

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2020 NERC Business Plan and Budget – Draft #2 Overview

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Finance and Audit Committee
July 18, 2019

RELIABILITY | ACCOUNTABILITY



- First draft posted for stakeholder comment May 17–June 28
- Comments received from various entities and posted on NERC website
- Addressed many comments with trades representatives
- Management response letter posted on NERC website on July 11 includes additional information

- **Total budget increased by \$500k**
 - Added \$500k for leasehold improvements
 - Slight increase to E-ISAC and CRISP budgets with no material impact to overall NERC budget
 - Additional two FTEs due to contractor conversions (increase in personnel and reduction in contracts and consultants), with slight savings
- **No change to assessments**
 - Additional \$500k for leasehold improvements funded by reserves

- Budget – \$83.4M, **4.5%** increase over 2019
- FTEs – 213.4, increase of **9**
- Assessment – \$72.0M, **4.5%** increase
 - Surplus of working capital; no use of Assessment Stabilization Reserve
 - Approximate assessment increase by country:
 - US average: 4.3% (cost per NEL: \$0.016 MWh)
 - Canada average: 7.2% (cost per NEL: \$0.013 MWh)
 - Mexico average: 6.0% (cost per NEL: \$0.016 MWh)

- **Third-year of E-ISAC Long-Term Strategic Plan**
 - Addition of seven FTEs in E-ISAC and three corporate support FTEs
 - New and enhanced technology for security data management
- **Personnel**
 - Market adjustments for salary and benefit costs
 - Addition of two corporate FTEs (contractor conversions for critical roles)
 - Reduction of three FTEs in other areas
- **Technology and tools**
 - Final year of CMEP Technology Project (Align) development
 - Enhancements and maintenance of data management tools

- **2021**

- Budget – 2.8% increase over 2020
- Assessment – 6.1% increase over 2020

- **2022**

- Budget – 4.0% increase over 2021
- Assessment – 5.9% increase over 2021

- E-ISAC budget increases represent the vast majority of projected increases in the total NERC budget
- Assessment increase does not yet include any proposed release from Assessment Stabilization Reserve

- July 31 – Comments due on final draft of NERC 2020 BP&B
- August 2 – MRC BP&B Input Group call
- August 14 – FAC meeting to recommend approval of final BP&Bs
- August 15 – Board meeting to approve final BP&Bs
- August 26 – Submit BP&Bs to FERC for approval, with subsequent filings to Canadian authorities

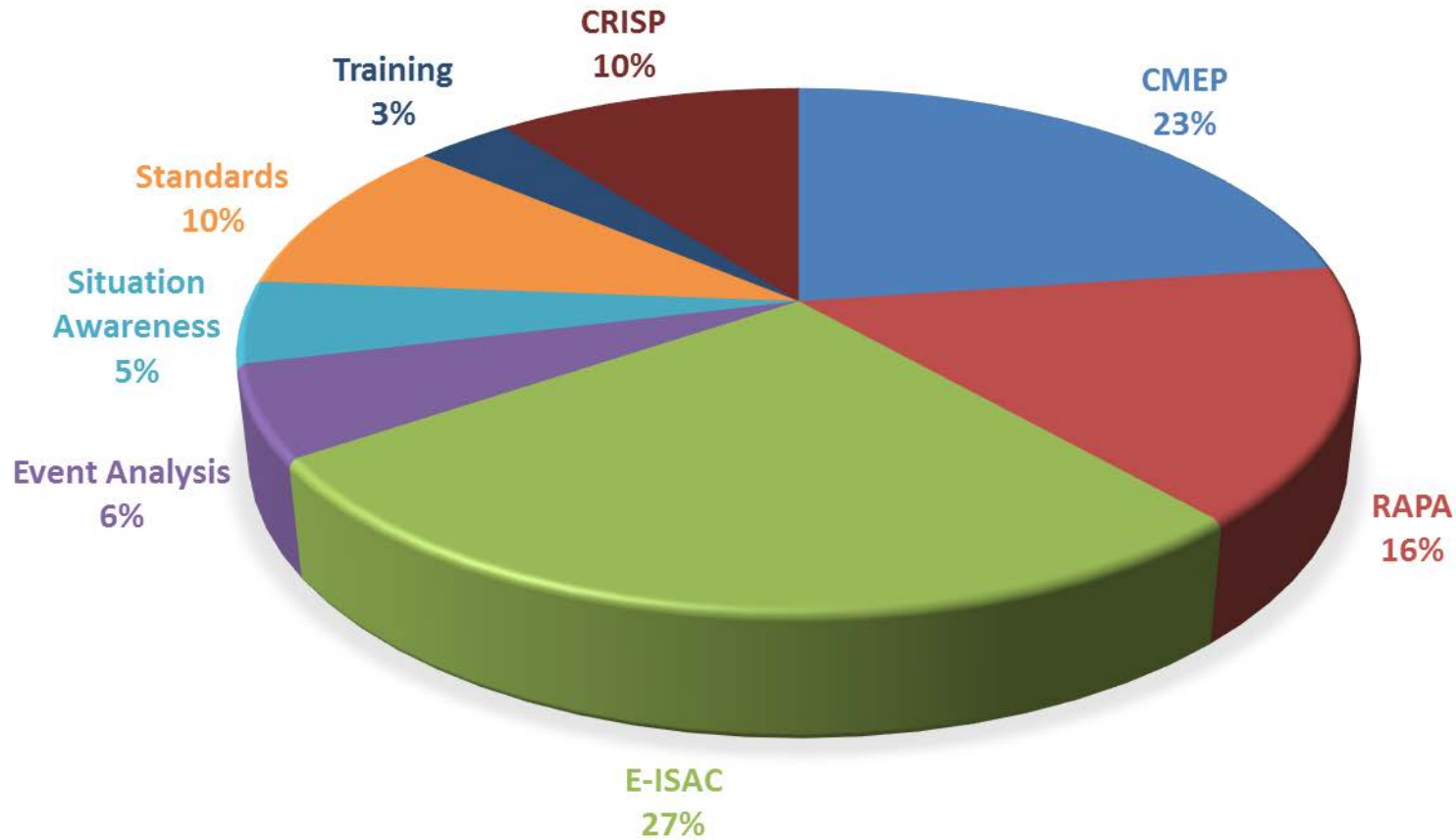


Additional Background

- Achieving and maintaining risk-based operations
- Being more effective and efficient
- Identifying and assessing emerging risks
- Promoting leading security practices, information sharing and analysis, and resilience
- Knowledge transfer and effective communications
- Strengthening engagement across North America

- **2018** – Added 8 FTEs and began robust investments in technology and portal enhancements
- **2019** – Adding 9 FTEs for analytics and watch operations and 2 for corporate support; enhanced technology; GridEx “on-year”
- **2020** – Additional 7 FTEs for analytics, watch operations, and engagement and 3 for corporate support; GridEx “off-year;” continued investments in technology; proposed budget on track with prior projections
- **2021 and 2022** – Planning to add a total of 14 FTEs; continued investments in technology; continued GridEx support

2020 Budget by Program Area





Questions and Answers