9 percent.

Table B-5 lists the budget for Meeting Expenses.

Meeting Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Meeting Expenses	\$ 178,877	\$ 178,877	\$ 200,000	\$ 21,123	11.8%
Travel	581,670	581,670	512,925	(68,745)	-11.8%
Total Meeting Expenses	\$ 760,547	\$ 760,547	\$ 712,925	\$ (47,622)	-6.3%

Table B-5. Meeting Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Meeting Expenses

Historic cost trends reflect lower than budgeted expenditure. Virtual technology increased hybrid options for meeting attendance. Increase also includes MRO's co-host of the NERC Grid Security Conference.

Travel Expenses

Historic cost trends reflect lower than budgeted expenditure. MRO has adopted a hybrid approach of virtual and in-person meetings. The increased use of virtual technology is a key factor for declining costs.

Table B-6 lists the budget for Consultants and Contracts.

Consultants	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	130,000	130,000	35,000	(95,000)	-73%
Reliability Analysis and Organization Registration and Certification	-	-	-	-	
Training and Education	-	-	50,550	50,550	
Situation Awareness and Infrastructure Security	-	-	10,000	10,000	
General and Administrative	80,000	80,000	130,000	50,000	63%
Legal	54,900	54,900	-	(54,900)	-100%
Information Technology	165,200	165,200	175,200	10,000	6%
Human Resources	-	-	-	-	
Accounting and Finance	9,000	9,000	-	(9,000)	-100%
Consultants Total	\$ 439,100	\$ 439,100	\$ 400,750	\$ (38,350)	-9%

Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	218,382	218,382	40,000	(178,382)	-82%
Reliability Analysis and Organization Registration and Certification	41,100	41,100	56,000	14,900	36%
Training and Education	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
General and Administrative	-	-	-	-	
Legal	-	-	-	-	
Information Technology	505,436	505,436	541,648	36,212	7%
Human Resources	125,000	125,000	107,100	(17,900)	-14%
Accounting and Finance	52,000	52,000	5,000	(47,000)	-90%
Contracts Total	\$ 941,918	\$ 941,918	\$ 749,748	\$ (192,170)	-20%

Table B-6. Consultants and Contracts

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Consultants for Compliance (Decrease \$95K, 73%)

The scope of consulting work for compliance in the 2024 BP&B is to seek outside expertise in process efficiencies around the new Align tool. MRO is projecting a decreased need for consultants in 2024.

Consultants for Training and Education (Increase \$50.5K, 100%)

The increase in this area includes costs related to communications that are now represented in training and education.

Consultants for General and Administrative (Increase \$50K, 63%)

The increase in this area includes organizational consulting fees for efficiencies in 2024 prioritization.

Consultants for Legal (Decrease \$54.9K, 100%)

The decrease in this area includes costs related to communications that are now represented in training and education.

Contracts for Compliance (Decrease \$178.4K, 82%)

Contracts consist of usage to WebCDMS application. MRO is projecting elimination of this application in 2024.

Contracts for Reliability Analysis (Increase \$14.9K, 36%)

Contracts consist of new PSSE modeling subscription software.

Contracts for Human Resources (Decrease \$17.9K, 14%)

The decrease in contracts is related to elimination of external benefit administration services being managed internally.

Contracts for Accounting and Finance (Decrease \$47K, 90%)

Contracts related to payroll and benefits transitioned to Human Resources.

Table B-7 lists the budget for Office Rent.

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Office Rent	\$ 1,000,000	\$ 1,000,000	\$ 1,125,880	\$ 125,880	12.6%
Utilities	11,000	\$ 11,000	11,000	-	0.0%
Maintenance	35,000	\$ 35,000	35,000	-	0.0%
Total Office Rent	\$ 1,046,000	\$ 1,046,000	\$ 1,171,880	\$ 125,880	12.03%

Table B-7. Office Rent

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Rent is higher due to increase in rent and adjustments resulting from the adoption of new accounting standards for leases.

Table B-8 lists the budget for Office Costs.

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Phone Service	111,250	111,250	173,250	62,000	55.73%
Internet/parking	117,030	117,030	169,529	52,499	44.86%
Office Supplies	36,700	36,700	21,300	(15,400)	-41.96%
Employee Member Events	39,000	39,000	38,000	(1,000)	-2.56%
Employee Related Expense	30,900	30,900	28,500	(2,400)	-7.77%
Computer Supplies and Maintenance	180,500	180,500	117,000	(63,500)	-35.18%
Publications & Subscriptions	26,525	26,525	30,792	4,267	16.09%
Professional Dues	27,489	27,489	32,234	4,745	17.26%
Postage	3,200	3,200	3,000	(200)	-6.25%
Temporary Services	55,000	55,000	50,000	(5,000)	-9.09%
Finance-Filing/Reg Fees	4,400	4,400	4,411	11	0.25%
Equipment Repair/Service Contracts	39,000	39,000	39,000	-	0.00%
Bank Charges	20,000	20,000	20,000	-	0.00%
Presentation, Publicity, & Supplies Promotional	25,000	25,000	22,200	(2,800)	-11.20%
Departmental Functional Training	328,750	328,750	345,050	16,300	4.96%
Insurance Expense	110,000	110,000	150,000	40,000	36.36%
Total Office Costs	\$ 1,154,744	\$ 1,154,744	\$ 1,244,266	\$ 89,522	7.8%

Table B-8. Office Costs

Explanation of Significant Variances – 2024 Budget versus 2023 Budget (Increase \$94.5K, 8.2%)

The increase in Office Costs is a result of initiating some people first initiatives led by Human Resources. This is reflected in functional training and new parking expenses. Additionally, initiatives to enhance MRO's security includes MRO provided cell phones and an increase in cyber liability insurance premiums.

Table B-9 lists the budget for Professional Services.

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance	
				2024 Budget v 2023 Budget	Variance %
Independent Trustee Fees	\$ 430,500	\$ 430,500	\$ 370,000	\$ (60,500)	-14.05%
Independent Trustee Travel Reimbursement	30,000	30,000	30,000	-	0.00%
Outside Legal	100,000	100,000	100,000	-	0.00%
Branding and Videography	15,000	15,000	15,000	-	0.00%
Accounting and Auditing Fees	36,000	36,000	40,000	4,000	11.11%
Actuarial Fees	20,000	20,000	26,000	6,000	30.00%
Total Services	\$ 631,500	\$ 631,500	\$ 581,000	\$ (50,500)	-8.00%

Table B-9. Professional Services

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Independent Trustee fees decreased due to the relocation of recruiter fees from professional services to consulting for recruitment of an independent director.

Table B-10 lists the budget for Miscellaneous.

Miscellaneous Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
	\$ -	\$ -	\$ -	\$ -	-
					-
					-
Total Miscellaneous Expenses	\$ -	\$ -	\$ -	\$ -	0.00%

Table B-10. Miscellaneous

Explanation of Significant Variances – 2024 Budget versus 2023 Budget
MRO has not budgeted any Miscellaneous Expenses in 2024.

Table B-11 lists the budget for other Non-Operating Expenses.

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	
Line of Credit Payment		-		-	
Office Relocation	-	-	-	-	
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	0.00%

Table B-11. Other Non-Operating Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

MRO has not budgeted any Non-Operating Expenses in 2024.

Table B-12 lists the budget for Fixed Assets.

Fixed Assets	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Computer Equipment	248,500	248,500	668,000	419,500	168.8%
Capitalized Software	-	-	-	-	
Furniture and Equipment	-	-	-	-	
Leasehold Improvements	-	-	-	-	
Total Change in Fixed Assets	\$ 248,500	\$ 248,500	\$ 668,000	\$ 419,500	168.8%

Table B-12. Fixed Assets

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

MRO's capital asset costs average \$250K per year for the replacement of end-of life assets. MRO experienced an end-of-life on its major IT network equipment, which is cyclical to approximately every 5 years, which is an additional \$419K to the average \$250K. The budgeted 2025 capital assets are expected to decline to \$125K for an off cycle year and return to normal at the \$250K level for the replacement of end-of-life assets scheduled for 2026.

Table B-13 compares the 2024 budget with projections for 2025 - 2026.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital								
2025 through 2026 Projections								
	2024	2025	\$ Change	% Change	2026	\$ Change	% Change	
	Budget	Projections	24 v 25	24 v 25	Projection	25 v 26	25 v 26	
Funding								
ERO Funding								
NERC Assessments	\$ 23,583,367	\$ 25,705,870	\$ 2,122,503	9.00%	\$ 28,790,575	\$ 3,084,704		12.00%
Assessment Stabilization Reserves	180,860	-	(180,860)	-100.00%	-	-		
Membership Dues	-	-	-		-	-		
Testing Fees	-	-	-		-	-		
Services & Software	-	-	-		-	-		
Workshop Fees & Miscellaneous	-	-	-		-	-		
Interest & Investment Income	-	-	-		-	-		
Total Funding (A)	\$ 23,764,227	\$ 25,705,870	\$ 1,941,643	8.2%	\$ 28,790,575	\$ 3,084,704		12.0%
Expenses								
Personnel Expenses								
Salaries	\$ 14,236,654	\$ 15,958,399	\$ 1,721,745	12.1%	\$ 17,585,239	\$ 1,626,840		10.2%
Payroll Taxes	940,730	1,054,500	113,770	12.1%	1,172,150	117,650		11.2%
Benefits	1,653,189	1,853,121	199,933	12.1%	2,059,873	206,752		11.2%
Retirement Costs	2,525,303	2,830,707	305,404	12.1%	3,146,528	315,821		11.2%
Total Personnel Expenses	\$ 19,355,876	\$ 21,696,727	\$ 2,340,851	12.1%	\$ 23,963,790	\$ 2,267,063		10.4%
Meeting Expenses								
Meetings & Conference Calls	\$ 200,000	\$ 210,000	\$ 10,000	5.0%	\$ 220,500	10,500		5.0%
Travel	512,925	538,571	25,646	5.0%	565,500	26,929		5.0%
Total Meeting Expenses	\$ 712,925	\$ 748,571	\$ 35,646	5.0%	\$ 786,000	\$ 37,429		5.0%
Operating Expenses, excluding Depreciation								
Consultants & Contracts	\$ 1,150,498	\$ 1,380,598	230,100	20.0%	\$ 1,380,598	-		0.0%
Office Rent	1,171,880	1,230,474	58,594	5.0%	1,291,998	61,524		5.0%
Office Costs	1,244,266	1,306,479	62,213	5.0%	1,371,803	65,324		5.0%
Professional Services	581,000	601,335	20,335	3.5%	631,402	30,067		5.0%
Miscellaneous	-	-	-		-	-		
Total Operating Expenses	\$ 4,147,644	\$ 4,518,886	\$ 371,242	9.0%	\$ 4,675,800	\$ 156,914		3.5%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -		
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -		
Total Expenses (B)	\$ 24,216,445	\$ 26,964,184	\$ 2,747,739	11.3%	\$ 29,425,590	\$ 2,461,406		9.1%
Change in Net Assets (=A - B)	\$ (452,218)	\$ (1,258,314)	\$ (806,096)	178.3%	\$ (635,015)	623,299		-49.5%
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 668,000	\$ 125,000	\$ (543,000)	-81.3%	\$ 250,000	\$ 125,000		100.0%
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	\$ 24,884,445	\$ 27,089,184	\$ 2,204,739	8.9%	\$ 29,675,590	\$ 2,586,406		9.5%
TOTAL CHANGE IN RESERVES (=A-B-C)	\$ (1,120,218)	\$ (1,383,314)			\$ (885,015)			
FTEs	80.00	85.00	5.00		89.00	4.00		

Table B-13. Budget 2024 Compared with 2025-2026 Projections

Explanation of 2024-2026 Projections

MRO has a strategic plan that addresses resource changes resulting from the implementation of the Align tool, increased risk focus in cyber and infrastructure security, and stakeholder and industry outreach.

- FTEs increase by nine from 2024 to 2026
- Consultants and contracts expenses increase 20 percent in 2025 but remain flat in 2026
- Five percent escalation rate applied to meeting and most other operating expense categories
- Total budget increase of \$2.2M in 2025
- Total budget increase of \$2.6M in 2026
- Zero penalties budgeted

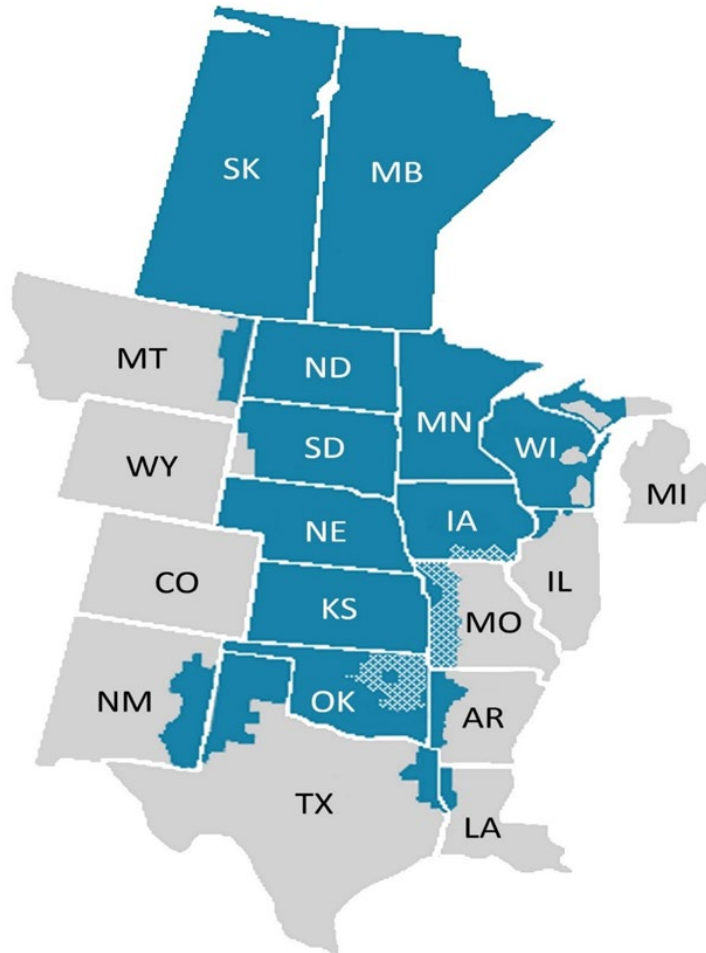
Section C – Non-Statutory Activities

2024 Business Plan and Budget

Section C – Non-Statutory Activities

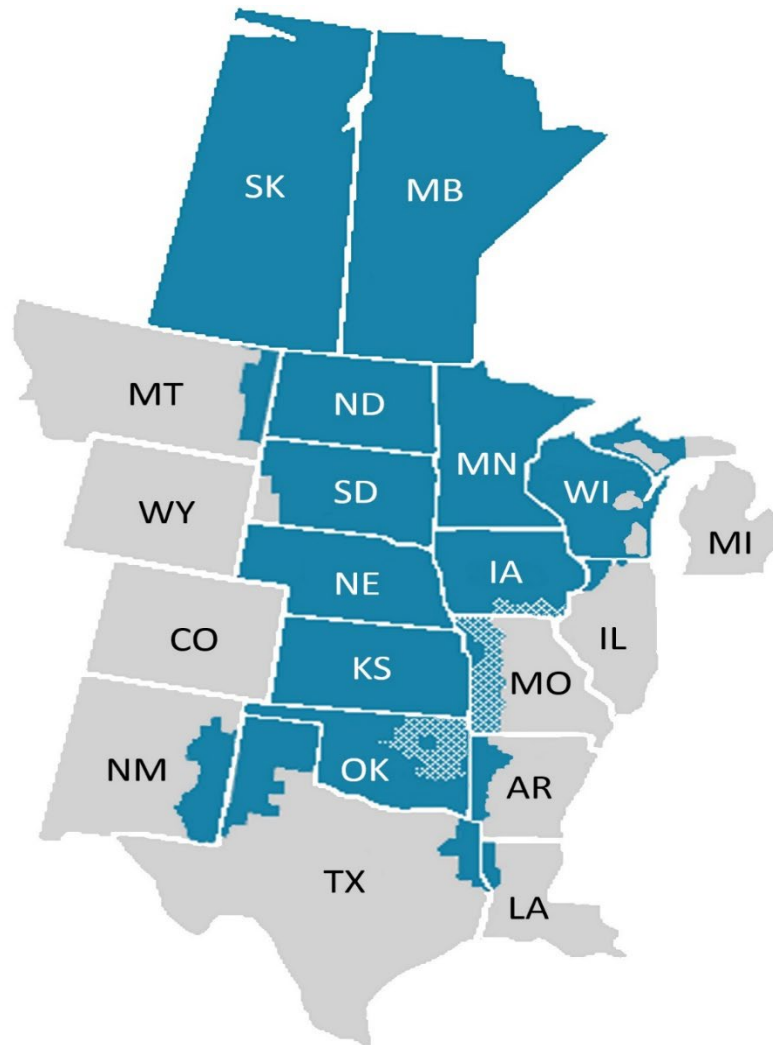
2024 Non-Statutory Business Plan and Budget

MRO has no non-statutory activities.



Section D – Additional Consolidated Financial Statements

2024 Business Plan and Budget



Section D – Additional Consolidated Financial Statements

2024 Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program 2023 Business Plan and Budget	Functions in Delegation Agreement											
	Statutory Total	Reliability Standards (Section 300)	Compliance (Section 400)	Reliability Analysis and Organization Registration and Certification (Section 800 & 500)	Training and Education (Section 600&900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding												
ERO Funding												
NERC Assessments	23,583,367	67,027	16,087,972	5,440,366	1,906,597	1,201,623		(1,120,218)				
Assessment Stabilization Adjustment	119,026	321	77,927	25,882	9,142	5,754						
Membership Dues	-											
Testing Fees	-											
Services & Software	-											
Workshops & Miscellaneous Revenue	-											
Interest & Investment Income	61,834	167	40,483	13,446	4,749	2,989						
Total Funding (A)	23,764,227	67,514	16,206,382	5,479,694	1,920,488	1,210,366	-	(1,120,218)	-	-	-	-
Expenses												
Personnel Expenses												
Salaries	14,236,654	30,922	6,930,750	2,331,409	627,888	496,688	-	1,162,540	426,340	1,207,389	318,823	703,905
Payroll Taxes	940,730	2,040	476,081	159,883	45,854	31,586	-	44,198	25,111	88,632	22,128	45,218
Benefits	1,653,189	3,313	804,920	263,889	94,428	59,432	-	63,574	38,724	186,579	42,451	95,878
Retirement Costs	2,525,303	5,262	1,230,571	406,036	129,141	89,623	-	147,757	66,839	252,434	61,061	136,580
Total Personnel Expenses	19,355,876	41,537	9,442,321	3,161,217	897,312	677,329	-	1,418,069	557,014	1,735,034	444,463	981,581
Meeting Expenses												
Meetings	200,000	-	15,000	8,000	125,000	-	-	50,000	500	-	-	1,500
Travel	512,925	-	167,600	107,600	60,225	40,500	-	110,300	7,500	9,200	2,000	8,000
Total Meeting Expenses	712,925	-	182,600	115,600	185,225	40,500	-	160,300	8,000	9,200	2,000	9,500
Operating Expenses												
Consultants & Contracts	1,150,498	-	75,000	56,000	50,550	10,000	-	130,000	-	716,848	107,100	5,000
Office Rent	1,171,880	-	-	-	-	-	-	1,171,880	-	-	-	-
Office Costs	1,244,266	-	195,740	50,880	32,065	16,580	-	136,995	22,014	371,690	173,070	245,232
Professional Services	581,000	-	-	-	15,000	-	-	400,000	100,000	-	-	66,000
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	4,147,644	-	270,740	106,880	97,615	26,580	-	1,838,875	122,014	1,088,538	280,170	316,232
Total Direct Expenses	24,216,445	41,537	9,895,661	3,383,697	1,180,152	744,409	-	3,417,244	687,028	2,832,772	726,633	1,307,313
Indirect Expenses	-	24,176	5,873,376	1,950,741	689,030	433,666	-	(3,417,244)	(687,028)	(2,832,772)	(726,633)	(1,307,313)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses (B)	24,216,445	65,714	15,769,037	5,334,437	1,869,182	1,178,075	-	-	-	-	-	-
Change in Net Assets	(452,218)	1,800	437,345	145,257	51,307	32,292	-	(1,120,218)	-	-	-	-
Fixed Assets												
Computer & Software CapEx	668,000									668,000		
Allocation of Fixed Assets	(0)	1,800	437,345	145,257	51,307	32,292				(668,000)		
Inc(Dec) in Fixed Assets (C)	668,000	1,800	437,345	145,257	51,307	32,292	-	-	-	-	-	-
TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)	24,884,445	67,514	16,206,382	5,479,694	1,920,488	1,210,366	-	-	-	-	-	-
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	(1,120,218)	(0)	(0)	(0)	-	-	-	(1,120,218)	-	-	-	-
FTEs	80.00	0.16	38.87	12.91	4.56	2.87	-	3.07	1.87	9.01	2.05	4.63

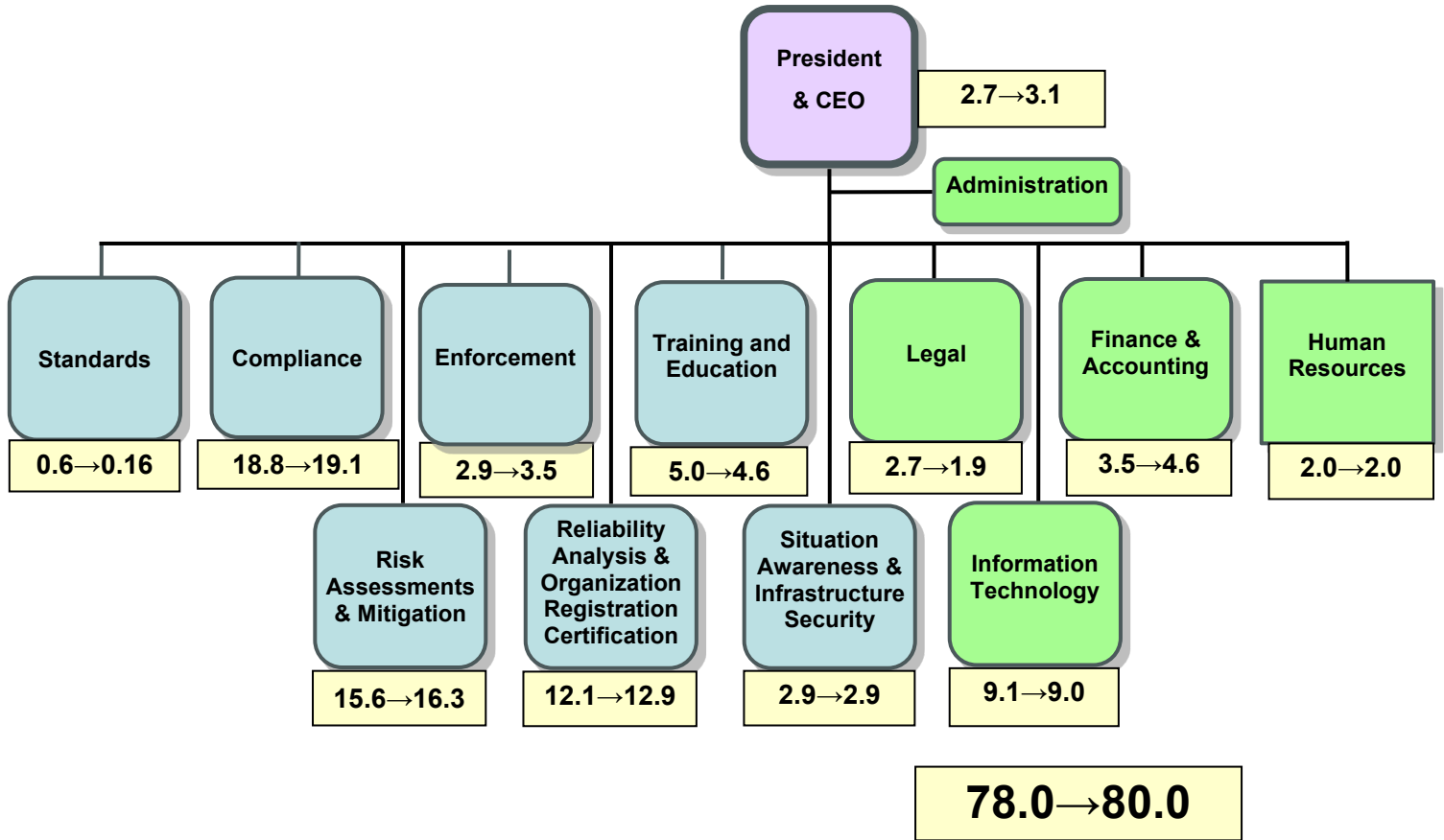
Table D-1. Consolidated Statement of Activities by Program, Statutory and Non-Statutory

Appendix A

Organization Chart

The MRO Organization Chart is shown below.

2023 to 2024 Full Time Equivalent (FTE) Comparison Organization Chart



FTE Trend from 2022 to 2026

2022	2023	2024	2025 Estimate	2026 Estimate
71.0	78.0	80.0	85.0	89.0

Figure 2. Organization Chart and FTE Trend

Appendix B

This section lists acronyms used in this document.

Approved by MRO Board of Directors:

Acronym	Definition
ASR	Assessment Stabilization Reserve
BES	Bulk Electric System
BPS	Bulk Power System
CMEP	Compliance Monitoring and Enforcement Program
CMEPAC	Compliance Monitoring and Enforcement Program Advisory Council
COP	Compliance Oversight Plan
DADS	Demand Response Availability Data System
E-ISAC	Electricity Information Sharing and Analysis Center
ERAG	Eastern Interconnection Reliability Assessment Group
ERO	Electric Reliability Organization
FAC	Finance and Audit Committee
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GADS	Generating Availability Data System
GPC	Governance & Personnel Committee
HERO	Highly Effective Reliability Organization
HRO	Highly Reliable Organization
IRA	Inherent Risk Assessment
IT	Information Technology
MRO	Midwest Reliability Organization
NEL	Net-Energy-for-Load
NERC	North American Electric Reliability Corporation
OGOC	Organizational Group Oversight Committee
RAC	Reliability Advisory Council
RAM	Risk Assessment and Mitigation
RE	Regional Entity
RISC	Reliability Issues Steering Committee
SAC	Security Advisory Council
SAG	Standard Application Guide
SOA	Statement of Activities
TADS	Transmission Availability Data System

Approved by MRO Board of Directors:

Approved by MRO Board of Directors:

Appendix C

Index of Figures and Tables

List of Figures

Figure 1.	Budget by Program Area Chart	13
Figure 2.	Organization Chart.....	60

List of Tables

Table 1.	MRO 2024 Budget	3
Table 2.	Budget by Program Area	13
Table 3.	Total FTEs by Program Area.....	14
Table 4.	Budget and Projection Comparison, 2023 to 2024.....	15
Table A-1.	Reliability Standards Budget	17
Table A-2.	Reliability Standards Budget Detail.....	18
Table A-3.	Compliance Monitoring and Enforcement Program Budget.....	19
Table A-4.	Compliance Monitoring and Enforcement Program Budget Detail	21
Table A-5.	Reliability Analysis and Organization Registration and Certification Budget	22
Table A-6.	Reliability Analysis and Organization Registration and Certification Budget Detail...24	
Table A-7.	Training and Education Budget	25
Table A-8.	Training and Education Budget Detail.....	27
Table A-9.	Situation Awareness and Infrastructure Security Budget.....	28
Table A-10.	Situation Awareness and Infrastructure Security Budget Detail	30
Table A-11.	Administrative Services Budget.....	31
Table A-12.	General and Administrative Budget	32
Table A-13.	General and Administrative Budget Detail.....	33
Table A-14.	Legal Budget.....	34
Table A-15.	Legal Budget Detail	35
Table A-16.	Information Technology Budget.....	36
Table A-17.	Information Technology Budget Detail	37
Table A-18.	Human Resources Budget.....	38
Table A-19.	Human Resources Budget Detail	39
Table A-20.	Finance and Accounting Budget.....	40
Table A-21.	Finance and Accounting Budget Detail.....	41
Table B-1.	Reserve Analysis 2022-2024	43
Table B-2.	Penalty Sanctions Received	44
Table B-3.	Supplemental Funding.....	45
Table B-4.	Personnel Expenses	46
Table B-5.	Meeting Expenses.....	47
Table B-6.	Consultants and Contracts.....	48
Table B-7.	Office Rent.....	49
Table B-8.	Office Costs	50
Table B-9.	Professional Services	51
Table B-10.	Miscellaneous	52
Table B-11.	Other Non-Operating Expenses	53
Table B-12.	Fixed Assets	54
Table B-13.	Budget 2024 Compared with 2025-2026 Projections	55
Table D-1.	Consolidated Statement of Activities by Program, Statutory and Non-Statutory.....	59

Approved by MRO Board of Directors:

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 4

NORTHEAST POWER COORDINATING COUNCIL, INC.

PROPOSED 2024 BUSINESS PLAN AND BUDGET



**Northeast Power Coordinating Council, Inc.
(NPCC)**

2024 Business Plan and Budget

**Approved by
NPCC Board of Directors
at its June 21, 2023 Meeting**

Table of Contents

Introduction.....	4
<i>2024 Overview of Total NPCC Resource Requirements.....</i>	<i>4</i>
<i>Organizational Overview</i>	<i>5</i>
<i>Membership and Governance.....</i>	<i>5</i>
<i>ERO Enterprise Model and Transformation</i>	<i>7</i>
<i>ERO Enterprise Strategic and Operational Planning</i>	<i>8</i>
<i>2024 Key Goals and Key Deliverables</i>	<i>8</i>
<i>Regional Entity Division Functional Scope</i>	<i>9</i>
<i>2024 Overview of Cost Impacts.....</i>	<i>9</i>
<i>Summary of Budget by Program Area</i>	<i>10</i>
<i>Comparison of 2024 to 2023 Budgeted Funding Requirements</i>	<i>10</i>
<i>Personnel Analysis</i>	<i>11</i>
<i>2023 Budget and Projection and 2024 Budget Comparisons.....</i>	<i>12</i>
Section A — Regional Entity Division	13
<i>Reliability Standards Program</i>	<i>14</i>
<i>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</i>	<i>18</i>
<i>Reliability Assessment and Performance Analysis Program</i>	<i>23</i>
<i>Training, Education, and Operator Certification Program.....</i>	<i>27</i>
<i>Situation Awareness and Infrastructure Security Program.....</i>	<i>30</i>
<i>Administrative Services.....</i>	<i>36</i>
<i>Technical Committees and Member Forums</i>	<i>38</i>
<i>General and Administrative</i>	<i>40</i>
<i>Legal and Regulatory</i>	<i>41</i>
<i>Information Technology.....</i>	<i>42</i>
<i>Human Resources</i>	<i>44</i>
<i>Accounting and Finance.....</i>	<i>45</i>
<i>Regional Entity Assessment Analysis</i>	<i>46</i>
Section B — Supplemental Financial Information	49
Section C — Criteria Services Division Activities.....	58
<i>NPCC Criteria Services Background.....</i>	<i>59</i>
<i>Membership.....</i>	<i>60</i>
<i>Criteria Services Division Functional Scope</i>	<i>60</i>

2024 Key Assumptions	60
2024 Goals and Objectives.....	61
NPCC Reliability Directory Maintenance and Development.....	61
NPCC Operations and Planning Directories.....	62
NPCC Criteria Compliance and Enforcement Program (CCEP)	63
Criteria Services Resource Requirements.....	63
2022 Budget and Projection and 2024 Budget Comparisons.....	64
Personnel Analysis	65
Reserve Analysis.....	66
Section D — Additional Consolidated Financial Statements	67
<i>Statement of Financial Position</i>	<i>68</i>
Appendix A	71
<i>Staff Allocations.....</i>	<i>71</i>
Appendix B.....	72
<i>Acronyms</i>	<i>73</i>
Appendix C	75
<i>Index of Figures and Tables.....</i>	<i>75</i>

Introduction

Total NPCC Resources (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Regional Entity Division FTEs	68.10			
Criteria Services Division FTEs	2.90			
Total FTEs	71.00			
Regional Entity Division Expenses	\$21,923,566			
Criteria Services Division Expenses	\$1,139,044			
Total Expenses	\$23,062,610			
Regional Entity Division Inc(Dec) in Fixed Assets	\$163,200			
Criteria Services Division Inc(Dec) in Fixed Assets	\$6,800			
Total Inc(Dec) in Fixed Assets	\$170,000			
Regional Entity Division Working Capital Requirement**	(\$877,867)			
Criteria Services Division Working Capital Requirement***	(\$223,189)			
Total Working Capital Requirement	(\$1,101,055)			
Total Regional Entity Division Funding Requirement	\$21,208,899			
Total Criteria Services Division Funding Requirement	\$922,655			
Total Funding Requirement	\$22,131,555			
Regional Entity Division Assessments	\$20,734,062	\$12,264,077	\$8,469,986	
Regional Entity Division Assessments Percentage	100%	59%	41%	
Criteria Services Division Assessments	\$919,992	\$399,510	\$520,482	
Total NPCC Assessments	\$21,654,055	\$12,663,586	\$8,990,468	
NEL (MWh)	625,462,000	271,609,000	353,853,000	
NEL %	100%	43%	57%	

Table 1: NPCC Budget

** Refer to Table B-1 on page 50 in Section B.

*** Refer to the Reserve Analysis on page 66 in Section C.

2024 Overview of Total NPCC Resource Requirements

Due to the international nature of the NPCC footprint, the total resource requirements including both Regional Entity division and Criteria Services division are identified above. Resources to support NPCC's delegated authorities and responsibilities are detailed in subsequent sections.

NPCC proposes a 2024 total budget of \$23,232,610 comprising operating expenses of \$23,062,610 and an increase in fixed assets of \$170,000. This represents an increase of \$2,801,510 or 13.7% over the 2023 budget. The proposed 2024 funding requirement will be satisfied by a Regional Entity division assessment of \$20,734,062 and Criteria Services division membership fees of \$919,992, for a total of \$21,654,055. The total NPCC assessments and membership fees represent an increase of \$2,716,991 or 14.3% compared to the 2023 total assessments and membership fees. The Regional Entity division assessment is equal to the Regional Entity funding requirement (expenses plus change in fixed assets plus change in working capital) reduced by the application of penalty funds, workshop fee revenue, and interest & investment income. The Criteria Services membership fees are equal to the Criteria Services division funding requirement (expenses plus change in fixed assets plus change in working capital) less interest & investment income. Detailed projected statements of activities for the Regional Entity division and Criteria Services division are included on pages 12 and 64, respectively.

Organizational Overview

[Northeast Power Coordinating Council, Inc. \(NPCC\)](#) is a 501(c)(6) not-for-profit corporation in the state of New York responsible for promoting and improving the reliability of the international, interconnected bulk power systems in Northeastern North America through (i) the development of Regional Reliability Standards and compliance assessment and enforcement of continent-wide and Regional Reliability Standards, (ii) coordination of system planning, design and operations, and assessment of reliability (collectively, Regional Entity activities), and (iii) the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria (collectively, Criteria Services activities). NPCC provides the functions and services for Northeastern North America of a cross-border Regional Entity through a Regional Entity division, as well as Regionally-specific Criteria Services for Northeastern North America through a Criteria Services division.

The NPCC Region covers nearly 1.2 million square miles and is populated by more than 56 million people. NPCC includes seven states (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) and four Canadian provinces (New Brunswick, Nova Scotia, Ontario, and Québec). From a net energy for load perspective, NPCC is approximately 43% U.S. and 57% Canadian; while approximately 65% of Canadian net energy for load is within the NPCC Region.

Effective January 1, 2021, NPCC executed an Amended and Restated Regional Delegation Agreement with the North American Electric Reliability Corporation (NERC or Electric Reliability Organization (“ERO”)) that delegates to NPCC certain responsibilities and authorities of a cross-border Regional Entity as defined by Section 215 of the Federal Power Act in the U.S. In addition, NPCC has executed [Memoranda of Understanding \(MOU\) or Agreement](#) with Canadian provincial regulatory and/or governmental authorities in Ontario, Québec, New Brunswick, and Nova Scotia.

NPCC meets all requirements of Section 215 of the Federal Power Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Federal Energy Regulatory Commission (FERC) necessary to qualify for delegation. This Amended and Restated Regional Delegation Agreement incorporates the benefits of the NPCC and NERC mutual experience and lessons learned while operating under the predecessor agreement regarding NPCC U.S. and thereby provides for efficient and effective execution of respective responsibilities in a transparent manner pursuant to Section 215 and ERO Regulations.

Membership and Governance

Members

NPCC monitors approximately 237 registered entities and some 502 functions for compliance with mandatory NERC Reliability Standards. Not all registered entities are members of NPCC.

Currently, NPCC has 98 members in two categories, Full and General. Full Members of NPCC are subject to compliance with regionally-specific more stringent reliability criteria that are associated with bulk power system design, planning, operations, and maintenance. Organizations such as independent system operators (ISOs), transmission companies, entities that perform the

Balancing Authority (BA) function, and state or sub-regional reliability councils are expected to be Full Members.

General Membership is open to any person or entity that has an interest in the reliable operation of the Northeastern North American bulk power system.

Board of Directors

Since January 1, 2012, NPCC has been governed by a Board of Directors consisting of seven stakeholder voting sectors consisting of a maximum of two directors per sector, an independent sector consisting of two independent directors, an independent Board Chair with voting rights to preclude board deadlocks, and the President and CEO. No two sectors can control and no one sector can block action. The voting sectors on the NPCC Board of Directors include:

Sector 1) Transmission Owners

Sector 2) Reliability Coordinators

Sector 3) Transmission Dependent Utilities, Distribution Companies, Load Serving Entities

Sector 4) Generator Owners

Sector 5) Marketers, Brokers and Aggregators

Sector 6) Regulators

Sector 7) Sub-Regional Reliability Councils, Customers and Other Regional Entities and Interested Entities

Sector 8) Independent

There are four Board committees that advise Directors on finance, pension, governance, compensation, and human resource matters consistent with their approved charters.

- Finance and Audit Committee (FAC)
- Pension Committee (PC)
- Corporate Governance and Nominating Committee (CGNC)
- Management Development and Compensation Committee (MDCC)

The Amended and Restated Bylaws establish NPCC's independence from users, owners, and operators of the bulk power system through the enhanced governance structure while providing fair stakeholder representation in the election of the Board of Directors and officers. The members, from each of the seven stakeholder voting sectors, vote to elect directors in their respective sector. The Amended and Restated Bylaws establish criteria for board service for both stakeholder and independent directors. Independent Directors are drawn from diverse backgrounds and possess a broad range of industry expertise, perspectives, experiences, skill sets and knowledge to contribute to the effective functioning of a hybrid board structure.

NPCC Regional Entity activities are governed in the U.S. by the Amended and Restated Regional Delegation Agreement between NERC and NPCC, delegating portions of NERC's authority as the ERO to NPCC. NPCC Regional Entity activities in Canada are governed by individual provincial MOUs or Agreements with New Brunswick, Nova Scotia, Ontario, and Québec, providing the unique parameters, particularly for compliance and enforcement activities.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations 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. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

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.



Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.

ERO Enterprise Strategic and Operational Planning

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 BPS risks. This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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.

2024 Key Goals and Key Deliverables

Significant changes in resource mix (some due to regulatory and/or legislative initiatives related to decarbonization), a proliferation of fast-acting digital protection and control technologies, and increased integration of distributed energy resources (DER), variable energy resources (VER) and inverter-based resources (IBR) are rapidly changing the reliability assurance landscape. The proliferation of DER creates jurisdictional challenges as the line blurs at the system interfaces between distribution, sub-transmission, and bulk power transmission which will affect the coordination of system planning, design, and operations. Additionally, aspects of both cyber and physical security are critical and central concerns in maintaining a reliable BPS. These new risks will require NPCC to adapt to remain an effective provider of Regional Entity and Criteria Services reliability activities and functions. As a result, NPCC goals and deliverables are aligned with three Strategic Reliability Focus Areas.

- I. Enhancing System Resilience and Assuring Energy Sufficiency
- II. Reliably Integrating the Resources Brought Forward by Societal Decarbonization Objectives, Including DER, VER and IBR
- III. Addressing Cyber and Physical Threats

Regional Entity Division Functional Scope

NPCC's Regional Entity division functions in support of the ERO include:

- Active participation in the development and revision of NERC Reliability Standards, and as needed development of Regional Reliability Standards and Variances applicable within the NPCC footprint.
- Monitoring and enforcement of approved NERC Reliability Standards, including the registration of responsible entities, and as needed certification of such entities.
- Facilitating the reliable deployment of DER and VER.
- Assessing gas-electric interdependencies, as well as other common mode failure and single points of disruption scenarios involving communications, water, and other interdependent critical infrastructure sectors.
- Assessment of the present and future reliability of the BPS.
- Operational coordination and situation awareness support.
- Event analysis and identification of lessons learned to enhance reliability.
- Effective training and education of reliability personnel.
- Participating in reliability and security activities that enhance resilience of the BPS.
- Coordinate NPCC and NERC activities with local State and Provincial Regulators to facilitate meeting decarbonization goals.

2024 Overview of Cost Impacts

The proposed 2024 Regional Entity division budget of \$22,086,766 represents an increase of \$2,663,171 or 13.7% over the 2023 budget. The proposed Regional Entity assessment of \$20,734,062 represents an increase of \$2,594,025 or 14.3% over the 2023 assessment.

The primary budget drivers are:

- **Personnel** expenses increase of \$3,100,142 associated with the addition of 11.2 FTEs, a budgeted 4.5% average merit increase pool due to a highly competitive recruiting and retention environment, and a projected 8% increase in medical premiums. Additional FTEs are required for NPCC to address increasing workload and increasing complexity of initiatives. Changes in staffing by program area are addressed in the Personnel Analysis table on the following page and in subsequent program area sections.
- **Meetings & Travel** expenses increase of \$112,100 due to a measured return to meeting in-person. Some meetings will continue to be held in virtual or hybrid format to allow for remote participation and greater access.
- **Operating** expenses decrease of \$569,327 resulting from a reduction in office rent and professional fees. Office rent decrease is the result of negotiating the early termination of the current office lease and executing a new lease for a smaller office space with lower rent per square foot to accommodate a hybrid work environment. The new lease becomes effective in the second quarter of 2023. Professional fees reduction is a result of increasing in-house legal and finance responsibilities.

Additional information is provided in the subsequent program area sections.

Summary of Budget by Program Area

Program	Budget 2023	Projection 2023	Budget 2024	Variance	
				2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ 681,502	\$ 681,502	\$ 869,423	\$ 187,921	27.6%
Compliance Monitoring and Enforcement and Organization Registration and Certification	\$ 11,324,980	\$ 11,324,980	\$ 12,985,016	\$ 1,660,036	14.7%
Reliability Assessments and Performance Analysis	\$ 4,613,109	\$ 4,613,109	\$ 4,934,243	\$ 321,134	7.0%
Training, Education and Operator Certification	\$ 151,688	\$ 151,688	\$ 168,097	\$ 16,409	10.8%
Situation Awareness and Infrastructure Security	\$ 2,652,318	\$ 2,652,318	\$ 3,129,988	\$ 477,670	18.0%
Total	\$ 19,423,595	\$ 19,423,595	\$ 22,086,766	\$ 2,663,171	13.7%

Table 2: Budget by Program Area

This chart does not include allocation of working capital requirements among the program areas.

Comparison of 2024 to 2023 Budgeted Funding Requirements

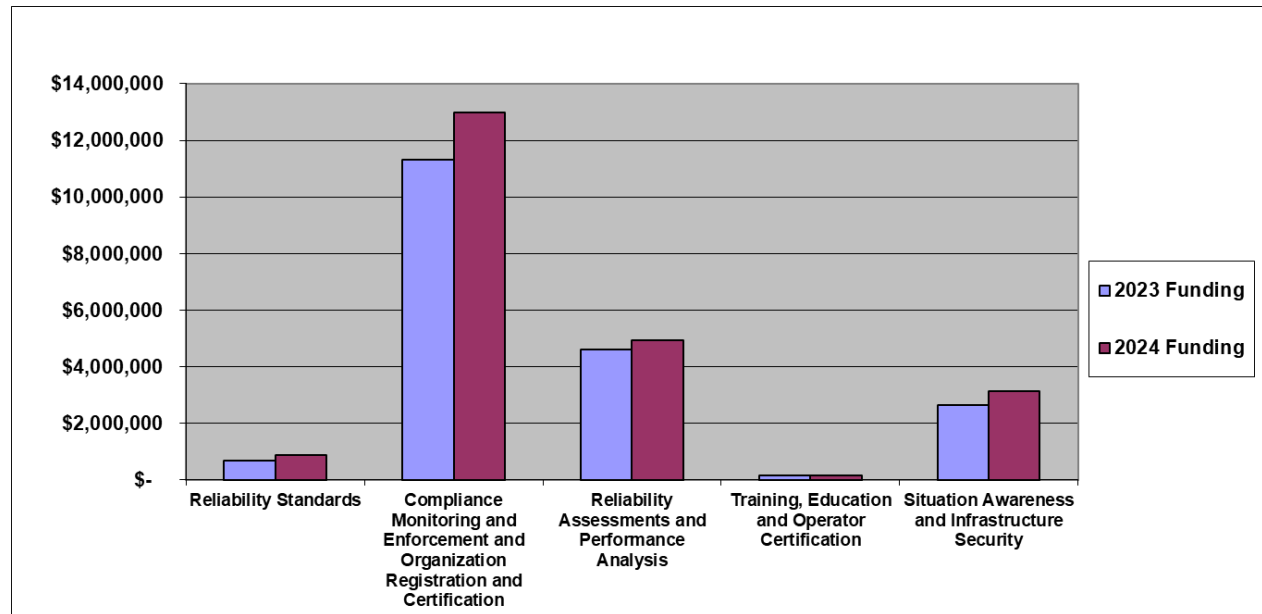


Figure 1: Budget by Program Area Chart

This chart does not include allocation of working capital requirements among the program areas.

Personnel Analysis

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	Shared FTEs 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	1.50	1.50	0.00	2.30	2.30	0.80
Compliance Monitoring and Enforcement and Organization Registration and Certification	28.00	28.00	32.75	0.00	32.75	4.75
Training, Education, and Operator Certification	0.10	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	8.30	8.30	8.80	0.50	9.30	1.00
Situation Awareness and Infrastructure Security	6.10	6.10	7.10	0.00	7.10	1.00
Total FTEs Operational Programs	44.00	44.00	48.75	2.80	51.55	7.55
Administrative Programs						
Technical Committees and Member Forums	0.10	0.10	0.00	0.00	0.50	0.40
General and Administrative	3.50	3.50	2.00	0.00	2.00	-1.50
Information Technology	4.80	4.80	6.80	0.00	6.80	2.00
Legal and Regulatory	1.50	1.50	2.25	0.00	2.25	0.75
Human Resources	1.00	1.00	2.00	0.00	2.00	1.00
Accounting and Finance	2.00	2.00	3.00	0.00	3.00	1.00
Total FTEs Administrative Programs	12.90	12.90	16.05	0.00	16.55	3.65
Total FTEs	56.90	56.90	64.80	2.80	68.10	11.20

¹A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

Table 3: Regional Entity Personnel Analysis

Increase of 11.20 FTEs to address increasing workload and increasing complexity of work. Changes are addressed within each program area section.

2023 Budget and Projection and 2024 Budget Comparisons

Statement of Activities and Capital Expenditures 2023 Budget and Projection 2024 Budget						
REGIONAL ENTITY DIVISION						
	2023	2023	Variance ⁽²⁾	2024	Variance	
	Budget	Projection	2023 Projection v 2023 Budget Over(Under)	Budget	2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 18,140,037	\$ 18,140,037	\$ -	\$ 20,734,062	\$ 2,594,025	
Penalties Released ⁽¹⁾	300,000	300,000	-	400,000	100,000	
Total ERO Funding	\$ 18,440,037	\$ 18,440,037	\$ -	\$ 21,134,062	\$ 2,694,025	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	33,750	27,500	(6,250)	27,500	(6,250)	
Interest & Investment Income	19,089	80,000	60,911	47,337	28,248	
Total Funding (A)	\$ 18,492,876	\$ 18,547,537	\$ 54,661	\$ 21,208,899	\$ 2,716,023	
Expenses						
Personnel Expenses						
Salaries	\$ 10,411,939	\$ 10,411,939	\$ -	\$ 12,456,749	\$ 2,044,810	
Payroll Taxes	690,561	690,561	-	886,163	195,602	
Benefits	2,535,986	2,535,986	-	3,198,026	662,040	
Retirement Costs	1,095,815	1,095,815	-	1,293,505	197,690	
Total Personnel Expenses	\$ 14,734,302	\$ 14,734,302	\$ -	\$ 17,834,444	\$ 3,100,142	
Meeting Expenses						
Meetings & Conference Calls	\$ 237,250	\$ 237,250	\$ -	\$ 313,300	\$ 76,050	
Travel	642,600	642,600	-	678,650	36,050	
Total Meeting Expenses	\$ 879,850	\$ 879,850	\$ -	\$ 991,950	\$ 112,100	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 909,000	\$ 909,000	\$ -	\$ 900,000	\$ (9,000)	
Office Rent	909,500	546,000	(363,500)	420,110	(489,390)	
Office Costs	1,202,900	1,142,900	(60,000)	1,216,463	13,563	
Professional Services	1,030,000	990,000	(40,000)	945,500	(84,500)	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	30,000	70,000	40,000	30,000	-	
Total Operating Expenses, excluding Depreciation	\$ 4,081,400	\$ 3,657,900	\$ (423,500)	\$ 3,512,073	\$ (569,327)	
Total Direct Expenses	\$ 19,695,552	\$ 19,272,052	\$ (423,500)	\$ 22,338,467	\$ 2,642,915	
Indirect Expenses	\$ (340,356)	\$ (306,320)	\$ 34,036	\$ (414,900)	\$ (74,544)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 19,355,195	\$ 18,965,731	\$ (389,464)	\$ 21,923,566	\$ 2,568,371	
Change in Net Assets (=A-B)	\$ (862,320)	\$ (418,194)	\$ 444,125	\$ (714,667)	\$ 147,653	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 68,400	\$ 300,000	\$ 231,600	\$ 163,200	\$ 94,800	
TOTAL BUDGET (=B+C)	\$ 19,423,595	\$ 19,265,731	\$ (157,864)	\$ 22,086,766	\$ 2,663,171	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (930,720)	\$ (718,194)	\$ 212,525	\$ (877,867)	\$ 52,853	

(1) \$400,000 of penalties released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the NPCC Board of Directors, NERC and FERC. Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

(2) 2023 Projections reflect expectations based on the first quarter statement of activities. It is anticipated that projections could change throughout 2023 and would be reflected in each subsequent quarter's statement of activities.

Table 4: Budget and Current Year Projection Comparison

Section A — Regional Entity Division
2024 Business Plan and Budget

Reliability Standards Program

Reliability Standards Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	1.50	2.30	0.80
Direct Expenses	\$436,058	\$533,083	\$97,024
Indirect Expenses	\$243,112	\$329,059	\$85,947
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$2,332	\$7,281	\$4,950
Total Funding Requirement	\$681,502	\$869,423	\$187,921

Table A - 1: Reliability Standards Budget

Program Scope and Functional Description

The NPCC Reliability Standards Program Area supports the NERC Reliability Standards Program and aids in the development of NPCC regionally specific Reliability Standards, NPCC regional Variances to NERC Reliability Standards, and NPCC Criteria.

The NPCC Reliability Standards Program conducts a five-year review of the NPCC Regional Reliability Standard (PRC-006-NPCC-2). These reviews may result in revisions to the Standard, retirement of the Standard, or a finding that no changes are required.

NPCC supports the development of NPCC regional Variances to NERC Reliability Standards when it is necessary to address NPCC regionally specific physical differences in the BPS or a NPCC northeastern North American specific reliability issue.

NPCC's 2023 – 2026 Strategic Plan ensures alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the NPCC and ERO Enterprise long-term strategies.

2024 Key Assumptions

The Reliability Standards Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan, and the Regional Standards Committee Work Plan for calendar year 2023-24.

There have been several standards development opportunities identified by FERC, industry, and NERC technical committees to improve cold weather operations, energy assurance, resilience for extreme events, cyber and physical security, supply chain, identification and modeling requirements of inverter-based resources, including review of existing and development of new standards for applicability to the unregistered IBRs to consolidate NERC Standards Requirements to address these emerging risks.

- NPCC's Regional Reliability Standards development activity is expected to remain at a stable level, driven by requests that NPCC will receive or reliability issues that are identified and not under consideration by NERC. Creation of Variances to NERC Reliability Standards to address reliability concerns or to recognize the unique topology

and reliability considerations of the Northeast (i.e., Québec’s recognition as an asynchronous interconnection within NPCC’s footprint) will be performed as necessary.

- The number of NERC and Regional standards interpretations is expected to remain low. .
- Consistent with the NERC Rules of Procedure Sections 312 and 313, as continent-wide standards continue to evolve, NPCC Regional Standards will be reviewed to ensure that they continue to augment but do not add redundancy to the NERC Reliability Standards.
- NPCC outreach activities in support of industry decarbonization will continue with anticipated outreach sessions to State and Provincial Regulators in addition to DER/VER Forums.

2024 Goals and Key Deliverables

- Participate in the annual development and revision of the NERC’s three-year Reliability Standards Development Plan (RSDP) through review, commenting, and other Reliability Standards Committee (RSC) activities.
- Participate in the NERC Standards Committee activities, as a representative for NPCC Regional stakeholders to advance strategic initiatives, to measure the effectiveness and quality of standards, support ERO efforts to address outstanding FERC Directives, and provide input in the prioritization of standards development projects.
- Support any further development of cost effectiveness principles, processes, and pilots. Continue to provide insights to NERC, based on NPCC experiences, regarding strategy for developing cost effectiveness analysis for standards and identify opportunities to mitigate implementation costs for the draft standards and provide comments on cost effective alternative requirements.
- Participate in the NERC Standards Efficiency Review Project to retire standard requirements that are duplicative, administrative and add no additional benefit to the reliable operation of the BPS and revise NERC process to ensure efficiency and effectiveness of standards development.
- Conduct thorough reviews of all NERC standards under development or revision by leveraging existing NPCC Task Forces and subject matter experts and coordinate NPCC comments for Northeastern North America.
- Participate in the Periodic Review Standing Team’s grading efforts and coordinate and represent the Regional and interregional input.
- Participate in pre-ballot reviews of NERC Reliability Standards and coordinate the development of consensus recommendations to NPCC’s Registered Ballot Body Members and Entities. Develop a list of any unaddressed reliability issues to inform and allow the Members to cast a ballot based on Regional concerns. This will continue to enhance the efficiency of the ERO standards development projects.
- Review and identify issues and concerns raised in FERC Notice of Proposed Rulemakings (NOPRs) and Notice of Inquiries (NOIs) for all standards related issues as appropriate.
- Monitor the NERC RISC and the Reliability and Security Technical Committee (RSTC) activities as they identify emerging risks, develop recommended actions to mitigate such risks, and endorse Standards Authorization Requests (SARs) to initiate standards development. Provide a Regional point of contact for all potential reliability related risks and gaps within the Northeast or as noted by NPCC’s stakeholders (e.g., impact of DERs on BPS planning, operations, and design).
- Participate in and provide support to critical standards projects, such as Cold Weather Standard revisions, Energy Assurance, CIP, Supply Chain, Geomagnetic Disturbances, and changes to standards driven by inverter-based resources.

- Conduct reviews of Regional Standards as necessitated by the revision and approval of any associated Continent-wide NERC reliability standards or further reliability related need.
- Conduct the development of any Québec Interconnection-Wide variances to NERC continent-wide standards using the NPCC Reliability Standards Development Process.
- Conduct ongoing DER/VER Forum activities to solicit and identify both opportunities and challenges to enhancing reliability through education, promotion of awareness and developing guidance, particularly for the interconnection of utility scale DER on the Distribution System and large VER installations on the Transmission system.
- Maintain and revise the NPCC DER/VER guidance document as necessary and promote consistency across the NPCC footprint where appropriate.
- In conjunction with the Reliability Coordinating Committee (RCC), review any DER/VER impacts identified by stakeholders and develop an approach to promote awareness and resolution of any issues.
- Outreach with State and Provincial regulatory staffs to identify areas where NPCC can support local decarbonization goals through communication and collaboration.
- Identify opportunities and processes for cost effectiveness analysis activities to determine the need to revise a standard during the Enhanced Periodic Review or Standards Grading activities.

Resource Requirements

Personnel

Increase of 0.80 FTE to support Reliability Standards program area activities to address the increasing number and complexity of emerging risks to the BPS described above, to consolidate NERC Standards Requirements to address these identified emerging risks, including support of NPCC, NERC and ERO Enterprise IBR activities.

Reliability Standards Program Budget Detail

Funding sources and related expenses for the Reliability Standards section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures						
2023 Budget and Projection 2024 Budget						
Reliability Standards						
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 671,275	\$ 671,275	\$ -	\$ 851,576	\$ 180,302	
Penalty Sanctions	10,227	10,227	-	17,847	7,619	
Total ERO Funding	\$ 681,502	\$ 681,502	\$ -	\$ 869,423	\$ 187,921	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	-	-	-	-	-	
Interest & Investment Income	-	-	-	-	-	
Total Funding (A)	\$ 681,502	\$ 681,502	\$ -	\$ 869,423	\$ 187,921	
Expenses						
Personnel Expenses						
Salaries	\$ 245,126	\$ 245,126	\$ -	\$ 324,313	\$ 79,187	
Payroll Taxes	17,317	17,317	-	25,604	8,287	
Benefits	68,626	68,626	-	93,031	24,405	
Retirement Costs	22,489	22,489	-	28,534	6,045	
Total Personnel Expenses	\$ 353,558	\$ 353,558	\$ -	\$ 471,483	\$ 117,924	
Meeting Expenses						
Meetings & Conference Calls	\$ 4,500	\$ 4,500	\$ -	\$ 9,000	\$ 4,500	
Travel	76,000	76,000	-	50,000	(26,000)	
Total Meeting Expenses	\$ 80,500	\$ 80,500	\$ -	\$ 59,000	\$ (21,500)	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	
Office Rent	-	-	-	-	-	
Office Costs	2,000	2,000	-	2,600	600	
Professional Services	-	-	-	-	-	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses, excluding Depreciation	\$ 2,000	\$ 2,000	\$ -	\$ 2,600	\$ 600	
Total Direct Expenses	\$ 436,058	\$ 436,058	\$ -	\$ 533,083	\$ 97,024	
Indirect Expenses	\$ 243,112	\$ 243,112	\$ -	\$ 329,059	\$ 85,947	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 679,170	\$ 679,170	\$ -	\$ 862,142	\$ 182,971	
Change in Net Assets (=A-B)	\$ 2,332	\$ 2,332	\$ -	\$ 7,281	\$ 4,950	
Fixed Asset Additions, excluding Right of Use Assets (C)	2,332	2,332	-	7,281	4,950	
TOTAL BUDGET (=B+C)	\$ 681,502	\$ 681,502	\$ -	\$ 869,423	\$ 187,921	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 0	\$ 0	\$ -	\$ 0	\$ (0)	

Table A - 2: Reliability Standards Budget Detail

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	28.00	32.75	4.75
Direct Expenses	\$6,743,368	\$8,195,820	\$1,452,452
Indirect Expenses	\$4,538,084	\$4,685,514	\$147,430
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$43,527	\$103,682	\$60,155
Total Funding Requirement	\$11,324,980	\$12,985,016	\$1,660,036

Table A - 3: Compliance Monitoring and Enforcement and Organization Registration and Certification Budget

Program Scope and Functional Description

The NPCC Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CORC) Program Area operates in accordance with NPCC’s filed and approved Regional Delegation Agreement, the NERC Rules of Procedure (ROP), and individual Canadian Provincial MOUs and/or Agreements. The program supports Compliance Monitoring and Enforcement (Section 400 of the ROP) and Organization Registration and Certification (Section 500 of the ROP), the ERO Enterprise Long-Term Strategy, and aligns with NPCC Board of Director goals and strategies. NPCC CORC strives to be a credible authority that is independent, objective, and fair while promoting a culture of reliability excellence by performing risk-informed registration, entity risk assessment, compliance monitoring, noncompliance risk assessment, mitigation, and enforcement activities.

The CORC Program Area scope includes:

- Identification, registration, and certification of entities that are required to comply with the NERC Reliability Standards and approved Regional Standards.
- Implementation of the risk-based NERC Compliance Monitoring and Enforcement Program (CMEP) in the U.S., including the compliance monitoring, mitigation assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards.
- Pursuant to the relevant MOUs, the implementation of the risk-based NERC CMEP in Nova Scotia and Ontario, including the assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards effective in those jurisdictions.
- Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP), including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards effective in Québec.
- Implementation of the New Brunswick Compliance Monitoring and Enforcement Program (NBCMEP) in New Brunswick, including the compliance monitoring, assessment and enforcement recommendations of the NERC Reliability Standards and Regional Reliability Standards effective in New Brunswick.

The CORC Program Area scope is sub-divided into three sub-program areas: Compliance Fundamentals (CF); Compliance Audits and Investigations (AI); and Compliance Mitigation and Enforcement (ME).

Compliance Fundamentals

The CF sub-program area is responsible for registration, certification, entity inherent risk assessments, and compliance oversight plan activities, in addition to general compliance activities that may span across sub-program areas.

- Collaborates across the ERO through participation in the Risk Performance and Monitoring Group (RPMG), Enforcement Group (EG), Organization Registration and Certification Group (ORCG), and the development of the annual ERO CMEP staff workshop.
- Identifies and registers the BES owners, operators, and users that are required to comply with the NERC and Regional Reliability Standards.
- Conducts Certifications and Certification Reviews in accordance with the NERC Rules of Procedure.
- Leads or assists with the development of the annual CMEP implementation plans (ERO Enterprise, New Brunswick, Québec).
- Implements the ERO Enterprise registration tool (CORES-Centralized Organization Registration ERO System) and the ERO Enterprise CMEP data application (Align).
- Responds to any complaints submitted to NPCC.
- Maintains any NPCC specific compliance tools or programs needed.
- Performs outreach, sends relevant communications, and conducts two stakeholder compliance workshops on an annual basis.
- Assesses compliance trends and conducts additional outreach, training, and education to support Reliability Standards implementation.
- Conducts Inherent Risk Assessments (IRAs) on registered entities.
- Develops compliance oversight plans (COPs) for registered entities.

Compliance Audits and Investigations

The AI sub-program area is responsible for conducting all risk-based compliance monitoring activities.

- Conducts NPCC compliance monitoring activities, including audits, spot checks, and guided self-certifications.
- Incorporates the results of entity IRA, COP, and performance data into its compliance monitoring process.
- Assess the maturity of the entity's internal controls and sustainability of the entity processes during compliance audits.
- Engages the entity on the maturity of the internal compliance program.
- Issues audit reports and spot check reports.
- Provides guided self-certification result letters.
- Implements and maintains the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions process.

Compliance Mitigation and Enforcement

The ME sub-program area is responsible for enforcement activities in accordance with risk-based approaches and conducting technical assessments of registered entities' plans and activities to mitigate noncompliance. Depending on the jurisdiction, ME either makes official

recommendations to the appropriate regulatory authority or assists and coordinates with NERC to make such official recommendations.

- Determines the relevant facts and circumstances necessary to assess each noncompliance.
- Evaluates and assigns a risk level to each noncompliance.
- Advises on the mitigation required to prevent recurrence of the issue.
- Evaluates and approves the mitigation activities or Mitigation Plan(s) for each noncompliance.
- Assesses the relevant compliance history for each noncompliance.
- Determines the disposition method for each noncompliance.
- Conducts settlement negotiations.
- Calculates penalty and non-penalty sanctions in a consistent manner.
- Files noncompliance closings with NERC/FERC and applicable Canadian governmental and/or provincial Regulatory authorities.
- Evaluates registered entities for participation in the Self-Logging Program.

2024 Key Assumptions

- The CORC Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, and the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan.
- Similar to the 2023 Business Plan, the CORC program will enhance its capability and flexibility to engage over 240 registered entities by continuing to add FTEs under the 2024 Business Plan.

2024 Goals and Key Deliverables

- Conduct scheduled compliance monitoring and enforcement activities pursuant to the 2024 monitoring schedule and in alignment with NERC CMEP Implementation Plan.
- Continue applying risk-based approaches for CMEP, registration, and certification activities.
- Conduct pre-registration awareness discussions with new entities (inverter based resources, off-shore wind, etc.) to explain compliance and reliability obligations.
- Identify potential issues related to NERC Reliability Standards as a result of compliance monitoring, enforcement, and event analysis activities.
- Continue to implement compliance responsibilities in Canada based on the unique regulatory structure specific to each provincial and/or governmental jurisdiction.
- Evaluate and enhance monitoring, violation processing, risk-assessment, registration and certification program for sufficiency and effectiveness.
- Collaborate within the ERO Enterprise to implement Align and the Secure Evidence Locker (SEL) for NPCC staff to:
 - Use Align/SEL and allowed legacy processes for Release 1 and Release 2
 - Continue to support the testing, training, and rollout of Releases 3, 4, and 4.5.
- Continue to collaborate in 2024 with ERO CMEP Working Groups to develop uniform and consistent mitigation related to the Spring 2022 audit of NPCC (and the other 5 Regions) CMEP activities by NERC Internal Audit.
- Provide education and outreach to the registered entities on all CMEP, registration, and certification topics, including the development and implementation of the ERO Enterprise Registration tool (CORES – Centralized Organization Registration ERO System) and the Align/SEL CMEP data application.

- Conduct one in-person and one virtual compliance workshops.
- Develop annual activity reports for CMEP (New Brunswick) and QCMEP (Québec).
- Develop and/or provide input on various 2024 CMEP Implementation Plans (ERO Enterprise, Québec, New Brunswick).
- Attend training necessary and/or beneficial to performing duties (Registration, Certification, Entity Risk Assessment, assessment of internal controls, Monitoring, and Enforcement activities).
- Assure that NPCC staff is appropriately assigned to conduct Certification and Auditing activities.
- Provide detailed responses to oversight activities performed by NERC, FERC, and other relevant authorities.
- Continue to perform and update IRAs and COPs for registered entities as needed.
- Continue to assess and document internal controls during monitoring engagements.
- Conduct 2024 compliance engagement schedule based on budget, risk to the BPS, and number of registered entities.
- Continue to perform comprehensive enforcement activities to determine the relevant facts and circumstances necessary for each noncompliance, assess the risk, and evaluate the mitigation activities or Mitigation Plan. Determine the disposition method in accordance with established risk-based approaches (Compliance Exceptions, FFTs, Simplified Identification Correction Method (Québec), Settlements, etc.).
- Track the progress and verify the completion of each Mitigation Plan.
- As necessary, represent NPCC during any enforcement hearings before the NPCC Hearing Body, the NERC Hearing Body, the Régie, or the New Brunswick Energy & Utilities Board.
- Evaluate registered entities internal compliance programs to determine participation in the Self-Logging Program.
- Analyze noncompliance trends and associated risks to develop guidance to registered entities in support of a culture of reliability.
- Perform outreach (e.g., webinars, workshops) to educate entities on determining noncompliance root causes, techniques for noncompliance assessment, communications associated with self-reporting, and guidance on the development of mitigation activities that will prevent recurrence.
- Assess evolving cybersecurity risks for opportunities to provide entity guidance.

Resource Requirements

Personnel

Increase of 4.75 FTEs in 2024 (2 FTEs in Compliance Monitoring, 2 FTEs in Enforcement and Mitigation and 1 FTE in Entity Risk Assessment) to perform purposeful and impactful BPS risk-reducing activities based on the quantity and type of registered entities in the NPCC region. Additional FTEs are currently projected to be added in the compliance program over the next two years.

Meetings

In-person meetings are expected to continue to increase in 2024 to support these identified activities; some meetings may provide a format to allow for remote participation.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Budget Detail

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
Compliance Monitoring and Enforcement and Organization Registration and Certification					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 10,772,548	\$ 10,772,548	\$ -	\$ 11,857,483	\$ 1,084,935
Penalty Sanctions	190,909	190,909	-	254,122	63,213
Total ERO Funding	\$ 10,963,458	\$ 10,963,458	\$ -	\$ 12,111,606	\$ 1,148,148
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-
Total Funding (A)	\$ 10,963,458	\$ 10,963,458	\$ -	\$ 12,111,606	\$ 1,148,148
Expenses					
Personnel Expenses					
Salaries	\$ 4,583,431	\$ 4,583,431	\$ -	\$ 5,559,186	\$ 975,755
Payroll Taxes	333,731	333,731	-	424,280	90,549
Benefits	1,109,937	1,109,937	-	1,375,117	265,180
Retirement Costs	476,669	476,669	-	569,187	92,518
Total Personnel Expenses	\$ 6,503,768	\$ 6,503,768	\$ -	\$ 7,927,770	\$ 1,424,002
Meeting Expenses					
Meetings & Conference Calls	\$ 4,000	\$ 4,000	\$ -	\$ 4,000	\$ -
Travel	193,000	193,000	-	225,550	32,550
Total Meeting Expenses	\$ 197,000	\$ 197,000	\$ -	\$ 229,550	\$ 32,550
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 15,000	\$ 15,000	\$ -	\$ 10,000	\$ (5,000)
Office Rent	-	-	-	-	-
Office Costs	27,600	27,600	-	28,500	900
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 42,600	\$ 42,600	\$ -	\$ 38,500	\$ (4,100)
Total Direct Expenses	\$ 6,743,368	\$ 6,743,368	\$ -	\$ 8,195,820	\$ 1,452,452
Indirect Expenses	\$ 4,538,084	\$ 4,538,084	\$ -	\$ 4,685,514	\$ 147,430
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 11,281,452	\$ 11,281,452	\$ -	\$ 12,881,334	\$ 1,599,882
Change in Net Assets (=A-B)	\$ (317,995)	\$ (317,995)	\$ -	\$ (769,728)	\$ (451,733)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 43,527	\$ 43,527	\$ -	\$ 103,682	\$ 60,155
TOTAL BUDGET (=B+C)	\$ 11,324,980	\$ 11,324,980	\$ -	\$ 12,985,016	\$ 1,660,036
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (361,522)	\$ (361,522)	\$ -	\$ (873,410)	\$ (511,888)

Table A - 4: Compliance Monitoring and Enforcement and Organization Registration and Certification Budget Detail

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	8.30	9.30	1.00
Direct Expenses	\$3,254,988	\$3,574,257	\$319,269
Indirect Expenses	\$1,345,218	\$1,330,543	(\$14,675)
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$12,903	\$29,442	\$16,540
Total Funding Requirement	\$4,613,109	\$4,934,243	\$321,134

Table A - 5: Reliability Assessments and Performance Analysis (RAPA) Budget

Program Scope and Functional Description

The NPCC Reliability Assessments and Performance Analysis (RAPA) Program Area independently analyzes, assesses, and reports on the reliability and adequacy of the BPS within the NPCC footprint. The program aides in the identification and assesses risks across the region. The RAPA program activities include: the performance of resource and transmission assessment studies; special analyses and investigations; and the collection and dissemination of data, lessons learned, and other information. The RAPA program provides resources, case studies and data input for the technical analyses, and support of the many risk-based activities. The program also facilitates five technical stakeholder task forces and associated working groups.

2024 Key Assumptions

The RAPA program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan, and the Reliability Coordinating Committee Work Plan for calendar year 2023-24.

NPCC continues to collaborate through the Eastern Interconnection Reliability Assessment Group (ERAG) to focus on the reliability assessments of the Eastern Interconnection and the Quebec Interconnection to identify and address potential reliability issues.

NPCC also participates in and contributes to the related activities of the New York ISO and New York State Reliability Council (NYSRC) as well as ISO-New England and NEPOOL Participants Committee.

2024 Goals and Key Deliverables

- Assessments of Reliability Performance
 - Load, Capacity, Energy, Fuels & Transmission Report (LCEF&T Report): Represent data submitted by NPCC to NERC as part of the annual EIA-411 filing. U.S. data is forwarded by NERC to the U.S. Energy Information Administration (EIA). This report presents actual and ten-year projections for load, capacity, energy, fuel, transmission line construction and transformer additions in the NPCC footprint.
 - NPCC Summer Reliability Assessment: Focuses on the assessment of reliability within the NPCC footprint for the Summer Operating Period.

- NPCC Winter Reliability Assessment: Focuses on the assessment of reliability within the NPCC footprint for the Winter Operating Period.
- NPCC Energy Reliability analysis to consider extreme weather events in scenario development using tools and metrics identified by NERC.
- NPCC Review of Resource Adequacy: Review for each NPCC Area in accordance with the requirements specified in the NPCC Regional Reliability Reference Directory # 1, Design and Operation of the BPS.
- NPCC Probabilistic Assessment: Provides the NPCC probabilistic reliability metric results specified by NERC for the corresponding LTRA.
- Collect NPCC data and contribute to the production of assessment reports for the NERC long-term, seasonal, and special assessments.
- Provide NPCC regionally specific technical support for the ERO Enterprise expanded and enhanced system studies and analyses, as needed.
- Support ERAG in performance of Eastern Interconnection assessment studies, including the update of power-flow and dynamic base cases that represent the BPS within the NPCC footprint for the ERAG Multiregional Modeling Working Group (MMWG).
- Reporting Requirements
 - Collect, verify, validate and analyze NPCC regionally specific data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS), GADS Wind, GADS Solar, Demand Response Availability Data System (DADS), Misoperation Information Data Analysis System (MIDAS), and Geomagnetic Disturbance Data System (GMD).
 - Collect, verify, and validate NPCC regionally specific data associated with IBRs, including EMT modeling.
- Other Requirements and Activities
 - Support risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry.
 - Facilitate a peer review process to analyze protective relay misoperation information and track corrective action plans, as reported in the NERC MIDAS system, via the NPCC SP-7 Working Group on Protection Systems Misoperation Review.
 - NPCC chairs the Reliability Assessment Subcommittee and actively participates in NERC committees, subcommittees, task forces, and other technical groups, such as the System Planning Impacts from DER WG (SPIDER), Electric Gas Working Group, Energy Reliability Assessment Task Force (ERATF), Performance Analysis Subcommittee, Probabilistic Assessment Working Group, EMP WG, Facility Ratings Task Force (FRTF), Inverter-Based Resource Performance Subcommittee (IRPS), Load Modeling Working Group (LMWG), System Protection and Control WG (SPCWG), and associated subgroups including the MIDAS User Group, TADS User Group, and GADS User Group.
 - NPCC actively participates in the ERO Enterprise related collaboration groups, such as Reliability Assessment and Performance Analysis Steering Group (RAPA SG), Analytic Community of Excellence (ACE), Innovation and Continuous Improvement Collaboration Group (ICCG).
 - Continue to support stakeholder participation and interaction through NPCC technical groups, including the RCC, Task Force on Coordination of Operations, Task Force on Coordination of Planning, Task Force on Infrastructure Security & Technology, Task

-
- Force on System Protection, Task Force on System Studies and their respective working groups.
- Work in collaboration with the industry and governmental organization such as the U.S. Department of Energy (DOE), National Laboratories (supporting integration of offshore wind development), Institute of Electrical and Electronics Engineers (IEEE) (supporting IBR requirements), Electric Power Research Institute (EPRI) and Energy Systems Integration Group (ESIG) (supporting resource adequacy metrics, models and assessments associated with identified de-carbonization activities, including electrification, storage and EV deployment).
 - In June 2023, as part of the Fiscal Responsibility Act, the U.S. Congress mandated that NERC, in consultation with the Regional Entities, perform a study on interregional power transfer capability and deliver this study to FERC by December 2024. The work plan for this study was still being developed at the time that this 2024 business plan and budget was finalized, therefore, the budget does not include additional resources specific to NPCC’s participation in performing this study. NPCC plans to support this study with resources previously included in the 2024 budget.

Resource Requirements

Personnel

Increase of 1.0 FTE to support Reliability Assessment and Performance Analysis activities described above to address the increasing number and complexity of emerging risks to the BPS including support of related NPCC, NERC and ERO Enterprise IBR and data analytics activities, for example, and related government and industry resource adequacy and de-carbonization initiatives.

Meetings

In-person meetings are expected to continue to increase in 2024 to support these identified activities; some meetings may provide a format to allow for remote participation.

Reliability Assessment and Performance Analysis Program Budget Detail

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures						
2023 Budget and Projection 2024 Budget						
Reliability Assessment and Performance Analysis						
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 4,556,518	\$ 4,556,518	\$ -	\$ 4,862,080	\$ 305,562	
Penalty Sanctions	56,591	56,591	-	72,163	15,572	
Total ERO Funding	\$ 4,613,109	\$ 4,613,109	\$ -	\$ 4,934,243	\$ 321,134	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	-	-	-	-	-	
Interest & Investment Income	-	-	-	-	-	
Total Funding (A)	\$ 4,613,109	\$ 4,613,109	\$ -	\$ 4,934,243	\$ 321,134	
Expenses						
Personnel Expenses						
Salaries	\$ 1,549,662	\$ 1,549,662	\$ -	\$ 1,817,734	\$ 268,072	
Payroll Taxes	103,187	103,187	-	128,446	25,260	
Benefits	412,120	412,120	-	479,572	67,452	
Retirement Costs	159,619	159,619	-	185,405	25,786	
Total Personnel Expenses	\$ 2,224,588	\$ 2,224,588	\$ -	\$ 2,611,157	\$ 386,569	
Meeting Expenses						
Meetings & Conference Calls	\$ 24,200	\$ 24,200	\$ -	\$ 45,000	\$ 20,800	
Travel	195,000	195,000	-	205,000	10,000	
Total Meeting Expenses	\$ 219,200	\$ 219,200	\$ -	\$ 250,000	\$ 30,800	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 803,000	\$ 803,000	\$ -	\$ 700,000	\$ (103,000)	
Office Rent	-	-	-	-	-	
Office Costs	8,200	8,200	-	13,100	4,900	
Professional Services	-	-	-	-	-	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses, excluding Depreciation	\$ 811,200	\$ 811,200	\$ -	\$ 713,100	\$ (98,100)	
Total Direct Expenses	\$ 3,254,988	\$ 3,254,988	\$ -	\$ 3,574,257	\$ 319,269	
Indirect Expenses	\$ 1,345,218	\$ 1,345,218	\$ -	\$ 1,330,543	\$ (14,675)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 4,600,206	\$ 4,600,206	\$ -	\$ 4,904,800	\$ 304,594	
Change in Net Assets (=A-B)	\$ 12,903	\$ 12,903	\$ -	\$ 29,442	\$ 16,540	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 12,903	\$ 12,903	\$ -	\$ 29,442	\$ 16,540	
TOTAL BUDGET (=B+C)	\$ 4,613,109	\$ 4,613,109	\$ -	\$ 4,934,243	\$ 321,134	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 0	\$ 0	\$ -	\$ (0)	\$ (0)	

Table A - 6: Reliability Assessments and Performance Analysis (RAPA) Budget Detail

Training, Education, and Operator Certification Program

Training, Education, and Operator Certification Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	0.10	0.10	0.00
Direct Expenses	\$135,325	\$153,473	\$18,149
Indirect Expenses	\$16,207	\$14,307	(\$1,901)
Other Non-Operating Expenses	\$0	\$0	\$0
Inc(Dec) in Fixed Assets	\$155	\$317	\$161
Total Funding Requirement	\$151,688	\$168,097	\$16,409

Table A - 7: Training, Education, and Operator Certification Budget

Program Scope and Functional Description

The NPCC Training, Education, and Operator Certification (TE) Program Area supports NERC Rules of Procedure Section 900 and other training, education, and outreach activities. The program provides:

- Education and training necessary to understand and operate the BPS.
- Outreach, education, and training on Reliability Standards, compliance topics and improvement of compliance and reliability assurance programs.

The TE program establishes and coordinates training for system operators relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. The target audience of the System Operator training program is BPS operating personnel, including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel.

In addition to the semiannual System Operators (SO) seminars, NPCC will conduct Compliance and Reliability Conferences in 2024 for NPCC Stakeholders, for the express purpose of providing the most current and applicable information related to the development of NERC and Regional Reliability Standards and the implementation of the CMEP. The conferences include targeted breakout classroom sessions and presentations on current industry related activities to provide for the most efficient exchange of information between NPCC staff and NPCC Stakeholders.

To supplement the SO seminars and Compliance and Reliability Conferences, NPCC may develop webinars on specific topics pertinent to issues related to system operations, compliance program implementation, standards development, cyber or physical security threats and mitigation practices or technical issues.

Additionally, NPCC staff will support future ERO Enterprise human performance engagements in a capacity determined by the RAPA SG as the ERO Enterprise considers how best to address its role in human performance engagement from a regulatory, reliability and resourcing perspective.

2024 Key Assumptions

The TE Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy and the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan.

- Build appropriate outreach, training, and education to registered entities to reduce the occurrence of known risks to reliability.
- Nurture relationships with key industry trade associations, as well as those associations representing technology, affiliated sectors, and end users to understand context and leverage their experience and reach.
- Collaborate effectively with other organizations that share the ERO Enterprise’s reliability and security mission and seek and work with representatives of academia, other critical infrastructures, and international experts to broaden the ERO Enterprise’s collective knowledge and awareness of current and unknown risks and strategies to address them.
- Provide the Regional perspective and support with appropriate NPCC Training, Education, and Certification staff participation on selected NERC groups, including any future ERO Enterprise human performance engagements, as determined by RAPA SG.

2024 Goals and Key Deliverables

- Conduct the 2024 Spring and Fall NPCC SO seminars.
- Continue collaboration and sharing of the intended RC/BA approaches, experiences, and materials to task identification and training development.
- As needed, enhance the NPCC repository of training resources and learning verification activities addressing fundamental power system topics, training methods and operation procedure training exercises, which may be shared as elements of operator training in compliance with NERC Standards PER-003 “Operating Personnel Credentials” and PER-005 “Operations Personnel Training.”
- Develop virtual operational training webinars that focus on specific topics pertinent to compliance program implementation, standards development, or technical issues.
- Conduct one in-person and one virtual Compliance and Reliability Conference addressing the development of NERC and Regional Reliability Standards and CMEP implementation.
- Support RAPA SG activities in redevelopment of the approach to future risk mitigating activities related to human performance.
- Monitor and support activities of the Personnel Certification Governance Committee and associated sub-groups and collaborate with the NPCC CO-2 Operations Training WG and other NPCC Members’ training personnel on the activities related to the reliable operation of the BPS.

NPCC staff training and development is incorporated within each respective program area.

Resource Requirements

Meetings

In-person meetings are expected to increase in 2024 with both NPCC System Operator Seminars being held in person only, without a remote participation option. In-person CO-2 Operations Training WG’s seminar planning meetings will continue to increase, to support the NPCC System Operator Seminars.

Training, Education, and Operator Certification Budget Detail

Funding sources and related expenses for the training and education section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures						
2023 Budget and Projection 2024 Budget						
Training, Education, and Operator Certification						
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 117,256	\$ 117,256	\$ -	\$ 139,821	\$ 22,565	
Penalty Sanctions	682	682	-	776	94	
Total ERO Funding	\$ 117,938	\$ 117,938	\$ -	\$ 140,597	\$ 22,659	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	33,750	27,500	(6,250)	27,500	(6,250)	
Interest & Investment Income	-	-	-	-	-	
Total Funding (A)	\$ 151,688	\$ 145,438	\$ (6,250)	\$ 168,097	\$ 16,409	
Expenses						
Personnel Expenses						
Salaries	\$ 21,663	\$ 21,663	\$ -	\$ 23,158	\$ 1,494	
Payroll Taxes	1,175	1,175	-	1,460	285	
Benefits	4,786	4,786	-	4,554	(231)	
Retirement Costs	2,300	2,300	-	2,451	151	
Total Personnel Expenses	\$ 29,925	\$ 29,925	\$ -	\$ 31,623	\$ 1,699	
Meeting Expenses						
Meetings & Conference Calls	\$ 90,000	\$ 90,000	\$ -	\$ 106,100	\$ 16,100	
Travel	15,000	15,000	-	15,500	500	
Total Meeting Expenses	\$ 105,000	\$ 105,000	\$ -	\$ 121,600	\$ 16,600	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	
Office Rent	-	-	-	-	-	
Office Costs	400	400	-	250	(150)	
Professional Services	-	-	-	-	-	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses, excluding Depreciation	\$ 400	\$ 400	\$ -	\$ 250	\$ (150)	
Total Direct Expenses	\$ 135,325	\$ 135,325	\$ -	\$ 153,473	\$ 18,149	
Indirect Expenses	\$ 16,207	\$ 16,207	\$ -	\$ 14,307	\$ (1,901)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 151,532	\$ 151,532	\$ -	\$ 167,780	\$ 16,248	
Change in Net Assets (=A-B)	\$ 155	\$ (6,095)	\$ (6,250)	\$ 317	\$ 161	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 155	\$ 155	\$ -	\$ 317	\$ 161	
TOTAL BUDGET (=B+C)	\$ 151,688	\$ 151,688	\$ -	\$ 168,097	\$ 16,409	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 0	\$ (6,250)	\$ (6,250)	\$ 0	\$ (0)	

Table A - 8: Training, Education, and Operator Certification Budget Detail

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources			
<i>(in whole dollars)</i>			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	6.10	7.10	1.00
Direct Expenses	\$1,654,181	\$2,091,719	\$437,538
Indirect Expenses	\$988,654	\$1,015,791	\$27,137
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$9,483	\$22,478	\$12,995
Total Funding Requirement	\$2,652,318	\$3,129,988	\$477,670

Table A - 9: Situation Awareness and Infrastructure Security Budget

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security (SAIS) Program Area activities are performed in accordance with the NERC Rules of Procedure Section 1000 and applicable sub-sections of Section 800. The SAIS program is a combination of near real-time awareness of conditions on the BPS with the programs necessary to increase the physical and cyber security of the electricity infrastructure, including the operation and maintenance of tools and other support services for the benefit of RCs and the system operators within the registered entities. When an event does occur, it is critical to provide a forum for active coordination of reliability and operation among the NPCC RC areas and neighboring NERC Regions. Further, NPCC’s role is to gain and maintain situation awareness and understanding of system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS and to use an event as a learning opportunity to enhance the reliability, resilience, and security of the interconnected BPS through the lessons learned, which can be gleaned from such an event.

