

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# 2021 Business Plan and Budget – Draft 1 Overview

Andy Sharp, Vice President, Interim Chief Financial Officer  
Finance and Audit Committee Meeting  
May 13, 2020

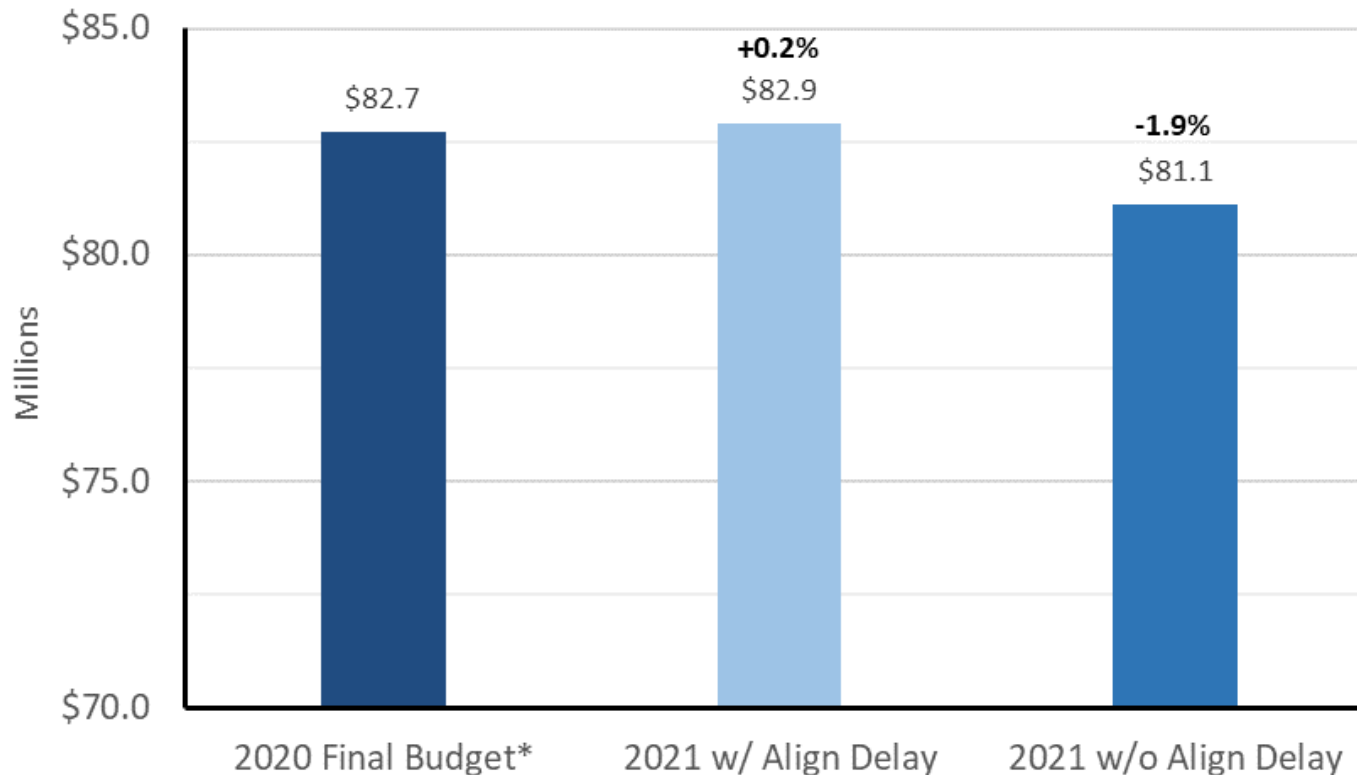
RELIABILITY | RESILIENCE | SECURITY



- Expand risk-based focus in Standards, Compliance Monitoring, and Enforcement
- Assess and catalyze steps to mitigate known and emerging risks to reliability and security
- Build a strong, E-ISAC-based security capability
- Strengthen engagement across the reliability and security ecosystem in North America
- Capture effectiveness, efficiency, and continuous improvement opportunities

- Achieve minimal assessment increase in response to pandemic impacts despite significant budget pressures from
  - ERO Security Evidence Locker (SEL)
  - Align delay
  - IT security resources
  - Medical premiums
  - Investment in data management tools to support advanced analytics

