

Announcement

Board Approves 2024 Budget, Modernizes Committee Responsibilities; Technical Session Highlights Transmission Transfer Study

August 17, 2023

OTTAWA – NERC’s Board of Trustees concluded its August meeting in Canada today, acting to approve the 2024 budget, enhance Board oversight of standards development, and review the approach for a major study on electricity transfer capability between transmission planning regions. Participants also commemorated the 20th anniversary of the 2003 Northeast blackout, which was commemorated by the ERO Enterprise with a [video](#) reflecting on the ERO Enterprise’s progress toward a more reliable and resilient grid that was released earlier this month.

“The ERO model has been highly successful in reducing risk since its creation following the 2003 blackout. Yet the grid is currently threatened by an increasingly complex risk profile, driven by the rapidly changing resource mix, vulnerabilities to extreme weather and evolving security threats,” said Manny Cancel, senior vice president, NERC and chief executive officer of the Electricity Information Sharing and Analysis Center (E-ISAC). “Fortunately, the ERO is uniquely positioned to work with industry, stakeholders, U.S. and Canadian government partners and policymakers to address these complex challenges.”

Opening remarks were made by Sami Khoury, head of the Canadian Centre for Cyber Security; Harneet Panesar, chief operating officer, Ontario Energy Board; Patricia Hoffman, principal deputy director, Grid Deployment Office, Department of Energy; and David Morton, chair, CAMPUT.

Board Action

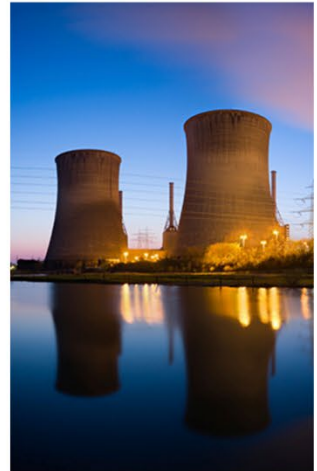
The Board approved the 2024 NERC proposed business plan and budget, which aligns with NERC’s 2023-2025 strategic plan. The 2024 budget is primarily driven by investments in people and technology to further NERC’s strategic areas of focus – Energy, Security, Agility and Sustainability – and also supports the Interregional Transfer Capability Study (ITCS).

NERC’s 2024 business plan and budget proposes a budget increase of 12.5% over 2023, and an assessment increase of 11.4% over 2023. The 2024 business plans and budgets for the Regional Entities and the Western Interconnection Regional Advisory Body (WIRAB) also were approved by the Board, after receiving approval from their respective boards. The

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combined budget increase for NERC, the Regional Entities, and WIRAB is 11.7% over 2023, with an assessment increase of 12.7%.

The 2024 business plan and budgets, which will be submitted to FERC for approval later this month, reflect the outcome of an extensive outreach program with stakeholders, including the Member Representatives Committee's Business Plan and Budget Input Group, the E-ISAC Member Executive Committee, and industry trades and forum representatives.

To better reflect its authority and responsibilities, the Board approved recasting the Compliance Committee's responsibilities and renaming it to the Regulatory Oversight Committee. "With the current volume and complexity of standards-related projects and issues, increased focus and oversight is needed in the area of standards development," said Rob Manning, chair of the Board's Compliance Committee. "Integrating standards oversight into the existing Compliance Committee responsibilities provides the Board with an enhanced oversight of NERC's core regulatory processes along the entire continuum of activities, from standards development, to registration, through compliance and enforcement actions." The change is effective immediately.

The Board also approved revisions to NERC's Rules of Procedure (ROP) for Reliability Standards, adopted modifications to TOP-003-6 and IRO-010-5, and accepted the *2023 ERO Reliability Risk Priorities Report*.

- Revisions were approved to Section 300 of the ROP and Appendix 3A of the Standard Processes Manual. The proposed revisions, which are subject to FERC approval, would improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness and balance of interests.
- Modifications were adopted to TOP-003-6 and IRO-010-5 to more effectively clarify protocol and add a dispute resolution when appropriate to improve Bulk Electric System reliability related to administrative burden and mitigate zero defect.
- The *2023 ERO Reliability Risk Priorities Report*, which is a forward-looking view of current and projected risks to bulk power system reliability, was accepted by the Board. The report identifies five significant evolving and interdependent risks — energy policy, grid transformation, resilience to extreme events, security risks and critical infrastructure interdependencies. Energy policy is a new risk profile with broad implications across the risk profiles, the report notes, as it catalyzes changes and can often amplifies their effects. The final report will be posted Monday.

Other Activities

The Board received an update on progress being made on Project 2021-07 Cold Weather Standards project from Soo Jin Kim, vice president of Engineering and Standards, noting that EOP-011-3 and TOP-002-5 are expected to be posted again on August 24 pursuant to a waiver for a shortened ballot period in order to meet the Board's September deadline. EOP-012-2 is still on target to meet the February 2024 FERC deadline.

A midyear review of NERC's status of the 2023 Work Plan Priorities, which support the 2023-2025 strategy's four focus areas: Energy, Security, Agility and Sustainability, was provided by Erika Chanzas, manager of Business Planning. The majority of the work plan priority items are on track for completion by the end of 2023, with two at risk (Cybersecurity Risk Information Sharing Program growth, energy assessment reliability standards) and two that will not be reached (inverter-based resources standards, electricity market assessment), primarily due to higher priority FERC directives and the interregional transfer capability study (ITCS).

During the technical session, John Moura, director of Reliability Assessment and Performance Analysis, provided an update on NERC's strategy for the ITCS, including the objectives, approach, and overall structure of the project, as well as the associated enhancements to NERC's reliability assessments going forward. Congress directed NERC to conduct the ITCS on the reliable transfer of power between neighboring transmission planning areas in the Fiscal Responsibility Act of 2023. The study must be filed with the Federal Energy Regulatory Commission by December 2, 2024.

Board presentations may be found on the [Board of Trustees page](#) on NERC's website. The next Board meeting will be virtual and is scheduled for December 12.

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