NPCC’s Event Analysis Program resides within the SAIS Program Area and supports the overall goal of promoting the reliability of the BPS in Northeastern North America and the entire North American grid.

NPCC’s critical infrastructure security objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology (TFIST) and its Working Groups, and include, but are not limited to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Reliability and Security Technical Committee (RSTC) and its subgroups; and
- Representing and advocating NPCC’s position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security.

NPCC’s Security Outreach program will support ERO Enterprise activities aimed at addressing known and emerging security (both cyber and physical) risks to strengthen and enhance industry security posture through active participation and engagement in the ERO Enterprise and industry activities, in partnership with government and law enforcement agencies.

2024 Key Assumptions

The SAIS program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan, and the Reliability Coordinating Committee Work Plan for calendar year 2023-24.

- Use the full suite of tools, activities, and resources for risk mitigation to provide guidance to industry as to how to mitigate emerging risks, evaluating the effectiveness of such approaches.
- Maintain SA of operations within the region and support NERC and FERC’s efforts for situation awareness of near real-time system conditions.
- Support the ERO Enterprise in the activities and implementation of the Crisis Action Plan
- Continue to promote, implement, and manage voluntary ERO Event Analysis Process (EAP) and Cause Coding process as part of the ERO Event Analysis Program, including collection and review of disturbance reports, review and analysis of applicable, qualifying events, and development of lessons learned and cause coding of events.
- Collaborate on and support joint activities with FERC and NERC staff and other Regional staff on analysis of known and emerging risks, analysis of major events, and follow-up projects/studies based on the findings and recommendations.
- Strengthen the analysis of cyber impacts on the BPS and mitigate impacts of cyberattacks. Enhance industry’s ability to develop approaches to pre-position the system when under attack and explore recovery strategies.
- Leverage information and cross-sector collaboration with other critical infrastructures that share elements of the ERO Enterprise’s reliability and security mission to facilitate cross-sector information sharing and threat analysis to broaden the ERO Enterprise’s collective knowledge and awareness of current and emerging risks and strategies to address them and communicate these to industry for awareness and mitigation.
- Build/enhance appropriate outreach, training, and education to registered entities through NERC and the Regional Entities to reduce the occurrence of known risks to reliability.
- Ensure the E-ISAC Long-Term Strategic Plan is executed such that the E-ISAC is viewed by industry as meeting its needs as one of its key trusted sources of security information.
- Strengthen proactive outreach, communications, relationships, and intelligence sharing with key regulatory, legislative, and policy bodies, as well as government agencies across North America (U.S. and Canada).
- Nurture relationships with key industry trade associations, as well as those associations representing technology, affiliated sectors, and end users to understand context and leverage their experience and reach.
- Collaborate with technical stakeholder groups to support development of recommendations and risk mitigating activities based on events and identified reliability and security risks.
- Support GridEx-related planning and distributed play activities.
- Provide Regional perspective and support through active participation in appropriate NERC and ERO groups and activities.
- Support DOE-led effort on the development of the North American Energy Resilience Model (NAERM) in collaboration with the National Labs, the industry, and the ERO Enterprise.

2024 Goals and Key Deliverables

Situation Awareness 2024 Goals and Key Deliverables

- Monitor the operational status of the BPS and coordinate normal and pre-emergency communication, awareness, and assistance in addition to the same during an emergency among the RCs within the NPCC footprint.
- Prepare daily reports and conduct daily and weekly conference calls with NPCC and neighboring RCs (MISO and PJM) to serve as a complement to the NPCC Emergency Preparedness Conference Call.
- Coordination and communication with the NERC Bulk Power System Awareness group in preparation for and during ongoing significant events in the NPCC footprint.
- Monitor the status of the BPS through the NERC Situational Awareness-FERC, NERC, Regions version 3 (SAFNRv3) tool and support efforts and work to develop and enhance the use of SAFNR and other tools to further support NPCC and ERO SA.
- Coordinate inter-regional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system.
- Participation in any future FERC-NERC-Regional Entity inquiries, including any further follow-up efforts and tracking of previous inquiry/study recommendations.
- Review and implementation of applicable recommendations and lessons learned from the planning and distributed play activities of the GridEx VII wide-area exercise.
- Participation in the ERO Enterprise-wide SA and EA activities, including NERC SA and EA Oversight Plan specified goals and deliverables in support of the activities to identify, prioritize, and assure effective and efficient mitigation of risk to the reliability and security of the North American BPS, including such activities as:
 - NERC Bulk Power Situational Awareness calls.
 - Participation in the ERO Enterprise Crisis Action Plan (CAP) tabletop exercises and enhancements to the CAP processes.
 - Participation in the ERO Enterprise CAP activations.
- Support implementation and activities of NPCC’s Emergency Communications Plan.
- NPCC actively participates in NERC committees, subcommittees, task forces, and other technical groups, such as the Reliability and Security Technical Committee (RSTC), Events Analysis Subcommittee (EAS), Real-Time Operating Subcommittee (RTOS), Security Working Group (SWG), Supply Chain Working Group (SCWG), and Security Integration and Technology Enablement Subcommittee (SITES).
- NPCC actively participates in the ERO Enterprise related collaboration groups, such as Reliability Assessment and Performance Analysis Steering Group (RAPA SG) and its sub-groups (e.g., Events Analysis and Situation Awareness).
- NPCC supports ERO Enterprise activities with respect to coordinated seasonal preparedness.
- Follow up on recommendations from the NAESB Gas-Electric Harmonization Forum.
- Participate, as appropriate, in periodic ERO Enterprise SA activities (e.g., Monitoring and Situation Awareness Workshop), including issuance of NERC Alerts, as well as analysis of and follow up activities based on the entities’ responses.
- Continue to promote, implement, and manage voluntary ERO Event Analysis Process (EAP) and Cause Coding process as part of the ERO Event Analysis Program, including

collection and review of disturbance reports, review and analysis of applicable, qualifying events, development of lessons learned and cause coding of events.

- Work directly with applicable NPCC Task Forces and Working Groups to provide an in-depth assessment of Lessons Learned unique to the NPCC Members and NPCC Criteria and development of Regional Insights, as applicable.

Infrastructure Security 2024 Goals and Deliverables

- Provide physical and cyber security outreach, threat awareness and mitigation, and education services to registered entities.
- Monitor the Homeland Security Information Network (HSIN), E-ISAC, NERC Alerts, Canadian Information Sharing and North American Transmission Forum and share information with appropriate asset owners/operators.
- Remain current on all governmental agencies' applicable security recommendations and requirements, and other applicable security and reliability recommendations, and ensure the RCC and its committees are appropriately informed.
- Provide support and technical input for TFIST and associated Working Groups related to the BPS risks as identified by the NERC Reliability Issues Steering Committee; support, discuss and coordinate activities and approaches identified in the recommendations for mitigating security risks.
- Support NERC GridEx VII after-action survey and report development, and review and implementation of pertinent recommendations and lessons learned from the exercise.
- Support NERC GridEx VIII planning and distributed play activities.
- Review infrastructure security & technologies and provide recommendations to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards.
- Sponsor periodic workshop presentations to address timely issues and update NPCC entities associated with infrastructure security and technology.
- Provide education, awareness, and support for Cross Sector coordination in Entity agreements and response plans with focus upon Telecommunications, Water and Natural Gas, including monitoring and sharing with the E-ISAC.
- Support ERO Enterprise and industry security initiative and enhance coordination and collaboration with the ERO, E-ISAC, other NERC Regions and U.S. and Canadian applicable authorities, including active participation in the ERO Enterprise Crisis Action Plan (CAP) related efforts and activities.
- Support Physical Security Working Group activities aimed at promoting the exchange of information regarding approaches to physical security that will enhance the reliability and resiliency of the BPS and further address any physical security threats that could challenge efficient operation of the BPS. The Physical Security Working Group will also support the TFIST's work on issues related to physical security.
- Through the Telecommunications Working Group, promote and enhance the reliability of the Interconnected Power System in Northeastern North America by assessing adequacy and resilience of organizations' voice communications, and development of recommendations for mitigation of identified risks and sharing of industry best practices.
- Provide a forum for NPCC members, NPCC Task Forces and Working Groups to identify and discuss cyber security issues and practices related to the BPS, including BES cyber security topics that span one or more Task Force or Working Group.

Resource Requirements

Personnel

Increase of 1.0 FTE to support the Situation Awareness and Infrastructure Security activities described above, specifically to address the ERO Enterprise and NPCC cyber security related risks and outreach activities, including education and best practices to support the security and resilience of Operational Technology systems.

Meetings

In-person meetings are expected to continue to increase in 2024 to support these identified activities; some meetings may provide a format to allow for remote participation.

Situation Awareness and Infrastructure Security Program Budget Detail

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures						
2023 Budget and Projection 2024 Budget						
Situation Awareness and Infrastructure Security						
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ 2,610,727	\$ 2,610,727	\$ -	\$ 3,074,895	\$ 464,169	
Penalty Sanctions	41,591	41,591	-	55,092	13,501	
Total ERO Funding	\$ 2,652,318	\$ 2,652,318	\$ -	\$ 3,129,988	\$ 477,670	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	-	-	-	-	-	
Interest & Investment Income	-	-	-	-	-	
Total Funding (A)	\$ 2,652,318	\$ 2,652,318	\$ -	\$ 3,129,988	\$ 477,670	
Expenses						
Personnel Expenses						
Salaries	\$ 1,119,178	\$ 1,119,178	\$ -	\$ 1,337,197	\$ 218,019	
Payroll Taxes	74,660	74,660	-	97,484	22,824	
Benefits	222,781	222,781	-	353,897	131,116	
Retirement Costs	113,412	113,412	-	133,441	20,029	
Total Personnel Expenses	\$ 1,530,031	\$ 1,530,031	\$ -	\$ 1,922,019	\$ 391,988	
Meeting Expenses						
Meetings & Conference Calls	\$ 1,000	\$ 1,000	\$ -	\$ 20,000	\$ 19,000	
Travel	85,000	85,000	-	110,000	25,000	
Total Meeting Expenses	\$ 86,000	\$ 86,000	\$ -	\$ 130,000	\$ 44,000	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 30,000	\$ 30,000	\$ -	\$ 35,000	\$ 5,000	
Office Rent	-	-	-	-	-	
Office Costs	8,150	8,150	-	4,700	(3,450)	
Professional Services	-	-	-	-	-	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
Total Operating Expenses, excluding Depreciation	\$ 38,150	\$ 38,150	\$ -	\$ 39,700	\$ 1,550	
Total Direct Expenses	\$ 1,654,181	\$ 1,654,181	\$ -	\$ 2,091,719	\$ 437,538	
Indirect Expenses	\$ 988,654	\$ 988,654	\$ -	\$ 1,015,791	\$ 27,137	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 2,642,835	\$ 2,642,835	\$ -	\$ 3,107,510	\$ 464,675	
Change in Net Assets (=A-B)	\$ 9,483	\$ 9,483	\$ -	\$ 22,478	\$ 12,995	
Total Funding (A) Requirement	\$ 2,633,352	\$ 2,633,352	\$ -	\$ 3,085,032	\$ 451,680	
Fixed Asset Additions, excluding Right of Use Assets (C)	9,483	9,483	-	22,478	12,995	
TOTAL BUDGET (=B+C)	2,652,318	2,652,318	-	3,129,988	477,670	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)	

Table A - 10: Situation Awareness and Infrastructure Security Budget Detail

Administrative Services

Administrative Services Program Resources (in whole dollars)						
	Direct Expenses			FTEs		
	2023 Budget	2024 Budget	Increase (Decrease)	2023 Budget	2024 Budget	Increase (Decrease)
Technical Committees and Members Forum	\$56,948	\$183,438	\$126,490	0.10	0.50	0.40
General and Administrative	\$3,294,002	\$2,777,351	(\$516,651)	3.50	2.00	-1.50
Legal and Regulatory	\$730,365	\$856,724	\$126,360	1.50	2.25	0.75
Information Technology	\$2,413,540	\$2,805,151	\$391,611	4.80	6.80	2.00
Human Resources	\$188,052	\$333,171	\$145,120	1.00	2.00	1.00
Finance and Accounting	\$857,125	\$997,478	\$140,353	2.00	3.00	1.00
Total Administrative Services ¹	\$7,540,032	\$7,953,314	\$413,283	12.90	16.55	3.65

NPCC’s 2024 Administrative Services Direct Expenses and Fixed Assets total \$7,953,314 of which \$414,900 is allocated to NPCC’s Criteria Services division, which is a non-statutory function. As a result of the allocation to the Criteria Services division, the Administrative Expenditures included in the 2024 statutory budget are \$7,538,414 which is an increase of \$338,739 from the 2023 budget of \$7,199,675.

Table A - 11: Administrative Services Budget

Program Scope and Functional Description

Administrative services support the previously identified five program areas:

- Reliability Standards;
- Compliance Monitoring and Enforcement, Organization Registration and Certification;
- Training, Education, and Operator Certification;
- Reliability Assessment and Performance Analysis; and
- Situation Awareness and Infrastructure Security.

Administrative Services consist of:

- Technical Committees and Members’ Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

Methodology for Allocation of Administrative Services Expenses to Programs

NPCC’s total overhead expenses, such as office rent and office costs, will be charged to Administrative Services and then reallocated proportionately based on FTE to the programs as Indirect Expenses.

Administrative Services Budget Detail

Funding sources and related expenses for the Administrative Services section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included within the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures						
2023 Budget and Projection 2024 Budget						
ADMINISTRATIVE SERVICES						
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ (588,286)	\$ (588,286)	\$ -	\$ (51,794)	\$ 536,493	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ (588,286)	\$ (588,286)	\$ -	\$ (51,794)	\$ 536,493	
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	-	-	-	-	-	
Interest & Investment Income	19,089	80,000	60,911	47,337	28,248	
Total Funding (A)	\$ (569,198)	\$ (508,286)	\$ 60,911	\$ (4,457)	\$ 564,741	
Expenses						
Personnel Expenses						
Salaries	\$ 2,892,879	\$ 2,892,879	\$ -	\$ 3,395,162	\$ 502,283	
Payroll Taxes	160,491	160,491	-	208,888	48,397	
Benefits	717,736	717,736	-	891,855	174,119	
Retirement Costs	321,326	321,326	-	374,487	53,161	
Total Personnel Expenses	\$ 4,092,432	\$ 4,092,432	\$ -	\$ 4,870,392	\$ 777,960	
Meeting Expenses						
Meetings & Conference Calls	\$ 113,550	\$ 113,550	\$ -	\$ 129,200	\$ 15,650	
Travel	78,600	78,600	-	72,600	(6,000)	
Total Meeting Expenses	\$ 192,150	\$ 192,150	\$ -	\$ 201,800	\$ 9,650	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 61,000	\$ 61,000	\$ -	\$ 155,000	\$ 94,000	
Office Rent	909,500	546,000	(363,500)	420,110	(489,390)	
Office Costs	1,156,550	1,096,550	(60,000)	1,167,313	10,763	
Professional Services	1,030,000	990,000	(40,000)	945,500	(84,500)	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	30,000	70,000	40,000	30,000	-	
Total Operating Expenses, excluding Depreciation	\$ 3,187,050	\$ 2,763,550	\$ (423,500)	\$ 2,717,923	\$ (469,127)	
Total Direct Expenses	\$ 7,471,632	\$ 7,048,132	\$ (423,500)	\$ 7,790,114	\$ 318,483	
Indirect Expenses	\$ (7,471,632)	\$ (7,471,632)	\$ -	\$ (7,790,114)	\$ (318,483)	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ -	\$ (423,500)	\$ (423,500)	\$ 0	\$ 0	
Change in Net Assets (=A-B)	\$ (569,198)	\$ (84,786)	\$ 484,411	\$ (4,457)	\$ 564,741	
Total Funding (A) Requirement	\$ (323,075)	\$ (323,075)	\$ (484,411)	\$ (323,075)	\$ -	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ -	\$ 231,600	\$ 231,600	\$ -	\$ -	
TOTAL BUDGET (=B+C)	\$ -	\$ (191,900)	\$ (191,900)	\$ 0	\$ 0	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (569,198)	\$ (316,386)	\$ 252,811	\$ (4,457)	\$ 564,741	

Table A - 12: Administrative Services Budget Detail

Technical Committees and Member Forums

Program Scope and Functional Description

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. NPCC stakeholders are the source of subject matter expertise in the industry. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high-level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC and NERC to identify and discuss emerging reliability issues related to the NPCC Region.

2024 Key Assumptions

- NPCC’s standing committee and subgroup structure for effective stakeholder involvement will continue in 2024.
- NPCC will continue to utilize methods to encourage active involvement in its Regional programs that require stakeholder travel and in-person meetings.
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.

2024 Goals and Key Deliverables

- The 2024 NPCC DER/VER Forums and State and Provincial regulatory outreach provide an opportunity for NPCC Members to discuss topics related to the Strategic Focus Areas identified within the NPCC 2023 – 2026 Strategic Plan: Enhancing System Resilience and Assuring Energy Sufficiency; Reliability Integrating the Resources brought forward by Societal De-carbonization Objectives, including DER and VER; and Addressing Cyber and Physical Threats.
- The objective of the NPCC Public Information Committee is to disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and to coordinate with related NPCC Area and ERO Enterprise public information activities, as needed. Anticipated activities include, but are not limited to:
 - Coordination of media releases for NPCC Reliability Assessments.
 - Coordinating other NPCC media releases and statements on an as-needed basis.
 - Responding to media inquiries (and coordinating responses).
 - Participating in the ERO Communication Group’s 2024 Work Plan activities, including:
 - Information sharing/education of key audiences/stakeholders to further the ERO Enterprise’s mission;
 - Coordination/planning for outreach communications and media relations;
 - Consistent/coordinated outreach to support public and regulatory confidence of ERO Enterprise and its activities; and
 - Coordination with the ERO Enterprise Crisis Action Plan related media activities.
 - Periodic update of NPCC’s Emergency Communications Plan (A Guide for Media Communications During Emergencies).
 - Media Planning associated with NERC’s Grid Security Exercise.

Resource Requirements

Personnel

Increase of 0.40 FTE resulting from a review of staff to better match staffing with current requirements and responsibilities.

Meetings

In-person DER/VER Forums are expected to increase in 2024, in conjunction with the Regional Standards Committee meetings; some meetings may provide a format to allow for remote participation.

General and Administrative

Program Scope and Functional Description

The NPCC General and Administrative program area provides executive management of the corporation, enterprise risk management, management of NPCC office, and other administrative support programs.

NPCC total overhead expenses, such as office rent and office costs, will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

2024 Key Assumptions

The General and Administrative program area will maintain its scope of operations from 2023. The Annual Meeting of Members will be held in-person in 2024.

2024 Goals and Key Deliverables

- Provide strong executive leadership and strategic guidance for NPCC's activities.
- Ensure NPCC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide support for the Board and Board committees.
- Continue to identify efficiencies and opportunities to increase effectiveness.
- Continue to enhance internal and external communications.

Resource Requirements

Personnel

Decrease of 1.50 FTE resulting from a review of staff to better match staffing with current requirements and responsibilities.

Office Rent

Decrease associated with negotiating the early termination of the current office lease and executing a new lease for a smaller office space with lower rent per square foot to accommodate a hybrid work environment. The new lease becomes effective in the second quarter of 2023.

Legal and Regulatory

Program Scope and Functional Description

The Legal and Regulatory program area is responsible for providing legal and regulatory advice to the Chief Executive Officer, Board, and staff on matters that affect NPCC. This includes drafting, reviewing, and maintaining NPCC's contracts, policies and procedures, and governance documents. It includes identifying and evaluating corporate, operational, strategic, and reputational risks and ensuring legal and regulatory compliance with applicable laws, orders, rules, and regulations. It also includes oversight of outside counsel, as necessary, which may review complex matters for legal sufficiency and provide independent legal advice and guidance on certain employment and Human Resource related matters.

The Legal and Regulatory program area is responsible for Corporate Secretary function activities such as preparing Board materials and minutes, facilitating, and conducting Board training, and ensuring that meetings of the Board of Directors and Committees adhere to the NPCC Amended and Restated Bylaws and other relevant governing documents.

The Legal and Regulatory program area also provides oversight to the ME subprogram area of CORC. This includes overseeing settlements, contested enforcement matters, and enforcement submissions or filings with FERC and other Canadian regulatory agencies.

2024 Key Assumptions

The Legal and Regulatory program area will maintain its scope of operations from 2023. The volume and complexity of certain legal and regulatory matters and of enforcement matters is expected to increase.

2024 Goals and Key Deliverables

- Support NPCC's corporate legal and regulatory needs;
- Support NPCC's corporate governance needs;
- Continue oversight of enforcement matters in all jurisdictions.
- Collaborate with the ERO Enterprise on certain legal and regulatory matters.

Resource Requirements

Personnel

Increase of 0.75 FTEs to support the Legal and Regulatory activities described above.

Professional Services

Decrease in professional services is a result of increasing in-house legal responsibilities.

Information Technology

Program Scope and Functional Description

The Information Technology (IT) program area is responsible for providing technology-based solutions to support NPCC’s objectives, operations, and initiatives. IT focuses on the development, implementation, and maintenance of systems, applications, and infrastructure that enable the organization to achieve its goals and objectives.

IT functions include, but are not limited to the following:

- Developing and implementing a technology strategy that aligns with the organization's goals and objectives. This includes technology planning, selection and implementation of systems, and development of an IT roadmap.
- Design, development, testing, implementation and maintenance of software systems and applications. This will include off-the-shelf software and cloud-based solutions.
- Design, implementation, maintenance, and security of the organization's technology infrastructure, including servers, networks, and data centers.
- Implementing security measures to protect the organization's systems and data from cyber threats, such as hacking, malware, and viruses.
- Providing technical support to end-users, including desktop support, application support, and troubleshooting of technical issues.
- Managing relationships with technology vendors, including procurement, contract management, and vendor performance evaluations.
- Managing technology-related projects, including project planning, execution, and delivery.

The IT program area is responsible for establishing measures to enforce the NPCC Cybersecurity and Data Protection Program and supporting the program areas to ensure that technology solutions meet their requirements and support the achievement of their goals, objectives, and deliverables. The Information Technology program area will also provide training and support to end-users to ensure they are able to effectively use technology solutions.

NPCC IT partners with the ERO to implement, operate and maintain software tools supporting common enterprise-wide operations and leverages ERO solutions which have been approved by the senior leadership of NERC and each of the Regional Entities, formally referred to as the ERO Executive Committee (ERO EC).

NERC and the Regional Entities are committed to working collaboratively to improve operational efficiency, minimize duplication of effort, and gain efficiencies by deploying common solutions from approved vendors. The NERC information technology budget does not supplant NPCC’s need for IT expenditures for cybersecurity, Regional projects, and internal region-specific IT support needs.

2024 Key Assumptions

NPCC’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, NPCC could incur additional costs to implement ERO Enterprise-wide programs pending the availability of these applications. The 2024 plan considers the following regional assumptions:

- NPCC IT primary support services are provided in-house. This includes network and infrastructure management, cyber-security, and technical support.
- Utilize consulting services for project-based work and 24/7 Security Operations to augment staff skill sets instead of increasing FTEs for incident response and support of NPCC's website and cloud network environments.
- Participate in the design, planning and implementation of ERO Centralized Applications, and will provide support for accessing the tools. (e.g., the new Align tool, E-ISAC portal access, ERO training portal, BESnet, MIDAS, SAFNER, etc.).
- Cybersecurity measures, such as firewalls, antivirus software, intrusion detection systems, data loss prevention, identity and access management, vulnerability management, data backup and recovery systems and other software solutions to strengthen NPCC's security posture and governance activities.
- Upgrade and maintenance of the organization's technology infrastructure, including data centers (on prem or cloud), networks, and servers.
- Support the ERO Enterprise 3 Year Cybersecurity and ERO Long Term Strategy initiatives and continue working collaboratively to minimize duplication of effort and investments and improve operational efficiency.

2024 Goals and Key Deliverables

The IT department responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems.

- Ensure technology solutions align with the organization's objectives and support the achievement of its goals.
- Enhance security and data protection by implementing measures and controls to protect data and systems from evolving cybersecurity threats, ensure the security of information, and comply with industry frameworks and standards.
- Improve cyber hygiene of our users to reduce the risk of cyber threats and attacks.
- Improve efficiency and productivity by streamlining processes, automating workflows, and reducing manual tasks.
- Provide reliable and effective technical support to end-users, ensure the availability of technology solutions, and resolve technical issues in a timely manner.
- Collaborate with the ERO and implement solutions that facilitate collaboration and ensure the security of business operations.

Resource Requirements

Personnel

Increase of 2.0 FTEs to support the Information Technology program area's activities described above, with specific responsibilities of helpdesk support, contract management and data analytics.

Human Resources

Program Scope and Functional Description

NPCC constructed an exceptional team of highly qualified employees to carry out their day-to-day activities in the Human Resources Management (HRM) function. A critical responsibility of Human Resources (HR) is to build a healthy work environment and motivate its employees at each step to promote the company's goals to ensure the organization's success. Human Resources designs, implements and enforces policies and procedures, strategic planning, succession planning, knowledge transfer, and training and development. In addition, HR is responsible for managing the employee life cycle (i.e., recruiting, hiring, onboarding, training, and terminations), employee relations, performance management, compensation and benefits, Human Resources Information Systems (HRIS), and HR data and analytics tools all in adherence to applicable federal, state, and local laws.

2024 Key Assumptions

The Human Resources area will maintain its scope of operations from 2023. An increased number of employees drives the organization's recruitment needs, resulting in an increased workload.

2024 Goals and Key Deliverables

- Represent NPCC on the ERO People Culture and Strategy Group (PCSG) and participate in the ERO group activities to increase collaboration, transparency, and efficiency.
- Enhance employee recruiting and retention policies and practices.
- Increase the effectiveness of performance management processes.
- Amplify employee engagement activities, events, and voluntary employee resource groups.
- Manage rising benefits costs and establish competitive programs.

Resource Requirements

Personnel

Increase of 1.0 FTE to support the Human Resources program area's activities described above with the growing number of employees in the organization.

Accounting and Finance

Program Scope and Functional Description

The Accounting and Finance program directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare its unaudited statements of activities and financial statements for quarterly reviews. Independent audits have consistently identified this system as a best practice.

2024 Key Assumptions

The Accounting and Finance program area will maintain its scope of operations from 2023.

2024 Goals and Key Deliverables

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements:

- Participate in ERO Finance Group activities to increase collaboration and efficiency
- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method of accounting for consistency with NERC in methodology
- Alignment of changes in budget and changes in aggregate assessment
- Cash Management
- Budget development using the NERC budget template format
- Forecasts and projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the programs
- Payroll and expense administration
- Preparation of unaudited quarterly financial variance reports
- IRS reporting
- Annual independent audit of financial statements

Resource Requirements

Personnel

Increase of 1.0 FTE to support the Accounting and Finance program area's activities described above, with specific responsibilities related to accounts payable processing and data analysis.

Professional Services

Decrease in professional services is a result of increasing in-house finance responsibilities.

Regional Entity Assessment Analysis

In the area of assessments there are distinct funding mechanisms as outlined in the following table. For the Regional Entity division, NERC will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario, and Québec) based upon 2022 proportional Net Energy for Load (NEL) and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July, and October. For funding associated with the Criteria Services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2022 NEL within the Region. Non ISO/BAA Full Members will be assessed no membership fee.

NPCC Cost Allocation Methodology

The accompanying table provides information regarding cost allocation for both the Regional Entity division and the Criteria Services division of NPCC, including the details associated with the funding of the Compliance Program within the RE division. For purposes of determining assessments to support NPCC's resource requirements, costs are allocated among the ISOs/BAAs within NPCC as the designees for the LSEs in New York, New England, Ontario, Québec, New Brunswick, and Nova Scotia.

To reflect and respect the international membership and nature of NPCC, any sub-Regional reliability assessment costs in response to U.S. only regulatory initiatives will be considered for allocation to U.S. only ISOs/BAAs consistent with NERC Rules of Procedure Section 1102. Additionally, the compliance responsibilities and authorities within the U.S., and the specific compliance responsibilities within each of the Canadian provinces within NPCC, and the attendant costs of portions of the compliance program differ among the areas within the Regional Entity. Within the U.S. portion of NPCC all costs attributable to delegated (statutory) functions performed by NPCC, including all compliance functions, are assessed based on a NEL allocation. Within the Canadian portion of NPCC those costs attributable to compliance functions performed by NPCC on behalf of provincial governmental and/or regulatory authorities are allocated consistent with the unique MOUs or Agreements that have been entered into for those provinces. To address these different compliance regimes, NPCC developed a composite cost allocation methodology that allocates U.S. only reliability assessment and compliance costs on a fair and equitable basis within the Regional Entity.

As an initial step of that methodology, the NEL for each of the BAAs and their relative percentage to the NPCC total NEL is calculated for the most recent year for which data is available, the second previous year. To establish the RE division funding requirements for each BAA on a NEL basis for all programs except for Compliance, the proposed expenses and fixed assets of all other programs are calculated and the adjustment for the RE division cash reserve requirement is identified. Penalty funds received from NPCC registered entities within the U.S. are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs. Consistent with each of the Canadian provincial MOUs and Agreements, all penalty funds resulting from compliance actions within Canada, if any, would remain within the applicable province. The total budgeted fees for NPCC workshop participation are indicated as a credit, with the resultant addition being the RE division assessment, without the compliance program costs, calculated on a NEL basis.

In accordance with the NPCC Amended and Restated Bylaws the Criteria Services (CS) division proposed expenses and fixed assets of all programs are calculated and the adjustment for the CS division cash reserve requirement is identified, with the resultant addition being the CS division funding requirement and assessment, calculated on a NEL basis.

For costs associated with the RE division compliance program, NPCC's allocation methodology has been enhanced to better stabilize assessments. NPCC applies a rolling seven-year compliance cost average to total compliance program expenses for the current budget year. For each of the seven years, costs attributed to CORC Fundamentals (CF), are allocated between the BAAs in the United States and Canada on a NEL basis.

Audits and Investigations (AI) related costs are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an audit-based methodology. The audit-based methodology incorporates relative costs based on categories of compliance audits which are reflective of their size and complexity, as well as the differing compliance program implementation models that are utilized in NPCC due to the international nature of the Regional Entity. The portion allocated to the U.S. BAAs in NPCC is calculated using the audit-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL.

Mitigation and Enforcement (ME) related costs are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an enforcement activity-based methodology. Based on historical data, NPCC reviewed each BAAs percentage of violations, mitigation plans and settlement agreements to determine each BAA's total average percentage of enforcement activities. The portion allocated to the U.S. BAA's in NPCC is calculated using the enforcement activity-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL.

The seven-year average allocation percentage of total combined compliance costs for each BAA is then applied to the total compliance program expenses for the current budget year to mitigate fluctuations in assessments from year to year.

Penalty funds received from NPCC registered entities within the U.S. are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs, and then added to the total compliance program expenses and fixed assets to yield a total compliance program assessment.

The CORC actual vs budget variance from the most recent year for which audited financials are available is broken out from the rest of the Adjustment to Cash Reserve and assigned to the CORC program allocation of costs. Within Québec these costs are funded directly by the regulator, therefore, the assignment of program area variances needs to respect those specific circumstances.

Finally, the total RE division funding requirements and assessments by BAA are tabulated and the total funding requirements and assessments for NPCC, both the RE and CS divisions, are combined.

NPCC 2024 Regional Entity (RE) and Criteria Services (CS) Divisional Funding Information

A-1	A-2	B-1	B-1a	C-1	C-1a	D-1	E-1	F-1	G-1	H-1	I-1	J-1	K-1	L-1	M-1	N-1	O-1
New England	118,928,000	118,928,000	118,928,000	19.014%	43.786%	TBD	1,730,645	-847	1,729,798	-63,875	-14,230	1,651,693	217,876	-42,438	175,438	-506	174,931
New York	152,681,000	152,681,000	152,681,000	24.411%	56.214%	TBD	2,221,821	-1,088	2,220,733	-82,003	-18,268	2,120,461	279,711	-54,482	225,229	-650	224,579
Ontario	137,570,000	137,570,000	137,570,000	21.995%			2,001,925	-980	2,000,944	0	-16,460	1,984,484	252,028	-49,090	202,937	-586	202,352
Quebec	190,098,000	190,098,000	190,098,000	30.393%			2,766,314	-1,355	2,764,960	0	-22,745	2,742,214	348,259	-67,834	280,425	-809	279,615
New Brunswick	14,855,000	14,855,000	14,855,000	2.375%			216,171	-106	216,065	0	-1,777	214,287	27,214	-5,301	21,913	-63	21,850
Nova Scotia	11,330,000	11,330,000	11,330,000	1.811%			164,875	-81	164,794	0	-1,356	163,438	20,757	-4,043	16,714	-48	16,665
Total	625,462,000	625,462,000	625,462,000	100.000%	100.000%	\$0	\$9,101,750	-\$4,457	\$9,097,294	-\$145,878	-\$74,837	\$8,876,579	\$1,145,844	-\$223,189	\$922,655	-\$2,663	\$919,992

A-2	B-2	C-2	D-2	E-2	F-2	G-2	H-2	I-2	J-2
New England	31.52%	4,093,524	-111,271	-278,645	3,703,608	5,544,677	5,355,301	5,720,115	5,530,233
New York	40.73%	5,289,169	-142,851	-358,004	4,788,314	7,151,898	6,908,775	7,377,126	7,133,354
Ontario	7.61%	988,033	0	-73,030	915,003	2,915,947	2,899,487	3,118,885	3,101,839
Quebec	15.54%	2,017,961	0	-126,340	1,891,621	4,656,581	4,633,836	4,937,005	4,913,451
New Brunswick	3.09%	401,283	0	-23,320	377,963	594,027	592,250	615,941	614,100
Nova Scotia	1.50%	195,047	0	-14,072	180,975	345,769	344,413	362,482	361,078
Total	100.000%	\$12,985,016	-\$254,122	-\$873,410	\$11,857,483	\$21,208,899	\$20,734,062	\$22,131,555	\$21,654,055

1. Any sub-regional reliability assessment costs in response to U.S. only regulatory initiatives will be considered for allocation to U.S. only B.A.s consistent with NERC Rules of Procedure section 1102.
 2. Consistent with NERC's Policy on Allocation of Certain Compliance and Enforcement Costs, the NPCC Board approved Allocation Methodologies for Certain NPCC Compliance Program Area Costs Assessed to Non-U.S. Entities.
 3. Total CORC Program Costs are allocated based on a seven-year average allocation percentage. CORC Program Fundamentals expenses are allocated each year using the Regional NEL based methodology. Audit and Investigation expenses attributable to Canadian NPCC B.A.s are allocated annually utilizing an audit based methodology. The portion attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a and C-1a. Audit based allocation uses Compliance Registry Data registrations as of May 1, 2023. Mitigation and Enforcement expenses are allocated annually utilizing an enforcement activity based methodology for Canadian NPCC B.A.s. The portion attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a and C-1a. The average allocation of total compliance program costs for the current budget year in order to mitigate fluctuations in assessments.

Section B — Supplemental Financial Information
2024 Business Plan and Budget

Table B-1 Reserve Balance

Working Capital and Operating Reserve Analysis 2023-2024				
REGIONAL ENTITY DIVISION				
	Total Reserve	Working Capital	Operating Reserve	Assessment Stabilization
Beginning Total Reserve, December 31, 2022	8,573,113	5,582,642	1,618,568	1,371,903 ⁴
Plus: 2023 ERO Funding (from LSEs or designees)	18,140,037	18,140,037		
Plus: 2023 Other funding sources	107,500	107,500		
Plus: Penalties collected	0			0
Approved 2023 Penalties released to offset U.S. assessments	0	300,000		(300,000)
Less: 2023 Projected expenses & capital expenditures	(19,265,731)	(19,265,731)		
Projected Total Reserve, December 31, 2023	7,554,919	4,864,447	1,618,568	1,071,903
Desired Total Reserve, December 31, 2024	6,277,052	3,764,659 ¹	1,840,490 ²	671,903
Less: Projected Total Reserve, December 31, 2023	(7,554,919)	(4,864,447)	(1,618,568)	(1,071,903)
Increase(decrease) in assessments to achieve desired Total Reserve	(1,277,867)	(1,099,789)	221,922	(400,000)
2024 Expenses and Capital Expenditures	22,086,766			
Less: Penalty Sanctions (Applied to U.S. Only) ³	(400,000)			
Less: Other Funding Sources	(74,837)			
Adjustment to Operating Reserve to achieve desired Total Reserve balance ²	221,922			
Adjustment to Working Capital to achieve desired Total Reserve balance ¹	(1,099,789)			
2024 Assessment	20,734,062			

¹ Working Capital within a range from 8.33% to 25.00% of Budget. \$3,764,659 represents 17.04% of the 2024 budget of \$22,086,766

² Operating Reserve equal to 8.33% of Budget. \$1,840,490 represents 8.33% of the 2024 budget of \$22,086,766

³ Represents amount applied to reduce 2024 assessments. Balance of collections July 1, 2022 through June 30, 2023 retained for assessment stabilization purposes.

⁴ Assessment Stabilization Reserve balance was \$836,885 at June 30, 2022. Penalty Sanctions totaling \$535,018 were collected July 1, 2022 through December 31, 2022.

Table B - 1: Working Capital Reserve Analysis

Explanation of Changes in Reserve Policy from Prior Year

There was no change to the existing Working Capital and Operating Reserve Policy. NPCC maintains an Assessment Stabilization Reserve (ASR) separate from the Working Capital and Operating Reserve. The purpose of the ASR is to enable penalty funds to be released in multiple budget years to avoid large fluctuations in assessments. NERC Rules of Procedure Section 1107.2 specifies that penalty funds received by NPCC during the 12 months ended June 30th are to be used in the subsequent budget year to offset assessments. Pursuant to Section 1107.4, exceptions or alternatives to this provision are allowed if approved by NERC and FERC. Therefore, pursuant to Section 1107.4, NERC and NPCC request that the Commission approve an exception to the requirement of Section 1107.2 that all penalties collected during the 12 months ended the previous June 30 be used to reduce NPCC's assessments in the following year, in order to allow NPCC to (i) deposit the \$535,018 of penalties collected during the 12 months ended June 30, 2022 into the ASR, and (ii) use \$400,000 of the penalty funds in the ASR to reduce its 2024 assessment. In future years, NPCC will specify the amount of penalty funds to be released and the amount of penalty funds to be retained to offset assessments in future years within its Business Plan and Budget to be approved annually by NPCC's Board of Directors, NERC, and FERC.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Regional Entity division Statement of Activities on page 12 of the 2024 Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

NPCC maintains an ASR. The purpose of the ASR is to enable penalty monies to be released in multiple budget years to avoid large fluctuations in assessments. NERC Rules of Procedure Section 1107.2 specifies that penalty funds received by NPCC during the 12 months ended June 30th are to be used in the subsequent budget year to offset assessments. Pursuant to Section 1107.4, exceptions or alternatives to this provision are allowed if approved by NERC and FERC. Therefore, pursuant to Section 1107.4, NERC and NPCC request that the Commission approve an exception to the requirement of Section 1107.2 that all penalties collected during the 12 months ended the previous June 30th be used to reduce NPCC’s assessments in the following year, in order to allow NPCC to (i) deposit the \$535,018 of penalties collected during the 12 months ended June 30, 2022 into the ASR, and (ii) use \$400,000 of the penalty funds in the ASR to reduce its 2024 assessment. In future years, NPCC will specify the amount of penalty funds to be released and the amount of penalty funds to be retained to offset assessments in future years within Table B-1 Reserve Balance of its Business Plan and Budget, approved annually by NPCC’s Board of Directors, NERC, and FERC. Penalty sanctions collected during the 12 months ended June 30, 2022 are detailed below. Penalty funds released to offset assessments in 2024 and amounts retained to offset future assessments are detailed in the Assessment Stabilization column of Table B-1 Reserve Balance on the preceding page.

Allocation Method: U.S. penalty sanctions received are allocated to the following Regional Entity division programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. U.S. penalty sanctions are allocated based upon 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 Prior to June 30, 2023	Date Received	Amount Received
	12/2/2022	\$ 512,000
	12/23/2022	\$ 23,018
Total Penalties Received		\$ 535,018

Table B - 2: Penalty Sanctions Received

Table B-3 Supplemental Funding

Outside Funding Breakdown By Program (excluding ERO Assessments & Penalty Sanctions)	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ 33,750	\$ 27,500	\$ 27,500	\$ (6,250)
Total	\$ 33,750	\$ 27,500	\$ 27,500	\$ (6,250)
Situation Awareness and Infrastructure Security				
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
Total	\$ -	\$ -	\$ -	\$ -
Administrative Services Programs				
Interest & Investment Income	\$ 19,089	\$ 80,000	\$ 47,337	\$ 28,248
Total	\$ 19,089	\$ 80,000	\$ 47,337	\$ 28,248
Total Outside Funding	\$ 52,839	\$ 107,500	\$ 74,837	\$ 21,998

Table B - 3: Supplemental Funding

Explanation of Significant Variances

- NPCC plans to hold one virtual and one in-person NPCC Compliance and Reliability Conference in 2024. Fees are charged for in-person attendance only.
- NPCC estimates interest & investment income of \$47,337 in 2024.

Table B-4 Personnel Expenses

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Total Salaries	\$ 10,411,939	\$ 10,411,939	\$ 12,456,749	\$ 2,044,810	19.6%
Total Payroll Taxes	\$ 690,561	\$ 690,561	\$ 886,163	\$ 195,602	28.3%
Total Benefits	\$ 2,535,986	\$ 2,535,986	\$ 3,198,026	\$ 662,040	26.1%
Total Retirement	\$ 1,095,815	\$ 1,095,815	\$ 1,293,505	\$ 197,690	18.0%
Total Personnel Costs	\$ 14,734,302	\$ 14,734,302	\$ 17,834,444	\$ 3,100,142	21.0%
FTEs	56.90	56.90	68.10	11.20	19.7%
Cost per FTE					
Salaries	\$ 182,987	\$ 182,987	\$ 182,918	\$ (68)	0.0%
Payroll Taxes	\$ 12,136	\$ 12,136	\$ 13,013	\$ 876	7.2%
Benefits	\$ 44,569	\$ 44,569	\$ 46,961	\$ 2,392	5.4%
Retirement	\$ 19,259	\$ 19,259	\$ 18,994	\$ (264)	-1.4%
Total Cost per FTE	\$ 258,951	\$ 258,951	\$ 261,886	\$ 2,935	1.1%

Table B - 4: Personnel Expenses

Explanation of Significant Variances

- Increase in total personnel expenses resulting from 11.20 additional FTEs. Additional information regarding FTE resources is included in each of the program area sections.
- New hires are budgeted based on projected start date.
- Budgeted 4.5% average merit pool.
- Estimated medical insurance premium increase of 8%.

Table B-5 Meeting Expense

Meeting Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Meetings	\$ 227,750	\$ 227,750	\$ 309,100	\$ 81,350	35.7%
Travel	\$ 642,600	\$ 642,600	\$ 678,650	\$ 36,050	5.6%
Conference Calls	\$ 9,500	\$ 9,500	\$ 4,200	\$ (5,300)	-55.8%
Total Meeting Expenses	\$ 879,850	\$ 879,850	\$ 991,950	\$ 112,100	12.7%

Table B - 5: Meeting Expense

Explanation of Significant Variances

- In-person meetings are expected to increase in 2024. The Annual Meeting of Members will be held in-person. Some meetings will continue to be held in virtual or hybrid format to allow for remote participation and greater access.

Table B-6 Consultants and Contracts

Consultants	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance Enforcement and Organization Registration and Certification	\$ -	\$ -	\$ -	\$ -	-
Reliability Assessment and Performance Analysis	\$ -	\$ -	\$ -	\$ -	-
Training and Education	\$ -	\$ -	\$ -	\$ -	-
Situation Awareness and Infrastructure Security	\$ -	\$ -	\$ -	\$ -	-
Member Forums	\$ -	\$ -	\$ -	\$ -	-
General and Administrative	\$ -	\$ -	\$ -	\$ -	-
Legal and Regulatory	\$ -	\$ -	\$ -	\$ -	-
Information Technology	\$ -	\$ -	\$ -	\$ -	-
Human Resources	\$ -	\$ -	\$ -	\$ -	-
Accounting and Finance	\$ -	\$ -	\$ -	\$ -	-
Consultants Total	\$ -	\$ -	\$ -	\$ -	-
Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance Enforcement and Organization Registration and Certification	\$ 15,000	\$ 15,000	\$ 10,000	\$ (5,000)	-33.3%
Reliability Assessment and Performance Analysis	\$ 803,000	\$ 803,000	\$ 700,000	\$ (103,000)	-12.8%
Training and Education	\$ -	\$ -	\$ -	\$ -	-
Situation Awareness and Infrastructure Security	\$ 30,000	\$ 30,000	\$ 35,000	\$ 5,000	16.7%
Member Forums	\$ -	\$ -	\$ -	\$ -	-
General and Administrative	\$ 55,000	\$ 55,000	\$ 155,000	\$ 100,000	181.8%
Legal and Regulatory	\$ -	\$ -	\$ -	\$ -	-
Information Technology	\$ -	\$ -	\$ -	\$ -	-
Human Resources	\$ -	\$ -	\$ -	\$ -	-
Accounting and Finance	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)	-100.0%
Contracts Total	\$ 909,000	\$ 909,000	\$ 900,000	\$ (9,000)	-1.0%
Total Consultants and Contracts	\$ 909,000	\$ 909,000	\$ 900,000	\$ (9,000)	-1.0%

Table B - 6: Consultants and Contracts

Explanation of Significant Variances

- Decrease in Reliability Assessment and Performance Analysis contracts based on currently projected volume of reliability studies and assessments.
- Increase in General and Administrative contracts for external communications and Board of Directors and staff compensation studies.
- Accounting and Finance software maintenance contract reclassified to IT computer supplies and maintenance.

Section B — Supplemental Financial Information

Table B-7 Office Rent

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Office Rent	\$ 650,000	\$ 423,250	\$ 330,110	\$ (319,890)	-49.2%
Utilities	\$ 43,000	\$ 30,000	\$ 30,000	\$ (13,000)	-30.2%
Maintenance	\$ 45,000	\$ 45,000	\$ 40,000	\$ (5,000)	-11.1%
Security	\$ 6,500	\$ 6,500	\$ 10,000	\$ 3,500	53.8%
Real Estate Taxes	\$ 165,000	\$ 41,250	\$ 10,000	\$ (155,000)	-93.9%
Total Office Rent	\$ 909,500	\$ 546,000	\$ 420,110	\$ (489,390)	-53.8%

Table B - 7: Office Rent

Explanation of Significant Variances

- Decrease in office rent and associated expenses is the result of negotiating the early termination of the current office lease and executing a new lease for a smaller office space with lower rent per square foot to accommodate a hybrid work environment. The new lease becomes effective in the second quarter of 2023.

Table B-8 Office Costs

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Telephone	\$ 110,000	\$ 110,000	\$ 79,000	\$ (31,000)	-28.2%
Internet Expense	\$ 100,200	\$ 100,200	\$ 103,150	\$ 2,950	2.9%
Office Supplies	\$ 12,000	\$ 12,000	\$ 6,000	\$ (6,000)	-50.0%
Computer Supplies and Maintenance	\$ 918,000	\$ 858,000	\$ 949,158	\$ 31,158	3.4%
Subscriptions & Publications	\$ 27,600	\$ 27,600	\$ 38,000	\$ 10,400	37.7%
Dues	\$ 13,100	\$ 13,100	\$ 16,355	\$ 3,255	24.8%
Postage	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.0%
Express Shipping	\$ 5,000	\$ 5,000	\$ 5,000	\$ (0)	0.0%
Copying	\$ 7,000	\$ 7,000	\$ 4,800	\$ (2,200)	-31.4%
Reports	\$ 2,000	\$ 2,000	\$ 6,000	\$ 4,000	200.0%
Stationary and Office Forms	\$ 2,000	\$ 2,000	\$ 3,000	\$ 1,000	50.0%
Equipment Repair/Service Contracts	\$ -	\$ -	\$ -	\$ -	-
Bank Charges	\$ 5,000	\$ 5,000	\$ 5,000	\$ (0)	0.0%
Sales and Use Tax	\$ -	\$ -	\$ -	\$ -	-
Merchant Credit Card Fees	\$ -	\$ -	\$ -	\$ -	-
Presentation and Publicity	\$ -	\$ -	\$ -	\$ -	-
Total Office Costs	\$ 1,202,900	\$ 1,142,900	\$ 1,216,463	\$ 13,563	1.1%

Table B - 8: Office Costs

Explanation of Significant Variances

- Telephone expense decrease due to a reduction in landline telephone contracts.
- Subscriptions & Publications increase based on increased number of employees.

Table B-9 Professional Services

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
BOT Fee	\$ 315,000	\$ 315,000	\$ 303,500	\$ (11,500)	-3.7%
BOT Search Fee	\$ -	\$ -	\$ 75,000	\$ 75,000	-
Accounting & Auditing Fees	\$ 400,000	\$ 360,000	\$ 350,000	\$ (50,000)	-12.5%
Legal Fees - Other	\$ 250,000	\$ 250,000	\$ 145,000	\$ (105,000)	-42.0%
Insurance - Commercial	\$ 65,000	\$ 65,000	\$ 72,000	\$ 7,000	10.8%
Total Services	\$ 1,030,000	\$ 990,000	\$ 945,500	\$ (84,500)	-8.2%

Table B - 9: Professional Services

Explanation of Significant Variances

- BOT Search Fee increase based on one independent director search projected in 2024.
- Accounting & Auditing Fees decrease based on increasing in-house finance responsibilities.

Section B — Supplemental Financial Information

- Legal Fees – Other decrease based on increasing in-house legal responsibilities.

Table B-10 Miscellaneous

Miscellaneous Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Miscellaneous Expense	\$ 30,000	\$ 70,000	\$ 30,000	\$ -	0.0%
Total Miscellaneous Expense	\$ 30,000	\$ 70,000	\$ 30,000	\$ -	0.0%

Table B - 10 :Miscellaneous

Table B-11 Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Office Relocation	\$ -	\$ -	\$ -	\$ -	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Table B - 11: Other Non-Operating Expenses

Table B-12 Fixed Assets

Fixed Asset Additions	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Equipment CapEx	\$ 38,000	\$ 138,000	\$ 134,400	\$ 96,400	253.7%
Computer & Software CapEx	\$ 30,400	\$ 30,400	\$ 28,800	\$ (1,600)	-5.3%
Furniture & Fixtures CapEx	\$ -	\$ 84,000	\$ -	\$ -	-
Leasehold Improvements	\$ -	\$ 47,600	\$ -	\$ -	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
Total Fixed Asset Additions	\$ 68,400	\$ 300,000	\$ 163,200	\$ 94,800	138.6%

Table B - 12: Fixed Assets

Explanation of Significant Variances

- Equipment CapEx include replacing laptops in 2024.

Section B — Supplemental Financial Information

Table B-13

Statement of Activities and Capital Expenditures 2024 Budget & Projected 2025 and 2026 Budgets							
	2024 Budget	2025 Projection	\$ Change 24 v 25	% Change 24 v 25	2026 Projection	\$ Change 25 v 26	% Change 25 v 26
Funding							
ERO Funding							
ERO Assessments	\$ 20,734,062	\$ 22,847,041	\$ 2,112,979	10.2%	\$ 24,375,882	\$ 1,528,841	6.3%
Penalties Released	400,000	300,000	(100,000)	-25.0%	200,000	(100,000)	-50.0%
Total ERO Funding	\$ 21,134,062	\$ 23,147,041	\$ 2,012,979	9.5%	\$ 24,575,882	\$ 1,428,841	5.8%
Membership Dues	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-
Workshops & Miscellaneous	27,500	27,500	-	0.0%	27,500	-	0.0%
Interest & Investment Income	47,337	50,000	2,663	5.6%	50,000	-	0.0%
Total Funding (A)	\$ 21,208,899	\$ 23,224,541	\$ 2,015,642	9.5%	\$ 24,653,382	\$ 1,428,841	6.2%
Expenses							
Personnel Expenses							
Salaries	\$ 12,456,749	\$ 13,665,452	\$ 1,208,702	9.7%	\$ 14,210,415	\$ 544,964	4.0%
Payroll Taxes	886,163	948,748	62,585	7.1%	989,210	40,462	4.3%
Benefits	3,198,026	3,477,927	279,901	8.8%	3,691,824	213,896	6.2%
Retirement Costs	1,293,505	1,380,310	86,805	6.7%	1,437,720	57,409	4.2%
Total Personnel Expenses	\$ 17,834,444	\$ 19,472,437	\$ 1,637,994	9.2%	\$ 20,329,169	\$ 856,732	4.4%
Meeting Expenses							
Meetings & Conference Calls	\$ 313,300	\$ 349,566	\$ 36,266	11.6%	\$ 356,557	\$ 6,991	2.0%
Travel	678,650	757,223	78,573	11.6%	772,367	15,144	2.0%
Total Meeting Expenses	\$ 991,950	\$ 1,106,789	\$ 114,839	11.6%	\$ 1,128,925	\$ 22,136	2.0%
Operating Expenses							
Consultants & Contracts	\$ 900,000	1,009,000	109,000	12.1%	1,019,090	\$ 10,090	1.0%
Office Rent	420,110	424,311	4,201	1.0%	428,554	4,243	1.0%
Office Costs	1,216,463	1,240,792	24,329	2.0%	1,265,608	24,816	2.0%
Professional Services	945,500	964,410	18,910	2.0%	983,698	19,288	2.0%
Miscellaneous	30,000	30,000	-	0.0%	30,000	-	0.0%
Total Operating Expenses	\$ 3,512,073	\$ 3,668,513	\$ 156,440	4.5%	\$ 3,726,950	\$ 58,437	1.6%
Total Direct Expenses	\$ 22,338,467	\$ 24,247,740	\$ 1,909,273	8.5%	\$ 25,185,044	\$ 937,305	3.9%
Indirect Expenses	\$ (414,900)	\$ (423,199)	\$ (8,298)	2.0%	\$ (431,662)	\$ (8,464)	2.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses (B)	\$ 21,923,566	\$ 23,824,541	\$ 1,900,975	8.7%	\$ 24,753,382	\$ 928,841	3.9%
Change in Assets	\$ (714,667)	\$ (600,000)	\$ 114,667	-16.0%	\$ (100,000)	\$ 500,000	-83.3%
Fixed Assets Additions (C)	\$ 163,200	\$ 100,000	\$ (63,200)	-38.7%	\$ 100,000	\$ -	0.0%
TOTAL BUDGET (=B+C)	\$ 22,086,766	\$ 23,924,541	\$ 1,837,775	8.3%	\$ 24,853,382	\$ 928,841	3.9%
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (877,867)	\$ (700,000)	\$ 177,867	-20.3%	\$ (200,000)	\$ 500,000	0.0%
FTEs	68.10	71.10	3	4.4%	72.10	1	1.4%

Table B - 13: 2024 Budget & Projected 2025 and 2026 Budgets

Assumptions

2025

- Increase of 3 FTEs
- In-person meetings are expected to continue to increase in 2025

2026

- Increase of 1 FTE

Section C — Criteria Services Division Activities 2024 Business Plan and Budget

Section C – Criteria Services Division Activities

Criteria Services Division			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.10	2.90	0.80
Total Direct Expenses	\$663,548	\$724,143	\$60,595
Total Indirect Expenses	\$340,356	\$414,900	\$74,544
Other Non-Operating Expenses	\$0	\$0	\$0
Working Capital and Operating Reserves Requirement	(\$208,943)	(\$223,189)	(\$14,245)
Fixed Asset Additions	\$3,600	\$6,800	\$3,200
Funding Requirement	\$798,561	\$922,655	\$124,094

Table C - 1: Criteria Services Division Business Plan and Budget

NPCC Criteria Services Background

NPCC Criteria Services division activities are based on the development, and maintenance (including retirement), of new or revised regionally-specific, more stringent reliability criteria and supporting guideline or procedural documents. The requirements in NPCC Reliability Criteria apply only to those facilities defined as NPCC BPS elements through the performance-based methodology identified in the NPCC Document A-10, “Classification of Bulk Power System Elements.”

In accordance with the NERC Rules of Procedure Section 313, Regional Entities may develop Regional Criteria necessary to implement, augment, or facilitate compliance with NERC Reliability Standards. Regional Criteria may also include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

NPCC’s Directories contain Regional Criteria which consists of requirements which provide an enhanced level of reliability to the NPCC defined BPS. The criteria impose more stringent requirements than those which appear in the NERC Reliability Standards. The Regional Criteria may also be utilized to address issues not within the scope or jurisdiction of FERC as outlined in Section 215 of the Federal Power Act, such as resource adequacy. Regional Criteria may also address Canadian Provincial reliability issues, and may include specific operating or planning parameters, guides, agreements, protocols, or other documents used to enhance the reliability of the BPS in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or Regional Variances, and therefore are not enforceable under the authority delegated by NERC pursuant to delegation agreements.

On a periodic basis and as NERC Reliability Standards are revised or new standards are developed, NPCC performs reviews of any associated Regional Criteria for possible impact (e.g., continued need or revision). During the criteria review process NPCC’s Task Forces review not only the incremental reliability benefit, but also the cost effectiveness of the criteria. In addition, as NERC Reliability Standards are enhanced, revised, and ultimately approved by the FERC some requirements of the NPCC Regional Criteria may become unnecessary in the U.S. portion of NPCC. In these situations, it is important that the criteria remain in place until such time as all

NPCC’s Canadian Provincial regulators adopt the NERC Reliability Standard to ensure no reliability gaps exist.

For 2024 and beyond, the potential reliability risks of increased penetration of DER and VER, including offshore wind (OSW) development, associated changing fuel mix, impacts associated with increased EV deployment, electrification, and energy storage within the NPCC footprint, warrant further consideration. The Criteria Services division staff, in conjunction with the NPCC Task Forces and Working Groups have a unique opportunity to conduct reviews of these issues and develop criteria, guidelines, and procedural documents for DER which may be outside of the jurisdiction of FERC and NERC Reliability Standards. Outreach, collaboration, and coordination of topics related to DER and VER will enable NPCC to develop guidance allowing more effective integration of these resources.

Increasing resilience of the BPS through alternative approaches to standards development using potential NPCC Regional Criteria, guidelines, and whitepapers will also be continually reviewed by NPCC’s body of subject matter experts.

NPCC Criteria Services will also continue to prioritize the review of its reliability criteria based on potential emerging risks associated with increased deployment of decarbonized resources.

Membership

Full members, in accordance with NPCC’s Amended and Restated Bylaws, are subject to compliance with the NPCC Regionally-specific criteria and receive criteria-related services from the Criteria Services division.

Full Members, aside from those who perform the BA function, are not assessed an annual membership fee. Those that perform BA functions are assessed and remit a proportional NEL share of expenses for Criteria Services. NPCC would also directly assign Criteria Service division costs to a BAA or entity, where significant costs are incurred for that BAA. The funding for NPCC’s Criteria Services division is approved by the NPCC Board of Directors.

Under Criteria Services NPCC will identify for membership, those entities involved in emerging technologies to assure that entities which have an impact on BPS reliability are included in appropriate NPCC activities.

Criteria Services Division Functional Scope

NPCC provides Full Members with Regional reliability assurance services and acts as the vehicle through which States and Provinces can fulfill their legislative mandates, with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure.

2024 Key Assumptions

The Criteria Services division activities are expected to remain stable or slightly increase throughout 2024 depending on reliability need.

2024 Goals and Objectives

- Continue the development and maintenance of a set of NPCC Directories which augment or add specificity to the NERC Reliability Standards, and which clearly delineate the more stringent NPCC criteria requirements. The combination of North American and more stringent NPCC Regional criteria provide for consistency and operational clarity while providing more robust defense in–depth, results based, criteria requirements to ensure NPCC BPS reliability.
- Review the criteria found in the NPCC Directories on a triennial basis to ensure no redundancies or inconsistencies with ERO Standards exist.
- Retire Directories and/or Criteria which have been overtaken by improved NERC standards.
- Identify opportunities to develop and consolidate criteria, procedures, or guideline documents to address emerging risks associated with DER, VER (including OSW wind development), electrification (i.e., EV deployment), and energy storage.
- Identify opportunities to address enhancements in BES resilience with NPCC processes and documentation.
- Continually review the need to file revised and updated more stringent requirements with the New York State Department of Public Service and Canadian Provinces as applicable.
- The Criteria Services division and CCEP Working Group (a sub-group of the Compliance Committee) will work with the various Task Forces to develop Criteria Compliance Reporting Forms for any additional NPCC Directories to ensure that the more stringent or Regionally-specific Criteria is being met.
- Continually review impact of BES definition on Directory and Criteria content and compliance reporting.
- Continually review potential impacts of Sector or NPCC organizational changes on the Directories and Criteria by performing a review of enforcement and arbitration processes as needed.
- Assist Legal with preparation of revised Directories for regulatory filings with the individual Provinces in accordance with their respective MOUs and/or Agreements, as well as the State of New York Public Service Commission.
- Facilitate any requested clarifications for NPCC Criteria with the necessary subject matter experts and identify any other potential opportunities for clarifications of the Criteria.

NPCC Reliability Directory Maintenance and Development

The NPCC Regional Reliability Directories were developed to demonstrate that the NPCC more stringent criteria augment, add specificity, or address issues not covered in the NERC Reliability Standards as mandated by the NERC Rules of Procedure. The conversion of NPCC’s reliability criteria into Directories was undertaken to remove any redundancies with the NERC or NPCC Regional Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements.

In 2024, work will continue with the maintenance, revision, or potential retirement of individual Directories to address any actual or anticipated redundancies with new or modified NERC or NPCC Reliability Standards. The ongoing review and maintenance of the Directories will require Task Force and Criteria Services staff to support this effort and to serve as subject matter experts. The need for NPCC Directories and criteria contained therein may decrease over time, however in the interim, significant review is necessary to ensure the criteria remain consistent with the NERC Reliability Standards as outlined in the NERC Rules of Procedure. NPCC will conduct internal reviews of all draft standards against Regional criteria and utilize subject matter experts to identify reliability and compliance related concerns. NPCC will file the revised NPCC Directories and

notifications of retirements of Directories with the Canadian governmental and/or provincial Regulatory authorities within the NPCC footprint as needed, in accordance with established provincial procedures and agreements executed with NPCC.

Additionally, as NERC Reliability Standards are developed, associated Directories will be reviewed for continued need. This review will identify the incremental reliability enhancement the Directory's criteria will yield, determine if the enhancement is sufficient to warrant retention and if so, are there any potential cost-effective alternatives that may exist to achieve that enhanced level of reliability.

NPCC Operations and Planning Directories

The following Directories are expected to remain active for 2024.

Directory #1, Design and Operation of the Bulk Power System

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC TPL, BAL, IRO, INT, MOD, TOP, PRC, and VAR standards. A Joint Planning and Operations Working Group is currently reviewing this Directory to assess the impact of DER/VER and other emerging risks.

Directory #2, Emergency Operations

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC EOP and TOP standards. The NPCC Task Force on Coordination of Operation reviewed this Directory in 2019.

Directory #4, System Protection Criteria

This Directory documents NPCC's Regionally-specific, more stringent system protection criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The Task Force on System Protection completed a review of this Directory in 2020.

Directory #5, Reserve

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing applicable NERC BAL, INT, and IRO standards. The NPCC Task Force on Coordination of Operation completed a review of this Directory in 2019.

Directory #6, Reserve Sharing Groups

This Directory provides the requirements for NPCC Balancing Authorities to participate in a Reserve Sharing Group.

Directory #7, Special Protection Systems

This Directory documents NPCC's Regionally-specific, more stringent criteria for application and approval of RAS. The NPCC Task Force on System Protection reviewed and revised the document in 2020 to ensure consistency with the Remedial Action Scheme PRC-012 standard.

Directory #8, System Restoration

This Directory documents NPCC's Regionally-specific, more stringent criteria which each applicable entity must plan for and perform power system restoration following a major or a total blackout and demonstrates coordination and consistency with applicable NERC EOP standards. The NPCC Task Force on Coordination of Operation completed a review of this Directory in 2023.

Directory #11, Disturbance Monitoring Equipment

This Directory documents NPCC’s Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC PRC standards. The NPCC Task Force on System Protection developed Directory #11 to facilitate the retirement of the NPCC Regional Standard PRC-002-NPCC-1.

NPCC Criteria Compliance and Enforcement Program (CCEP)

Under the CCEP, Full Members of NPCC self-certify compliance on a subset of the regionally specific NPCC Criteria that are unique to the NPCC BPS. In 2024, there will be seven aspects of Criteria monitored that encompass six Directories.

Through NPCC Staff oversight, the stakeholder Compliance Committee (CC) supports the annual implementation of the CCEP via the CCEP-1 Process Document. A sub-group of CC members develops the annual CCEP Implementation Plan for approval by the full CC and acceptance by the RCC. The full CC reviews the returned certification forms, and NPCC staff develops an annual assessment report that summarizes the certification results where any recommendations on non-compliances are then presented to the RCC.

Upon RCC acceptance, instances of noncompliance result in a summary notification from the CC Chair to the Compliance Executive of the offending Full Member and to the NPCC President and CEO.

Criteria Services Resource Requirements

The proposed 2024 Criteria Services budget of \$1,145,844 represents an increase of \$138,339 or 13.7% over the 2023 budget. The proposed Criteria Services membership fees of \$919,992 represents an increase of \$122,966 or 15.4% over the 2023 membership fees. Increase in membership fees is greater than increase in budget due to lower utilization of reserves to offset membership fees in 2024 than in 2023 (see Reserve Analysis on page 65).

Personnel

Increase of 0.8 FTE to support Criteria Services division activities to address the increasing number and complexity of emerging risks to the NPCC BPS described above, to develop and consolidate criteria, procedures, or guideline documents to address emerging risks associated with DER, VER (including OSW wind development), electrification (i.e., EV deployment), and energy storage.

2022 Budget and Projection and 2024 Budget Comparisons

Statement of Activities and Capital Expenditures						
2023 Budget and Projection 2024 Budget						
CRITERIA SERVICES DIVISION						
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)	
Funding						
ERO Funding						
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	
Penalty Sanctions	-	-	-	-	-	
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -	
Membership Dues	797,195	797,195	-	919,992	122,798	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	-	-	-	-	-	
Interest & Investment Income	1,367	5,367	4,000	2,663	1,296	
Total Funding (A)	\$ 798,561	\$ 802,561	\$ 4,000	\$ 922,655	\$ 124,094	
Expenses						
Personnel Expenses						
Salaries	\$ 386,890	\$ 386,890	\$ -	\$ 473,354	\$ 86,464	
Payroll Taxes	25,390	25,390	-	34,534	9,144	
Benefits	71,441	71,441	-	90,941	19,500	
Retirement Costs	36,828	36,828	-	43,614	6,787	
Total Personnel Expenses	\$ 520,548	\$ 520,548	\$ -	\$ 642,443	\$ 121,895	
Meeting Expenses						
Meetings	\$ 10,000	\$ 10,000	\$ -	\$ 6,600	\$ (3,400)	
Travel	50,000	50,000	-	42,000	(8,000)	
Total Meeting Expenses	\$ 60,000	\$ 60,000	\$ -	\$ 48,600	\$ (11,400)	
Operating Expenses, excluding Depreciation						
Consultants & Contracts	\$ 76,000	\$ 76,000	\$ -	\$ 30,000	\$ (46,000)	
Office Rent	-	-	-	-	-	
Office Costs	3,000	3,000	-	3,100	100	
Professional Services	-	-	-	-	-	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	4,000	4,000	-	-	(4,000)	
Total Operating Expenses, excluding Depreciation	\$ 83,000	\$ 83,000	\$ -	\$ 33,100	\$ (49,900)	
Total Direct Expenses	\$ 663,548	\$ 663,548	\$ -	\$ 724,143	\$ 60,595	
Indirect Expenses	\$ 340,356	\$ 306,320	\$ (34,036)	\$ 414,900	\$ 74,544	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses (B)	\$ 1,003,905	\$ 969,869	\$ (34,036)	\$ 1,139,044	\$ 135,139	
Change in Net Assets (=A-B)	\$ (205,343)	\$ (167,307)	\$ 38,036	\$ (216,389)	\$ (11,045)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 3,600	\$ 3,600	\$ -	\$ 6,800	\$ 3,200	
TOTAL BUDGET (=B+C)	\$ 1,007,505	\$ 973,469	\$ (34,036)	\$ 1,145,844	\$ 138,339	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (208,943)	\$ (170,907)	\$ 38,036	\$ (223,189)	\$ (14,245)	

Table C - 2: Budget and Current Year Projection Comparison

Personnel Analysis

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	Shared FTEs 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
CRITERIA SERVICES DIVISION						
Criteria Services	2.10	2.10	0.00	2.90	2.90	0.80
Total FTEs Criteria Services Division	2.10	2.10	0.00	2.90	2.90	0.80

¹A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

Table C - 3: Criteria Services Personnel Analysis

Reserve Analysis

Working Capital and Operating Reserve Analysis 2023-2024			
CRITERIA SERVICES DIVISION			
	Total Reserve	Working Capital	Operating Reserve
Beginning Total Reserve, December 31, 2022	630,909	542,154	88,755
2023 Non-Statutory Funding (from members)	797,195	797,195	
Plus: 2023 Other funding sources	5,367	5,367	
Less: 2023 Projected expenses & fixed asset additions	(973,469)	(973,469)	
Remaining Business Continuity Reserves released into Working Capital	0		
Projected Total Reserve, December 31, 2023	460,002	371,247	88,755
Desired Total Reserve, December 31, 2024	236,813	141,330 ¹	95,483 ²
Less: Projected Total Reserve, December 31, 2023	(460,002)	(371,247)	(88,755)
Increase(decrease) in assessments to achieve desired Total Reserve	(223,189)	(229,917)	6,728
2024 Funding requirement for expenses and fixed asset additions	1,145,844		
Less: Other Funding Sources	(2,663)		
Adjustment to Operating Reserve to achieve desired Total Reserve balance ²	6,728		
Adjustment to Working Capital to achieve desired Total Reserve balance ¹	(229,917)		
2024 Funding and reserve requirement	919,992		

¹ Working Capital must be within a range from 8.33% to 25.00% of Budget. \$141,330 represents 12.33% of the 2024 budget of \$1,145,844.

² Operating Reserve must equal 8.33% of Budget. \$95,483 represents 8.33% of the 2024 budget of \$1,145,844.

Table C - 4: Reserve Analysis

Explanation of Changes in Reserve Policy from Prior Year

There was no change to the existing Working Capital and Operating Reserve Policy.

Section D — Additional Consolidated Financial Statements
2024 Business Plan and Budget

Statement of Financial Position

Statement of Financial Position				
Regional Entity and Criteria Services Division				
	(Per Audit)	Projected	Budget	
	31-Dec-22	31-Dec-23	31-Dec-24	
ASSETS				
Cash	\$ 2,525,176	\$ 2,100,000	\$ 2,100,000	
Restricted cash	1,522,163	1,179,000	779,000	
Investments	8,117,712	7,243,000	6,106,000	
Investments held for specific purposes	378,672	72,000	112,000	
Prepaid expenses	516,694	517,000	517,000	
Other assets	7,494	7,000	7,000	
Operating leases, right-of-use assets	319,666	3,213,000	2,986,000	
Equipment and leasehold improvements, net	436,959	421,000	455,000	
Total Assets	\$ 13,824,536	\$ 14,752,000	\$ 13,062,000	
LIABILITIES AND NET ASSETS				
Liabilities				
Accrued expenses and other liabilities	\$ 3,197,764	\$ 3,638,000	\$ 3,595,000	
Operating leases liabilities	205,054	3,217,000	2,997,000	
Deferred compensation	378,672	72,000	112,000	
Deferred revenue	567,659	-	-	
Total Liabilities	4,349,149	6,927,000	6,704,000	
Net Assets - Without Donor Restrictions				
Available for operations	9,475,387	7,825,000	6,358,000	
Total Net Assets Without Donor Restrictions	9,475,387	7,825,000	6,358,000	
Total Liabilities and Net Assets	\$ 13,824,536	\$ 14,752,000	\$ 13,062,000	

Table D - 1: Statement of Financial Position, Three-Year Comparison

Section D — Additional Financial Statements

NPCC Statement of Activities 2024 Budget		RE Division Total	Reliability Standards (Section 300)	Compliance Monitoring and Enforcement and Organization Registration and Certification (Section 400 & 500)	Reliability Assessment and Performance Analysis (Section 800)	Training, Education, and Operator Certification (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	Technical Committees and Member Forums	Administrative Services
Funding									
ERO Funding									
ERO Assessments	20,734,062	851,576	11,857,483	4,862,080	139,821	3,074,895	-	(51,794)	
Penalty Sanctions	400,000	17,847	254,122	72,163	776	55,092	-		
Total ERO Funding	21,134,062	869,423	12,111,606	4,934,243	140,597	3,129,988	-	(51,794)	
Membership Dues	-	-	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-	-	-
Workshops & Misc Revenue	27,500	-	-	-	27,500	-	-	-	-
Interest & Investment Income	47,337	-	-	-	-	-	-	-	47,337
Total Funding (A)	21,208,899	869,423	12,111,606	4,934,243	168,097	3,129,988	-	(4,457)	
Expenses									
Personnel Expenses									
Salaries	12,456,749	324,313	5,559,186	1,817,734	23,158	1,337,197	122,487	3,395,162	
Payroll Taxes	886,163	25,604	424,280	128,446	1,460	97,484	7,432	208,888	
Benefits	3,198,026	93,031	1,375,117	479,572	4,554	353,897	26,211	891,855	
Retirement Costs	1,293,505	28,534	569,187	185,405	2,451	133,441	12,809	374,487	
Total Personnel Expenses	17,834,444	471,483	7,927,770	2,611,157	31,623	1,922,019	168,938	4,870,392	
Meeting Expenses									
Meetings	309,100	9,000	4,000	45,000	106,100	20,000	10,000	125,000	
Travel	678,650	50,000	225,550	205,000	15,500	110,000	4,500	72,600	
Conference Calls	4,200	-	-	-	-	-	-	4,200	
Total Meeting Expenses	991,950	59,000	229,550	250,000	121,600	130,000	14,500	201,800	
Operating Expenses, excluding Depreciation									
Consultants & Contracts	900,000	-	10,000	700,000	-	35,000	-	155,000	
Office Rent	420,110	-	-	-	-	-	-	420,110	
Office Costs	1,216,463	2,600	28,500	13,100	250	4,700	-	1,167,313	
Computer and Equipment Leases	-	-	-	-	-	-	-	-	
Professional Services	945,500	-	-	-	-	-	-	945,500	
Miscellaneous	30,000	-	-	-	-	-	-	30,000	
Total Operating Expenses, excluding Depreciation	3,512,073	2,600	38,500	713,100	250	39,700	-	2,717,923	
Total Direct Expenses	22,338,467	533,083	8,195,820	3,574,257	163,473	2,091,719	183,438	7,790,114	
Indirect Expenses	(414,900)	329,059	4,685,514	1,330,543	14,307	1,015,791	(183,438)	(7,790,114)	
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	
Total Expenses (B)	21,923,566	862,142	12,881,334	4,904,800	167,780	3,107,510	-	-	
Change in Net Assets (=A-B)	(714,667)	7,281	(769,728)	29,442	317	22,478	-	(4,457)	
Fixed Asset Additions									
Computer & Software CapEx	28,800	-	-	-	-	-	-	28,800	
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	
Equipment CapEx	134,400	-	-	-	-	-	-	134,400	
Leasehold Improvements	-	-	-	-	-	-	-	-	
Allocation of Fixed Asset Additions	-	7,281	103,682	29,442	317	22,478	-	(163,200)	
Fixed Asset Additions, excluding Right of Use Assets (C)	163,200	7,281	103,682	29,442	317	22,478	-	-	
TOTAL BUDGET (=B + C)	22,086,766	869,423	12,985,016	4,934,243	168,097	3,129,988	-	-	
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	(877,867)	0	(873,410)	(0)	0	(0)	-	(4,457)	
FTEs	68.10	2.30	32.75	9.30	0.10	7.10	0.50	16.55	

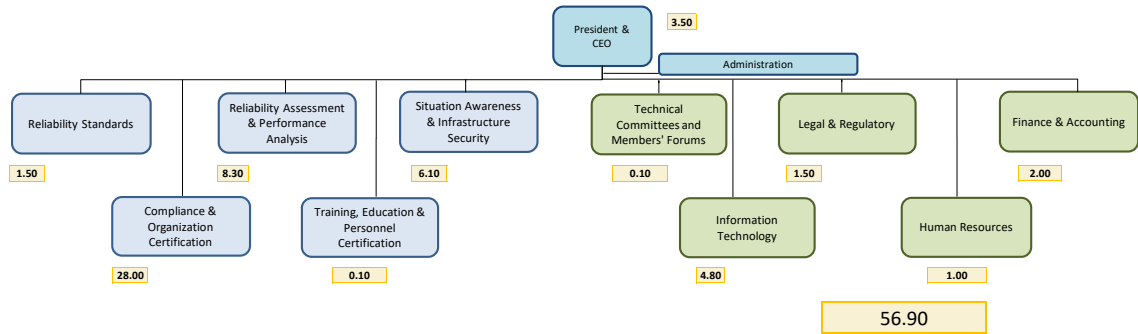
Section D — Additional Financial Statements

NPCC Statement of Activities 2024 Budget		Criteria Services Total	Criteria Development	Criteria Assessment	General and Administrative
Funding					
ERO Funding					
	ERO Assessments	-			
	Penalty Sanctions	-			
	Total ERO Funding	-	-	-	-
	Membership Dues	919,992	877,535	268,309	(225,851)
	Testing Fees	-	-	-	-
	Services & Software	-	-	-	-
	Workshops & Misc Revenue	-	-	-	-
	Interest & Investment Income	2,663	-	-	2,663
	Total Funding (A)	922,655	877,535	268,309	(223,188)
Expenses					
Personnel Expenses					
	Salaries	473,354	360,030	113,324	-
	Payroll Taxes	34,534	26,241	8,293	-
	Benefits	90,941	67,245	23,696	-
	Retirement Costs	43,614	31,367	12,247	-
	Total Personnel Expenses	642,443	484,883	157,561	-
Meeting Expenses					
	Meetings	6,600	6,600	-	-
	Travel	42,000	20,000	22,000	-
	Conference Calls	-	-	-	-
	Total Meeting Expenses	48,600	26,600	22,000	-
Operating Expenses, excluding Depreciation					
	Consultants & Contracts	30,000	30,000	-	-
	Office Rent	-	-	-	-
	Office Costs	3,100	1,600	1,500	-
	Computer and Equipment Leases	-	-	-	-
	Professional Services	-	-	-	-
	Miscellaneous	-	-	-	-
	Total Operating Expenses, excluding Depreciation	33,100	31,600	1,500	-
	Total Direct Expenses	724,143	543,083	181,061	-
	Indirect Expenses	414,900	329,059.01	85,841.48	-
	Other Non-Operating Expenses	-	-	-	-
	Total Expenses (B)	1,139,044	872,142	266,902	-
	Change in Net Assets (=A-B)	(216,388)	5,393	1,407	(223,188)
Fixed Asset Additions					
	Computer & Software CapEx	1,200	-	-	1,200
	Furniture & Fixtures CapEx	-	-	-	-
	Equipment CapEx	5,600	-	-	5,600
	Leasehold Improvements	-	-	-	-
	Allocation of Fixed Asset Additions	-	5,393	1,407	(6,800)
	Fixed Asset Additions , excluding Right of Use Assets (C)	6,800	5,393	1,407	-
	TOTAL BUDGET (=B + C)	1,145,844	877,535	268,309	-
	TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	(223,188)	(0)	(0)	(223,188)
	FTEs	2.90	2.30	0.60	0

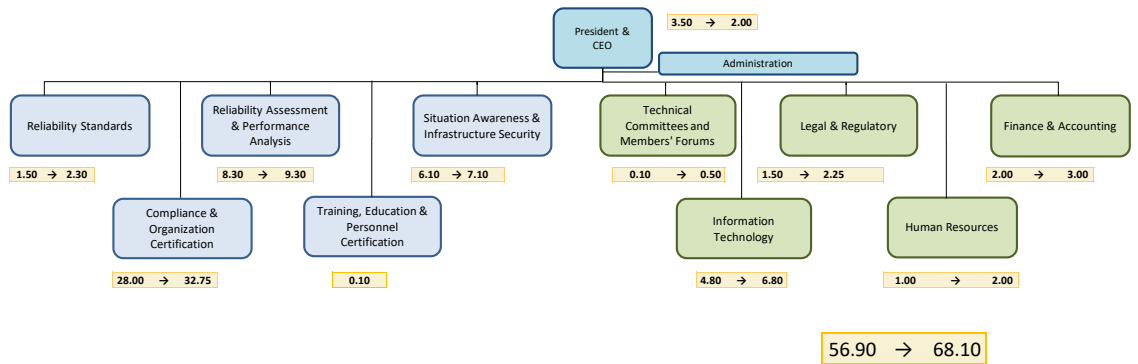
Appendix A

Staff Allocations

RE Division 2023 Budget Staff Allocations



2024 Budget Staff Allocations



CS Division 2023 Budget Staff Allocations

Criteria Services	2.10
-------------------	------

2024 Budget Staff Allocations

Criteria Services	2.90
-------------------	------

Appendix B

Acronyms

This section lists acronyms used in this document

Acronym	Definition
AI	Audits and Investigations
BAA	Balancing Authority Area
BES	Bulk Electric System
BPS	Bulk Power System
CAP	Crisis Action Plan
CC	Compliance Committee
CCEP	Criteria Compliance and Enforcement Program
CGNC	Corporate Governance and Nominating Committee
CMEP	Compliance Monitoring and Enforcement Program
COP	Compliance Oversight Plan
CORC	Compliance Monitoring and Enforcement and Organization Registration and Certification Program
CORES	Centralized Organization Registration ERO System
DER	Distributed Energy Resources
DOE	Department of Energy
EAP	ERO Event Analysis Process
E-ISAC	Electricity Information Sharing and Analysis Center
ERAG	Eastern Interconnection Reliability Assessment Group
ERATF	Energy Reliability Assessment Task Force
ERO	Electric Reliability Organization
FAC	Finance and Audit Committee
FERC	Federal Energy Regulatory Commission
FFT	Find, Fix, Track and Report
FTE	Full Time Equivalent
GMD	Geomagnetic Disturbance
HSIN	Homeland Security Information Network
IRA	Inherent Risk Assessment
IRPWG	Inverter-Based Resource Performance Working Group
ISO	Independent System Operator
LSE	Load Serving Entity
MACD	Market Assessment and Compliance Division
MDCC	Management Development and Compensation Committee
ME	Mitigation and Enforcement
MMWG	Multi-Regional Modeling Working Group
MOU	Memorandum of Understanding
NAERM	North American Energy Resilience Model
NAESB	North American Energy Standards Board

Appendix B

Acronym	Definition
NEL	Net Energy for Load
NERC	North American Electric Reliability Corporation
NOIs	Notice of Inquiries
NOPRS	Notice of Proposed Rulemakings
NPCC	Northeast Power Coordinating Council, Inc.
OEB	Ontario Energy Board
PAWG	Probabilistic Assessment Working Group
PC	Pension Committee
PJM	Pennsylvania-Jersey-Maryland Interconnection LLC., Regional Transmission Organization
QCMEP	Québec Reliability Standards Compliance Monitoring and Enforcement Program
RAPA	Reliability Assessment and Performance Analysis
RCC	Reliability Coordinating Committee
RISC	Reliability Issues Steering Committee
ROP	Rules of Procedure
RSC	Regional Standards Committee
RSTC	Reliability and Security Technical Committee
RTO	Regional Transmission Organization
SAFNrv3	Situational Awareness-FERC, NERC, Regions version 3
SAIS	Situation Awareness and Infrastructure Security
SARS	Standards Authorization Request
SITES	Security Integration and Technology Enablement Subcommittee
SPCWG	System Protection and Control Working Group
TFCO	Task Force on Coordination of Operation
TFE	Technical Feasibility Exception
TFIST	Task Force on Infrastructure Security and Technology
TFSP	Task Force on System Protection
TFSS	Task Force on System Studies
VER	Variable Energy Resources

Appendix C

Index of Figures and Tables

Figure 1: Budget by Program Area Chart	10
Table 1: NPCC Budget	4
Table 2: Budget by Program Area	10
Table 3: Regional Entity Personnel Analysis	11
Table 4: Budget and Current Year Projection Comparison	12
Table A - 1: Reliability Standards Budget	14
Table A - 2: Reliability Standards Budget Detail	17
Table A - 3: Compliance Monitoring and Enforcement and Organization Registration and Certification Budget	18
Table A - 4: Compliance Monitoring and Enforcement and Organization Registration and Certification Budget Detail	22
Table A - 5: Reliability Assessments and Performance Analysis (RAPA) Budget	23
Table A - 6: Reliability Assessments and Performance Analysis (RAPA) Budget Detail	26
Table A - 7: Training, Education, and Operator Certification Budget	27
Table A - 8: Training, Education, and Operator Certification Budget Detail	29
Table A - 9: Situation Awareness and Infrastructure Security Budget	30
Table A - 10: Situation Awareness and Infrastructure Security Budget Detail	35
Table A - 11: Administrative Services Budget	36
Table A - 12: Administrative Services Budget Detail	37
Table B - 1: Working Capital Reserve Analysis	50
Table B - 2: Penalty Sanctions Received	51
Table B - 3: Supplemental Funding	52
Table B - 4: Personnel Expenses	53
Table B - 5: Meeting Expense	54
Table B - 6: Consultants and Contracts	54
Table B - 7: Office Rent	55
Table B - 8: Office Costs	55
Table B - 9: Professional Services	55
Table B - 10 :Miscellaneous	56
Table B - 11: Other Non-Operating Expenses	56
Table B - 12: Fixed Assets	56
Table B - 13: 2024 Budget & Projected 2025 and 2026 Budgets	57
Table C - 1: Criteria Services Division Business Plan and Budget	59
Table C - 2: Budget and Current Year Projection Comparison	64
Table C - 3: Criteria Services Personnel Analysis	65
Table C - 4: Reserve Analysis	66
Table D - 1: Statement of Financial Position, Three-Year Comparison	68

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 5

RELIABILITYFIRST CORPORATION

PROPOSED 2024 BUSINESS PLAN AND BUDGET



RELIABILITY FIRST

**RELIABILITYFIRST CORPORATION
2024 BUSINESS PLAN AND BUDGET**

**APPROVED BY BOARD OF DIRECTORS
JUNE 29, 2023**

FINAL

Table of Contents

Introduction	4
ERO Enterprise Model and Transformation	4
ERO Enterprise Strategic and Operational Planning.....	5
ReliabilityFirst Organizational Overview.....	6
Membership and Governance.....	7
2024 Key Assumptions	8
2024 Key Deliverables.....	8
2024 Overview of Budget	9
Summary of Budget by Program Area	11
2023 Versus 2024 Cost Allocation by Program Summary of Expenses	11
FTEs by Program Area	12
2023 Budget and Projection and 2024 Budget Comparisons.....	13
Section A: Statutory Programs	14
Reliability Standards Program	15
Compliance Monitoring and Enforcement, and Organization Registration Program	17
Reliability and Risk.....	19
Compliance Monitoring	25
Enforcement	28
Reliability Assessment and Performance Analysis Program	32
Training, Education, and Outreach	36
Situational Awareness Program.....	40
Administrative Services	44
General and Administrative.....	46
Legal and Regulatory Affairs.....	48
Information Technology	50
Organization Development & Human Resources.....	53
Finance and Accounting	55
Section B: Supplemental Financial Information	57
Table B-1: Working Capital and Operating Reserve Analysis	58
Table B-2: Penalty Sanctions Received.....	58
Table B-3: Supplemental Funding	60
Table B-4: Personnel Expenses	61

Introduction

Table B-5: Meeting Expenses.....	62
Table B-6: Consultants and Contractors.....	63
Table B-7: Office Rent.....	63
Table B-8: Office Costs.....	64
Table B-9: Professional Services.....	64
Table B-10: Miscellaneous.....	65
Table B-11: Non-Operating Expenses.....	65
Table B-12: Fixed Assets.....	66
Table B-13: 2025 and 2026 Projections.....	67
Section C: Non-Statutory Activities.....	70
Section D: Additional Consolidated Financial Statements.....	71
2024 Consolidated Statement of Activities by Program.....	72
Statement of Financial Position.....	73
Appendix A: 2023 – 2024 Organization Chart.....	74

Introduction

The following table summarizes ReliabilityFirst Corporation's (ReliabilityFirst) budget for 2024.

