

Date: July 13, 2018

RE: Second Draft of NERC 2019 Business Plan and Budget
Final 2019 Business Plans and Budgets for each Regional Entity and WIRAB

On May 18, 2018, NERC posted the first drafts of the 2019 Business Plans and Budgets for NERC, the Regional Entities, and WIRAB. The NERC Board of Trustees Finance and Audit Committee (FAC) held a webinar on May 30 to review these budgets, and written comments on NERC's budget were requested by June 29. NERC received comments from six trade organizations, which are posted on NERC's website along with management's response.

After careful review of the comments and discussions with trade organization representatives, the overall budget and assessment increase in the second draft of NERC's 2019 Business Plan and Budget remains unchanged and continues to focus on the following areas:

- **Investing heavily in the Electricity Information Sharing and Analysis Center (E-ISAC).** To increase staff, enhance analytical capability, and improve member engagement and communications.
- **Making sizable investments in new technology and tools to promote effectiveness and efficiency of the core business.** To lay the foundation for long-term success by focusing tools on core business areas, such as compliance monitoring, enforcement, entity registration, standards, and situational awareness.
- **Keeping costs for non-ISAC business low.** The majority of the NERC budget relates to personnel and the draft budget proposes to cut five open positions from non-ISAC areas.

In addition to minor adjustments between departments and the inclusion of budget projections for 2020 and 2021, the primary change from the first draft of NERC's 2019 Business Plan and Budget to the second is the incorporation of the recommended release of \$550k from the Assessment Stabilization Reserve to reduce US assessments. Of course, assessments will differ by Region and are impacted by certain credits related to compliance and enforcement activities in Canada. Current estimates of assessments for each country are included in the second draft. Additionally, NERC is having ongoing discussions with Canadian entities to address the comments submitted related to the E-ISAC.

NERC has posted the second draft of its 2019 Business Plan and Budget along with the final Business Plans and Budgets for the seven Regional Entities and WIRAB, along with an overview presentation for each entity. Please join us for a webinar hosted by the FAC on Thursday, July 19, 2018 from 11 a.m.–1 p.m. Eastern where we will provide an overview of these business plans and budgets.

As always, we welcome and appreciate your feedback. Written comments are requested by July 31, 2018, and should be directed to the attention of Erika Chanzas at erika.chanzas@nerc.net.

Sincerely,



Scott Jones

Senior Vice President and Chief Financial and Administrative Officer

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