

Meeting Minutes

Finance and Audit Committee Open Meeting

November 7, 2022 | 11:15-12:00 p.m. Eastern
Virtual Meeting

Call to Order

Mr. Jim Piro, Chair, called to order a duly noticed open meeting of the Finance and Audit Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (NERC) on November 7, 2022 at approximately 11:15 a.m. Eastern, and a quorum was declared present. He summarized the topics addressed during the November 1, 2022 closed Committee meeting and noted that the Committee held two executive sessions. The first was held with NERC’s independent auditor, RSM, and the second was held with the Director of Internal Audit.

Present at the meeting were:

Committee Members

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

Board Members

Larry Irving
Suzanne Keenan
Robin E. Manning
Jim Robb

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Erika Chanzas, Manager of Business Planning
Howard Gugel, Vice President, Engineering and Standards
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Stan Hoptroff, Vice President, Business Technology
Nina Johnston, Assistant General Counsel
Meg Leonard, Controller
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
Kristin Miller, Director, Internal Audit
Bryan Preston, Vice President, People and Culture
Andy Sharp, Vice President, Chief Financial Officer

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the August 17, 2022 open meeting.

Fourth Quarter Calendar of Committee Responsibilities

Ms. Leonard provided a summary of the third quarter statement of activities for NERC, for the quarter ending September 30, 2022. She noted that to date, total funding for NERC is on budget while total expenditures are under budget. Reserves are higher than budgeted. Ms. Leonard also provided a summary of results by category, touching on personnel, meetings and travel, operating expenses, fixed assets, and net financing activity. She also presented year-end projections for the budget. By year-end, total funding for NERC is expected to be over budget, mostly due to CRISP third-party funding, and total expenditures are expected to be on budget. Reserves are expected to increase by \$1.3 million above budget. Of the various categories of expenses, Ms. Leonard highlighted that operating expenses are expected to be over budget due to information technology security contractors, as well as costs associated with CRISP, including equipment replacement for existing participants, start-up costs for new CRISP members, and costs for CRISP technology projects. She did note, however, that these CRISP-related costs will be funded by CRISP participants or CRISP reserves. Ms. Leonard also provided a breakdown of the year-end projections of the various reserve categories.

She presented a similar overview for the ERO Enterprise, inclusive of the six Regional Entities. For the third quarter, the ERO Enterprise is \$11 million under budget. Ms. Leonard also presented results for the various categories of expenses and reserves. By year-end, the ERO Enterprise is expected to be \$2.2 million under budget. For reserves, only NERC and WECC are expected to have an increase in reserve balances by year-end.

Upon motion duly made and seconded, the Committee approved a recommendation to the full Board of Trustees to accept the third quarter statement of activities.

2023 Business Plan and Budget Status

Mr. Sharp discussed that NERC obtained timely approval of its budget and highlighted the areas in which the Federal Energy Regulatory Commission seeks additional information.

Proposed 2024 Business Plan and Budget Schedule

Mr. Sharp provided an overview of the planning for the 2024 business plan and budget cycle, which will focus on four strategic areas – energy, security, agility and sustainability. He discussed the process improvements in place to improve the agility of the budget process as well as the quality of stakeholder engagement.

Other Matters and Adjournment

There being no further business, the meeting was adjourned.

Submitted by,



Sônia Mendonça
Corporate Secretary