	2024 Budget			
	(in whole dollars)	U.S.	Canada	Mexico
Statutory FTEs	98.00			
Non-statutory FTEs	-			
Total FTEs	98.00			
Statutory Expenses	\$ 31,147,635			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 31,147,635			
Statutory Inc(Dec) in Fixed Assets	\$ 176,900			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 176,900			
Statutory Working Capital Requirement	\$ (2,841,915)			
Non-Statutory Working Capital Requirement	\$ -			
Total Working Capital Requirement	\$ (2,841,915)			
Total Statutory Funding Requirement	\$ 28,482,620			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 28,482,620			
Statutory Funding Assessments	\$ 26,959,272	\$ 26,959,272	\$ -	\$ -
Non-Statutory Fees	\$ -	\$ -	\$ -	\$ -
NEL (MWH)	887,355,157	887,355,157	-	-
NEL%	100%	100%	0%	0%

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations with distinct roles between NERC and the Regional Entities. The ERO Enterprise strives for consistency where necessary but recognizes that each Regional Entity conducts its work in unique ways based on its own challenges and stakeholder needs. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

Introduction

As the ERO Enterprise continues to mature, the organization has worked to further leverage resources, and enhance communication and collaboration to ensure grid reliability, resilience and security. The ERO Enterprise committed to the following declarations:

- 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.

Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



ERO Enterprise Strategic and Operational Planning

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.

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

Introduction

the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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.

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.¹

ReliabilityFirst Organizational Overview

ReliabilityFirst is a not-for-profit corporation incorporated in the State of Delaware and authorized by the Federal Energy Regulatory Commission (FERC) to operate as a Regional Entity. ReliabilityFirst is responsible for promoting and improving the reliability, security and resiliency of the Bulk Electric System (BES) in all or parts of thirteen states and the District of Columbia. As a Regional Entity, ReliabilityFirst performs key reliability functions delegated to it by NERC. These include:

- Active participation in the development of North American Reliability Standards for the BES, and as needed, development of Reliability Standards applicable within the ReliabilityFirst Region.
- Monitoring and enforcement of approved Reliability Standards, including the registration of responsible entities, and as needed, certification of such entities.
- Assessment of the present and future reliability, resiliency, security, and risks of the BES.
- Promoting effective training and education of personnel and entities.
- Promoting situational awareness and the protection of critical infrastructure.

¹ The [2023 ERO Work Plan Priorities](#) were approved by the NERC Board in November 2021. NERC management and the Board evaluate annual work plan priorities throughout the year.

Membership and Governance

Members

ReliabilityFirst has an open membership policy that permits participation of all industry stakeholders through their designated representatives. There are six (6) Industry Sectors: Suppliers, Transmission Companies, Regional Transmission Organizations (RTOs), Small Load Serving Entities (LSEs), Medium LSEs, and Large LSEs. There are three (3) Classes of Members: Regular Members, Associate Members, and Adjunct Members (an Associate Member is an affiliate or related party of a Regular Member, and an Adjunct Member is an entity that does not qualify or desire to join an Industry Sector but has been approved for membership).

There are currently 55 Members of ReliabilityFirst; 39 are Regular Members with voting rights, 6 are Associate Members, and 10 are Adjunct Members. ReliabilityFirst's foundation has been and continues to be the broad, active participation of volunteer technical and policy experts representing electricity industry stakeholders within the Region who are committed to the reliability, security, and resiliency of the BES. ReliabilityFirst believes that partnering with industry expert resources, combined with a competent and independent ReliabilityFirst staff, provides a cost-effective approach that is consistent with the industry self-regulatory model envisioned by Congress in the Energy Policy Act of 2005.

Board of Directors

ReliabilityFirst is governed by a hybrid, independent, and balanced stakeholder Board that consists of 16 Directors.

- Eight (8) Directors are elected by the Industry Sectors as follows:
 - Suppliers elect two (2) Directors;
 - Transmission Companies elect two (2) Directors;
 - RTOs elect one (1) Director;
 - Small LSEs elect one (1) Director;
 - Medium LSEs elect one (1) Director; and
 - Large LSEs elect one (1) Director.
- Three (3) Directors are at-large. At-Large Directors are elected by all of the Industry Sectors voting together as a single class.
- Four (4) Directors are independent from ReliabilityFirst, any Member, Affiliate or Related Party of any Member. Independent Directors are elected by all of the Industry Sectors voting together as a single class. One of these Directors is appointed as a Lead Independent Director who coordinates the activities of the other Independent Directors and serves as a Board Officer along with the Board President and Vice President.
- The President and CEO serves as a non-voting member of the Board of Directors.

2024 Key Assumptions

The NERC and Regional Entity business plans and budgets reflect a set of strategic and operating objectives developed jointly by NERC and the Regional Entities. These strategic and operating objectives are set forth in the ERO Enterprise Long Term Strategy.

2024 Key Deliverables

- Promote a culture within the organization that addresses reliability risks across the ReliabilityFirst Region and the ERO Enterprise.
 - Ensure that the industry understands the essential reliability purpose of Reliability Standards and the corresponding expectations for those Reliability Standards.
 - Work with the industry to maintain and continuously improve effective risk control programs for reliability, security, and resiliency.
 - Facilitate information sharing among the industry, Regions, ERO, and government.
- Identify the risks to reliability, security and resiliency in the ReliabilityFirst Region.
 - Identify, understand, and prioritize risks based on reliability impacts, projected resources, and emerging issues.
 - Analyze events and system performance consistently to determine sequence, cause, and remediation.
 - Ensure that the industry is well informed of emerging trends, risk analysis, lessons learned, and expected actions.
- Mitigate reliability risks.
 - Use efficient and effective processes to verify that the industry meets reliability objectives.
 - Ensure that the industry understands identified risks and addresses them promptly and effectively.
 - Work with the ERO to track industry accountability for critical reliability recommendations.
- Communicate reliability risks.
 - Communicate identified and prioritized risks and mitigation strategies to the ERO Enterprise, across the ReliabilityFirst footprint, and/or to targeted entities, as appropriate.
 - Share staff expertise and leverage the expertise of ReliabilityFirst entities to advance industry practices surrounding risk identification, mitigation, and prevention.
- Promote a culture of reliability excellence and facilitate and encourage continuous improvement through training and education.
- Ensure useful and reliable data modeling. Verify that the data represents system behavior accurately. Facilitate data sharing among the entities in the ReliabilityFirst region.
- Serve as an independent, objective, and fair compliance monitoring and enforcement authority, without conflicts of interest.

 Introduction

- Register entities commensurate to the risk they pose to the BES and ensure that all key entities are certified to have essential capabilities.
- Ensure that all compliance monitoring and enforcement activities are risk-based, reliability-focused, and adhere to the requirements of the ReliabilityFirst delegation agreement and the Risk Based Compliance Monitoring and Enforcement Program (CMEP).
- Ensure that all violations of mandatory Reliability Standards are mitigated in a timely, thorough, and comprehensive manner to prevent reoccurrence.
- Improve transparency, consistency, quality, and timeliness of results; collaborate with NERC and the other Regions; improve efficiencies and cost effectiveness.
 - Identify, understand, and manage internal risks.
 - Ensure processes are effective, efficient, and continually improving.
- Serve as an independent and objective voice when providing information around reliability risks to stakeholders (e.g., resource adequacy, impacts of the changing generation mix, etc.). Serve as an expert resource on reliability issues for registered entities, state legislatures, and state public utility commissions.

2024 Overview of Budget

This Business Plan and Budget reflects ReliabilityFirst's best estimate of the costs it will incur in carrying out its delegated functions in support of the ERO in 2024. Overall, the ReliabilityFirst 2024 budget of \$31,324,535 increased 12% over the 2023 budget of \$27,975,420. The 2024 assessment of \$26,959,272 represents a 9.5% increase over the 2023 assessment of \$24,620,339. ReliabilityFirst used collected penalties and a portion of its reserves to limit the assessment increase.

Personnel costs increased by \$3,411,464 which is an increase of 15% over the 2023 budget, primarily as the result of increased Full Time Equivalent (FTE) needs due to both current workload and forecasted growth in key areas over next year. This increase is also a result of unbudgeted salary adjustments that were distributed in 2022 and 2023 to account for post pandemic workforce conditions. The additional FTE increases are due to increasing violation intake, increasing NERC/FERC oversight, increasing security threats and expectations, and full adoption of ERO wide tools such as the Secure Evidence Locker (SEL), which are increasing the amount of time it takes RF personnel to perform certain CMEP functions as compared to the tool RF had previously used (MKInsight). In addition, there is a growing need for more complex engineering studies due to the changing resource mix, increasing standards and requirements, expansion of the number of Registered Entities and enhancing stakeholder outreach activities.

Incorporated into the personnel costs are three additional FTE professionals in the Compliance Monitoring program areas, one additional FTE in the Enforcement program area, one additional FTE in the Reliability and Risk program area, one additional FTE in Information Technology, and one additional Security FTE in the General and Administrative area for a total of seven additional FTE's. These additional FTE's and a 4% general wage increase are the primary drivers for the 2024 budget increase. One additional Security FTE was pre-approved by the Board of Directors

Introduction

in the General and Administrative area applying to the 2025 annual budget, which has no impact on the 2024 budget. ReliabilityFirst does not include a personnel vacancy rate because the corporation generally has traditionally had a low turnover rate.

The Meetings, Operating and Fixed Asset costs of \$4,465,960 decreased by 1% over the 2023 budget of \$4,528,309, primarily due to a reduced need for contractors, resulting from the additional FTE's, lower meeting and travel expenses due to efficiencies gained through virtual options, and lower office costs as the result of lower computer hardware and service and maintenance costs.

The ReliabilityFirst Board has approved a previously established \$1,000,000 operating reserve for 2024, which is the same level that existed in 2023. This level of operating reserve is believed to be sufficient for any unbudgeted and unexpected expenditures of the organization and is consistent with Board Policy.

The ReliabilityFirst Board also approved a decrease in the target working capital reserve to \$2.9M. Historically, the working capital reserve has consisted of the amount necessary to satisfy projected cash flow for daily operations. In concert with the ERO Enterprise wide effort to better manage and stabilize assessments, the working capital reserve is used to enhance day to day cash flow management of expenditures, while providing the capability to stabilize future assessments. The operating and working capital reserves have been differentiated to enable more granular identification and control in the utilization and monitoring of these funds in the appropriate manner. Refer to section B-1 for more information on the working capital reserve.

The executive management group for NERC and the Regional Entities (known as the ERO EC) concentrates on various initiatives to improve efficiency and consistency across NERC and the Regional Entities, including the development of enterprise-wide applications. As enterprise-wide projects are identified and prioritized by the ERO EC, they are managed at NERC. ReliabilityFirst assumes agreed upon ERO Enterprise wide applications will be available and has only included appropriate funding for applications and supporting systems necessary to satisfy its business needs that are not within the mutually agreed upon scope of the ERO Enterprise wide applications funded by NERC.

In the development of each annual Business Plan and Budget, ReliabilityFirst examines projected workload using the operating and strategic objectives referenced above and conducts a manpower analysis to determine staffing levels required to complete necessary tasks and meet the obligations of the Regional Delegation Agreement. The manpower analysis for 2024 yielded a requirement of 107 FTEs in order to fully address the expected workload.

Although ReliabilityFirst's manpower analysis justifies a need for 107 FTEs, ReliabilityFirst's philosophy is to seek and achieve greater efficiencies in its tasks and workload each year. On this basis, ReliabilityFirst believes a staffing level of 98, which includes an increase in the headcount of seven, will be sufficient to perform its work.

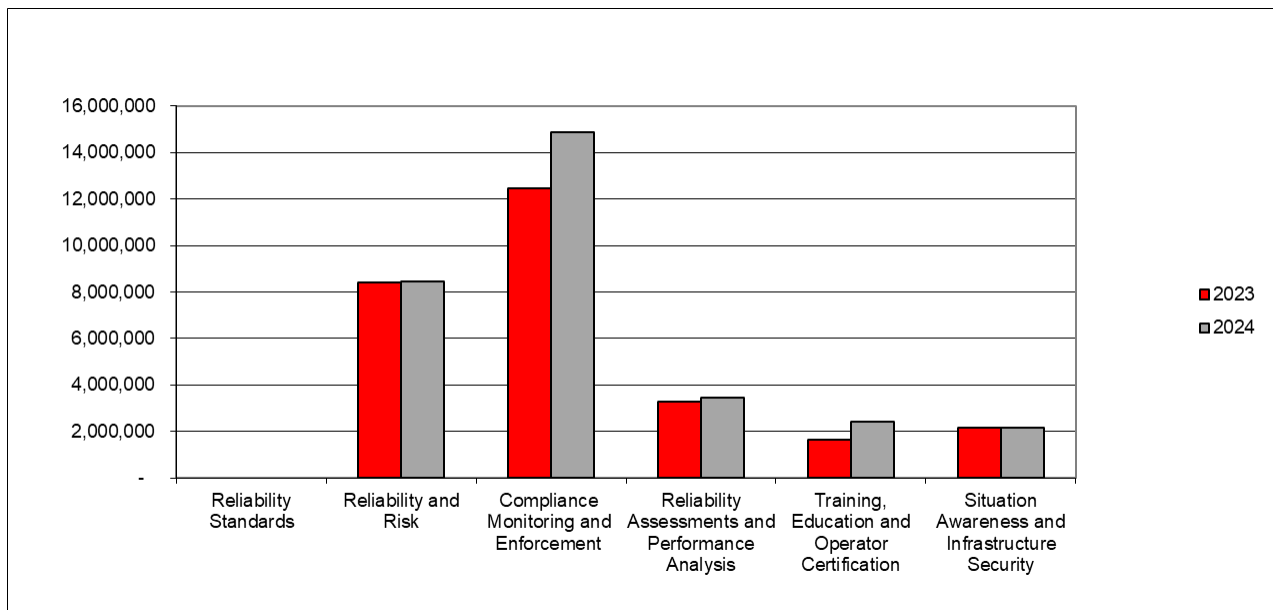
ReliabilityFirst will continue to ensure enhancements are being made in many process areas and that the maturation of the organization will continue to result in expected efficiency improvements.

Summary of Budget by Program Area

The following table and figure summarize and illustrate ReliabilityFirst’s budget by program area.

Program	Budget 2023	Projection 2023	Budget 2024	Variance 2023	
				Budget v 2024 Budget	Variance %
Reliability Standards	-	-	-	-	0.0%
Reliability and Risk	8,428,744	5,522,481	5,682,846	(2,745,897)	-32.6%
Compliance Monitoring and Enforcement	12,455,300	8,624,216	9,516,758	(2,938,542)	-23.6%
Reliability Assessments and Performance Analysis	3,274,533	6,363,031	6,995,931	3,721,398	113.6%
Training, Education and Outreach	1,667,802	4,092,275	4,443,958	2,776,156	166.5%
Situation Awareness and Infrastructure Security	2,149,041	4,381,851	4,685,041	2,536,000	118.0%
Total	27,975,420	28,983,853	31,324,535	3,349,116	12.0%

2023 Versus 2024 Cost Allocation by Program Summary of Expenses



Introduction

FTEs by Program Area

Total FTEs by Program Area	Budget 2023	Projections 2023*	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance 2023 Projections v 2024 Budget
STATUTORY					
Operational Programs					
Reliability Standards	0.00	0.00	0.00	0.00	0.00
Reliability and Risk					
Reliability and Risk	1.00	1.00	1.00	0.00	0.00
Reliability Analysis	1.00	1.00	1.00	0.00	0.00
Entity Engagement	8.00	6.00	6.00	-2.00	0.00
Risk Analysis and Mitigation	8.00	7.00	7.00	-1.00	0.00
Analysis Services	3.00	3.00	4.00	1.00	1.00
Compliance Monitoring and Enforcement					
Operations and Planning	11.00	12.00	13.00	2.00	1.00
Critical Infrastructure Protection	10.00	11.00	13.00	3.00	2.00
Compliance Monitoring	2.00	2.00	2.00	0.00	0.00
Enforcement	10.00	8.00	9.00	-1.00	1.00
Reliability Assessment and Performance Analysis	7.00	7.00	7.00	0.00	0.00
Training, Education, and Outreach	3.00	4.00	4.00	1.00	0.00
Situation Awareness and Infrastructure Security	5.00	5.00	5.00	0.00	0.00
Total FTEs Operational Programs	69.00	67.00	72.00	3.00	5.00
Administrative Programs					
General and Administrative	5.00	5.00	6.00	1.00	1.00
Legal and Regulatory Affairs	2.00	4.00	4.00	2.00	0.00
Information Technology	8.00	8.00	9.00	1.00	1.00
Human Resources	4.00	4.00	4.00	0.00	0.00
Finance and Accounting	3.00	3.00	3.00	0.00	0.00
Total FTEs Administrative Programs	22.00	24.00	26.00	4.00	2.00
Total FTEs	91.00	91.00	98.00	7.00	7.00

*2023 projections reflect reallocations described below

ReliabilityFirst strives for cost and operational efficiency. To this end, prior to seeking to add staff resources, an effort is first made to consider current and projected workloads and skills of existing team members and to reallocate existing staff wherever possible. Due to the increasing complexity of our work and the increasing workloads in key areas, a significant amount of staff was reallocated amongst existing Program Areas in 2023. The result of this effort is shown in the column labeled Projections 2023.

For clarity to the reader, an additional column has been added to the table to more appropriately highlight new staffing additions by department, comparing the 2024 Budget to the 2023 (Reallocated) Projections.

For an explanation of the 2024 Budget FTE additions, refer to the Resource Requirements section in each program area in Section A.

Introduction

2023 Budget and Projection and 2024 Budget Comparisons

The following table lists the 2023 budget and projection compared to the 2024 budget.

2023 Budget and Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ReliabilityFirst Assessments	\$ 24,620,340	\$ 24,620,340	\$ -	\$ 26,959,272	\$ 2,338,932
Penalties Released	4,108,418	3,515,100	(593,318)	1,473,348	(2,635,070)
Total ReliabilityFirst Funding	\$ 28,728,760	\$ 28,135,440	\$ (593,318)	\$ 28,432,620	\$ (296,138)
Membership Dues	-	-	-	-	-
Federal Grants	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest and Investment Income	100,000	100,000	-	50,000	(50,000)
Miscellaneous Income	-	-	-	-	-
Total Funding (A)	\$ 28,828,758	\$ 28,235,440	\$ (593,318)	\$ 28,482,620	\$ (346,138)
Expenses					
Personnel Expenses					
Salaries	\$ 16,913,744	\$ 17,676,228	\$ 762,485	\$ 19,495,380	\$ 2,581,637
Payroll Taxes	1,052,888	1,148,271	95,382	1,232,095	179,207
Benefits	2,773,918	2,729,114	(44,804)	2,985,469	211,551
Retirement Costs	2,706,561	2,885,574	179,013	3,145,630	439,069
Total Personnel Expenses	\$ 23,447,110	\$ 24,439,188	\$ 992,076	\$ 26,858,575	\$ 3,411,464
Meeting Expenses					
Meetings	\$ 432,855	\$ 432,855	\$ -	\$ 432,855	\$ (0)
Conference Calls	15,000	15,000	-	-	(15,000)
Travel	648,100	648,100	-	648,100	0
Total Meeting Expenses	\$ 1,095,955	\$ 1,095,955	\$ -	\$ 1,080,955	\$ (15,000)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 837,549	\$ 837,549	\$ -	\$ 553,700	\$ (283,849)
Office Rent	682,584	682,584	-	852,751	170,167
Office Costs	1,066,747	1,083,103	16,356	1,011,134	(55,613)
Professional Services	685,915	685,915	-	741,816	55,901
Miscellaneous	49,559	49,559	-	48,704	(855)
Total Operating Expenses, excluding Depreciation	\$ 3,322,354	\$ 3,338,710	\$ 16,356	\$ 3,208,105	\$ (114,250)
Total Direct Expenses	\$ 27,865,420	\$ 28,873,853	\$ 1,008,432	\$ 31,147,635	\$ 3,282,214
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 27,865,420	\$ 28,873,853	\$ 1,008,432	\$ 31,147,635	\$ 3,282,214
Change in Net Assets (= A - B)	\$ 963,337	\$ (638,413)	\$ (1,601,750)	\$ (2,665,015)	\$ (3,628,352)
Fixed Asset Additions, excluding Right of Use Assets (C)					
Allocation of Fixed Assets	\$ 110,000	110,000	-	176,900	66,900
Inc/(Dec) in Fixed Assets	\$ 110,000	\$ 110,000	\$ -	\$ 176,900	\$ 66,900
Total Budget (= B + C)	\$ 27,975,420	\$ 28,983,853	\$ 1,008,432	\$ 31,324,535	\$ 3,349,114
Change in Working Capital (= A - B - C)	\$ 853,338	\$ (748,413)	\$ (1,601,750)	\$ (2,841,915)	\$ (3,695,252)
FTEs	91.00	91.00	-	98.00	7.00

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

Section A: Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023	2024	Increase (Decrease)
Total FTEs	0.00	0.00	0.00
Direct Expenses	\$ -	\$ -	\$ -
Indirect Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -	\$ -
Total Funding Requirement	\$ -	\$ -	\$ -

Program Scope and Functional Description

ReliabilityFirst provides input to the NERC Reliability Standards development process to help ensure the Standards adequately mitigate the risks they are intended to address, particularly those risks facing the ReliabilityFirst footprint, as well as help identify, evaluate and promote the amendment of Reliability Standards to ensure their efficiency, efficacy and appropriateness. ReliabilityFirst may develop Regional Reliability Standards as necessary. Regional Reliability Standards must be developed in accordance with the ReliabilityFirst Reliability Standards Development Procedure and must be more stringent than a NERC Reliability Standard, addressing a regional matter that the NERC Reliability Standard does not, or a regional difference necessitated by a physical difference in the BES.

To date, ReliabilityFirst has developed one FERC approved Regional Standard (Planning Resource Adequacy Analysis, Assessment and Documentation standard BAL-502-RF-03, approved by FERC on October 16, 2017) and has no current plans to develop any additional Regional Standards in 2024.

ReliabilityFirst may also develop regional criteria, which are good utility practices used to enhance the reliability of the BES and may augment Reliability Standards. Regional criteria are not Reliability Standards, and therefore are not enforceable. Regional criteria are developed in accordance with the ReliabilityFirst Reliability Standards Development Procedure. ReliabilityFirst has no current plans to develop regional criteria in 2024.

2024 Key Assumptions

The Reliability Standards Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

ReliabilityFirst previously reallocated the resources and expenses associated with the Reliability Standards Program to the Reliability and Risk Analysis and Compliance Monitoring Programs, due to decreased activity in the Reliability Standards Program. If any Reliability Standard or regional criteria needs to be developed, resources will be temporarily redeployed from the existing Reliability and Risk Analysis, Compliance Monitoring and other Program Areas.

2024 Key Deliverables

- Review and provide feedback on potential reliability, security, resiliency, or efficiency concerns associated with existing NERC Reliability Standards and Reliability Standard Audit Worksheets and those under development.
- Although none are anticipated, submit to NERC, and subsequently file with FERC any new Regional Reliability Standards that:
 - May be needed to support revised NERC Reliability Standards.
 - May address reliability gaps not currently covered by NERC Reliability Standards.
- Although none are anticipated, submit to the ReliabilityFirst Board any new regional criteria that:
 - Address issues not within the scope of NERC Reliability Standards.
 - Promote more consistent implementation of a NERC Reliability Standard within the Region.
- Initiate and coordinate revisions to Regional Reliability Standards or regional criteria in any stage of development to align with NERC and FERC requirements.
 - Support enhanced periodic reviews focused on conducting measured, in-depth reviews to further improve Reliability Standards.
 - Support ERO activities necessary to incorporate Regional Reliability Standards into continent-wide Standards.
 - Retire Regional Reliability Standards and regional criteria that are duplicative with NERC Reliability Standards or no longer needed for reliability.

Resource Requirements**• Personnel**

There are no planned changes in FTEs for 2024.

• Contractors and Consultants

No contractor or consultant support is budgeted in 2024.

Compliance Monitoring and Enforcement, and Organization Registration Program

Compliance Monitoring, and Enforcement, and Organization Registration and Certification Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	54.00	56.00	2.00
Direct Expenses	\$ 14,067,622	\$ 15,199,604	\$ 1,131,982
Indirect Expenses	\$ 6,729,833	\$ 7,989,799	\$ 1,259,966
Inc(Dec) in Fixed Assets	\$ 86,588	\$ 137,589	\$ 51,001
Total Funding Requirement	\$ 20,884,043	\$ 23,326,992	\$ 2,442,949

Program Scope and Functional Description

The CMEP, and Organization Registration Program performs a variety of risk-based and dynamic activities to identify, communicate, and mitigate reliability, security and resiliency risks facing the ReliabilityFirst footprint. To achieve maximum effectiveness and consistency, ReliabilityFirst has delineated the responsibility to execute the Compliance Monitoring, Enforcement, and Organization Registration Program among three coordinated groups: Reliability and Risk Analysis, Compliance Monitoring, and Enforcement.

The Reliability and Risk Analysis group performs activities to drive continuous improvement, assess risk, and scope compliance monitoring and enforcement activities in accordance with risk. These activities, discussed in further detail in the Reliability and Risk Analysis section, include: (1) conducting Inherent Risk Assessments and developing Compliance Oversight Plans to assess the risk posed by each entity and determine a plan for compliance monitoring activities; (2) support Assist Visits, Internal Controls Reviews, and workshop development to drive continuous improvement and refine the scope of compliance monitoring activities based upon the maturity of the entity's internal controls; (3) conducting industry outreach, training, and education initiatives; (4) developing lessons learned and identifying key trends to share with the industry; (5) performing registration and certification review activities; (6) conducting risk assessments and supporting mitigation plan activities associated with noncompliance; and (7) collaborate in the standards development process for both ERO wide and regional standards.

The Compliance Monitoring group monitors compliance to the NERC Reliability Standards (Reliability Standards) across ReliabilityFirst's registered owners, operators, and users of the BES through a variety of risk-based activities. These monitoring activities are key to reliability, security and resiliency, as they ensure that entities have effective controls in place and are following the requirements of the Reliability Standards. These activities, discussed in further detail in the Compliance Monitoring section, include compliance audits, spot checks, self-certifications,

investigations, assessing complaints, and assessing system events from a reliability and compliance perspective to identify and ensure the mitigation of potential risks.

The Enforcement group is responsible for performing the delegated function to enforce, where necessary, compliance with the Reliability Standards. These efforts, discussed in further detail in the Enforcement section, involve ensuring that the selected disposition method for any noncompliance: (1) is clearly communicated; (2) is appropriately supported by the record in light of the risk posed by the noncompliance; and (3) promotes the desired entity behavior. The Enforcement group focuses on understanding the risks behind each noncompliance and how to effectively mitigate those risks, as well as sending the appropriate message to the noncompliant entity and the broader regulated community (whether deterrent-driven for undesired behavior or incentive-driven for desired behavior).

Major activities for the Reliability and Risk Analysis, Compliance Monitoring, and Enforcement groups include the continued implementation of the Risk-Based CMEP, and efforts connected to continue updating and revisions to the CIP Standards. These are joint ERO Enterprise level initiatives that benefit NERC, the Regional Entities, and the Registered Entities.

A detailed Program Scope and Functional Description for the Reliability and Risk Analysis, Compliance Monitoring, and Enforcement groups, as well as the Key Assumptions and Deliverables for each of these groups, can be found in their respective sections below.

Reliability and Risk

Reliability and Risk			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase
Total FTEs	21.00	19.00	(2.00)
Direct Expenses	\$ 5,777,914	\$ 5,682,846	\$ (95,067)
Indirect Expenses	\$ 2,617,157	\$ 2,710,825	\$ 93,668
Inc(Dec) in Fixed Assets	\$ 33,673	\$ 46,682	\$ 13,009
Total Funding Requirement	\$ 8,428,744	\$ 8,440,353	\$ 11,609

The FTEs in this table are included in the Total FTEs in the Compliance Monitoring and Enforcement, and Organization Registration Program table on page 17.

Program Scope and Functional Description

The Reliability Analysis group includes Analytic Services, Risk Analysis and Mitigation (RAM), and Entity Engagement.

The activities performed by the Reliability Analysis group include continued and focused development of the ReliabilityFirst Data Warehouse for information storage and retrieval. The Data Warehouse is intended to centralize ReliabilityFirst's data sets, provide business intelligence capabilities for better integration of disparate data, and add visualization functions to better identify areas of concern or areas needing additional analysis. The Reliability Analysis group leads the development and integration of advanced analytic & business intelligence capabilities for identifying and determining reliability risks; applying analytics framework by which grid reliability and risk can be measured and tracked; using statistical tools and techniques for analysis; performing quantitative assessments of data models; and partnering with other departments in conducting various risk assessments (e.g., Regional Risk Assessments and explorative probabilistic, predictive, prescriptive, and emerging risk assessments, etc.).

From a RAM perspective the activities performed include Inherent Risk Assessments (identifying risks impacting an entity); Compliance Oversight Plans (creating a plan to monitor the entity's compliance with selected NERC Reliability Standards) and Registration (processing registration requests). The group's activities also include mitigation plan acceptance, approval, and verification; processing and assessment of periodic data submittals; winter preparedness evaluations; risk-harm analysis of potential non-compliances (PNC's), participation in the review of self-logged minimal risk issues; participation in outreach activities; BES Definition Exception Process activities; NERC-led Registration Review Panel participation, and serving as a technical resource for ReliabilityFirst and Regional Standards Development.

Entity Engagement functions to assist stakeholders in improving their compliance programs and organizational reliability, risk identification and mitigation, security, and resilience. They work closely with entities assisting stakeholders in achieving operational excellence, and improvements in organizational culture and overall program maturity.

2024 Key Assumptions

The Reliability and Risk group incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. The Reliability and Risk group also includes the following regional assumptions:

1. Inherent Risk Assessment/Compliance Oversight Plans activities are steady-state activities with the continued implementation of the Risk-Based CMEP. These activities include completing Inherent Risk Assessments and Compliance Oversight Plans for all Registered Entities which address emerging risks to reliability and are tailored to the inherent risks and performance posed by specific entities.
2. In accordance with FERC's Order approving NERC's Risk-Based Registration Initiative, registration staff continues to participate in the NERC-Led Registration Review Panels described in the NERC Rules of Procedure, Appendix 5A, Section III.D.
3. In accordance with FERC's Order regarding Inverter Based Resources, registration staff anticipates an increase number of registration requests for the processing of the new Inverter Based Resources class of functional entity.
4. There will continue to be an intentional focus on advanced analytics to support the described activities. This will include being instrumental in identifying emerging risks as well as development of metric driven analysis. In addition to the data provided internally across the ERO, external data sources will be explored to integrate into the Data Warehouse to continuously improve our ability to assess risk. This will result in an increase in workload.
5. There will be continued ERO Enterprise-wide maintenance and enhancements of the risk-based CMEP practices and tools. In particular, ReliabilityFirst staff resources will be allocated to continued development, design, testing, training, and implementation of the ERO Enterprise Align Tool and SEL. The full impact of the new ERO Enterprise Align Tool and SEL is starting to be understood at this time, and an increase in administrative and processing tasks related to the new security requirements has and will continue to increase the cycle time for performing routine tasks.
6. With the development of new and modified Standards that tackle changing risks in our footprint (e.g., winterization, supply chain, virtualization and cloud computing), we anticipate the need for additional Assist Visits, outreach, and training to help mature and enhance registered entity programs.
7. Registered Entities are more frequently making changes to their Energy Management Systems to enhance situational awareness, increase visibility of distributed energy resources, monitor for stability concerns, plus more easily adapt to new Standards such as TOP-001-5, TOP-003-3, and CIP-012-1. We anticipate more frequent certification review activities to assess these changes and ensure that the entities enhance their capabilities to mitigate these risks.

-
-
8. With the required 5-year review of the ReliabilityFirst Planning Resource Adequacy Analysis, Assessment, and Documentation Regional Standard (BAL-502-RF-03) commencing in 2023, there is a potential for this Regional Standard to go through the ReliabilityFirst Standard Development Process if modifications are required.

2024 Key Deliverables

- Process all registration requests.
- Process BES Exception Requests submittals and participate on NERC-Led Review Panels.
- Provide technical subject matter expertise and support for compliance monitoring and enforcement activities, regional outreach activities, and other initiatives as identified within ReliabilityFirst and/or the ERO.
- Support the development and integration of advanced analytical capabilities for identifying and determining reliability risks, and conducting various risk assessments (i.e. Regional Risk Assessments, Inherent Risk Assessments/Compliance Oversight Plans, Risk-Harm Assessments, and explorative Probabilistic Risk Assessment).
- Support ERO Enterprise-wide data collection (e.g. periodic Data Submittals) and analysis efforts.
- Lead/Participate in the annual Winter Preparedness program designed to help ensure the readiness of generating units to perform during extreme cold weather.
- Support the ongoing implementation of the Risk-Based CMEP, with a focus on the ongoing assessment of ReliabilityFirst Regional Risks, and continued maturation of the Inherent Risk Assessment and Compliance Oversight Plan process.
- Perform Inherent Risk Assessments/Compliance Oversight Plans of entities in alignment with the ERO Guide for Compliance Monitoring, to identify inherent risks of an entity and develop a plan to monitor the entity's compliance with selected NERC Reliability Standards based on their inherent risk and performance.
- Conduct risk-harm assessments and develop associated risk statements for all possible non-compliances to assess the real or potential risk posed by each noncompliance and inform the proper enforcement and mitigation action(s).
- Perform mitigation plan activities in an effort to return entities to compliance and prevent reoccurrence by:
 - Reviewing proposed mitigation plans and accepting those that contain appropriate corrective and preventative actions.
 - Communicating with Enforcement and the entity throughout the mitigation plan review process to ensure defined corrective and preventative actions will mitigate the noncompliance.
 - Verifying mitigation plan completion through the evaluation of evidence provided by the entity to demonstrate that agreed-to actions have been implemented according to established milestones.
 - Participating in outreach activities to help entities move beyond baseline compliance.

-
-
- Perform reviews of self-logged non-compliances, submitted quarterly by entities granted logging privileges, to assess the non-compliances and their associated risk determinations and mitigating activities.
 - Support regional workshops, Technical Talks, targeted webinars, and other outreach engagements with entities.
 - Using inherent risk assessment and Regional Risk Assessment results, analyze and recommend outreach for identified risks related to specific entities or groups of entities.
 - Facilitate the administration of the ReliabilityFirst Regional Standards Development Process for any potential Regional Standards revisions.
 - Assist NERC with the coordination, planning, delivery, and management of training and outreach activities across the ERO Enterprise in concert with Region-specific training and outreach activities.
 - Participate in the ERO Enterprise Collaboration Groups promoting collaboration and consistency amongst the Regions and functional area programs. Assume leadership roles as appropriate.
 - Conduct Certifications and Certification Evaluations of Balancing Authority, Transmission Operator and Reliability Coordinator registered entities. Also perform Readiness Reviews with registered entities undergoing similar changes.
 - Perform Assist Visits and Extended Assist Visits, including:
 - Provide guidance through entity Assist Visits on the CIP Reliability Standards, including a focus on new and revised Reliability Standards with technology related concerns including Cloud Computing, and Virtualization.
 - Continue targeted Extended Assist Visits with stakeholders that have been identified through Compliance, Enforcement, and/or Assessment engagements as needing long-term consultation by the ReliabilityFirst outreach staff.
 - Implement and continue to mature programs and tools developed for entity self-assessment and self-evaluation of internal controls, organizational maturity, insider threat and cyber resilience.

Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting an increase of one FTE for 2024 in the Data Analytics group. As discussed above in the 2024 Key Assumptions, the analytics workload has increased, and is anticipated to steadily increase as more data, both internal and external, is made available for consumption. This additional FTE will help ReliabilityFirst better identify emerging risks to reliability as well as develop metric driven analysis using ERO and external data sources.

Other changes to the FTE count for this Program Area in the above table reflect reallocations to repurpose existing staff and reduce the need for additional staff as described on p. 12.

- **Contractors and Consultants**

Contractor and Consultant support is budgeted to support efforts related to the Winter Preparedness program and initiatives in Reliability Analysis in 2024, reduced from 2023 as the result of the addition of the FTE noted above.

The Entity Engagement and Risk and Resilience areas will also pursue interns to assist the teams with relevant work activities. Projected workload in 2024 is consistent with a need for an intern and not an FTE.

Reliability and Risk Budget Detail

The following table shows funding sources and related expenses for the Reliability and Risk section of the *2024 Business Plan and Budget*. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

2023 Budget and Projection, and 2024 Budget					
Reliability and Risk					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirstFunding					
ERO Assessments	\$ 7,140,453	7,140,453	\$ -	\$ 8,038,358	\$ 897,905
Penalties Released	1,257,679	944,355	(313,324)	\$ 388,800	(868,879)
Total ReliabilityFirst Funding	\$ 8,398,132	\$ 8,084,808	\$ (313,324)	\$ 8,427,158	\$ 29,026
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	30,612	\$ 30,612	-	13,194	(17,418)
Miscellaneous Income	-	-	-	-	-
Total Funding (A)	8,428,744	8,115,420	(313,324)	8,440,353	11,609
Expenses					
Personnel Expenses					
Salaries	\$ 3,892,253	\$ 3,703,427	\$ (188,826)	\$ 4,015,462	\$ 123,209
Payroll Taxes	239,089	237,100	(1,989)	\$ 251,941	12,852
Benefits	530,960	487,873	(43,086)	\$ 495,208	(35,752)
Retirement Costs	613,752	589,940	(23,812)	\$ 630,976	17,224
Total Personnel Expenses	\$ 5,276,054	\$ 5,018,341	\$ (257,713)	\$ 5,393,587	\$ 117,533
Meeting Expenses					
Meetings	\$ 10,880	\$ 10,880	\$ -	\$ 10,593	\$ (287)
Conference Calls	-	-	-	-	-
Travel	169,300	169,300	-	\$ 129,097	(40,203)
Total Meeting Expenses	\$ 180,180	\$ 180,180	\$ -	\$ 139,689	\$ (40,491)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 186,667	\$ 186,667	\$ -	\$ 24,000	\$ (162,667)
Office Rent	-	-	-	-	-
Office Costs	134,013	136,293	2,280	\$ 124,570	(9,443)
Professional Services	-	-	-	-	-
Miscellaneous	1,000	1,000	-	\$ 1,000	-
Total Operating Expenses, excluding Depreciation	\$ 321,680	\$ 323,960	\$ 2,280	\$ 149,570	\$ (172,110)
Total Direct Expenses	\$ 5,777,914	\$ 5,522,481	\$ (255,433)	\$ 5,682,846	\$ (95,067)
Indirect Expenses	\$ 2,617,157	\$ 2,454,371	\$ (162,786)	\$ 2,710,825	\$ 93,668
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 8,395,071	\$ 7,976,852	\$ (418,219)	\$ 8,393,671	\$ (1,400)
Change in Net Assets (= A - B)	\$ 33,673	\$ 138,568	\$ 104,895	\$ 46,682	\$ 13,009
Fixed Asset Additions, excluding Right of Use Assets (C)					
Allocation of Fixed Assets	\$ 33,673	29,552	(4,121)	\$ 46,682	\$ 13,009
Inc/(Dec) in Fixed Assets	\$ 33,673	\$ 29,552	\$ (4,121)	\$ 46,682	\$ 13,009
Total Budget (= B + C)	\$ 8,428,744	\$ 8,006,404	\$ (422,340)	\$ 8,440,353	\$ 11,609
Change in Working Capital (= A - B - C)	\$ 0	\$ 109,016	\$ 109,016	\$ -	\$ (0)
FTEs	21.00	18.00	(3.00)	19.00	(2.00)

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

Compliance Monitoring and Enforcement			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	33.00	37.00	4.00
Direct Expenses	\$ 8,289,709	\$ 9,516,758	\$ 1,227,049
Indirect Expenses	\$ 4,112,676	\$ 5,278,974	\$ 1,166,298
Inc(Dec) in Fixed Assets	\$ 52,915	\$ 90,907	\$ 37,992
Total Funding Requirement	\$ 12,455,300	\$ 14,886,639	\$ 2,431,340

The FTEs in this table are included in the Total FTEs in the Compliance Monitoring and Enforcement, and Organization Registration Program table on page 17.

Compliance Monitoring

Program Scope and Functional Description

The activities performed by the Compliance Monitoring group to monitor and help ensure the reliability, security, and resiliency of the BES include: Operations and Planning (O&P) and Critical Infrastructure Protection (CIP) Audits; Spot Checks; Self-Certifications; Investigations; assessing Complaints; assessing entity internal controls as part of each engagement; evaluating system events from a reliability, security and compliance perspective to identify and ensure mitigation of potential risks; assisting in the review, approval, and verification of mitigation plans for non-compliances identified during compliance monitoring activities; and managing Technical Feasibility Exceptions (TFEs). The group also serves as industry subject matter experts and technical resources for the Corporation.

2024 Key Assumptions

The Compliance Monitoring group incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. The Compliance Monitoring group also includes the following regional assumptions:

1. Assure reliability by monitoring compliance to the Reliability Standards through CMEP processes (e.g., Audits, Spot Checks, Self-Certifications), using a risk-based approach, ensuring that all activities are completed per the established process and timelines.
2. Pursuant to the risk-based CMEP, Entities will have an Inherent Risk Assessment completed to determine their Compliance Oversight Plans. As required by the NERC Rules of Procedure, Balancing Authority, Transmission Operator, and Reliability Coordinator audits will continue to occur on a three-year cycle. For all other Entities, ReliabilityFirst will evaluate the Entity's Compliance Oversight Plan to identify Entity specific risks, analyze emerging industry risks, and develop its planned monitoring schedule and oversight approach.

3. The ERO Enterprise will continue to perform reviews of internal controls as part of the compliance monitoring engagement process. As the ERO Enterprise continues to mature its approach on internal controls this will continue to add time to the monitoring process and increase workload.
4. ReliabilityFirst will continue performing more frequent in-depth touch points across our footprint. The more frequent touch points reduce the scope of an individual engagement but adds to the overhead of managing a larger number of engagements throughout the year.
5. The ERO Enterprise will continue to collaborate and define ongoing training needs, priorities, and implementation schedules for the compliance staff. ReliabilityFirst will provide the necessary training to continue to provide a credible, skilled, competent, and respected compliance monitoring staff.
6. Staff will continue to partner with NERC as we transition to utilizing Align and the SEL for ReliabilityFirst CMEP Activities while developing and prioritizing system enhancements.
7. With the CIP Standards being revised to include virtualization, the ERO Enterprise continues to evaluate whether the approved and ongoing changes will materially change the amount of rigor and time Regional Entities will need to spend on compliance monitoring activities, including whether field visits will be required and the impact the changes will have on ERO outreach efforts to these entities. Results of this evaluation may impact the audit scope, regional resource requirements, and expectations that will need to be factored into future resource recommendations for the budget.
8. The continued increased complexity of the O&P and CIP Standards, and the substantial increase of assets within scope for the CIP Standards has increased the workload for auditors. Moreover, the time required to complete audit reviews often includes site and field visits, based on the scope of the audit and whether initial evidence provided is sufficient to substantiate that an entity is compliant. This has increased the time required for audits and has added workload in the area that is expected to continue.
9. The ongoing revisions of the CIP Standards and technical nature of the O&P standards have also resulted in an additional workload to provide outreach and training to Entities. Entity outreach is expected to be an ongoing need, given the increasing complexity, and continually evolving nature of cybersecurity and the Standards.

2024 Key Deliverables

- Manage all compliance monitoring activities in a risk-based, fair, and consistent manner, affording all entities appropriate due process.
- Perform internal controls reviews as part of the compliance monitoring engagement process.
- Conduct thorough and professional collaborative compliance audits consistently with all Regions through the incorporation of the Auditor Handbook, Checklist, and the Align Tool.
- Prepare and distribute compliance monitoring reports to NERC and Registered Entities.
- Ensure all auditors receive adequate training, meet all NERC auditor training requirements, keep abreast of new and emerging technologies, and maintain professional certifications.

- Provide efficiencies in compliance monitoring processes through continued auditor training, development and enhancement of auditor tools, and continuous improvements.
- Monitoring Staff will support ERO and regional outreach and training efforts including any Small Group Advisory Sessions, ReliabilityFirst Workshops (e.g. additional targeted workshops), various ERO and Regional Workshops, Technical Talks with RF and CIP and O&P related Assist Visits.
- Compliance Monitoring engagements will be performed as separate CIP and O&P engagements unless agreed to otherwise between ReliabilityFirst and the Entity. Various Compliance Monitoring methods will be utilized based upon the focused risk and/or Entity being monitored.
- Spot Checks and Self-Certifications will be used: (1) to assess performance to selected Reliability Standards when a larger engagement is not warranted; (2) as an alternate means of monitoring lower risk entities; and (3) on an as-needed basis to address identified risks. Spot Check or Self-Certification may be executed on the identification of emerging risks.
- Support the ERO Enterprise in continuing training and outreach for Registered Entities.
- Assist in the development of the risk based annual CMEP implementation Plan in coordination with cross-functional groups.
- Complete Compliance Assessment Reviews of system events according to the ReliabilityFirst Compliance Assessment process, to determine if reliability issues associated with the system event require the initiation of a compliance monitoring process; performance of mitigation activities by involved entities; and/or industry outreach and education.

Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting three additional FTE's in 2024, one in O&P monitoring and two in the CIP monitoring department. As discussed above in the 2024 Key Assumptions, the workload in the O&P and CIP monitoring areas has continually increased and is expected to continue increasing. This is driven by various factors, including the expansion of CIP scopes for entities with only Low Impact BES Cyber Systems, increased complexity of the Standards, and the fact that more Compliance Oversight Plans also include Spot Checks or Self-Certifications. Compliance monitoring teams now perform internal controls reviews as part of the compliance monitoring engagement process, which has added time and workload to engagements. All of these, along with the enhanced security features included with the new ERO Enterprise Align Tool and the SEL, will require additional hours for the audit teams to complete its work.

- **Contractors and Consultants**

No contractor or consultant support is budgeted in 2024.

Enforcement

Program Scope and Functional Description

The Enforcement group performs ReliabilityFirst’s delegated function to enforce compliance with the Reliability Standards. This effort involves ensuring that the selected resolution and disposition method for any noncompliance is consistent with the risk posed by the noncompliance; is adequately supported by the record; and promotes desired entity behaviors to enhance reliability.

Enforcement staff is responsible for (1) drafting and negotiating with entities all necessary disposition documents as applicable; (2) ensuring all requisite notices are timely issued; (3) post-filing support and advocacy with NERC and FERC; (4) ensuring that the record and related disposition documents comply with all applicable FERC orders, rules, and regulations, NERC ROP, guidance, and ERO-wide program documents, and internal policies and procedures (collectively, “applicable orders, rules, and procedures”); and (5) participating in hearings where necessary.

For continuity and stakeholder convenience and familiarity, Enforcement staff serves as a single point of contact for entities for noncompliance-related communications, including answering entity questions and providing regular updates on disposition matters. The Enforcement staff is also heavily involved in external outreach to help entities understand potential noncompliance trends and themes that may be early indicators of programmatic or systemic challenges.

ReliabilityFirst frequently serves as the lead Region in resolving multi-regional enforcement actions for those registered entities that transverse multiple regions (designated as multi-regional registered entities or MRREs). Consequently, Enforcement staff devotes substantial resources to coordinate the enforcement work of various Regions, obtain consensus on a myriad of issues, and negotiate acceptable resolutions.

Enforcement staff regularly works with FERC, NERC, other Regions, and industry to shape risk-based, effective enforcement policies that drive desired entity behavior. This work includes drafting, or supporting the drafting, of ERO-wide enforcement program documents and enforcement related regulatory filings, presenting and training on enforcement programs in various forums, and monitoring and managing enforcement metrics in support of NERC’s strategic Plan and Oversight Program. Enforcement staff also works with NERC and the other Regions to promote and otherwise ensure collaboration and implementation of consistent enforcement practices focused on higher reliability risks.

2024 Key Assumptions

The Enforcement group incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. It also includes the following regional assumptions:

1. The increased number of non-compliances will, at a minimum, remain steady due to implementation of the CIP Version 5 Standards and certain Operations and Planning Standards, which increased the scope of assets covered and frequency of activities required relating to an entity’s assets.

2. ReliabilityFirst will continue to process multiple Settlement Agreements due to the complexity of the CIP Standards and increased focus on certain Operations and Planning Standards. Complex, higher-risk non-compliances dispositioned as Settlement Agreements will require approximately 65% of Enforcement resources. These matters often involve more complex mitigation, increased regional interaction with the entities, and additional analysis and advocacy regarding penalties and sanctions.
3. ReliabilityFirst anticipates that the majority of non-compliances will continue to trend as minimal or moderate risk; however the complexity of processing these non-compliances may continue to increase as entities' compliance history grows and technology continues to evolve and advance.
4. ReliabilityFirst will implement and utilize the new ERO tools for CMEP activities, including Align SEL for exchanging entities' most sensitive information. Mostly due to increased security measures, but also due to aspects of their functionality, these tools increase the amount of administrative work for our enforcement case managers compared to prior tools and processes.
5. Enforcement staff will spend significant time ensuring adequate records are created for all issues, including minimal risk issues.
6. ReliabilityFirst will frequently serve as the lead Region for MRREs and will continue to support other Regions when ReliabilityFirst is the affected Region. The disposition of MRRE non-compliances takes additional time to coordinate dispositions, review mitigation, and negotiate acceptable solutions with affected Regions.
7. Enforcement staff will work with FERC, NERC, the other Regions, and the industry to shape effective and risk-based enforcement policies that drive desired behavior and ensure consistency.
8. The number of hearings to be conducted is unknown, and therefore no internal or external resources have been budgeted for hearings.
9. Enforcement staff will provide outreach to industry through internal support of functional initiatives (e.g., Regional Risk Assessments); workshop presentations and participation in panel discussions; webinars; targeted entity training; identification and sharing of lessons learned; and contributions to the ReliabilityFirst newsletter.

2024 Key Deliverables

- Continue to focus on resolving enforcement actions in a thoughtful, risk-based, reliability focused manner.
- Ensure that the use of discretion in Enforcement is internally documented, repeatable, and consistent with NERC directives and FERC orders, rules, and regulations.
- Conduct initial fact and circumstance reviews of non-compliances and communicate with the entity through each step of the enforcement process.
- Continue to work to refine the risk-harm assessment process, a key input into enforcement decision-making.
- Continue to increase efficiency, through process improvements, in dispositioning enforcement actions and preparing related documentation.

- Continue to work with NERC and the other Regions to shape a well-reasoned Enforcement philosophy that results in risk-based, uniform, repeatable, transparent, and reliability-focused approaches.
- Use knowledge obtained in the regular course of business in enforcement and other departments to assure informed decision-making.
- Draft and negotiate with entities, as applicable, all necessary disposition documents.
- Ensure all requisite notices are timely issued and provide post-filing support and advocacy with NERC and FERC.
- Ensure that the record of a noncompliance and the related disposition documents comply with all applicable orders, rules, and procedures.

Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting one additional FTE in Enforcement in 2024. As described in the Assumptions section, the workload for Enforcement has increased since the implementation of CIP Version 5, and with the revision and implementation of certain Operations and Planning Standards. This increased volume has been sustained since the implementation of CIP version 5, and this is expected to continue, and potentially increase with the newest proposed revisions to the CIP Standards. Enforcement staff works to keep up with the increased intake through processing a maximum amount of noncompliance each year within its capabilities while also focusing on ensuring new noncompliance are timely and sufficiently mitigated.

Enforcement works to enforce complex non-compliances while remaining an accessible single point of contact for our Registered Entities. The complexities of our entities and the nature of our industry continue to evolve, requiring more in-depth analysis to appropriately dispose of non-compliances and resolve related issues outside of enforcement. Additionally, the quality of risk communication, deeper understanding of our Registered Entities risk profiles, and our ability to identify trends, share lessons learned and proactively target and train entities based on risk and compliance history are necessary to the Enforcement department's effectiveness. Under the Coordinated Oversight Program, the Enforcement department serves as the Lead Regional Entity for many registered entities and their subsidiaries. The Coordinated Oversight Program and efforts to increase transparency and consistency across the Regions has also resulted in additional workload. Additionally, with the use of the SEL, Enforcement staff will experience some administrative inefficiencies that will fall on the case managers.

- **Contractors and Consultants**

No contractor or consultant support is budgeted for in 2024.

Compliance Monitoring and Enforcement Budget Detail

The following table shows funding sources and related expenses for the CMEP section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

2023 Budget and Projection, and 2024 Budget					
Compliance Monitoring and Enforcement					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	\$ 10,430,842	\$ 10,430,842	\$ -	\$ 14,103,808	\$ 3,672,966
Penalties Released	1,976,353	1,731,318	(245,035)	757,137	(1,219,216)
Total ReliabilityFirst Funding	\$ 12,407,195	\$ 12,162,160	\$ (245,035)	\$ 14,860,945	\$ 2,453,750
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	48,105	\$ 48,105	-	25,694	(22,411)
Miscellaneous Income	-	-	-	-	-
Total Funding (A)	12,455,300	12,210,265	(245,035)	14,886,639	2,431,339
Expenses					
Personnel Expenses					
Salaries	\$ 5,764,740	\$ 5,976,086	\$ 211,346	\$ 6,640,158	\$ 875,419
Payroll Taxes	378,611	413,029	34,418	\$ 440,928	62,317
Benefits	917,255	940,158	22,904	\$ 1,058,592	141,337
Retirement Costs	876,614	934,960	58,346	\$ 1,035,995	159,380
Total Personnel Expenses	\$ 7,937,219	\$ 8,264,234	\$ 327,014	\$ 9,175,673	\$ 1,238,454
Meeting Expenses					
Meetings	\$ 12,425	\$ 12,425	\$ -	\$ 11,834	\$ (591)
Conference Calls	-	-	\$ -	\$ -	-
Travel	237,200	237,200	\$ -	\$ 226,036	(11,164)
Total Meeting Expenses	\$ 249,625	\$ 249,625	\$ -	\$ 237,870	\$ (11,755)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ (10,000)
Office Rent	-	-	-	-	-
Office Costs	83,464	90,957	7,493	\$ 93,815	10,351
Professional Services	-	-	-	-	-
Miscellaneous	9,400	9,400	-	\$ 9,400	-
Total Operating Expenses, excluding Depreciation	\$ 102,864	\$ 110,357	\$ 7,493	\$ 103,215	\$ 351
Total Direct Expenses	\$ 8,289,709	\$ 8,624,216	\$ 334,507	\$ 9,516,758	\$ 1,227,050
Indirect Expenses	\$ 4,112,676	\$ 4,499,680	\$ 387,004	\$ 5,278,974	\$ 1,166,298
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 12,402,385	\$ 13,123,896	\$ 721,511	\$ 14,795,732	\$ 2,393,349
Change in Net Assets (= A - B)	\$ 52,915	\$ (913,631)	\$ (966,546)	\$ 90,907	\$ 37,991
Fixed Asset Additions, excluding Right of Use Assets (C)					
Allocation of Fixed Assets	\$ 52,915	54,179	1,264	\$ 90,907	\$ 37,992
Inc/(Dec) in Fixed Assets	\$ 52,915	\$ 54,179	\$ 1,264	\$ 90,907	\$ 37,992
Total Budget (= B + C)	\$ 12,455,300	\$ 13,178,075	\$ 722,775	\$ 14,886,639	\$ 2,431,341
Change in Working Capital (= A - B - C)	\$ 0	\$ (967,810)	\$ (967,810)	\$ -	\$ (1)
FTEs	33.00	33.00	-	37.00	4.00

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	7.00	7.00	0.00
Direct Expenses	\$ 2,441,414	\$ 2,424,276	\$ (17,139)
Indirect Expenses	\$ 822,535	\$ 998,725	\$ 176,190
Inc(Dec) in Fixed Assets	\$ 10,583	\$ 17,199	\$ 6,616
Total Funding Requirement	\$ 3,274,532	\$ 3,440,199	\$ 165,666

Program Scope and Functional Description

ReliabilityFirst's Engineering and System Performance (ESP) group executes the Reliability Assessment and Performance Analysis (RAPA) program within ReliabilityFirst. This team independently analyzes, assesses, and reports on the reliability and adequacy of the BES within the ReliabilityFirst footprint. This program helps identify and assess risks across the region, and its deliverables are a major contributor to the risk-based efforts of the entire organization. The work includes the performance of resource and transmission assessment studies; special analyses and investigations as warranted; and the collection and dissemination of data, lessons learned, and other information. This program provides resources and data input for the technical analyses and support of the many risk-based activities described in the Reliability and Risk Analysis, Compliance Monitoring, and Enforcement sections. The program also facilitates four of the stakeholder advisory and technical committees and several other industry discussion groups. They act as subject matter experts within the organization assisting with technical webinars, papers and presentations.

2024 Key Assumptions

The RAPA Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

There are no additional assumptions unique to the ReliabilityFirst RAPA Program.

2024 Key Deliverables

- Assessments of Reliability Performance
 - Perform seasonal (summer and winter) risk analyses of the projected resource adequacy for PJM Interconnection, LLC (PJM) and Midcontinent Independent System Operator (MISO), the two Regional Transmission Organizations (RTO) that operate within ReliabilityFirst. As part of these risk analyses, the program produces seasonal RTO "waterfall" risk charts depicting the range of available capacity reserves for the forecasted normal (50/50) and extreme (90/10) seasonal peak demand levels, and historical long-term forecast and demand charts.
 - Perform seasonal (summer and winter), near-term (typically five years into the future), and extreme transmission power-flow analysis assessments, and produce reports on the transmission assessment scope and results.

- Collect data and contribute to the production of assessment reports for the NERC Reliability Assessment Subcommittee's seasonal, special assessment, and long-term reports.
- Provide technical support for the ERO Enterprise's expanded and enhanced system studies and help perform analyses as needed.
- Work with neighboring Regional Entities within the Eastern Interconnection Reliability Assessment Group (ERAG) to perform Eastern Interconnection assessment studies and produce reports.
- Update power-flow base case models that represent the Bulk Power System within the ReliabilityFirst footprint as needed for regional study efforts.
- Reporting Requirements
 - Assist NERC in the collection, verification, and validation of data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS, GADS Wind, and GADS Solar), Demand Response Availability Data System (DADS), Misoperation Information Data Analysis System (MIDAS), and Geomagnetic Disturbance Data System (GMD). All these systems can be used for data analytics across the ERO Enterprise.
- Other Requirements and Activities
 - Support risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry. Continue to participate and expand the work being performed in the Eastern Interconnection Reliability Assessment Group (ERAG) and the Multiregional Modeling Working Group (MMWG).
 - Analyze protective relay misoperation information and track corrective action plans, as reported in the NERC MIDAS system. Facilitate a peer review process of this data via the ReliabilityFirst Protection Subcommittee.
 - Develop and maintain various data repositories, which includes, but is not limited to; support the development of ongoing data warehouse initiatives, maintenance of a linear contingency database, and maintenance of a data dictionary between GADS and the MMWG power-flow model.
 - In support of the ERO Enterprise, actively participate (and in some cases serve in leadership roles) in NERC committees, subcommittees, task forces, and other technical groups, such as the ERO RAPA Steering Group, Reliability Assessment Subcommittee, Performance Analysis Subcommittee, Probabilistic Assessment Working Group, and associated subgroups, as well as the MIDAS User Group, TADS User Group, and GADS User Group.
 - Continue to support and increase stakeholder participation and interaction through various regional technical groups, including the Reliability Committee (a technical advisory body to the ReliabilityFirst Board of Directors) and its subcommittees (i.e., Protection Subcommittee, Transmission Performance Subcommittee, Generation Subcommittee) and task forces. Facilitate several industry groups aimed toward continuous improvement and excellence.
 - Provide the various regional technical groups with information and knowledge to help entities improve human performance. Conduct a human performance workshop and facilitate an industry group aimed toward continuous improvement and excellence (such as the Substation Maintenance Community of Practice).

Strive to include participants that perform work in the field like commissioning engineers and transmission line/substation maintenance personnel.

- Provide Registered Entities with tailored training and interaction through recurring workshops (such as the Protection Workshop for Technical Personnel).
- Provide knowledge, techniques, and data input in support of ReliabilityFirst's risk-based activities, including the Inherent Risk Assessments and Regional Risk Assessment efforts.
- Provide the various Registered Entities with information and knowledge to help entities improve vegetation contacts on non-BES facilities. Initiate and facilitate an industry group aimed toward continuous improvement and excellence in vegetation management (such as the Vegetation Management Community of Practice).
- Support our state outreach program activities by developing material to assist in educating the states that ReliabilityFirst serves, around risk associated with the changing resource mix and integration of inverter-based resources and technologies.

Resource Requirements

- **Personnel**

There are no additional FTE's budgeted for 2024.

- **Contractors and Consultants**

Contractor and consultant support is budgeted in 2024 to support:

- ERAG steady state and dynamic base case model assembly through the Multiregional Modeling Working Group (MMWG) processes.
- ERAG performance of power-flow analysis assessments.

The total cost of ERAG contractor and consulting support is shared across all four Regional Entities in the Eastern Interconnection.

Contractor and consultant support is also budgeted to assist with supplementing staff which is aimed at helping entities achieve excellence in reliability, risk identification, security, and resiliency.

Reliability Assessment and Performance Analysis Program Budget Detail

The following table lists funding sources and related expenses for the RAPA section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

2023 Budget and Projection, and 2024 Budget					
Reliability Assessment and Performance Analysis					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	\$ 2,869,641	\$ 2,869,641	\$ -	\$ 3,292,096	\$ 422,455
Penalties Released	\$ 395,271	367,249	(28,022)	\$ 143,242	(252,029)
Total ReliabilityFirst Funding	\$ 3,264,913	\$ 3,236,890	\$ (28,022)	\$ 3,435,338	\$ 170,426
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	9,621	\$ 9,621	-	4,861	(4,760)
Miscellaneous Income		-	-	-	-
Total Funding (A)	3,274,534	3,246,511	(28,022)	3,440,199	165,666
Expenses					
Personnel Expenses					
Salaries	\$ 1,603,212	\$ 1,512,092	\$ (91,120)	\$ 1,573,274	\$ (29,938)
Payroll Taxes	95,790	95,160	(630)	\$ 96,030	239
Benefits	216,919	197,889	(19,030)	\$ 201,301	(15,618)
Retirement Costs	253,352	240,783	(12,570)	\$ 250,380	(2,973)
Total Personnel Expenses	\$ 2,169,273	\$ 2,045,924	\$ (123,349)	\$ 2,120,984	\$ (48,289)
Meeting Expenses					
Meetings	\$ 10,550	\$ 10,550	\$ -	\$ 7,155	\$ (3,395)
Conference Calls	-	-	-	-	-
Travel	95,000	95,000	-	\$ 84,875	(10,125)
Total Meeting Expenses	\$ 105,550	\$ 105,550	\$ -	\$ 92,030	\$ (13,520)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 111,278	\$ 111,278	\$ -	\$ 150,062	\$ 38,784
Office Rent	-	-	-	-	-
Office Costs	55,313	55,279	(34)	\$ 61,199	5,886
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 166,591	\$ 166,557	\$ (34)	\$ 211,261	\$ 44,670
Total Direct Expenses	\$ 2,441,414	\$ 2,318,031	\$ (123,383)	\$ 2,424,276	\$ (17,139)
Indirect Expenses	\$ 822,535	\$ 954,478	\$ 131,943	\$ 998,725	\$ 176,190
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 3,263,949	\$ 3,272,508	\$ 8,559	\$ 3,423,001	\$ 159,051
Change in Net Assets (= A - B)	\$ 10,583	\$ (25,997)	\$ (36,581)	\$ 17,199	\$ 6,616
Fixed Asset Additions, excluding Right of Use Assets (C)					
Allocation of Fixed Assets	\$ 10,583	11,493	910	\$ 17,199	\$ 6,616
Inc/(Dec) in Fixed Assets	\$ 10,583	\$ 11,493	\$ 910	\$ 17,199	\$ 6,616
Total Budget (= B + C)	\$ 3,274,534	\$ 3,284,001	\$ 9,469	\$ 3,440,199	\$ 165,666
Change in Working Capital (= A - B - C)	\$ (0)	\$ (37,490)	\$ (37,490)	\$ -	\$ 0
FTEs	7.00	7.00	-	7.00	-

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

Training, Education, and Outreach

Training, Education and Outreach (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.00	4.00	1.00
Direct Expenses	\$ 1,289,112	\$ 1,831,583	\$ 542,472
Indirect Expenses	\$ 373,880	\$ 570,700	\$ 196,820
Inc(Dec) in Fixed Assets	\$ 4,810	\$ 9,828	\$ 5,018
Total Funding Requirement	\$ 1,667,802	\$ 2,412,111	\$ 744,309

Program Scope and Functional Description

Training ensures that the workforce is kept vigilant and attentive through educational sharpening and upskilling, ensuring valuable reliability and nurturing a culture of excellence in craft and continuous improvement. Outreach ensures that voices and needs are being heard, relationships are being developed, and that concerns and gaps are being addressed preemptive to any loss of reliability or resilience. The ReliabilityFirst Training, Education and Outreach Program is designed for flexible participation, adding value at all levels within organizations and across the ERO.

ReliabilityFirst does not provide system operator certification training, as it would be duplicative with that offered by the Regional Transmission Organizations within the Region.

2024 Key Assumptions

The Training and Education Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

- With the continuation of the ERO Innovation and Continuous Improvement Collaboration Group, an assumption is that this will lead to additional project work and initiatives to strengthen the ERO Enterprise and more effectively engage with our key stakeholders on emerging risks and challenges.
- Pursuant to the program objectives, strategic partnerships and growth may be developed.
- ReliabilityFirst is continuing to mature its outreach and education incorporating lessons learned from the pandemic. Before the pandemic, our workshops were typically in-person; and during the pandemic, our workshops were typically virtual. Post-Pandemic ReliabilityFirst will be enhancing its tools, processes, and training to deliver to a hybrid in-person and virtual audience simultaneously.
- NERC is introducing the ERO University where ReliabilityFirst will be contributing to and using new educational materials for both internal and external consumption.

2024 Key Deliverables

- **Industry and Stakeholder Education and Continuous Improvement**

ReliabilityFirst will continue its education and assistance efforts to help all stakeholders achieve improvement and excellence in compliance, reliability, risk identification, security, and resilience. Internally, this team will also facilitate training and continuous improvement

of staff skillsets to assess stakeholder compliance and operational programs, culture, and maturity. These activities include:

- Provide outreach to state policy makers within the region as an independent, unbiased source of information.
 - Assist NERC with the coordination, planning, delivery, and management of training and outreach activities across the ERO Enterprise in concert with Region-specific training and outreach activities.
 - Participate in the ERO Enterprise staff learning development process through the ERO working groups and functional area program leaders.
 - Issue announcements, newsletters, and reports on key compliance, reliability, risk identification and mitigation, security, state policies, and resilience issues facing ReliabilityFirst and the industry.
 - Communicate key risks and risk mitigation strategies.
 - In concert with various ReliabilityFirst departments, develop and publish lessons learned and best practices.
 - Provide continued guidance on the implementation of the Risk-Based CMEP, including Inherent Risk Assessments, Compliance Oversight Plans, and Internal Control Reviews
 - Identify and communicate common themes and root causes of Reliability Standard violations.
 - Hold open stakeholder calls (Technical Talk with RF) covering topics related to compliance, reliability, security, resilience, and enforcement.
 - Share best practices concerning generator plant winter readiness.
 - Host targeted webinars on the compliance monitoring and enforcement processes, and other risk areas.
 - Increase focus on lessons learned or trends identified from reliability assessments.
 - Post educational materials on the ReliabilityFirst public website on pertinent reliability, risk, security, continuous improvement and resilience topics.
 - Develop capabilities for on-demand and virtual training opportunities on relevant reliability, risk, security, continuous improvement and resilience topics.
 - Deliver internal and stakeholder training related to the implementation of the new Align and SEL platforms.
- **Industry Workshops and Outreach**

Continue workshops and outreach engagements to allow for information exchange between ReliabilityFirst and its stakeholders. Workshops and outreach will focus on understanding and mitigating risks to reliability, security, and resilience within the ReliabilityFirst footprint. Workshops and stakeholder outreach to be conducted include:

- One Reliability workshop (fall) to promote a culture of compliance focusing on reliability, security, resilience, risk management, internal controls, and targeted discussion on methods to demonstrate compliance.

- Protection Systems Workshop on key issues associated with protection systems (e.g., misoperations, maintenance and testing).
- Human Performance Workshop on practical application of human performance techniques and concepts for front-line activities such as operations, asset management, design, protection, and maintenance.
- Additional targeted outreach to address internal controls, cybersecurity, community outreach, emerging risks (e.g., misoperations, fuel security, changing generation mix, insider threats and cyber security technology) as the need is identified and the sessions can be scheduled.
- Industry webinars and state outreach webinars to address key issues on emerging risks that affect reliability.
- Participate in ERO Enterprise wide webinars for continued outreach and education across regions.

- **Personnel**

There are no additional FTE's budgeted for 2024.

Other changes to the FTE count for this Program Area in the above table reflect reallocations to repurpose existing staff and reduce the need for additional staff as described on p. 12.

- **Contractors and Consultants**

Contractor and consultant support is budgeted in 2024 to assist with continuous improvement and growth initiatives aimed at helping entities achieve excellence in reliability, risk identification, security, and resiliency.

Training, Education, and Outreach Program Budget Detail

The following table shows funding sources and related expenses for the Training, Education, and Outreach section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

2023 Budget and Projection, and 2024 Budget					
Training, Education, and Outreach Program					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	\$ 1,483,760	\$ 1,483,760	\$ -	\$ 2,327,481	\$ 843,721
Penalties Released	179,668	209,857	30,189	\$ 81,853	(97,815)
Total ReliabilityFirst Funding	\$ 1,663,428	\$ 1,693,617	\$ 30,189	\$ 2,409,333	\$ 745,905
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	4,373	\$ 4,373	-	2,778	(1,595)
Miscellaneous Income		-	-	-	-
Total Funding (A)	1,667,801	1,697,990	30,189	2,412,111	744,310
Expenses					
Personnel Expenses					
Salaries	\$ 676,925	\$ 1,030,817	\$ 353,892	\$ 1,070,545	\$ 393,620
Payroll Taxes	38,348	64,116	25,768	\$ 64,975	26,627
Benefits	115,486	168,620	53,134	\$ 162,641	47,155
Retirement Costs	108,256	164,723	56,467	\$ 171,287	63,031
Total Personnel Expenses	\$ 939,014	\$ 1,428,276	\$ 489,262	\$ 1,469,448	\$ 530,434
Meeting Expenses					
Meetings	\$ 223,100	\$ 223,100	\$ -	\$ 224,471	\$ 1,371
Conference Calls	-	-	-	\$ -	-
Travel	21,600	21,600	-	\$ 42,080	20,480
Total Meeting Expenses	\$ 244,700	\$ 244,700	\$ -	\$ 266,551	\$ 21,851
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 80,000	\$ 80,000	\$ -	\$ 34,000	\$ (46,000)
Office Rent	-	-	-	\$ -	-
Office Costs	24,898	27,370	2,472	\$ 61,085	36,187
Professional Services	-	-	-	\$ -	-
Miscellaneous	500	500	-	\$ 500	-
Total Operating Expenses, excluding Depreciation	\$ 105,398	\$ 107,870	\$ 2,472	\$ 95,585	\$ (9,813)
Total Direct Expenses	\$ 1,289,112	\$ 1,780,846	\$ 491,734	\$ 1,831,583	\$ 542,472
Indirect Expenses	\$ 373,880	\$ 545,416	\$ 171,536	\$ 570,700	\$ 196,820
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,662,992	\$ 2,326,262	\$ 663,270	\$ 2,402,283	\$ 739,292
Change in Net Assets (= A - B)	\$ 4,809	\$ (628,272)	\$ (633,081)	\$ 9,828	\$ 5,019
Fixed Asset Additions, excluding Right of Use Assets (C)					
Allocation of Fixed Assets	4,810	6,567	1,757	\$ 9,828	\$ 5,018
Inc/(Dec) in Fixed Assets	\$ 4,810	\$ 6,567	\$ 1,757	\$ 9,828	\$ 5,018
Total Budget (= B + C)	\$ 1,667,802	\$ 2,332,829	\$ 665,027	\$ 2,412,111	\$ 744,309
Change in Working Capital (= A - B - C)	\$ (1)	\$ (634,839)	\$ (634,838)	\$ -	\$ 1
FTEs	3.00	4.00	1.00	4.00	1.00

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

Situational Awareness Program

Situation Awareness and Infrastructure Security Program			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	5.00	5.00	0.00
Direct Expenses	\$ 1,517,891	\$ 1,419,573	\$ (98,318)
Indirect Expenses	\$ 623,133	\$ 713,375	\$ 90,242
Inc(Dec) in Fixed Assets	\$ 8,017	\$ 12,285	\$ 4,268
Total Funding Requirement	\$ 2,149,040	\$ 2,145,232	\$ (3,808)

Program Scope and Functional Description

The ReliabilityFirst Operational Analysis & Awareness (OAA) department focuses on Event Analysis, Situational Awareness, Threat Intelligence, and operational ReliabilityFirst and ERO Initiatives.

In support of the ERO Enterprise, OAA staff, in coordination with members of the Engineering and System Performance (ESP) and the Reliability and Risk Analysis groups, monitors present conditions on and emerging threats to the BES. OAA staff performs the event analysis process for system disturbances and events which includes working with entities to identify and analyze the root causes of system events, complete event analysis reports, and communicate the resulting information and lessons learned to the industry.

OAA staff performs ongoing monitoring of Situational Awareness utilizing various tools. This activity continues to evolve to provide the tools and information required by the staff and stakeholders to promote infrastructure protection to ensure reliability, security, and resilience of the BES.

The Events Analysis, Situational Awareness and Threat Intelligence program activities support the ReliabilityFirst staff and Registered Entities in understanding potential threats to the electricity sector, maintaining an awareness of conditions on the BES, and identifying potential and emerging threats to the BES. OAA staff works on various internal initiatives to support and develop risk-based tools to drive tactical, strategic and risk informed decision making; and collaborates with industry, stakeholders and the ERO community through various outreach activities.

2024 Key Assumptions

The OAA Event Analysis, Situational Awareness, and Threat Intelligence programs support the key value drivers and strategic focus areas set forth in the ERO Enterprise Long Term Strategy. They also include the following regional assumptions:

1. National level security exercises will be conducted to examine industry's cyber security and physical security preparedness and response capabilities through simulation of coordinated cyber and physical attacks on industrial control systems, System Control and Data Acquisition, and information technology assets. OAA staff will participate in these exercises as appropriate.

2. OAA staff supports the ERO Enterprise through actively participating (and in some cases serving in leadership roles) in various NERC committees, subcommittees, working groups, task forces, and other technical groups, as mentioned below.
3. OAA staff will continue to support innovative and continuous improvement initiatives to drive efficiencies, effectiveness and risk informed decision making.
4. OAA staff will continue to support external collaboration with industry, other stakeholders, and the ERO Enterprise community.

2023 Key Deliverables

- Provide Information on Cyber & Physical Security, and Operational - Related Issues
 - OAA staff, in collaboration with the ReliabilityFirst CSO, support this activity which involves dissemination of information to entities from agencies such as the E-ISAC, the U.S. Department of Homeland Security, and others containing information on events or suspected events representing potential threats to the electricity sector.
 - OAA staff, as part of Situational Awareness activities, will work with members of the E-ISAC and NERC staff to use existing and further develop a robust messaging system for dissemination of Operational and CIP-related messages to the appropriate target audience and will promote the use of the messaging system for exchange of security-related information.
- Monitor the Health of the BES
 - The use of Situational Awareness tools by OAA staff has been evolving over the last few years. The ReliabilityFirst OAA staff continues to participate in the Situational Awareness for FERC, NERC, and the Regional Entities (SAFNR) project and uses the SAFNR displays developed through this project. ReliabilityFirst is a signatory to the NERC Operating Reliability Data Confidentiality Agreement and the SAFNR Subscriber Agreement and as such, uses tools such as the Reliability Coordinator Information System (RCIS), MISO Reliability Coordinator System (MCS), The Event Analysis Management System (TEAMS), System Data eXchange (SDX), Area Control Error (ACE), and Abnormal Frequency System Monitoring, in addition to current SAFNR Version to monitor the health of the BES within the ReliabilityFirst geographical area. In addition to the tools just mentioned, OAA staff continues to investigate other tools for monitoring the grid.
- Evolve and facilitate the ReliabilityFirst Threat Intelligence Program
 - OAA staff is evolving, leading, and facilitating activities to monitor, quantify, and assess new and emerging threats to the BES. This includes assessing and exploring tools and techniques used to perform this activity in support of the Reliability and Risk Analysis program. The OAA staff will continue to enhance its ability to collect and analyze data, leveraging the Analytic Services program to better identify and quantify emerging threats to the BES and to provide additional input to ReliabilityFirst staff, stakeholders and internally for various initiatives and projects.
- Engage in and contribute to ERO biennial GridEx and annual GridSecCon activities.
- Collect, validate, review, and analyze data for system events and disturbances as described in the ERO Event Analysis Process and the ReliabilityFirst Event Analysis Procedure.

- For system events and disturbances, cooperate with NERC and FERC staff and other Regional staff to ensure root causes, corrective actions, lessons learned, and recommendations are identified and shared across the ERO Enterprise and the industry.
- Collect and review disturbance reports as required in NERC Standard EOP-004 and as required by the Department of Energy in form OE-417.
- Author, publish and share lessons learned documents designed to convey lessons learned from NERC’s various activities such as the ERO Event Analysis Process and NERC/FERC supported initiatives (i.e., joint inquiries, commissioning practices, data verification and validation, real-time assessments, etc.)
- Support ERO Enterprise-wide data collection and analysis efforts.
- Support and leverage cross-functional collaboration to use analytics within ReliabilityFirst and across the ERO Enterprise.
 - Collaborate with ESP in the verification and validation of data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS), Demand Response Availability Data System (DADS), and the Misoperation Information Data Analysis System (MIDAS).
 - Collaborate with Analytic Services, Risk Analysis and Mitigation, Monitoring, Enforcement, and Legal, to explore and develop analytical solutions, where applicable.
 - Collaborate with NERC and other Regional Entities on Analytics related initiatives and efforts via the ERO Analytics Community of Excellence (ACE).
- Engage and participate in the Event Analysis Subcommittee (EAS), ERO Event Analysis (EA), Energy Management System Working Group (EMSWG), System Protection & Control Working Group (SPCWG), and other ERO committees, working groups, task forces, as deemed necessary. Where possible, support industry conferences that address Monitoring and Situational Awareness, Energy Management Systems, Human Performance, Grid Security.
- Provide technical subject matter expertise and support for regional outreach activities, and other initiatives as identified within ReliabilityFirst and/or the ERO.

Resource Requirements

- **Personnel**

There are no additional FTEs budgeted for 2024.

Situational Awareness Program Budget Detail

The following table shows funding sources and related expenses for the Situational Awareness section of the *2024 Business Plan and Budget*. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

2023 Budget and Projection, and 2024 Budget					
Situation Awareness and Infrastructure Security					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirstFunding					
ERO Assessments	\$ 1,842,305	\$ 1,842,305	\$ -	\$ 2,039,444	\$ 197,139
Penalties Released	299,447	262,321	(37,126)	\$ 102,316	(197,131)
Total ReliabilityFirst Funding	\$ 2,141,753	\$ 2,104,626	\$ (37,126)	\$ 2,141,760	\$ 8
Membership Dues		\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	7,289	\$ 7,289	-	3,472	(3,819)
Miscellaneous Income		-	-	-	-
Total Funding (A)	2,149,041	2,111,915	(37,126)	2,145,232	(3,811)
Expenses					
Personnel Expenses					
Salaries	\$ 925,927	\$ 906,053	\$ (19,874)	\$ 909,818	\$ (16,109)
Payroll Taxes	58,395	64,179	5,784	\$ 62,447	4,052
Benefits	176,783	167,873	(8,910)	\$ 168,763	(8,020)
Retirement Costs	146,309	144,344	(1,965)	\$ 145,123	(1,187)
Total Personnel Expenses	\$ 1,307,415	\$ 1,282,449	\$ (24,966)	\$ 1,286,151	\$ (21,264)
Meeting Expenses					
Meetings	\$ 3,500	\$ 3,500	\$ -	\$ 3,211	\$ (289)
Conference Calls	-	-	-	-	-
Travel	50,000	50,000	-	\$ 44,671	(5,329)
Total Meeting Expenses	\$ 53,500	\$ 53,500	\$ -	\$ 47,882	\$ (5,618)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	156,976	156,616	(360)	\$ 85,540	(71,436)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 156,976	\$ 156,616	\$ (360)	\$ 85,540	\$ (71,436)
Total Direct Expenses	\$ 1,517,891	\$ 1,492,565	\$ (25,326)	\$ 1,419,573	\$ (98,318)
Indirect Expenses	\$ 623,133	\$ 681,770	\$ 58,637	\$ 713,375	\$ 90,242
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,141,024	\$ 2,174,335	\$ 33,311	\$ 2,132,948	\$ (8,076)
Change in Net Assets (= A - B)	\$ 8,017	\$ (62,420)	\$ (70,437)	\$ 12,285	\$ 4,266
Fixed Asset Additions, excluding Right of Use Assets (C)					
Allocation of Fixed Assets	8,017	8,209	192	\$ 12,285	\$ 4,268
Inc/(Dec) in Fixed Assets	\$ 8,017	\$ 8,209	\$ 192	\$ 12,285	\$ 4,268
Total Budget (= B + C)	\$ 2,149,041	\$ 2,182,544	\$ 33,503	\$ 2,145,232	\$ (3,808)
Change in Working Capital (= A - B - C)	\$ 0	\$ (70,629)	\$ (70,629)	\$ -	\$ (1)
FTEs	5.00	5.00	-	5.00	-

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

Administrative Services

Administrative Services (in whole dollars)						
	Direct Expenses and Fixed Assets			FTEs		
	2023	2024	Increase (Decrease)	2023	2024	Increase (Decrease)
General and Administrative*	\$ 3,425,730	\$ 3,979,158	\$ 553,428	5.00	6.00	1.00
Legal and Regulatory	\$ 772,209	\$ 1,389,298	\$ 617,089	2.00	4.00	2.00
Information Technology	\$ 2,397,743	\$ 2,748,829	\$ 351,086	8.00	9.00	1.00
Human Resources	\$ 1,147,115	\$ 1,341,294	\$ 194,179	4.00	4.00	0.00
Finance and Accounting	\$ 916,583	\$ 990,920	\$ 74,337	3.00	3.00	0.00
Total Administrative Services	\$ 8,659,381	\$ 10,449,499	\$ 1,790,118	22.00	26.00	4.00

*General and Administrative includes the CEO, Executive Assistant, Chief Security Officer, and RF's Security staff members.

