

# **DRAFT** Minutes Finance and Audit Committee Open Meeting

August 16, 2023 | 3:15 – 4:15 p.m. Eastern

Westin Ottawa Hotel  
11 Colonel By Dr.  
Ottawa, ON K1N 9H4, Canada

## **Call to Order**

Ms. Colleen Sidford, Chair, called to order a duly noticed closed meeting of the Finance and Audit Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (NERC) on August 16, 2023 at approximately 9:45 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

### **Committee Members**

Colleen Sidford, Chair  
Robert G. Clarke  
George S. Hawkins  
Susan Kelly  
Kristine Schmidt  
Jim Piro  
Kenneth W. DeFontes, *ex officio*

### **Board Members**

Larry Irving  
Suzanne Keenan

### **NERC Staff**

Tina Buzzard, Assistant Corporate Secretary  
Manny Cancel, Sr. Vice President and Chief Executive Officer of the E-ISAC  
Erika Chanzas, Manager of Business Planning  
Howard Gugel,  
Kelly Hanson, Senior Vice President and Chief Administrative Officer  
Stan Hoptroff, Vice President, Business Technology  
Nina Johnston, Assistant General Counsel, Director of Corporate Risk Management  
Mark Lauby, Senior Vice President and Chief Engineer  
Soo-Jin Kim,  
Kimberly Mielcarek,  
Kristin Miller, Director, Internal Audit  
Darrel Moore,  
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary

Janet Sena, Senior Vice President, External Affairs  
Andy Sharp, Vice President, Chief Financial Officer

### **Introduction and Chair's Remarks**

Ms. Sidford opened the meeting by reviewing the agenda and noting the importance of NERC being a responsible steward given the increase in the proposed business plan and budget.

### **NERC Antitrust Compliance Guidelines**

Ms. Sidford directed the participants' attention to the NERC Antitrust Compliance Guidelines and directed that any questions regarding antitrust compliance or other related matters be directed to Ms. Rocha.

### **Minutes**

Upon motion duly made and seconded, the Committee approved the minutes for the July 12, 2023 open meeting.

### **Second Quarter Statement of Activities**

Mr. Sharp presented the 2023 second quarter year-to-date results. He highlighted that total funding is 1.7% over budget while total expenditures are 7.4% under budget. The increase to reserves is \$4.6 million over budget. Year to date, NERC is only over budget in meetings and travel. Year-end projections show that funding will be 1.5% over budget and total expenditures will be 0.6% under budget, primarily due to lower office and professional services costs. Finally, the increase to reserves is expected to be \$2.1 million over budget. Mr. Sharp also provided a summary of reserve usage, changes, and projected ending balances.

Mr. Sharp also presented on the second quarter unaudited results for the ERO Enterprise. Year-to-date results show only SERC exceeding budgeted total expenditures, with all other entities running under budget. NERC and the Regional Entities combined are running below budget in all categories, including personnel, meetings and travel, operating expenses and fixed assets. Projections show only ReliabilityFirst and SERC running over budget at year-end. Reserve balances are projected to increase for only NERC and SERC. Mr. Sharp also reviewed the projected ending reserves balances for NERC and all of the Regional Entities.

Upon motion duly made and seconded, the Committee accepted the second quarter statement of activities.

### **NERC, Regional Entity, and WIRAB Proposed 2024 Business Plans and Budgets and Associated Assessments**

Mr. Sharp presented the final proposed 2024 business plan and budget. He opened with a description of the 2023-2025 strategic plan, an overview of the drivers and key assumptions, and a review of the development of the 2024 business plan and budget. In response to posting the draft 2024 business plan and budget, NERC received six sets of comments. Mr. Sharp then provided an overview of the final 2024 budget and assessment, including an assessment breakdown by country, as well as projected reserve balances for 2024. He also reviewed the projections for 2025 and 2026. Mr. Sharp then presented the

ERO Enterprise combined budgets and assessments for 2024. The final budget breakdown by program area for the total ERO Enterprise is 45% CMEP, 29% RAPA, Event Analysis and Situation Awareness, 10% E-ISAC, 5% CRISP, 6%% Training and Education and 5% Reliability Standards.

Upon motion duly made and seconded, the Committee recommended for Board of Trustees approval the NERC, Regional Entity, and WIRAB 2024 business plan and budgets and the associated assessments.

**Other Matters**

Mr. Sharp also provided an overview of NERC’s line of credit and capital financing program.

**Adjournment**

There being no further business before the Committee, the meeting was adjourned.

Submitted by,



Sônia Rocha  
Corporate Secretary