- **Budget \$81.1M (\$1.6M or 1.9% decrease over 2020)**
  - Excludes Align tool delay costs funded by reserves (\$1.8M)



\*Restated according to new budget reporting format, which includes financing activity

- **ERO SEL**

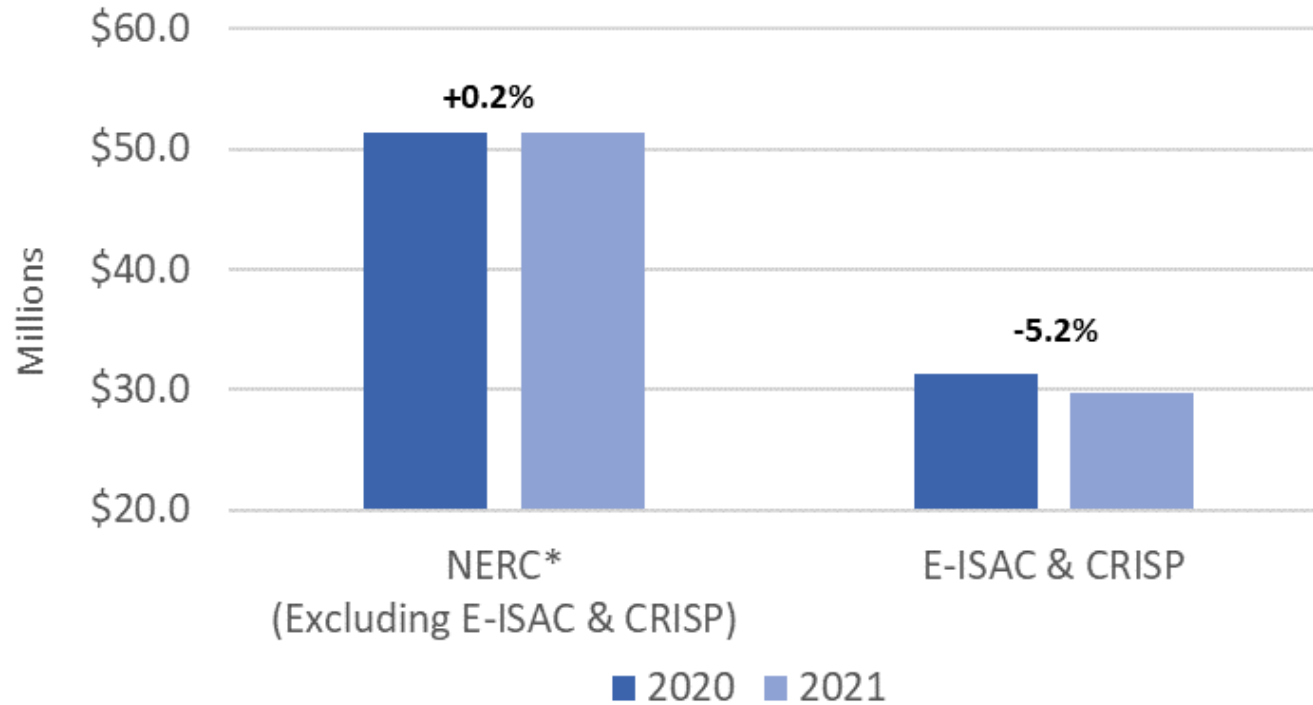
- Costs absorbed into 2021 budget
  - Debt service (\$430k)
  - Software support, maintenance, and certification costs (\$570k)

- **Align delay costs**

- \$1.8M funded by Operating Contingency Reserves (OCR)
- No impact to 2021 assessments

- **E-ISAC & CRISP**

- Direct costs below prior projection
- CRISP decrease primarily due to PNNL costs (no assessment impact)



\*Excludes 2021 Align delay costs

- **Personnel**

- No increase in FTEs versus 2020
  - Adding FTEs for cyber security and SEL, offset by lower FTEs in other areas
- Placeholder salary increase of 3.0%
- Medical insurance premium increase