Program Scope and Functional Description

Administrative Services is comprised of the following programs: General and Administrative, Legal and Regulatory Affairs, Information Technology, Organizational Development and Human Resources, and Finance and Accounting.

Methodology for Allocation of Administrative Services Expenses to Programs

The majority of the Operating Expenses are accounted for within the related department's budget. If an expense cannot be specifically associated to a department, it is included in one of the Administrative Services programs. All expenses for the Administrative Services Programs, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides improved financial perspective for the direct program areas.

Section A – Statutory Programs

Administrative Services

Administrative Services Budget Detail

The following table shows funding sources and related expenses for the Administrative Services section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Supplemental Financial Tables found in Section B.

2023 Budget and Projection, and 2024 Budget					
Administrative Services					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ReliabilityFirst Funding					
ERO Assessments	\$ 853,339	\$ 853,339	\$ -	\$ (2,841,915)	\$ (3,695,254)
Penalties Released		-	-	-	-
Total ReliabilityFirst Funding	\$ 853,339	\$ 853,339	\$ -	\$ (2,841,915)	\$ (3,695,254)
Membership Dues		-	-	-	-
Interest & Investment Income		-	-	-	-
Miscellaneous Income		-	-	-	-
Total Funding (A)	853,339	853,339	-	(2,841,915)	(3,695,254)
Expenses					
Personnel Expenses					
Salaries	\$ 4,050,687	\$ 4,547,753	\$ 497,066	\$ 5,286,124	\$ 1,235,437
Payroll Taxes	242,655	274,687	32,031	\$ 315,774	73,119
Benefits	816,516	766,700	(49,815)	\$ 898,964	82,449
Retirement Costs	708,278	810,824	102,547	\$ 911,870	203,592
Total Personnel Expenses	\$ 5,818,136	\$ 6,399,964	\$ 581,829	\$ 7,412,732	\$ 1,594,596
Meeting Expenses					
Meetings	\$ 172,400	\$ 172,400	\$ -	\$ 175,591	\$ 3,191
Conference Calls	15,000	15,000	-	-	(15,000)
Travel	75,000	75,000	-	\$ 121,342	46,342
Total Meeting Expenses	\$ 262,400	\$ 262,400	\$ -	\$ 296,933	\$ 34,533
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 449,604	\$ 449,604	\$ -	\$ 345,638	\$ (103,966)
Office Rent	682,584	682,584	-	\$ 852,751	170,167
Office Costs	612,083	616,588	4,505	\$ 584,926	(27,158)
Professional Services	685,915	685,915	-	\$ 741,816	55,901
Miscellaneous	38,659	38,659	(1)	\$ 37,804	(85)
Total Operating Expenses, excluding Depreciation	\$ 2,468,845	\$ 2,473,350	\$ 4,504	\$ 2,562,934	\$ 94,089
Total Direct Expenses	\$ 8,549,381	\$ 9,135,714	\$ 586,332	\$ 10,272,599	\$ 1,723,218
Indirect Expenses	\$ (8,549,381)	\$ (9,135,714)	\$ (586,332)	\$ (10,272,599)	\$ (1,723,218)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 0	\$ 0	\$ 0	\$ -	\$ (0)
Change in Net Assets (= A - B)	\$ 853,339	\$ 853,339	\$ (0)	\$ (2,841,915)	\$ (3,695,253)
Fixed Asset Additions, excluding Right of Use Assets (C)					
	110,000	\$ 110,000	-	176,900	66,900
Allocation of Fixed Assets	(110,000)	(110,000)	-	\$ (176,900)	(66,900)
Inc/(Dec) in Fixed Assets	\$ -	\$ -	\$ -	\$ 0	\$ 0
Total Budget (= B + C)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
Change in Working Capital (= A - B - C)	\$ 853,339	\$ 853,339	\$ (0)	\$ (2,841,915)	\$ (3,695,253)
FTEs	22.00	24.00	2.00	26.00	4.00

*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

General and Administrative

Program Scope and Functional Description

The General and Administrative Department consists of the President and CEO, Chief Security Officer (CSO), a Senior Executive Assistant, and two security personnel. Responsibilities include leadership, oversight, and management of all of ReliabilityFirst Corporation's activities, interacting with the Board of Directors and other Regional Entity Management Groups, and managing relationships with governmental agencies, regulators, members, stakeholders, and other industry organizations.

2023 Key Assumptions

The General and Administrative Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. This program area also supports the oversight of the security posture, both cyber and physical, of the ReliabilityFirst personnel, assets, and information.

The office of the CSO is responsible for the overall security governance of the organization. The CSO and his team (Security Governance) meets this duty by performing:

- Creation and maintenance of all security policies
- Risk Assessments
- Supply Chain Risk Management
- Security and Awareness Training
- Incident Response Planning
- Disaster Recovery Planning
- Threat Intelligence

Additionally, Security Governance will maintain recurring third-party security assessment activities in order to uncover undetected vulnerabilities, measure security control effectiveness, gauge security maturity, and ultimately reduce risk to the enterprise. Security governance will continue to support the security outreach efforts to the members in our region. We will look for opportunities to enhance those relationships and outreach efforts with tabletop exercises and simulation activities.

2023 Key Deliverables

- Conduct annual active cyber vulnerability assessment.
- Maintain and Test Incident Response Plan.
- Coordinate with the Information Technology department on the monitoring of and alerting on security events occurring on ReliabilityFirst networks and devices.
- Oversee the maintenance of the ReliabilityFirst Business Continuity Plan.
- Coordinate with the ReliabilityFirst President & CEO and the Board of Directors on the maturity of the ReliabilityFirst security program.

Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting an increase of one Security FTE for 2024 to be added to the General and Administrative group who will be dedicated to corporate security initiatives and assist with the growing workload described on page 46.

- **Contractors and Consultants**

Contractor and consultant support is budgeted for Third Party Security Assessments in 2024.

Legal and Regulatory Affairs

Program Scope and Functional Description

The Legal and Regulatory Affairs program is responsible for four key areas: (1) all legal issues germane to the corporation; (2) regulatory affairs (communication and outreach to FERC, NERC, and various State regulatory bodies); (3) external affairs (communication and outreach to ReliabilityFirst stakeholders and the public); and (4) corporate governance of the ReliabilityFirst Board of Directors and its committees.

First, the program is responsible for all legal issues germane to the corporation. This includes ensuring legal and regulatory compliance with all applicable laws, orders, rules, and regulations; serving as advisor to the President and CEO and the Board of Directors; providing legal support to all other departments of the corporation; and drafting, reviewing, and maintaining the corporation's contracts, policies and procedures, and governance documents.

Second, the program is responsible for ReliabilityFirst's regulatory affairs. This includes communication and outreach to FERC, NERC, and State regulatory agencies on issues relating to ReliabilityFirst and/or the performance of its delegated functions; advising senior executives on strategic and tactical initiatives in light of the regulatory landscape; and advancing ReliabilityFirst's mission and strategic initiatives in a clear and articulate manner. This function also includes internal compliance efforts, supporting internal and external audits of the corporation and overseeing all regulatory filings and interactions.

Third, the program plays a key role in ReliabilityFirst's external affairs. This includes legal review of communication and outreach to ReliabilityFirst's stakeholders, the general public, and media.

Finally, the program is responsible for the corporate governance of the ReliabilityFirst Board of Directors and its Committees. This includes the completion of all activities associated with the Corporate Secretary function (the General Counsel serves as the corporation's Corporate Secretary), such as preparing Board materials and minutes, facilitating and conducting Board training, and ensuring that Director elections, Board of Directors and Committee meetings, and Meetings of Members adhere to the ReliabilityFirst Bylaws and other relevant governing documents.

2024 Key Assumptions

The Legal and Regulatory Affairs Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. There are no additional assumptions or deliverables unique to the Legal and Regulatory Affairs Program.

2024 Key Deliverables

- Support all legal and regulatory needs of the corporation.
- Provide legal support to all other departments of the corporation to ensure that those departments and their activities are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.

- Provide legal support to make all necessary regulatory filings with FERC, NERC, and any other applicable regulatory body or agency, as well as support NERC in its efforts to do the same.
- Support internal and external audits of the corporation.
- Draft, review, and maintain the corporation's contracts, policies and procedures, and governance documents.
- Lead interactions with the FERC, NERC, the States, and other governmental agencies regarding ReliabilityFirst and its mission.
- Provide legal support and perform the Corporate Secretary function for the Board of Directors and support the corporate governance needs of the organization.

Resource Requirements

- **Personnel**

There are no planned additions to FTE's budgeted for in 2024.

Other changes to the FTE count for this Program Area in the above table reflect reallocations to repurpose existing staff and reduce the need for additional staff as described on p. 12.

- **Contractors and Consultants**

No contractor or consultant support is budgeted for in 2024.

Information Technology

Program Scope and Functional Description

The Information Technology (IT) department provides users with cost-effective information technology tools and proactively delivers enabling technologies to assist the departments in meeting their goals, objectives, and deliverables. The IT department continues a hybrid approach of on-premises and cloud infrastructure services and as such must implement and manage controls to maintain a robust security posture that minimizes ReliabilityFirst's risks. The department provides the necessary technical services in the following categories to ensure efficient and effective performance of all corporate functions:

- Infrastructure Maintenance (Data Center Management - Local/Remote)
- Hosting of Public and Multiple Secure Portal Websites
- Voice, Web, and Video Conferencing
- Vulnerability Management
- Mobile Device Management
- Wireless Network Management
- Audio/Video Management
- Document Management
- Email Management
- Help Desk Support
- Telecommuter Support
- Application Support and Development
- Data Warehousing Management
- Database Administration
- Business Analysis
- Information Security Protection and Monitoring
- Business Continuity and Disaster Recovery
- Secure ERO Collaborative Information Sharing
- Secure External Information Sharing
- Log Management with MSSP oversight
- Cloud Tenant Management

ReliabilityFirst supports the ERO Enterprise's efforts to implement, operate, and maintain software tools supporting common enterprise-wide IT operations. ReliabilityFirst is committed to working collaboratively with NERC and the other Regions 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.

NERC's business plan and budget will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity approved enterprise-wide applications. Funding for these applications will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. If implementation of these applications is delayed or otherwise not available as planned, ReliabilityFirst could incur additional costs to conduct operations pending the availability of these applications. ReliabilityFirst assumes agreed upon

ERO Enterprise applications will be available and has only included appropriate funding for applications and supporting systems necessary to satisfy its business needs that are not within the mutually agreed upon scope of the ERO Enterprise wide applications funded by NERC.

The offsite Data Management Center will be in its ninth year of operation. Operational experience to date has been excellent and ReliabilityFirst believes it to be very effective in IT resource utilization. Performance to date has provided savings in the operation of equipment, while affording the organization many benefits in security, utilities, and back-up capability.

2024 Key Assumptions

The IT Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy and the recently developed ERO 3 Year Cybersecurity Strategy 2021 – 2023. The objectives include the support for building and implementing centralized enterprise applications for the ERO and implementation of controls and processes to provide like protections to the identified ERO security risks, respectively. The IT Program includes the following regional assumptions:

- Utilize Continuous improvement to maintain and advance the security posture across the corporation-wide data infrastructure and remediate any vulnerability to protect sensitive data.
- Maintain lower fixed asset costs (infrastructure servers) by continuing operations of virtualization technologies and/or cloud solutions, therefore minimizing operating and replacement costs.
- Maintain a stringent level of control of the Access Management Process that governs physical and electronic access to resources that contain sensitive corporate data.
- Departmental processes and efficiencies must be continuously improved, including training exercises for implemented technologies in order to maintain proficiency.
- Maintain a multi-layered security protection and monitoring environment governed by established controls, processes, and security awareness activities.
- Continue close collaboration with Corporate Security to ensure that planned objectives are prioritized and desired results are purposely implemented.

2024 Key Deliverables

- Identify and implement process improvement for manual tasks associated with the IT core work.
- Continue assessment of system(s) and/or services that could potentially be outsourced or moved into a secure cloud hosted environment. The ERO Enterprise recognizes that this alternative must be considered for projected collaboration solutions across the ERO.
- Perform necessary software and hardware upgrades including, but not limited to, the upgrade of various workstation and server applications, targeted server operating systems, and infrastructure equipment that has reached its end-of-life.
- Continue the enhancements in the development, integration, and expansion of databases and applications into a unified corporation-wide Information Management System.

- Continue enhancements of the internal websites and related applications to further improve employee efficiency and customer experience. Transitioning to cloud tenant solution for corporate intranet will provide greater flexibility in content management and usability.
- Continue supporting Data Warehousing and Analytics efforts that will support improved risk analysis and decision making for customers.
- Continue the advancement of data security and defense technologies to provide layered prevention/detection of the latest advanced cyber security threats. Efforts to advance the implementations of Identity Access Management, Data Loss Prevention, Vulnerability Scanning, Log 24x7 Security Monitoring, and Disaster Recovery exercises will continue within ReliabilityFirst environment.
- Continue refinement of security awareness program by providing training documents, questionnaires, simulated exercises, assessment campaigns, and/or seminars on existing workplace vulnerabilities.
- Continue participation in CHIRP (Cyber Hygiene and Internet Risk Program), CRISP (Cybersecurity Risk Information Sharing Program), Northeast Ohio Cyber Consortium (NEOCC) and E-ISAC initiatives to obtain additional external vulnerability assessment and threat information.
- Continue supporting ERO initiatives of developing, testing, and deploying ERO Enterprise solutions. Continue to look for opportunities to implement the common processes and/or solutions across the ERO Enterprise to achieve shared cost savings and efficiencies.

Resource Requirements

- **Personnel**

ReliabilityFirst is budgeting an increase in one FTE for 2024 to be added to the Information Technology Program area to be a dedicated resource to help continued efforts on streamlining repetitive tasks and processes, allowing more dedicated time for continuous Improvement and anticipated Operations/Security project work.

- **Contractors and Consultants**

Contractor and consultant support is budgeted for 2024 for network maintenance projects, cloud initiatives, MSSP 24X7 Security Monitoring and enhancing data management systems.

Organization Development & Human Resources

Program Scope and Functional Description

ReliabilityFirst realizes that talented, engaged employees are its greatest assets, and that recruiting, nurturing, developing, and retaining that talent is one of its most important tasks. In addition, creating an environment where all employees feel valued, appreciated, and free to be their authentic selves is equally important. The Human Resources (HR) program centers on ReliabilityFirst's greatest resources, the staff and the organization's culture. The HR department is responsible for the attraction and retention of a diverse and talented workforce, employee engagement, creating a work environment of inclusion, employee development through performance management and individual, departmental, and organizational training, corporate policy and procedure development and adherence measures, as well as compensation and benefits administration. The department is also responsible for strategic alignment of the organization's mission, values, strategic plan and organizational design, organizational analysis and succession planning, coaching and leadership development, and driving change management practices for improving organizational performance. The HR department oversees the organization's corporate goals, corporate strategic plan, succession planning and drives ReliabilityFirst's diversity, equity and inclusion priorities. The HR staff must be vigilant in understanding and complying with federal and state employment laws covering thirteen states and the respective reporting requirements for each.

ReliabilityFirst will increase its staff to 98 individuals, equivalent to 98 FTEs. The staff is comprised of qualified management, professional, and technical employees with the expertise necessary to serve its stakeholders and to support the ERO by properly carrying out the organization's delegated functions.

2024 Key Assumptions

The Human Resources Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

HR will prioritize our company culture, recruiting efforts, benefits program and training offerings to ensure that we continue to have the talent and skills to succeed.

2023 Key Deliverables

- Recruit, retain and train the right people for the right roles, now and in the future.
- Expand recruiting strategies to identify diverse candidates and increase brand awareness.
- Prioritize our positive workplace culture.
- Assess workforce model against organizational needs and changing competitive market
- Sustain competitiveness in our benefit offerings, explore alternatives and evaluate new offerings for staff.
- Provide staff training and education:
 - Train and educate staff on relevant technical topics, including emerging issues and technologies (e.g., virtualization, smart grid technologies).
 - Train and educate staff on the existing and new competencies required to perform their roles and responsibilities.

- Deepen knowledge of Diversity, Equity and Inclusion topics.
- Leverage competency assessments to identify training needs and update individual development plans more accurately.
- Explore, develop, and provide training on tools to further enhance staff efficiency and effectiveness.
- Review succession plans and forecast for future talent needs.
- Apply organization development principles, methods and tools to formulate customized business solutions and frameworks which enhance organizational effectiveness.
- Provide continuous improvement in organizational design and alignment to corporate vision and strategic plan.
- Lead the development, communication and tracking of corporate goals and strategic plan.
- Cultivate a culture of innovation, collaboration, and high performance.
- Drive employee engagement and inclusion.

Resource Requirements

- **Personnel**

There are no additional FTEs budgeted for 2024.

- **Contractors and Consultants**

Contractor and consultant support is budgeted in 2024 for third party recruiting and consultants for training and leadership development.

Finance and Accounting

Program Scope and Functional Description

The Finance and Accounting department is responsible for linking the strategy of ReliabilityFirst and its major departments to their annual operating budgets, managing accounting practices to ensure the accuracy of reported results, making meaningful financial information available to decision makers, and participating in various risk initiatives. The Finance and Accounting department is responsible for directing the complete cycle of the financial management activities of ReliabilityFirst and other initiatives, including:

- Processing the day-to-day activities such as travel and expense reporting, monthly financial reporting, accounts payables and receivables, and cash flow management;
- Leading the creation of the annual business plan and budget that adequately supports its delegated functions;
- Establishing and maintaining accounting policies, procedures, and internal controls, including anti-fraud initiatives, to guide the preparation of ReliabilityFirst's internal and external financial statements in accordance with Generally Accepted Accounting Principles;
- Overseeing the annual external audit of ReliabilityFirst's financials and all required filings;
- Supporting the ERO's funding/collection mechanism, annually collecting and supplying the ERO with a list of LSEs within the ReliabilityFirst footprint and their associated Net Energy for Load (NEL) data as mandated by FERC;
- Working with the ERO to develop common accounting practices throughout NERC and the Regions;
- Managing the retirement and corporate investment activities;
- Developing and implementing the necessary internal audit functions;
- Supporting ReliabilityFirst in risk assessment activities from a financial perspective;
- Supporting the Enterprise Risk Management function; and
- Performing the Corporate Treasury function.

2024 Key Assumptions

The Finance and Accounting Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

There are no additional assumptions unique to the Finance and Accounting Program.

2024 Key Deliverables

- Work with all Regional Entities through the Electric Reliability Organization Finance Group (EROFG) to provide consistency in budget submittals to the ERO and to FERC.
- Provide all ReliabilityFirst program areas, the Board of Directors, the ERO, and stakeholders with financial clarity and understanding of ReliabilityFirst's financial position.

- Direct the overall financial plans and accounting practices of the organization; oversee treasury, accounting, budget, payroll, tax, audit activities, and financial and accounting internal controls and standards.
- Prepare and provide NERC the annual Regional Entity true-up filing, and the quarterly statements of activity.
- Implement actions to monitor operating expenses at a more granular level with the management staff.
- Provide advice from the financial perspective on contracts into which the organization may enter.
- Support risk assessment activities.
- Perform financial related internal control reviews and internal audit reviews.

Resource Requirements

- **Personnel**

There are no additional FTEs budgeted for 2024.

- **Contractors and Consultants**

Contractor or consultant support is budgeted in 2024 for internal control efforts and system enhancements.

Section B: Supplemental Financial Information

Table B-1: Working Capital and Operating Reserve Analysis

Working Capital and Operating Reserve Analysis 2023 - 2024				
STATUTORY				
	Total	Working Capital and Working Capital Reserve	Unreleased Penalties	Operating Reserve
Beginning Working Capital Per Audit, December 31, 2022	\$ 12,611,662			
Less: Adjustment for Future Long-Term Liabilities	\$ -			
Beginning Reserve Balances, January 1, 2023	\$ 12,611,662	\$ 7,322,714	\$ 4,288,948	\$ 1,000,000
Plus: Penalty Funds Released from Restriction January 1, 2023	\$ -	\$ 3,515,100	\$ (3,515,100)	
Plus: Penalty Sanctions Received January 1 - June 30, 2023	\$ 699,500		\$ 699,500	
Plus: 2023 ReliabilityFirst Funding (from LSEs or designees)	\$ 24,620,340	\$ 24,620,340		
Plus: 2023 Other funding sources	\$ 100,000	\$ 100,000		
Less: 2023 Projected expenses & capital expenditures	\$ (28,983,853)	\$ (28,983,853)		
Other Adjustments to Reserves ¹	\$ (736,938)	\$ (736,938)		
Projected Working Capital and Operating Reserves, December 31, 2023	\$ 8,310,711	\$ 5,837,363	\$ 1,473,348	\$ 1,000,000
Targeted Working Capital and Operating Reserves, December 31, 2024 ³	\$ 3,851,829	\$ 2,851,829		\$ 1,000,000
Less: Projected Working Capital and Operating Reserves, December 31, 2023	\$ (8,310,711)	\$ (5,837,363)	\$ (1,473,348)	\$ (1,000,000)
Total Adjustments to Reserves	\$ (4,458,883)	\$ (2,985,535)	\$ (1,473,348)	\$ -
2024 Expenses and Capital Expenditures	\$ 31,324,535			
Less: Penalty Sanctions ²	\$ (1,473,348)			
Less: Other Funding Sources	\$ (50,000)			
Adjustment to Achieve Reserve Balances	\$ (2,985,535)			
Other Adjustments to Reserve ¹	\$ 143,620			
2024 ReliabilityFirst Assessment	\$ 26,959,272			

¹ Represents transactions recorded only on the Statement of Financial Position (balance sheet) that do not impact the Statement of Activities (income statement), including a \$143,620 true-up of current versus non-current lease obligations and a penalty deduction not reflected in the 2023 Business Plan and Budget (see adjustment on the Variance 2023 Projection vs. 2023 Budget, Penalties Released line, on page 18).

² Represents penalty sanctions collected from July 1, 2022 to June 30, 2023.

³ The Operating and Working Capital Reserves were approved by the ReliabilityFirst Board of Directors on April 27, 2023.

Explanation of the Working Capital Reserve

Historically, the working capital reserve has consisted of the amount necessary to satisfy projected cash flow needs for daily operations. In an effort to manage assessments more effectively over a three-to-five-year period, the working capital reserve was initially increased in amount such that additional funds were available to achieve stabilization of future assessments. For 2024, the working capital reserve is being decreased by \$3.0M to meet the Board-approved target reserve of approximately \$2.9M at December 31, 2024. The Targeted Working Capital balance of \$2.9M will be used to stabilize assessments in future years.

Explanation of the Operating Reserve

The amount of the operating reserve is determined and recommended for approval by the Board of Directors during the annual budget process. On March 10, 2023, the ReliabilityFirst Board approved a \$1,000,000 operating reserve, which is consistent with ReliabilityFirst policy, is the same amount budgeted in the 2023 Business Plan and Working Budget and is believed to be appropriate for any unbudgeted and unexpected expenditures of the organization.

Table B-2: Penalty Sanctions Received

Penalty Sanctions Received Between July 1 2022 and June 30, 2023	
Dates Received	Amount Received
Collected July 1, 2022 to December 31, 2022	773,848
Collected January 1, 2023 to June 30, 2023	699,500
Total	1,473,348

Allocation Method

Penalty monies received have been allocated based upon the number of FTEs to the following direct programs to reduce assessments:

- Reliability and Risk Analysis;
- Compliance Monitoring and Enforcement;
- Reliability Assessments and Performance Analysis;
- Training, Education, and Outreach; and
- Situational Awareness.

Table B-3: Supplemental Funding

Outside Funding Breakdown By Program (excluding ReliabilityFirst Assessments & Penalty Sanctions)	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget
Interest Income	\$ 100,000	\$ 100,000	\$ 50,000	\$ (50,000)
Total Outside Funding	\$ 100,000	\$ 100,000	\$ 50,000	\$ (50,000)

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- ReliabilityFirst expects lower interest rates on our investments.

Table B-4: Personnel Expenses

Personnel Expenses	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Salaries					
Salaries	\$ 16,849,344	\$ 17,611,828	\$ 19,409,680	\$ 2,560,337	15.2%
Vacation Expense	64,400	64,400	85,700	21,300	33.1%
Total Salaries	\$ 16,913,744	\$ 17,676,228	\$ 19,495,380	\$ 2,581,637	15.3%
Total Payroll Taxes	\$ 1,052,888	\$ 1,148,271	\$ 1,232,095	\$ 179,207	17.0%
Benefits					
Workers Compensation	\$ 17,000	\$ 17,000	\$ 17,000	\$ -	0.0%
Medical Insurance	2,225,045	2,187,876	2,364,606	139,561	6.3%
Life-LTD Insurance	149,446	141,812	162,894	13,447	9.0%
Training & Education	382,427	382,427	420,970	38,543	10.1%
Relocation	-	-	20,000	20,000	-
Total Benefits	\$ 2,773,918	\$ 2,729,114	\$ 2,985,469	\$ 211,551	7.6%
Retirement					
Discretionary 401k Contribution	1,639,274	\$ 1,748,183	\$ 1,923,948	\$ 284,674	17.4%
Savings Plan	953,937	1,024,042	1,122,282	168,345	17.6%
Pension & Savings Admin	113,350	113,350	99,400	(13,950)	-12.3%
Total Retirement	\$ 2,706,561	\$ 2,885,574	\$ 3,145,630	\$ 439,070	16.2%
Total Personnel Costs	\$ 23,447,110	\$ 24,439,188	\$ 26,858,575	\$ 3,411,465	14.5%
FTEs	91.00	91.00	98.00	7.00	7.7%
Cost per FTE					
Salaries	\$ 185,865	\$ 194,244	\$ 198,932	13,067	7.0%
Payroll Taxes	11,570	12,618	12,572	1,002	8.7%
Benefits	30,483	29,990	30,464	(19)	-0.1%
Retirement	29,742	31,710	32,098	2,356	7.9%
Total Cost per FTE	\$ 257,661	\$ 268,563	\$ 274,067	\$ 16,407	6.4%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- The overall increase in **Personnel Expenses** is mainly due to the addition of 7 new FTEs and a 4% general wage increase.
- The increase in **Medical Insurance** is due to an anticipated 10% increase in health insurance rates.

Table B-5: Meeting Expenses

Meeting Expenses	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Reliability and Risk	\$ 180,180	\$ 180,180	\$ 139,689	(40,491)	-22.5%
Compliance Monitoring and Enforcement	\$ 249,625	\$ 249,625	\$ 237,870	(11,755)	-4.7%
Reliability Assessment and Performance Analysis	\$ 105,550	\$ 105,550	\$ 92,030	(13,520)	-12.8%
Training and Education	\$ 244,700	\$ 244,700	\$ 266,551	21,851	8.9%
Situation Awareness and Infrastructure Security	\$ 53,500	\$ 53,500	\$ 47,882	(5,618)	-10.5%
Administrative Services	\$ 262,400	\$ 262,400	\$ 296,933	34,533	13.2%
Total Meeting Expenses	\$ 1,095,955	\$ 1,095,955	\$ 1,080,955	\$ (15,000)	-1.4%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- The overall decrease in **Meeting Expenses** are due to an increase in virtual meeting options and a reduction in conference call fees.

Table B-6: Consultants and Contractors

Contractors and Consultants	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Reliability and Risk	\$ 186,667	\$ 186,667	\$ 24,000	(162,667)	-87.1%
Compliance Monitoring and Enforcement	\$ 10,000	\$ 10,000	\$ -	(10,000)	-100.0%
Reliability Assessment and Performance Analysis	\$ 111,278	\$ 111,278	\$ 150,062	38,784	34.9%
Training and Education	\$ 80,000	\$ 80,000	\$ 34,000	(46,000)	-57.5%
Situation Awareness and Infrastructure Security	\$ -	\$ -	\$ -	-	-
Administrative Services	\$ 449,604	\$ 449,604	\$ 345,638	(103,966)	-23.1%
Consultants & Contracts Total	\$ 837,549	\$ 837,549	\$ 553,700	\$ (283,849)	-33.9%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- The decrease in **Reliability and Risk and CMEP** is due to the reduction in the need for additional support due to FTE requirements being fulfilled.
- The increase in **RAPA** is mainly due to an increase in various project work.
- The decrease in **Training and Education** is mainly due to a decrease in various project work.
- The decrease in **Administrative Services** is due to the reduction in the need for additional contractor support due to FTE requirements being fulfilled and a reduced need for project support.

Table B-7: Office Rent

Office Rent	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Office Rent	\$ 552,024	\$ 552,024	\$ 722,191	\$ 170,167	30.8%
Data Center Rent	\$ 70,560	\$ 70,560	\$ 70,560	-	0.0%
Utilities	\$ 60,000	\$ 60,000	\$ 60,000	-	0.0%
Total Office Rent	\$ 682,584	\$ 682,584	\$ 852,751	\$ 170,167	24.9%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- The increase in **Office Rent** is due to a lease incentive adjustment and a yearly annual rate increase.

Table B-8: Office Costs

Office Costs	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Telephone	\$ 105,106	\$ 98,087	\$ 94,264	\$ (10,842)	-10.3%
Internet	\$ 29,988	\$ 53,363	\$ 22,020	(7,968)	-26.6%
Office Supplies	\$ 20,050	\$ 20,050	\$ 17,100	(2,950)	-14.7%
Computer Supplies and Maintenance	\$ 830,165	\$ 830,165	\$ 769,744	(60,422)	-7.3%
Publications & Subscriptions	\$ 29,159	\$ 29,159	\$ 54,391	25,232	86.5%
Dues	\$ 37,749	\$ 37,749	\$ 40,066	2,317	6.1%
Postage	\$ 1,300	\$ 1,300	\$ 300	(1,000)	-76.9%
Express Shipping	\$ 500	\$ 500	\$ 1,500	1,000	200.0%
Copying	\$ 3,000	\$ 3,000	\$ 4,620	1,620	54.0%
Stationary Forms	\$ 900	\$ 900	\$ 300	(600)	-66.7%
Equipment Repair/Service Contracts	\$ 8,830	\$ 8,830	\$ 6,830	(2,000)	-22.7%
Total Office Costs	\$ 1,066,747	\$ 1,083,103	\$ 1,011,134	\$ (55,613)	-5.2%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- The decrease in **Computer Supplies and Maintenance** is primarily due lower computer hardware and computer service and maintenance expenses.

Table B-9: Professional Services

Professional Services	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Independent Trustee Fees	\$ 447,000	\$ 447,000	\$ 474,570	\$ 27,570	6.2%
Accounting & Auditing Fees	\$ 75,815	\$ 75,815	\$ 95,246	19,431	25.6%
Outside Legal	\$ 15,000	\$ 15,000	\$ 15,000	-	0.0%
Insurance Commercial	\$ 148,100	\$ 148,100	\$ 157,000	8,900	6.0%
Total Services	\$ 685,915	\$ 685,915	\$ 741,816	\$ 55,901	8.1%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- Accounting and Auditing fees increased due to higher payroll software costs.

Table B-10: Miscellaneous

Miscellaneous Expense	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Miscellaneous	\$ 49,559	\$ 49,559	\$ 48,704	\$ (855)	-1.7%
Total Miscellaneous Expense	\$ 49,559	\$ 49,559	\$ 48,704	\$ (855)	-1.7%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- No significant variances requiring explanation.

Table B-11: Non-Operating Expenses

Other Non-Operating Expenses	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- No significant variances requiring explanation.

Table B-12: Fixed Assets

Fixed Assets	Budget 2023	Projection 2023	2024 Budget	Variance 2023 Budget v 2024 Budget	Variance %
Computer Hardware	\$ 70,000	\$ 70,000	\$ 110,000	\$ 40,000	57.1%
Computer Software	\$ 40,000	\$ 40,000	\$ 63,000	23,000	57.5%
Furniture & Fixtures	\$ -	\$ -	3,900	3,900	-
Leasehold Improvements	\$ -	\$ -	-	-	-
Total Fixed Assets	\$ 110,000	\$ 110,000	\$ 176,900	\$ 66,900	60.8%

Explanation of Significant Variances – 2023 Budget versus 2024 Budget

- Computer hardware and software costs increased as the result of security enhancements.

Table B-13: 2025 and 2026 Projections

Statement of Activities 2024 and 2025 Projections							
	2024	2025	\$ Change	% Change	2026	\$ Change	% Change
	Budget	Low Projection	23 v 24	23 v 24	Low Projection	24 v 25	24 v 25
Funding							
ERO Funding							
ERO Assessments	\$ 26,959,272	\$ 28,307,236	\$ 1,347,964	5.0%	\$ 29,722,598	\$ 1,415,362	5.0%
Penalty Sanctions	913,648	3,000,000	2,086,352	228%	3,000,000	-	0.0%
Total ERO Funding	\$ 27,872,920	\$ 31,307,236	\$ 3,434,316	12.3%	\$ 32,722,598	-	-
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Interest and Investment Income	50,000	50,000	-	0.0%	50,000	-	0.0%
Miscellaneous Income	-	-	-	-	-	-	-
Total Funding (A)	\$ 27,922,920	\$ 31,357,236	\$ 3,434,316	12.3%	\$ 32,772,598	\$ -	0.0%
Expenses							
Personnel Expenses							
Salaries	\$ 19,495,380	\$ 20,404,198	\$ 908,818	4.7%	\$ 21,215,396	\$ 811,198	4.0%
Payroll Taxes	1,232,095	1,273,286	41,191	3.3%	1,295,481	22,195	1.7%
Benefits	2,985,469	3,118,975	133,506	4.5%	3,274,638	155,663	5.0%
Retirement Costs	3,145,630	3,308,508	162,878	5.2%	3,437,183	128,675	3.9%
Total Personnel Expenses	\$ 26,858,575	\$ 28,104,967	\$ 1,246,392	4.6%	\$ 29,222,698	\$ 1,117,731	4.0%
Meeting Expenses							
Meetings	\$ 432,855	\$ 441,512	\$ 8,657	2.0%	\$ 450,342	\$ 8,830	2.0%
Conference Calls	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Travel	648,100	661,062	12,962	2.0%	674,283	13,221	2.0%
Total Meeting Expenses	\$ 1,080,955	\$ 1,102,574	\$ 21,619	2.0%	\$ 1,124,626	\$ 22,051	2.0%
Operating Expenses, excluding Depreciation							
Consultants & Contracts	\$ 553,700	\$ 553,700	\$ -	0.0%	\$ 564,774	\$ 11,074	2.0%
Office Rent	852,751	869,806	17,055	2.0%	887,202	17,396	2.0%
Office Costs	1,011,134	1,031,357	20,223	2.0%	1,051,984	20,627	2.0%
Professional Services	741,816	786,325	44,509	6.0%	833,504	47,179	6.0%
Miscellaneous	48,704	48,704	-	0.0%	49,191	487	1.0%
Total Operating Expenses, excluding Depreciation	3,208,105	3,289,891	81,787	2.5%	3,386,655	96,764	2.9%
Total Direct Expenses	\$ 31,147,635	\$ 32,497,433	\$ 1,349,798	4.3%	\$ 33,733,979	\$ 1,236,546	3.8%
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Total Expenses (B)	\$ 31,147,635	\$ 32,497,433	\$ 1,349,798	4.3%	\$ 33,733,979	\$ 1,236,546	3.8%
Change in Net Assets (= A - B)	\$ (3,224,715)	\$ (1,140,197)	\$ 2,084,518	-65%	\$ (961,381)	\$ (1,236,546)	108.5%
Fixed Asset Additions, excluding Right of Use Assets (C)	176,900	178,669	\$ 1,769	1.0%	\$ 180,456	\$ 1,787	1.0%
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Inc/(Dec) in Fixed Assets	\$ 176,900	\$ 178,669	\$ 1,769	1.0%	\$ 180,456	\$ 1,787	1.0%
Total Budget (= B+ C)	\$ 31,324,535	\$ 32,676,102	\$ 1,351,567	4.3%	\$ 33,914,434	\$ 1,238,333	3.8%
Change in Working Capital (= A - B - C)	\$ (3,401,615)	\$ (1,318,866)	\$ 2,082,749	-61.2%	\$ (1,141,837)	\$ (1,238,333)	93.9%
FTEs	98.00	99.00	1	1.0%	99.00	-	0.0%

Explanation of 2025 and 2026 Budget Projections

The following is a breakdown of the projected budget ranges for 2025¹.

2025 Lower Range: 4.3%

- Personnel Expense: 4.6%
 - Wages Increase: 4%
 - Medical/Dental Premiums: 6%
 - Hire 1 additional FTE²
- Meeting Expense: 2%
- Travel Expense: 2%
- Operating Expense: 2.5%
- Fixed Assets: \$178,669

2025 Higher Range to Address At-Risk Initiatives: 6.5%

- Personnel Expense: 6.6%
 - Wages Increase: 4%
 - Medical/Dental Premiums: 10%
 - Hire 2 additional FTEs³ (in addition to the 1 FTE from the low range)
- Meeting Expense: 7%
- Travel Expense: 7%
- Operating Expense: 5.4%
- Fixed Assets: \$187,514

Notes:

¹ 2025 projection % increases/(decreases) are compared to the 2024 budget.

² 1 Security Professional in General and Administrative, board approved in 2023 for 2025 Budget.

³ 1 Attorney in Enforcement and 1 Engineer in RAPA.

The following is a breakdown of the projected budget range increases for 2026¹.

2026 Lower Range: 3.8%

- Personnel Expense: 4.0%
 - Wages Increase: 4%
 - Medical/Dental/Vision Premiums: 6%
 - Includes the 1 FTE from the 2025 low projection
- Meeting Expense: 2%
- Travel Expense: 2%
- Operating Expense: 2.9%
- Fixed Assets: \$180,456

2026 Higher Range to Address At-Risk Initiatives: 8.2%

- Personnel Expense: 8.5%
 - Wages Increase: 4%
 - Medical/Dental Premiums: 10%
 - Includes the 3 FTEs from the 2025 high projection
 - Hire 3 additional FTEs ²
- Meeting Expense: 7%
- Travel Expense: 7%
- Operating Expense: 5.4%
- Fixed Assets: \$189,389

Notes:

¹2026 projections % increases/(decreases) are compared to the 2025 low projection.

²1 CIP Auditor, 1 O&P Auditor, and 1 Engineer in RAM.

Section C: Non-Statutory Activities

Section C is not applicable.

**Section D: Additional Consolidated Financial
Statements**

Section D – Additional Consolidated Financial Statements

Consolidated Statement of Activities

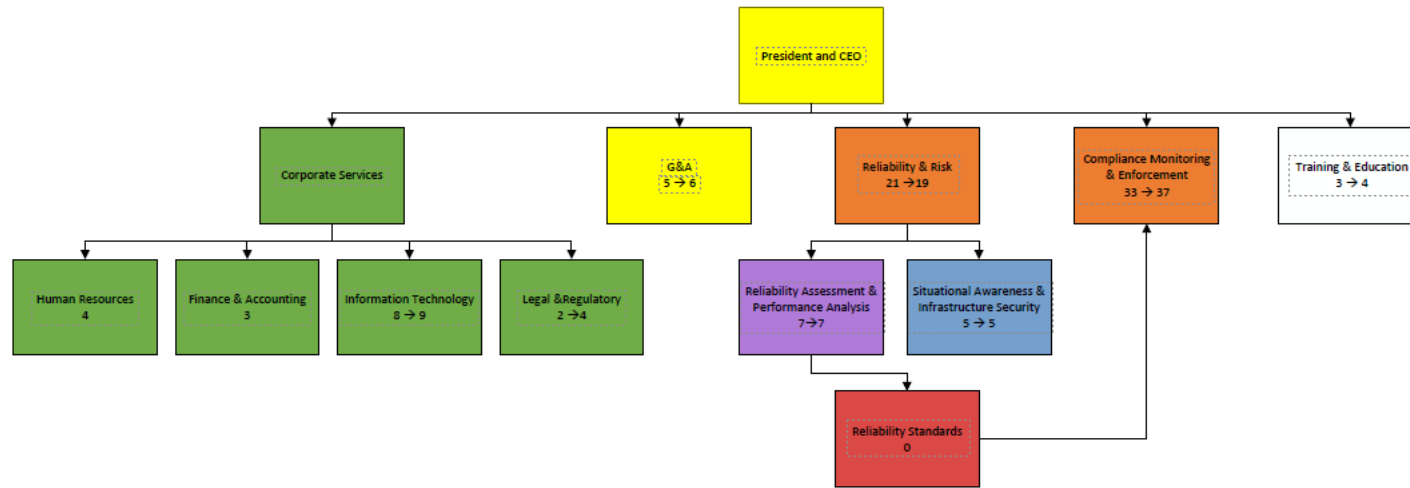
2024 Consolidated Statement of Activities by Program

	Total	Statutory Total	Non-Statutory Total	Statutory Total	Reliability Standards (Section 300)	Reliability & Risk	Compliance Monitoring and Enforcement	Reliability Assessment and Performance Analysis (Section 800)	Training and Education (Section 900)	Situation Awareness and Infrastructure Security (Section 1000)	General and Administrative	General and Administrative - Security	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
Funding																
ReliabilityFirst Funding	26,959,272															
ReliabilityFirst Assessments	26,959,272	26,959,272	-	26,959,272	-	8,186,057	14,391,431	3,346,511	2,358,575	2,078,312	(3,401,615)	-	-	-	-	-
Penalty Sanctions	913,648	913,648	-	913,648	-	241,102	469,514	88,827	50,758	63,448	-	-	-	-	-	-
Total ReliabilityFirst Funding	27,872,920	27,872,920	-	27,872,920	-	8,427,159	14,860,945	3,435,338	2,409,333	2,141,760	(3,401,615)	-	-	-	-	-
Membership Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	50,000	50,000	-	50,000	-	13,194	25,694	4,861	2,778	3,472	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Funding	27,922,920	27,922,920	-	27,922,921	-	8,440,353	14,886,639	3,440,199	2,412,111	2,145,232	(3,401,615)	-	-	-	-	-
Expenses																
Personnel Expenses																
Salaries	19,495,380	19,495,380	-	19,495,380	-	4,015,462	6,640,158	1,573,274	1,070,545	909,818	948,652	838,621	1,006,562	1,332,423	725,254	434,612
Payroll Taxes	1,232,095	1,232,095	-	1,232,095	-	251,941	440,928	96,030	64,975	62,447	32,832	53,203	52,538	99,237	46,091	31,874
Benefits	2,985,469	2,985,469	-	2,985,469	-	495,208	1,058,592	201,301	162,641	168,763	69,227	123,125	105,092	263,235	255,594	82,691
Retirement Costs	3,145,630	3,145,630	-	3,145,630	-	630,976	1,035,995	250,380	171,287	145,123	129,256	133,379	160,026	212,164	108,426	168,618
Total Personnel Expenses	26,858,575	26,858,575	-	26,858,575	-	5,393,587	9,175,673	2,120,984	1,469,448	1,286,151	1,179,967	1,148,329	1,324,218	1,907,059	1,135,365	717,794
Meeting Expenses																
Meetings	432,855	432,855	-	432,855	-	10,593	11,834	7,155	224,471	3,211	46,200	73,387	1,835	3,853	48,527	1,789
Conference Calls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	648,100	648,100	-	648,100	-	129,097	226,036	84,875	42,080	44,671	17,700	40,205	17,868	17,872	22,336	5,361
Total Meeting Expenses	1,080,955	1,080,955	-	1,080,955	-	139,689	237,870	92,030	266,551	47,882	63,900	113,592	19,703	21,725	70,864	7,150
Operating Expenses																
Consultants & Contracts	553,700	553,700	-	553,700	-	24,000	-	150,062	34,000	-	10,000	128,000	9,586	150,000	42,452	5,600
Office Rent	852,751	852,751	-	852,751	-	-	-	-	-	-	782,191	-	-	70,560	-	-
Office Costs	1,011,134	1,011,134	-	1,011,134	-	124,570	93,815	61,199	61,085	85,540	56,065	3,591	18,791	424,736	28,367	53,376
Professional Services	741,816	741,816	-	741,816	-	-	-	-	-	-	474,570	-	15,000	-	45,246	207,000
Miscellaneous	48,704	48,704	-	48,704	-	1,000	9,400	-	500	-	15,054	-	2,000	1,750	19,000	-
Total Operating Expenses	3,208,105	3,208,105	-	3,208,105	-	149,570	103,215	211,261	95,585	85,540	1,337,880	131,591	45,377	647,046	135,065	265,976
Total Direct Expenses	31,147,635	31,147,635	-	31,147,635	-	5,682,846	9,516,758	2,424,276	1,831,583	1,419,573	2,581,747	1,393,511	1,389,298	2,575,829	1,341,294	990,920
Indirect Expenses	(0)	(0)	-	(0)	-	2,710,825	5,278,974	998,725	570,700	713,375	(2,581,747)	(1,393,511)	(1,389,298)	(2,575,829)	(1,341,294)	(990,920)
Other Non-Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	31,147,635	31,147,635	-	31,147,635	-	8,393,671	14,795,732	3,423,001	2,402,283	2,132,948	-	-	-	-	-	-
Change in Assets	(3,224,715)	(3,224,715)	-	(3,224,714)	-	46,682	90,907	17,199	9,828	12,285	(3,401,615)	-	-	-	-	-
Fixed Assets																
Computer & Software CapEx	173,000	173,000	-	173,000	-	-	-	-	-	-	-	-	-	173,000	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	3,900	3,900	-	3,900	-	-	-	-	-	-	3,900	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	176,900	176,900	-	176,900	-	-	-	-	-	-	3,900	-	-	173,000	-	-
Allocation of Fixed Assets	-	-	-	-	-	46,682	90,907	17,199	9,828	12,285	(3,900)	-	-	(173,000)	-	-
Incl/Dec Fixed Assets	176,900	176,900	-	176,900	-	46,682	90,907	17,199	9,828	12,285	-	-	-	-	-	-
Total Budget	31,324,535	31,324,535	-	31,324,535	-	8,440,353	14,886,639	3,440,199	2,412,111	2,145,232	-	-	-	-	-	-
Change in Working Capital	(3,401,615)	(3,401,615)	-	(3,401,614)	-	-	-	-	-	-	(3,401,615)	-	-	-	-	-
FTEs	98.00	98.00	-	98.00	-	19.00	37.00	7.00	4.00	5.00	6.00	4.00	9.00	4.00	4.00	3.00

Statement of Financial Position

2022 Statement of Financial Position	
STATUTORY and NON-STATUTORY	
	(Per Audit)
	31-Dec-22
ASSETS	
Current Assets	
Cash	1,934,546
Cash - regulatory designated	5,226,502
Investments	9,844,133
Accounts receivable, net of allowance for uncollectible accounts	15,903
Prepaid expenses	292,639
Total Current Assets	17,313,723
Noncurrent Assets	
Cash-regulatory designated (net of current portion)	774,568
Deferred compensation plan assets	329,204
Operating lease right-of-use assets	4,193,201
Total Noncurrent Assets	5,296,973
Fixed Assets	
Furniture and equipment	416,028
Leasehold Improvements	2,110,357
Computer software and hardware	3,775,791
	6,302,176
Less accumulated depreciation	5,069,041
Total Fixed Assets	1,233,135
	6,530,108
Total Noncurrent Assets	6,530,108
	23,843,831
Total Assets	23,843,831
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	147,576
Accrued expenses	5,329,053
Operating lease obligations (current portion)	729,233
Total Current Liabilities	6,205,862
Long Term Liabilities	
Deferred revenue	350,000
Accrued expenses (net of current portion)	250,792
Deferred compensation	329,204
Operating lease obligations (net of current portion)	4,661,619
Total Long Term Liabilities	5,591,615
	11,797,477
Total Liabilities	11,797,477
Net Assets	
Without Donor Restrictions	
Undesignated	4,652,966
Operating Reserve Fund	1,000,000
Working Capital Reserve Fund	2,128,720
Regulatory Designated Funds	4,264,668
Total Net Asset	12,046,354
	23,843,831
Total Liabilities and Net Assets	23,843,831

Appendix A: 2023 – 2024 Organization Chart



DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 6

SERC RELIABILITY CORPORATION

PROPOSED 2024 BUSINESS PLAN AND BUDGET



2024 Business Plan and Budget

FINAL
June 21, 2023

Table of Contents

Introduction	3
Organizational Overview	3
2024 Strategic Focus Areas	5
Membership and Governance	8
Statutory Functional Scope	8
2024 Overview of Budget	9
Summary of Budget by Program Area	11
FTE by Program Area.....	12
2023 Budget and Projection and 2024 Budget Comparisons	13
Section A – Statutory Programs	14
Section A – Statutory Programs	15
Reliability Standards Program.....	15
Reliability Standards Budget Detail	17
Compliance Monitoring and Enforcement; Organization Registration and Certification Program	18
Compliance Monitoring, Enforcement, and Organization Registration and Certification Budget Detail.....	24
Reliability Assessment and Performance Analysis Program	25
Reliability Assessment and Performance Analysis Budget Detail.....	28
Training, Education, and Stakeholder Outreach	29
Training, Education, and Stakeholder Outreach Budget Detail.....	31
Situational Awareness and Infrastructure Security Program.....	32
Situational Awareness and Infrastructure Security Budget Detail.....	34
Corporate Services.....	35
Technical Committees and Member Forums	36
General and Administrative	38
Legal and Regulatory	40
Analytics and Information Technology	42
Finance and Accounting	47
Corporate Services Program Budget Detail	48
Section B – Supplemental Financial Information	49
Section B – Supplemental Financial Information	50
Working Capital and Assessment Stabilization Reserve Analysis	50
Breakdown by Statement of Activity Sections	51
Section C – Non-Statutory Activities	61
Section C – Non-Statutory Activities	62
2024 Non-Statutory Business Plan and Budget.....	62
Section D – Additional Consolidated Financial Statements.....	63
Consolidated Financial Statement of Activities by Program, Statutory and Non-Statutory	64
Statement of Financial Position	65
Appendix A: Organization Chart	66
Appendix B: Index of Figures and Tables	67

Introduction

The following table summarizes the 2024 SERC Reliability Corporation (SERC) budget.

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs	111.0			
Non-statutory FTEs	-			
Total FTEs	111.0			
Statutory Expenses	\$ 31,309,954			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 31,309,954			
Statutory Incr(Decr) in Fixed Assets	\$ 690,000			
Non-Statutory Incr(Decr) in Fixed Assets	\$ -			
Total Inc(Dec) in Fixed Assets	\$ 690,000			
Statutory Working Capital Requirement	\$ (82,318)			
Non-Statutory Working Capital Requirement	\$ -			
Total Working Capital Requirement	\$ (82,318)			
Total Statutory Funding Requirement	\$ 31,917,636			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 31,917,636			
Statutory Assessments	\$ 28,737,687	\$ 28,737,687	n/a	n/a
Non-Statutory Fees	\$ -	n/a	n/a	n/a
NEL	1,348,729,586	1,348,729,586	n/a	n/a
NEL%	100%	100%	n/a	n/a

Table 1. SERC Budget for 2024

Organizational Overview

SERC is a nonprofit corporation whose mission is to assure effective and efficient reduction of risks to the reliability and security of the bulk power system (BPS) in all or portions of 16 central and southeastern states. The SERC Region presently covers an area of approximately 650,000 square miles, and a growing population in excess of 91 million. Electric systems in the SERC Region currently serve approximately 29% of the net energy for load (NEL) in North America, approximately 33% of the NEL in the United States, and 40% of the NEL in the Eastern Interconnection.

SERC’s mission is rooted in a risk-based approach that aligns with and supports the mission of the North American Electric Reliability Corporation (NERC) and the broader Electric Reliability

Organization (ERO) Enterprise. To achieve its mission, SERC maintains a diverse team of experts across numerous disciplines to address the complex, evolving, and dynamic challenges facing the grid. The SERC team also partners with the best and brightest individuals from both the power industry and the federal government to understand and address the challenges facing the grid. These key partnerships make our work more informed, pragmatic, responsive, and impactful.

SERC has developed four cultural attributes that help guide its conduct and three key strategic focus areas to help ensure it is best positioned to achieve its mission and further support the ERO Enterprise Long-Term Strategy Focus Areas and the ERO Enterprise Operating Plan.

- ❖ At SERC, every individual is a **LEADER** across every level of our organization. We are trustworthy, principled, inclusive, and respectful. We strive to create value that reduces risk to reliability and security. Leading means having a positive vision and actively building support for executing it.
- ❖ At SERC, we are **COLLABORATIVE** both internally and externally. We partner and engage in focused communication within and across our organization, with our stakeholders, the ERO Enterprise, and the Federal Energy Regulatory Commission (FERC) to drive meaningful action. We leverage our diverse experiences, skills, knowledge, and tools to ensure the effective reductions of risk to reliability and security.
- ❖ At SERC, we strive to be **EXPERTS** that are sought after for our credibility, objectivity, and discipline. We understand our strengths and opportunities and pursue continuous learning and improvement. We value intellectual curiosity, innovation, and creativity.
- ❖ At SERC, we take action to execute our risk-based mission by demonstrating **PURPOSEFUL** proactive initiative, intentionality, and resourcefulness in anticipation of current and future challenges and opportunities. We strategically plan and pursue activities that deliver value with intended results.

VISION

A highly reliable and secure bulk power system

MISSION

To assure effective and efficient reduction of risks to the reliability and security of the bulk power system

CULTURAL ATTRIBUTES

- ❖ Leader
- ❖ Collaborative
- ❖ Expert
- ❖ Purposeful

2024 Strategic Focus Areas

SERC's Strategic Planning Process considers common themes throughout the industry, evaluates SERC's strengths and areas for improvement, and identifies risk priorities to develop SERC's Strategic Focus Areas.

SERC's strategic focus is centered on three principles:

- SERC must be a **Credible and Trusted Expert** organization for its stakeholders, one that is truly risk-based. SERC strives for excellence in risk awareness and reduction and providing policymakers and regulators with unbiased expert information to inform their decision making.
- SERC must be a respected **Leader in Reliability and Security** across the industry. This is accomplished through innovation, collaboration, and meaningful relationships.
- SERC must be a **Highly Desirable Place to Work** through our Culture and Purpose. SERC fosters a culture of trust, teamwork, diversity and inclusion, and continuous improvement; and our work at every level is deeply tied to furthering our essential mission.



SERC's Operating Plan articulates key deliverables that ensure the day-to-day operations match the objectives laid out in the Strategic Plan:

Credible and Trusted Expert

- Continue strengthening SERC's security posture by enhancing existing controls.
- Refine the Data Management Program to demonstrate data is treated at the organizational level as critical for successful performance of SERC's mission.
- Provide credentialed training opportunities to industry stakeholders.
- Review effectiveness of the Align Tool and related controls and processes.

Leader in Reliability and Security

- Evaluate the effectiveness of state and regulatory agency outreach program strategies.
- Strengthen partnerships with other critical infrastructure industries and other industry experts to solve emerging challenges impacting the electric grid.
- Identify efficiencies and effectiveness enhancement opportunities within SERC and within the ERO Enterprise.

Highly Desirable Place to Work

- Foster engagement among employees in a collaborative and respectful environment by embodying our cultural attributes.
- Continue implementation and refinement of the Environmental, Social, Governance (ESG) Framework to highlight SERC's environmental and social responsibilities.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which comprises NERC and the six Regional Entities, is a highly reliable and secure North American BPS. Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations 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. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

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.

Building upon these commitments, the ERO Enterprise continues to engage in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



ERO Enterprise Strategic and Operational Planning

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 RISC's currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

- 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 Reliability Issues Steering Committee (RISC)'s biennial ERO Reliability Risk Priorities Report;
- Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability;
- Strengthen engagement across the reliability and security ecosystem in North America; and
- Capture effectiveness, efficiency, and continuous improvement opportunities.

Since that time, the ERO Enterprise has refined specific Work Plan Priorities, notably in the areas of Energy, Security, Agility, and Sustainability; and is finalizing its response to four critical challenges to overcome in order to position the ERO Enterprise for continued success in the implementation of its brilliant model for the foreseeable future.

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.

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.

Membership and Governance

Membership in SERC is voluntary and free of charge. SERC member companies (Members) meet at least annually to elect Independent Directors and Sector Directors and conduct other such business as may come before the meeting. Additionally, Members approve amendments to Bylaws as recommended by the SERC Board of Directors (Board) and advise the Board with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the organization.

SERC's governance structure allows for participation from a diverse mix of stakeholders while also ensuring independent decision-making. SERC is governed by a balanced, hybrid Board consisting of 18 Directors comprised of a combination of stakeholder representatives from SERC member companies (i.e., Sector Directors) and independent representatives (i.e., Independent Directors) that add independent balance, perspective, and expertise. This combination of stakeholder and Independent Directors allows the Board to focus on the most important and significant risks to reliability in the SERC footprint.

The Board currently has the following committees, which report directly to the Board:

- **Risk Committee:** Provides oversight on behalf of the Board over several risk-based activities undertaken by SERC, including the identification and management of Regional risks, especially by SERC's Technical Committees; the organization's Enterprise Risk Management framework; and other critical organization and Regional risk-based activities. The committee also periodically reports these risk oversight findings to the Board.
- **Human Resources and Compensation Committee (HRCC):** Provides oversight on behalf of the Board over SERC's organization and staffing needs, employee compensation, and other matters related to human resources.
- **Finance and Audit Committee (FAC):** Provides oversight on behalf of the Board to SERC on the organization's finances and internal controls.
- **Nominating and Governance Committee:** Identifies, vets, and recommends candidates for Board Officer and committee positions for approval by the Board. This committee is also responsible for providing oversight to SERC on the organization's Bylaws and other governing policies and procedures.

Statutory Functional Scope

SERC performs the following statutory functions in furtherance of its mission and in accordance with its FERC approved Delegation Agreement with NERC:

- Analyzes events to identify lessons learned that will improve reliability;
- Proposes and helps develop NERC Reliability Standards and Regional Reliability Standards;
- Monitors compliance with and enforces approved mandatory Reliability Standards;
- Registers and certifies responsible entities under the reliability compliance program;

-
- Assesses the past, present, and future risk profile of the BPS to ensure grid reliability, adequacy, and security; and
 - Provides training and education to registered entities, as it deems necessary, in support of its performance of delegated functions.

2024 Overview of Budget

SERC proposes to increase its operating budget in 2024 from \$28,215,895 to \$32,999,954, an increase of \$3,784,059 or 13.40%.

SERC's proposed 2024 assessment of \$28,737,687 represents an increase of 9.7%, or \$2,544,811 from the 2023 assessment.

SERC believes that in 2024, it will continue to realize material efficiencies that will allow the organization to effectively perform its mission and deliver value by reducing risks to the reliability and security of the grid. SERC will also continue to perform its essential mission at a cost that balances the longstanding traditions of affordable and reliable electricity across SERC's footprint.

The following targeted budget changes allow SERC to accomplish the specific objectives outlined in the *2024 Business Plan and Budget* (BP&B) (dollars are stated as an increase in the 2024 budget compared to the 2023 budget). The most significant changes to the budget are in personnel, which includes the following two components:

- **Staffing changes proposed for 2024** – The targeted staffing level for 2024 is 111 Full-Time Equivalents (FTEs), which is a total increase of five FTEs compared to the 2023 budget. These additional personnel are necessary to: (1) continue to strengthen SERC's internal security posture; (2) enable SERC to perform necessary and relevant reliability studies and assessments given the evolving nature of the grid; and (3) centralize internal and external training programs to drive internal efficiencies and credentialing for stakeholders.
- **Cost increase for maintaining staff budgeted in 2024** – The net increase in Personnel Expenses of \$2,583,621 compared to 2023 reflects a Board approved merit increase and an increase in employee benefit costs. A 5% vacancy rate has been applied to all Personnel Expenses.

Other notable changes in the proposed budget from year-to-year include the following:

- **Meetings and Travel** – A combined increase of \$84,090 reflects efficiencies realized across SERC maintaining use of a hybrid of on-site and virtual meetings while planning for anticipated 2024 onsite audits and additional travel associated with increased volume of registration additions associated with the inclusion of non-BES Inverter Based Resources and inflation impacts on travel.
- **Consultants and Contracts** – SERC anticipates a modest increase in consultants and contracts of \$61,339 as IT and Security require outside support for planned cyber security projects offset by reduced needs in RAPA support as additional FTEs will perform power system modeling and studies previously outsourced.
- **Office Costs** – An increase of \$382,688 is due primarily to anticipated additional hardware and software costs associated with the support and maintenance of SERC's robust cyber security goals and additional software licenses to assist in performing increasingly complex reliability studies and assessments performed by RAPA staff.
- **Professional Services** – A net increase of \$19,320 is due to an increase in Independent Director fees based on market research.

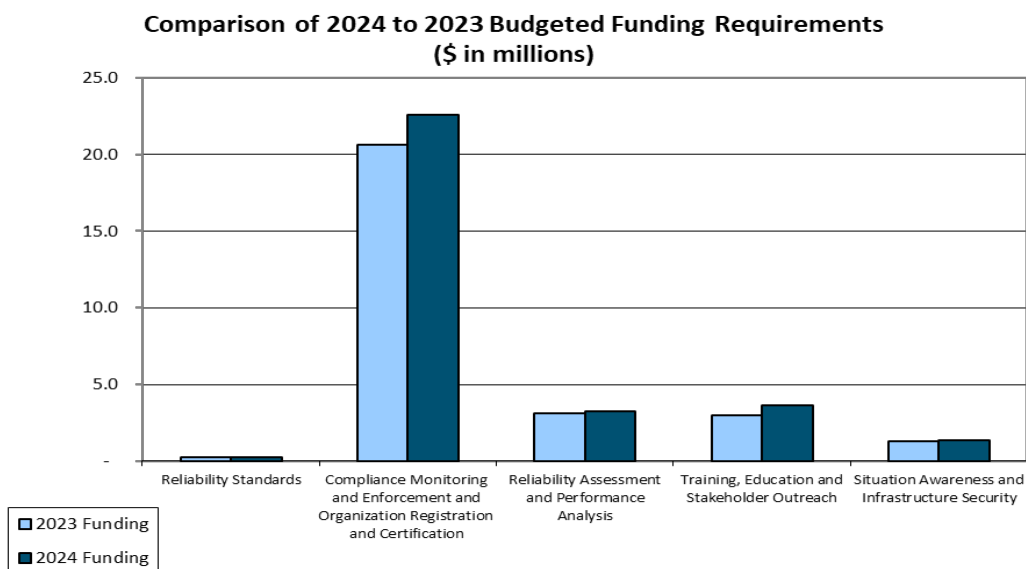
-
- **Fixed Assets** – An overall increase of \$648,000 is due to capitalized purchases for leasehold improvements associated with SERC’s office lease and high-performance servers needed to support RAPA modeling and studies. Additionally, cyber security enhancements, including server and network storage refresh, will occur in 2024.

Summary of Budget by Program Area

The following table and figure summarize and illustrate the funding requirements for SERC's primary statutory program areas.

Program	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	
				Variance	Variance %
Reliability Standards	\$ 235,778	\$ 238,583	\$ 251,018	\$ 15,240	6.5%
Compliance Monitoring and Enforcement; Organization Registration and Certification	20,645,648	20,817,524	22,267,186	1,621,538	7.9%
Reliability Assessment and Performance Analysis	3,093,647	3,109,719	4,575,530	1,481,883	47.9%
Training, Education and Stakeholder Outreach	2,964,567	2,961,584	3,553,803	589,236	19.9%
Situation Awareness and Infrastructure Security	1,276,255	1,280,486	1,352,418	76,163	6.0%
Total	\$ 28,215,895	\$ 28,407,896	\$ 31,999,955	\$ 3,784,060	13.4%
Working Capital Reserve	(535,681)	(597,681)	(82,318)	453,363	
Total Funding	27,680,214	27,810,215	31,917,637	4,237,423	15.3%

Table 2. Budgeted Funding by Program Area



This graphical representation does not include an allocation of working capital requirements among the program areas.

Figure 1. Budgeted Funding by Program Area Chart

FTE by Program Area

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

Total FTEs by Program Area	Budget 2023	Projection 2023	Budget 2024	Increase (Decrease)
STATUTORY				
Operational Programs				
Reliability Standards	0.50	0.50	0.50	0.00
Compliance Monitoring and Enforcement; Organization Registration and Certification	50.45	50.45	50.45	0.00
Reliability Assessment and Performance Analysis	6.30	6.30	8.30	2.00
Training, Education and Stakeholder Outreach	8.00	8.00	9.00	1.00
Situation Awareness and Infrastructure Security	3.00	3.00	3.00	0.00
Total FTEs Operational Programs	68.25	68.25	71.25	3.00
Corporate Services				
Technical Committees and Member Forums	3.90	3.90	3.90	0.00
General & Administrative	8.65	8.65	8.65	0.00
Legal and Regulatory	2.90	2.90	2.90	0.00
Analytics & Information Technology	16.30	16.30	18.30	2.00
Human Resources	3.00	3.00	3.00	0.00
Finance and Accounting	3.00	3.00	3.00	0.00
Total FTEs Corporate Services	37.75	37.75	39.75	2.00
Total FTEs	106.00	106.00	111.00	5.00

Table 3. Total FTEs by Program Area

2023 Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 26,192,877	\$ 26,192,877	\$ -	\$ 28,737,687	\$ 2,544,810
Penalties Released*	1,291,337	1,291,337	-	2,896,449	1,605,112
Total Statutory Funding	\$ 27,484,214	\$ 27,484,214	\$ -	\$ 31,634,136	\$ 4,149,922
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	166,000	166,000	-	177,500	11,500
Interest	30,000	160,000	130,000	106,000	76,000
Total Funding (A)	\$ 27,680,214	\$ 27,810,214	\$ 130,000	\$ 31,917,636	\$ 4,237,422
Expenses					
Personnel Expenses					
Salaries	\$ 17,445,770	\$ 17,703,490	\$ 257,720	\$ 19,642,715	\$ 2,196,945
Payroll Taxes	1,042,996	1,054,645	11,649	1,175,624	132,628
Benefits	2,256,982	2,119,630	(137,352)	2,236,235	(20,747)
Retirement Costs	2,221,067	2,248,170	27,103	2,495,864	274,797
Total Personnel Expenses	\$ 22,966,815	\$ 23,125,935	\$ 159,120	\$ 25,550,438	\$ 2,583,623
Meeting Expenses					
Meetings & Conference Calls	\$ 448,836	\$ 408,368	\$ (40,468)	\$ 462,883	\$ 14,047
Travel	877,727	854,067	(23,660)	947,770	70,043
Total Meeting Expenses	\$ 1,326,563	\$ 1,262,435	\$ (64,128)	\$ 1,410,653	\$ 84,090
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,094,411	\$ 1,002,104	\$ (92,307)	\$ 1,155,750	\$ 61,339
Office Rent	850,067	850,067	-	855,067	5,000
Office Costs	1,407,889	1,404,602	(3,287)	1,790,576	382,687
Professional Services	528,150	529,000	850	547,470	19,320
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 3,880,517	\$ 3,785,773	\$ (94,744)	\$ 4,348,863	\$ 468,346
Total Direct Expenses	\$ 28,173,895	\$ 28,174,143	\$ 248	\$ 31,309,954	\$ 3,136,059
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 28,173,895	\$ 28,174,143	\$ 248	\$ 31,309,954	\$ 3,136,059
Change in Assets	\$ (493,681)	\$ (363,929)	\$ 129,752	\$ 607,682	\$ 1,101,363
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 42,000	\$ 233,752	\$ 191,752	\$ 690,000	\$ 648,000
TOTAL BUDGET (B+C)	\$ 28,215,895	\$ 28,407,895	\$ 192,000	\$ 31,999,954	\$ 3,784,059
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (535,681)	\$ (597,681)	\$ (62,000)	\$ (82,318)	\$ 453,363
FTEs	106.0	106.0	-	111.0	5.0

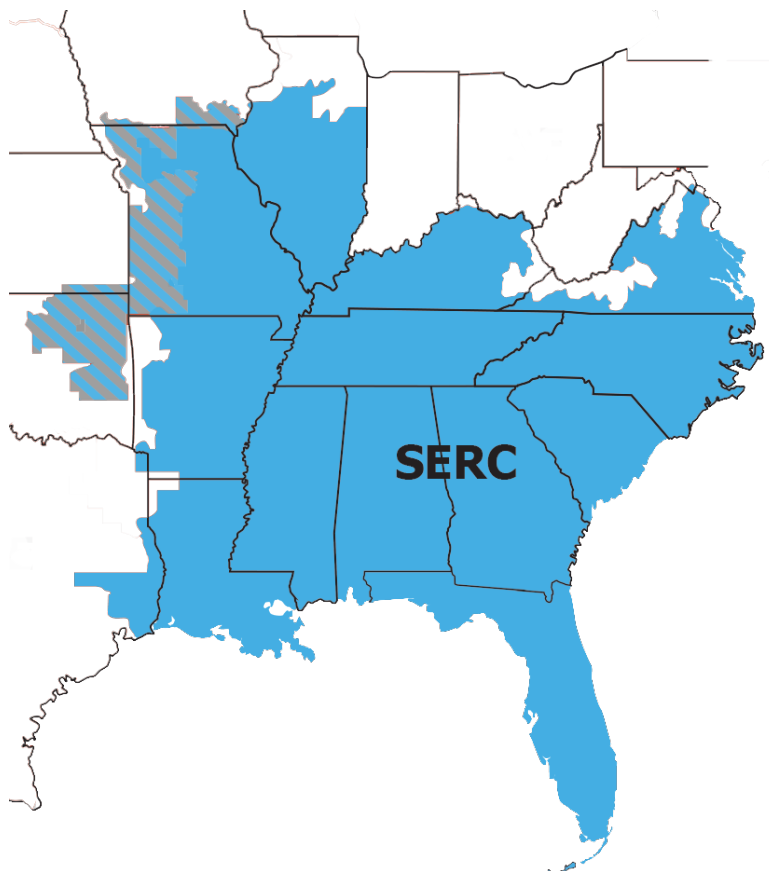
* Penalties Released in the current year reflects the designated amount of funds released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the SERC Board of Directors and FERC. Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Table 4. Budget and Projection Comparison, 2023 to 2024

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

Section A – Statutory Programs

2024 Business Plan and Budget



Section A – Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	0.50	0.50	-
Direct Expenses	\$ 138,644	\$ 146,679	\$ 8,035
Indirect Expenses	\$ 96,826	\$ 101,637	\$ 4,811
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 308	\$ 2,702	\$ 2,394
Total Funding Requirement	\$ 235,778	\$ 251,018	\$ 15,240

Table A-1. Reliability Standards Budget

Program Scope and Functional Description

SERC may develop Regional Reliability Standards to establish threshold requirements for assuring the planning and operation of the Bulk Electric System (BES). In accordance with the SERC Reliability Standards Development Procedure, SERC develops and maintains its Regional Reliability Standards to minimize the risks of cascading failures and avoid damage to major equipment. These Standards must be more stringent than a NERC Reliability Standard or address a Regional difference or a physical difference in the BES.

SERC may also develop Regional criteria and guidelines. Regional criteria and guidelines are clear, timely, and effective in mitigating risks to the reliability and security of the Bulk Power System in the SERC footprint and support the use of good utility practice to enhance reliability, consider cost-effectiveness/impact, and may augment Reliability Standards. Regional criteria and guidelines are not Reliability Standards, and therefore are not enforceable. SERC develops its Regional criteria and guidelines in accordance with the Organization and Procedures Manual for SERC Technical Committees.

2024 Key Assumptions

The 2024 key assumptions for the Reliability Standards program are as follows:

- SERC expects the overall volume of NERC Reliability Standard changes to increase with the anticipated changes in the area of inverter-based resources, as several new standards are in the process of being developed and existing standards are being modified.
- SERC resources will support any SERC Regional Standards development and will maintain visibility into the activities of the NERC Reliability Standards.
- SERC anticipates that Regional criteria and guideline development will continue as needed to support reliability and security.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Reliability Standards program are as follows:

- Manage the SERC Technical Committee documents per the approved 2024 Review Work Plan;
- Support the ERO Enterprise as needed to develop, modify, and conduct periodic reviews of Reliability Standards to ensure Standards are written clearly and properly structured for existing and emerging risks; and
- Provide information to SERC staff and stakeholders on upcoming Standards changes or implementation dates to ensure awareness and preparedness.

Resource Requirements**Personnel**

The number of FTEs assigned to the Reliability Standards program is consistent with 2023.

Reliability Standards Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
RELIABILITY STANDARDS					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 221,439	\$ 221,439	\$ -	\$ 229,081	\$ 7,642
Penalties Released	9,460	9,460	-	20,326	10,866
Total Statutory Funding	\$ 230,899	\$ 230,899	\$ -	\$ 249,407	\$ 18,508
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	183	-	(183)	221	38
Interest	220	1,172	952	744	524
Total Funding (A)	\$ 231,302	\$ 232,071	\$ 769	\$ 250,372	\$ 19,070
Expenses					
Personnel Expenses					
Salaries	\$ 106,056	\$ 108,491	\$ 2,435	\$ 112,831	\$ 6,775
Payroll Taxes	6,363	6,509	146	6,770	407
Benefits	10,378	10,378	-	10,378	-
Retirement Costs	13,347	13,654	307	14,200	853
Total Personnel Expenses	\$ 136,144	\$ 139,032	\$ 2,888	\$ 144,179	\$ 8,035
Meeting Expenses					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	2,500	2,500	-	2,500	-
Total Meeting Expenses	\$ 2,500	\$ 2,500	\$ -	\$ 2,500	\$ -
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Expenses	\$ 138,644	\$ 141,532	\$ 2,888	\$ 146,679	\$ 8,035
Indirect Expenses	\$ 96,826	\$ 97,051	\$ 225	\$ 101,637	\$ 4,811
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 235,470	\$ 238,583	\$ 3,113	\$ 248,316	\$ 12,846
Change in Assets	\$ (4,168)	\$ (6,512)	\$ (2,344)	\$ 2,056	\$ 6,224
Fixed Assets, excluding Right of Use Assets (C)	\$ 308	\$ -	\$ (308)	\$ 2,702	\$ 2,394
TOTAL BUDGET (B+C)	\$ 235,778	\$ 238,583	\$ 2,805	\$ 251,018	\$ 15,240
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (4,476)	\$ (6,512)	\$ (2,036)	\$ (646)	\$ 3,830
FTEs	0.50	0.50	-	0.50	-

Table A-2. Reliability Standards Budget Detail

Compliance Monitoring and Enforcement; Organization Registration and Certification Program

Compliance Monitoring and Enforcement; Organization Registration and Certification Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	50.45	50.45	-
Direct Expenses	\$ 10,844,861	\$ 11,739,379	\$ 894,518
Indirect Expenses	\$ 9,769,741	\$ 10,255,200	\$ 485,459
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 31,046	\$ 272,607	\$ 241,561
Total Funding Requirement	\$ 20,645,648	\$ 22,267,186	\$ 1,621,538

Table A-3. Compliance Monitoring and Enforcement; Organization Registration and Certification Program Budget

Program Scope and Functional Description

The purpose of the Compliance Monitoring and Enforcement program is to ensure that all compliance monitoring, risk assessment, mitigation, and enforcement activities are risk-based, reliability-focused, and adhere to the requirements of the SERC Delegation Agreement and the ERO Enterprise Compliance Monitoring and Enforcement Program (CMEP) Implementation Plan. To accomplish this objective, SERC has divided its Compliance Monitoring and Enforcement program into five areas: Organization Registration and Certification, Compliance Monitoring, Risk Assessment and Mitigation, Risk Awareness and Oversight, and Enforcement.

Organization Registration and Certification

- Registers owners, operators, and users of the Bulk Power System (BPS) for compliance with Reliability Standards; and
- Certifies applicable entities.

Compliance Monitoring

- Uses a risk-based monitoring approach to conduct SERC compliance monitoring activities (e.g., compliance audits, spot checks, self-certifications, compliance investigations);
- Reviews entity internal controls during monitoring engagements;
- Implements the process for Periodic Data Submittals (PDS); and
- Implements the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions (TFEs) process.

Risk Assessment and Mitigation (RAM)

- Serves as the technical point of contact for all noncompliance issues identified through one of the discovery methods (e.g., self-report, self-log, compliance audit, self-certification, spot check);

- Performs risk-harm assessments on noncompliance issues, which include determining the scope and root cause of the noncompliance, and the potential and actual risk or harm to BPS reliability;
- Reviews and approves the registered entity’s mitigating activities to ensure the registered entity performs the actions necessary to correct the noncompliance and prevent recurrence to protect BPS reliability;
- Administers the SERC Regional self-logging program; and
- Performs Compliance Evaluations, when required, on events reported by registered entities.

Risk Awareness and Oversight (RAO)

- Conducts registered entity Inherent Risk Assessments;
- Develops and implements registered entity Compliance Oversight Plans (COPs);
- Provides registered entities an outreach opportunity to better understand the risk information in their COP Report; and
- Maintains an awareness of existing and emerging risks, which may affect entities or groups of entities in the aggregate and incorporates mitigation strategies into various other SERC programs such as training, outreach, communication, and Technical Committee engagements.

Enforcement

SERC Enforcement staff are responsible for resolving all noncompliances of NERC Reliability Standards and/or SERC Regional Reliability Standards, and imposing monetary and/or non-monetary penalties, as appropriate. SERC Enforcement staff follows these steps:

- Notifies the registered entity of the findings and filing disposition associated with the noncompliance and any applicable monetary and/or non-monetary penalties;
- For a settlement disposition, negotiates the settlement with the registered entity or issues a Notice of Alleged Violation and Proposed Penalty or Sanction, if Enforcement and the registered entity cannot reach a settlement agreement;
- For all disposition methods, submits the proposed disposition, along with any proposed monetary and/or non-monetary penalties if the disposition is a settlement, to NERC for review, approval, and subsequent submittal to FERC for review and approval; and
- Prosecutes the case before a Hearing Body if a registered entity contests the settlement noncompliance findings and/or the penalty (monetary and/or non-monetary).

2024 Key Assumptions

Compliance Monitoring, RAM, and RAO

The 2024 key assumptions for Compliance Monitoring, RAM, and RAO are as follows:

- The Compliance Monitoring team incorporates a purposeful risk-based approach into audit planning and execution. This risk-based approach generally results in more frequent engagements with entities that pose a higher risk to the grid.
- The Compliance Monitoring team incorporates lessons learned during the COVID-19 pandemic to perform hybrid audits (i.e., combination of virtual and onsite).
- Compliance Monitoring plans to continue the use of self-certifications for monitoring engagements for lower risk entities and have risk-focused audit engagements with the highest risk entities.
- The number of incoming issues, whether through audit findings or self-reports, will remain relatively consistent with trends over the past 12 to 24 months.
- RAM will prioritize and process Potential non-Compliances based on risk posed to the BPS.
- RAM will experience no significant increase in travel for processing Potential non-Compliances.
- As subject matter experts, the Compliance Monitoring, RAM, and RAO staff will continue to receive training on Reliability Standards, risk principles, internal controls, and enhanced audit practices. Additionally, staff will pursue and maintain professional credentials to further enhance their knowledge of risk-based CMEP principles.

Organization Registration and Certification

The 2024 key assumptions for the Organization Registration and Certification program area are as follows:

- Due to changes to the NERC Registry, the volume of registration additions is expected to increase as a result of the inclusion of non-BES Inverter Based Resources.
- SERC Registration and Certification staff will continue to collaborate with NERC and implement the NERC Rules of Procedure (ROP) certification process to assess a registered entity's capability for performing its registered function(s). SERC expects the volume of certification engagements to increase.
- The number of Joint Registration Organization (JRO), Coordinated Functional Registration (CFR), and the Multi-Regional Registered Entity (MRRE) may increase as registered entities better delineate shared responsibilities and promote efficiency and effectiveness in compliance.

Enforcement

The 2024 key assumptions for the SERC Enforcement program area are as follows:

- The number of incoming noncompliances, whether through audit findings or self-reports, will remain relatively consistent with trends over the past 12 to 24 months.
- Enforcement processes noncompliances in a timely and fair manner;
- Enforcement resolves noncompliances with appropriate dispositions based on risk, compliance history, and other factors;

- Enforcement ensures consistent application of its processes and procedures and conducts periodic training to Enforcement staff; and
- There will be no significant increase in travel for Enforcement staff to process noncompliances.

2024 Goals and Key Deliverables

Compliance Monitoring, Risk Awareness & Oversight, and Risk Assessment and Mitigation

The 2024 goals and key deliverables for Compliance Monitoring, RAO, and RAM are as follows:

- Plan, prepare, and conduct scheduled risk-based Compliance Monitoring engagements pursuant to the 2024 Implementation Plan. Compliance Monitoring engagements for 2024 will consist of audits, spot checks, and self-certifications. As the RAO team completes or refreshes registered entities' Inherent Risk Assessments (IRAs) and Compliance Oversight Plans (COPs), the 2024 Compliance Monitoring schedule may change, with additional engagements added;
- Continue to process and reduce backlog inventory, achieving an average age of open inventory that does not exceed 12 months;
- Develop a strategy to follow up on and utilize Audit identified Areas-of-Concern (and Recommendations) for opportunities to reduce risk;
- Facilitate efficient and collaborative transitions to new and revised Standards through continued ERO Enterprise-wide collaboration;
- Work with the ERO Enterprise and industry on development and deployment of effective internal controls and internal controls programs to monitor, detect, correct, and report to prevent deficiencies in compliance, reliability, and security;
- Evaluate the compliance monitoring, violation/noncompliance processing, risk assessment, and registration and certification activities for sufficiency and effectiveness, and modify the activities, as needed;
- Collaborate with the ERO Enterprise to develop common and consistent CMEP processes, information systems, and methods among Regions;
- Refine and implement risk-based compliance monitoring and enforcement by focusing on serious risk violations to improve the effectiveness of SERC operations, and reducing unnecessary costs of compliance on registered entities while ensuring the achievement of reliability objectives;
- Ensure timely mitigation of all violations/noncompliance to restore compliance and prevent recurrence, thereby maintaining the reliability of the BPS;
- Continue collaboration between RAM, Compliance Monitoring, Enforcement, RAO, Advanced Analytics, and IT departments to develop effective tools to quickly identify and share with stakeholders themes, trends, and emerging risks associated with their noncompliance;
- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS sooner in the processing timeline, and use that information to craft more robust and comprehensive Mitigation strategies;

- Develop mature violation/noncompliance processing management tools and training based on risk-based techniques to improve the efficiency, transparency, consistency, quality, and timeliness of violation/noncompliance processing;
- Apply a consistent ERO-wide approach in the process of completing registered entity Inherent Risk Assessments (IRA) and Compliance Oversight Plans (COP), while continuing to provide entities with an outreach opportunity to better understand their risk category from the COP Report;
- As a risk-based organization contributing to the SERC department operationalization of risks, RAO will continue to ensure each appropriate department has a plan to identify or mitigate risks, providing more effective Regional risk mitigation and more efficient use of internal resources;
- Continue an active role in ERO Enterprise-wide Align and Secure Evidence Locker (SEL) development and implementation; and
- Continue to support the training requirements necessary to meet the criteria set forth by the ERO Auditor Manual and Handbook and the Compliance Auditor Capabilities and Competency Guide. SERC will ensure that:
 - Compliance Monitoring staff and other personnel, as necessary, understand Compliance implementation guidance documents and risk-based principles;
 - A process exists to evaluate audit team performance; and
 - Training exists that addresses initial and continuing training for capability and development.

Organization Registration and Certification

The 2024 goals and key deliverables for Organization Registration and Certification are as follows:

- Ensure that SERC provides NERC timely and accurate information about changes in registrations;
- Perform certification reviews, or if a new certification is required, accommodate a change in a registered entity's status; and
- Make recommendations to NERC regarding certifications.

Enforcement

The 2024 goals and key deliverables for the Enforcement program area are as follows:

- Continue managing Enforcement activities in an unbiased, fair, and consistent manner to ensure due process for all registered entities;
- Continue collaborating with the RAM team in achieving an average age of open inventory that does not exceed 12 months;
- Continue ensuring consistent application of enforcement processing and conduct periodic training to Enforcement staff;
- Continue looking for processing improvements to increase the effectiveness and efficiency of enforcement processing and update processes, procedures, and guides as needed;

- Continue holding registered entities accountable for higher risk violations with monetary and/or non-monetary penalties commensurate with the risk posed to the security and reliability of the BPS;
- Continue messaging to registered entities, via monetary and/or non-monetary penalties, or otherwise, desired behavior that SERC and the ERO Enterprise value, including self-reporting, continued engagement and cooperation during enforcement processing, maintaining a strong Internal Compliance Program, voluntary and prompt mitigation to reduce risk, taking ownership of undesired behavior by admitting to violations, and resolving violations through a settlement agreement;
- Continue collaborating with the RAM, Advanced Analytics, and IT departments to develop effective tools to quickly identify themes, trends, emerging risks, and best practices associated with their noncompliance;
- Continue collaborating internally with the RAM team to identify themes, trends, emerging risks, and best practices associated with processing and share them with stakeholders to help ensure the reduction of risk to BPS reliability;
- Continue collaborating and strategizing with the ERO Enterprise on enforcement policy initiatives and guidance that increases efficiency and consistency in processing noncompliances; and
- Continue an active role in the identification of enhancements to the ERO Enterprise-wide Align and SEL to increase the value and usability of Align and SEL.

Resource Requirements

Personnel

The number of FTEs assigned to the Compliance Monitoring and Enforcement; Organization Registration and Certification program is consistent with 2023.

Meeting & Travel

Increased travel expenses reflect anticipated onsite audit schedule, additional travel associated with increased volume of registration additions because of the inclusion of non-BES Inverter Based Resources and inflation impacts on travel.

Compliance Monitoring, Enforcement, and Organization Registration and Certification Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT; ORGANIZATION REGISTRATION AND CERTIFICATION					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 19,247,483	\$ 19,247,483	\$ -	\$ 20,050,654	\$ 803,171
Penalties Released	954,549	954,549	-	2,050,889	1,096,340
Total Statutory Funding	\$ 20,202,032	\$ 20,202,032	\$ -	\$ 22,101,543	\$ 1,899,511
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	29,480	11,000	(18,480)	33,304	3,824
Interest	22,176	118,271	96,095	75,056	52,880
Total Funding (A)	\$ 20,253,688	\$ 20,331,303	\$ 77,615	\$ 22,209,903	\$ 1,956,215
Expenses					
Personnel Expenses					
Salaries	\$ 7,991,710	\$ 8,201,124	\$ 209,414	\$ 8,658,245	\$ 666,535
Payroll Taxes	479,503	490,653	11,150	519,495	39,992
Benefits	889,013	805,440	(83,573)	865,658	(23,355)
Retirement Costs	1,007,692	1,035,184	27,492	1,091,616	83,924
Total Personnel Expenses	\$ 10,367,918	\$ 10,532,401	\$ 164,483	\$ 11,135,014	\$ 767,096
Meeting Expenses					
Meetings & Conference Calls	\$ 13,090	\$ 12,690	\$ (400)	\$ 15,790	\$ 2,700
Travel	426,487	442,611	16,124	530,075	103,588
Total Meeting Expenses	\$ 439,577	\$ 455,301	\$ 15,724	\$ 545,865	\$ 106,288
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	37,366	37,366	-	58,500	21,134
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 37,366	\$ 37,366	\$ -	\$ 58,500	\$ 21,134
Total Direct Expenses	\$ 10,844,861	\$ 11,025,068	\$ 180,207	\$ 11,739,379	\$ 894,518
Indirect Expenses	\$ 9,769,741	\$ 9,792,456	\$ 22,715	\$ 10,255,200	\$ 485,459
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 20,614,602	\$ 20,817,524	\$ 202,922	\$ 21,994,579	\$ 1,379,977
Change in Assets	\$ (360,914)	\$ (486,221)	\$ (125,307)	\$ 215,324	\$ 576,238
Fixed Assets, excluding Right of Use Assets (C)	\$ 31,046	\$ -	\$ (31,046)	\$ 272,607	\$ 241,561
TOTAL BUDGET (B+C)	\$ 20,645,648	\$ 20,817,524	\$ 171,876	\$ 22,267,186	\$ 1,621,538
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (391,960)	\$ (486,221)	\$ (94,261)	\$ (57,283)	\$ 334,677
FTEs	50.45	50.45	-	50.45	-

Table A-4. Compliance Monitoring and Enforcement and Organization Registration and Certification Budget Detail**Reliability Assessment and Performance Analysis Program**

Reliability Assessment and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	6.30	8.30	2.00
Direct Expenses	\$ 1,869,763	\$ 2,538,502	\$ 668,739
Indirect Expenses	\$ 1,220,007	\$ 1,687,179	\$ 467,172
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 3,877	\$ 349,849	\$ 345,972
Total Funding Requirement	\$ 3,093,647	\$ 4,575,530	\$ 1,481,883

Table A-5. Reliability Assessments and Performance Analysis Budget**Program Scope and Functional Description**

SERC's Reliability Assessments and Performance Analysis (RAPA) program provides the overall assessment of reliability and security of the BPS for the SERC Region for the seasonal and long-term time frames. The RAPA function identifies reliability risks to the BPS in the SERC footprint for the purpose of integrated risk analysis. The program supports SERC's mission by identifying and prioritizing risks to reliability and security, analyzing performance, and maintaining a focus on activities to mitigate risk. This is a delegated function that SERC performs.

SERC conducts independent reliability assessments of the BPS within the SERC Region supported by model building, engineering studies, and analysis of the results. The assessment program uses data collected from SERC registered entities along with other external data sources, such as NERC Transmission Availability Data System (TADS), Generating Availability Data Systems (GADS), Demand Response Availability Data System (DADS), and the Mis-operations Information Data Analysis System (MIDAS) to perform both future reliability assessments and historic performance analyses.

SERC evaluates the overall reliability, performance, and adequacy of the SERC Region and reports its results to NERC and in some cases to the public. SERC's work supports NERC's obligation to perform continent-wide analysis of the interconnected North American BPS.

2024 Key Assumptions

The 2024 key assumptions for the SERC RAPA program are as follows:

- SERC will continue to support NERC's RAPA program to collect and analyze reliability data, perform studies, develop assessments, and report on the reliability of the BPS.
- SERC will support the ERO Enterprise in the identification and mitigation of significant current reliability risks, as well as the identification and assessment of emerging risks.
- SERC will continue to support its role per the Eastern Interconnection Regional Entity Assessments and Model Building Agreement, developed within the Eastern Interconnection Reliability Assessment Group (ERAG).

- SERC will continue to support its integrated risk management initiatives to promote awareness and discuss strategies for risk mitigation.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the RAPA program will support the following goals:

- Support NERC Reliability Assessments, Performance Analysis, and System Analysis programs;
- Support Regional analysis that contributes to NERC reliability analysis efforts, SERC reliability risk discussions, and performance analysis efforts;
- Submit timely and quality probabilistic, seasonal, long-term data, assessments, and studies to support SERC and NERC reliability assessments;
- Continue to support ongoing improvements to SERC and ERAG Eastern Interconnection planning model development, to produce assessments, and analyses that shine the light on significant risks to the BPS;
- Provide support to the SERC and NERC committees and initiatives related to reliability assessments, and performance analysis;
- Continue to support entity outreach efforts to promote reliability risk-related discussions;
- Utilize advanced probabilistic tools to perform resource adequacy studies and sensitivities to support assessment of resource adequacy for the SERC Region. Continue Regional model improvements, and focus on scenarios to study based on inputs from the Engineering Committee and subgroups, SERC’s Board of Directors, and applicable government authorities;
- Complete interregional transfer capability studies for the SERC Region, including recommendations that would strengthen reliability of the rapidly evolving BPS;
- Complete annual FERC Form 715 and Energy Information Administration (EIA) submittals on behalf of SERC registered entities within specified periods; and
- Continue NERC and Regional coordination to improve processes, and information sharing.

Resource Requirements

Personnel

The number of FTEs assigned to RAPA is increasing from 2023. The two additional FTEs will enable SERC to perform necessary and relevant reliability studies and assessments given the evolving nature of the grid.

Meeting & Travel Expenses

Travel expenses in 2024 are significantly reduced from 2023 levels due to a continued focus on controlling cost increases, so the RAPA team will travel to fewer face-to-face meetings.

Contractors and Consultants

The 2024 budget includes contractor support for studies such as energy assessments, dynamic model reduction, and seasonal probabilistic assessment support. The levels of contract support needed in 2024 are reduced from 2023 levels as SERC gains proficiency with the new study tools acquired in recent years.

Office Costs

Additional software licenses to assist in performing increasingly complex reliability studies and assessments performed by RAPA staff.

Fixed Assets

An increase in fixed assets is due to high-performance servers needed to support RAPA modeling studies.

Reliability Assessment and Performance Analysis Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 2,910,637	\$ 2,910,637	\$ -	\$ 4,210,332	\$ 1,299,695
Penalties Released	119,200	119,200	-	337,411	218,211
Total Statutory Funding	\$ 3,029,837	\$ 3,029,837	\$ -	\$ 4,547,743	\$ 1,517,906
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	2,308	130,000	127,692	3,669	1,361
Interest	2,769	14,769	12,000	12,348	9,579
Total Funding (A)	\$ 3,034,914	\$ 3,174,606	\$ 139,692	\$ 4,563,760	\$ 1,528,846
Expenses					
Personnel Expenses					
Salaries	\$ 1,002,102	\$ 1,053,641	\$ 51,539	\$ 1,452,228	\$ 450,126
Payroll Taxes	60,126	63,219	3,093	87,134	27,008
Benefits	110,965	110,964	(1)	140,478	29,513
Retirement Costs	126,308	132,787	6,479	183,098	56,790
Total Personnel Expenses	\$ 1,299,501	\$ 1,360,611	\$ 61,110	\$ 1,862,938	\$ 563,437
Meeting Expenses					
Meetings & Conference Calls	\$ 165,000	\$ 165,000	\$ -	\$ 170,000	\$ 5,000
Travel	97,500	97,500	-	69,680	(27,820)
Total Meeting Expenses	\$ 262,500	\$ 262,500	\$ -	\$ 239,680	\$ (22,820)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 282,482	\$ 238,484	\$ (43,998)	\$ 258,000	\$ (24,482)
Office Rent	-	-	-	-	-
Office Costs	25,280	25,280	-	177,884	152,604
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 307,762	\$ 263,764	\$ (43,998)	\$ 435,884	\$ 128,122
Total Direct Expenses	\$ 1,869,763	\$ 1,886,875	\$ 17,112	\$ 2,538,502	\$ 668,739
Indirect Expenses	\$ 1,220,007	\$ 1,222,844	\$ 2,837	\$ 1,687,179	\$ 467,172
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 3,089,770	\$ 3,109,719	\$ 19,949	\$ 4,225,681	\$ 1,135,911
Change in Assets	\$ (54,856)	\$ 64,887	\$ 119,743	\$ 338,079	\$ 392,935
Fixed Assets, excluding Right of Use Assets (C)	\$ 3,877	\$ -	\$ (3,877)	\$ 349,849	\$ 345,972
TOTAL BUDGET (B+C)	\$ 3,093,647	\$ 3,109,719	\$ 16,072	\$ 4,575,530	\$ 1,481,883
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (58,733)	\$ 64,887	\$ 123,620	\$ (11,770)	\$ 46,963
FTEs	6.30	6.30	-	8.30	2.00

Table A-6. Reliability Assessment and Performance Analysis Budget Detail

Training, Education, and Stakeholder Outreach

Training, Education and Stakeholder Outreach (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	8.00	9.00	1.00
Direct Expenses	\$ 1,410,428	\$ 1,675,700	\$ 265,272
Indirect Expenses	\$ 1,549,216	\$ 1,829,471	\$ 280,255
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 4,923	\$ 48,632	\$ 43,709
Total Funding Requirement	\$ 2,964,567	\$ 3,553,803	\$ 589,236

Table A-7. Training, Education, and Stakeholder Outreach Budget

Program Scope and Functional Description

The SERC Training, Education, and Stakeholder Outreach programs provide education and training necessary to obtain essential knowledge of BPS operations, reliability, and security. These programs collectively provide many risk-based outreach options to stakeholders to increase engagement, knowledge, and understanding in the SERC Region and beyond. These options offer access to coaching, training, and educational opportunities through several formats, tools, and venues.

SERC Training and Education programs have annual scheduled events and targeted efforts directed at external stakeholders. Additionally, Training and Educational programs support the continuing education of NERC Certified System Operators, security and compliance professionals, trainers, and other critical subject matter experts. Stakeholder Outreach is a voluntary program that offers targeted coaching and training to requesting registered entities, focused on best practices and risk mitigation.

2024 Key Assumptions

The 2024 key assumptions for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- SERC will support the ERO Enterprise initiative to expand risk-based, focused programs and committees. Achieving this goal will require structured training and outreach.
- SERC will support the ERO Enterprise goal to mitigate known and emerging risks by providing timely and valuable outreach and training events to stakeholders. Additionally, the Stakeholder Outreach program provides guidance and coaching to entities on effective mitigation of identified and emerging risks.
- SERC's Training program will maintain SERC's status as a NERC certified Continuing Education Provider and provide training to operating personnel to promote effective operating, reliability, and security of the BPS.
- SERC will educate utility personnel regarding changes to NERC Reliability Standards, ERO Enterprise procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.

- SERC will increase targeted outreach and remote (e-learning) training efforts that promote BPS reliability, security, and risk mitigation across its footprint.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- Develop, deliver, and track training on required technical knowledge, skills, and abilities for all SERC staff;
- Develop and deliver four accredited System Operator Conferences that promote BPS reliability by assuring the competence of real-time operating personnel through continuing education on power system operating topics;
- Develop and deliver risk-based security and reliability seminars or webinars to BPS system operators, operating support personnel, compliance personnel, security personnel, and training personnel to raise awareness and provide training on identified and emerging reliability, security, and compliance threats;
- Provide guidance and expectations of new or revised Reliability Standards and related procedures and programs, as well as changes in observed performance;
- Develop and deliver to internal and external stakeholders, timely and effective technical training and credential support that promotes the mission of SERC and the ERO Enterprise; and
- Provide targeted outreach that communicates, trains, and supports mitigation of current and emerging threats to the BPS.

Resource Requirements

Personnel

The number of FTEs assigned to the Training, Education, and Stakeholder Outreach programs is increasing from 2023. The additional FTE will support and grow SERC's centralized internal and external training programs, that are pursuing credentialing support and efficient tracking of hours.

Training, Education, and Stakeholder Outreach Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
TRAINING AND OUTREACH					
	2023	2023	Variance	2024	Variance
	Budget	Projection	v 2023 Projection	Budget	v 2023 Budget
			Over(Under)		Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 2,620,473	\$ 2,620,473	\$ -	\$ 3,026,426	\$ 405,953
Penalties Released	151,366	151,366	-	365,867	214,501
Total Statutory Funding	\$ 2,771,839	\$ 2,771,839	\$ -	\$ 3,392,293	\$ 620,454
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	132,930	-	(132,930)	138,979	6,049
Interest	3,516	18,755	15,239	13,389	9,873
Total Funding (A)	\$ 2,908,285	\$ 2,790,594	\$ (117,691)	\$ 3,544,661	\$ 636,376
Expenses					
Personnel Expenses					
Salaries	\$ 1,021,928	\$ 1,038,874	\$ 16,946	\$ 1,219,984	\$ 198,056
Payroll Taxes	61,316	62,332	1,016	73,199	11,883
Benefits	117,689	104,689	(13,000)	135,046	17,357
Retirement Costs	128,830	130,956	2,126	153,806	24,976
Total Personnel Expenses	\$ 1,329,763	\$ 1,336,851	\$ 7,088	\$ 1,582,035	\$ 252,272
Meeting Expenses					
Meetings & Conference Calls	\$ 3,483	\$ 3,483	\$ -	\$ 8,483	\$ 5,000
Travel	74,965	66,215	(8,750)	82,965	8,000
Total Meeting Expenses	\$ 78,448	\$ 69,698	\$ (8,750)	\$ 91,448	\$ 13,000
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	2,217	2,217	-	2,217	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 2,217	\$ 2,217	\$ -	\$ 2,217	\$ -
Total Direct Expenses	\$ 1,410,428	\$ 1,408,766	\$ (1,662)	\$ 1,675,700	\$ 265,272
Indirect Expenses	\$ 1,549,216	\$ 1,552,818	\$ 3,602	\$ 1,829,471	\$ 280,255
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,959,644	\$ 2,961,584	\$ 1,940	\$ 3,505,171	\$ 545,527
Change in Assets	\$ (51,359)	\$ (170,990)	\$ (119,631)	\$ 39,490	\$ 90,849
Fixed Assets, excluding Right of Use Assets (C)	\$ 4,923	\$ -	\$ (4,923)	\$ 48,632	\$ 43,709
TOTAL BUDGET (B+C)	\$ 2,964,567	\$ 2,961,584	\$ (2,983)	\$ 3,553,803	\$ 589,236
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (56,282)	\$ (170,990)	\$ (114,708)	\$ (9,142)	\$ 47,140
FTEs	8.00	8.00	-	9.00	1.00

Table A-8. Training, Education, and Stakeholder Outreach Budget Detail

Situational Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	-
Direct Expenses	\$ 693,453	\$ 726,384	\$ 32,931
Indirect Expenses	\$ 580,956	\$ 609,824	\$ 28,868
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,846	\$ 16,210	\$ 14,364
Total Funding Requirement	\$ 1,276,255	\$ 1,352,418	\$ 76,163

Table A-9. Situational Awareness and Infrastructure Security Budget

Program Scope and Functional Description

The SERC Situational Awareness and Infrastructure Security (SAIS) program identifies and analyzes events and conditions that present risk to the BPS. This is accomplished by monitoring sources of information and maintaining communications with stakeholders, NERC, and other organizations. SERC analyzes significant BPS events and develops lessons learned to educate stakeholders on risks and vulnerabilities that could recur elsewhere within the BPS.

2024 Key Assumptions

The 2024 key assumptions for the SERC SAIS program are as follows:

- SERC will support the ERO Enterprise in the identification and mitigation of significant reliability risks, as well as the identification and assessment of conditions that indicate emerging risks.
- SERC will continue to work with NERC’s Electricity Information Sharing and Analysis Center (E-ISAC) and SERC registered entities to identify opportunities for improving information sharing on cyber and physical security related events, threats, and vulnerabilities to improve reliability within the BPS.
- SERC will continue to support and enhance outreach efforts that communicate risk-based insights, lessons learned, best practices, and recommendations from SAIS events.
- SERC will continue to review, track, and trend reliability events to support the ERO Enterprise’s goal of fewer, less severe events in the SERC Region.
- SERC will share risk-based mitigating measures and other BPS improvements with SERC entities and the ERO Enterprise to improve reliability on the BPS.
- SERC will continue to work with other Regional SAIS groups to identify conditions or best practices that improve reliability within the BPS.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC SAIS program are as follows:

- Continue to increase the utilization of data collection tools and data analysis to provide oversight of the BPS to gain knowledge and improve situation awareness and events analysis of the BPS in the SERC Region;
- Evaluate events information to identify risk trends and benchmarking efforts;
- Collaborate with stakeholders and NERC to develop NERC Lessons Learned publications that support outreach efforts and encourage stakeholder participation in the Events Analysis Program;
- Continue stakeholder outreach efforts that encourage stakeholder participation in the SAIS Program;
- Facilitate and support post-event analysis in collaboration and coordination with NERC and applicable governmental agencies;
- Identify and prioritize risks based on reliability impacts, assessments, projected resources, and emerging issues; and
- Monitor and evaluate cyber and physical related threats, events, and vulnerabilities for information sharing with internal and external stakeholders.

Resource Requirements

Personnel

The number of FTEs assigned to the SAIS program is consistent with 2023.

Situational Awareness and Infrastructure Security Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
SITUATIONAL AWARENESS AND INFRASTRUCTURE SECURITY					
	2023	2023	Variance	2024	Variance
	Budget	Projection	2023 Budget v 2023 Projection Over(Under)	Budget	2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ 1,192,845	\$ 1,192,845	\$ -	\$ 1,221,194	\$ 28,349
Penalties Released	56,762	56,762	-	121,956	65,194
Total Statutory Funding	\$ 1,249,607	\$ 1,249,607	\$ -	\$ 1,343,150	\$ 93,543
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	1,099	-	(1,099)	1,326	227
Interest	1,319	7,033	5,714	4,463	3,144
Total Funding (A)	\$ 1,252,025	\$ 1,256,640	\$ 4,615	\$ 1,348,939	\$ 96,914
Expenses					
Personnel Expenses					
Salaries	\$ 524,780	\$ 531,302	\$ 6,522	\$ 552,554	\$ 27,774
Payroll Taxes	31,487	31,878	391	33,153	1,666
Benefits	49,269	47,269	(2,000)	49,269	-
Retirement Costs	66,138	66,951	813	69,629	3,491
Total Personnel Expenses	\$ 671,674	\$ 677,400	\$ 5,726	\$ 704,605	\$ 32,931
Meeting Expenses					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	20,700	19,700	(1,000)	20,700	-
Total Meeting Expenses	\$ 20,700	\$ 19,700	\$ (1,000)	\$ 20,700	\$ -
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	1,079	1,079	-	1,079	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 1,079	\$ 1,079	\$ -	\$ 1,079	\$ -
Total Direct Expenses	\$ 693,453	\$ 698,179	\$ 4,726	\$ 726,384	\$ 32,931
Indirect Expenses	\$ 580,956	\$ 582,307	\$ 1,351	\$ 609,824	\$ 28,868
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,274,409	\$ 1,280,486	\$ 6,077	\$ 1,336,208	\$ 61,799
Change in Assets	\$ (22,384)	\$ (23,846)	\$ (1,462)	\$ 12,731	\$ 35,115
Fixed Assets, excluding Right of Use Assets (C)	\$ 1,846	\$ -	\$ (1,846)	\$ 16,210	\$ 14,364
TOTAL BUDGET (B+C)	\$ 1,276,255	\$ 1,280,486	\$ 4,231	\$ 1,352,418	\$ 76,163
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (24,230)	\$ (23,846)	\$ 384	\$ (3,479)	\$ 20,751
FTEs	3.00	3.00	-	3.00	-

Table A-10. Situational Awareness and Infrastructure Security Budget Detail

Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2023 Budget	2024 Budget	Increase (Decrease)	FTEs 2023 Budget	FTEs 2024 Budget	Increase (Decrease)
Technical Committees and Member Forums	\$ 1,162,859	\$ 1,194,019	\$ 31,160	3.90	3.90	-
General and Administrative	\$ 4,840,782	\$ 4,895,877	\$ 55,095	8.65	8.65	-
Legal and Regulatory	\$ 1,499,408	\$ 1,594,263	\$ 94,855	2.90	2.90	-
Analytics & Information Technology	\$ 4,137,943	\$ 5,113,584	\$ 975,641	16.30	18.30	2.00
Human Resources	\$ 1,139,531	\$ 1,150,158	\$ 10,627	3.00	3.00	-
Accounting and Finance	\$ 478,223	\$ 535,409	\$ 57,186	3.00	3.00	-
Total Corporate Services	\$ 13,258,746	\$ 14,483,310	\$ 1,224,564	37.75	39.75	2.00

Table A-11. Corporate Services Budget

Program Scope and Functional Description

SERC's Corporate Services program includes the budget for all business and administrative functions of the organization:

- Technical Committees and Member Forums
- General and Administrative
- Legal and Regulatory
- Information Technology (IT), Security and Analytics
- Human Resources
- Finance and Accounting

Methodology for Allocation of Corporate Services Expenses to Programs

Expenses related to indirect programs are allocated proportionally to the direct programs for 2024 based on the number of FTEs in those programs.

Where applicable, Operating Expenses are accounted for within the related department's budget. If an expense cannot be attributed to a specific department, it is included in one of the Corporate Services programs. All expenses for the Corporate Services program, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides an improved financial perspective for the direct program areas.

Technical Committees and Member Forums

Program Scope and Functional Description

The Technical Committees and Member Forums programs engage reliability expertise within the Region through the active participation of industry volunteers to plan and operate the BPS reliably, securely, and in compliance with Reliability Standards.

The success of SERC's Technical Committees and Member Forums depends on the active and direct participation of its members to collectively solve technical challenges facing the grid. The forums are also a source of expertise in the industry to identify, prioritize and mitigate current and emerging risk to the BPS.

2024 Key Assumptions

The 2024 key assumptions for the SERC Technical Committees and Member Forums programs are as follows:

- SERC will continue its Technical Committee and subgroup structure for effective stakeholder involvement in 2024.
- SERC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.
- SERC's Reliability Risk Working Group (RRWG) will continue to identify and educate SERC staff and Regional members about the reliability risks to the BPS in the SERC Region from engineering, operations, physical and cyber security perspectives.
- SERC will continue to partner with its members as volunteer technical resources to support the Region's mission and initiatives. As needs change, SERC will assess committee structure to continue to meet the needs of our members.
- SERC Technical Committees and Member Forums programs will manage committee work according to the *Organization and Procedures Manual for SERC Technical Committees*.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Technical Committees and Member Forums programs are as follows:

- Convene regular meetings of the standing committees and their subordinate groups, as necessary;
- Communicate to the Board and SERC staff on issues pertaining to operation, planning, and engineering of the BPS, and the advancement of the physical and cyber security of the BPS;
- Provide a forum for representatives to share experience and discuss issues of operating, planning and engineering, and physical and cyber security;
- Perform special projects at the request of the Board;
- Review the measurement of performance relative to Reliability Standards and performance measures (e.g., GADS, TADS, Mis-operations, etc.) to determine the risk level within the SERC Region;
- Review activities within the SERC Region that affect reliability and adequacy, as necessary, to meet Reliability Standards and other reliability initiatives;

- Perform technical functions through the assignment of specific tasks to subordinate groups to address current and emerging risks;
- Coordinate the System Operator Conferences for SERC members through the SERC System Operator Working Group (SOWG);
- Provide key inputs from the SERC RRWG for the CMEP Implementation Plan; and
- Establish the Generator Working Group and engage SERC members to develop best practices for issues related to generation.

Resource Requirements

Personnel

The number of FTEs assigned to the Technical Committees and Member Forums programs is consistent with 2023.

Meetings & Travel

A reduction in meeting expenses reflects a continued focus on maximizing a hybrid of on-site and virtual meetings.

General and Administrative

Program Scope and Functional Description

The SERC General and Administrative function provides executive management and oversight of the corporation. Responsibilities include interacting with the Board, performing the Corporate Treasurer function, and fostering strong relationships through coordinated and consistent outreach with governmental agencies, regulators, stakeholders, and other industry organizations. Responsibilities also include strategic planning, project management, enterprise risk management, continuous improvement, and program readiness (an internal audit function).

The department ensures execution of the SERC strategic priorities and the day-to-day management of the corporation.

2024 Key Assumptions

The 2024 key assumptions for the SERC General and Administrative function are as follows:

- SERC will emphasize effective execution, efficiency, and transparency with a strong culture of continuous improvement and program readiness.
- SERC will facilitate reliability-enhancing activities.
- SERC will engage with its Board of Directors to solicit input for the strategic direction of the organization.
- SERC will hold itself accountable for the execution of deliverables captured through a multi-year Operating Plan and a portfolio of high-level projects managed through a Project Management Organization.
- SERC will continue its outreach and communication with stakeholders to promote effective reduction of risk to the BPS.

The General and Administrative Program incorporates the Regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy and the ERO Enterprise Operating Plan. ERO Enterprise strategic and operational objectives are considered in the development and maintenance of the SERC Strategic Plan on an annual basis.

2024 Goals and Key Deliverables

The SERC General and Administrative function will support the following goals:

- Continue high-quality performance of delegated functions while maintaining an appropriate resource requirement;
- Develop and maintain a robust set of Key Performance Indicators and department-specific operational metrics, to manage the health of SERC programs and promote continuous improvement;
- Identify Corporate Strategic Initiatives that advance the strategic focus of the SERC Organization and position the company for success through multi-dimensional and impactful projects;
- Identify value propositions for strategic activities, and communicate these to SERC Stakeholders and SERC Staff;
- Provide pertinent and timely information to stakeholders to improve efficiency of interactions with SERC staff; and
- Manage interface with NERC enterprise-wide internal audit initiatives.

Resource Requirements**Personnel**

The number of FTEs assigned to the General and Administrative function is consistent with 2023.

Contractors and Consultants

The 2024 budget includes support for corporate strategic initiatives.

Office Costs

Overall office costs reflect an anticipated premium increase for commercial and cyber security insurance policies.

Legal and Regulatory

Program Scope and Functional Description

SERC maintains in-house legal staff and hires outside legal consultants, as needed. These legal resources provide the following services:

- Provide legal advice to the Chief Executive Office, Board, and staff on legal and regulatory matters that affect SERC and the Electric Reliability Organization;
- Reconcile and determine SERC's legal position on all legal matters;
- Draft and review items filed with governmental agencies for legal sufficiency;
- Support SERC's corporate governance function, including facilitating implementation of governance changes to transition the Board into a more strategic oversight body and providing input on matters for the Board's consideration;
- Review contracts and corporate documents;
- Ensure continuing recognition of SERC as a Regional Entity;
- Negotiate and author necessary changes to SERC's governing documents, including the SERC Bylaws and Regional Delegation Agreement with NERC;
- Provide input and obtain regulatory approvals, as needed, on governance changes and for new and revised Regional Reliability Standards;
- Review legal documents, including Notices of Penalty and settlement agreements, required to be filed with FERC. Provide legal support for contested enforcement actions and other assistance;
- Provide legal counsel during compliance and enforcement proceedings and support the approval process of enforcement filings before the NERC Board of Trustees Compliance Committee and FERC;
- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders;
- Develop SERC's strategic engagement with states by building relationships with policymakers and regulators in each of the 16 states in the SERC footprint to educate on what SERC does in the areas of reliability and security, NERC and Regional assessments, and reports.
- Assist in the development of and ensure proper administration of SERC corporate policies and procedures; and
- Manage relationships with SERC's outside counsel.

2024 Key Assumptions

The 2024 key assumptions for the SERC Legal and Regulatory function are as follows:

- SERC will continue to support SERC's governance structure by supporting the Board and Board committees, facilitating the selection of stakeholder and independent directors, and drafting and obtaining approval of any necessary modifications to Bylaws and other corresponding governance changes.
- SERC will continue to support the processing of enforcement actions through the development of settlement agreements and Notices of Penalty, leading settlement

negotiations with the registered entities, discussing resolutions with NERC, obtaining approvals from the NERC Board of Trustees Compliance Committee, and with FERC.

- SERC will continue to enhance its strategic engagement with states by building relationships with policymakers and regulators in each of the 16 states in the SERC footprint to educate on what SERC does in the areas of reliability and security, NERC and Regional assessments, and reports.
- SERC will proactively engage with NERC and FERC to help ensure SERC’s continued recognition as a Regional Entity.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Legal and Regulatory function are as follows:

- Work with Enforcement to support processing enforcement actions, including the documentation of settlement agreements and Notices of Penalty, through the filing process at FERC;
- Support SERC’s corporate governance needs;
- Support SERC’s corporate legal needs; and
- Work with NERC and other Regions on obtaining renewal of SERC’s Regional Delegation Agreement with NERC.

Resource Requirements

Personnel

The number of FTEs assigned to the Legal and Regulatory function is consistent with 2023.

Professional Services

The increase is due to adjustments in Independent Director fees based on market research.

Information Technology, Security, and Analytics and Data Management

Program Scope and Functional Description

SERC's Information Technology (IT), Security, and Analytics and Data Management departments are implementing and integrating maturity model frameworks to increase the effectiveness and efficiency of SERC's security, technology, and data management. Increased maturity in these areas will provide security, risk mitigation, increased technology innovation, support data collection and accuracy, and improve data-driven decisions and insights across SERC. The IT, Security, and Analytics and Data Management programs include the following functions:

- IT Operations
- Analytics and Data Management
- Security Operations

The Information Technology (IT) department provides users with cost-effective information technology tools and proactively delivers technologies that assist SERC departments in meeting their goals, objectives, and deliverables. The IT department minimizes the outsourcing of critical services including designing and maintaining SERC's network infrastructure as well as identifying risks in technical contracts by collaborating with Legal and Security. The department provides the necessary technical services in the following categories to ensure efficient and effective performance of all corporate functions:

- Infrastructure Maintenance (Data Center Management - Local/Remote)
- Hosting of Public and Multiple Secure Portal Websites
- Voice, Web, and Video Conferencing
- Vulnerability Management
- Mobile Device Management
- Wireless Network Management
- Audio/Video Management
- Document Management
- Email Management
- Help Desk Support
- Telecommuter Support
- Application Support and Development
- Data Warehousing Management
- Database Administration
- Cloud Tenant Management

The IT function offers computer and network services, including design and maintenance for the SERC computer and network infrastructure, as well as project and vendor management for all current and future technology-related contracts. The IT program executes and maintains the following functions:

- Improve Technology Service Delivery through implementing Information Technology Infrastructure Library's (ITIL) Information Technology Service Management (ITSM) Framework;
- Ensure protection, integrity, and availability of SERC systems, services, and data owned by SERC or provided by registered entities;

- Provide onsite and remote end user support and services to conduct SERC business;
- Provide SERC users with Align and the Secure Evidence Locker support;
- Provide project management and deployment of technical solutions;
- Provide Meeting and Audio-Visual Support; and
- Partner with SERC to build trust and add value in support of the mission and vision.

The Analytics and Data Management function leverages information as a strategic asset. Data is critical to SERC's continued success, deepening relationships with stakeholders, and providing meaningful analysis of risk areas across the SERC Region. Analytics executes the following functions:

- Management of quality data that is usable, accurate, complete, and maintained throughout its lifecycle;
- Evaluation of data to determine risks;
- Analysis, visualization and reporting of data and results;
- Development, maintenance, and provision to SERC Staff data literacy, classification, and handling training; and
- Calculation of key performance indicators and operations metrics for SERC.

SERC's Security Operations will continue to implement and manage cost effective controls that enhance the company's security posture and minimize risk. The department provides the necessary services that ensure efficient and effective controls are in place to protect the confidentiality, integrity, and availability of SERC's IT infrastructure, business critical assets, and data. This is done by collaborating with IT and executing the following functions:

- Access Control and Identity Management;
- Business Impact Analysis;
- Business Continuity and Disaster Recovery;
- Information Security Protection and Monitoring;
- Supply Chain Management;
- Vulnerability Management;
- Monitoring, evaluating, and reporting control deficiencies and recommendations on a periodic basis; and
- Partnering within SERC and the ERO to provide necessary cyber security awareness training.

SERC supports the ERO Enterprise's efforts to implement, operate, and maintain software tools supporting common enterprise-wide IT operations. SERC is committed to working collaboratively with NERC and the other Regions 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.

SERC supports the NERC Project Management Office (PMO) in its efforts to provide technology tools across the ERO Enterprise. SERC's budget assumes the availability of new and existing technology tools from the PMO and other sources. If the required technology tools are not

available as planned, SERC could incur additional costs to ensure fulfillment of its core responsibilities.

NERC's BP&B will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity-approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved BP&B.

2024 Key Assumptions

The 2024 key assumptions for the Analytics and Information Technology program are as follows:

- SERC will continue to evaluate and consider shared ERO services and partnerships.
- SERC will continue to purchase and maintain a hardware and software lifecycle necessary to conduct business.
- SERC will continue utilizing secure third-party hosting centers.
- SERC will continue to support the ERO's Cybersecurity Strategy objectives and initiatives.
- SERC will continue to assess, enhance, and strengthen SERC's security posture.

2024 Goals and Key Deliverables

The 2024 goals and deliverables for the Analytics and Information Technology program are as follows:

- Improve the capabilities of SERC's Business Intelligence Center (BIC) to include internally focused operations reporting;
- Maintain and improve the capabilities of SERC's member portal for contact/entity administration, data collection, and technical committee management.
- Support the improvement of the Align application tool and Secure Evidence Locker (SEL);
- Maintain modern Information Technology infrastructure per lifecycle management;
- Maintain and mature Information Technology and Security NIST Cybersecurity framework and strategy;
- Complete multi-year plan to integrate Data Management framework;
- Improve cyber and physical security controls to defend against emerging threats;
- Guide and implement new ERO-sponsored Security and Information Technology collaboration efforts; and
- Create secure capabilities to share data, analytical tools, and products with external audiences.

Resource Requirements

Personnel

SERC has increased staffing levels in the IT department as personnel are needed to strengthen SERC's security posture and address the expected impacts of the rapidly evolving cyber security threat landscape resulting in an overall increase of two FTEs.

Office Costs

The 2024 budget increase is primarily due to anticipated additional software costs associated with the support and maintenance of SERC’s robust cyber security goals.

Human Resources

Program Scope and Functional Description

The SERC Human Resources function provides the organization with structure and the ability to meet business needs through managing our most valuable resources—our employees. The Human Resources department is responsible for a variety of essential functions:

- Strategic resource and succession planning across all areas of the organization;
- Recruitment and retention of highly skilled talent, employee relations, performance management, training and professional development, and employee engagement;
- Compliance with state and federal employment laws to minimize organizational liability;
- Analysis and administration of competitive compensation and total rewards programs; and
- Administration of payroll, employee benefits, and Human Resource Information Systems.

2024 Key Assumptions

The 2024 key assumptions for the Human Resources function are as follows:

- A 5% vacancy rate has been applied to Personnel Expenses.
- SERC will continue to provide competitive compensation and benefits packages.
- SERC will ensure that subject matter experts attain and maintain elevated professional credentials to remain a leader in the industry.
- SERC will provide an annual merit salary increase. The salary expense budget for all program areas reflects this assumption.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the Human Resources department are as follows:

- Lead efforts to minimize turnover and ensure SERC is a highly desirable place to work, due to our culture and the importance of our work;
- Promote employee engagement and empowerment;
- Attract, develop, and retain highly skilled and engaged staff;
- Refresh compensation and benefit studies to ensure organization and industry competitiveness;
- Create growth, training, and development opportunities for staff;

- Promote a diverse and inclusive workplace;
- Continue to develop and implement SERC’s Environmental, Social, and Governance (ESG) initiatives; and
- Ensure succession planning remains current and relevant.

Resource Requirements**Personnel**

The number of FTEs assigned to the Human Resources program is consistent with 2023.

Contractors and Consultants

The 2024 budget includes contractor support for leadership development, staff training, and compensation studies.

Finance and Accounting

Program Scope and Functional Description

The SERC Finance and Accounting department provides accounting, analytical, and treasury services for SERC by performing the following functions:

- Develop SERC’s BP&B and provide ongoing financial analysis regarding expenditures and forecasts;
- Prepare monthly, quarterly, and annual financial statements;
- Review and refine accounting policies, procedures, and internal fiscal controls to support the changing business environment;
- Coordinate with external auditors to ensure timely completion of the annual audit;
- Prepare and file required federal and state tax returns;
- Maintain banking relationships and manage cash flow and investments;
- Support the ERO’s funding process by annually collecting NEL data as mandated by FERC;
- Work with the ERO Finance Working Group to provide consistent reporting throughout NERC and the Regions; and
- Manage accounts payable, accounts receivable, and fixed assets.

2024 Key Assumptions

The 2024 key assumptions for the Finance and Accounting function are as follows:

- Current accounting systems and controls are effective.
- There are no major changes in applicable accounting regulations.

2024 Goals and Key Deliverables

The 2024 goals and key deliverables for the SERC Finance and Accounting department are as follows:

- Allocate financial resources in a manner that best promotes the security and reduction of risk to the BPS;
- Identify and prioritize opportunities, and create efficiency through new processes, procedures, and technology;
- Provide timely, relevant, and accurate reporting and financial analysis to SERC management, the FAC, and the Board; and
- Ensure SERC has effective financial controls and exercises fiscal prudence.

Resource Requirements

Personnel

The number of FTEs assigned to the Finance and Accounting program is consistent with 2023.

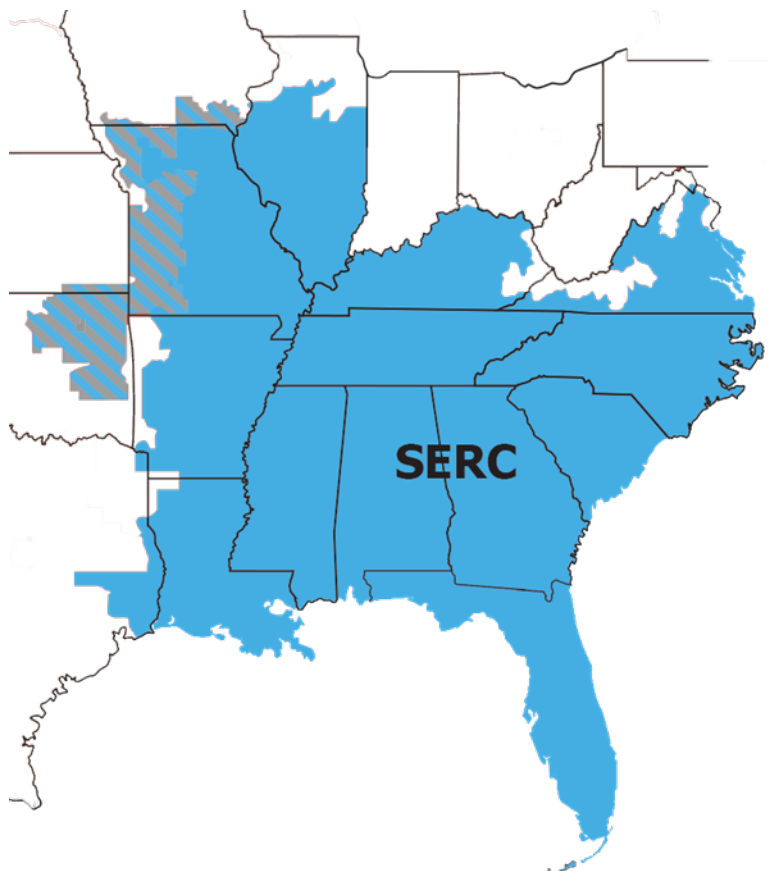
Corporate Services Program Budget Detail

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
CORPORATE SERVICES					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Funding					
Statutory Funding					
SERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	-	25,000	25,000	-	-
Interest	-	-	-	-	-
Total Funding (A)	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 6,799,194	\$ 6,770,057	\$ (29,137)	\$ 7,646,873	\$ 847,679
Payroll Taxes	404,201	400,054	(4,147)	455,873	51,672
Benefits	1,079,668	1,040,889	(38,779)	1,035,406	(44,262)
Retirement Costs	878,752	868,639	(10,113)	983,515	104,763
Total Personnel Expenses	\$ 9,161,815	\$ 9,079,639	\$ (82,176)	\$ 10,121,667	\$ 959,852
Meeting Expenses					
Meetings & Conference Calls	\$ 267,263	\$ 227,195	\$ (40,068)	\$ 268,610	\$ 1,347
Travel	255,575	225,541	(30,034)	241,850	(13,725)
Total Meeting Expenses	\$ 522,838	\$ 452,736	\$ (70,102)	\$ 510,460	\$ (12,378)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 811,929	\$ 763,620	\$ (48,309)	\$ 897,750	\$ 85,821
Office Rent	850,067	850,067	-	855,067	5,000
Office Costs	1,341,947	1,338,661	(3,286)	1,550,896	208,949
Professional Services	528,150	529,000	850	547,470	19,320
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 3,532,093	\$ 3,481,348	\$ (50,745)	\$ 3,851,183	\$ 319,090
Total Direct Expenses	\$ 13,216,746	\$ 13,013,723	\$ (203,023)	\$ 14,483,310	\$ 1,266,564
Indirect Expenses	\$ (13,216,746)	\$ (13,013,723)	\$ 203,023	\$ (14,483,310)	\$ (1,266,564)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assets	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
Fixed Assets, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -
FTEs	37.75	37.75	-	39.75	2.00

Table A-12. Corporate Services Budget Detail

Section B – Supplemental Financial Information

2024 Business Plan and Budget



Section B – Supplemental Financial Information

Working Capital and Assessment Stabilization Reserve Analysis

Reserve Analysis			
STATUTORY			
	Total Reserves	Working Capital Reserve	Assessment Stabilization Reserve ¹
Beginning Reserves, January 1, 2023	\$ 8,357,428	\$ 2,584,842	\$ 5,772,586
Plus: 2023 Funding (from Load-Serving Entities (LSE) or desgnees)	\$ 26,192,877	\$ 26,192,877	\$ -
Plus: 2023 Other funding sources	326,000	326,000	-
Penalties released from Assessment Stabilization Reserve in 2023	-	1,291,337	(1,291,337)
Penalty Sanctions January 1 - June 30, 2023	6,215,200	-	6,215,200
Less: 2023 Projected expenses & capital expenditures	(28,407,895)	(28,407,895)	-
Projected Reserves, December 31, 2023	\$ 12,683,610	\$ 1,987,161	\$ 10,696,449
Targeted Reserve, December 31, 2024	\$ 9,704,843	\$ 1,904,843	\$ 7,800,000
Less: Projected Reserves, December 31, 2023	(12,683,610)	(1,987,161)	(10,696,449)
Increase/(decrease) to 2024 Assessments	\$ (2,978,767)	\$ (82,318)	\$ (2,896,449)
2024 Expenses and Capital Expenditures	\$ 31,999,954		
Less: Penalties released from Assessment Stabilization Reserve	(2,896,449)		
Adjustment to achieve targeted Working Capital Reserve	(82,318)		
Less: Other funding sources	(283,500)		
2024 SERC Assessment	\$ 28,737,687		

¹ Penalty sanctions are added to the Assessment Stabilization Reserve upon approval of the enforcement action by FERC, and released to offset future assessments, as approved by SERC's Board of Directors.

Table B-1. Working Capital Reserve Analysis 2023- 2024

Explanation of the Working Capital Reserve

Pursuant to SERC's Cash Reserves Policy, as approved by the Board on June 26, 2019, SERC maintains a Working Capital Reserve to satisfy cash flow needs for daily operations, as well as for contingencies that were not anticipated at the time the BP&B was prepared. The policy provides for a working capital target of up to 10% of the annual budget. The targeted Working Capital Reserve included in SERC's 2024 BP&B is \$1,904,843. SERC reduced the 2024 ERO Assessments by \$82,318 to adjust its Working Capital Reserve to the targeted amount.

Explanation of the Assessment Stabilization Reserve

Pursuant to SERC's Cash Reserves Policy, SERC maintains an Assessment Stabilization Reserve to mitigate annual assessment volatility. With NERC and FERC approval, Penalty sanctions are added to the reserve, and released to offset assessments in future years. SERC is requesting to place \$6,596,448 of Penalty sanctions received between July 1, 2022 and June 30, 2023, into the Assessment Stabilization Reserve, and to release \$2,896,449 from the Assessment Stabilization Reserve to offset 2024 SERC Assessments.

Breakdown by Statement of Activity Sections

The following detailed schedules support the Statement of Activities and Capital Expenditures, page 12, of the 2024 BP&B. All significant variances have been disclosed by program area on the preceding pages.

Penalty Sanctions

All penalty monies received between July 1, 2022, and June 30, 2023, are summarized below.

Pursuant to the NERC ROP Section 1107.4, SERC is requesting an exception to NERC ROP 1107.2. *All funds from financial Penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1.* Specifically, SERC is requesting an exception in order to place \$6,596,448 of Penalty sanctions received between July 1, 2022 and June 30, 2023, into the Assessment Stabilization Reserve, and to release \$2,896,449 from the Assessment Stabilization Reserve to offset 2024 SERC Assessments.

Allocation Method: Penalty sanctions released to offset 2024 assessments have been allocated to the following statutory programs to reduce assessments: Reliability Standards, Compliance Monitoring and Enforcement, RAPA, Training, Education and Stakeholder Outreach, and SAIS. Penalty sanctions are allocated based upon the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

Table B-2 summarizes all penalties received between July 1, 2022 and June 30, 2023.

Penalty Sanctions Received on or Prior to June 30, 2023			
Payment	Date Received	Amount Received	
Penalty payments	10/21/2022 - TBD	\$	6,596,448
Total Penalties Received		\$	6,596,448

Table B-2. Penalty Sanctions Received

Table B-3 Supplemental Funding

Other Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget
Reliability Standards				
Workshops & Miscellaneous	\$ 183	\$ -	\$ 221	\$ 38
Interest	\$ 220	\$ 1,172	\$ 744	\$ 524
Total	\$ 403	\$ 1,172	\$ 965	\$ 562
Compliance Monitoring, Enforcement & Org. Registration				
Workshops & Miscellaneous	\$ 29,480	\$ 11,000	\$ 33,304	\$ 3,824
Interest	\$ 22,176	\$ 118,271	\$ 75,056	\$ 52,880
Total	\$ 51,656	\$ 129,271	\$ 108,360	\$ 56,704
Reliability Assessment and Performance Analysis				
Workshops & Miscellaneous	\$ 2,308	\$ 130,000	\$ 3,669	\$ 1,361
Interest	\$ 2,769	\$ 14,769	\$ 12,348	\$ 9,579
Total	\$ 5,077	\$ 144,769	\$ 16,017	\$ 10,940
Training, Education and Stakeholder Outreach				
Workshops & Miscellaneous	\$ 132,930	\$ -	\$ 138,980	\$ 6,050
Interest	\$ 3,516	\$ 18,755	\$ 13,389	\$ 9,873
Total	\$ 136,446	\$ 18,755	\$ 152,369	\$ 15,923
Situation Awareness and Infrastructure Security				
Workshops & Miscellaneous	\$ 1,099	\$ -	\$ 1,326	\$ 227
Interest	\$ 1,319	\$ 7,033	\$ 4,463	\$ 3,144
Total	\$ 2,418	\$ 7,033	\$ 5,789	\$ 3,371
Corporate Services				
Workshops & Miscellaneous	\$ -	\$ 25,000	\$ -	\$ -
Interest	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 25,000	\$ -	\$ -
Total Outside Funding	\$ 196,000	\$ 326,000	\$ 283,500	\$ 87,500

Table B-3. Supplemental Funding

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Interest in 2024 reflects an increase from the 2023 budget due to anticipated market returns on investment income.

Table B-4 Personnel Expenses

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Total Salaries	\$ 17,445,770	\$ 17,703,490	\$ 19,642,715	\$ 2,196,945	12.6%
Total Payroll Taxes	\$ 1,042,996	\$ 1,054,645	\$ 1,175,624	\$ 132,628	12.7%
Total Benefits	\$ 2,256,982	\$ 2,119,630	\$ 2,236,235	\$ (20,747)	-0.9%
Total Retirement	\$ 2,221,067	\$ 2,248,170	\$ 2,495,864	\$ 274,797	12.4%
Total Personnel Costs	\$ 22,966,815	\$ 23,125,935	\$ 25,550,438	\$ 2,583,623	11.2%
FTEs	106.0	106.0	111.0	5.0	4.7%
Cost per FTE					
Salaries	\$ 164,583	\$ 167,014	\$ 176,961	\$ 12,379	7.5%
Payroll Taxes	9,840	9,949	10,591	752	7.6%
Benefits	21,292	19,997	20,146	(1,146)	(5.4%)
Retirement	20,953	21,209	22,485	1,532	7.3%
Total Cost per FTE	\$ 216,668	\$ 218,169	\$ 230,184	\$ 13,516	6.2%

Table B-4. Personnel Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

The budget reflects a Board-approved merit increase. A vacancy rate of 5% has been applied to all Personnel Expenses.

FTE additions are driving increases in Salaries and Retirement expenses.

An overall increase of five additional personnel are necessary to: (1) continue to strengthen SERC's internal security posture; (2) enable SERC to perform necessary and relevant reliability studies and assessments given the evolving nature of the grid; and (3) centralize internal and external training programs to drive internal efficiencies and credentialing for stakeholders.

Table B-5 Meeting Expenses

Meeting, Conference & Travel Expense	Budget		Projection		Variance	
	2023	2023	2024	2024	2023 Budget v 2024 Budget	Variance %
Meeting & Conference Expenses	\$ 448,836	\$ 408,368	\$ 462,883	\$ 462,883	\$ 14,047	3.1%
Travel Expenses	\$ 877,727	\$ 854,067	\$ 947,770	\$ 947,770	\$ 70,043	8.0%
Total Meeting, Conference & Travel Expenses	\$ 1,326,563	\$ 1,262,435	\$ 1,410,653	\$ 1,410,653	\$ 84,090	6.3%

Table B-5. Meeting Expenses**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

The 2024 budget includes a moderate increase in Meeting Expenses driven by conference call (WebEx and TEAMS) expenses.

Travel increases reflect efficiencies realized across SERC maintaining use of a hybrid of on-site and virtual meetings while planning for anticipated 2024 onsite audits and additional travel associated with increased volume of registration additions associated with the inclusion of non-BES Inverter Based Resources and inflation impacts on travel.

Table B-6 Consultants and Contracts

Consultants and Contracts	Budget	Projection	Budget	Variance	
	2023	2023	2024	2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	282,482	238,484	258,000	(24,482)	(8.7%)
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	811,929	763,620	897,750	85,821	10.6%
Total Consultants and Contracts	\$ 1,094,411	\$ 1,002,104	\$ 1,155,750	\$ 61,339	5.6%

Table B-6. Consultants and Contracts

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

RAPA:

- The 2024 budget includes contractor support for studies such as energy assessments, dynamic model reduction, and seasonal probabilistic assessment assistance. The levels of contract support needed in 2024 are reduced from 2023 levels as SERC adds two FTEs to move more modeling capabilities in house.

Corporate Services:

- **General & Administrative** – The 2024 budget includes support for corporate strategic initiatives which are lower than what was required in 2023.
- **IT** – Outside support for critical IT and cyber security assessments and projects are driving an increase in consultants and contracts expenses.

Table B-7 Office Rent

Office Rent	Budget		Projection		Variance	
	2023	2023	2024	2024	2023 Budget v 2024 Budget	Variance %
Office Rent	\$ 850,067	\$ 850,067	\$ 855,067	\$ 855,067	\$ 5,000	0.6%
Utilities	-	-	-	-	-	0.0%
Maintenance	-	-	-	-	-	0.0%
Total Office Rent	\$ 850,067	\$ 850,067	\$ 855,067	\$ 855,067	\$ 5,000	0.6%

Table B-7. Office Rent

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Increase in building's operational Common Area Maintenance expenses.

Table B-8 Office Costs

Office Costs	Budget		Projection		Variance	
	2023	2023	2024	2024	2023 Budget v 2024 Budget	Variance %
Telephone	\$ 182,340	\$ 182,340	\$ 220,840	\$ 220,840	\$ 38,500	21.1%
Office Supplies	96,209	96,209	106,900	106,900	10,691	11.1%
Computers, Hardware and Supplies	65,000	70,715	80,000	80,000	15,000	23.1%
Software	838,243	813,243	1,095,791	1,095,791	257,548	30.7%
Publications & Subscriptions	20,500	10,500	11,520	11,520	(8,980)	(43.8%)
Dues	33,997	43,995	49,925	49,925	15,928	46.9%
Postage, Shipping & Copying	14,000	14,000	14,000	14,000	-	0.0%
Equipment Repair/Service Contracts	66,000	66,000	66,000	66,000	-	0.0%
Bank Charges	3,000	3,000	2,000	2,000	(1,000)	(33.3%)
Taxes	25,000	25,000	34,000	34,000	9,000	36.0%
Merchant Credit Card Fees	9,600	9,600	9,600	9,600	-	0.0%
Insurance - Commercial	54,000	70,000	100,000	100,000	46,000	85.2%
Total Office Costs	\$ 1,407,889	\$ 1,404,602	\$ 1,790,576	\$ 1,790,576	\$ 382,687	27.2%

Table B-8. Office Costs

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Telephone - expenses projected to increase as the cost of wireless services and phone equipment rises.

Office Supplies – the increase reflects inflation associated with basic office supplies.

Computer, Hardware, and Supplies – increases are due to a planned laptop refresh.

Software – the increase is due to anticipated additional software costs associated with the support and maintenance of SERC's robust cyber security goals and additional software licenses needed to support RAPA studies. Insurance - Commercial - reflects an anticipated premium increase for commercial and cyber security policies.

Table B-9 Professional Services

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Outside Legal	\$ 49,000	\$ 84,000	\$ 33,000	\$ (16,000)	(32.7%)
Independent Director Fees	\$ 440,000	\$ 405,850	\$ 459,470	\$ 19,470	4.4%
Accounting & Auditing Fees	39,150	39,150	55,000	15,850	40.5%
Total Services	\$ 528,150	\$ 529,000	\$ 547,470	\$ 19,320	3.7%

Table B-9. Professional Services

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Outside Legal expenses are decreasing based on historical norms. Independent Director Fees have increased to reflect actual cost. Accounting & Auditing Fees increase reflect new requirement for 401k testing.

Table B-10 Miscellaneous

Miscellaneous Expenses	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Miscellaneous	\$ -	\$ -	\$ -	\$ -	-
Total Miscellaneous Expenses	\$ -	\$ -	\$ -	\$ -	-

Table B-10. Miscellaneous

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

There are no costs budgeted for these items in 2023 or 2024.

Table B-11 Non-Operating Expenses

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Table B-11. Other Non-Operating Expenses

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

There are no costs budgeted for these items in 2023 or 2024.

Section B – Supplemental Financial Information

Table B-12 Fixed Assets

Fixed Assets	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Computer & Software CapEx	\$ -	\$ 191,752	\$ -	\$ -	
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	42,000	42,000	440,000	398,000	947.6%
Leasehold Improvements	-	-	250,000	250,000	
	\$ 42,000	\$ 233,752	\$ 690,000	\$ 648,000	1,542.9%

Table B-12. Fixed Assets

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- An overall increase of \$648,000 is due to capitalized purchases for leasehold improvements associated with SERC’s office lease and high-performance servers needed to support RAPA modeling studies. Additionally, cyber security enhancements, including server and network storage refresh, will occur in 2024.

Section B – Supplemental Financial Information

Table B-13 2025 and 2026 Projections

Statement of Activities and Capital Expenditures							
2024 Budget & Projected 2025 and 2026 Budgets							
Statutory							
	2024	2025	\$ Change	% Change	2026	\$ Change	% Change
	Budget	Projection	24 v 25	24 v 25	Projection	25 v 26	25 v 26
Funding							
Statutory Funding							
SERC Assessments	\$ 28,737,687	\$ 30,917,427	\$ 2,179,740	7.6%	\$ 32,835,850	\$ 1,918,423	6.2%
Penalties Released*	2,896,449	2,850,000	(46,449)	(1.6%)	2,250,000	(600,000)	(21.1%)
Total Statutory Funding	\$ 31,634,136	\$ 33,767,427	\$ 2,133,291	6.7%	\$ 35,085,850	\$ 1,318,423	3.9%
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
Workshops & Miscellaneous	177,500	177,500	-	0.0%	177,500	-	0.0%
Interest	106,000	60,000	(46,000)	(43.4%)	60,000	-	0.0%
Total Funding (A)	\$ 31,917,636	\$ 34,004,927	\$ 2,087,291	6.5%	\$ 35,323,350	\$ 1,318,423	3.9%
Expenses							
Personnel Expenses							
Salaries	\$ 19,642,715	\$ 21,050,210	\$ 1,407,495	7.2%	\$ 22,026,967	\$ 976,757	4.6%
Payroll Taxes	1,175,624	1,259,863	84,239	7.2%	1,318,322	58,459	4.6%
Benefits	2,236,235	2,396,472	160,237	7.2%	2,516,296	119,824	5.0%
Retirement Costs	2,495,864	2,674,705	178,841	7.2%	2,798,815	124,110	4.6%
Total Personnel Expenses	\$ 25,550,438	\$ 27,381,250	\$ 1,830,812	7.2%	\$ 28,660,400	\$ 1,279,150	4.7%
Meeting Expenses							
Meetings & Conference Calls	\$ 462,883	\$ 476,769	\$ 13,886	3.0%	\$ 491,073	\$ 14,303	3.0%
Travel	947,770	976,203	28,433	3.0%	1,005,489	29,286	3.0%
Total Meeting Expenses	\$ 1,410,653	\$ 1,452,973	\$ 42,320	3.0%	\$ 1,496,562	\$ 43,589	3.0%
Operating Expenses, excluding Depreciation							
Consultants & Contracts	\$ 1,155,750	1,205,423	\$ 49,673	4.3%	1,241,585	\$ 36,163	3.0%
Office Rent	855,067	1,050,000	194,933	22.8%	1,060,000	10,000	1.0%
Office Costs	1,790,576	1,901,388	110,812	6.2%	2,043,992	142,604	7.5%
Professional Services	547,470	563,894	16,424	3.0%	580,811	16,917	3.0%
Miscellaneous	-	-	-		-	-	
Total Operating Expenses	\$ 4,348,863	\$ 4,720,704	\$ 371,841	8.6%	\$ 4,926,388	\$ 205,684	4.4%
Total Direct Expenses	\$ 31,309,954	\$ 33,554,927	\$ 2,244,973	7.2%	\$ 35,083,350	\$ 1,528,423	4.6%
Indirect Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses (B)	\$ 31,309,954	\$ 33,554,927	\$ 2,244,973	7.2%	\$ 35,083,350	\$ 1,528,423	4.6%
Change in Assets	\$ 607,682	\$ 450,000	\$ (157,682)	(25.9%)	\$ 240,000	\$ (210,000)	(46.7%)
Fixed Assets							
Computer & Software CapEx	-	-	-		-	-	
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	440,000	200,000	(240,000)	(54.5%)	240,000	40,000	20.0%
Leasehold Improvements	250,000	250,000	-	0.0%	-	(250,000)	(100.0%)
Allocation of Fixed Assets	-	-	-		-	-	
Incr(Dec) in Fixed Assets (C)	\$ 690,000	\$ 450,000	\$ (240,000)	(34.8%)	\$ 240,000	\$ (210,000)	(46.7%)
TOTAL BUDGET (B+C)	\$ 31,999,954	\$ 34,004,927	\$ 2,004,973	6.3%	\$ 35,323,350	\$ 1,318,423	3.9%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (82,318)	\$ -	\$ 82,318	(100.0%)	\$ -	\$ -	
FTEs	111.0	114.0 - 117.0	3.0 - 6.0		114.0 - 117.0	0.0 - 3.0	

Table B-13. Budget 2024 Compared with 2025-2026 Projections

FINAL - Date approved by the Board of Directors with conditions: June 21, 2023; Date approved by the Finance and Audit Committee satisfying conditions: July 14, 2023

Explanation of 2025 and 2026 Budget Projections

Personnel Expenses

- Expense includes 3 to 6 additional FTEs in 2025 and 0 to 3 additional FTEs in 2026
- Annual increase in insurance premiums
- A continuation of a 5% vacancy rate

Meeting Expenses

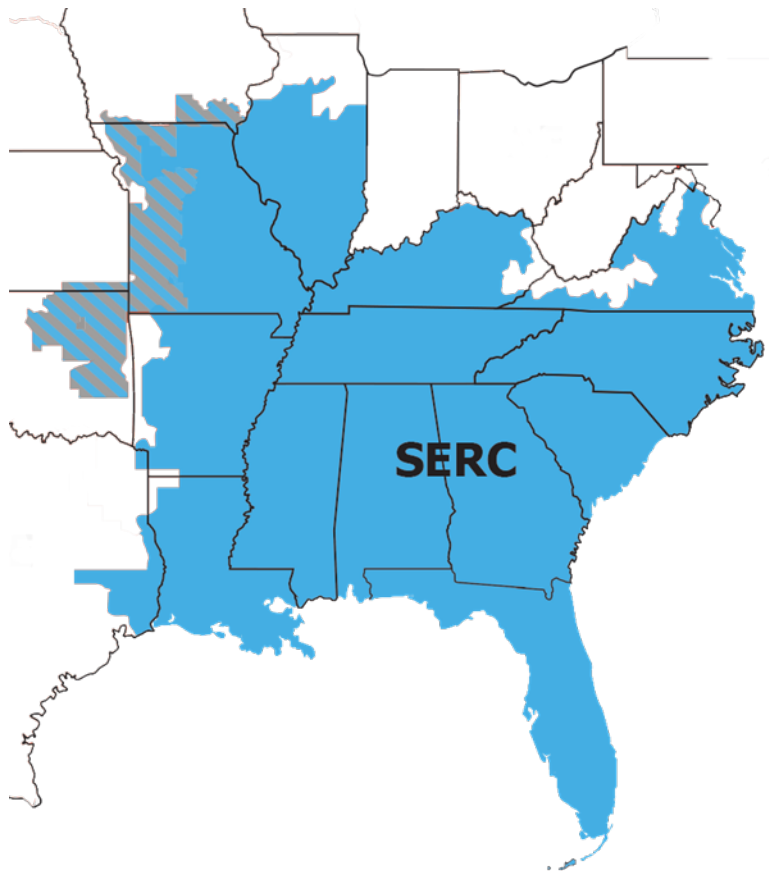
- Meetings and travel costs include 3% inflationary increases in 2025 and 2026.

Operating Expenses

- Commercial lease rates have increased significantly in recent years and will have an impact on rent expense when the current office lease expires in 2025.
- Professional services include a 3% increase in both 2025 and 2026 associated with Independent Director Fees.
- Office costs are increasing due to incremental software needs.

Section C – Non-Statutory Activities

2024 Business Plan and Budget



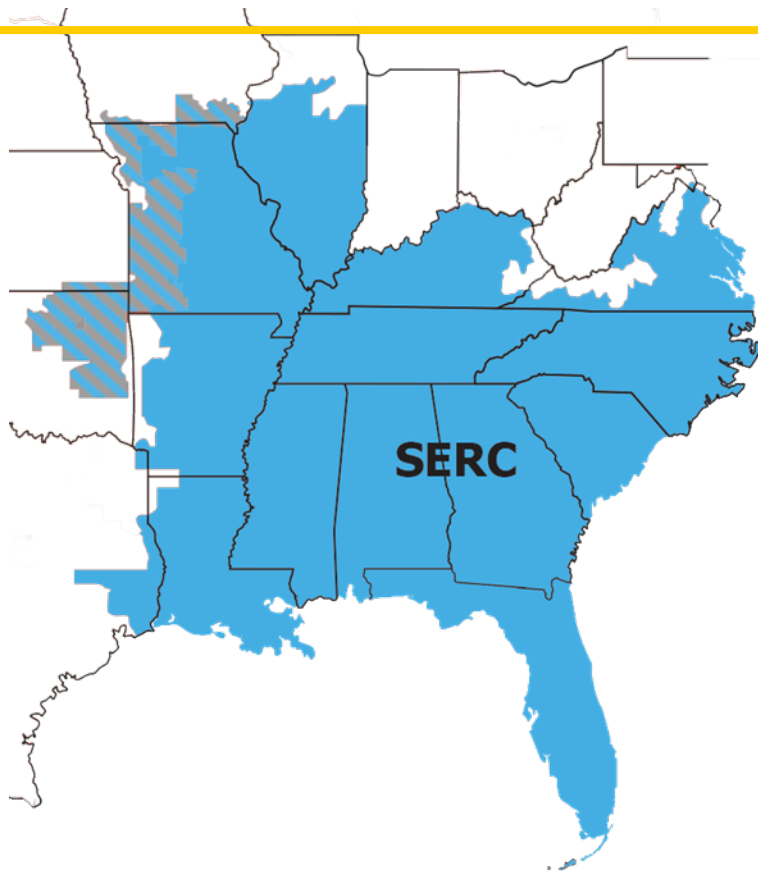
Section C – Non-Statutory Activities

2024 Non-Statutory Business Plan and Budget

At present, SERC does not provide any non-statutory functions; therefore, Section C is not applicable at this time. However, SERC may in the future consider providing non-statutory functions from time to time, as appropriate and as permitted by its Board and applicable statutes and regulations.

Section D – Additional Consolidated Financial Statements

2024 Business Plan and Budget



Consolidated Financial Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions								
				Statutory Total	Reliability Standards	Compliance Monitoring and Enforcement; Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services		
Funding												
Statutory Funding												
SERC Assessments	\$ 28,737,687	\$ 28,737,687	\$ -	\$ 28,737,687	\$ 229,081	\$ 20,050,654	\$ 4,210,332	\$ 3,026,426	\$ 1,221,194	\$ -	\$ -	
Penalties Released	2,896,449	2,896,449	-	2,896,449	20,326	2,050,889	337,411	365,867	121,956	-	-	
Total Statutory Funding	\$ 31,634,136	\$ 31,634,136	\$ -	\$ 31,634,136	\$ 249,407	\$ 22,101,543	\$ 4,547,743	\$ 3,392,293	\$ 1,343,150	\$ -	\$ -	
Non-statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	177,500	177,500	-	177,500	221	33,304	3,669	138,979	1,326	-	-	
Interest	106,000	106,000	-	106,000	744	75,056	12,348	13,389	4,463	-	-	
Total Funding (A)	\$ 31,917,636	\$ 31,917,636	\$ -	\$ 31,917,636	\$ 250,372	\$ 22,209,903	\$ 4,563,760	\$ 3,544,661	\$ 1,348,939	\$ -	\$ -	
Expenses												
Personnel Expenses												
Salaries	\$ 19,642,715	\$ 19,642,715	\$ -	\$ 19,642,715	\$ 112,831	\$ 8,658,245	\$ 1,452,228	\$ 1,219,984	\$ 552,554	\$ 7,646,873		
Payroll Taxes	1,175,624	1,175,624	-	1,175,624	6,770	519,495	87,134	73,199	33,153	455,873		
Benefits	2,236,235	2,236,235	-	2,236,235	10,378	865,658	140,478	135,046	49,269	1,035,406		
Retirement Costs	2,495,864	2,495,864	-	2,495,864	14,200	1,091,616	183,098	153,806	69,629	983,515		
Total Personnel Expenses	\$ 25,550,438	\$ 25,550,438	\$ -	\$ 25,550,438	\$ 144,179	\$ 11,135,014	\$ 1,862,938	\$ 1,582,035	\$ 704,605	\$ 10,121,667		
Meeting Expenses												
Meetings & Conference Calls	\$ 462,883	\$ 462,883	\$ -	\$ 462,883	\$ -	\$ 15,790	\$ 170,000	\$ 8,483	\$ -	\$ 268,610		
Travel	947,770	947,770	-	947,770	2,500	530,075	69,680	82,965	20,700	241,850		
Total Meeting Expenses	\$ 1,410,653	\$ 1,410,653	\$ -	\$ 1,410,653	\$ 2,500	\$ 545,865	\$ 239,680	\$ 91,448	\$ 20,700	\$ 510,460		
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 1,155,750	\$ 1,155,750	\$ -	\$ 1,155,750	\$ -	\$ -	\$ 258,000	\$ -	\$ -	\$ 897,750		
Office Rent	855,067	855,067	-	855,067	-	-	-	-	-	855,067		
Office Costs	1,790,576	1,790,576	-	1,790,576	-	58,500	177,884	2,217	1,079	1,550,896		
Professional Services	547,470	547,470	-	547,470	-	-	-	-	-	547,470		
Miscellaneous	-	-	-	-	-	-	-	-	-	-		
Depreciation	-	-	-	-	-	-	-	-	-	-		
Total Operating Expenses	\$ 4,348,863	\$ 4,348,863	\$ -	\$ 4,348,863	\$ -	\$ 58,500	\$ 435,884	\$ 2,217	\$ 1,079	\$ 3,851,183		
Total Direct Expenses	\$ 31,309,954	\$ 31,309,954	\$ -	\$ 31,309,954	\$ 146,679	\$ 11,739,379	\$ 2,538,502	\$ 1,675,700	\$ 726,384	\$ 14,483,310		
Indirect Expenses	\$ -	\$ (0)	\$ -	\$ (0)	\$ 101,637	\$ 10,255,200	\$ 1,687,179	\$ 1,829,471	\$ 609,824	\$ (14,483,310)		
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Expenses (B)	\$ 31,309,954	\$ 31,309,954	\$ -	\$ 31,309,954	\$ 248,316	\$ 21,994,579	\$ 4,225,681	\$ 3,505,171	\$ 1,336,208	\$ -		
Change in Assets	\$ 607,682	\$ 607,682	\$ -	\$ 607,682	\$ 2,056	\$ 215,324	\$ 338,079	\$ 39,490	\$ 12,731	\$ -		
Depreciation												
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-		
Equipment CapEx	440,000	440,000	-	440,000	-	-	305,000	-	-	135,000		
Leasehold Improvements	250,000	250,000	-	250,000	-	-	-	-	-	250,000		
Allocation of Fixed Assets	-	-	-	-	2,702	272,607	44,849	48,632	16,210	(385,000)		
Fixed Assets, excluding Right of Use Assets (C)	\$ 690,000	\$ 690,000	\$ -	\$ 690,000	\$ 2,702	\$ 272,607	\$ 349,849	\$ 48,632	\$ 16,210	\$ -		
TOTAL BUDGET (B+C)	\$ 31,999,954	\$ 31,999,954	\$ -	\$ 31,999,954	\$ 251,018	\$ 22,267,186	\$ 4,575,530	\$ 3,553,803	\$ 1,352,418	\$ -		
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (82,318)	\$ (82,318)	\$ -	\$ (82,318)	\$ (646)	\$ (57,283)	\$ (11,770)	\$ (9,142)	\$ (3,479)	\$ -		
FTEs	111.0	111.0	-	111.0	0.5	50.5	8.3	9.0	3.0	39.8		

Table D-1. Consolidated Statements of Activities by Program, Statutory and Non-Statutory

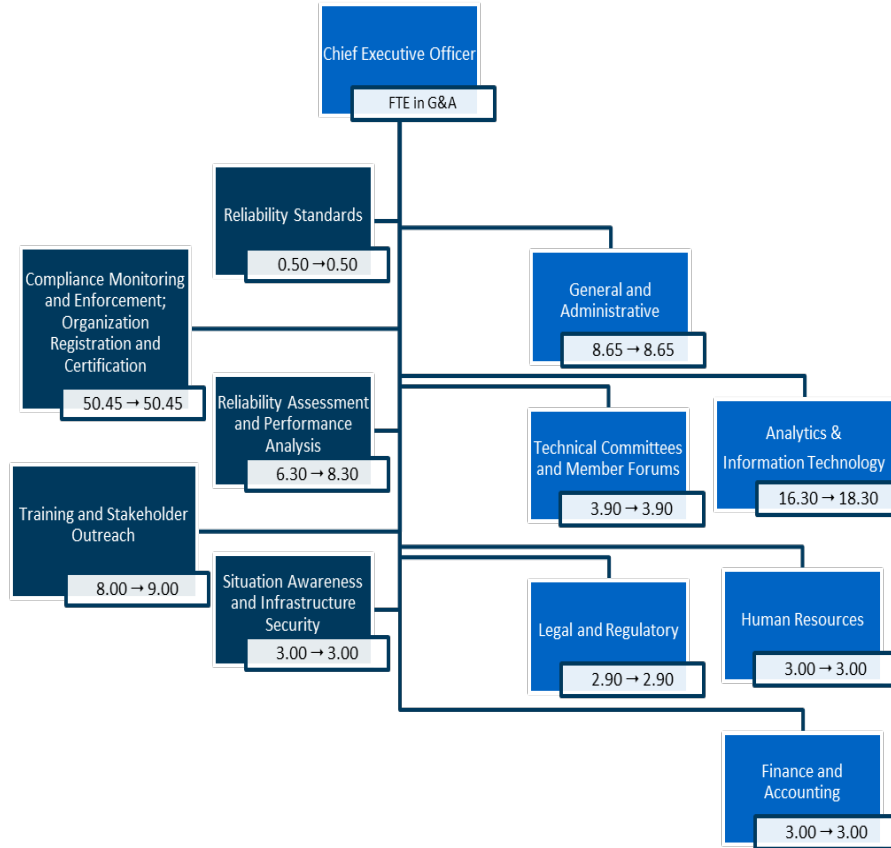
Statement of Financial Position

Statement of Financial Position			
2022 Audited, 2023 Projection, and 2024 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit)	Projected	Budget
	31-Dec-22	31-Dec-23	31-Dec-24
ASSETS			
Cash and cash equivalents	\$ 3,621,780	\$ 3,791,023	\$ 3,406,028
Investments	9,700,664	10,200,664	10,200,664
Accounts receivable, net	-	-	-
Prepaid expenses and other assets	2,062,631	1,250,000	500,000
Property and equipment, net	2,337,443	2,021,195	1,806,195
Total Assets	\$ 17,722,518	\$ 17,262,882	\$ 15,912,887
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 18,478	\$ 40,000	\$ 40,000
Accrued expenses	4,751,163	4,800,000	4,800,000
Deferred revenue	11,530	11,530	11,530
Other liabilities	2,246,476	1,396,476	646,476
Total Liabilities	\$ 7,027,647	\$ 6,248,006	\$ 5,498,006
Unrestricted net assets	10,694,871	11,014,876	10,414,881
Total Liabilities and Net Assets	\$ 17,722,518	\$ 17,262,882	\$ 15,912,887

Table D-2. Statement of Financial Position, Three-Year Comparison

Appendix A: Organization Chart

The SERC Organization chart shown here compares 2023 and 2024 SERC personnel counts.



2023 FTE: 106.00
2024 FTE: 111.00

■ Statutory Program Area
■ Corporate Services Program Area

Figure 2. SERC Organization Chart

Appendix B: Index of Figures and Tables

List of Figures

Figure 1.	Budgeted Funding by Program Area Chart.....	11
Figure 2.	SERC Organization Chart.....	66

List of Tables

Table 1.	SERC Budget for 2024	3
Table 2.	Budgeted Funding by Program Area.....	11
Table 3.	Total FTEs by Program Area	12
Table 4.	Budget and Projection Comparison, 2023 to 2024.....	11
Table A-1.	Reliability Standards Budget.....	15
Table A-2.	Reliability Standards Budget Detail	17
Table A-3.	Compliance Monitoring and Enforcement; Organization Registration and Certification Program Budget	18
Table A-4.	Compliance Monitoring and Enforcement and Organization Registration and Certification Budget Detail.....	25
Table A-5.	Reliability Assessments and Performance Analysis (RAPA) Budget	25
Table A-6.	Reliability Assessment and Performance Analysis Budget Detail.....	28
Table A-7.	Training, Education, and Stakeholder Outreach Budget.....	29
Table A-8.	Training, Education, and Stakeholder Outreach Budget Detail	31
Table A-9.	Situational Awareness and Infrastructure Security Budget.....	32
Table A-10.	Situational Awareness and Infrastructure Security Budget Detail.....	34
Table A-11.	Corporate Services Budget	35
Table A-12.	Corporate Services Budget Detail.....	48
Table B-1.	Working Capital Reserve Analysis 2023- 2024	50
Table B-2.	Penalty Sanctions Received	51
Table B-3.	Supplemental Funding	52
Table B-4.	Personnel Expenses.....	53
Table B-5.	Meeting Expenses.....	54
Table B-6.	Consultants and Contracts.....	55
Table B-7.	Office Rent.....	56
Table B-8.	Office Costs	56
Table B-9.	Professional Services	57
Table B-10.	Miscellaneous	57
Table B-11.	Other Non-Operating Expenses	57
Table B-12.	Fixed Assets.....	58
Table B-13.	Budget 2024 Compared with 2024-2024 Projections	59
Table D-1.	Consolidated Statements of Activities by Program, Statutory and Non-Statutory	64
Table D-2.	Statement of Financial Position, Three-Year Comparison	65

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 7

TEXAS RELIABILITY ENTITY

PROPOSED 2024 BUSINESS PLAN AND BUDGET



2024 Business Plan and Budget

Texas Reliability Entity, Inc.

Approved by Texas RE Board of Directors

Date: May 17, 2023

Table of Contents

Table of Contents.....	2
Introduction	3
Section A – Statutory Programs	12
Reliability Standards Program	13
Compliance Monitoring and Enforcement and Organization Registration and Certification Program.....	17
Reliability Assessment and Performance Analysis Program	22
Training and Education.....	26
Administrative Services	30
General and Administrative	30
Legal and Regulatory	31
Information Technology	32
Human Resources.....	34
Finance and Accounting	34
Section B – Supplemental Financial Information	37
Table B-1 – Reserve Balance	38
Table B-2 – Penalty Sanctions	39
Table B-3 – Supplemental Funding	40
Table B-4 – Personnel Expenses	41
Table B-5 – Meeting & Travel Expense	42
Table B-6 – Consultants and Contracts	43
Table B-7 – Office Rent	44
Table B-8 – Office Costs	45
Table B-9 – Professional Services.....	46
Table B-10 – Miscellaneous Expense.....	47
Table B-11 – Other Non-Operating Expenses	48
Table B-12 – Fixed Assets.....	49
Table B-13 – 2025 and 2026 Projection.....	50
Section C – Non-Statutory Activities.....	51
Section D – Supplemental Information	52
2024 Statement of Activities by Program.....	53
2024 Texas RE Organization Chart	54

Introduction

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs	70.0			
Non-statutory FTEs	-			
Total FTEs	70.0			
Statutory Expenses	\$ 19,107,925			
Non-Statutory Expenses	\$ -			
Total Expenses	\$ 19,107,925			
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	\$ -			
Non-Statutory Working Capital Requirement				
Total Working Capital Requirement	\$ -			
Total Statutory Funding Requirement	\$ 19,157,925			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 19,157,925			
Statutory Funding Assessments	\$ 18,681,013			
Non-Statutory Fees	\$ -			
NEL	427,787,483	427,787,483		
NEL%	100.00%	100.00%		

Table B-1 Reserve Analysis on page 39 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, 2021. Texas RE ensures the reliability of the ERCOT region bulk-power system (BPS).

The ERCOT region is the geographic area located within the state of Texas that operates under the jurisdiction of the Public Utility Commission of Texas (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

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.
- 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.

2024 Overview of Cost Impacts

In developing the Texas RE 2024 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 2024 budgeted statutory expenses (\$19,157,925) increased by 8.0% from the 2023 budgeted statutory expenses (\$17,733,467). The \$1,424,459 increase in budget is due to adding three FTEs, and a 10.0% increase in health benefits. One FTE is added for the IT department, one for the CMEP department, and one for the RAPA department.

The 2024 statutory assessment (\$18,681,013) increased 8.9% from the 2023 assessment (\$17,155,278).

Significant statutory expense changes (including capital expenditures) include:

- Total Personnel expenses are increasing by 12.3%. Salaries expense is increasing 11.7%, which includes adding three additional Full Time Equivalents (FTE) in 2024, in the Information Technology department, CMEP department, and the RAPA Department. 5.0% allowance for salary increases and promotions is included in this personnel budget. Payroll taxes are increasing 9.8%. Total Benefits expense is decreasing 18.6%. Health plan expense did not increase as projected in 2023; however, health plan expense is projected to increase 10% for 2024 over actual 2023 cost, which is lower than the 2023 budgeted cost. Employee Benefits include education reimbursement, relocation expenses, and training and professional development. Including these expenses in Employee Benefits is consistent with the NERC budget guidelines. Retirement costs are increasing 10.6%. Changes in budgeted Benefits expense and Retirement expense affect all program area budgets. All personnel-related expenses are increasing based on the additional salary expense for three additional FTEs. (See program areas for details concerning FTE increases).
- Total Meeting and Travel expenses are increasing 7.7%. Meetings expense is increasing by \$29,000 to allow for major outreach initiatives and related production cost. An annual meeting with the Texas RE Board of Directors and stakeholders is included in Meetings expense for 2024. The 2024 budget includes Workshop Expense for one offsite workshop in the Training and Education Program. Travel expense is increasing 1.2% to include travel for added FTEs.
- Total Operating expenses are decreasing by 4.5%. The Consultants and Contracts expense is decreasing 3.5%. The 2023 budget includes three compensation studies and one custom survey; the 2024 budget includes two studies. Rent cost is decreasing 7.5%. This category includes building maintenance, which is lower on the current office space.

All statutory activity in the 2024 Business Plan and Budget aligns with the ERO Enterprise Long-Term Strategy.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations 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. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

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.

Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



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 BPS risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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.

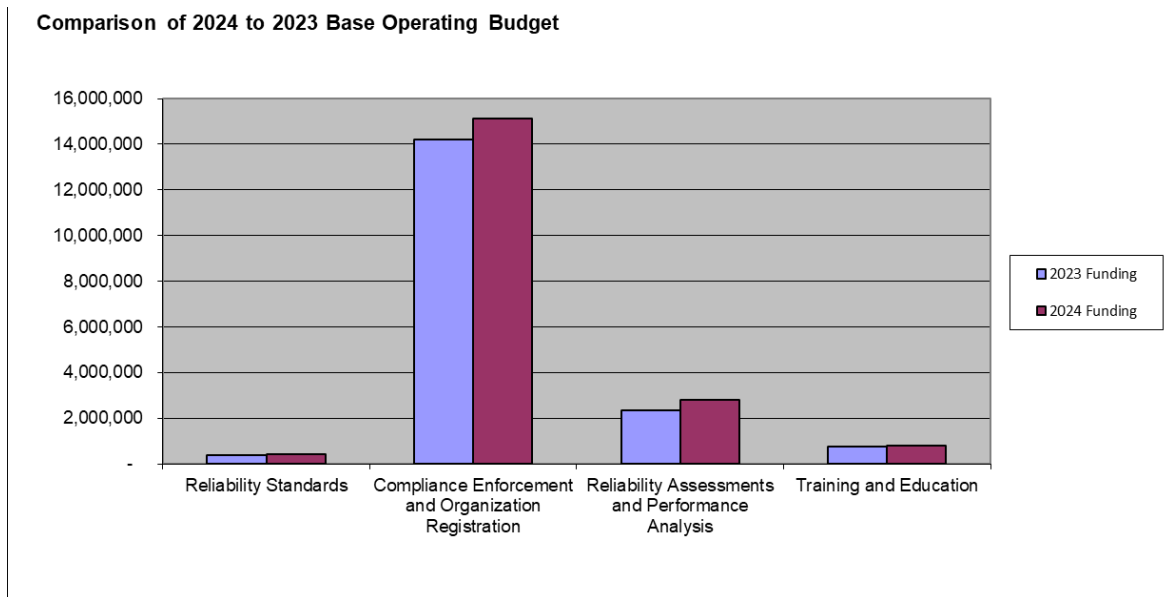
As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business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

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.