- **Meetings and travel**

- Assuming fewer in-person meetings
- Travel expense reduced versus 2020 budget

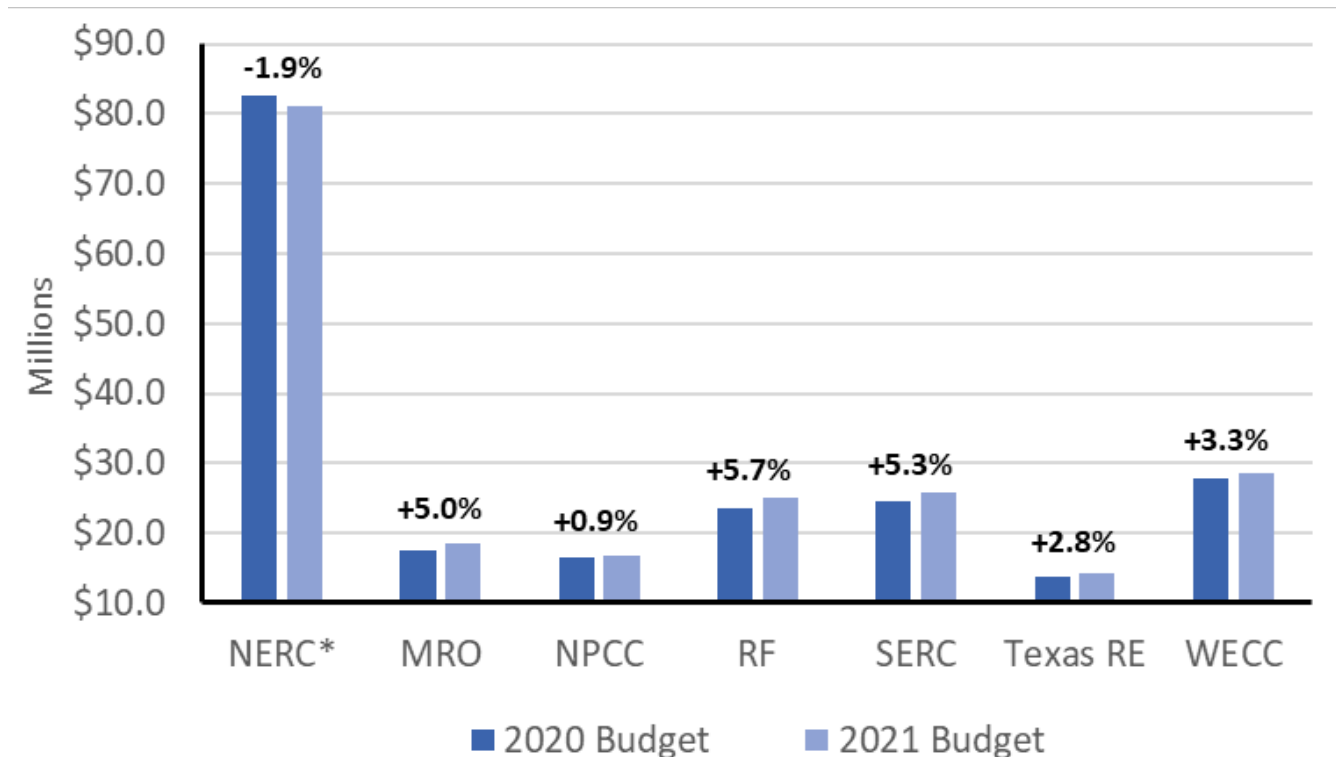
- **Other**

- Reductions in contracts and consultants and professional services
- Deferred system enhancements to future years

- **Assessments \$72.0M (flat versus 2020)**
  - Lower interest income and third-party CRISP revenue
  - Funding 2021 Align delay costs from OCR
  - Assumes no Assessment Stabilization Reserve usage in 2021