Summary by Program

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

Base Operating Budget	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ 407,931	\$ 407,931	\$ 429,172	\$ 21,241	5.2%
Compliance Enforcement and Organization Registration	14,194,994	14,194,994	15,136,737	941,743	6.6%
Reliability Assessments and Performance Analysis	2,370,932	2,370,932	2,792,883	421,951	17.8%
Training and Education	759,610	759,610	799,133	39,523	5.2%
Total by Program	\$ 17,733,467	\$17,733,467	\$ 19,157,925	\$ 1,424,458	8.0%



FTEs by Program Area

Personnel Analysis

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

Total FTEs by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2023	2023	2024	FTEs 2024	2024	from 2023
	Budget	Budget	Budget	Budget	Budget	Budget
STATUTORY						
Operational Programs						
Reliability Standards	1.25	1.25	1.25	-	1.25	-
Compliance and Organization Registration and Certificat	41.75	41.75	42.75	-	42.75	1.00
Training and Education	2.25	2.25	2.25	-	2.25	-
Reliability Assessment and Performance Analysis	6.00	6.00	7.00	-	7.00	1.00
Total FTEs Operational Programs	51.25	51.25	53.25	-	53.25	2.00
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	6.00	6.00	7.00	-	7.00	1.00
Human Resources	-	-	-	-	-	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
Total FTEs Administrative Programs	15.75	15.75	16.75	-	16.75	1.00
Total FTEs	67.00	67.00	70.00	-	70.00	3.00

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

2023 Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 17,155,278	\$ 17,155,278	\$ -	\$ 18,681,013	\$ 1,525,735
Penalties Released*	576,188	576,188	-	426,912	(149,276)
Total NERC Funding	<u>\$ 17,731,466</u>	<u>\$ 17,731,466</u>	<u>\$ -</u>	<u>\$ 19,107,925</u>	<u>\$ 1,376,459</u>
Interest	2,000	2,000	-	50,000	48,000
Total Funding (A)	<u>\$ 17,733,466</u>	<u>\$ 17,733,466</u>	<u>\$ -</u>	<u>\$ 19,157,925</u>	<u>\$ 1,424,459</u>
Expenses					
Personnel Expenses					
Salaries	\$ 9,528,203	\$ 9,528,203	\$ -	10,642,009	\$ 1,113,807
Payroll Taxes	658,636	658,636	-	723,372	64,736
Benefits	1,606,373	1,606,373	-	1,904,575	298,202
Retirement Costs	1,375,439	1,375,439	-	1,520,920	145,481
Total Personnel Expenses	<u>\$ 13,168,651</u>	<u>\$ 13,168,651</u>	<u>\$ -</u>	<u>\$ 14,790,877</u>	<u>\$ 1,622,226</u>
Meeting & Travel Expenses					
Meetings	\$ 56,900	\$ 56,900	\$ -	85,900	\$ 29,000
Travel	376,735	376,735	-	381,150	4,415
Total Meeting & Travel Expenses	<u>\$ 433,635</u>	<u>\$ 433,635</u>	<u>\$ -</u>	<u>\$ 467,050</u>	<u>\$ 33,415</u>
Operating Expenses, Excluding Depreciation					
Consultants & Contracts	\$ 407,700	\$ 407,700	\$ -	393,500	\$ (14,200)
Office Rent	2,211,708	2,211,708	-	2,045,704	(166,003)
Office Costs	731,248	731,248	-	735,619	4,371
Professional Services	680,525	680,525	-	675,175	(5,350)
Total Operating Expenses	<u>\$ 4,031,181</u>	<u>\$ 4,031,181</u>	<u>\$ -</u>	<u>\$ 3,849,998</u>	<u>\$ (181,182)</u>
Total Direct Expenses	<u>\$ 17,633,467</u>	<u>\$ 17,633,467</u>	<u>\$ -</u>	<u>\$ 19,107,925</u>	<u>\$ 1,474,459</u>
Indirect Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ 17,633,467</u>	<u>\$ 17,633,467</u>	<u>\$ -</u>	<u>\$ 19,107,925</u>	<u>\$ 1,474,459</u>
Change in Net Assets (A - B)	<u>\$ 99,999</u>	<u>\$ 99,999</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (50,000)</u>
Fixed Assets, excluding Right of Use Assets (C)	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>
TOTAL BUDGET (B + C)	<u>\$ 17,733,467</u>	<u>\$ 17,733,467</u>	<u>\$ -</u>	<u>\$ 19,157,925</u>	<u>\$ 1,424,459</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	67.00	67.00		70.00	3

*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

2024 Business Plan and Budget



Section A — 2024 Business Plan – Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	1.25	1.25	-
Direct Expenses	\$ 203,871	\$ 229,746	\$ 25,875
Indirect Expenses	\$ 201,621	\$ 198,252	\$ (3,369)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 2,439	\$ 1,174	\$ (1,265)
Total Funding Requirement	\$ 407,931	\$ 429,172	\$ 21,241

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 appeal 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.

2024 Key Assumptions

- Continent-wide NERC Reliability Standards projects will consist primarily of new Standards Authorization Requests, Periodic Reviews, Standards Efficiency Review (SER) Implementation, and Standards Grading, covering both Critical Infrastructure Protection (CIP) and Operations and Planning standards. These activities 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.
- Regional Standards development activity will be driven by requests the Regional Entity may receive or reliability issues the Regional Entity may identify. Although Regional Standards development activity is expected to remain low, Texas RE Regional Standard BAL-001-TRE-2 is subject to periodic review and revision under the Texas RE Regional Standard development process, and additional technical resources may be required in support of region-specific activities in connection with this standard.
- 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.

2024 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.
- Support stakeholder awareness of standards development through engagement and support of the NSRF.
- 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 2023.

Consultants and Contracts

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget.

Section A — 2024 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 2024. 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					
2023 Budget & Projection, and 2024 Budget					
RELIABILITY STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 418,421	\$ 418,421	\$ -	438,521	\$ 20,100
Penalties Released	14,053	14,053		10,021	(4,032)
Total NERC Funding	\$ 432,475	\$ 432,475	\$ -	\$ 448,543	\$ 16,068
Interest	49	49	-	1,174	1,125
Total Funding	\$ 432,524	\$ 432,524	\$ -	\$ 449,717	\$ 17,193
Expenses					
Personnel Expenses					
Salaries	\$ 135,442	\$ 135,442	\$ -	154,150	\$ 18,708
Payroll Taxes	10,444	10,444	-	11,878	1,434
Benefits	31,537	31,537	-	35,737	4,200
Retirement Costs	19,548	19,548	-	22,266	2,718
Total Personnel Expenses	\$ 196,971	\$ 196,971	\$ -	\$ 224,031	\$ 27,060
Meeting & Travel Expenses					
Meetings & Conference Calls	\$ -	\$ -	\$ -	-	\$ -
Travel	6,900	6,900	-	4,275	(2,625)
Total Meeting & Travel Expenses	\$ 6,900	\$ 6,900	\$ -	\$ 4,275	\$ (2,625)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	-	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	1,440	1,440
Professional Services	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ 1,440	\$ 1,440
Total Direct Expenses	\$ 203,871	\$ 203,871	\$ -	\$ 229,746	\$ 25,875
Indirect Expenses	\$ 201,621	\$ 201,621	\$ -	\$ 198,252	\$ (3,369)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 405,492	\$ 405,492	\$ -	\$ 427,998	\$ 22,506
Change in Assets	\$ 27,032	\$ 27,032	\$ -	\$ 21,719	\$ (5,314)
Fixed Assets, excluding Right of Use Assets (C)	\$ 2,439	\$ 2,439	\$ -	\$ 1,174	(1,265)
TOTAL BUDGET	\$ 407,931	\$ 407,931	\$ -	\$ 429,172	\$ 21,241
TOTAL CHANGE IN WORKING CAPITAL	\$ 24,593	\$ 24,593	\$ -	\$ 20,545	\$ (4,048)
FTEs	1.25	1.25	-	1.25	-

Approved by the Texas RE Board of Directors May 17, 2023

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	41.75	42.75	1.0
Direct Expenses	\$ 7,379,404	\$ 8,316,383	\$ 936,979
Indirect Expenses	\$ 6,734,126	\$ 6,780,213	\$ 46,086
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 81,463	\$ 40,141	\$ (41,323)
Total Funding Requirement	\$ 14,194,994	\$ 15,136,737	\$ 941,743

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 tools, referred to as Align and the Secure Evidence Locker (SEL) were developed collaboratively with NERC, the Regional Entities, and registered entities. Risk-based CMEP is designed to improve Bulk Electric System (BES) reliability by focusing efforts on serious and substantial reliability risks and on the internal controls that mitigate those risks. Align and SEL will support those initiatives across the ERO.

Implementation of enhancements for Align and SEL are expected to be major activities for Texas RE and the registered entities in 2024. Risk-based CMEP efforts that continue to fully develop, and the increase in the number of registered entities, will require Texas RE to appropriately allocate current resources and may require 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 SEL will shift and in some cases increase workload levels. 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.

2024 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.
- Build a strong Electricity Information Sharing and Analysis Center (E-ISAC) based security capability.
- Strengthen engagement across the reliability and security ecosystem in North America.
- Capture effectiveness, efficiency, and continuous improvement opportunities.

2024 Goals and Key Deliverables

COMPLIANCE MONITORING

- Continue stakeholder outreach for new and enhanced NERC Standards to minimize reliability and security risks and encourage consideration of ERCOT regional differences.
- Continue to enhance Compliance Oversight Plan process and provide targeted outreach to stakeholders for awareness.
- Enhance the risk-based approach to compliance monitoring processes.
- Support the incorporation of internal controls into the ERO compliance monitoring program and provide outreach.
- Actively engage in the enhancement and full utilization of Align and SEL 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.
- Support the ERO's Inverter-Based Resource Strategy and provide outreach to industry on developments to ensure awareness.
- Identify and develop monitoring approaches focusing on emerging risks such as Distributed Energy Resources, storage, and demand side resources.
- Expand cybersecurity outreach focusing on risks and mitigation of those risks.
- Continue collaboration with government and state authorities on cyber and physical security issues.
- Continue to enhance cyber and physical security outreach beyond CMEP activities to share security information, best practices, mitigation strategies, and lessons learned. Enhance outreach efforts to new registrants and new Primary Compliance

Contacts by conducting one-on-one touchpoints to discuss reliability and security issues and share best practices.

- Continue targeted outreach for winterization and extreme weather events.
- 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 using the Align and SEL systems.
- 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.

REGISTRATION AND CERTIFICATION

- Identify and register BES owners, operators, and users. Maintain accurate, up-to-date registration information through the Centralized Organization Registration ERO System (CORES), registering entities responsible for compliance and aiding entity personnel's access to and training on ERO systems and processes. Given current growth in new generation and energy storage, 50 entities may well be added or removed in the Region's portion of the NERC registry, or significantly changed through mergers and acquisitions. Ensure entities performing the functions of Reliability Coordinator, Balancing Authority, and Transmission Operator have and maintain the tools, processes, and training to meet applicable Reliability Standards requirements. Conduct certifications or certification reviews as required by changes to entity registration or equipment; two or three engagements are expected in 2024 consistent with past years.
- Track equipment and facilities development in the Region, evaluate elements for Bulk Electric System status and materiality when needed and coordinate with other Regions and NERC on cross-Regional facilities and impacts as pertains to the registration program.
- Promote coordinated improvement and consistency in the ERO registration - related program through participation in registration-related groups and outreach.

Resource Requirements

Personnel Expenses

The number of FTEs assigned to this Program is increasing by one.

Consultants and Contracts

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget.

Section A — 2024 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 2024. 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					
2023 Budget & Projection, and 2024 Budget					
COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 13,975,276	\$ 13,975,276	\$ -	\$ 14,997,433	\$ 1,022,157
Penalties Released	469,382	469,382		342,732	(126,650)
Total NERC Funding	\$ 14,444,657	\$ 14,444,657	\$ -	\$ 15,340,164	\$ 895,507
Interest	1,629	1,629	-	40,141	38,512
Total Funding	\$ 14,446,286	\$ 14,446,286	\$ -	\$ 15,380,305	\$ 934,018
Expenses					
Personnel Expenses					
Salaries	\$ 5,150,734	\$ 5,150,734	\$ -	\$ 5,783,866	\$ 633,131
Payroll Taxes	384,920	384,920	-	428,670	43,750
Benefits	933,315	933,315	-	1,107,774	174,458
Retirement Costs	743,520	743,520	-	833,634	90,114
Total Personnel Expenses	\$ 7,212,490	\$ 7,212,490	\$ -	\$ 8,153,944	\$ 941,454
Meeting & Travel Expenses					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	144,875	144,875	-	140,400	-
Total Meeting & Travel Expenses	\$ 144,875	\$ 144,875	\$ -	\$ 140,400	\$ -
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	22,040	22,040	-	22,040	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 22,040	\$ 22,040	\$ -	\$ 22,040	\$ -
Total Direct Expenses	\$ 7,379,404	\$ 7,379,404	\$ -	\$ 8,316,383	\$ 936,979
Indirect Expenses	\$ 6,734,126	\$ 6,734,126	\$ -	\$ 6,780,213	\$ 46,086
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 14,113,531	\$ 14,113,531	\$ -	\$ 15,096,596	\$ 983,065
Change in Net Assets	\$ 332,756	\$ 332,756	\$ -	\$ 283,709	\$ (49,047)
Fixed Assets, excluding Right of Use Assets	\$ 81,463	\$ 81,463	\$ -	\$ 40,141	\$ (41,323)
TOTAL BUDGET	\$ 14,194,994	\$ 14,194,994	\$ -	\$ 15,136,737	\$ 941,742
TOTAL CHANGE IN WORKING CAPITAL	\$ 251,292	\$ 251,292	\$ -	\$ 243,568	\$ (7,724)
FTEs	41.75	41.75	-	42.75	1.00

Reliability Assessment and Performance Analysis Program

Reliability Assessments and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	6.00	7.00	1.00
Direct Expenses	\$ 1,391,446	\$ 1,676,100	\$ 284,654
Indirect Expenses	\$ 967,779	\$ 1,110,210	\$ 142,432
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 11,707	\$ 6,573	\$ (5,135)
Total Funding Requirement	\$ 2,370,932	\$ 2,792,883	\$ 421,951

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, the Regions 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 overall system response. RAPA also identifies risks and analyzes key grid transformation issues that may affect reliability, such as market practices, government actions, technology developments, high-impact low frequency (HILF) events, and grid transformation. 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 (SA) and Infrastructure Security. Situation Awareness is closely tied to initial event notifications and review, performed as part of the Event Analysis Process in the RAPA Program, while Texas RE’s Infrastructure Security effort is handled primarily by IT staff and CIP resources within CMEP.

2024 Key Assumptions

- Current staffing levels will increase by one FTE to meet predicted program needs as well as adapt to any shifts in priorities. Evolution of ERO RAPA programs, particularly those involving data analytics and probabilistic analysis, have now established a need for additional regional program resources.
- Continued ERCOT ISO and Regional stakeholder support is expected in Regional activities that meet ERO schedules for the proposed energy and other reliability assessments, Interconnection study case model building activities and ERO technical groups.

- Access to ERCOT-ISO data and applications continues as in the past, along with cooperation and coordination with ERCOT and registered entity technical experts for analysis of operations and trends.
- Travel and meeting expenses are targeted to increase modestly over 2023 levels given increased in-person gatherings and projects in 2024, although web conferencing will continue for a significant portion of such meetings.

2024 Goals and Key Deliverables

- Provide independent review of regional data and assist NERC in overall development of the annual long-term, summer and winter reliability assessments, support enhanced use of probabilistic analysis and consideration of extreme condition scenarios for the development of ERO energy assessments.
- Support NERC-wide modeling improvement efforts, particularly those related to dynamic loads, inverter-based resources, Distributed Energy Resources and generator model validation. Serve as the Interconnection model designee associated with MOD-032 and MOD-033 Reliability Standards and provide outreach with stakeholders to integrate annual fidelity and quality tests into Interconnection study-case development processes.
- Participate in ERO technical working groups under the NERC Reliability and Security Technical Committee (RSTC) and contribute to development of Reliability Guidelines and Technical Reference documents. Provide follow-up on guideline effectiveness with stakeholder outreach, especially for related ERCOT technical groups. Encourage stakeholder participation in NERC RSTC subgroups.
- Provide Section 1600 data collection support and analysis to meet NERC Performance Analysis initiatives or FERC requests. In 2024, rollout of additional data collection for wind, solar and battery systems is expected to begin after initial development in 2023. Work closely with Registration to assist new stakeholder personnel on system access, reporting instructions and training.
- Perform analysis and support NERC's annual State of Reliability report along with Region-specific annual reports and quarterly reviews. Support NERC Reliability Standards development and provide related outreach. Evaluate against existing and proposed Regional criteria and processes for reliability concerns and possible gaps.
- Deepen mutual support between CMEP, RAPA and Registration to further overall ERO workplan priorities, especially those aiming to mitigate risks associated with inverter-based resources and extreme conditions.
- Promote data analytics leveraging PowerBI and PIVision tools with the Risk Assessment team and the ERO's analytics collaboration group.
- Implement the NERC event analysis and cause-coding process, expecting a similar volume of events as prior years, estimated at 12 Category 1 (minor). Review and trend approximately 80 lesser system events, such as remedial action scheme mis-operations, communications issues, and frequency disturbances.
- Conduct follow-up on recommendations from joint ERO reports such as the February 2021 and December 2022 ERO FERC cold weather inquiries, June 2022

Odessa event, and other major power system events as may occur. Participation in one or two joint reviews of grid practices with FERC, NERC and Regional staff is anticipated.

- Support application of the BES Definition, Registration criteria and associated processes through technical review of Registration requests. Roughly ten requests with significant review are expected, possibly including support of the BES Exception process and materiality panels for other Regions.
- Promote NERC Reliability Issues Steering Committee’s (RISC) identification and prioritization of BPS reliability risks and incorporate into RAPA activities and projects, focusing on likely impacts within the Region and means to mitigate them.
- Provide content for workshops, webinars, and other outreach to disseminate recommendations, “lessons learned,” best practices, trends and observations from RAPA activities. Conduct focused reviews with registered entities or ERCOT stakeholder groups on topics such as protection system mis-operations, model usage and validation, generator winter preparation or equipment performance.
- Support Texas RE cross-departmental use of software applications and data from ERCOT ISO, NERC, and other sources for analysis needs. Provide regional coordination to maintain the Situation Awareness for FERC, NERC and the Regional Entities (SAFNR) tool, along with internal real-time visualization tools.
- Provide Situation Awareness during extreme conditions, major system events and ERO Crisis Action Plan drills. Manage NERC Alerts within the Region, anticipating four alerts, with two alerts expected to require extensive response coordination. Assist E-ISAC in outreach on 2023’s GridEx and planning the next GridEx Security exercise. Texas RE will request to participate in Regional exercises for blackstart and severe weather operations.

Resource Requirements

Personnel Expenses

The number of FTEs assigned to this Program is increasing by one in 2024.

Consultants and Contracts

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget. No task assignments have been identified that require consulting or contractor support.

Section A — 2024 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 2024. 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					
2023 Budget & Projection, and 2024 Budget					
RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 2,008,423	\$ 2,008,423	\$ -	\$ 2,455,720	\$ 447,297
Penalties Released	67,456	67,456	-	56,120	(11,336)
Total NERC Funding	\$ 2,075,879	\$ 2,075,879	\$ -	\$ 2,511,840	\$ 435,961
Interest	234	234	-	6,573	6,339
Total Funding	\$ 2,076,113	\$ 2,076,113	\$ -	\$ 2,518,413	\$ 442,299
Expenses					
Personnel Expenses					
Salaries	\$ 940,898	\$ 940,898	\$ -	\$ 1,145,345	\$ 204,447
Payroll Taxes	64,970	64,970	-	81,886	16,916
Benefits	152,305	152,305	-	182,978	30,674
Retirement Costs	135,633	135,633	-	165,261	29,628
Total Personnel Expenses	\$ 1,293,806	\$ 1,293,806	\$ -	\$ 1,575,470	\$ 281,664
Meeting & Travel Expenses					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	87,500	87,500	-	89,550	2,050
Total Meeting & Travel Expenses	\$ 87,500	\$ 87,500	\$ -	\$ 89,550	\$ 2,050
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	10,140	10,140	-	11,080	940
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 10,140	\$ 10,140	\$ -	\$ 11,080	\$ 940
Total Direct Expenses	\$ 1,391,446	\$ 1,391,446	\$ -	\$ 1,676,100	\$ 284,654
Indirect Expenses	\$ 967,779	\$ 967,779	\$ -	\$ 1,110,210	\$ 142,432
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 2,359,225	\$ 2,359,225	\$ -	\$ 2,786,311	\$ 427,086
Change in Net Assets	\$ (283,112)	\$ (283,112)	\$ -	\$ (267,898)	\$ 15,214
Fixed Assets, excluding Right of Use Assets	\$ 11,707	\$ 11,707	\$ -	\$ 6,573	\$ (5,135)
TOTAL BUDGET	\$ 2,370,932	\$ 2,370,932	\$ -	\$ 2,792,883	\$ 421,951
TOTAL CHANGE IN WORKING CAPITAL	\$ (294,819)	\$ (294,819)	\$ -	\$ (274,471)	\$ 20,348
FTEs	6.00	6.00	-	7.00	1.00

Approved by the Texas RE Board of Directors May 17, 2023

Training and Education

Training and Education (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.25	2.25	-
Direct Expenses	\$ 392,303	\$ 440,167	\$ 47,864
Indirect Expenses	\$ 362,917	\$ 356,853	\$ (6,064)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 4,390	\$ 2,113	\$ (2,278)
Total Funding Requirement	\$ 759,610	\$ 799,133	\$ 39,523

Program Scope and Functional Description

Texas RE’s Training and 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 host the Generator Winter Weatherization Workshop. Texas RE will continue to coordinate Standards and Compliance workshops, Reliability 101, security-based CIP workshops, and other education and sharing meetings and webinars, including *Talk with Texas RE*, in 2024. 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 ERO Enterprise and external industry meetings.

2024 Key Assumptions

- Host a similar number of training and outreach events as in prior years. Texas RE will utilize the services of a production company to enhance the virtual user experience and to assist with major outreach activities.
- Share best practices concerning generator plant winter readiness.
- Provide continued guidance on the implementation of the Risk-Based CMEP, including Inherent Risk Assessments, Compliance Oversight Plans, and Internal Control Reviews.

- Identify and communicate common themes and root causes of Reliability Standard violations.
- Deliver internal and stakeholder training related to the implementation of the new releases of Align and the Secure Evidence Locker platforms.
- Texas RE will support the ERO goal to mitigate known and emerging risks by providing timely and valuable outreach and training events to stakeholders. Additionally, the Stakeholder Outreach program provides guidance and coaching to entities on effective mitigation of identified and emerging risks.
- Texas RE will educate registered entities regarding changes to NERC Reliability Standards, ERO procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.
- Texas RE will increase targeted outreach efforts that promote BPS reliability, security, and risk mitigation across its footprint.

There are no additional assumptions unique to the Texas RE Training and Education Program.

2024 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 Reliability Standards 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 2023.

Consultants and Contracts

No consulting support and contracts costs are budgeted for this department. No task assignments have been identified that require consulting or contractor support in 2024.

Meetings and Conference Calls

Texas RE will be hosting a Virtual Workshop, utilizing the services of a production company to enhance the virtual user experience and assist with major outreach initiatives. Although these services were used in the prior year, they were not previously budgeted, which is causing an increase in meeting costs in the 2024 budget.

Section A — 2024 Business Plan and Budget – Statutory Programs

Training and Education

The following table shows the funding sources and related expenses for the Training and Education Program for 2024. 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 2023 Budget & Projection, and 2024 Budget					
TRAINING AND EDUCATION					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
Funding					
ERO Funding					
NERC Assessments	\$ 753,159	\$ 753,159	\$ -	\$ 789,339	\$ 36,180
Penalties Released	25,296	25,296	\$ -	18,039	(7,258)
Total NERC Funding	\$ 778,455	\$ 778,455	\$ -	\$ 807,377	\$ 28,922
Interest	88	88	-	2,113	2,025
Total Funding	\$ 778,542	\$ 778,542	\$ -	\$ 809,490	\$ 30,947
Expenses					
Personnel Expenses					
Salaries	\$ 269,177	\$ 269,177	\$ -	\$ 278,244	\$ 9,067
Payroll Taxes	19,055	19,055	-	19,422	367
Benefits	32,100	32,100	-	45,219	13,119
Retirement Costs	38,451	38,451	-	39,627	1,176
Total Personnel Expenses	\$ 358,783	\$ 358,783	\$ -	\$ 382,512	\$ 23,729
Meeting & Travel Expenses					
Meetings & Conference Calls	\$ 19,500	\$ 19,500	\$ -	\$ 44,500	\$ 25,000
Travel	4,680	4,680	-	4,575	(105)
Total Meeting & Travel Expenses	\$ 24,180	\$ 24,180	\$ -	\$ 49,075	\$ 24,895
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	6,340	6,340	-	5,580	(760)
Professional Services	3,000	3,000	-	3,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 9,340	\$ 9,340	\$ -	\$ 8,580	\$ (760)
Total Direct Expenses	\$ 392,303	\$ 392,303	\$ -	\$ 440,167	\$ 47,864
Indirect Expenses	\$ 362,917	\$ 362,917	\$ -	\$ 356,853	\$ (6,064)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 755,220	\$ 755,220	\$ -	\$ 797,020	\$ 41,800
Change in Net Assets	\$ 23,322	\$ 23,322	\$ -	\$ 12,469	\$ (10,853)
Fixed Assets, excluding Right of Use Assets	\$ 4,390	\$ 4,390	\$ -	\$ 2,113	\$ (2,278)
TOTAL BUDGET	\$ 759,610	\$ 759,610	\$ -	\$ 799,133	\$ 39,523
TOTAL CHANGE IN WORKING CAPITAL	\$ 18,932	\$ 18,932	\$ -	\$ 10,357	\$ (8,576)
FTEs	2.25	2.25	-	2.25	-

Approved by the Texas RE Board of Directors May 17, 2023

Administrative Services

Administrative Services						
	Direct Expenses & Fixed Asets			FTEs		
	2023 Budget	2024 Budget	Inc (Dec)	2023 Budget	2024 Budget	Inc (Dec)
General and Administrative	5,042,438	4,840,541	(201,897)	4.00	4.00	-
Legal and Regulatory	681,516	739,470	57,954	2.75	2.75	-
Information Technology	1,903,482	2,145,787	242,304	6.00	7.00	1.00
Human Resources	119,545	112,570	(6,975)	-	-	-
Finance and Accounting	619,463	607,160	(12,303)	3.00	3.00	-
Total Administrative Services	8,366,445	8,445,528	79,083	15.75	16.75	1.00

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 Administrative Services 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 2023. Administrative Services costs are allocated among Programs based on Program FTE count during the year.

Consulting support and contracts costs are increasing 5.2% in 2024 to include possible executive coaching.

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.

2024 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.

2024 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.
- Negotiate and author necessary changes to Texas RE's governing documents, including the Texas RE Bylaws and Regional Delegation Agreement with NERC.
- Provide input and obtain regulatory approvals, as needed, on governance changes and for new and revised Regional Reliability Standards.
- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders.
- Provide legal review of communication and outreach to Texas RE's stakeholders, the general public, and media.
- Support the internal and external audits of the corporation and overseeing all regulatory filings and interactions.

- Manage relationships with Texas RE's outside counsel.
- Provide legal support and perform the Corporate Secretary function (the General Counsel serves as the corporation's Corporate Secretary), such as preparing Board materials and minutes, facilitating, and conducting Board training, and ensuring that Director elections, Board of Directors and Committee meetings, and Meetings of Members adhere to the Texas RE Bylaws and other relevant governing documents.
- Provide legal support to all other departments of the corporation to ensure that those departments and their activities are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.

The budgeted number of FTEs for Legal and Regulatory is remaining constant in 2024.

Consulting support and contracts are increasing in 2024 for price adjustments for the legal hotline.

Legal Fees are decreasing 20.0% in 2024. The Winter Storm Uri litigation is not expected to impact Texas RE causing the decrease in legal fees.

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 2024

Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes Texas RE costs for internal region-specific support needs.

2024 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.

2024 Goals and Key Deliverables

- Provide IT and security support to all Texas RE's operations including IT and security; 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 IT and Security 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 automated processes and workflows using third-party platforms 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 to drive towards implementation of Security Principles for the ERO Enterprise adopted by the EROEC.
- 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 is increasing by one in 2024.

Consulting support and contracts is decreasing slightly in 2024.

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.

2024 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.

2024 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 decreasing 11.8% in 2024. The 2023 budget planned for three compensation studies and possible custom Salary Survey. The 2024 budget plans for only two 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.

2024 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.

2024 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, Senior Management, 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 2024.

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget.

Section A — 2024 Business Plan and Budget – Statutory Programs

Administrative Services

The following table shows funding sources and related expenses for the Administrative Services section of the 2024 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					
2023 Budget & Projection, and 2024 Budget					
ADMINISTRATIVE SERVICES					
	2023	2023	Variance	2024	Variance
Funding	Budget	Projection	2023 Projection	Budget	2023 Budget
			v 2023 Budget		v 2024 Budget
			Over(Under)		Over(Under)
ERO Funding					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total NERC Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Total Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 3,031,951	\$ 3,031,951	\$ -	\$ 3,280,405	\$ 248,454
Payroll Taxes	179,247	179,247	-	181,516	2,269
Benefits	457,116	457,116	-	532,867	75,751
Retirement Costs	438,287	438,287	-	460,132	21,845
Total Personnel Expenses	\$ 4,106,602	\$ 4,106,602	\$ -	\$ 4,454,920	\$ 348,318
Meeting and Travel Expenses					
Meetings & Conference Calls	\$ 37,400	\$ 37,400	\$ -	\$ 41,400	\$ 4,000
Travel	132,780	132,780	-	142,350	9,570
Total Meeting & Travel Expenses	\$ 170,180	\$ 170,180	\$ -	\$ 183,750	\$ 13,570
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 407,700	\$ 407,700	\$ -	\$ 393,500	\$ (14,200)
Office Rent	2,211,710	2,211,710	-	2,045,704	(166,006)
Office Costs	692,728	692,728	-	695,479	2,751
Professional Services	677,525	677,525	-	672,175	(5,350)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 3,989,663	\$ 3,989,663	\$ -	\$ 3,806,858	\$ (182,805)
Total Direct Expenses	\$ 8,266,445	\$ 8,266,445	\$ -	\$ 8,445,528	\$ 179,083
Indirect Expenses	\$ (8,266,445)	\$ (8,266,445)	\$ -	\$ (8,445,528)	\$ (179,083)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ (0)
Change in Assets	\$ -	\$ -	\$ -	\$ -	\$ 0
Fixed Assets, excluding Right of Use Assets	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET					
TOTAL CHANGE IN WORKING CAPITAL					
FTEs	14.75	14.75	-	16.75	2.00

Section B – Supplemental Financial Information

2024 Business Plan and Budget



Section B — Supplemental Financial Information

Table B-1 – Reserve Balance

Working Capital Reserve Analysis 2023-2024				
STATUTORY				
	Total Reserve & Stabilization	Operating Reserve	Assessment Stabilization	Unreleased Penalties
Beginning Reserves, January 1, 2023	\$ 2,799,281	\$ 2,000,000	\$ 223,093	\$ 576,188
Plus: 2023 Funding (from LSEs or designees)	17,155,278	17,155,278	-	-
Plus: 2023 Other funding sources	2,000	2,000	-	-
Released from Assessment Stabilization & Contingency	-	-	-	-
Penalties Released in 2023	-	576,188	-	(576,188)
Penalty Sanctions Received July 1, 2022 - June 30, 2023	426,912	-	-	426,912
Less: 2023 Projected expenses & capital expenditures	(17,733,467)	(17,733,467)	-	-
Projected Reserves, December 31, 2023	\$ 2,650,004	\$ 2,000,000	\$ 223,093	\$ 426,912
Desired Reserves, December 31, 2024				
Target Reserve December 31, 2024	\$ 2,650,005	\$ 2,000,000	\$ 223,093	\$ 426,912
Minus: Projected Reserves, December 31, 2023	(2,650,005)	(2,000,000)	(223,093)	(426,912)
Increase(decrease) in funding requirement to achieve Reserve	\$ -	\$ -	\$ -	\$ -
2024 Expenses and Capital Expenditures	\$ 19,157,925			
Less: Other Funding Sources	(50,000)			
Adjustment to achieve targeted working capital	0			
Reserves released from Assessment Stabilization	0			
Penalty Sanctions Released	(426,912)			
2024 NERC Assessment to Texas RE	\$ 18,681,013			

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.

\$670,000 of the Operating Reserve was used to reduce assessments for the 2022 Budget. At the end of 2022, Texas RE had enough excess cash to reimburse the Operating Reserve for the amount applied to the 2022 assessments.

The projected Operating Reserve for the 2024 budget period is \$2,000,000.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the statement of activities on page 11 of the 2024 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 2023. The 2024 budget was based on this information.

Penalty Sanctions

Penalty monies received by June 30, 2023 are to be used to offset assessments in the 2024 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, 2023 through June 30, 2024 will be used to offset assessments in the 2025 Budget.

All penalties received by June 30, 2023 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 and Education. 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, 2023	Date Received	Amount Received
	9/7/2022	\$ 39,000
	9/21/2022	150,000
	11/15/2022	105,000
	11/29/2022	32,912
	6/13/2023	100,000
Total Penalties Released		\$ 426,912

Table B-3 – Supplemental Funding

	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 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	\$ 2,000	\$ 2,000	\$ 50,000	\$ 48,000
Total	\$ 2,000	\$ 2,000	\$ 50,000	\$ 48,000
Total Outside Funding	\$ 2,000	\$ 2,000	\$ 50,000	\$ 48,000

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- Texas RE anticipates its investments will earn interest of approximately \$50,000 in 2024, due primarily to higher anticipated interest rates. Texas RE’s banking account is the Business Banking U.S. End of Day Money Market Mutual Fund Sweep account.

Table B-4 – Personnel Expenses

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Total Salaries	\$ 9,528,203	\$ 9,528,203	\$ 10,642,009	\$ 1,113,807	11.7%
Total Payroll Taxes	658,636	658,636	723,372	64,736	9.8%
Total Benefits	1,606,373	1,606,373	1,904,575	298,202	18.6%
Total Retirement	1,375,439	1,375,439	1,520,920	145,481	10.6%
Total Personnel Costs	\$ 13,168,651	\$ 13,168,651	\$ 14,790,877	\$ 1,622,226	12.3%
FTEs	67.0	67.0	70.0	3.00	4.5%
Cost per FTE					
Salaries	\$ 142,212	\$ 142,212	\$ 152,029	9,817	6.9%
Payroll Taxes	9,830	9,830	10,334	504	5.1%
Benefits	23,976	23,976	27,208	3,232	13.5%
Retirement	20,529	20,529	21,727	1,198	5.8%
Total Cost per FTE	\$ 196,547	\$ 196,547	\$ 211,298	\$ 14,751	7.5%
	67.0	67.0	70.0		

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- Total costs for Texas RE personnel expenses are increasing by 12.3%. Salaries expense is increasing 11.7%, which includes three additional FTEs. Salaries expense also includes a 5% allowance for salary increases, promotions, and market adjustments.
- Payroll taxes are increasing 9.8%, which includes State Unemployment Insurance Tax.
- Total Benefits expense is increasing 18.6%. Health plan expense did not increase as projected in 2023; however, health plan expense is projected to increase 10% for 2024 over actual 2023 cost, which is lower than the 2023 budgeted cost. In addition to the projected cost increase this budget includes full benefits for three additional FTEs. Employee Benefits include education reimbursement, relocation expenses, and training and professional development.
- Retirement costs are increasing 10.6%. 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 and higher participation among FTEs.
- All personnel related expenses are increasing based on the additional expense for three additional FTEs.

Table B-5 – Meeting & Travel Expense

Meeting and Travel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Meetings	\$ 56,900	\$ 56,900	\$ 85,900	\$ 29,000	51.0%
Travel	376,735	376,735	381,150	8,890	1.2%
Conference Calls	-	-	-	-	
	\$ 433,635	\$ 433,635	\$ 467,050	\$ 37,890	7.7%

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- Meetings expense is increasing 51.0%. The 2024 budget includes Workshop Expense for an offsite workshop and production cost for major outreach initiatives in the Training and Education Program. An annual meeting with the Texas RE Board of Directors and stakeholders is included in Meetings expense.
- The budget for Travel is increasing 1.2% in 2024 to accommodate for added FTEs.

Table B-6 – Consultants and Contracts

Consultants and Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Education	-	-	-	-	
General and Administrative	96,000	96,000	101,000	5,000	5.2%
Legal and Regulatory	1,700	1,700	2,500	800	47.1%
Information Technology	225,000	225,000	215,000	(10,000)	-4.4%
Human Resources	85,000	85,000	75,000	(10,000)	-11.8%
Accounting and Finance	-	-	-	-	
Consultants Total	\$ 407,700	\$ 407,700	\$ 393,500	\$ (14,200)	-3.5%

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- For an explanation of the variances, refer to the Administrative Services program sections in Section A.

Table B-7 – Office Rent

Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Office Rent	\$ 951,710	\$ 951,710	\$ 811,704	\$ (140,006)	-14.7%
Utilities	1,200,000	1,200,000	\$ 1,174,000	(26,000)	-2.2%
Maintenance	60,000	60,000	\$ 60,000	-	0.0%
Total Office Rent & Utilites	\$ 2,211,710	\$ 2,211,710	\$ 2,045,704	\$ (166,006)	-7.5%

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- Office Rent, which includes building maintenance and utilities, is being reduced. This reduction is to bring all areas in line with actual cost after having occupied the building for a full year. A new standard related to the accounting for leases had an impact on the straight-line rent amount, also contributing to the reduction.

Table B-8 – Office Costs

Office Costs	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Telephone/Cell Phone	\$ 44,640	\$ 44,640	\$ 51,840	\$ 7,200	16.1%
Internet Expense	125,000	125,000	\$ 125,004	4	0.0%
Office Supplies	43,950	43,950	\$ 65,350	21,400	48.7%
Computer Supplies & Maintenance	32,250	32,250	\$ 35,500	3,250	10.1%
IT Remote Support	1,350	1,350	\$ 1,350	-	0.0%
Software & Software Maintenance	235,250	235,250	\$ 235,000	(250)	-0.1%
Subscriptions & Publications	27,088	27,088	\$ 29,500	2,412	8.9%
Dues	8,920	8,920	\$ 8,175	(745)	-8.4%
Postage	250	250	\$ 300	50	20.0%
Express Shipping	300	300	\$ 350	50	16.7%
Stationary & Office Forms	1,950	1,950	\$ 950	(1,000)	-51.3%
Equipment Repair/Srv. Contracts	9,500	9,500	\$ 5,500	(4,000)	-42.1%
Bank Charges	1,800	1,800	\$ 1,800	-	0.0%
Property Taxes	12,000	12,000	\$ 8,000	(4,000)	-33.3%
Merchant Credit Card Fee	2,000	2,000	\$ 2,000	-	0.0%
IT-Leased Equipment	165,000	165,000	\$ 145,000	(20,000)	-12.1%
Office Furniture & Equipment Exp	17,500	17,500	\$ 17,500	-	0.0%
IT Maintenance	-	-	\$ -	-	-
Employment Related Fees	2,500	2,500	\$ 2,500	-	0.0%
Total Office Costs	\$ 731,248	\$ 731,248	\$ 735,619	\$ 4,371	0.6%

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- All categories in the Office Costs have been adjusted in the 2024 budget to more accurately reflect actual experience.
- The number of employees receiving reimbursement for cell phones has increased.
- Office supplies is increasing due to larger office, more employees being equipped to work remotely, as well as returning to the office to work in the hybrid mode.
- Equipment Repairs/Service Contracts and the Property Taxes are decreasing to reflect actual cost savings.
- IT-Leased Equipment is decreasing to reflect new contracts at lower prices.

Table B-9 – Professional Services

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance	
				2024 Budget v 2023 Budget	Variance %
Board of Director Fees	\$ 382,675	\$ 382,675	\$ 382,675	\$ -	0.0%
Accounting & Auditing Fees	62,100	62,100	65,000	2,900	4.7%
Legal Fees	50,000	50,000	40,000	(10,000)	-20.0%
Insurance - Commercial	112,000	112,000	112,000	-	0.0%
Professional Services-Other	73,750	73,750	75,500	1,750	2.4%
Total Professional Services	\$ 680,525	\$ 680,525	\$ 675,175	\$ (5,350)	-0.8%

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- Accounting and Auditing Fees are increasing slightly due to annual price adjustment and the possibility of a different accounting firm.
- Legal Fees are decreasing because litigation from Winter Storm Uri isn't expected to impact Texas RE.
- Professional Services - Other has been adjusted for price increases.

Table B-10 – Miscellaneous Expense

Miscellaneous	Budget		Projection		Budget		Variance	
	2023		2023		2024		2024 Budget v 2023 Budget	Variance %
Miscellaneous Expense	\$	-	\$	-	\$	-	\$	-
Total Miscellaneous Expenses	\$	-	\$	-	\$	-	\$	-

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- N/A

Table B-11 – Other Non-Operating Expenses

Other Non-Operating Expenses	Budget		Budget		Variance	
	2023	Projection 2023	2024	2023 Budget	2024 Budget v	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-	-
Office Relocation	-	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

- N/A

Table B-12 – Fixed Assets

Fixed Assets	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	100,000	100,000	50,000	(50,000)	-50.00%
Leasehold Improvements	-	-	-	-	
Total Fixed Assets	\$ 100,000	\$ 100,000	\$ 50,000	\$ (50,000)	-50.0%

Explanation of Significant Variances – 2024 Budget versus 2023 Budget

Equipment was replenished in 2023. Additions or equipment replacement will not be as extensive in 2024.

Table B-13 – 2025 and 2026 Projection

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget & Projected 2025 and 2026 Budgets							
	2024 Budget	2025 Projection	\$ Change 25 v 24	% Change 25 v 24	2026 Projection	\$ Change 26 v 25	% Change 26 v 25
Funding							
ERO Funding							
NERC Assessments	\$ 18,681,013	\$ 20,193,644	\$ 1,512,631	8.1%	\$ 21,513,217	\$ 1,319,574	6.5%
Penalties Released	426,912	-	(426,912)	-100.00%	-	-	0.0%
Total NERC Funding	\$ 19,107,925	\$ 20,193,644	\$ 1,085,719	5.7%	\$ 21,513,217	\$ 1,319,574	6.5%
Interest	\$ 50,000	\$ 53,000	\$ 3,000	6.00%	\$ 56,180	\$ 3,180	6.0%
Total Funding	\$ 19,157,925	\$ 20,246,644	\$ 1,088,719	5.7%	\$ 21,569,397	\$ 1,322,754	6.5%
Expenses							
Personnel Expenses							
Salaries	\$ 10,642,009	\$ 11,327,690	\$ 685,680	6.4%	\$ 12,170,797	\$ 843,108	7.4%
Payroll Taxes	723,372	769,980	46,608	6.4%	827,289	57,309	7.4%
Benefits	1,904,575	2,051,158	146,583	7.7%	2,238,805	187,646	9.1%
Retirement Costs	1,520,920	1,619,457	98,537	6.5%	1,740,785	121,328	7.5%
Total Personnel Expenses	\$ 14,790,877	\$ 15,768,285	\$ 977,408	6.6%	\$ 16,977,676	\$ 1,209,391	7.7%
Meeting & Travel Expenses							
Meetings & Conference Calls	\$ 85,900	\$ 89,336	\$ 3,436	4.0%	\$ 91,123	1,787	2.0%
Travel	381,150	396,395	15,246	4.0%	412,251	15,856	4.0%
Total Meeting & Travel Expenses	\$ 467,050	\$ 485,731	\$ 18,682	4.0%	\$ 503,374	\$ 17,643	3.6%
Operating Expenses, excluding Depreciation							
Consultants & Contracts	\$ 393,500	\$ 409,240	\$ 15,740	4.0%	\$ 425,610	\$ 16,370	4.0%
Office Rent & Maintenance	2,045,704	2,066,161	20,457	1.0%	2,086,823	20,662	1.0%
Office Costs	735,619	765,044	29,425	4.0%	795,646	30,602	4.0%
Professional Services	675,175	702,182	27,007	4.0%	730,269	28,087	4.0%
Total Operating Expenses	\$ 3,849,998	\$ 3,942,627	\$ 92,629	2.4%	\$ 4,038,347	\$ 95,720	2.4%
Total Direct Expenses	\$ 19,107,925	\$ 20,196,644	\$ 1,088,719	5.7%	\$ 21,519,397	\$ 1,322,754	6.5%
Indirect Expenses	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Total Expenses	\$ 19,107,925	\$ 20,196,644	\$ 1,088,719	5.7%	\$ 21,519,397	\$ 1,322,754	6.5%
Change in Net Assets	\$ 50,000	\$ 50,000	\$ (0.00)	0.0%	\$ 50,000	\$ -	0.0%
Fixed Assets, excluding Right of Use Assets	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ 50,000	\$ -	0.0%
TOTAL BUDGET	\$ 19,157,925	\$ 20,246,644	\$ 1,088,719	5.7%	\$ 21,569,397	\$ 1,322,754	6.5%
TOTAL CHANGE IN WORKING CAPITAL	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
FTEs	70	72	2		75	3	

2025 and 2026 Projection Analysis

2025 reflects two additional FTEs and 2026 adds three FTEs with 4.0% per year allowance for salary increases. Office Rent, which includes utilities and building maintenance, is projected to increase 1.0% each year. Meetings and Conference calls are decreasing 2.0% in 2026. All other categories are projected to increase approximately 4% with overall increases projected to be 5.7% and 6.5%, respectively.

Section C – Non-Statutory Activities 2024 Business Plan and Budget

Texas RE has no Non-Statutory activities



Section D – Supplemental Information 2024 Business Plan and Budget



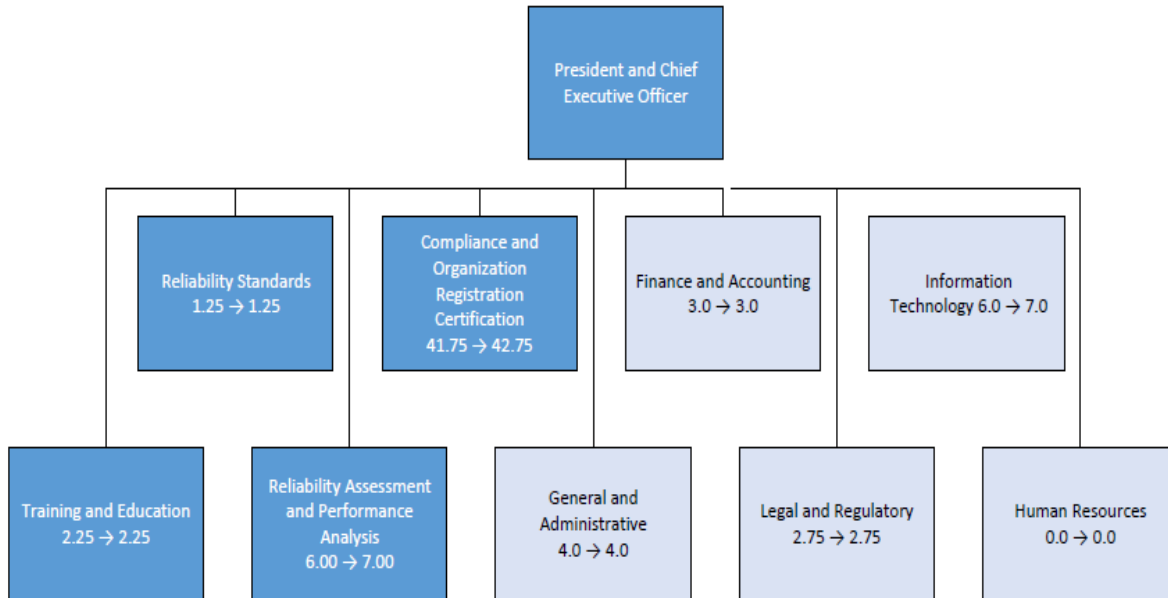
Section D — 2024 Business Plan – Supplemental Information

Section D – Supplemental Information

2024 Statement of Activities by Program

Funding	Statutory Total	Reliability Standards	CMEP	RAPA	Training and Education	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
ERO Funding										
NERC Assessments	\$18,681,013	\$ 438,521	\$ 14,997,433	\$ 2,455,720	\$ 789,339	\$ -	\$ -		\$ -	
Penalties Released	426,912	10,021	342,732	56,120	18,039					
Total NERC Funding	\$19,107,925	\$ 448,543	\$ 15,340,165	\$ 2,511,840	\$ 807,377	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	50,000	1,174	40,141	6,573	2,113	-				
Total Funding	\$19,157,925	\$ 449,717	\$ 15,380,306	\$ 2,518,413	\$ 809,490	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses										
Personnel Expenses										
Salaries	\$10,642,009	\$ 154,150	\$ 5,783,866	\$ 1,145,345	\$ 278,244	\$ 1,543,209	\$ 487,196	\$ 852,730	\$ -	\$ 397,271
Payroll Taxes	723,372	11,878	428,670	81,886	19,422	60,295	29,339	63,963	-	27,920
Benefits	1,904,575	35,737	1,107,774	182,978	45,219	170,112	83,951	233,297	-	45,507
Retirement Costs	1,520,920	22,266	833,634	165,261	39,627	210,781	69,915	122,703	-	56,733
Total Personnel Expenses	\$14,790,877	\$ 224,031	\$ 8,153,944	\$ 1,575,470	\$ 382,512	\$ 1,984,397	\$ 670,400	\$ 1,272,693	\$ -	\$ 527,430
Meeting Expenses										
Meetings & Conference Calls	\$ 85,900	\$ -	\$ -	\$ -	\$ 44,500	\$ 10,000	\$ -	\$ 11,400	\$ 20,000	\$ -
Travel	381,150	4,275	140,400	89,550	4,575	96,395	19,600	9,950	5,505	10,900
Total Meeting Expenses	\$ 467,050	\$ 4,275	\$ 140,400	\$ 89,550	\$ 49,075	\$ 106,395	\$ 19,600	\$ 21,350	\$ 25,505	\$ 10,900
Operating Expenses, excluding Depreciation										
Consultants & Contracts	\$ 393,500	\$ -	\$ -	\$ -	\$ -	\$ 101,000	\$ 2,500	\$ 215,000	\$ 75,000	\$ -
Office Rent		\$ -	\$ -	\$ -	\$ -	\$ 2,045,704	\$ -	\$ -	\$ -	\$ -
Office Costs	735,619	1,440	22,040	11,080	5,580	108,370	6,970	566,744	9,565	3,830
Professional Services	675,175	-	-	-	3,000	494,675	40,000	70,000	2,500	65,000
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 1,804,294	\$ 1,440	\$ 22,040	\$ 11,080	\$ 8,580	\$ 2,749,749	\$ 49,470	\$ 851,744	\$ 87,065	\$ 68,830
Total Direct Expenses	\$17,062,219	\$ 229,746	\$ 8,316,383	\$ 1,676,100	\$ 440,167	\$ 4,840,541	\$ 739,470	\$ 2,145,787	\$ 112,570	\$ 607,160
Indirect Expenses	\$ 0	\$ 198,252	\$ 6,780,213	\$ 1,110,210	\$ 356,853	\$ (4,840,541)	\$ (739,470)	\$ (2,145,787)	\$ (112,570)	\$ (607,160)
Other Non-Operating	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$17,062,219	\$ 427,998	\$ 15,096,596	\$ 2,786,311	\$ 797,020	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets	\$ 2,095,706	\$ 21,719	\$ 283,710	\$ (267,898)	\$ 12,470	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets, excluding Right of Use Assets	\$ 50,000	\$ 1,174	\$ 40,141	\$ 6,573	\$ 2,113	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET	\$19,157,925	\$ 429,172	\$ 15,136,737	\$ 2,792,883	\$ 799,133	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL	\$ (0.00)	\$ 20,545	\$ 243,569	\$ (274,471)	\$ 10,357	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	70.00	1.25	42.75	7.00	2.25	4.00	2.75	7.00	-	3.00

2024 Texas RE Organization Chart



Arrow indicates number of FTEs from 2023 to 2024.

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 8

WESTERN ELECTRICITY COORDINATING COUNCIL

PROPOSED 2024 BUSINESS PLAN AND BUDGET



WECC

2024 Business Plan and Budget

Approved by: WECC Board of Directors

Date: June 14, 2023

Table of Contents

Introduction.....	2
Organizational Overview.....	2
Membership and Governance	4
2024 Strategic Goals	4
2024 Key Assumptions and Overview of Cost Impacts	7
2023 Statutory Budget and Projection and 2024 Budget Comparisons	13
Section A—Statutory Programs.....	15
Reliability Standards Program	15
Compliance Monitoring and Enforcement.....	19
Reliability Assessment and Performance Analysis	25
Training and Outreach	30
Situation Awareness and Infrastructure Security	34
Corporate Services	38
Section B—Supplemental Financial Information.....	52
Reserve Analysis	52
Breakdown of Statement of Activities.....	53
Section C—Non-Statutory Program	68
Section D—Additional Financial Information.....	74
Appendix A—Organizational Chart.....	75
Changes in Budgeted FTE by Program Area	75
Appendix B—2024 Budget and Projected 2025 and 2026 Budgets.....	76
Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment	77
Appendix D—Statutory and Non-Statutory Budget History Charts.....	78



Introduction

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs*	168.0			
Non-statutory FTEs	11.0			
Total FTEs	179.0			
Statutory Expenses	\$ 35,277,755			
Non-Statutory Expenses	\$ 3,244,237			
Total Expenses	\$ 38,521,993			
Statutory Incr(Decr) in Fixed Assets	\$ 127,040			
Non-Statutory Incr(Decr) in Fixed Assets	\$ 10,960			
Total Inc(Dec) in Fixed Assets	\$ 138,000			
Statutory Working Capital Requirement**	\$ 808,403			
Non-Statutory Working Capital Requirement***	\$ (323,697)			
Total Working Capital Requirement	\$ 484,706			
Total Statutory Funding Requirement	\$ 36,213,198			
Total Non-Statutory Funding Requirement	\$ 2,931,500			
Total Funding Requirement	\$ 39,144,698			
Statutory Assessments	\$ 25,000,000	20,424,437	3,905,472	670,091
Non-Statutory Fees	\$ 2,931,500	2,331,530	571,400	28,570
NEL****	883,331,495	740,157,105	126,946,192	16,228,198
NEL%	100.0%	83.8%	14.4%	1.8%

*An FTE is defined as a full-time equivalent employee.

**Refer to Statutory Reserve Analysis in Section B.

***Refer to Non-Statutory Reserve Analysis in Section C.

****NEL is defined as Net Energy for Load.

Organizational Overview

WECC is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's bulk power system (BPS), while carrying out the responsibilities of the Regional Entity. WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and according to its bylaws. WECC executes its mission informed and assisted by working with a broad community of stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).



The Western Interconnection is a geographic area in which the use and generation of electricity are synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC delivers on its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity certification and registration, compliance risk assessment, and audits and investigations;
- Informed actions, practices, and decisions of industry participants, regulators, and policymakers through strategic engagement regarding system modeling and information sharing, reliability assessments, performance analysis, situation awareness, and event analysis; and
- Targeted training, outreach, and dialogue to build relationships that foster a culture of reliability and security throughout the West.

WECC's business philosophy is guided by three principles:

Independence—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

Perspective—We are uniquely situated, with an interconnection-wide view, to develop comprehensive and influential work products for the benefit of reliability and security.

Partnership—We collaborate with, learn from, and inform industry leaders and technical experts, and decision-makers at the state, provincial, and national levels, to reduce risks to reliability and security.

WECC is evolving to better serve stakeholders by:

- Increasing our leadership through strategic partnerships, proactive and deliberate engagements, and technical competence and credibility;
- Building strong and constructive relationships with NERC and our regional partners, members, and stakeholders;
- Implementing risk-based concepts to provide consistency for industry, and increased flexibility within a rule-based, regulatory framework;
- Encouraging forward-looking reliability and security by assessing and advising industry on the design and implementation of effective internal controls; and
- Identifying and mitigating known and emerging risks to the reliability and security of the Western Interconnection.



Membership and Governance

WECC has 321 members¹ divided into the following five Membership Classes:

1. Large Transmission Owners;
2. Small Transmission Owners;
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection;
4. End users and entities that represent the interests of end users; and
5. Representatives of state and provincial governments.

WECC membership is open to any person or entity that has an interest in the reliable and secure operation of the Western Interconnection BPS. WECC membership is not required for participation in the WECC Standards Development process.²

WECC is governed by a Board of Directors (Board), composed of nine independent Directors elected by the WECC membership, and WECC's president and CEO as appointed by the Board. The nine Directors are compensated by WECC for their governance and oversight.

Four governance committees provide functional oversight of WECC operations:

- Finance and Audit Committee (FAC);
- Governance Committee (GC);
- Human Resources and Compensation Committee (HRCC); and
- Nominating Committee (NC).

Under the direction of the Board, other committees provide technical advice and policy recommendations to the Board:

- Joint Guidance Committee (JGC);
- Member Advisory Committee (MAC);
- Reliability Assessment Committee (RAC);
- Reliability Risk Committee (RRC); and
- WECC Standards Committee (WSC).

2024 Strategic Goals

The electric industry is undergoing profound changes nationally, especially in the West. WECC's role continues to be the voice of reliability and security. WECC works closely with its diverse breadth of stakeholders to build trust, promote transparency, set priorities, and enhance the reliability and

¹ As of July 7, 2023.

² Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards (RRS). See WECC's Reliability Standards Development Procedures.



security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to the Western Interconnection's reliability and security are acute or less understood (e.g., the risk is unique to the Western Interconnection) or for which WECC and its stakeholders (including its technical committees) can make a significant contribution to Western BPS reliability and security. Enhancing our strategic engagement allows WECC to thoughtfully and intentionally interact with stakeholders to ensure WECC's work is targeted and valuable.

WECC's Board-approved [Long-Term Strategy](#) builds on the foundation established by the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Described more fully below, the ERO Enterprise Long-Term Strategy is representative of continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term focus areas to address the reliability and security needs of the Western Interconnection while supporting reliability and security across North America. These two strategy documents, coupled with the ERO Enterprise-driven program areas, will guide the work of WECC in 2024 and beyond.

Additionally, the Board approved the following [WECC Reliability Risk Priorities \(RRP\)](#) at its June 2022 meeting. These risk priorities guide both committee and program-area work plans. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan. In 2024, these priorities may change depending upon the outcomes of the biennial Reliability Risk Priorities refresh, beginning with the February 2024 workshop and culminating with the planned Board approval of updated priorities at its June 2024 Board meeting.

Reliability Risk Priorities

The WECC RRP approved in 2022 are further described below.

Cybersecurity

Cyber-threats can result in loss of control or damage to communications, data, monitoring, protection and control systems, and operational tools. Attacks can cause the loss of situational awareness or even the loss of load. These attacks may also hinder resilience and recovery measures, further jeopardizing reliable grid operations. While cybersecurity threats are not unique to the West, the threat is so pervasive that it will require the focused efforts of all participants. WECC will continue to facilitate efforts to share E-ISAC information, best practices, and lessons learned with all registered entities to mitigate cyber-risks.

Extreme Natural Events

Extreme natural events are becoming more common in the Western Interconnection due to wide-ranging changes in climate and weather patterns. Record-breaking temperatures, extended and widespread hot and cold weather, prolonged drought, and increasing intensity of



wildfires have forced entities to rethink how they plan and operate the system. WECC has monitored, participated in, and led work in this area and will continue to do so to better understand and communicate the reliability and resilience threats.

Resource Adequacy and Performance

Resource adequacy has grown more complex and intertwined with other important considerations, such as transmission adequacy. Extreme events, clean energy policies, wide variance in state regulatory and policy actions, customer choice patterns (e.g., the move toward vehicle electrification), and other drivers are increasing variability and causing the generation and load patterns in the West to shift.

WECC studies and evaluates resource adequacy and transmission plans in the Western Interconnection. It gathers data and uses input from industry, policymakers, and regulators to shape its work. WECC then shares information from its analysis with planning entities, regulators, policymakers, and the broader group of stakeholders. WECC will continue to improve its stakeholder engagement to gather input; shape analytical work; and share useful, actionable, and timely information, particularly with its regulatory and policy partners.

Impact of Changing Resources and Customer Loads on the BPS

New and emerging technologies such as inverter-based resources (IBR) and electric vehicles make grid planning and operations more complex. Emerging technologies must be integrated into the system in a way that does not degrade reliability. To do this, the behavior and operation of new technology must be understood in the context of bulk power system operations. To date, the West has experienced several system disturbances specifically related to the performance of solar IBRs that demonstrate the need to urgently address this risk.

WECC has been and will continue to work with industry to explore the range of solutions to address this issue. Through its technical committees, WECC will continue to study, gather, and share information on the performance of resource technology (both utility- and customer-owned) and load technology and best practices for integration. WECC and industry will collaborate to create guidelines and share best practices. In addition, WECC will accelerate its work with entities to improve model accuracy and data quality.

ERO Enterprise

In 2019, the ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC) identified BPS risks. The Board acknowledged this strategy on December 4, 2019, as a valuable input to the WECC strategic planning process and recognized it as a beneficial



collaboration by NERC and the Regional Entities. The ERO Long-Term Strategy served as the foundational input for developing WECC's Long-Term Strategy.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss program area goals and activities to ensure they align with the long-term strategy and that business processes and operations harmonize across the ERO Enterprise where appropriate. WECC acknowledges and supports the long-term strategy as well as the work products specific to WECC that are described in each statutory program area in Section A.

The ERO Enterprise strives for process consistency when appropriate while recognizing that each Regional Entity addresses reliability in unique ways. The ERO Enterprise model allows Regional Entities to locally address these unique reliability risks and challenges using innovative and distinctive approaches. The ERO Enterprise recognizes that, as the electric industry ecosystem is rapidly evolving, the ERO programs and practices must continue to transform to meet the future needs of reliability and security.

NERC and the Regional Entities coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have similar responsibilities within the ERO Enterprise model:

- Providing input to 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 to address regional risks. This way of working is represented by this visual.



2024 Key Assumptions and Overview of Cost Impacts

Over the last decade, the risks to reliability and security increased in complexity and velocity. The rapid pace of change, the introduction of new technologies and the retirement of traditional resources, the challenges to resource adequacy, and more frequent and geographically widespread extreme weather events, coupled with the increasing demand for and reliance on electricity, as well as the continued electrification of the economy, have intensified the need for a reliable, secure, and resilient BPS. The 2024 Business Plan and Budget assumes that all these challenges will continue, as will the transition to the post-pandemic new normal, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.

WECC's proposed 2024 statutory budget is \$35,405,000, a \$3,593,000 (11.3%) increase from the 2023 statutory budget. The net increase is mainly due to:

- 8.0 new full-time equivalents (FTE) to support increases in Compliance Monitoring and Enforcement activities and analytics, provide increased long-term reliability assessment and modeling insights, increase risk analysis capabilities, improve the organization's security posture, and ensure WECC has adequate staffing to meet the growing demands;
- Labor float assumption changes based on actual turnover and vacancy rates;
- Recruiting and retention initiatives due to the unprecedented pressure on the labor market;
- A 3% merit pool;
- An additional in-person Reliability & Security Workshop as requested by stakeholders; and
- Assumed increases in the number of in-person meetings.

FTEs represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2023 and 2024 statutory budgets are as follows:

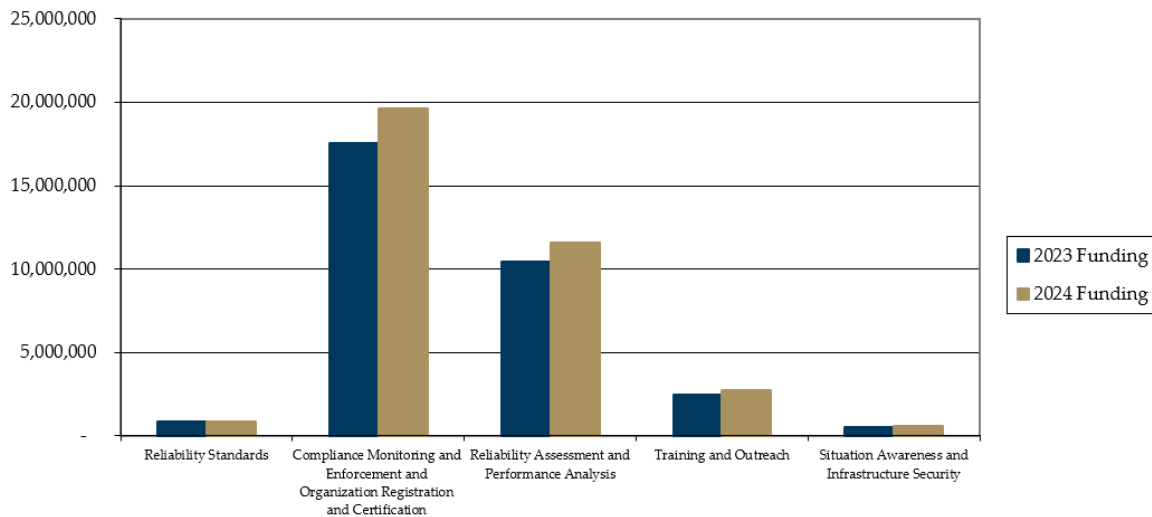
- Personnel Expenses increase by \$3,076,000 primarily due to 8.0 new FTEs, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.
- Meeting Expenses increase by \$407,000 primarily due to an additional in-person Reliability & Security Workshop and increased travel costs due to both increases in meetings and inflationary impacts on airfare and hotel rates.
- Consultants and Contracts decrease by \$525,000 due to the completion of some projects and fine-tuning projects that can reasonably be completed during 2024.
- Office Costs increase by \$517,000 primarily due to an increase in subscription-based computer licensing, increases in licensing rates, and enterprise security tools.



The following table and chart present a summary of funding requirements for WECC’s primary statutory program areas:

Program	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 838,759	\$ 971,796	\$ 877,746	\$ 38,987	4.65%
Compliance Monitoring and Enforcement and Organization Registration and Certification	17,550,239	18,918,912	19,593,217	2,042,978	11.64%
Reliability Assessment and Performance Analysis	10,414,249	10,410,091	11,598,010	1,183,761	11.37%
Training and Outreach	2,450,617	2,416,152	2,755,239	304,622	12.43%
Situation Awareness and Infrastructure Security	558,419	610,474	580,583	22,164	3.97%
Total By Program	\$ 31,812,283	\$ 33,327,427	\$ 35,404,795	\$ 3,592,512	11.29%

Comparison of 2023 to 2024 Budgeted Funding Requirements



*This graphic representation does not include an allocation of working capital requirements among the Program Areas

Peak Reliability Donation

Peak Reliability (Peak) ceased all Reliability Coordinator (RC) operations in December 2019 and dissolved as a corporate entity in December 2020. After review and approval by the Board, WECC entered into a donation holdback agreement with Peak before its dissolution. Per the agreement, Peak



donated \$4,127,000 of its remaining funds to WECC. Of the total amount, \$3,827,000 will be used to fund projects focused on the reliability and security of the BPS in the Western Interconnection. This portion was recorded as a statutory donation. Additionally, Peak requested WECC hold \$300,000 for a period of five years to pay any Peak bills that may be presented following Peak's formal closure on December 31, 2020. This amount was recorded as a non-statutory liability. The statutory amount is currently included in WECC's reserves, which are further detailed in Table B-1. Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. Two projects warrant inclusion in the 2024 BP&B:

- An expanded trial of PLEXOS software, an energy market simulation platform, to provide in-depth analytics and modeling support for reliability assessment activities; and
- The acquisition of Electromagnetic Transient (EMT) simulation software to support the data collection and analysis of inverter-based resources.

WECC proposes to use \$250,000 from the Peak Reliability Donation reserve to fund these projects in 2024. Future projects will be identified in the relevant annual BP&B using a similar stakeholder outreach approach. For projects not anticipated in the annual BP&B and expected to total more than \$500,000, WECC will seek approval from FERC via separate, one-time filings.

Personnel Overview

Over the last several years, events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, cybersecurity breaches, and physical security attacks on substations, to name a few. What used to be considered low probability events have become more frequent and continue to come at an unprecedented pace and complexity. Work associated with these increasing demands is seen in WECC's two primary operational areas: Compliance Monitoring and Enforcement Program (CMEP) and Reliability Assessment and Performance Analysis (RAPA). In both program areas, WECC needs additional specific expertise and resources to effectively work with stakeholders and manage the increasing workload. As a result, in the 2024 budget, WECC is adding 8.0 statutory FTEs (with an additional 2 FTEs in its non-statutory program for a total of 10.0 FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

Compliance Monitoring and Enforcement

Five new FTEs are added to CMEP. One director is added to provide key leadership and management of risk-based analysis and oversight planning in the recently combined areas of entity risk assessment, program analysis, and program administration. Expanding focus on oversight planning enhances integration of all risk-based CMEP component areas. One manager and one lead are added in Entity Monitoring to provide management and leadership to ensure a more holistic ability to monitor across



the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations. Over the next several years, registration of new entities will continue to increase, and oversight emphasis must continue evolving with the changing grid, emerging technologies, physical security focus, and data protection needs. The work plan associated with the recent FERC Order on Registration of Inverter-based Resources is also anticipated to contribute to a significant increase in registration activities and downstream monitoring and enforcement needs. The monitoring staff will need to develop approaches to ensure continued coverage of increasingly-varied entity types, which includes broadening early outreach and monitoring of more entities in a consistent value-added manner to reduce known and emerging risks to the BPS. One FTE is added with senior-level expertise in internal controls, and one FTE is added to provide additional capabilities in data management and analysis, and business intelligence reporting.

Reliability Assessment and Performance Analysis

Three FTEs are added to the RAPA program. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. Enhanced models will become increasingly important to support the expected transmission expansion in the Western Interconnection to ensure continued BPS reliability. One director is added to provide additional expertise and oversight of WECC's modeling and data analytics functions. One risk analyst is added to support an integrated focus on understanding risk, increase risk assessment capabilities, and enhance the regional risk assessment. One engineer is added to focus on longer-term reliability assessments and support industry's need for year 20 scenario and model development.

Corporate Services

One position is transferred from Legal to Information Technology and converted to a business analyst position to provide support in areas such as change control, scorecards, asset management, and patch management, to free up subject matter experts for more technical work.

Non-Statutory

Two program analysts are added to the non-statutory program due to program growth, program expansion, and new fuel type tracking requirements, which are all being driven by state renewable portfolio standards targets in the coming years.



Details of the additions, transfers, and allocations are discussed in the respective program area sections of the BP&B.

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	Shared FTEs* 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	68.00	68.00	73.00	-	73.00	5.00
Reliability Assessment and Performance Analysis	38.00	38.00	41.00	-	41.00	3.00
Training and Outreach	8.50	8.50	8.50	-	8.50	-
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	119.50	119.50	127.50	-	127.50	8.00
Corporate Services						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.00	18.00	18.00	-	18.00	-
Legal and Regulatory	4.50	4.50	3.50	-	3.50	(1.00)
Information Technology	11.00	11.00	12.00	-	12.00	1.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
Total FTEs Corporate Services	40.50	40.50	40.50	-	40.50	-
Total FTEs	160.00	160.00	168.00	-	168.00	8.00

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

Penalty Sanctions and Assessments

WECC received \$1,437,948 in penalty sanctions between July 1, 2022, and June 30, 2023. WECC proposes, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, to release those penalty sanctions to offset 2024 assessments, in addition to the remaining \$8,700,000 carried over from the 2023 Business Plan and Budget cycle. See the Monetary Penalties section for additional details.



2023 Statutory Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2023 Budget & Projection, and 2024 Budget

STATUTORY

	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 19,750,537	\$ 19,750,537	\$ -	\$ 25,000,000	\$ 5,249,463
Penalties Released ¹	11,218,646	11,218,646	-	10,137,948	(1,080,698)
Total Statutory Funding	\$ 30,969,183	\$ 30,969,183	\$ -	\$ 35,137,948	\$ 4,168,765
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	188,100	188,100	-	475,250	287,150
Interest	60,000	1,466,463	1,406,463	600,000	540,000
Total Revenue (A)	\$ 31,217,283	\$ 32,623,746	\$ 1,406,463	\$ 36,213,198	\$ 4,995,915
Expenses					
Personnel Expenses					
Salaries	\$ 20,039,300	\$ 21,539,650	\$ 1,500,350	\$ 22,648,808	\$ 2,609,508
Payroll Taxes	1,322,041	1,374,807	52,766	1,436,739	114,698
Benefits	2,649,518	2,395,768	(253,750)	2,770,166	120,648
Retirement Costs	1,809,267	1,835,354	26,087	2,040,273	231,006
Total Personnel Expenses	\$ 25,820,126	\$ 27,145,579	\$ 1,325,453	\$ 28,895,986	\$ 3,075,860
Meeting Expenses					
Meetings & Conference Calls	\$ 386,181	\$ 397,398	\$ 11,217	\$ 604,764	\$ 218,583
Travel	561,108	697,378	136,270	749,170	188,062
Total Meeting Expenses	\$ 947,289	\$ 1,094,776	\$ 147,487	\$ 1,353,934	\$ 406,645
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,254,100	\$ 1,466,297	\$ 212,197	\$ 728,900	\$ (525,200)
Office Rent	1,318,436	1,322,242	3,806	1,327,202	8,766
Office Costs	2,173,501	1,871,629	(301,872)	2,691,307	517,806
Professional Services	1,087,000	1,166,609	79,609	1,261,211	174,211
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 5,833,037	\$ 5,826,777	\$ (6,260)	\$ 6,008,620	\$ 175,583
Total Direct Expenses	\$ 32,600,452	\$ 34,067,132	\$ 1,466,680	\$ 36,258,540	\$ 3,658,088
Indirect Expenses	\$ (843,037)	\$ (802,648)	\$ 40,389	\$ (980,785)	\$ (137,748)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 31,757,415	\$ 33,264,484	\$ 1,507,069	\$ 35,277,755	\$ 3,520,340
Change in Net Assets (=A-B)	\$ (540,132)	\$ (640,738)	\$ (100,606)	\$ 935,443	\$ 1,475,575
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 54,868	\$ 62,941	\$ (8,073)	\$ 127,040	\$ 72,172
TOTAL BUDGET (B+C)	\$ 31,812,283	\$ 33,327,425	\$ 1,498,996	\$ 35,404,795	\$ 3,592,512
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (595,000)	\$ (703,679)	\$ (92,533)	\$ 808,403	\$ 1,403,403
FTEs	160.00	160.00	-	168.00	8.00
HC	160.00	160.00	-	168.00	8.00

¹ Represents the amount released from working capital reserves to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).





Section A

Statutory Programs

Section A—Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	-
Direct Expenses	\$ 556,370	\$ 607,269	\$ 50,899
Indirect Expenses	\$ 281,011	\$ 267,487	\$ (13,524)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,378	\$ 2,990	\$ 1,612
Total Funding Requirement	\$ 838,759	\$ 877,746	\$ 38,987

Program Scope and Purpose

The Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WSC to aid the development of Regional Reliability Standards (RRS), Regional Variances to NERC Reliability Standards, and Regional Criteria to ensure the Bulk Electric System (BES) operates reliably.

The Reliability Standards Program deliverables include a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criterion. These reviews can result in revisions to the document, retirement of the document if no longer needed for reliability, or a finding that no changes are necessary.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address complex Western reliability issues. The variances are required by a physical difference in the BPS or instances in which Western stakeholders want more stringent performance requirements. WECC will only develop an RRS, rather than a variance, when no NERC Reliability Standard exists to address a reliability issue.

Regional Criteria may be necessary to implement, augment, or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

2024 Key Budget Assumptions

- The number of RRS projects will remain low, with most focusing on the potential retirement of existing RRSs—due to the subject matter being included in NERC Reliability Standards—and



necessary revisions identified during the five-year review. It is possible, but not likely, that regulatory directives could result in RRS projects.

- Much of the work needed to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by stakeholder volunteers.
- Stakeholder volunteers will continue to staff most NERC Standards drafting teams.
- WECC employees may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices may require new or modified NERC Reliability Standards, RRSs, or Regional Variances to NERC Reliability Standards.
- WECC supports, and will participate in, the enhanced periodic reviews of NERC Reliability Standards and the NERC Standards Grading effort, when appropriate. The Standards Grading effort is being put on hold for one year while the grading process is reviewed and potentially modified. WECC standards staff will participate in the review of the grading process.

2024 Goals and Deliverables

- Ensure Western viewpoints are represented and incorporated in the development of NERC Reliability Standards, regional standards, and regional variances to NERC Reliability Standards by encouraging Western participation on standards drafting teams and commenting on standards under development.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Ensure the development of RRSs and Regional Criteria is performed according to the most recent WECC Reliability Standards Development Procedures.
- Review existing RRSs to determine candidates for a Regional Variance to a NERC Reliability Standard and, if found, coordinate with NERC to address the change during NERC's periodic review.
- Review existing RRSs and Regional Criteria to improve their content and quality.
- Incorporate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$48,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.



Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.

Reliability Standards Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
RELIABILITY STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 539,925	\$ 539,925	\$ -	\$ 645,130	\$ 105,205
Penalties Released	281,639	281,639	-	238,540	(43,099)
Total Statutory Funding	\$ 821,564	\$ 821,564	\$ -	\$ 883,670	\$ 62,106
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,507	40,087	38,580	14,118	12,611
Total Revenue (A)	\$ 823,071	\$ 861,651	\$ 38,580	\$ 897,788	\$ 74,717
Expenses					
Personnel Expenses					
Salaries	\$ 437,183	\$ 522,867	\$ 85,684	\$ 479,911	\$ 42,728
Payroll Taxes	28,906	34,892	5,986	30,188	1,282
Benefits	40,337	54,710	14,373	40,466	129
Retirement Costs	38,809	44,879	6,070	42,482	3,673
Total Personnel Expenses	\$ 545,235	\$ 657,348	\$ 112,113	\$ 593,047	\$ 47,812
Meeting Expenses					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	7,520	9,742	2,222	11,315	3,795
Total Meeting Expenses	\$ 7,520	\$ 9,742	\$ 2,222	\$ 11,315	\$ 3,795
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	3,615	1,993	(1,622)	2,907	(708)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 3,615	\$ 1,993	\$ (1,622)	\$ 2,907	\$ (708)
Total Direct Expenses	\$ 556,370	\$ 669,083	\$ 112,713	\$ 607,269	\$ 50,899
Indirect Expenses	\$ 281,011	\$ 300,992	\$ 19,981	\$ 267,487	\$ (13,524)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 837,381	\$ 970,075	\$ 132,694	\$ 874,756	\$ 37,375
Change in Net Assets (=A-B)	\$ (14,310)	\$ (108,424)	\$ (94,114)	\$ 23,032	\$ 37,342
Fixed Assets, excluding Right of Use Assets (C)	\$ 1,378	\$ 1,721	\$ 343	\$ 2,990	\$ 1,612
TOTAL BUDGET (B+C)	\$ 838,759	\$ 971,796	\$ 133,037	\$ 877,746	\$ 38,987
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (15,688)	\$ (110,145)	\$ (94,457)	\$ 20,042	\$ 35,730
FTEs	3.00	3.00	-	3.00	-
HC	3.00	3.00	-	3.00	-



Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	68.00	73.00	5.00
Direct Expenses	\$ 11,149,411	\$ 13,011,638	\$ 1,862,227
Indirect Expenses	\$ 6,369,606	\$ 6,508,843	\$ 139,237
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 31,222	\$ 72,736	\$ 41,514
Total Funding Requirement	\$ 17,550,239	\$ 19,593,217	\$ 2,042,978

Program Scope and Purpose

The reliability and security of the BPS is the central focus of WECC’s mission. The Reliability and Security Oversight department is integral to maintaining that focus and works with a growing number of Registered Entities in the Western Interconnection to promote a strong culture of reliability and security by focusing on known and future risks. Program area staff, who are independent of all users, owners, and operators of the BPS, ensure that Registered Entities mitigate risks to the BPS by implementing the NERC Organization Registration and Certification Program (ORCP) and the CMEP. Staff monitors and enforces the NERC Reliability Standards across 407³ registered owners, operators, and users of the BPS through a variety of risk-based activities, delivering consistent, impartial, and meaningful, real-time feedback to the entities.

To accomplish its objectives, the program is divided into four main areas:

- Organization Registration and Certification;
- Oversight Planning;
- Entity Monitoring; and
- Enforcement and Mitigation.

WECC will conduct its monitoring and enforcement activities according to the Board-endorsed Regulatory Philosophy, the key tenets of which are:

- Be an informed regulator;
- Identify top risks to reliability and security;

³ As of February 10, 2023.



- Exercise discretion responsibly; and
- Enforce fairly.

Staff will support ERO Enterprise activities, including:

- Regional Risk Assessments;
- Compliance Oversight Plans (COP) and Inherent Risk Assessments (IRA);
- Organization Registration and Certification;
- Mitigation plan review, acceptance, and verification;
- Potential noncompliance reviews to assess extent of condition, root cause, and risk to BPS;
- Processing and disposition of entity self-logging and other minimal-risk issues;
- Enforcement of moderate- and serious-risk noncompliance through established risk-based approaches;
- Periodic Data Submittal review and validation;
- Internal Compliance Program assessments;
- Internal Controls Program reviews;
- Entity monitoring including, audits, spot-checks, self-certifications, investigations, and assessments of complaints; and
- BES Exception Requests.

Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada, and a portion of Baja California Norte, Mexico, are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Reguladora de Energía (CRE)⁴, under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection.

2024 Key Budget Assumptions

- WECC will address known and future reliability risks by staffing at adequate levels to monitor the FERC-approved NERC Reliability Standards for applicable entities through audits, investigations, self-certifications, or spot-checks during the year. A risk-based approach will be applied to ensure all monitoring activities—on-site and off-site—and post-monitoring activities are completed according to the NERC Rules of Procedure and the CMEP within the United

⁴ WECC has historically entered into an annual agreement with CRE; at the time of this filing, the regulatory environment in Mexico remains uncertain. WECC is monitoring this situation, while using other means to monitor the reliability of the Mexican portion of the BPS, and is engaging with the appropriate Mexican authorities regarding the drafting of a new agreement.



States. With respect to non-U.S. jurisdictions, compliance will be monitored according to the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.

- Staff will develop and implement COPs for new Registered Entities and refresh COPs as per risk triggers. The plans focus on relevant risks, including consideration of IRAs, entity performance history, other operational risks based on performance considerations, and the maturity of internal controls.
- Staff will participate in NERC-led, centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A of the NERC Rules of Procedure. Registration recommendations will be reviewed, assessed, validated, and submitted to NERC for new registrations, partial deactivations, transfer of access, and full deregistration changes affecting the NERC Compliance Registry (NCR).
- WECC fully supports ERO Enterprise efforts and activities to evaluate business practices, tools, consistency, implementation, and guidance within the risk-based CMEP. Staff will provide feedback to the ERO Enterprise on emerging and existing risks, with an emphasis on standards development, standards modification, monitoring approaches, enforcement considerations, and potential gaps.
- Regional Risk Assessment (RRA) results provide input on focus areas in the ERO CMEP Implementation Plan.
- Costs related to any hearing that may arise are not budgeted and will be funded through working capital reserves.
- As the Align system is integrated across international entities, costs related to maintaining the legacy systems that Align is replacing will continue until the transition is complete.
- WECC foresees a continued growth in the number of entity registrations, increasing resource impacts across all ORCP and CMEP program areas.
- New or revised Reliability Standards may require increased monitoring resources in 2024.
- Travel for monitoring activities has resumed, though lessons learned about effective technology use during the COVID-19 pandemic inform monitoring activities and are expected to help moderate travel expense increases.
- One director is added in Oversight Planning to provide key leadership and management of risk-based analysis and planning in the recently combined areas of entity risk assessment, program analysis, and program administration.
- One manager and one lead are added in Entity Monitoring to ensure a more holistic ability to monitor across the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations.
- One senior technical expert is added in Oversight Planning to increase capabilities related to internal controls evaluation.



- One data analyst is added in Oversight Planning for increased and more robust data management and business intelligence reporting.

2024 Goals and Deliverables

- Effective and efficient implementation of risk-based monitoring and enforcement activities.
- Continue to improve violation inventory statistics.
- Continue to improve COP refresh timeliness and focus on effective and efficient implementation of ERO Enterprise COP process.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Consult with the international compliance enforcement authorities to determine which elements of the risk-based CMEP could provide value and should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or develop COPs for international entities.
- Provide continued outreach and training on the Align tool to staff and Registered Entities.
- Process all BES Exception submittals according to Appendix 5C.
- Participate in ERO Enterprise collaboration groups to continue to build effective relationships and ensure ORCP and CMEP consistency, where applicable and appropriate, across Regional Entities.
- Complete audits for 25 Registered Entities, including 19 with an on-site component. Additional monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) will be scheduled based on BES risk.
- Complete initial IRAs and COPs for all new registrations and refresh IRAs and COPs as needed for changes in the entity risk profile.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP and is refreshed annually.
- Promote the benefits of internal controls and their impact on BPS reliability with Registered Entities.
- Improve outreach to stakeholders via webinars, conferences, and entity-specific engagements to support ERO Enterprise activities and priorities.
- Monitor, manage, and improve enforcement measures and metrics in support of the ERO Enterprise Long-Term Strategy, including caseload index, violation aging, and mitigation plan aging; and collaborate with the ERO Enterprise to develop better measures of program effectiveness.



- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent, and reliability-focused approaches.
- Successfully carry out all other CMEP delegated responsibilities.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$1.71 million primarily due to five new positions, recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- Travel increases by \$148,000 primarily due to the increase in FTEs, inflationary impacts on airfare and hotel rates, a higher anticipated number of in-person meetings, and more remote employees.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



Compliance Monitoring and Enforcement and Organization Registration and Certification Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 10,804,015	\$ 10,804,015	\$ -	\$ 13,892,589	\$ 3,088,574
Penalties Released	6,383,832	6,383,832	-	5,804,472	(579,360)
Total Statutory Funding	\$ 17,187,847	\$ 17,187,847	\$ -	\$ 19,697,061	\$ 2,509,214
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	34,142	835,115	800,973	343,529	309,387
Total Revenue (A)	\$ 17,221,989	\$ 18,022,962	\$ 800,973	\$ 20,040,590	\$ 2,818,601
Expenses					
Personnel Expenses					
Salaries	\$ 8,451,094	\$ 9,477,157	\$ 1,026,063	\$ 9,910,169	\$ 1,459,075
Payroll Taxes	570,620	613,642	43,022	639,015	68,395
Benefits	954,682	875,818	(78,864)	1,012,416	57,734
Retirement Costs	751,618	804,922	53,304	879,599	127,981
Total Personnel Expenses	\$ 10,728,014	\$ 11,771,539	\$ 1,043,525	\$ 12,441,199	\$ 1,713,185
Meeting Expenses					
Meetings & Conference Calls	\$ -	\$ 711	\$ 711	\$ -	\$ -
Travel	175,520	338,573	163,053	323,430	147,910
Total Meeting Expenses	\$ 175,520	\$ 339,284	\$ 163,764	\$ 323,430	\$ 147,910
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 50,000	\$ 257,823	\$ 207,823	\$ 36,000	\$ (14,000)
Office Rent	-	-	-	-	-
Office Costs	195,877	243,664	47,787	211,009	15,132
Professional Services	-	80	80	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 245,877	\$ 501,567	\$ 255,690	\$ 247,009	\$ 1,132
Total Direct Expenses	\$ 11,149,411	\$ 12,612,390	\$ 1,462,979	\$ 13,011,638	\$ 1,862,227
Indirect Expenses	\$ 6,369,606	\$ 6,270,679	\$ (98,927)	\$ 6,508,843	\$ 139,237
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 17,519,017	\$ 18,883,069	\$ 1,364,052	\$ 19,520,481	\$ 2,001,464
Change in Net Assets (=A-B)	\$ (297,028)	\$ (860,107)	\$ (563,079)	\$ 520,109	\$ 817,137
Fixed Assets, excluding Right of Use Assets (C)	\$ 31,222	\$ 35,843	\$ 4,621	\$ 72,736	\$ 41,514
TOTAL BUDGET (B+C)	\$ 17,550,239	\$ 18,918,912	\$ 1,368,673	\$ 19,593,217	\$ 2,042,978
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (328,250)	\$ (328,250)	\$ (567,700)	\$ 447,373	\$ 775,623
FTEs	68.00	68.00	-	73.00	5.00
HC	68.00	68.00	-	73.00	5.00



Reliability Assessment and Performance Analysis

Reliability Assessment and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	38.00	41.00	3.00
Direct Expenses	\$ 6,837,316	\$ 7,901,506	\$ 1,064,190
Indirect Expenses	\$ 3,559,486	\$ 3,655,652	\$ 96,166
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 17,447	\$ 40,852	\$ 23,405
Total Funding Requirement	\$ 10,414,249	\$ 11,598,010	\$ 1,183,761

Program Scope and Purpose

As the West continues to face ever-growing and complex threats to the reliability and security of the Bulk Power System, it is essential that WECC staff and stakeholders collaborate to develop strategies to identify and mitigate these risks. RAPA staff, in conjunction with the technical committees, conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. Additionally, staff compiles and distributes data and information used by WECC and its stakeholders to help with regional and local planning efforts. These integrated assessment and planning activities enhance the West's overall ability to assess and mitigate potential reliability and security risks in the Western Interconnection.

To accomplish its objectives, the program is organized into four departments:

1. The **Operations Analysis Department** is responsible for three primary functional areas—Event Analysis, Performance Analysis, and Situation Awareness and Infrastructure Security (SAIS), whose budget is outlined in the SAIS Program. The department analyzes system conditions and events that affect or may affect the reliable operation of the BPS and analyzes the historical operation and performance of the Western Interconnection. The department's activities ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions affecting BPS reliability. The analyses are used to assess interconnection-wide risks and vulnerabilities. The information produced helps identify best practices and mitigate potential risks.

2. The **Risk Analysis Department** assesses interconnection-wide risks and vulnerabilities at the regional and entity levels. Using information gathered throughout the organization, and in coordination with the technical committees, the department identifies and tracks mitigation activities related to interconnection-wide risks.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms and tools. These assessments are performed in close coordination with NERC, WECC’s technical committees, and other stakeholders. Assessments include, but are not limited to, historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability, and transmission utilization. Analysis is performed on a variety of future scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC’s RRP’s and other risks that may affect the reliability of the BPS.
4. The **Reliability Modeling Department** produces and distributes power system models of the Western Interconnection for use both within WECC and by stakeholders to perform reliability assessments. WECC is the NERC-designated, interconnection-wide model builder under the MOD-032 Reliability Standard. The department collects and distributes model data in a variety of formats and across multiple software tools.
5. The **Data Services Department** develops meaningful approaches to analyze and visualize information and data for consumption by the entire RAPA program area. The department collects various types of data such as NERC TADS, GADS, MIDAS and supports WECC’s performance analysis obligations. The department helps visualize data used in reports, dashboards, and maps to help convey reliability risks across a wide stakeholder base.

The RAPA Program supports NERC’s RAPA activities through targeted data gathering and participation in the Summer, Winter, Long-Term Reliability, and special assessments. The program also provides a technical advisory role in studies led by organizations such as national labs, universities, and the Department of Energy.

2024 Key Budget Assumptions

- Staff and technical committees will focus on assessment activities that address the WECC RRP’s approved by the Board in June 2022 and any updates approved in 2024.
- The biennial Reliability Risk Priorities Workshop will be held in Salt Lake City at the WECC office in February 2024.
- Staff will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- Staff will continue to participate remotely in many external meetings.
- Staff will focus on expanding resource adequacy studies and assessments of regional resource adequacy programs and increase stakeholder outreach.



- There will be a focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- RRA results provide input on focus areas in the ERO CMEP Implementation Plan.
- Staff will continue to explore opportunities and implement new activities to provide value in transmission planning.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with inverter-based resources will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies.
- Staff will support various NERC reliability assessments and perform additional independent reliability assessments.
- One director is added to provide expertise and oversight of Reliability Modeling and Data Services.
- One risk analyst is added in Risk Analysis to support the improvement of a holistic, WECC-wide approach to identifying and mitigating reliability and security risks to the BPS.
- One engineer is added in Reliability Modeling to focus on long-term reliability assessment and support industry's need for long-term scenario and model development.

2024 Goals and Deliverables

- Refresh WECC's RRP's through stakeholder and Board engagement activities.
- Work with technical committees to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC RRP's.
- Ensure high precision of information and models used to assess the reliability of the BPS.
- Use advanced tools, techniques, and industry subject matter experts to identify system performance trends and vulnerabilities.
- Hold reliability and security risk forums.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver high-quality and influential work products focused on the WECC RRP's.
- Continue the three-year planning cycle with the JGC to align staff and technical committee work plans in support of the WECC RRP's.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP's and is refreshed annually.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.



- Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations and transmission/resource planning.
- Facilitate production cost, dynamic model, and power flow tool development, focusing on new technology resources and concepts like energy storage and dynamic line ratings.
- Implement technology solutions for enhanced data collection, validation, and storage.
- Support technical committees to analyze the effectiveness of the Western Interconnection Underfrequency Load Shedding Plan.
- Successfully carry out all other RAPA delegated responsibilities.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$916,000 primarily due to three new positions, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- Travel increases by a net of \$65,000 primarily due to inflationary impacts on airfare and hotel rates, a higher anticipated number of in-person meetings, an increase in FTEs, and more remote employees.

Operating Expenses

- Office Costs increase by a net of \$106,000 primarily due to the conversion of the PLEXOS energy market simulation platform trial license to a full version and the acquisition of EMT software (both of which are proposed to be funded with Peak Reliability Donation funds).

Fixed Assets

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.

Reliability Assessment and Performance Analysis Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 6,632,951	\$ 6,632,951	\$ -	\$ 8,409,843	\$ 1,776,892
Penalties Released	3,567,436	3,567,436	-	3,260,046	(307,390)
Total Statutory Funding	\$ 10,200,387	\$ 10,200,387	\$ -	\$ 11,669,889	\$ 1,469,502
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	19,079	460,983	441,904	192,941	173,862
Total Revenue (A)	\$ 10,219,466	\$ 10,661,370	\$ 441,904	\$ 11,862,830	\$ 1,643,364
Expenses					
Personnel Expenses					
Salaries	\$ 4,781,745	\$ 5,065,198	\$ 283,453	\$ 5,548,711	\$ 766,966
Payroll Taxes	319,728	339,094	19,366	355,291	35,563
Benefits	544,248	487,260	(56,988)	589,838	45,590
Retirement Costs	425,406	423,794	(1,612)	493,293	67,887
Total Personnel Expenses	\$ 6,071,127	\$ 6,315,346	\$ 244,219	\$ 6,987,133	\$ 916,006
Meeting Expenses					
Meetings & Conference Calls	\$ 56,722	\$ 50,904	\$ (5,818)	\$ 59,228	\$ 2,506
Travel	151,230	149,014	(2,216)	215,878	64,648
Total Meeting Expenses	\$ 207,952	\$ 199,918	\$ (8,034)	\$ 275,106	\$ 67,154
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 159,000	\$ 195,658	\$ 36,658	\$ 133,400	\$ (25,600)
Office Rent	-	-	-	-	-
Office Costs	399,237	217,968	(181,269)	505,867	106,630
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 558,237	\$ 413,626	\$ (144,611)	\$ 639,267	\$ 81,030
Total Direct Expenses	\$ 6,837,316	\$ 6,928,890	\$ 91,574	\$ 7,901,506	\$ 1,064,190
Indirect Expenses	\$ 3,559,486	\$ 3,461,416	(98,070)	\$ 3,655,652	\$ 96,166
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 10,396,802	\$ 10,390,306	\$ (6,496)	\$ 11,557,158	\$ 1,160,356
Change in Net Assets (=A-B)	\$ (177,336)	\$ 271,064	\$ 448,400	\$ 305,672	\$ 483,008
Fixed Assets, excluding Right of Use Assets (C)	\$ 17,447	\$ 19,785	\$ 2,338	\$ 40,852	\$ 23,405
TOTAL BUDGET (B+C)	\$ 10,414,249	\$ 10,410,091	\$ (4,158)	\$ 11,598,010	\$ 1,183,761
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (194,783)	\$ 251,279	\$ 446,062	\$ 264,820	\$ 459,603
FTEs	38.00	38.00	-	41.00	3.00
HC	38.00	38.00	-	41.00	3.00



Training and Outreach

Training and Outreach (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	8.50	8.50	-
Direct Expenses	\$ 1,650,513	\$ 1,988,891	\$ 338,378
Indirect Expenses	\$ 796,201	\$ 757,879	\$ (38,322)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 3,903	\$ 8,469	\$ 4,566
Total Funding Requirement	\$ 2,450,617	\$ 2,755,239	\$ 304,622

Program Scope and Purpose

The Training and Outreach Program informs, educates, and interacts directly with stakeholders on a range of topics including Reliability Standards, risk assessments, reliability planning and performance analysis, seasonal preparedness, grid operations and security, and human performance improvement.

This program is comprised of two of the three departments that make up the Strategic Engagement group—Training and Outreach and External Affairs. Both departments work with external stakeholders to facilitate and enhance the work of CMEP and RAPA by ensuring effective communications, education opportunities, and timely dialogue on critical reliability and security matters. Strategic Engagement also focuses on the timely production and distribution of high-quality analyses addressing reliability and security topics of interest and importance to decision-makers throughout the Western Interconnection. An understanding of the dynamics within the Western Interconnection through engagement with WECC’s stakeholders is essential to effectively address reliability and security risks.

2024 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues.
- Two Reliability and Security Workshops will be held in-person at off-site locations.
- One Grid Fundamentals course will be held in-person at the WECC office.
- Virtual Training and Outreach formats will be used where appropriate.
- WECC will increase partnerships and collaboration with the ERO Enterprise where appropriate to expand audience participation and to share subject matter expertise.



2024 Goals and Deliverables

- Maintain and continue to cultivate effective relationships with industry groups, WECC technical committees, ERO Enterprise, federal, state, and provincial regulators, policy- and decision-makers, national labs and educational institutions, and the broader reliability and security community.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the reliability and security of the BPS.
- Lead a 2024 Long-Term Strategy refresh with a focus on Board involvement and stakeholder feedback while maintaining alignment with the ERO Enterprise Long-Term Strategy.
- Embed stakeholder perspectives and opportunities for collaboration into the product development process.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy or WECC RRP.
- Continue to refine stakeholder engagement and outreach plans.
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver monthly Compliance Open Webinars to educate and collaborate with stakeholders on various oversight activities.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.
- Continue to promote and facilitate quarterly Grid Fundamentals courses to teach people who are new to the industry how the electric power system works, how it is managed, and how to better understand reliability issues.
- Deliver two Reliability and Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection. Specific topics include:
 - Lessons learned and process improvement for implementation of risk-based concepts;
 - Enforcement trends and statistics; and
 - Information on audit approach for standards.
- Provide opportunities for further education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
 - WECC Reliability Risk Priorities (RRP);
 - Reliability planning tools and modeling capabilities, including base case and production cost model studies;
 - Contingency studies and analyses;



- Scenario planning and regulatory issues and trends; and
- Event analysis.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$115,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- Meetings & Conference Calls increase by \$239,000 primarily due to hosting both Reliability and Security Workshops in-person at off-site locations due to stakeholder feedback and requests.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



Training and Outreach Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
TRAINING AND OUTREACH					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 1,414,435	\$ 1,414,435	\$ -	\$ 1,627,037	\$ 212,602
Penalties Released	797,979	797,979	-	675,863	(122,116)
Total Statutory Funding	\$ 2,212,414	\$ 2,212,414	\$ -	\$ 2,302,900	\$ 90,486
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	188,100	188,100	-	475,250	287,150
Interest	4,268	103,554	99,286	40,000	35,732
Total Revenue (A)	\$ 2,404,782	\$ 2,504,068	\$ 99,286	\$ 2,818,150	\$ 413,368
Expenses					
Personnel Expenses					
Salaries	\$ 1,045,639	\$ 1,077,780	\$ 32,141	\$ 1,145,832	\$ 100,193
Payroll Taxes	67,253	71,999	4,746	71,219	3,966
Benefits	121,308	102,442	(18,866)	123,107	1,799
Retirement Costs	92,883	91,385	(1,498)	101,715	8,832
Total Personnel Expenses	\$ 1,327,083	\$ 1,343,606	\$ 16,523	\$ 1,441,873	\$ 114,790
Meeting Expenses					
Meetings & Conference Calls	\$ 231,509	\$ 235,005	\$ 3,496	\$ 470,133	\$ 238,624
Travel	45,341	21,778	(23,563)	32,540	(12,801)
Total Meeting Expenses	\$ 276,850	\$ 256,783	\$ (20,067)	\$ 502,673	\$ 225,823
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	46,580	33,754	(12,826)	44,345	(2,235)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 46,580	\$ 33,754	\$ (12,826)	\$ 44,345	\$ (2,235)
Total Direct Expenses	\$ 1,650,513	\$ 1,634,143	\$ (16,370)	\$ 1,988,891	\$ 338,378
Indirect Expenses	\$ 796,201	\$ 777,564	\$ (18,637)	\$ 757,879	\$ (38,322)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,446,714	\$ 2,411,707	\$ (35,007)	\$ 2,746,770	\$ 300,056
Change in Net Assets (=A-B)	\$ (41,932)	\$ 92,361	\$ 134,293	\$ 71,380	\$ 113,312
Fixed Assets, excluding Right of Use Assets (C)	\$ 3,903	\$ 4,445	\$ 542	\$ 8,469	\$ 4,566
TOTAL BUDGET (B+C)	\$ 2,450,617	\$ 2,416,152	\$ (34,465)	\$ 2,755,239	\$ 304,622
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (45,835)	\$ 87,916	\$ 133,751	\$ 62,911	\$ 108,746
FTEs	8.50	8.50	-	8.50	-
HC	8.00	8.00	-	8.00	-



Situation Awareness and Infrastructure Security

Situation Awareness and Infrastructure Security (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.00	2.00	-
Direct Expenses	\$ 370,160	\$ 400,266	\$ 30,106
Indirect Expenses	\$ 187,341	\$ 178,324	\$ (9,017)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 918	\$ 1,993	\$ 1,075
Total Funding Requirement	\$ 558,419	\$ 580,583	\$ 22,164

Program Scope and Purpose

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness about the conditions and significant occurrences on the BPS in the Western Interconnection to recognize conditions and situations that could affect the reliability and security of the BPS. WECC has access to limited near-real-time data through the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, the Plant Information (PI) system, and the University of Tennessee Frequency Monitoring NETwork (FNET).

The SAIS Program works to understand system and security issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC identifies patterns and trends that will help build a stronger and more resilient system. Staff responds to events by providing coordination, assistance, and communication with the RCs, stakeholders, and NERC SAIS personnel. SAIS work also supports event analysis capabilities.

2024 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Work Groups, and other stakeholder groups to focus on security outreach and education.
- WECC will support NERC and FERC's efforts for situation awareness of current system conditions.
- WECC will maximize sharing of reliability and security data, within agreed parameters, and insights from Events Analysis, including near misses, to enhance understanding of reliability and security issues, promote operational excellence, promptly share best practices and lessons learned, and engage third-party experts to expand capabilities and resources applied to critical reliability and security issues.



- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

2024 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Monitor system events, collect information, and coordinate prompt distribution of updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Coordinate the communication of critical information in daily NERC SAIS meetings and the NERC Crisis Action Plan meetings.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR, the PI system, and other tools to further support SAIS.
- Improve reliability readiness by participating in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts).
- Promote rapid and appropriate sharing of situation awareness information to support critical infrastructure security.
- Enhance engagement with Western stakeholders to improve the coordination and sharing of appropriate security information.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$29,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.



See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



Situation Awareness and Infrastructure Security Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 359,211	\$ 359,211	\$ -	\$ 425,401	\$ 66,190
Penalties Released	187,760	187,760	-	159,027	(28,733)
Total Statutory Funding	\$ 546,971	\$ 546,971	\$ -	\$ 584,428	\$ 37,457
Membership Fees	-	-	-	-	-
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,004	26,724	25,720	9,412	8,408
Total Revenue (A)	\$ 547,975	\$ 573,695	\$ 25,720	\$ 593,840	\$ 45,865
Expenses					
Personnel Expenses					
Salaries	\$ 276,946	\$ 313,848	\$ 36,902	\$ 302,007	\$ 25,061
Payroll Taxes	19,137	22,710	3,573	19,875	738
Benefits	29,904	30,396	492	31,235	1,331
Retirement Costs	24,648	23,303	(1,345)	26,879	2,231
Total Personnel Expenses	\$ 350,635	\$ 390,257	\$ 39,622	\$ 379,996	\$ 29,361
Meeting Expenses					
Meetings & Conference Calls	-	-	-	-	-
Travel	16,050	15,250	(800)	17,470	1,420
Total Meeting Expenses	\$ 16,050	\$ 15,250	\$ (800)	\$ 17,470	\$ 1,420
Operating Expenses, excluding Depreciation					
Consultants & Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	3,475	3,158	(317)	2,800	(675)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 3,475	\$ 3,158	\$ (317)	\$ 2,800	\$ (675)
Total Direct Expenses	\$ 370,160	\$ 408,665	\$ 38,505	\$ 400,266	\$ 30,106
Indirect Expenses	\$ 187,341	\$ 200,662	\$ 13,321	\$ 178,324	\$ (9,017)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 557,501	\$ 609,327	\$ 51,826	\$ 578,590	\$ 21,089
Change in Net Assets (=A-B)	\$ (9,526)	\$ (35,632)	\$ (26,106)	\$ 15,250	\$ 24,776
Fixed Assets, excluding Right of Use Assets (C)	\$ 918	\$ 1,147	\$ 229	\$ 1,993	\$ 1,075
TOTAL BUDGET (B+C)	\$ 558,419	\$ 610,474	\$ 52,055	\$ 580,583	\$ 22,164
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (10,444)	\$ (36,779)	\$ (26,335)	\$ 13,257	\$ 23,701
FTEs	2.00	2.00	-	2.00	-
HC	2.00	2.00	-	2.00	-



Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2023 Budget	2024 Budget	Increase (Decrease)	FTEs 2023 Budget	FTEs 2024 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,412,320	\$ 5,703,604	\$ 291,284	18.00	18.00	-
Legal and Regulatory	\$ 1,276,141	\$ 1,077,139	\$ (199,002)	4.50	3.50	(1.00)
Information Technology	\$ 3,651,025	\$ 3,836,034	\$ 185,009	11.00	12.00	1.00
Human Resources	\$ 1,209,397	\$ 1,212,919	\$ 3,522	4.00	4.00	-
Accounting and Finance	\$ 546,799	\$ 657,274	\$ 110,475	3.00	3.00	-
Total Corporate Services*	\$ 12,095,682	\$ 12,486,970	\$ 391,288	40.50	40.50	-

*WECC's 2024 Corporate Services budget (expenses plus fixed assets) is \$12,486,970 of which \$991,745 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2024 statutory budget are \$11,495,225, which is a \$248,000 increase from the 2023 budget.

Program Scope and Purpose

Corporate Services encompasses the following program areas and includes all business and administrative functions of the organization:

- Technical Committees and Member Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

These support functions are foundational for the existence and operation of the organization. This area provides executive leadership and administrative and technical support for staff, committees, members, and stakeholders.

Method for Allocation of Corporate Services Expenses to Programs

Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



Technical Committees and Member Forums

Program Scope and Purpose

WECC undertook technical committee restructuring efforts in 2021 and 2022 to streamline the committee structure and governance and optimize stakeholder engagement. As a result, this budget was merged into the RAPA Program, beginning in 2023, where most of the committee work is facilitated.



General and Administrative

Program Scope and Purpose

The G&A Program provides executive leadership; enterprise security; enterprise risk management; communications; and administrative support for staff, committees, and members; as well as logistics support for the office and meeting facilities. In addition, indirect costs like Office Rent that benefit multiple functional areas are accounted for in this program.

2024 Key Budget Assumptions

- WECC staff will provide the same level of meetings and meeting support as 2023 for the Board of Directors and Board Committees.
- Salt Lake City, UT, is the Board-approved location for the 2024 Annual Meeting.
- Board Directors will be compensated according to the 2024 Board compensation structure.

2024 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide strong executive leadership and strategic guidance for WECC's activities, and ensure WECC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide excellent support and logistics coordination for the Board and Board committees.
- Identify opportunities for efficiencies and increased effectiveness of meetings and stakeholder services teams.
- Enhance internal and external communications.
- Improve WECC's security posture and programs.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$269,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.



Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.



Legal and Regulatory

Program Scope and Purpose

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with Legal and Regulatory. WECC's broad scope of activities requires significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law, and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

2024 Key Budget Assumptions

- The scope of current Legal operations will be maintained.
- One FTE is transferred to Information Technology due to efficiencies gained and increased use of external legal counsel.

2024 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by a net of \$294,000 primarily due to one position transferred to Information Technology, changes in position levels, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- Professional Services increase by \$124,000 primarily due to increases in business insurance premiums and fees for outside counsel advice.



Fixed Assets

- No significant changes.



Information Technology

Program Scope and Purpose

The Information Technology (IT) Program provides enterprise and desktop systems, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation, and operational support for hardware, software, database, system administration, data center operations, email, and telephony. IT implements new technology solutions using staff and external service providers to improve the security, effectiveness, and efficiency of business processes and operations. IT provides resources and tools to enable the organization to meet evolving requirements in support of its mission and delegated responsibilities.

2024 Key Budget Assumptions

- WECC will increase security capabilities with more access controls and enhanced threat monitoring, detection, and reporting tools due to the ever-changing cybersecurity landscape.
- Penetration tests on the network and systems will be performed annually.
- Dark web monitoring will commence in 2024.
- IT will select and implement a more robust organization-wide data reporting tool for increased data visualization, analytical, and reporting capabilities.
- Consultants will be used for project-based work to augment staff skill sets.
- IT will continue to drive long-term levelized costs by obtaining subscription services for software and infrastructure when practical.
- To retain vendor support and to reduce unplanned outages, desktop computer equipment will be replaced every four years, servers every five years, and network equipment every seven to 10 years.
- IT will continue to work collaboratively to share and make the most of the knowledge across the ERO Enterprise, minimize duplication of effort and investments, and improve operational efficiency, in support of the ERO Enterprise IT Strategy.
- One business analyst is added to provide project, reporting, coordination, and departmental support to allow subject matter experts to focus on more specialized, technical areas.

2024 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide enhanced enterprise data management and reporting tools and communication capabilities.



- Create centralized databases, automated processes, and tools to organize a growing volume of electronic data.
- Enhance the capabilities, performance, and security controls for mobile device use and remote workers.
- Continuously improve WECC's security program and posture due to the critical nature of some of WECC's data and evolving cybersecurity risks.
- Provide increased business intelligence tools to the business.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$263,000 primarily due to one position transferred from Legal and Regulatory, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants & Contracts decrease by a net of \$479,000 primarily due to the completion of the wecc.org platform conversion that was undertaken in 2022 and 2023 for increased security of the website and the completion of a data management project that was funded with the Peak Reliability Donation.
- Office Costs increase by \$313,000 primarily due to increased licensing fee rates and licensing costs for new security, reporting, and document management tools.

Fixed Assets

- Equipment CapEx increases by a net of \$72,000 primarily due to security upgrades for the corporate Wi-Fi network, battery backup replacements, and refreshes of storage arrays. These costs have been allocated to the Statutory Program areas via the Fixed Asset Allocation.



Human Resources

Program Scope and Purpose

The Human Resources (HR) Program is responsible for the delivery of all HR functions to ensure WECC is viewed as an employer of choice with highly skilled, collaborative, and engaged employees who are committed to WECC's mission. Responsibilities include recruitment, compensation, benefits, safety, health and wellness, employee relations, personal and professional development, succession planning, knowledge transfer, and leadership and employee engagement. HR also maintains employee-data systems and ensures compliance with employment-related federal and state requirements.

2024 Key Budget Assumptions

- Total WECC headcount increases by 10 FTEs in 2024.
- WECC's current benefit levels are maintained with minimal premium increases.
- Employee skills gaps are minimized through the identification of critical technical skills, targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- National markets will be targeted for many positions, allowing WECC to hire from a larger and more diverse candidate pool of highly skilled talent.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific effort will be given to practices that support and enhance interactions and relationships within a hybrid workforce.
- Management development will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- Use NERC's Learning Management System and LinkedIn Learning as training resources for employees.

2024 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Enhance all facets of the employee experience to achieve low levels of turnover.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct interpersonal skills, harassment prevention and diversity, equity, and inclusion (DE&I) training for all employees and managers.



- Enhance the scope of succession planning and knowledge transfer, which are vital to developing and maintaining a highly skilled, qualified, and diverse workforce that is necessary to deliver on WECC’s mission.
- Deliver a comprehensive yet affordable benefits package to retain current employees and attract prospective employees while managing costs.
- Expand recruiting efforts through college campus outreach, WECC and industry trainings and meetings, social media platforms, and employee referral programs.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by a net of \$29,000 primarily due to the refinement of some budget assumptions to better align the budget with historical spending, changes in position levels, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.



Finance and Accounting

Program Scope and Purpose

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program reports financial results in a timely and effective manner to help departments recognize and seize opportunities for improvement in current and future activities. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting.

2024 Key Budget Assumptions

- Interest rates continue to increase.
- Bank and investment fees increase.
- Cloud-based accounting software licenses and support fees increase.

2024 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Train management team on budgeting and forecasting processes.
- Identify and implement efficiencies in financial processes and increase the effectiveness of budgeting and financial reporting.
- Help departments effectively manage resources and operate within approved budgets.
- Ensure effective financial controls are in place, including routine monitoring of spending compared to budget.
- Provide quality reporting and financial analysis to managers, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$46,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.



Operating Expenses

- Office costs increase by a net of \$60,000 primarily due to an increase in business and occupational taxes on WECC’s annual assessments, increases in personal property tax rates, and increases in bank, merchant, and investment fees.

Fixed Assets

- No significant changes.



Corporate Services Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital
2023 Budget & Projection, and 2024 Budget

CORPORATE SERVICES

	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
Total Revenue (A)	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses					
Personnel Expenses					
Salaries	\$ 5,046,693	\$ 5,082,800	\$ 36,107	\$ 5,262,178	\$ 215,485
Payroll Taxes	316,397	292,470	(23,927)	321,151	4,754
Benefits	959,039	845,142	(113,897)	973,104	14,065
Retirement Costs	475,903	447,071	(28,832)	496,305	20,402
Total Personnel Expenses	\$ 6,798,032	\$ 6,667,483	\$ (130,549)	\$ 7,052,738	\$ 254,706
Meeting Expenses					
Meetings & Conference Calls	\$ 97,950	\$ 110,778	\$ 12,828	\$ 75,403	\$ (22,547)
Travel	165,447	163,021	(2,426)	148,537	(16,910)
Total Meeting Expenses	\$ 263,397	\$ 273,799	\$ 10,402	\$ 223,940	\$ (39,457)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 1,045,100	\$ 1,012,816	\$ (32,284)	\$ 559,500	\$ (485,600)
Office Rent	1,318,436	1,322,242	3,806	1,327,202	8,766
Office Costs	1,524,717	1,371,092	(153,625)	1,924,379	399,662
Professional Services	1,087,000	1,166,529	79,529	1,261,211	174,211
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 4,975,253	\$ 4,872,679	\$ (102,574)	\$ 5,072,292	\$ 97,039
Total Direct Expenses	\$ 12,036,682	\$ 11,813,961	\$ (222,721)	\$ 12,348,970	\$ 312,288
Indirect Expenses	\$ (12,036,682)	\$ (11,813,961)	\$ 222,721	\$ (12,348,970)	\$ (312,288)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets (=A-B)	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Assets, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (B+C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ -	\$ -	\$ -	\$ -	\$ -
FTEs	40.50	40.50	-	40.50	-
HC	41.00	41.00	-	41.00	-





Section B

Supplemental Financial Information

Section B—Supplemental Financial Information

Reserve Analysis

Table B-1

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
Beginning Reserve, January 1, 2023	\$ 35,140,129	\$ 11,368,371	\$ 20,306,594	\$ 3,465,164
Plus: 2023 Funding (from Load-Serving Entities (LSE) or designees)	19,750,537	19,750,537		-
Plus: Penalties released	-	11,218,646	(11,218,646)	-
Plus: Penalties received	1,050,000	-	1,050,000	-
Plus: 2023 Other funding sources	1,654,563	1,654,563	-	-
Less: 2023 Projected expenses & capital expenditures	(33,922,425)	(33,327,425)	-	(595,000)
Projected Reserve (Deficit), December 31, 2023	\$ 23,672,804	\$ 10,664,692	\$ 10,137,948	\$ 2,870,164
Plus: 2024 Funding (from Load-Serving Entities (LSE) or designees)	25,000,000	25,000,000	-	-
Plus: Penalties released	-	10,137,948	(10,137,948)	-
Plus: 2024 Other funding sources	1,075,250	1,075,250	-	-
Less: 2024 Projected expenses & capital expenditures	(35,404,795)	(35,154,795)	-	(250,000)
2024 Increase(Decrease) in Reserve	\$ (9,329,545)	1,058,403	\$ (10,137,948)	\$ (250,000)
Projected Reserve, December 31, 2024	\$ 14,343,259	\$ 11,723,095	\$ -	\$ 2,620,164
2024 Expenses and Capital Expenditures	35,404,795			
Less: Penalties Released	(10,137,948)			
Less: Other Funding Sources	(1,075,250)			
Change to Working Capital & Peak Reliability Donation Reserves	808,403			
2024 WECC Assessment	\$ 25,000,000			

WECC's Board has approved a Working Capital Reserve balance equal to one to three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy, approved by the FAC in June 2023.



Breakdown of Statement of Activities

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 13.

Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or before June 30, 2023, will be used to offset assessments in the 2024 WECC budget.

WECC received \$19,919,000 in penalty monies between July 1, 2021, and June 30, 2022. Of this amount, WECC obtained FERC approval through the 2023 Business Plan and Budget process to release \$11,219,000 in penalty monies to offset 2023 assessments, with the remaining unreleased penalties of \$8,700,000 to be used to offset and stabilize assessments in 2024.

In addition to the penalty funds carried forward to 2024, other penalty monies collected to offset 2024 assessments are included in Table B-2.

Allocation Method: Penalty monies released have been allocated to the following Statutory Programs to reduce assessments:

- Reliability Standards;
- Compliance Monitoring and Enforcement and Organization Registration and Certification;
- Reliability Assessment and Performance Analysis;
- Training and Outreach; and
- Situation Awareness and Infrastructure Security.

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.

Section B—Supplemental Financial Information

Penalty Sanctions

Table B-2

Penalty Information	
Total penalties available to offset 2024 assessments	\$ 10,137,948
Penalties released to offset 2024 assessments	(10,137,948)
Unreleased penalties to offset 2025 assessments	<u>\$ -</u>



Section B—Supplemental Financial Information

Supplemental Funding

Table B-3

Supplemental Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)		Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget
Reliability Standards					
Interest		\$ 1,507	\$ 40,087	\$ 14,118	\$ 12,611
	Total	\$ 1,507	\$ 40,087	\$ 14,118	\$ 12,611
Compliance Monitoring, Enforcement & Org. Registration					
Interest		\$ 34,142	\$ 835,115	\$ 343,529	\$ 309,387
	Total	\$ 34,142	\$ 835,115	\$ 343,529	\$ 309,387
Reliability Assessment and Performance Analysis					
Interest		\$ 19,079	\$ 460,983	\$ 192,941	\$ 173,862
	Total	\$ 19,079	\$ 460,983	\$ 192,941	\$ 173,862
Training and Outreach					
Workshops & Miscellaneous		\$ 188,100	\$ 188,100	\$ 475,250	\$ 287,150
Interest		4,268	103,554	40,000	35,732
	Total	\$ 192,368	\$ 291,654	\$ 515,250	\$ 322,882
Situation Awareness and Infrastructure Security					
Interest		\$ 1,004	\$ 26,724	\$ 9,412	\$ 8,408
	Total	\$ 1,004	\$ 26,724	\$ 9,412	\$ 8,408
Corporate Services					
Interest		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -
Total Supplemental Funding		\$ 248,100	\$ 1,654,563	\$ 1,075,250	\$ 827,150

Explanation of Significant Variances—2024 Budget versus 2023 Budget

WECC anticipates its investments will earn interest of approximately \$600,000 in 2024 due to higher interest rates than prior years. This revenue is allocated to the Statutory Programs based on FTEs.

Reliability Standards

- No significant changes.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.

Reliability Assessment and Performance Analysis

- No significant changes.



Section B—Supplemental Financial Information

Training and Outreach

- One additional Reliability and Security Workshop is held in person—fees for in-person attendance are higher than virtual attendance fees.

Situation Awareness and Infrastructure Security

- No significant changes.

Corporate Services

- No significant changes.



Section B—Supplemental Financial Information

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance		
				2023 Budget v 2024 Budget	Variance %	
Salaries						
Salaries	\$ 20,039,300	\$ 21,457,898	\$ 22,648,811	\$ 2,609,511	13.0%	
Employment Agency Fees	-	75,250	-	-	(100.0%)	
Temporary Office Services	-	6,500	-	-		
Total Salaries	\$ 20,039,300	\$ 21,539,648	\$ 22,648,811	\$ 2,609,511	13.0%	
Total Payroll Taxes	\$ 1,322,041	\$ 1,374,810	\$ 1,436,740	\$ 114,699	8.7%	
Benefits						
Workers Compensation	\$ 15,000	\$ 16,982	\$ 19,800	\$ 4,800	32.0%	
Medical Insurance	2,339,510	2,061,612	2,465,138	125,628	5.4%	
Life-LTD-STD Insurance	105,665	105,433	114,795	9,130	8.6%	
Education	164,347	187,580	145,437	(18,910)	(11.5%)	
Relocation	-	-	-	-		
Other	24,996	24,159	24,996	-	0.0%	
Total Benefits	\$ 2,649,518	\$ 2,395,766	\$ 2,770,166	\$ 120,648	4.6%	
Retirement						
Discretionary 401(k) Contribution	\$ 1,779,267	\$ 1,805,354	\$ 2,010,272	\$ 231,005	13.0%	
Retirement Administration Fees	30,000	30,000	30,000	-		
Total Retirement	\$ 1,809,267	\$ 1,835,354	\$ 2,040,272	\$ 231,005	12.8%	
Total Personnel Costs	\$ 25,820,126	\$ 27,145,578	\$ 28,895,989	\$ 3,075,863	11.9%	
FTEs	160.0	160.0	168.0	8.0	5.0%	
Cost per FTE						
Salaries	\$ 125,246	\$ 134,623	\$ 134,814	\$ 9,569	7.6%	
Payroll Taxes	8,263	8,593	8,552	289	3.5%	
Benefits	16,559	14,974	16,489	(70)	(0.4%)	
Retirement	11,308	11,471	12,144	837	7.4%	
Total Cost per FTE	\$ 161,376	\$ 169,660	\$ 172,000	\$ 10,624	6.6%	

Explanation of Significant Variances—2024 Budget versus 2023 Budget

Salaries

- Salaries increase by a net of \$2,610,000 primarily due to 8.0 new FTEs, recruiting and retention initiatives, and a budgeted 3% merit pool.

Payroll Taxes

- Payroll Taxes increase by a net of \$115,000 and fluctuate with salaries.



Section B—Supplemental Financial Information

Benefits

- Medical Insurance increases by a net of \$126,000 primarily due to additional FTEs and changes in participation and enrollment levels.

Retirement

- Discretionary 401(k) Contribution increases by a net of \$231,000 because retirement contributions fluctuate with salaries.



Section B—Supplemental Financial Information

Meeting Expenses

Table B-5

Meeting & Conference Call Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	711	-	-	
Reliability Assessment and Performance Analysis	56,722	50,904	59,228	2,506	4.4%
Training and Outreach	231,509	235,005	470,133	238,624	103.1%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	97,950	110,778	75,403	(22,547)	(23.0%)
Total Meeting Expenses	\$ 386,181	\$ 397,398	\$ 604,764	\$ 218,583	56.6%

Travel Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 7,520	\$ 9,742	\$ 11,315	\$ 3,795	50.5%
Compliance Monitoring and Enforcement and Organization Registration and Certification	175,520	338,573	323,430	147,910	84.3%
Reliability Assessment and Performance Analysis	151,230	149,014	215,878	64,648	42.7%
Training and Outreach	45,341	21,778	32,540	(12,801)	(28.2%)
Situation Awareness and Infrastructure Security	16,050	15,250	17,470	1,420	8.8%
Corporate Services	165,447	163,021	148,537	(16,910)	(10.2%)
Total Travel Expenses	\$ 561,108	\$ 697,378	\$ 749,170	\$ 188,062	33.5%

Explanation of Significant Variances—2024 Budget versus 2023 Budget

Meeting & Conference Call Expense

- Training and Outreach increases by \$239,000 primarily due to holding the fall Reliability and Security Workshop in person due to stakeholder feedback. The costs of these workshops are funded through attendee and vendor registration fees.

Travel Expense

- CMEP increases by a net of \$148,000 primarily due to increases in in-person meetings and outreach, 5.0 additional FTEs, inflationary impacts on airfare and hotel rates, and increases in remote employees.
- RAPA increases by a net of \$65,000 primarily due to increases in in-person meetings and outreach, 3.0 additional FTEs, inflationary impacts on airfare and hotel rates, and increases in remote employees.



Section B—Supplemental Financial Information

Consultants and Contracts

Table B-6

Consultants	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	50,000	50,073	36,000	(14,000)	(28.0%)
Reliability Assessment and Performance Analysis	159,000	195,658	133,400	(25,600)	(16.1%)
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	1,045,100	1,011,897	559,500	(485,600)	(46.5%)
Consultants Total	\$ 1,254,100	\$ 1,257,628	\$ 728,900	\$ (525,200)	(41.9%)

Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	207,750	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	-	919	-	-	
Contracts Total	\$ -	\$ 208,669	\$ -	\$ -	
Total Consulting and Contracts	\$ 1,254,100	\$ 1,466,297	\$ 728,900	\$ (525,200)	(41.9%)

Explanation of Significant Variances—2024 Budget versus 2023 Budget

Consultants

- RAPA decreases by a net of \$26,000 primarily due to the completion of one-time MAVRIC probabilistic tool updates.
- Corporate Services decreases by a net of \$486,000 primarily due to the completion of a content management system implementation, a data management project, and a planned reduction in organizational development consulting.

Contracts

- Not applicable.



Section B—Supplemental Financial Information

Office Rent

Table B-7

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Office Rent	\$ 1,301,772	\$ 1,304,442	\$ 1,309,800	\$ 8,028	0.6%
Utilities	-	-	-	-	
Maintenance	16,664	17,799	17,402	738	4.4%
Security	-	-	-	-	
Total Office Rent	\$ 1,318,436	\$ 1,322,241	\$ 1,327,202	\$ 8,766	0.7%

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- No significant changes.



Section B—Supplemental Financial Information

Office Costs

Table B-8

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Telephone	\$ 92,600	\$ 93,325	\$ 87,860	\$ (4,740)	(5.1%)
Internet	85,776	69,014	53,691	(32,085)	(37.4%)
Office Supplies	73,224	73,763	68,677	(4,547)	(6.2%)
Computer Supplies and Maintenance	1,520,317	1,232,840	2,028,971	508,654	33.5%
Publications and Subscriptions	64,420	59,595	57,052	(7,368)	(11.4%)
Dues and Fees	235,957	221,818	241,143	5,186	2.2%
Postage	1,500	1,000	3,400	1,900	126.7%
Express Shipping	7,844	7,889	9,215	1,371	17.5%
Copying	11,516	10,273	13,298	1,782	15.5%
Bank Charges	51,225	58,260	72,000	20,775	40.6%
Taxes	29,122	43,851	56,000	26,878	92.3%
Total Office Costs	\$ 2,173,501	\$ 1,871,628	\$ 2,691,307	\$ 517,806	23.8%

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Internet decreases by \$32,000 due to a planned phase-out of wireless hotspots due to increased security provided by an always-on VPN product scheduled to be implemented in 2023.
- Computer Supplies and Maintenance increases by a net of \$509,000 primarily due to an increase in subscription-based security tools and software, the conversion of the PLEXOS energy market simulation platform trial license to a permanent license, and licensing for new software, like a document management system and a more robust business intelligence tool.
- Bank Charges increase by \$21,000 primarily due to higher investment balances than the prior year and to align fees with actual charges from financial institutions.
- Taxes increase by \$27,000 based on increases in property and revenues which are the basis for property tax and business and occupancy tax calculations, respectively.



Section B—Supplemental Financial Information

Professional Services

Table B-9

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Board Director Fees	\$ 947,000	\$ 947,000	\$ 993,895	\$ 46,895	5.0%
Outside Legal	-	5,613	60,320	60,320	
Accounting and Auditing Fees	44,000	51,980	47,000	3,000	6.8%
Insurance Commercial	96,000	162,015	159,996	63,996	66.7%
Total Services	\$ 1,087,000	\$ 1,166,608	\$ 1,261,211	\$ 174,211	16.0%

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Board Director Fees increase by \$47,000 due to an increase in Board Director retainers for 2024 compensation.
- Outside Legal increases by \$60,000 due to increased reliance on outside counsel for specific expertise.
- Insurance Commercial increases by \$64,000 due to increases in business insurance premiums.



Section B—Supplemental Financial Information

Miscellaneous Expenses

Table B-10

Miscellaneous Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Miscellaneous	\$ -	\$ -	\$ -	\$ -	-
Total Micellaneous Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Not applicable.



Section B—Supplemental Financial Information

Other Non-Operating

Table B-11

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Not applicable.



Section B—Supplemental Financial Information

Fixed Assets

Table B-12

Fixed Assets	Budget 2023	Projection 2023	Budget 2024	Variance	
				2023 Budget v 2024 Budget	Variance %
Computer and Software CapEx	\$ -	\$ -	\$ -	\$ -	-
Furniture and Fixtures CapEx	-	-	-	-	-
Equipment CapEx	54,868	62,941	127,040	72,172	131.5%
Leasehold Improvements	-	-	-	-	-
	\$ 54,868	\$ 62,941	\$ 127,040	\$ 72,172	131.5%

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Equipment CapEx increases by a net of \$72,000 primarily due to refreshes of servers, security upgrades to the corporate Wi-Fi, and battery back-up replacement.





Section C

Non-Statutory Program

Section C—Non-Statutory Program

Western Renewable Energy Generation Information System (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	9.00	11.00	2.00
Direct Expenses	\$ 2,009,869	\$ 2,263,452	\$ 253,583
Indirect Expenses	\$ 843,037	\$ 980,785	\$ 137,748
Inc(Dec) in Fixed Assets	\$ 4,132	\$ 10,960	\$ 6,828
Total Funding Requirement	\$ (177,177)	\$ (323,697)	\$ (146,520)

WREGIS

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed by the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants for more than three years.

The program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by two committees: the Stakeholder Advisory Committee, which is open to all interested participants, and the WREGIS Committee, which is open to members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, a portion of WECC's overhead costs is allocated to the program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: the information system software and administrative operations. Staff coordinates with the software contractor and performs all the administrative tasks, including:

- Registering customers and generation units;
- Training users;
- Providing customer service and help desk services;
- Supporting participating programs by facilitating cooperation and research into ongoing issues and sharing documentation with participants;
- Auditing generation and other data; and
- Managing the budgeting, billing, and financial reporting.



2024 Key Budget Assumptions

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by Generator and General Organizations and are based on size (generation capacity) and organization type. Transaction fees are paid by General Organizations. WREGIS also charges fees for ad hoc reporting and e-Tag related data services.

- Transaction fees are based on organization type.
 - Approximately 4% of revenues are based on annual fees.
 - Approximately 92% of revenues are based on transaction fees, which can depend on factors like weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
 - Approximately 4% of revenues are attributable to fees for specific, requested functions like tracking e-Tags.
- Revenues vary from year to year, so WREGIS reserves are held to allow for normal operations or special large-scale improvements.
- The new software is a cloud-based software as a service product and all costs, including upgrades, maintenance and licenses are built into the monthly fee.
- Interest rates will continue to increase.
- Travel for training and audits will increase after a reduction caused by the COVID-19 pandemic.
- Two analysts are added due to program growth, increasing customer audit requirements, and software needs.

2024 Goals and Key Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Maintain compliance with the participating state and provincial programs, and voluntary programs.
- Register program participants.
- Refine and improve data collection to ensure high-quality data.
- Perform four customer audits split between Qualified Reporting Entities and REC holding customers.
- Deliver one in-person customer training session and quarterly virtual customer training sessions.
- Deliver one in-person and two virtual Qualified Reporting Entity training sessions.

Resource Requirements/Explanation of Significant Changes

Funding Sources

- Membership Fees increase by a net of \$190,000 primarily due to an anticipated increase in program participation and expansions of some programs.
- Interest increases by \$60,000 primarily due to higher rates of return on investments.

Personnel Expenses

- Personnel Expenses increase by a net of \$240,000 primarily due to two new positions, recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Indirect Expenses

- Indirect Expenses increase by a net of \$138,000 primarily due to two new positions added in this program and an increase in Corporate Services expenses. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

Other Non-Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.



WREGIS Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
NON-STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
Total Statutory Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Fees	\$ 2,666,736	\$ 2,878,098	\$ 211,362	2,857,000	\$ 190,264
Workshops & Miscellaneous	1,125	1,125	-	2,500	1,375
Interest	12,000	83,080	71,080	72,000	60,000
Total Revenue (A)	\$ 2,679,861	\$ 2,962,303	\$ 282,442	\$ 2,931,500	\$ 251,639
Expenses					
Personnel Expenses					
Salaries	\$ 765,205	\$ 789,689	\$ 24,484	\$ 958,109	\$ 192,904
Payroll Taxes	51,670	52,794	1,124	61,639	9,969
Benefits	123,553	112,672	(10,881)	144,047	20,494
Retirement Costs	68,072	67,719	(353)	85,154	17,082
Total Personnel Expenses	\$ 1,008,500	\$ 1,022,874	\$ 14,374	\$ 1,248,949	\$ 240,449
Meeting Expenses					
Meetings & Conference Calls	\$ 3,350	\$ 3,350	\$ -	\$ 4,200	\$ 850
Travel	17,620	15,306	(2,314)	25,880	8,260
Total Meeting Expenses	\$ 20,970	\$ 18,656	\$ (2,314)	\$ 30,080	\$ 9,110
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	980,399	700,144	(280,255)	984,423	4,024
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses	\$ 980,399	\$ 700,144	\$ (280,255)	\$ 984,423	\$ 4,024
Total Direct Expenses	\$ 2,009,869	\$ 1,741,674	\$ (268,195)	\$ 2,263,452	\$ 253,583
Indirect Expenses	\$ 843,037	\$ 802,648	\$ (40,389)	\$ 980,785	\$ 137,748
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,852,906	\$ 2,544,322	\$ (308,584)	\$ 3,244,237	\$ 391,331
Change in Net Assets (=A-B)	\$ (173,045)	\$ 417,981	\$ 591,026	\$ (312,737)	\$ (139,692)
Fixed Assets, excluding Right of Use Assets (C)	\$ 4,132	\$ 2,004,588	\$ 2,000,456	\$ 10,960	\$ 6,828
TOTAL BUDGET (=B+C)	\$ 2,857,038	\$ 4,548,910	\$ 1,691,872	\$ 3,255,197	\$ 398,159
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (177,177)	\$ (1,586,607)	\$ (1,409,430)	\$ (323,697)	\$ (146,520)
FTEs	9.00	8.00	(1.00)	11.00	2.00
HC	9.00	9.00	-	11.00	2.00



Personnel Analysis

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	FTEs* 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	-	-	-	-	-	-
Administrative Programs						
WREGIS	9.00	8.00	11.00	-	11.00	2.00
Total FTEs Administrative Programs	9.00	8.00	11.00	-	11.00	2.00
Total FTEs	9.00	8.00	11.00	-	11.00	2.00

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

Reserve Analysis

Working Capital Reserve Analysis	
NON-STATUTORY	
Beginning Reserve (Deficit), January 1, 2023	Total \$ 6,479,874
Plus: 2023 Funding	2,962,303
Less: 2023 Projected expenses & capital expenditures	(4,548,910)
Projected Working Capital Reserve (Deficit), December 31, 2023	<u>\$ 4,893,267</u>
Plus: 2024 Funding	2,931,500
Less: 2024 Projected expenses & capital expenditures	(3,255,197)
Projected Working Capital Reserve, December 31, 2024	<u>\$ 4,569,570</u>





Section D

Additional Financial Information

Section D—Additional Financial Information

Section D—Additional Financial Information

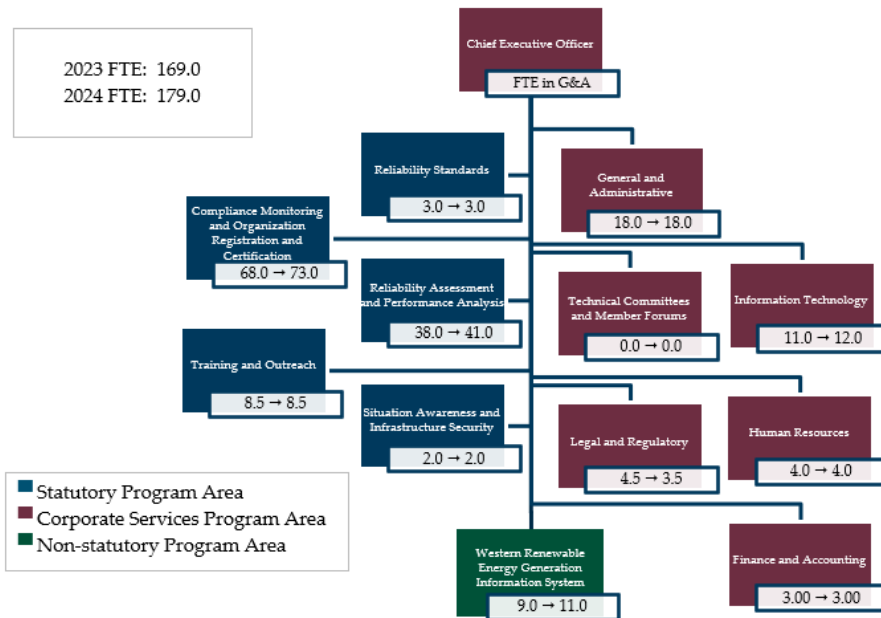
2024 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions						Non-Statutory Functions		
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
Revenue												
Statutory Funding												
WECC Assessments	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ 645,130	\$ 13,892,589	\$ 8,409,843	\$ 1,627,037	\$ 425,401	\$ -	\$ -	\$ -
Penalties Released	10,137,948	10,137,948	-	10,137,948	238,540	5,804,472	3,260,046	675,863	159,027	-	-	-
Total Statutory Funding	\$ 35,137,948	\$ 35,137,948	\$ -	\$ 35,137,948	\$ 883,670	\$ 19,697,061	\$ 11,669,889	\$ 2,302,900	\$ 584,428	\$ -	\$ -	\$ -
Non-statutory Funding												
Workshops & Miscellaneous	\$ 477,750	\$ 475,250	\$ 2,500	\$ 475,250	\$ -	\$ -	\$ -	\$ 475,250	\$ -	\$ -	\$ -	\$ 2,500
Interest	672,000	600,000	72,000	600,000	14,118	343,529	192,941	40,000	9,412	-	-	72,000
Total Revenue (A)	\$ 39,144,698	\$ 36,213,198	\$ 2,931,500	\$ 36,213,198	\$ 897,788	\$ 20,040,590	\$ 11,862,830	\$ 2,818,150	\$ 593,840	\$ -	\$ -	\$ 2,931,500
Expenses												
Personnel Expenses												
Salaries	\$ 23,606,917	\$ 22,648,808	\$ 958,109	\$ 22,648,808	\$ 479,911	\$ 9,910,169	\$ 5,548,711	\$ 1,145,832	\$ 302,007	\$ 5,262,178	\$ -	\$ 958,109
Payroll Taxes	1,498,378	1,436,739	61,639	1,436,739	30,188	639,015	355,291	71,219	19,875	321,151	61,639	61,639
Benefits	2,914,213	2,770,166	144,047	2,770,166	40,466	1,012,416	589,838	123,107	31,235	973,104	144,047	144,047
Retirement Costs	2,125,427	2,040,273	85,154	2,040,273	42,482	879,599	493,293	101,715	26,879	496,305	85,154	85,154
Total Personnel Expenses	\$ 30,144,935	\$ 28,895,986	\$ 1,248,949	\$ 28,895,986	\$ 593,047	\$ 12,441,199	\$ 6,987,133	\$ 1,441,873	\$ 379,996	\$ 7,052,738	\$ -	\$ 1,248,949
Meeting Expenses												
Meetings & Conference Calls	\$ 608,964	\$ 604,764	\$ 4,200	\$ 604,764	\$ -	\$ -	\$ 59,228	\$ 470,133	\$ -	\$ 75,403	\$ -	\$ 4,200
Travel	775,050	749,170	25,880	749,170	11,315	323,430	215,878	32,540	17,470	148,537	25,880	25,880
Total Meeting Expenses	\$ 1,384,014	\$ 1,353,934	\$ 30,080	\$ 1,353,934	\$ 11,315	\$ 323,430	\$ 275,106	\$ 502,673	\$ 17,470	\$ 223,940	\$ -	\$ 30,080
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 728,900	\$ 728,900	\$ -	\$ 728,900	\$ -	\$ 36,000	\$ 133,400	\$ -	\$ -	\$ 559,500	\$ -	\$ -
Office Rent	1,327,202	1,327,202	-	1,327,202	-	-	-	-	-	1,327,202	-	-
Office Costs	3,675,730	2,691,307	984,423	2,691,307	2,907	211,009	505,867	44,345	2,800	1,924,379	984,423	984,423
Professional Services	1,261,211	1,261,211	-	1,261,211	-	-	-	-	-	1,261,211	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 6,993,043	\$ 6,008,620	\$ 984,423	\$ 6,008,620	\$ 2,907	\$ 247,009	\$ 639,267	\$ 44,345	\$ 2,800	\$ 5,072,292	\$ 984,423	\$ 984,423
Total Direct Expenses	\$ 38,521,992	\$ 36,258,540	\$ 2,263,452	\$ 36,258,540	\$ 607,269	\$ 13,011,638	\$ 7,901,506	\$ 1,988,891	\$ 400,266	\$ 12,348,970	\$ -	\$ 2,263,452
Indirect Expenses	\$ -	\$ (980,785)	\$ 980,785	\$ (980,785)	\$ 267,487	\$ 6,508,843	\$ 3,655,652	\$ 757,879	\$ 178,324	\$ (12,348,970)	\$ 980,785	\$ 980,785
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 38,521,992	\$ 35,277,755	\$ 3,244,237	\$ 35,277,755	\$ 874,756	\$ 19,520,481	\$ 11,557,158	\$ 2,746,770	\$ 578,590	\$ -	\$ -	\$ 3,244,237
Change in Net Assets (=A-B)	\$ 622,706	\$ 935,443	\$ (312,737)	\$ 935,443	\$ 23,032	\$ 520,109	\$ 305,672	\$ 71,380	\$ 15,250	\$ -	\$ -	\$ (312,737)
Depreciation												
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	138,000	138,000	-	138,000	-	-	-	-	-	138,000	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	(10,960)	10,960	(10,960)	2,990	72,736	40,852	8,469	1,993	(138,000)	10,960	10,960
Fixed Assets, excluding Right of Use Assets (C)	\$ 138,000	\$ 127,040	\$ 10,960	\$ 127,040	\$ 2,990	\$ 72,736	\$ 40,852	\$ 8,469	\$ 1,993	\$ -	\$ -	\$ 10,960
TOTAL BUDGET (B+C)	\$ 38,659,992	\$ 35,404,795	\$ 3,255,197	\$ 35,404,795	\$ 877,746	\$ 19,593,217	\$ 11,598,010	\$ 2,755,239	\$ 580,583	\$ -	\$ -	\$ 3,255,197
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 484,706	\$ 808,403	\$ (323,697)	\$ 808,403	\$ 20,042	\$ 447,373	\$ 264,820	\$ 62,911	\$ 13,257	\$ -	\$ -	\$ (323,697)
FTEs	179.00	168.00	11.00	168.00	3.00	73.00	41.00	8.50	2.00	40.50	11.00	11.00
HC	179.00	168.00	11.00	168.00	3.00	73.00	41.00	8.00	2.00	41.00	11.00	11.00



Appendix A—Organizational Chart

Changes in Budgeted FTE by Program Area



Appendix B—2024 Budget and Projected 2025 and 2026 Budgets

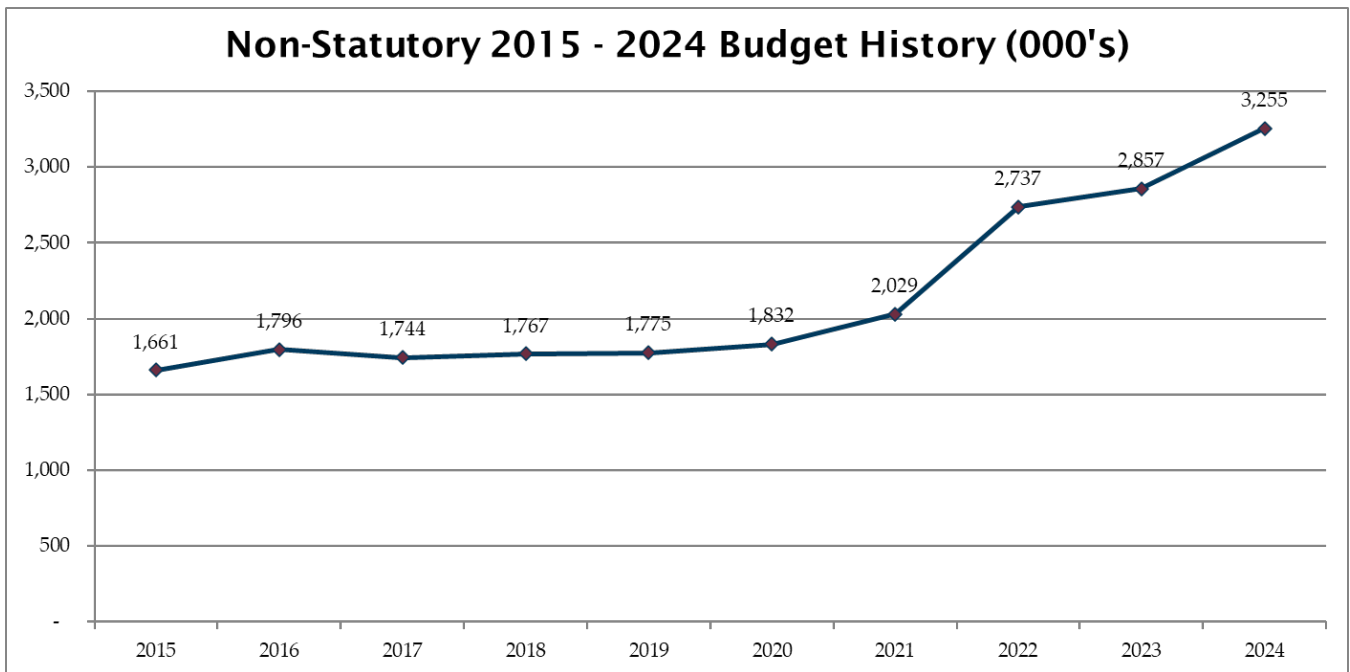
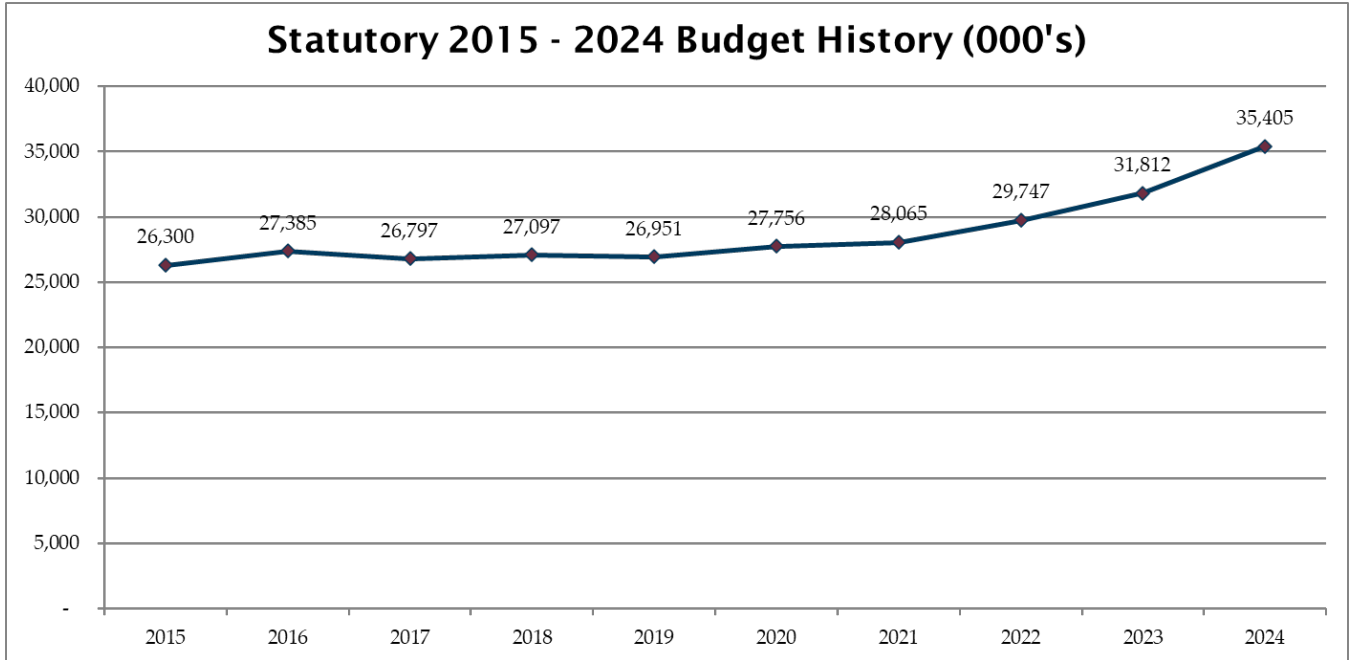
Statement of Activities and Capital Expenditures 2024 Budget & Projected 2025 and 2026 Budgets								
Statutory								
	2024	2025	\$ Change	% Change	2026	\$ Change	% Change	
	Budget	Projection	24 v 25	24 v 25	Projection	25 v 26	25 v 26	
Revenue								
Statutory Funding								
WECC Assessments	\$ 25,000,000	\$ 30,000,000	\$ 5,000,000	20.0%	\$ 30,000,000	\$ -	-	0.0%
Penalties Released	10,137,948	-	(10,137,948)	(100.0%)	-	-	-	-
Total Statutory Funding	\$ 35,137,948	\$ 30,000,000	\$ (5,137,948)	(14.6%)	\$ 30,000,000	\$ -	-	0.0%
Membership Fees	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	-
Workshops & Miscellaneous	475,250	475,250	-	0.0%	475,250	-	-	0.0%
Interest	600,000	600,000	-	0.0%	600,000	-	-	0.0%
Total Revenue (A)	\$ 36,213,198	\$ 31,075,250	\$ (5,137,948)	(14.2%)	\$ 31,075,250	\$ -	-	0.0%
Expenses								
Personnel Expenses								
Salaries	\$ 22,648,808	\$ 23,956,766	\$ 1,307,958	5.8%	\$ 25,300,970	\$ 1,344,204	5.6%	5.6%
Payroll Taxes	1,436,739	1,519,710	82,971	5.8%	1,604,980	85,270	5.6%	5.6%
Benefits	2,770,166	3,047,183	277,017	10.0%	3,199,542	152,359	5.0%	5.0%
Retirement Costs	2,040,273	2,156,109	115,836	5.7%	2,277,087	120,978	5.6%	5.6%
Total Personnel Expenses	\$ 28,895,986	\$ 30,679,768	\$ 1,783,782	6.2%	\$ 32,382,579	\$ 1,702,812	5.6%	5.6%
Meeting Expenses								
Meetings & Conference Calls	\$ 604,764	\$ 679,764	\$ 75,000	12.4%	\$ 779,764	\$ 100,000	14.7%	14.7%
Travel	749,170	824,087	74,917	10.0%	906,496	82,409	10.0%	10.0%
Total Meeting Expenses	\$ 1,353,934	\$ 1,503,851	\$ 149,917	11.1%	\$ 1,686,260	\$ 182,409	12.1%	12.1%
Operating Expenses, excluding Depreciation								
Consultants & Contracts	\$ 728,900	\$ 613,900	\$ (115,000)	(15.8%)	\$ 613,900	\$ -	-	0.0%
Office Rent	1,327,202	929,041	(398,161)	(30.0%)	929,041	-	-	0.0%
Office Costs	2,691,307	2,745,133	53,826	2.0%	2,800,036	54,903	2.0%	2.0%
Professional Services	1,261,211	1,299,047	37,836	3.0%	1,338,019	38,971	3.0%	3.0%
Miscellaneous	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 6,008,620	\$ 5,587,122	\$ (421,498)	(7.0%)	\$ 5,680,996	\$ 93,874	1.7%	1.7%
Total Direct Expenses	\$ 36,258,540	\$ 37,770,740	\$ 1,512,200	4.2%	\$ 39,749,835	\$ 1,979,095	5.2%	5.2%
Indirect Expenses	\$ (980,785)	\$ (1,038,695)	\$ (57,910)	5.9%	\$ (1,132,870)	\$ (94,175)	9.1%	9.1%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	-
Total Expenses (B)	\$ 35,277,755	\$ 36,732,045	\$ 1,454,289	4.1%	\$ 38,616,965	\$ 1,884,920	5.1%	5.1%
Change in Assets	\$ 935,443	\$ (5,656,795)	\$ (6,592,237)	(704.7%)	\$ (7,541,715)	\$ (1,884,920)	33.3%	33.3%
Incr(Dec) in Fixed Assets (C)	\$ 127,040	\$ 125,000	\$ (2,040)	(1.6%)	\$ 125,000	\$ -	0.0%	0.0%
TOTAL BUDGET (B+C)	\$ 35,404,795	\$ 36,857,045	\$ 1,452,249	4.1%	\$ 38,741,965	\$ 1,884,920	5.1%	5.1%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	808,403	(5,781,795)	(6,590,197)	(815.2%)	(7,666,715)	(1,884,920)	32.6%	32.6%
FTEs	168.00	174.00	6.00	3.6%	178.00	4.00	2.3%	2.3%
HC	168.00	174.00	6.00	3.6%	178.00	4.00	2.3%	2.3%



Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

Adjustment to the AESO Assessments		
Credit for WECC Compliance Costs		
	2023	2024
	Compliance Budget AESO NEL Allocation	Compliance Budget AESO NEL Allocation
WECC Compliance Costs		
Direct Costs less Direct Revenue	\$ 11,115,269	\$ 12,668,109
Indirect Costs	6,369,606	6,508,843
Fixed Asset Expenditures	31,222	72,736
Total Net Costs, including Fixed Assets	\$ 17,516,097	\$ 19,249,688
Net total to be allocated	\$ 17,516,097	\$ 19,249,688
AESO NEL Share (2021 and 2022)	6.967%	6.934%
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 1,220,346	\$ 1,334,773
% Credit (63.00 of 68.00 FTE for 2023; 68.00 of 73.00 FTE for 2024)	94.12%	93.15%
AESO Credit for Compliance Costs	\$ 1,148,561	\$ 1,243,351

Appendix D—Statutory and Non-Statutory Budget History Charts



DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 9

**WESTERN INTERCONNECTION
REGIONAL ADVISORY BODY**

PROPOSED 2024 BUSINESS PLAN AND BUDGET



**Western Interconnection
Regional Advisory Body**

2024 Business Plan and Budget

June 21, 2023

**Approved by
Appointed Members of the
Western Interconnection Regional
Advisory Body**

**1600 Broadway, Suite 1020
Denver, Colorado 80202
720-897-4600**

TABLE OF CONTENTS

INTRODUCTION.....3

ORGANIZATIONAL OVERVIEW 5

MEMBERSHIP AND GOVERNANCE..... 6

STATUTORY FUNCTIONAL SCOPE 8

2024 STRATEGIC PRIORITIES AND INITIATIVES 8

2024 BUDGET AND ASSESSMENT IMPACTS.....16

SECTION A – STATUTORY ACTIVITIES.....20

 GOVERNANCE AND STRATEGIC PLANNING...21

 EMERGING TRENDS AND SYSTEM RISKS21

 PERIODIC RELIABILITY ASSESSMENTS24

 RELIABILITY STANDARDS AND PROACTIVE ENFORCEMENT24

SECTION B – SUPPLEMENTAL FINANCIAL INFORMATION27

 WORKING CAPITAL RESERVE27

 BUDGET PROJECTIONS FOR 2023-2025.....29

SECTION C – NON-STATUTORY ACTIVITIES31

SECTION D – ADDITIONAL CONSOLIDATED FINANCIAL STATEMENTS.....32

 STATEMENT OF FINANCIAL POSITION...32

APPENDIX A – ORGANIZATIONAL CHART33

Introduction

The Western Interconnection Regional Advisory Body (WIRAB) proposed budget for 2024 is \$831,492. This amount is \$52,028 (5.9%) lower than the amount in WIRAB's approved 2023 budget. Total proposed full-time equivalents (FTEs) for 2024 have decreased by 0.40 FTEs to 2.60 FTEs. WIRAB's total funding requirement is \$693,692. As shown in Table 1 below, this amount represents the total statutory expenses of \$831,492 less \$137,800 in statutory working capital requirement. WIRAB's proposed funding assessment is \$692,692, an increase of \$10,772 (1.6%) from the 2023 funding assessment. WIRAB proposes to allocate the funding assessment as follows: \$580,417 (83.8%) to the U.S. portion; \$99,549 (14.4%) to the Canadian portion; and \$12,726 (1.8%) to the Mexican portion of the Western Interconnection. The following table summarizes the WIRAB proposed budget for 2024.

Table 1. WIRAB Budget for 2024

WIRAB - Total Resources (in whole dollars)	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs	2.60			
Non-statutory FTEs				
Total FTEs	2.60			
Statutory Expenses	\$ 831,492			
Non-Statutory Expenses				
Total Expenses	\$ 831,492			
Statutory Inc(Dec) in Fixed Assets				
Non-Statutory Inc(Dec) in Fixed Assets				
Total Inc(Dec) in Fixed Assets	\$ -			
Statutory Working Capital Requirement	\$ (137,800)			
Non-Statutory Working Capital Requirement	0			
Total Working Capital Requirement	\$ (137,800)			
Total Statutory Funding Requirement	\$ 693,692			
Total Non-Statutory Funding Requirement	\$ -			
Total Funding Requirement	\$ 693,692			
Statutory Funding Assessments	\$ 692,692	\$ 580,417	\$ 99,549	\$ 12,726
Non-Statutory Fees				
NEL	883,331,495	740,157,105	126,946,192	16,228,198
NEL%	100.00%	83.8%	14.4%	1.8%

¹ The allocation of the statutory assessments was updated to reflect 2022 NEL data on July 26, 2023. Negotiations with Comisión Reguladora de Energía regarding the allocation to Mexico are on-going.

Organizational Overview

The Federal Energy Regulatory Commission (FERC or Commission) created WIRAB in April 2006, upon petition of ten Western Governors and in accordance with Section 215(j) of the Federal Power Act (FPA). The Governors invited all U.S. states, Canadian provinces, and Mexican jurisdictions with territory in the Western Interconnection to join WIRAB and to participate in WIRAB's activities as a regional advisory body charged with advising FERC, the North American Electric Reliability Corporation (NERC) and the Regional Entity (i.e., the Western Electricity Coordinating Council or WECC) on matters of electric grid reliability.

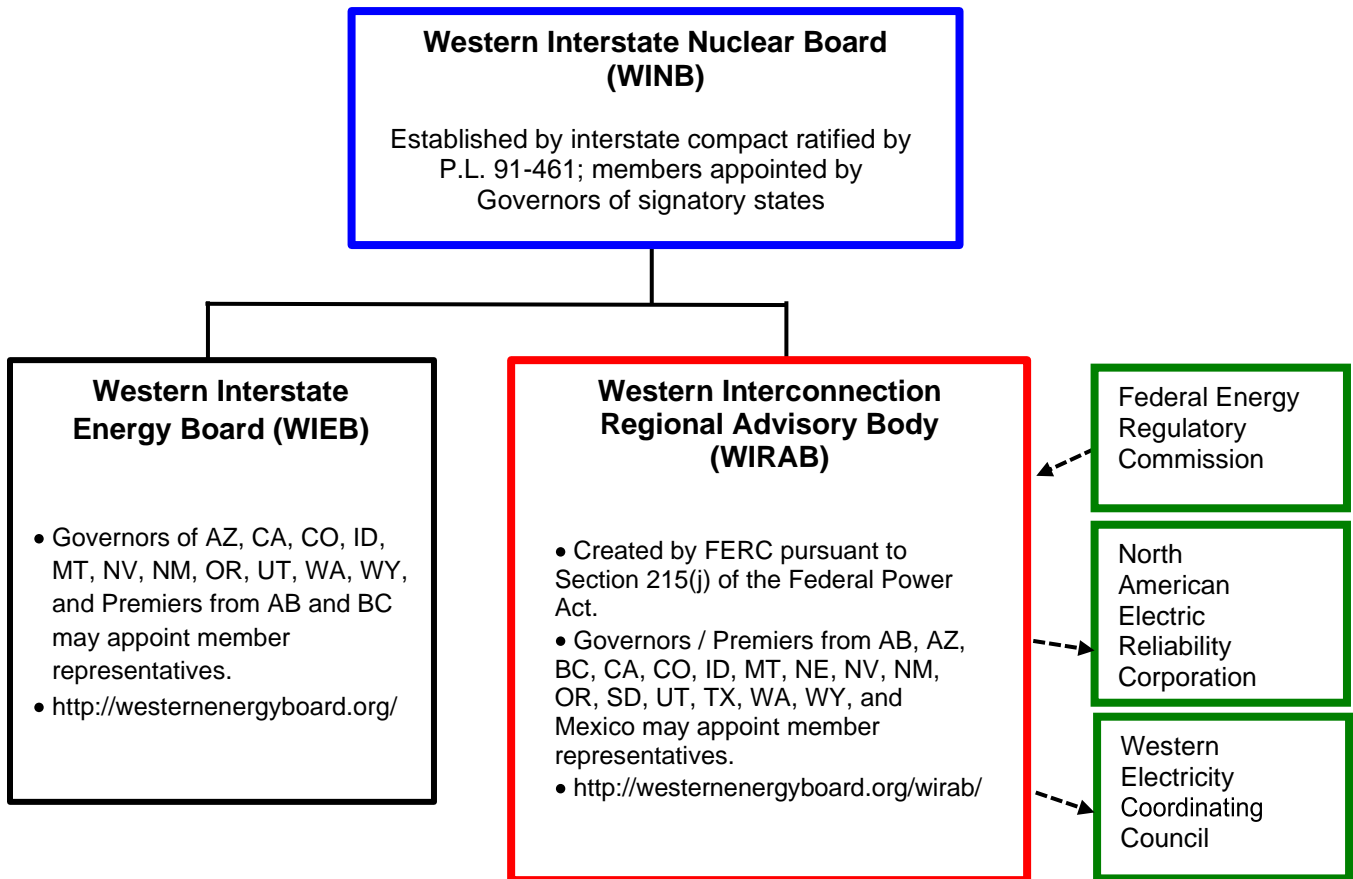
In July 2006, FERC issued an order granting the Governors' petition to establish WIRAB.² In its order, FERC determined that WIRAB should receive funding for its Section 215(j) activities and directed WIRAB to annually develop a budget and related information for submittal through the Electric Reliability Organization (ERO) budget approval process. The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.³ FERC also required WIRAB to identify the portion of its funding to be received from Canada and Mexico.

The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board (WINB), which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. WIRAB has the same status under the compact as the Western Interstate Energy Board (WIEB). Below is a chart that illustrates these organizational relationships.

² Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶ 61,061, Docket No. RR06-2-000, July 20, 2006.

³ Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget, and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."

Figure 1. Organizational Relationships



Membership and Governance

All U.S. states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the Canadian provinces of Alberta and British Columbia, and the Mexican state of Baja California are eligible to appoint members to WIRAB. Member representatives of WIRAB are appointees of the respective Governors and Premiers, or representative-designated alternates. Below is the list of current WIRAB member representatives (as of June 1, 2023):

Figure 2. WIRAB Membership List

WIRAB Member Representatives		
Alberta	Betsy Li Alward	Director, Generation, Transmission and Markets Policy, Energy Policy, Alberta Energy
Arizona	Lea Márquez Peterson	Commissioner, Arizona Corporation Commission
British Columbia	Chris Gilmore	Executive Director, Electricity Policy Branch, Ministry of Energy, Mines and Low Carbon Innovation
California	Siva Gunda	Vice Chair, California Energy Commission
Colorado	Keith Hay	Director of Utility Policy, Colorado Energy Office
Idaho	Richard Stover	Administrator, Idaho Governor's Office of Energy and Mineral Resources
Mexico	Vacant	-
Montana	Michael Freeman	Natural Resources Policy Advisor, Montana Office of the Governor
Nebraska	Tim Texel	Executive Director, Nebraska Power Review Board
Nevada	Dwayne McClinton	Director, Nevada Governor's Office of Energy
New Mexico	James Ellison	Commissioner, New Mexico Public Regulation Commission
Oregon	Mark Thompson	Commissioner, Oregon Public Utility Commission
South Dakota	Greg Rislov	Commission Advisor, South Dakota Public Utility Commission
Texas	Vacant	-
Utah	Greg Todd	Executive Director, Utah Governor's Office of Energy Development
Washington	Elizabeth Osborne	Senior Energy Policy Analyst, Washington State Energy Office
Wyoming	Mary Throne	Chairman, Wyoming Public Service Commission

WIRAB holds two in-person meetings each year, usually in Spring and Fall. These meetings are open to the public. WIRAB also holds monthly conference calls to discuss current and emerging issues and hosts periodic webinars with presentations from subject matter experts on key electric grid reliability topics.

Statutory Functional Scope

FERC established WIRAB as a Regional Advisory Body under section 215(j) of the FPA. The language in Section 215(j) specifically provides for WIRAB's authority to advise FERC, NERC, and WECC on whether reliability standards, budgets and fees, governance, compliance, assessments, strategic direction, and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory, or preferential, and in the public interest.

WIRAB's advice to FERC, NERC, and WECC can be grouped into four categories that are appropriately funded under Section 215 of the FPA, including:

1. Governance and Strategic Planning;
2. Emerging Trends and System Risks;
3. Periodic Reliability Assessments; and
4. Reliability Standards and Proactive Enforcement.

WIRAB's activities in each of these categories are described in Section A – Statutory Activities.

2024 Strategic Initiatives

The Western Interconnection's generation resource mix is rapidly changing due to environmental policy, market forces, and the retirement of traditional thermal resources. The transition to a lower-carbon economy is resulting in the growth of utility-scale wind and solar electricity generation, with the latter concentrated in California and the Desert Southwest. Energy storage procurement is also becoming essential to support higher penetrations of weather-dependent variable energy resources.

However, these changes to the generation resource mix present reliability challenges, particularly as climate change impacts become more severe. Wildfires, droughts, heat waves, and extreme cold weather complicate utility planning and operations. Energy policymakers and regulators in many jurisdictions increasingly incorporate environmental and climate change factors into grid infrastructure decisions, requiring that a renewed focus on grid reliability be front and

center as the grid transforms to meet users' current and future needs.

Grid modernization efforts present both reliability challenges and opportunities for the Western Interconnection. The increasing adoption of distributed energy resources (DER) creates a need for better coordination among Bulk Power System (BPS) and distribution system operators. Improvements to coordination will require additional research, development, and implementation of new technologies and operational tools that can be used to improve system reliability throughout the Western Interconnection. Transmission infrastructure is also necessary to move power around the interconnection as reliably and efficiently as possible. Cybersecurity threats and physical threats require attention to maintain the protection of critical electric grid infrastructure.

The structure of Western power markets is also undergoing significant change, creating both additional reliability challenges and opportunities. The California Independent System Operator (CAISO) and the Southwest Power Pool (SPP) both offer market services to entities within the Western Interconnection and are in the process of expanding these market offerings. Market reforms could result in significant changes to system operations, including transmission scheduling, congestion management, and reliability coordination.

Transmission planning and development are critical to ensuring a reliable and resilient electric grid in the Western Interconnection. As the generation resource mix continues to change and the grid becomes more complex, adequate transmission infrastructure is necessary to deliver power to where it is needed most, maintain system stability, and reduce congestion. Planning and developing new transmission lines and upgrades to existing infrastructure will be essential to support the integration of new renewable energy resources and ensure grid reliability throughout the region.

To address these ongoing changes, WIRAB has identified three strategic initiatives it will pursue in 2024. These initiatives encourage WECC to lead in efforts to create a reliable electric grid in the West.

Initiative 1: Advise WECC to continue to serve as an unbiased source of interconnection-wide information regarding the resource adequacy of the Western Interconnection and work collaboratively with the regional resource adequacy programs in the West.

Resource Adequacy in the Western Interconnection is critical as the region continues to experience changes in loads and resource mix. The Western Assessment of Resource Adequacy (WARA) is essential for assessing resource adequacy throughout the region. It enables WECC to encourage the industry to consider energy-based probabilistic approaches that improve the determination of Planning Reserve Margins (PRMs) to account for increasing demand and resource variability.

As coal-fired power plants across the West retire, new resource additions must be planned and constructed deliberately to remain within adequate PRMs. Regional coordination through the Western Resource Adequacy Program (WRAP) will improve resource adequacy accountability, but coordination across the seams of the WRAP and other jurisdictions may become a challenge. Therefore, WECC should facilitate coordinated efforts to calibrate import assumptions between RA programs and help align import rules between regions.

As the Regional Entity for the Western Interconnection, WECC must act as an early warning system and alert stakeholders when the system is falling short. It should serve as an unbiased information source regarding the Western Interconnection's resource adequacy. To accomplish this, WECC should encourage coordination between resource adequacy programs and assess both short- and long-term resource adequacy across the Western Interconnection in the WARA to identify risks.

Furthermore, WECC should continue to track resource construction and identify if the system is not on track. It should investigate and identify the issues causing the deterrent, such as supply chain issues, lack of expert labor contractors, or regulatory barriers, and facilitate conversations to address potential shortcomings. The delay in generation resource construction from possible complications may remain unknown in the current approach until it is too late to address, harming the ability to stay within PRMs. Therefore, WECC should begin to monitor resource generation construction and compare these efforts to the resource additions in the WARA for better reliability and accountability throughout the Western Interconnection.

The goals of this initiative are to:

- Ensure that WECC has a meaningful role in providing valuable information regarding the Resource Adequacy of the Western Interconnection.

- Ensure that the Western Assessment of Resource Adequacy analyzes planned generation resource construction to ensure overall resource development is proceeding efficiently and according to resource plans.
- Identify risks due to uncoordinated resource adequacy programs.
- Initiate discussions with regional resource adequacy programs in the West and encourage them to coordinate efforts to improve regional resource adequacy accountability.

The actions that WIRAB staff will take to achieve these goals will be to:

- Work with WECC stakeholders to identify the roles WECC should have in Resource Adequacy in the Western Interconnection.
- Help WECC organize meetings, workshops, and webinars to discuss the best practices and identify potential roadblocks to collaboration.
- Work with WECC to compare generation resource construction to resource additions in the Western Assessment of Resource Adequacy and determine if the Western Interconnection is falling behind or remaining on track.
- Invite WECC to share its work on resource adequacy with regulators and policymakers throughout the Western Interconnection.
- Participate in WECC activities designed to further these goals.

In conclusion, resource adequacy planning and development in the Western Interconnection are critical to ensure a reliable and sustainable electricity supply. WECC's efforts to facilitate coordination among RA programs, monitor resource construction, and identify potential risks in the WARA are essential to achieve this goal.

Initiative 2: Advise WECC to add value to transmission planning in the West by conducting reliability assessments on long-term transmission trends and disseminating transmission planning information to stakeholders in the Western Interconnection.

The rapidly changing resource mix in the Western Interconnection requires new thinking

and assessment. WECC should approach its transmission assessments from the lens of reliability with open and transparent guidance from the states, provinces, industry, and other stakeholders. Careful consideration of the impacts of the increased development of inverter-based resources far from load centers coupled with the retirement of large thermal plants in those same areas will be critical.

WECC should conduct an interconnection-wide transmission trends assessment to identify the key trends and issues affecting the transmission system. This includes assessing the impact of increased penetration of renewable energy, changes in electricity demand, and the potential impact of new technologies. Transmission planners can use this information to inform transmission planning and development, helping to ensure that the grid can reliably meet consumers' needs.

WECC should monitor and investigate the potential risk of weak grid issues in various parts of the Western Interconnection as part of its interconnection-wide reliability assessment of transmission expansion. Short-term and targeted reliability studies can identify near-term solutions, such as demand response programs.