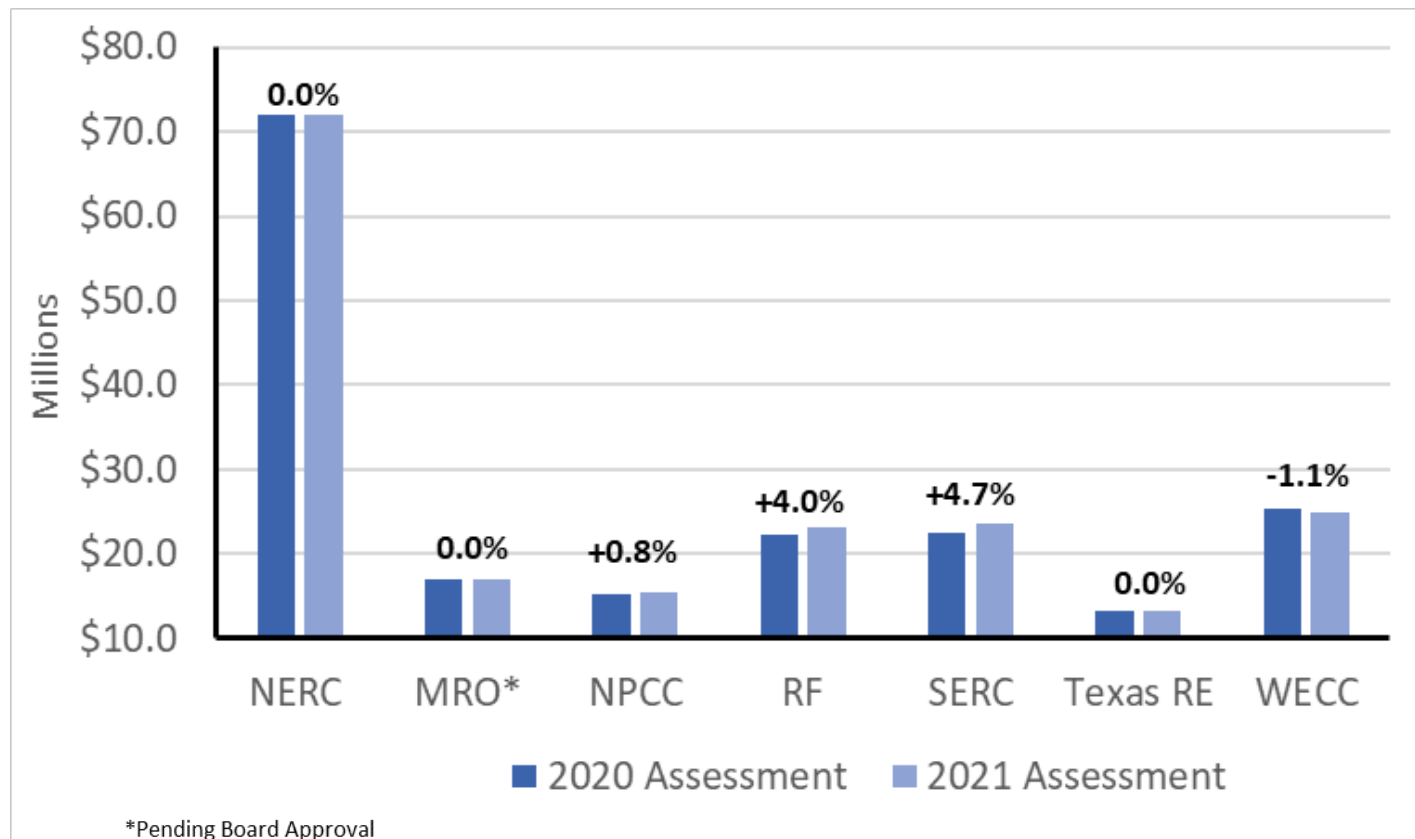


- **Total ERO Enterprise Budget \$209.5M (\$3.4M or 1.7% increase over 2020)**

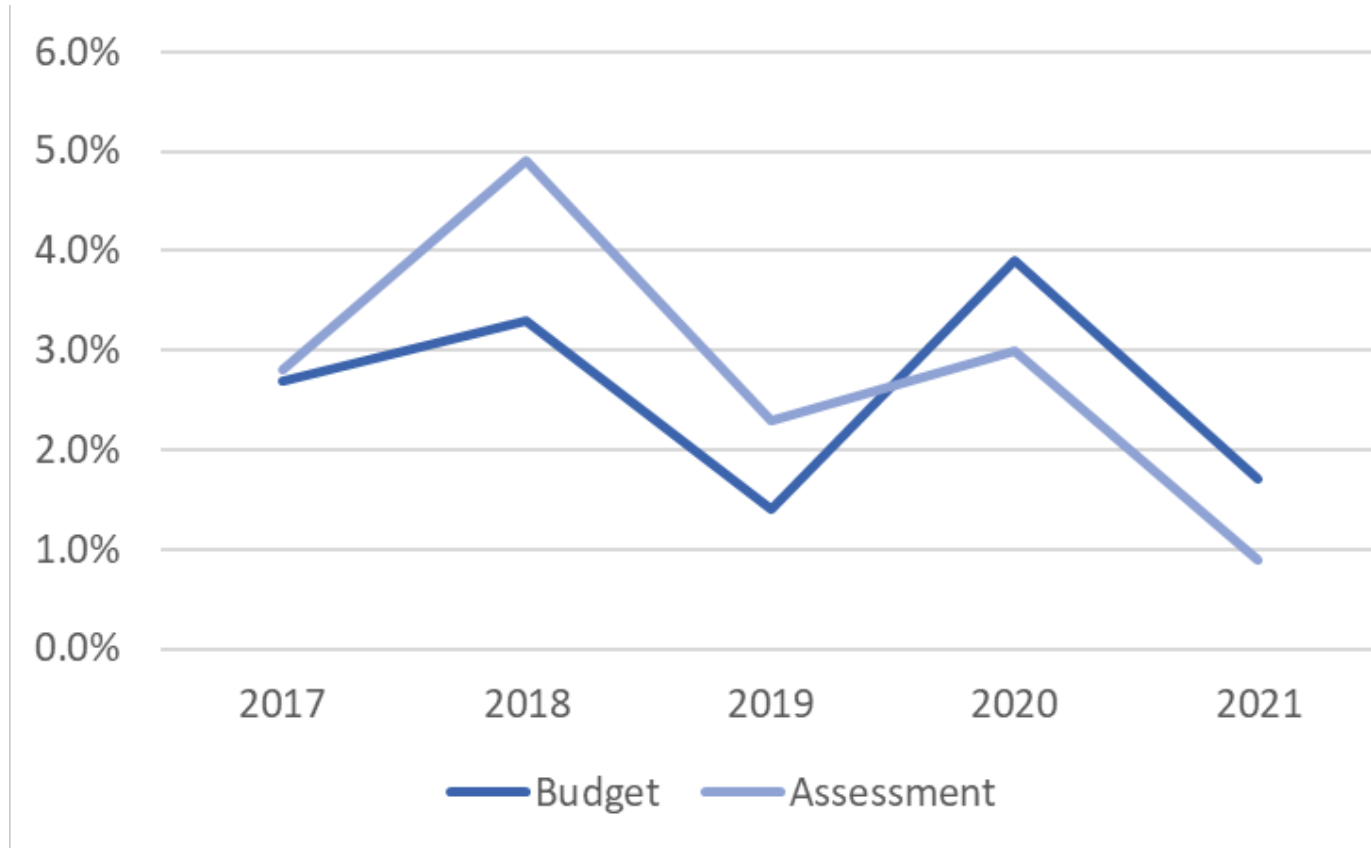


\*Excludes 2021 Align delay costs

- **Total ERO Enterprise Assessment \$189.5M (\$1.8M or 0.9% increase over 2020)**



# ERO Enterprise Weighted Average Budget and Assessment Increase



- May 15 (approx) – Post first drafts of NERC and RE 2021 BP&Bs
- May 20 – NERC and RE 2021 BP&B briefing with FERC
- June 4 – FAC webinar to review 2021 BP&B first drafts
- June 26 – Comments due on first draft of NERC 2021 BP&B
- June 30 – MRC BP&B Input Group call
- July 9 – Quarterly Trades and Forums meeting, closed FAC call
- July 14 – Post final drafts of NERC and RE 2021 BP&Bs
- July 23 – FAC webinar to review final drafts
- July 28 – Comments due on final draft of NERC 2021 BP&B
- July 31 – MRC BP&B Input Group call

- August 19 – FAC meeting to recommend approval of final 2021 BP&Bs
- August 20 – Board meeting to approve final 2021 BP&Bs
- August 25 – Submit 2021 BP&Bs to FERC for approval, with subsequent filings with Canadian authorities



# Questions and Answers