WECC should support the collection, compilation, and distribution of transmission planning data in the West in a standardized format, allowing for better regional coordination. By becoming a central clearinghouse for critical data, WECC can streamline the transmission planning process, reduce costs, and increase efficiency.

Once WECC conducts its interconnection-wide transmission trends assessment and collects transmission planning data, it is important to disseminate this information to stakeholders in the Western Interconnection. Stakeholders such as utilities, regional planning entities, regulatory agencies, and policymakers rely on this information to inform transmission planning and development decisions. WECC should develop a clear and comprehensive plan for disseminating this information to ensure it reaches all relevant stakeholders. This could include regular reports, webinars, workshops, and other communication channels. Additionally, WECC should ensure that this information is presented in a clear and accessible manner, with appropriate context and analysis, to help stakeholders understand its implications for transmission planning and development in the West. By effectively disseminating its work, WECC can help to ensure that the best available data and analysis inform transmission planning in the Western

Interconnection.

The goals of this initiative are to:

- Provide an interconnection-wide assessment of the potential need for the new transmission capacity to facilitate the development of generation resources needed to meet reliability expectations.
- Perform an assessment of the grid in the Western Interconnection that examines potential reliability concerns from weak grid issues or other reliability problems that might arise with the changing load and resource mix.
- Disseminate transmission trends and planning data to relevant stakeholders in the Western Interconnection.

The actions that WIRAB staff will take to achieve these goals will be to:

- Encourage WECC to perform an interconnection-wide assessment of plans and development of transmission.
- Encourage WECC to perform reliability assessments to monitor and respond to potential weak grid issues in remote areas with long transmission lines that link loads to resources.
- Engage with state and provincial regulators and policymakers to guide WECC's assessments to ensure they are sufficiently robust and meet emerging reliability trends in the Western Interconnection.
- Invite WECC to share its work on transmission assessments with regulators and policymakers throughout the Western Interconnection.

In conclusion, enhancing transmission planning in the Western Interconnection is essential for WECC and other entities to effectively plan, operate, and maintain a reliable, affordable, and sustainable electric grid for the region.

Initiative 3: Advise WECC to work with WIRAB to engage state and provincial regulators and policymakers in the West to better understand the reliability impacts of energy policymaking

in the Western Interconnection from diverse stakeholders.

The WECC Board relies on two advisory bodies, WIRAB and the WECC Member Advisory Committee (MAC), to provide the Board with critical perspectives when making decisions. The WECC MAC provides advice on behalf of WECC members, and WIRAB provides advice on behalf of the western states and provinces. Both groups work independently to give advice. The WECC MAC is comprised of three member representatives from each of WECC's Member Classes:

- Class 1: Large Transmission Owners
- Class 2: Small Transmission Owners
- Class 3: Transmission Dependent Energy Service Providers
- Class 4: End Users
- Class 5: Representatives of State and Provincial Governments

In the West, the states and provinces are grappling with challenging policy questions that impact the reliability of the bulk power system. WECC has two clear avenues to engage with state and provincial policymakers through WIRAB or MAC Class 5. WIRAB and the WECC MAC have established greater coordination so that both bodies provide advice to the WECC Board from their perspectives simultaneously. This coordination, as well as the WECC Board specifically directing policy questions to its advisory bodies, has given the Board better and more timely information when it makes a decision.

WECC plays a critical role in ensuring the reliability of the Western Interconnection. Regulators and policymakers look to WECC as an independent and unbiased source of information on reliability matters in the West. With this trust, WECC continues to improve its engagement with state and provincial policymakers, but the regulators and policymakers are stretched thin. By leveraging WIRAB, WECC can more efficiently help those policymakers understand the reliability impacts of energy policy in the Western Interconnection and improve the outcome of policymaking.

The goals of this initiative are to:

- Improve WECC's engagement with state and provincial policymakers.
- Increase the efficiency of how the regulators and policymakers in the states and provinces interact with WECC.

The actions that WIRAB staff will take to achieve these goals will be to:

- Encourage WECC and WIRAB to collaborate to develop strategies for engaging state and provincial regulators and policymakers in the West on reliability issues.
- Encourage WECC to leverage WIRAB meetings to educate regulators and policymakers on the reliability impacts policy actions may have on the Western Interconnection.
- Encourage WECC to consider new governance structures that increase the efficiency of how WECC gets engagement from regulators and policymakers in the West.
- Invite WECC to WIRAB meetings to share its work with regulators and policymakers throughout the Western Interconnection to raise awareness of reliability issues and ensure that policy decisions are well-informed.

Through these tasks, WECC can improve its engagement with state and provincial policymakers and increase the efficiency of interactions between regulators, policymakers, and WECC. This will help to ensure that policymakers have a better understanding of the reliability impacts of their policy decisions and that the Western Interconnection continues to operate reliably and efficiently.

2024 Budget and Assessment Impacts

The WIRAB proposed budget for 2024 is \$831,492. This amount is \$52,028 (5.9%) lower than the amount in WIRAB's approved budget for 2023. Total proposed FTEs for 2024 are 2.6, which is a 0.4 FTE decrease from 2023. The budget continues to maintain 2.0 FTEs dedicated to WIRAB activities with support from three other technical staff. The reduction is a function of aligning staff allocations to actual work and will not have an impact on continuing work or WIRAB's mission. WIRAB's total funding requirement is \$693,692. WIRAB's proposed funding assessment is \$692,692. For reconciliation purposes and to maintain assessment stabilization, this funding assessment is \$10,772 (1.6%) higher than the 2023 funding assessment which was reduced by 2.4%.

Personnel and Indirect Expenses

Salary expenses (exclusive of Indirect expenses) decreased from \$322,320 in the 2023 Budget to \$269,892 (16.3%) in the 2024 Budget due to personnel and allocation changes. WIRAB uses a single rate method for indirect expenses. The indirect expenses include office expenses, medical and retirement expenses as well as holiday, vacation, and sick leave for WIRAB staff. The indirect rate is a percentage of direct staff time spent on WIRAB. The indirect rate increases from 96.7% of direct labor costs in the 2023 Budget to 103.6% in the 2024 Budget. Table 2 shows personnel and indirect expenses per FTE for the approved 2023 Budget and the proposed 2024 Budget.

Table 2. Personnel and Indirect Expense Analysis, 2023-2024

WIRAB - Personnel and Indirect Expense Analysis 2023-2024						
STATUTORY						
	Budget 2023	Projection 2023	Budget 2024	Variance 2024 v 2023	Variance %	
Salary Expense	\$ 322,320	\$ 300,000	\$ 269,892	\$ (52,428)	-16.3%	
FTEs	3.00	3.00	2.60	(0.40)	-13.3%	
Cost per FTE	\$ 107,440	\$ 100,000	\$ 103,805	\$ (3,635)	-3.4%	
Indirect Rate	96.7%	100.2%	103.6%			
Indirect Expense	\$ 311,600	\$ 300,450	\$ 279,600	\$ (32,000)	-10.3%	
FTEs	3.00	3.00	2.60	(0.40)	-13.3%	
Cost per FTE	\$ 103,867	\$ 100,150	\$ 107,538	\$ 3,672	3.5%	

Meeting Expense

Meeting costs increased from \$56,100 to \$101,500 in the proposed 2024 Budget due to increased costs for events, venues, and coordination. WIRAB will hold two major in-person meetings per year that include participation by state/provincial agencies with electric power responsibilities in the Western Interconnection. Wherever feasible, WIRAB meetings will be coordinated with other meetings of the Western states and provinces. Webinars on topics of concern will continue to be utilized between in-person meetings. WIRAB also conducts monthly conference calls to update members on current activities and to develop positions on reliability issues in the Western Interconnection.

Travel Expense

Travel costs decreased from \$93,500 to \$80,500 to adjust for a decrease in staff travel. WIRAB members' travel to biannual meetings and reliability conferences accounts for \$42,400. WIRAB staff travel to attend meetings of WIRAB, WECC and NERC accounts for \$38,100. Hotel and travel costs are based on experience from previous years and in consideration of continued post pandemic conditions.

Consultants and Contracts

The 2023 budget includes \$100,000 in contract funding for technical expertise on issues related to improved grid operating practices, reliability standards and compliance; the same amount is budgeted for 2024. This expertise will assist WIRAB in preparing and providing technically-sound advice to be submitted to the FERC, NERC, and WECC as authorized under Section 215(j).

Table 3. Budget Comparison 2023 to 2024

WIRAB - Statement of Activities and Change in Working Capital 2023 Budget & Projection, and 2024 Budget								
STATUTORY								
	2023	2023	Variance		2024	Variance		
	Budget	Projection	2023 Projection	2023 Projection	Budget	2024 Budget	2024 Budget	
			v 2023 Budget	Over(Under)		v 2023 Budget	Over(Under)	% Change
			Over(Under)	% Change		Over(Under)	% Change	
Funding								
WIRAB Funding								
Assessments	\$ 681,920	\$ 681,920	\$ -	0.0%	\$ 692,692	\$ 10,772	1.6%	
Penalty Sanctions	-	-	-		-	-		
Total WIRAB Funding	\$ 681,920	\$ 681,920	\$ -	0.0%	\$ 692,692	\$ 10,772	1.6%	
Membership Dues	-	-	-		-	-		
Testing Fees	-	-	-		-	-		
Services & Software	-	-	-		-	-		
Workshops	-	-	-		-	-		
Interest	1,000	1,000	\$ -	0.0%	1,000	\$ -	0.0%	
Miscellaneous	-	-	-		-	-		
Total Funding (A)	\$ 682,920	\$ 682,920	\$ -	0.0%	\$ 693,692	\$ 10,772	1.6%	
Expenses								
Personnel Expenses								
Salaries	322,320	300,000	(22,320)	-6.9%	269,892	\$ (52,428)	-16.3%	
Payroll Taxes	-	-	-		-	-		
Benefits	-	-	-		-	-		
Retirement Costs	-	-	-		-	-		
Total Personnel Expenses	\$ 322,320	\$ 300,000	\$ (22,320)	-6.9%	\$ 269,892	\$ (52,428)	-16.3%	
Meeting Expenses								
WIRAB Meetings	\$ 56,100	\$ 98,000	\$ 41,900	74.7%	\$ 101,500	\$ 45,400	80.9%	
State Travel	30,200	45,652	\$ 15,452	51.2%	42,400	\$ 12,200	40.4%	
Staff Travel	63,300	31,000	\$ (32,300)	-51.0%	38,100	\$ (25,200)	-39.8%	
			\$ -		\$ -	\$ -		
Total Meeting Expenses	\$ 149,600	\$ 174,652	\$ 25,052	16.7%	\$ 182,000	\$ 32,400	21.7%	
Operating Expenses								
Consultants & Contracts	\$ 100,000	\$ 10,000	\$ (90,000)	-90.0%	\$ 100,000	\$ -	0.0%	
Office Rent	-	-	-		-	-		
Office Costs	-	-	-		-	-		
Professional Services	-	-	-		-	-		
Miscellaneous	-	-	-		-	-		
Depreciation	-	-	-		-	-		
Total Operating Expenses	\$ 100,000	\$ 10,000	\$ (90,000)	-90.0%	\$ 100,000	\$ -	0.0%	
Total Direct Expenses	\$ 571,920	\$ 484,652	\$ (87,268)	-15.3%	\$ 551,892	\$ (20,028)	-3.5%	
Indirect Expenses	\$ 311,600	\$ 300,450	\$ (11,150)	-3.6%	\$ 279,600	\$ (32,000)	-10.3%	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	
TOTAL BUDGET (B)	\$ 883,520	\$ 785,102	\$ (98,418)	-11.1%	\$ 831,492	\$ (52,028)	-5.9%	
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (200,600)	\$ (102,182)	\$ 98,418	-	\$ (137,800)	\$ 62,800	-	
FTEs	3.00	3.00	-	0.0%	2.60	(0.40)	-13.3%	

¹ Fixed Asset included in Indirect Expenses.

Statutory Assessments

WIRAB's proposed funding assessment of \$692,692 is allocated at \$580,417 (83.8%) to the U.S. portion; \$99,549 (14.4%) to the Canadian portion; and \$12,726 (1.8%) to the Mexican portion of the Western Interconnection.

Key Assumptions

The WIRAB 2024 Business Plan and Budget is based on the following assumptions:

- There will be no significant expansion of the FERC, NERC, or WECC responsibilities as a result of legislation or administrative actions.
- WIRAB will monitor reliability coordination activities at the RC West, SPP, the AESO, and BC Hydro.
- WIRAB will monitor resource adequacy activities at the Western Power Pool.
- WIRAB will hold two in-person meetings in 2024.
- WIRAB will organize and sponsor webinars and workshops on key reliability issues for WIRAB members, state and provincial representatives, industry representatives, and other interested stakeholders.
- WIRAB will attend all WECC Board of Directors and Member Advisory Committee (MAC) meetings.
- WIRAB will attend selected NERC meetings and workshops on relevant topics.
- WIRAB will annually visit with FERC in its offices.
- WIRAB will monitor all FERC business meetings.
- WIRAB will attend FERC technical conferences on reliability issues.

Section A – Statutory Activities

2024 Business Plan and Budget

WIRAB’s advice to the FERC, NERC, and WECC can be grouped into four categories that are appropriately funded under Section 215 of the FPA:

1. **Governance and Strategic Planning:** Section 215(j) of the FPA authorizes WIRAB to provide advice to the FERC on the governance, strategic direction, budget, and fees of WECC.
2. **Emerging Trends and System Risks:** WIRAB must maintain awareness of system conditions, emerging trends, and system risks in order to provide effective and technically sound advice regarding the strategic direction of the FERC, NERC, and WECC. WIRAB also uses knowledge of emerging trends and risks to provide advice to WECC on reliability readiness activities and proactive compliance efforts. These activities are appropriately funded under Section 215(j) of the FPA.
3. **Periodic Reliability Assessments:** Section 215(g) of the FPA requires NERC to conduct periodic assessments of the reliability and adequacy of the BPS. WECC assists NERC in performing this statutory activity. WIRAB works closely with WECC to improve reliability and resource adequacy assessments in the Western Interconnection.
4. **Reliability Standards and Proactive Enforcement:** Section 215(j) of the FPA authorizes WIRAB to provide advice to the FERC on whether reliability standards are just, reasonable, not unduly discriminatory, or preferential, and in the public interest. WIRAB works closely with WECC to identify emerging problems or conditions that should be considered in the course of requesting, drafting, and voting on amendments to existing standards and in developing new standards.

WIRAB’s activities in each of these categories are described in the following subsections.

Governance and Strategic Planning

Section 215(j) of the FPA authorizes WIRAB to advise the FERC and the regional entity (i.e., WECC) on the governance, strategic direction, budget, and fees of WECC. The WIRAB staff engages with the WECC Board of Directors, management, Technical Committees, Joint Guidance Committee, and Member Advisory Committee (MAC). Through this engagement, WIRAB monitors developments related to WECC’s organizational governance, strategic direction, and business plan and budget. This engagement informs WIRAB’s efforts to evaluate the effectiveness and efficiency of operations at WECC and to ensure that all “activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest.”

The WIRAB staff also conducts monthly meetings with WIRAB Members. During these webinar meetings, WIRAB staff provides WIRAB Members, WECC’s Class 5 Representatives (i.e., representatives of state and provincial governments), and other interested stakeholders with regular updates on current and upcoming activities at WECC and other reliability topics in the Western Interconnection. These meetings provide WIRAB Members with an opportunity to develop and review WIRAB’s written advice and guidance to the WECC Board of Directors. During these webinars, the WIRAB staff also provides opportunities for WECC representatives to engage with and discuss governance-related activities with WIRAB Members. WIRAB provides WECC with independent expert advice on operational practices and performance, annual business plans and budgets, strategic planning, committee charters, proposed bylaw amendments, fees, and other matters. Additionally, WIRAB is deeply involved in WECC’s quinquennial organizational review required by Section 4.9 of the WECC Bylaws. Once the organizational review is completed, WIRAB monitors and participates in the implementation of the recommendations that the WECC Board develops during the organizational review. WIRAB and the WIRAB staff will continue to engage with WECC and to provide advice and guidance to the organization as appropriate.

Emerging Trends and System Risks

WIRAB staff engages in the following ongoing activities in order to provide independent expert advice on emerging reliability trends and system risks:

Event Analysis and Situational Awareness:

Understanding important operational issues confronting the BPS today, as well as in the past, is key to maintaining and improving reliability in the Western Interconnection. Event analysis and situational awareness matters need to be discussed in open and transparent forums, when appropriate. These types of discussions bring together utility operators, who deal with these types of issues on a day-to-day basis, with thought leaders to provide different perspectives that can add value to tackling reliability challenges. It is important to share lessons learned and to promote best practices to ensure that system operators have access to the tools and knowledge necessary to maintain a reliable grid in real-time.

WIRAB members and the WIRAB staff engage in relevant discussions and activities by attending and participating in WECC's technical committee meetings, monitoring the western Reliability Coordinators, and monitoring reliability activities in other forums. The WIRAB staff also provides leadership by conducting educational webinars and develops panel sessions for WIRAB's in-person meetings. These outreach opportunities are designed to promote discussions among Western regulators, policymakers, and other stakeholders regarding emerging trends and risks associated with system events.

Expanding Market Operations:

Organized markets continue to expand in the Western Interconnection. The California Independent System Operator (CAISO) Western Energy Imbalance Market (WEIM) continues to gain new participants, and the CAISO is working to offer day-ahead market services to WEIM participants (Extended Day-Ahead Market, or EDAM). The Southwest Power Pool (SPP) is also offering market services, including Western Energy Imbalance Services (WEIS), to Balancing Authorities (BAs) and Transmission Operators (TOPs) within the Western Interconnection with expanding services through its Market+ initiative. Some western utilities are also exploring joining SPP's full RTO. These market reforms could result in significant changes to system operations (e.g., transmission scheduling, congestion management) and create new reliability challenges and opportunities for the Western Interconnection. The Western Power Pool's Western Resource Adequacy Program is underway, and it will allow Western participants to coordinate resource adequacy requirements necessary to maintain reliability.

The WIRAB staff monitors market reform efforts in the Western Interconnection and provides a forum for discussions about reliability-related issues associated with developing multiple markets in the Western Interconnection. The WIRAB staff monitors and participates in forums that are exploring these reliability issues associated with markets taking place at public utility commissions, regional TOP meetings, and ISO/RTO workshops. Additionally, the WIRAB staff engages in relevant WECC technical committee meetings and activities, such as those of WECC's Reliability Risk Committee. WIRAB will continue to provide advice to WECC and to make recommendations as appropriate on reliability challenges and opportunities associated with expanding market operations in the Western Interconnection.

Essential Reliability Services:

As the resource mix continues to change, some reliability services that have traditionally been provided by synchronous generating resources may not be available to the same extent in the future as the BPS is becoming increasingly reliant on variable inverter-based resources. The electric utility industry must examine alternative opportunities to provide these essential reliability services and develop practices today that support ongoing BPS reliability under a new paradigm. Inverter-based resources, specifically solar PV generation, have historically been regarded as unable to provide the grid supporting services, such as frequency support and voltage control, traditionally provided by synchronous resources. However, new power electronic technologies available through advanced inverters and other grid-enhancing technologies now enable inverter-based generation to provide grid support similar to synchronous generators if programmed correctly. New policies and practices accounting for these emerging technologies need to continue to be developed to support grid reliability in the future.

WIRAB Members and the WIRAB staff develop expertise by attending, participating in, and monitoring WECC's Technical Committees, NERC's Reliability Issues Steering Committee (RISC), Reliability and Security Technical Committee (RSTC), the FERC's Reliability Technical Conferences; and other forums within the industry. WIRAB provides advice on policies regarding the risks associated with the provision of essential reliability services in the Western Interconnection. WIRAB staff also provides periodic outreach webinars and develops panel sessions for WIRAB's in-person meetings to discuss emerging trends. These forums provide an opportunity to inform Western policymakers and other interested stakeholders of the emerging risks

associated with the changing resource mix and the importance of maintaining essential reliability services in the Western Interconnection.

Periodic Reliability Assessments

Assessing the reliability implications of a changing resource mix is a high priority for WIRAB. WIRAB strives for WECC to produce high-quality assessments that address the reliability implications of the changing resource mix in the Western Interconnection over a 10- to 20-year timeframe to inform policymaking in the West. Production cost modeling can identify the economic dispatch of a potential new resource mix for every hour over a future year and identify critical hours of system stress. Power flow analysis then examines these critical stress hours for traditional reliability parameters. The integrated use of production cost modeling and power flow analysis will be essential for future reliability assessments of the Western Interconnection.

WIRAB monitors, advises, and participates in WECC's RAC to promote improved reliability assessments of the Western Interconnection. WIRAB will encourage and support the RAC in its efforts to integrate WECC's data and modeling capability to perform roundtrip reliability assessments that combine power flow analysis and production cost modeling. WIRAB will also monitor, engage, and communicate findings on leading research about the integration of variable energy resources into the Western Interconnection, such as the work of NERC's Inverter-Based Resource Subcommittee. Further, WIRAB staff monitors and engages with National Laboratories, industry trade organizations such as the Energy Systems Integration Group (ESIG), registered entity activities, and other forums investigating the flexibility and reliability of the power system. WIRAB also provides outreach to Western states and provinces on the policy implications associated with new research.

Reliability Standards and Proactive Enforcement

WIRAB staff engages in the following ongoing activities in order to provide independent expert advice on the development and proactive enforcement of reliability standards:

Operations and Planning Reliability Standards:

Reliability standards were created to provide the minimum requirements for planning and operating the electric grid. The compliance and enforcement of these reliability standards ensure

there is oversight and accountability of BPS owners and operators to maintain system-wide reliability. Reliability standards must be strict enough to guarantee that system reliability is maintained, but flexible enough to respond to the changing industry. It is essential to develop and review reliability standards to ensure they effectively preserve reliability while not being overly burdensome on the entities required to comply.

WIRAB staff develops WIRAB advice on the development and proactive enforcement of reliability standards by contracting with subject matter experts with direct knowledge of the efficacy of reliability standards and the burden of compliance on regulated entities. WIRAB staff attends, participates, or monitors WECC's Technical Committee meetings, WECC's Standards Committee meetings, WECC's Reliability and Security Workshop, NERC's standard development process, and other industry forums. When necessary, WIRAB provides written advice to WECC, NERC and the FERC on the implementation of specific standards within the Western Interconnection. WIRAB staff also conduct educational webinars and in-person panel discussions for WIRAB's meetings to consider emerging trends that may require changes to reliability standards in the Western Interconnection.

Physical and Cyber Security:

The electric grid's physical and cyber security continues to represent issues of growing concern in the Western Interconnection and across the ERO. The Western Interconnection has experienced physical and cyber incidents that have potentially impacted system reliability. Experiences worldwide demonstrate there is a greater threat to the electric grid reliability related to physical and cyber security. The Critical Infrastructure Protection (CIP) standards provide a baseline level set of requirements for registered entities to maintain the protection of critical assets of the BPS. The CIP standards must be risk-based to ensure that critical assets are protected while maintaining the flexibility to respond to the changing nature of potential threats. It is essential to develop and review the CIP standards to effectively preserve reliability while not being overly burdensome on the entities required to comply.

WIRAB stays abreast of significant incidents that have compromised both the physical and cyber security of the grid through secure briefings and updates from security experts. WIRAB works with WECC and subject matter experts to educate regulators on the steps registered entities

take to maintain the physical and cyber security of the grid. WIRAB continues to monitor the development of NERC's CIP standards and will provide advice when appropriate. WIRAB continues to observe NERC's GridEx exercises, which allow utilities to demonstrate how they would respond to coordinated cyber and physical security events. WIRAB encourages entities to broadly share lessons learned and best practices across the Western Interconnection.

Section B – Supplementary Financial Information

2024 Business Plan and Budget

Working Capital Reserve

WIRAB projects it will have a working capital reserve of \$711,500 on December 31, 2023, as compared to a desired working capital reserve on December 31, 2024, of \$573,700. The surplus working capital reserve results in a \$137,800 reduction in WIRAB's funding requirement for 2024.

In its 2018 Business Plan and Budget, WIRAB changed its reserve policy to stabilize statutory assessments while reducing its surplus financial reserve over several budget cycles. The FERC allows WIRAB to carry a financial reserve under the proviso that any excess reserves be used to offset future assessments. WIRAB's funding assessments are calculated nine months in advance of each budget year. This assessment is fixed, meaning that, once approved, it cannot be decreased or increased mid-year to match actual expenses more closely. The financial reserve allows for some budgetary flexibility.

Table B-1. Working Capital Reserve Analysis 2023 – 2024

WIRAB - Working Capital Reserve Analysis 2023-2024	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2022	813,719
Plus: 2023 Funding (from LSEs or designees)	681,920
Plus: 2023 Other funding sources	1,000
Minus: 2023 Projected expenses & capital expenditures	(785,102)
Projected Working Capital Reserve (Deficit), December 31, 2023	711,500
Desired Working Capital Reserve, December 31, 2024	573,700
Minus: Projected Working Capital Reserve, December 31, 2023	(711,500)
Increase(decrease) in funding requirement to achieve Working Capital Reserve	(137,800)
2024 Expenses and Capital Expenditures	831,492
Less: Penalty Sanctions	0
Less: Other Funding Sources	(1,000)
Adjustment: To achieve desired Working Capital Reserve	(137,800)
2024 NERC Assessment	692,692

Table B-2. 2023 Budget with 2024 & 2025 Projections

WIRAB - Statement of Activities and Change in Working Capital 2023, 2024, and 2025 Budget Projections							
STATUTORY							
	2023 Budget	2024 Projection	Variance 2024 Projection v 2023 Budget Over(Under)	% Change	2025 Projection	Variance 2025 v 2024 Projections Over(Under)	% Change
Funding							
WIRAB Funding							
Assessments	\$ 681,920	\$ 681,900	\$ (20)	0.0%	\$ 692,700	\$ 10,800	1.6%
Penalty Sanctions	-	-	-		-	-	
Total WIRAB Funding	\$ 681,920	\$ 681,900	\$ (20)	0.0%	\$ 692,700	\$ 10,800	1.6%
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops	-	-	-		-	-	
Interest	1,000	1,000	\$ -	0.0%	1,000	\$ -	0.0%
Miscellaneous	-	-	-		-	-	
Total Funding (A)	\$ 682,920	\$ 682,900	\$ (20)	0.0%	\$ 693,700	\$ 10,800	1.6%
Expenses							
Personnel Expenses							
Salaries	322,320	269,892	(52,428)	-16.3%	280,700	\$ 10,808	4.0%
Payroll Taxes	-	-	-		-	-	
Benefits	-	-	-		-	-	
Retirement Costs	-	-	-		-	-	
Total Personnel Expenses	\$ 322,320	\$ 269,892	\$ (52,428)	-16.3%	\$ 280,700	\$ 10,808	4.0%
Meeting Expenses							
WIRAB Meetings	\$ 56,100	\$ 101,500	\$ 45,400	80.9%	\$ 104,500	\$ 3,000	3.0%
State Travel	\$ 30,200	\$ 42,400	\$ 12,200	40.4%	\$ 43,700	\$ 1,300	3.1%
Staff Travel	\$ 63,300	\$ 38,100	\$ (25,200)	-39.8%	\$ 39,200	\$ 1,100	2.9%
Total Meeting Expenses	\$ 149,600	\$ 182,000	\$ 32,400	21.7%	\$ 187,400	\$ 5,400	3.0%
Operating Expenses							
Consultants & Contracts	\$ 100,000	\$ 100,000	\$ -	0.0%	\$ 100,000	\$ -	0.0%
Office Rent	-	-	-		-	-	
Office Costs	-	-	-		-	-	
Professional Services	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	\$ 100,000	\$ 100,000	\$ -	0.0%	\$ 100,000	\$ -	0.0%
Total Direct Expenses	\$ 571,920	\$ 551,892	\$ (20,028)	-3.5%	\$ 568,100	\$ 16,208	2.9%
Indirect Expenses	\$ 311,600	\$ 279,600	\$ (32,000)	-10.3%	\$ 290,800	\$ 11,200	4.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
TOTAL BUDGET (B)	\$ 883,520	\$ 831,492	\$ (52,028)	-5.9%	\$ 858,900	\$ 27,408	3.3%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (200,600)	\$ (148,592)	\$ 52,008	-	\$ (165,200)	\$ (16,608)	-
FTEs	3.00	2.60	(0.40)	-13.3%	2.60	-	0.0%

¹ Fixed Asset included in Indirect Expenses.

WIRAB projects a 5.9% decrease to its annual budget in 2024 and a 3.3% increase in 2025. These increases and decreases reflect annual changes in indirect expense, expected cost-of-living adjustments to personnel expenses for employees, personnel allocations, and meeting expenses.

Section C – Non-Statutory Activities

2024 Business Plan and Budget

WIRAB does not engage in non-statutory activities.

Section D – Additional Consolidated Financial Statements

2024 Business Plan and Budget

Statement of Financial Position

Table D-1 provides WIRAB’s Statement of Financial Position as of the following dates:

- As of June 30, 2022, per audit
- As of December 31, 2023, projected
- As of December 31, 2024, as budgeted

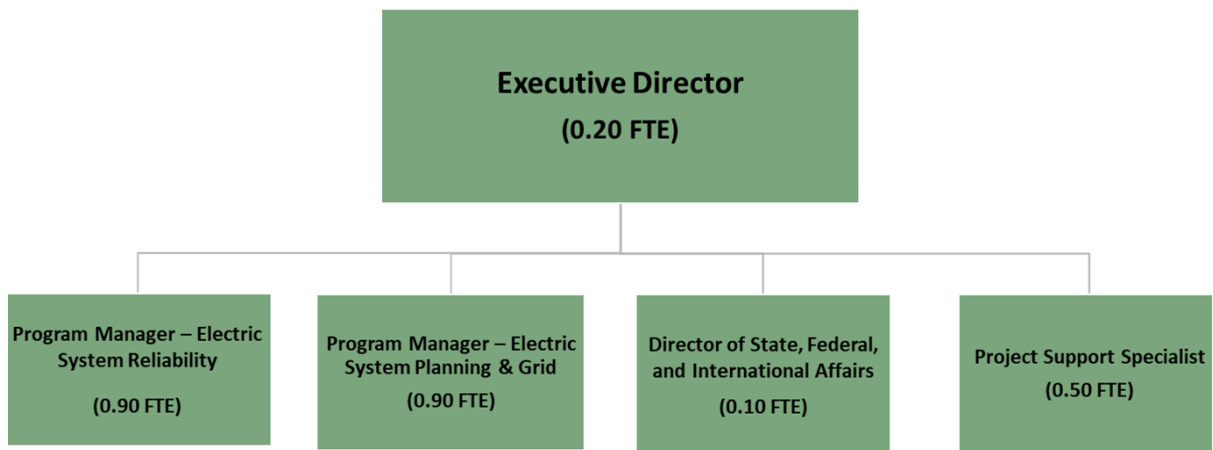
Table D-1. Statement of Financial Position, Three-Year Comparison

WIRAB - Statement of Financial Position				
STATUTORY				
	As of June 30, 2022 (Audit)	As of December 31, 2023 (Projected)	As of December 31, 2024 (Budgeted)	
Assets				
Cash and Investments	\$ 1,053,994	\$ 711,500	\$ 573,700	
Total Assets	\$ 1,053,994	\$ 711,500	\$ 573,700	

Appendix A – Organization Chart

2024 Business Plan and Budget

The WIRAB Staff Organization Chart is shown below.



DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 10

**NERC MANAGEMENT'S RESPONSES
TO STAKEHOLDER COMMENTS SUBMITTED
ON POSTED DRAFT OF NERC'S
2024 BUSINESS PLAN AND BUDGET**

Re: Management Response to Comments on the Draft NERC 2024 Business Plan and Budget

Date: August 9, 2023

The deadline for comments on the draft NERC 2024 Business Plan and Budget (BP&B) ended on June 23, 2023. Six comment submissions were received, which are posted on [NERC's website](#). All of the comments offered are constructive, and we appreciate stakeholders' continuing support of the BP&B development process. Though there was general concern with budget increases in the face of economic realities, overall the comments expressed support for NERC's continued three-year planning process and stakeholder engagement efforts. Major themes of the comments included the following:

- Using a risk-based approach for prioritizing and resourcing activities
- Considering mechanisms or efficiencies to reduce budget and assessment increases
 - Releasing more from reserves to offset assessments
 - Leveraging industry subject matter experts and reducing duplication with other organizations
 - Identifying a cost-effective solution for the Atlanta office
- Other organizational or program-area-specific questions/comments

Since the draft 2024 BP&B was posted and the comment period closed, Congress passed the Fiscal Responsibility Act of 2023, which included a mandate for NERC to conduct an interregional transfer capability study (ITCS) to be filed with FERC by December 2, 2024. This resulted in (1) reprioritizations of 2023 spending, and a request to FERC to release reserves to fund the net ITCS expenses in 2023, and (2) unanticipated changes to the proposed final 2024 BP&B from the draft.

For the resources needed for the ITCS, the final proposed 2024 budget has a net increase of \$2.6M over the draft, which includes (1) four additional full-time equivalents (FTEs) to support the study and build capability to include more in-depth transmission analytics into our future reliability assessments, and one FTE to support strategic communications, such as those related to the ITCS, and (2) other one-time costs for consultants, meetings, and technology. As further discussed below, the addition of these funds will not impact the 2024 assessment provided in the draft 2024 BP&B. Unrelated, there is an additional \$400k increase to the 2024 budget from the draft for a new System Operator Certification Database platform, which will be fully funded by the System Operator Certification program reserve and also have no impact on the 2024 assessment. These adjustments will be reviewed in detail with the NERC Board of Trustees (Board) Finance and Audit Committee (FAC) during the FAC's open meeting on August 16, 2023.

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

After careful review of the comments with the FAC, and discussions with the Member Representatives Committee (MRC) BP&B Input Group, NERC is not proposing any changes to the 2024 BP&B beyond those described above; however, we did listen to stakeholder input with respect to prioritizing and leveraging reserves to fund ITCS expenses. These strategies will allow us to complete vital and needed work while holding assessments at the level we committed to for 2024 as part of our three-year plan that was established in the 2023 BP&B. This is further described below in response to the major comment themes.

Using a Risk-Based Approach for Prioritizing and Resourcing Activities

To accommodate the resources needed for the ITCS, we took a hard look at our priorities and determined what could be deferred, what resources could be reassigned, what resources we needed, and what would provide the most benefit to industry now and in the future. In 2023, NERC will not conduct a special assessment on new and evolving electricity market practices, but will partially address these issues in this year's Long-Term Reliability Assessment as well as in the ITCS. Also in 2023, we will defer hiring four open positions in the Reliability Assessment, Situation Awareness, Engineering and Security Integration, and Standards departments until 2024. This will result in some impacts to current projects but will keep 2023 personnel expense close to original budget. Also in 2023 and in 2024, we are repurposing funds earmarked for GMD/EMP research, emerging technology and cyber risk studies, and environmental regulatory analysis. We would like to emphasize that none of these efforts are being permanently omitted; rather, we had to rethink our priority timeline and are deferring this important work for now.

Mechanisms or Efficiencies to Reduce Budget and Assessment Increases

In addition to the reprioritization efforts noted above, NERC is proposing to release reserves to eliminate any impact to 2023 assessments and the 2024 assessment proposed in the draft 2024 BP&B. Pending FERC approval, NERC is planning to use up to \$700k from its Assessment Stabilization Reserve (ASR) to fund the net 2023 ITCS non-personnel costs. In 2024, NERC is proposing to use \$1.3M from the ASR to fund the net ITCS non-personnel costs, and \$1.3M from the Operating Contingency Reserve (OCR) to fully fund the incremental ITCS FTEs hired in 2023. Further, in acknowledgement that the ITCS mandate was issued by the U.S. government, the use of reserves in this manner results in the study being primarily funded by U.S. entities; the ASR is made up entirely of U.S. penalties, and funding from Canada and Mexico makes up only 12%, approximately, of the OCR release (~\$156k) toward permanent FTE resources for transmission transfer capabilities. NERC is also projecting to release additional funds from the ASR and OCR in 2025 to help manage the assessment impact from the ongoing costs related to the additional FTEs.

Leveraging industry expertise has always be a focus for NERC. For the ITCS, for example, NERC will rely heavily on Regional Entity and industry expertise. The proposed resourcing for the study includes (1) an advisory group of experts that have deep knowledge of transmission systems, interconnection studies, study processes, and NERC Reliability Standards; (2) a technical group of representatives from planning areas who will provide expertise and insights throughout the study; and (3) access to historical and planning data, system models, reports, and relevant information from Regional Entities and Transmission Operators. Outside of the ITCS, NERC strives not to duplicate the work of other entities but rather to collaborate and leverage others' efforts to support our own; examples include our collaboration with the North American Transmission Forum on facility ratings and with the Electric Power Research Institute on inverter modeling.

Regarding the NERC Atlanta office, the lease expires in October 2025, and the 2025 projection in the 2024 BP&B continues to include lease-financed and one-time out-of-pocket expenses in 2025 for a potential Atlanta office move, including the originally projected \$500k release from the OCR to offset the assessment impact of the one-time costs. While we are currently completing the workplace assessment to determine future needs, we anticipate a lower-cost solution that recognizes the value of in-person collaboration for both staff and stakeholders, balanced by our ability to work productively and effectively through remote work technologies.

Other Comments

Weighted Average Salary Increase

NERC competes for talent in the energy, high tech, cyber-security, and non-financial services sectors of the broader job market. In addition to the supply and demand for certain roles, inflation has played a factor in setting overall salary and cost of labor increases. We also conduct regular surveys to ensure compensation is market-based. Based on recently completed surveys and guidance from compensation advisors, for 2024 we are assuming a weighted average budgeted salary increase of 5.5%, which is consistent with the previous year's projection.

Allocation of Resources

NERC's allocation of resources across the program areas recognizes the rapidly changing environment surrounding reliability and security and reflects NERC's three-year plan and four strategic focus areas of Energy, Security, Agility, and Sustainability. When looking at the allocation of resources of NERC and the Regional Entities combined, 45% of the ERO Enterprise budget is allocated to the Compliance Monitoring and Enforcement Program (CMEP), reflecting the CMEP-focused work of the Regional Entities that NERC oversees. Further, all of NERC's programs and activities align with Section 215 criteria of the Federal Power Act (FPA). The final proposed 2024 BP&B includes *Exhibit A – Application of NERC Section 215 Criteria*, which summarizes the major activities NERC proposes to undertake in 2024 and the approved FPA Section 215 criteria applicable to such activities.

Other comments received on the 2024 BP&B not reflected above, including additional detail on certain technology projects, will be addressed with the organizations that submitted the comments directly.

We are all facing a moving target on priorities as the grid grows ever-more complex. Our role as the ERO is to shine the light on any challenges on the grid—now and for the future—which is what we've done consistently since our inception, from vegetation management, to the changing resource mix, extreme weather, inverter-based resources and, now, transmission. The recognition of growing reliability risk is part of the national energy conversation in way it hasn't been since 2003, and it is critical that the electricity ecosystem continue to come together to address significant challenges that are evolving rapidly. For our part, our focus remains on the thematic areas we identified last year: **Energy, Security, Agility, and Sustainability**. We understand that cost increases are never welcomed, regardless of the benefits they may provide, and we vow to continue being good stewards for the effective and efficient use of our resources.

NERC appreciates the comments received on the 2024 BP&B and greatly values the advisory role of the MRC BP&B Input Group and their guidance through the process. The proposed final 2024 BP&B will be posted in advance of the Board's August 16–17, 2023, meetings as part of the material for the August 16 FAC open meeting on the NERC website.

We thank our stakeholders for your continued participation in the NERC BP&B development process, and for your continuing support of the ERO's overall mission to assure the effective and efficient reduction of risks to the reliability and security of North American bulk power system.

Sincerely,



Andy Sharp
Vice President and Chief Financial Officer

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 11

**CALCULATION OF ADJUSTMENTS TO
AESO 2024 NERC ASSESSMENT,
IESO 2024 NERC ASSESSMENT,
NEW BRUNSWICK 2024 NERC ASSESSMENT,
QUEBEC 2024 NERC ASSESSMENT**

2024 AESO Assessment Adjustment
Credit for NERC Compliance Costs

	<u>2024 NERC Final Budget</u>	<u>AESO NEL Share (2022) 1.312%</u>	%	<u>AESO Credit</u>
			Credit	
NERC Compliance Program Budget				
Compliance Assurance and Certification	\$ 12,000,015			
Registration	2,405,791			
Enforcement	8,532,329			
Total Compliance Costs, including Fixed Assets	<u>\$ 22,938,135</u>	<u>\$ 300,887</u>	99%	<u>\$ 297,878</u>
2024 Total Compliance Credit				<u>\$ 297,878</u>
2023 Total Credit				<u>\$ 278,832</u>
Change from 2023				<u>\$ 19,046</u>
2024 Assessment				
2024 NERC Assessment	\$ 991,521			
2024 RE Assessment (WECC & WIRAB)	1,250,413			
Total 2023 Assessment	<u>\$ 2,241,934</u>			
2023 Assessment				
2023 NERC Assessment	\$ 887,496			
2023 RE Assessment (WECC & WIRAB)	1,056,585			
Total 2023 Assessment	<u>\$ 1,944,081</u>			
Change in Total Assessment	<u>\$ 297,853</u>			
			15.3%	
Change in NERC Assessment	<u>\$ 104,025</u>			
			11.7%	

2024 IESO Assessment Adjustment
Credit for NERC Compliance Costs

	<u>2024 NERC Final Budget</u>	<u>IESO NEL Share (2022) 2.935%</u>	<u>% Credit</u>	<u>IESO Credit</u>
NERC Compliance Program Budget				
Compliance Assurance and Certification	\$ 12,000,015			
Registration	2,405,791			
Enforcement	8,532,329			
Total Compliance Costs, including Fixed Assets	<u>\$ 22,938,135</u>	<u>\$ 673,291</u>	95%	<u>\$ 639,626</u>
				<u>\$ 639,626</u>
				<u>\$ 593,407</u>
				<u>\$ 46,219</u>
2024 Assessment				
2024 NERC Assessment	\$ 2,245,644			
2024 RE Assessment	2,899,487			
Total 2024 Assessment	<u>\$ 5,145,131</u>			
2023 Assessment				
2023 NERC Assessment	\$ 1,993,275			
2023 RE Assessment	2,501,324			
Total 2023 Assessment	<u>\$ 4,494,599</u>			
Change in Total Assessment	\$ 650,532			
	14.5%			
Change in NERC Assessment	\$ 252,369			
	12.7%			

2024 New Brunswick Assessment Adjustment**Credit for NERC Compliance Costs**

	<u>2024 NERC Final Budget</u>	<u>NB NEL Share (2022) 0.317%</u>	<u>% Credit</u>	<u>New Brunswick Credit</u>
NERC Compliance Program Budget				
Compliance Assurance and Certification	\$ 12,000,015			
Registration	2,405,791			
Enforcement	8,532,329			
Total Compliance Costs, including Fixed Assets	<u>\$ 22,938,135</u>	<u>\$ 72,703</u>	95%	<u>\$ 69,068</u>
				<u>\$ 69,068</u>
2024 Total Compliance Credits				<u>\$ 69,068</u>
				<u>\$ 62,788</u>
2023 Total Credits				<u>\$ 62,788</u>
				<u>\$ 6,280</u>
Change from 2023				<u>\$ 6,280</u>
2024 Assessment				
2024 NERC Assessment	\$ 242,487			
2024 RE Assessment	592,250			
Total 2023 Assessment	<u>\$ 834,738</u>			
2023 Assessment (before amendment)				
2023 NERC Assessment	\$ 210,908			
2023 RE Assessment	488,376			
Total 2023 Assessment	<u>\$ 699,284</u>			
Change in Total Assessment	\$ 135,454			
	19.4%			
Change in NERC Assessment	\$ 31,579			
	15.0%			

2024 Quebec Assessment Adjustment

Credit for NERC Compliance Costs

	2024 NERC Final Budget	Quebec NEL Share (2022)	75%	Quebec Credit	Costs Paid by Quebec	Payment Allocation	
		4.056%				Regie	Hydro Quebec
NERC Compliance Program Budget							
Compliance Assurance and Certification	\$ 12,000,015						
Registration	2,405,791						
Enforcement	8,532,329						
Total Compliance Costs, including Fixed Assets	\$ 22,938,135	\$ 930,372		\$ 697,779	\$ 232,593	\$ 1,500	\$ 231,093
2024 Total compliance cost share & credits		\$ 930,372		\$ 697,779	\$ 232,593	\$ 1,500	\$ 231,093
2023 Total cost share and credits		\$ 866,646		\$ 649,985	\$ 216,661	\$ 1,500	\$ 215,161
Change from 2023		\$ 63,726		\$ 47,794	\$ 15,932	\$ -	\$ 15,932
2024 Assessment							
2024 NERC Assessment	\$ 3,289,166					\$ 1,500	\$ 3,287,666
2024 RE Assessment	4,633,835					1,891,621	2,742,214
Total 2024 Assessment	\$ 7,923,001					\$ 1,893,121	\$ 6,029,880
2023 Assessment							
2023 NERC Assessment	\$ 2,938,871					\$ 1,500	\$ 2,937,371
2023 RE Assessment	3,877,929					1,622,310	2,255,619
Total 2023 Assessment	\$ 6,816,799					\$ 1,623,810	\$ 5,192,989
Change in Total Assessment	\$ 1,106,202					\$ 269,311	\$ 836,891
	16.2%					16.6%	16.1%
Change in NERC Assessment	\$ 350,295						
	11.9%						

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 12

**MEMORANDUM FOR NERC BOARD OF TRUSTEES
DESCRIBING NERC'S PARTICIPATION
IN PREPARATION OF AND REVIEW OF
REGIONAL ENTITY 2024 BUSINESS PLANS AND BUDGETS**

To: NERC Board of Trustees

From: Andy Sharp

Re: NERC Review of Regional Entity 2024 Business Plans & Budgets (BP&Bs)

Date: July 10, 2023

NERC has reviewed the Regional Entity 2024 BP&Bs and believes each provides for adequate resources to meet its delegated functions. Additional details on the review process and outcomes are discussed below.

In accordance with 18 C.F.R. Section 39.4, Rules of Procedure Section 1104, and Exhibit E of the regional delegation agreements, NERC oversees that the Regional Entities are adequately funded to accomplish their delegated functions. For each annual BP&B cycle, the Regional Entities submit their BP&Bs to NERC according to a schedule established collaboratively by NERC and the Regional Entities, and NERC conducts reviews of each, focusing on the following:

- Adequacy of the resources and activities to perform delegated functions;
- Alignment of the Regional Entity's activities with ERO goals, objectives, and strategic focus areas;
- Efforts to improve efficiency and control costs;
- Quality and completeness of the financial information presented, including:
 - Conformance with FERC budget reporting requirements and common presentation format;
 - Separation of statutory and non-statutory activities;
 - Supporting detail, including explanations for significant changes from the previous budget;
 - Reporting of reserve budgets and explanation of policies; and
 - Compliance with any budget or audit-related orders from FERC, if applicable.

These reviews generally occur according to the following timeline and process for each BP&B cycle:

- End of April/early May – Regional Entities provide their draft BP&Bs to NERC
- May through early June – Managerial staff from each NERC statutory program area reviews its respective sections of each Regional Entity BP&B and completes a template/checklist to indicate alignment with the above noted areas of focus. NERC Finance staff reviews for conformance to reporting requirements and presentation format. NERC also coordinates reviews of the Regional Entity BP&Bs with counsel who prepares the annual BP&B filing to provide feedback regarding overall document integrity and adherence to FERC expectations and requirements.

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

- In accordance with the timeline for each Regional Entity board meeting to approve its final BP&B, NERC provides any necessary feedback to the Regional Entity on suggested revisions.
- Regional Entities address feedback and NERC confirms implementation of revisions.
- Mid-May through June – Regional Entities provide their NERC-reviewed BP&Bs to their boards for approval.
- Mid-June – Regional Entities submit their Net Energy for Load and Load-Serving Entity (LSE) data to NERC.
- Mid-June through July – NERC validates the data and calculates assessments for each LSE to be included with the submission of the final NERC and Regional Entity BP&Bs to the Board in August, followed by applicable regulatory filings.

The above process is in addition to regular touchpoints with the ERO Finance Group (comprised of NERC and Regional Entity financial representatives) to discuss and coordinate development of the BP&Bs, as well as ongoing discussions among the other ERO working groups and ERO Executive Committee.

In recent years, this review process has produced minimal feedback to the Regional Entities, as resources are generally found to be adequate with respect to Regional Entities fulfilling their delegated statutory functions. Any input has primarily been limited to suggestions on narrative language or, from the financial perspective, ensuring alignment in the presentation of financial tables. Any areas of improvement for the Regional Entities regarding activities, processes, and procedures are addressed through ongoing Regional Entity oversight and the collaborative work of the ERO Executive Committee and its working groups.

NERC recently completed reviews of the Regional Entity 2024 BP&Bs. The following is a summary of the review findings and outcomes.

- All Regional Entity budgets cover activities eligible for funding, consistent with the regional delegation agreements as well as section 215 criteria.
- All statutory areas for all Regional Entities have adequate resources to fulfill their delegated functions.
- All Regional Entities conform to necessary budget reporting and format requirements.
- Other minor wording change suggestions.

Of note, these reviews were completed either prior to or during the early stages of the congressional mandate for NERC, in consultation with the Regional Entities, to conduct an interregional transfer capability study (ITCS) as part of the Fiscal Responsibility Act of 2023, which must be delivered to FERC on or before December 2, 2024. NERC intends to use the expertise of and work closely with the Regional Entities on the study, and any impacts to the Regional Entity budgets will be handled through each Region's budget approval process. Currently, only SERC has adjusted its 2024 budget in light of the ITCS, deciding to pull forward two FTEs projected to be added in future years in the Reliability Assessment and Performance Analysis area. In revising its 2024 budget, SERC cited areas of accelerated need for enhanced reliability assessments, models, and studies. NERC is supportive of this adjustment.

Additionally, the ERO Finance Group has worked to evaluate opportunities to improve the BP&B document and has subsequently developed a set of recommendations to streamline and improve the value of the BP&B, which have been reviewed by the ERO Executive Committee and shared with FERC staff. Pending further conversations with FERC, the goal is to implement these recommendations during the 2025 BP&B preparation cycle.

DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 13

**METRICS COMPARING
REGIONAL ENTITY OPERATIONS
BASED ON
THE 2024 BUDGETS**

2024 Metrics for Budget Submissions

Budget Metrics	MRO	NPCC ⁶	ReliabilityFirst	SERC	Texas RE	WECC
1 Number of registered entities ¹	235	237	281	293	313	447
2 Number of registered functions	612	502	545	740	546	1,060
3 Total NEL (GWh)	514,164	625,462	887,355	1,348,730	427,787	883,331
4 NEL (GWh) per registered entity	2,188	2,639	3,158	1,310	1,367	1,976
5 Total ERO Funding ²	\$ 23,702,393	\$ 21,134,062	\$ 28,432,620	\$ 31,634,136	\$ 19,107,925	\$ 35,137,948
6 ERO Funding per registered entity	\$ 100,861	\$ 89,173	\$ 101,184	\$ 107,966	\$ 61,048	\$ 78,608
7 ERO Funding per registered function	\$ 38,729	\$ 42,100	\$ 52,170	\$ 42,749	\$ 34,996	\$ 33,149
8 Total Budget ³	\$ 24,884,445	\$ 22,086,766	\$ 31,324,535	\$ 31,999,954	\$ 19,157,925	\$ 35,404,795
9 Total Budget per registered entity	\$ 105,891	\$ 93,193	\$ 111,475	\$ 109,215	\$ 61,207	\$ 79,205
10 Total Budget per registered function	\$ 40,661	\$ 43,998	\$ 57,476	\$ 43,243	\$ 35,088	\$ 33,401
11 Total Statutory FTE ⁴	80.00	68.10	98.00	111.00	70.00	168.00
12 Registered entity per Statutory FTE	2.938	3.480	2.867	2.640	4.471	2.661
13 Registered function per Statutory FTE	7.650	7.372	5.561	6.667	7.800	6.310
14 Total CMEP Budget ⁵	\$ 16,206,382	\$ 12,985,016	\$ 15,199,604	\$ 22,267,186	\$ 15,136,737	\$ 19,593,217
15 CMEP budget per registered entity	\$ 68,963	\$ 54,789	\$ 54,091	\$ 75,997	\$ 48,360	\$ 43,833
16 CMEP budget per registered function	\$ 26,481	\$ 25,867	\$ 27,889	\$ 30,091	\$ 27,723	\$ 18,484
17 Total CMEP FTE	38.87	32.75	56.00	50.45	42.75	73.00
18 Registered entity per CMEP FTE	6.0	7.2	5.0	5.8	7.3	6.1
19 Registered function per CMEP FTE	15.7	15.3	9.7	14.7	12.8	14.5

¹ As of June 2023.

² ERO Funding is the sum of Assessments and Penalty Release funds only. (Excludes funding such as Membership Dues, Testing Fees, Services & Software, Workshops, Interest, and Miscellaneous.)

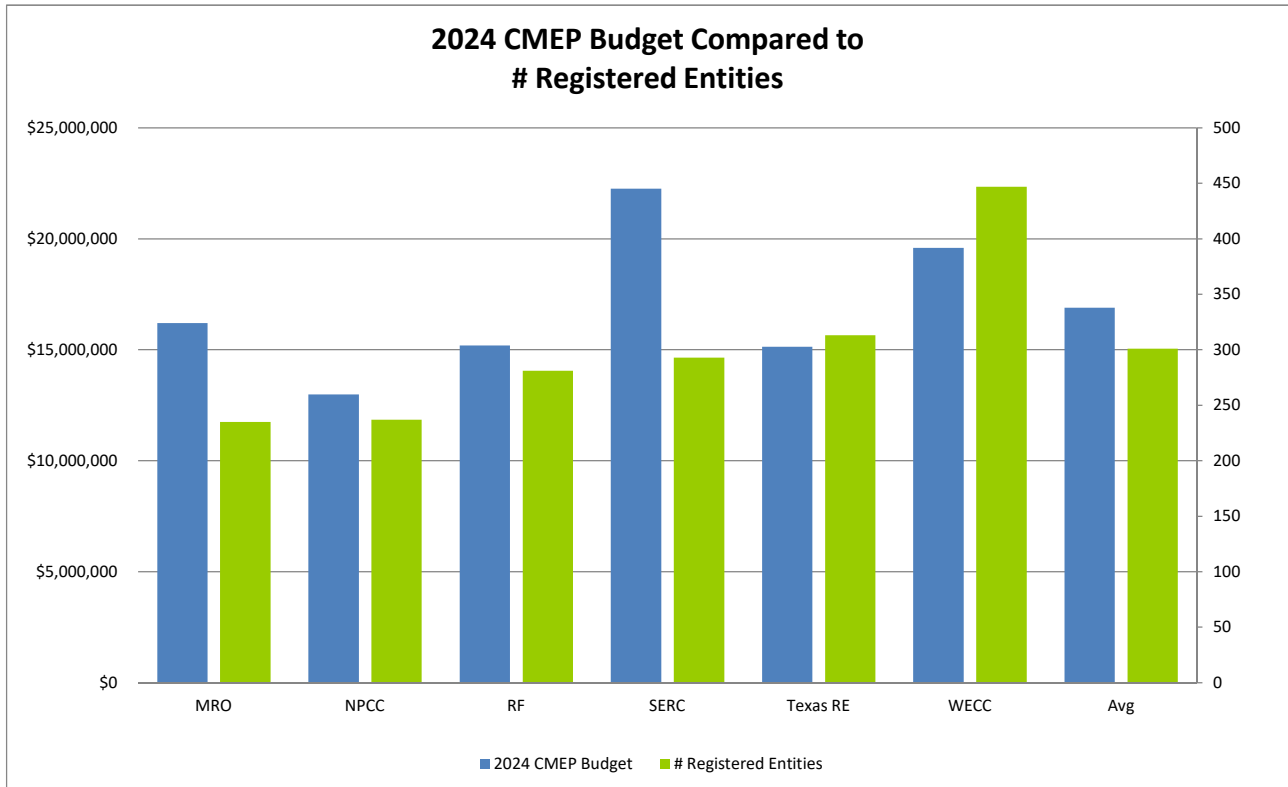
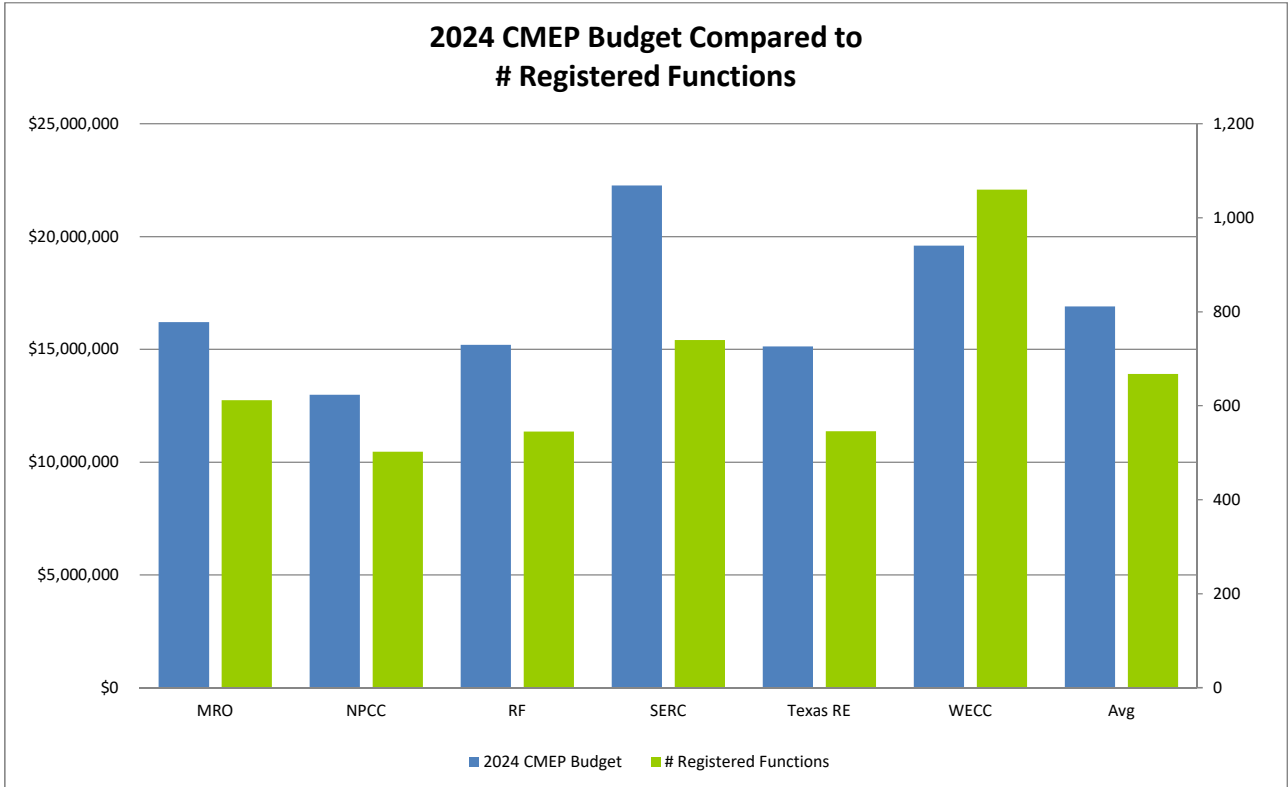
³ Total Budget is the sum of Total Expenses and Fixed Asset Expenditures.

⁴ Each FTE that works 2,080 hours per year is counted as one FTE. An FTE working less than the 2,080 hours per year is counted as a fractional FTE.

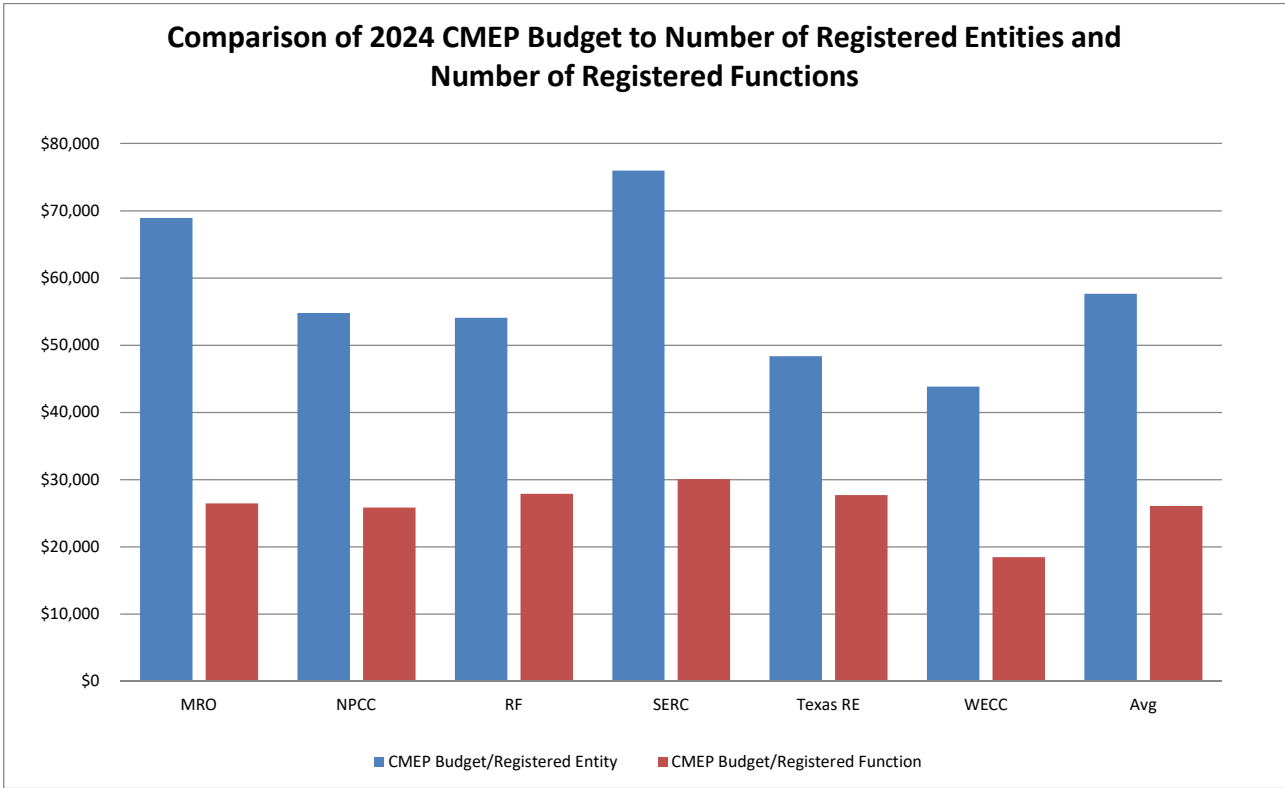
⁵ Total CMEP (Compliance, Enforcement, & Organization Registration and Certification) Budget is a sum of Direct Expenses, Indirect Expenses, and Fixed Asset Expenditures.

⁶ Due to the specifics of the compliance program included in the individual provincial MOUs for cross-border regional entities, some of these metrics are not directly comparable.

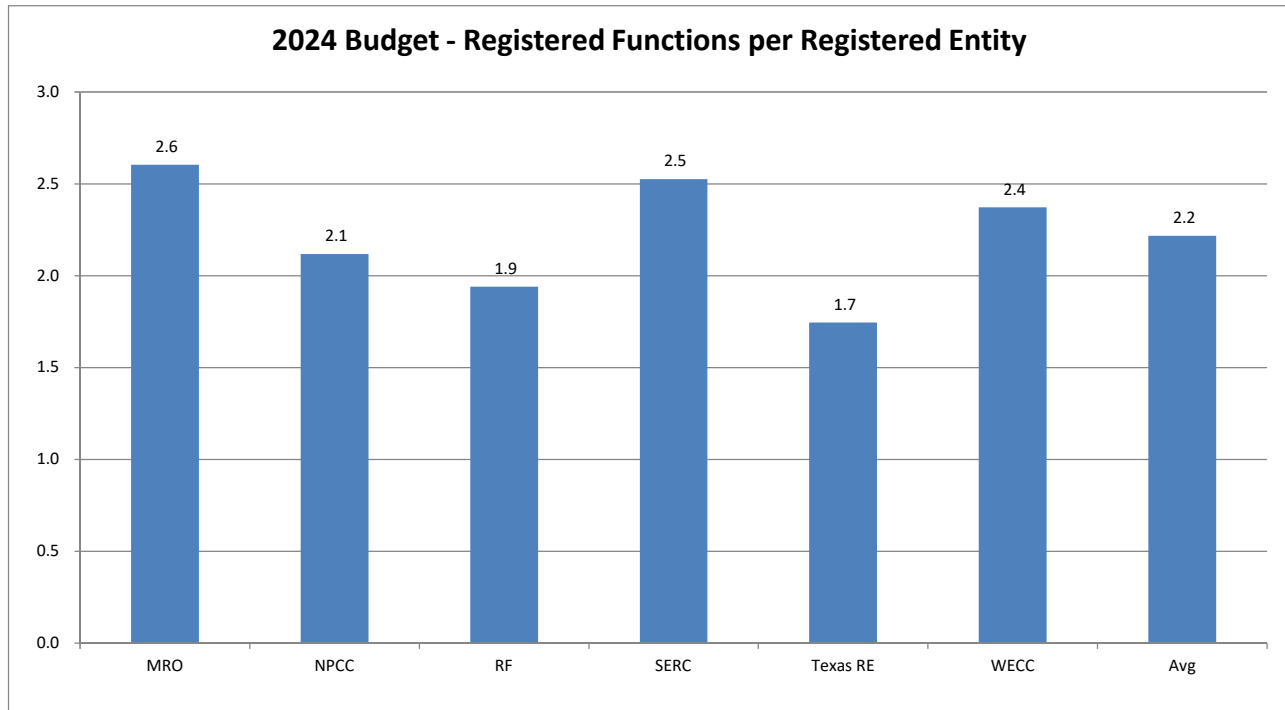
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2024 CMEP Budget	\$16,206,382	\$12,985,016	\$15,199,604	\$22,267,186	\$15,136,737	\$19,593,217	\$16,898,024
# Registered Entities	235	237	281	293	313	447	301
# Registered Functions	612	502	545	740	546	1,060	668



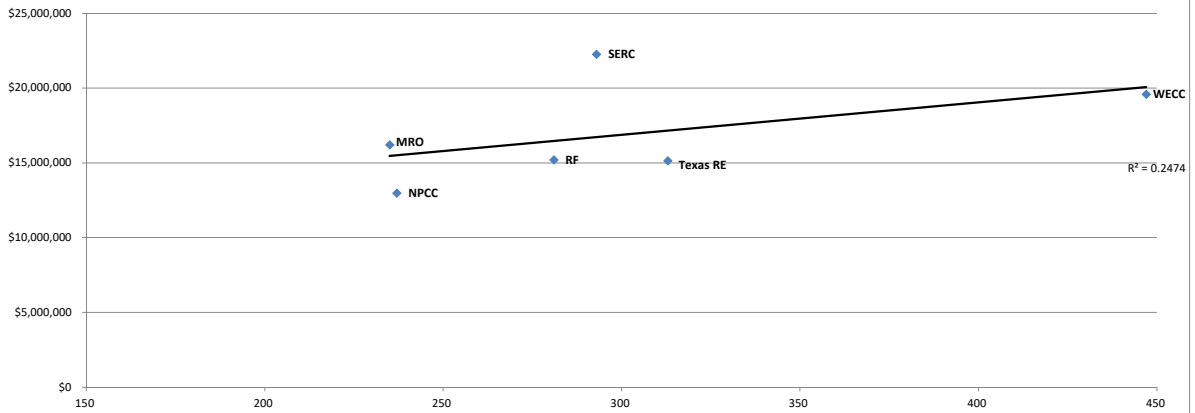
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
CMEP Budget/Registered Entity	\$68,963	\$54,789	\$54,091	\$75,997	\$48,360	\$43,833	\$57,672
CMEP Budget/Registered Function	\$26,481	\$25,867	\$27,889	\$30,091	\$27,723	\$18,484	\$26,089



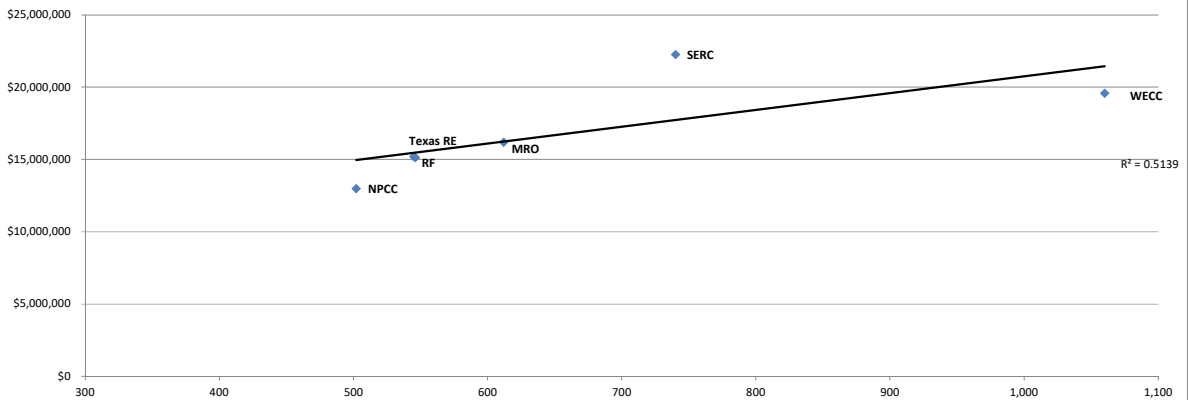
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
Registered Functions per Registered Entity 2024 Budget	2.6	2.1	1.9	2.5	1.7	2.4	2.2



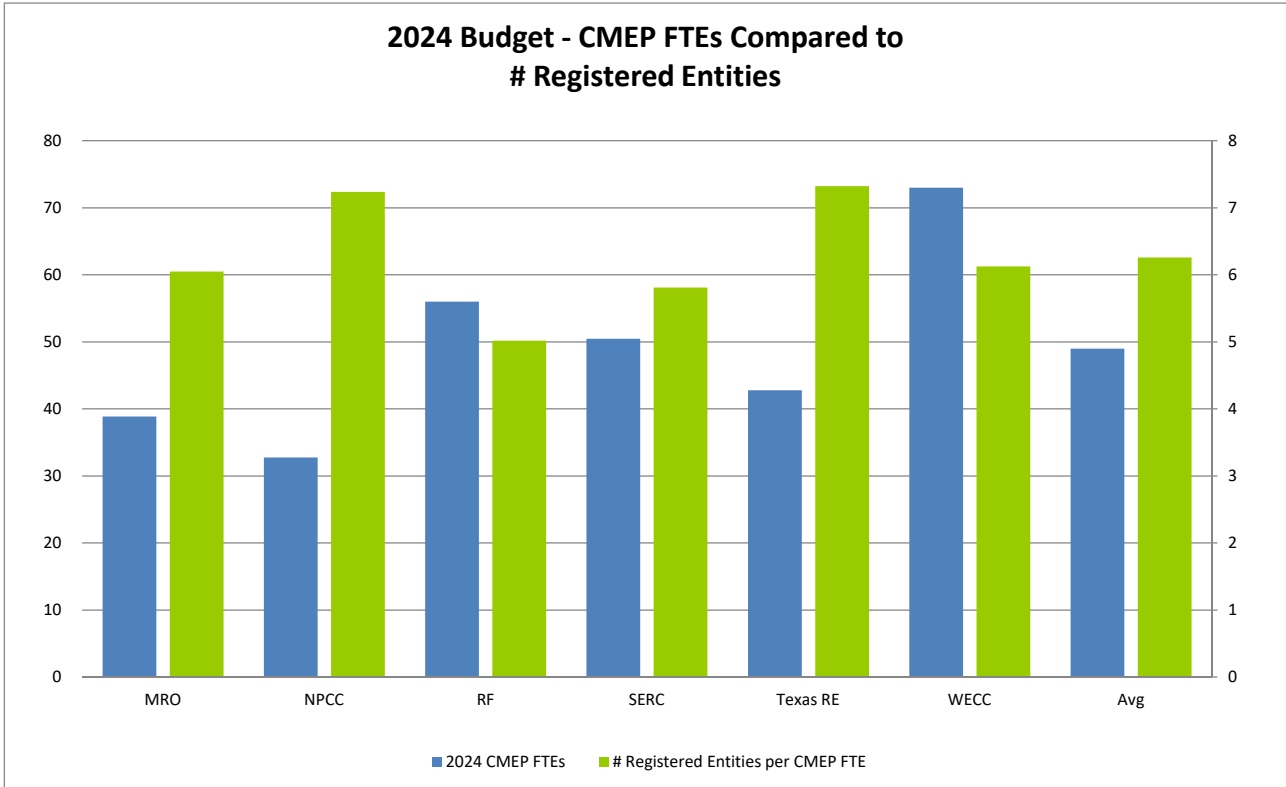
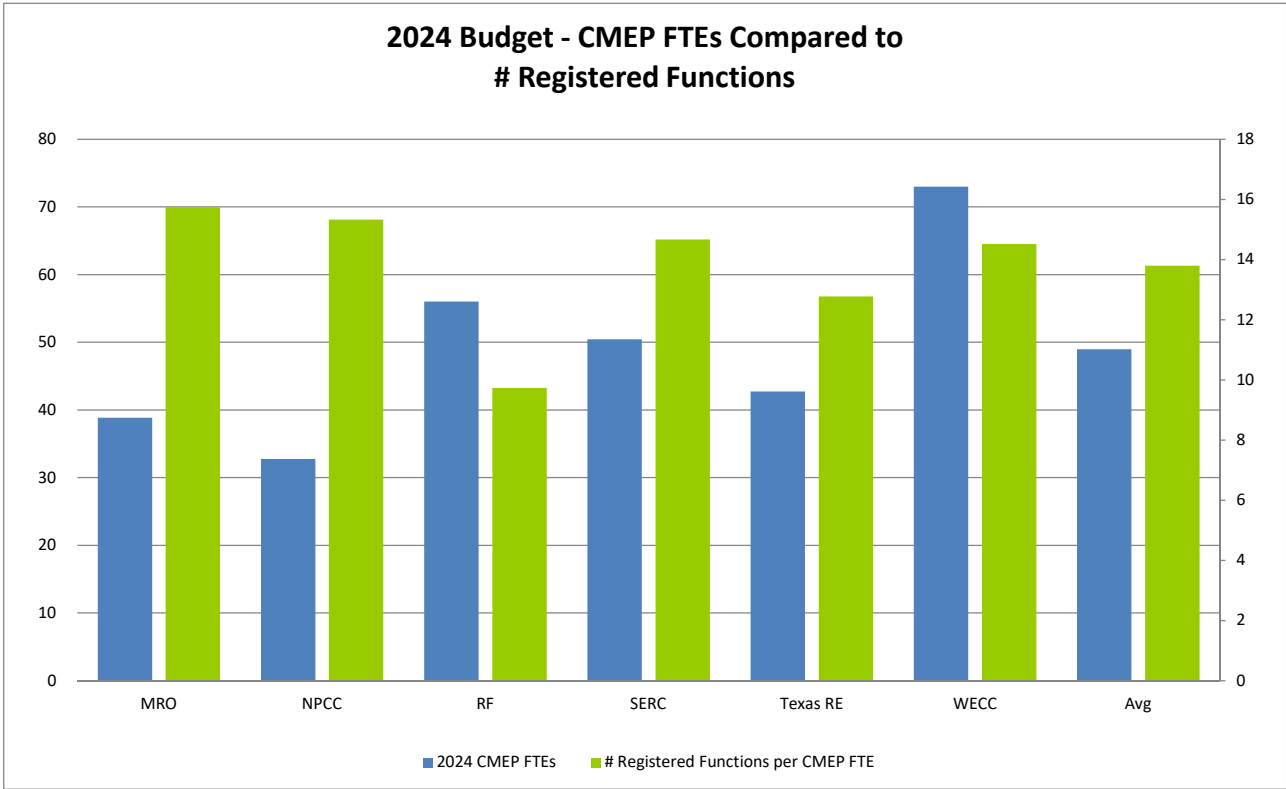
Regional Entity 2024 CMEP Budget as Function of Number of Registered Entities



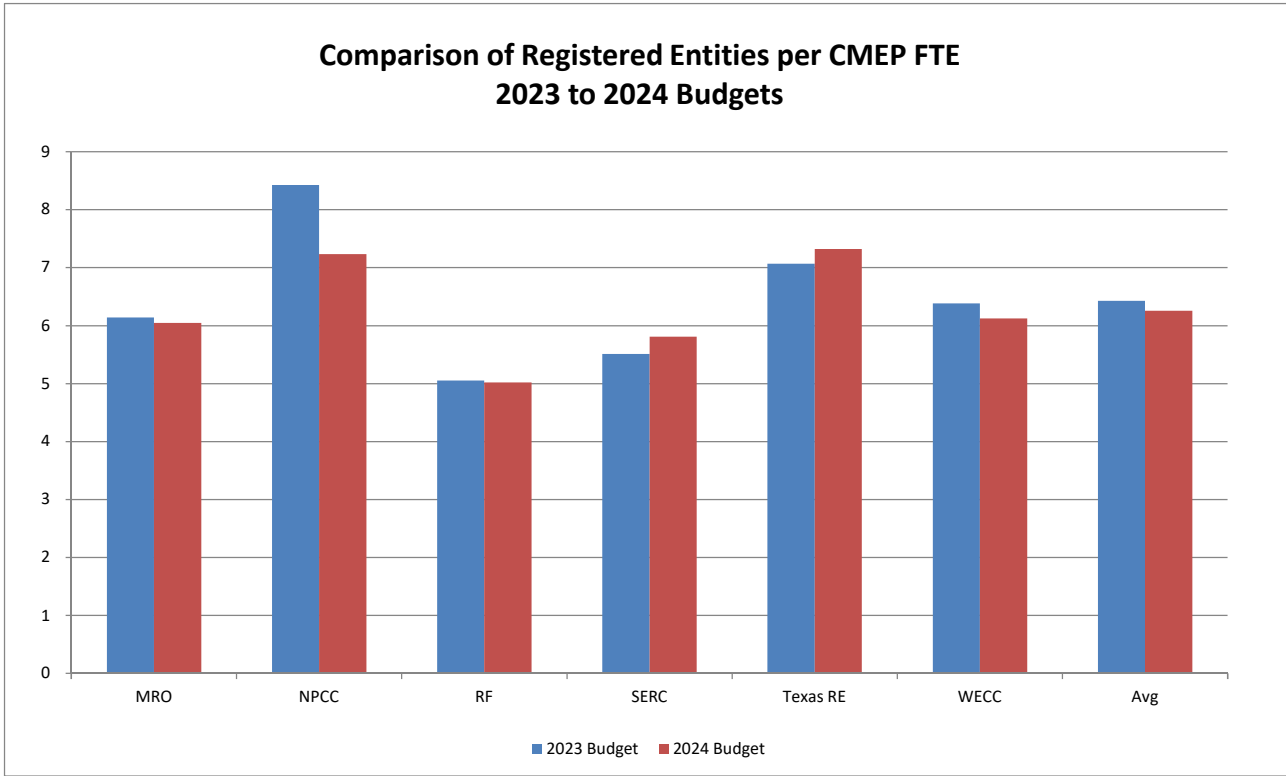
Regional Entity 2024 CMEP Budget as Function of Number of Registered Functions



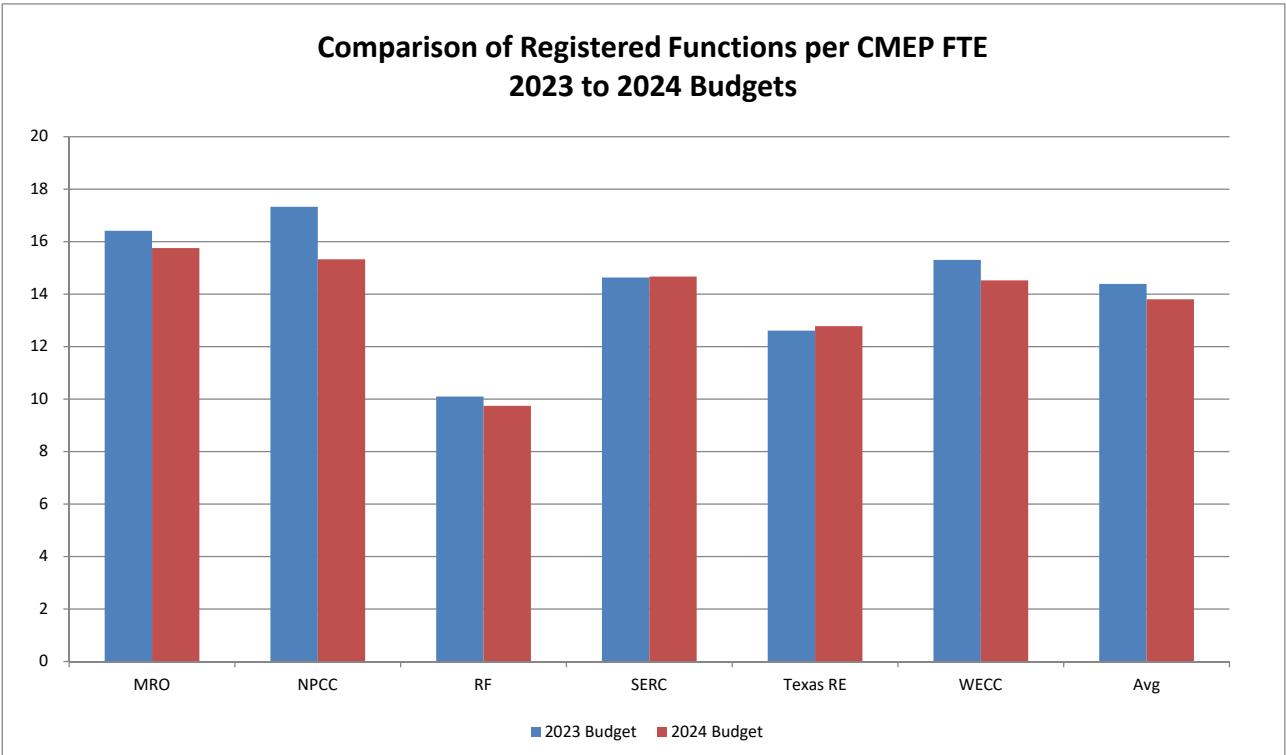
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2024 CMEP FTEs	38.87	32.75	56.00	50.45	42.75	73.00	48.97
# Registered Entities per CMEP FTE	6.0	7.2	5.0	5.8	7.3	6.1	6.3
# Registered Functions per CMEP FTE	15.7	15.3	9.7	14.7	12.8	14.5	13.8



	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2023 Budget	6.1	8.4	5.1	5.5	7.1	6.4	6.4
2024 Budget	6.0	7.2	5.0	5.8	7.3	6.1	6.3



	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2023 Budget	16.4	17.3	10.1	14.6	12.6	15.3	14.4
2024 Budget	15.7	15.3	9.7	14.7	12.8	14.5	13.8



DOCKET NO. RR23-__-000

**NORTH AMERICAN ELECTRIC RELIABILITY
CORPORATION**

2024 BUSINESS PLAN AND BUDGET FILING

ATTACHMENT 14

METRICS ON NERC AND REGIONAL ENTITY

ADMINISTRATIVE (INDIRECT) COSTS

BASED ON

THE 2023 AND 2024 BUDGETS

Analysis of Indirect (Corporate Services) Costs
2024 Budget versus 2023 Budget

2023 BUDGET						2024 BUDGET					
Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory Budget	Ratio of Statutory Direct Budget to Indirect Budget		Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory Budget	Ratio of Statutory Direct Budget to Indirect Budget	
\$ 101,001,612	\$ 58,770,510	\$ 42,231,102	41.8%	1.39	NERC	\$ 113,620,945	\$ 64,681,259	\$ 48,939,686	43.1%	1.32	
23,082,469	14,356,785	8,725,684	37.8%	1.65	MRO	24,884,445	15,245,455	9,638,990	38.7%	1.58	
19,423,596	12,223,920	7,199,676	37.1%	1.70	NPCC	22,086,765	14,548,352	7,538,413	34.1%	1.93	
27,975,420	19,316,040	8,659,380	31.0%	2.23	RF	31,324,535	20,875,036	10,449,499	33.4%	2.00	
28,215,895	14,957,149	13,258,746	47.0%	1.13	SERC	31,999,954	17,131,644	14,868,310	46.5%	1.15	
17,733,466	9,367,024	8,366,442	47.2%	1.12	Texas RE	19,157,925	10,712,397	8,445,528	44.1%	1.27	
\$ 31,812,283	\$ 20,618,638	\$ 11,193,645	35.2%	1.84	WECC	35,404,795	23,909,570	11,495,225	32.5%	2.08	
AVERAGE						AVERAGE					
39.6%						38.9%					
1.58						1.62					

2023 BUDGETED FTEs						2024 BUDGETED FTEs					
Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs		Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs	
236.88	148.33	88.55	37.4%	1.68	NERC	251.14	159.38	91.76	36.5%	1.74	
78.00	58.00	20.00	25.6%	2.90	MRO	80.00	59.37	20.63	25.8%	2.88	
56.90	44.00	12.90	22.7%	3.41	NPCC	68.10	51.55	16.55	24.3%	3.11	
91.00	69.00	22.00	24.2%	3.14	RF	98.00	72.00	26.00	26.5%	2.77	
106.00	68.25	37.75	35.6%	1.81	SERC	111.00	71.25	39.75	35.8%	1.79	
67.00	51.25	15.75	23.5%	3.25	Texas RE	70.00	53.25	16.75	23.9%	3.18	
160.00	119.50	40.50	25.3%	2.95	WECC	168.00	127.50	40.50	24.1%	3.15	
AVERAGE						AVERAGE					
27.8%						28.1%					
2.73						2.66					