

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Updated 2016 ERO Consolidated Budgets and Assessments

July 22, 2015

NERC Finance and Audit Committee Conference Call

RELIABILITY | ACCOUNTABILITY



- 2016 Consolidated ERO Enterprise Budget
- 2016 Consolidated Total Assessments
- 2016 Consolidated Assessments by Region
- Factors Impacting Assessments
- 2017 and 2018 Budget Projections
 - NERC
 - Regional Entities and WIRAB

2016 Consolidated ERO Enterprise Budget

Total Budget

Entity	2014		2015		2015		2015 Projection v		2016		2016 Budget v			
	Actual		Budget		Projection		2015 Budget Over (Under)	%	Budget		2015 Budget Over (Under)	%		
	(\$000's)		(\$000's)		(\$000's)		(\$000's)		(\$000's)		(\$000's)			
NERC	\$	54,691	\$	66,649	\$	66,891	\$	242	0.4%	\$	67,187	\$	537	0.8%
FRCC		6,000		7,162		7,111		(52)	-0.7%		7,262		99	1.4%
MRO		9,614		10,329		10,615		286	2.7%		11,355		1,026	9.9%
NPCC		14,603		14,779		14,779		-	0.0%		15,073		294	2.0%
RFirst		19,663		18,757		18,757		-	0.0%		19,367		610	3.3%
SERC		15,543		15,996		16,013		17	0.1%		15,867		(129)	-0.8%
SPP RE		9,818		11,808		11,775		(33)	-0.3%		10,096		(1,712)	-14.5%
TRE		9,832		11,984		11,984		-	0.0%		11,782		(201)	-1.7%
WECC		25,438		26,300		26,300		-	0.0%		27,385		1,085	4.1%
WIRAB		704		1,014		1,019		6	0.5%		1,370		357	35.2%
	\$	165,203	\$	184,777	\$	185,243	\$	466	0.3%	\$	186,743	\$	1,966	1.1%

Total Assessments							
Entity	2014 Budget (\$000's)	2015 Budget (\$000's)	% of Total ERO	2016 Budget (\$000's)	% of Total ERO	Change 2016 v 2015	% Change
NERC	51,401	55,308	33.8%	57,081	34.3%	1,773	3.2%
FRCC	5,488	6,063	3.7%	6,628	4.0%	566	9.3%
MRO	8,741	9,426	5.8%	10,892	6.5%	1,466	15.5%
NPCC	13,612	14,069	8.6%	14,349	8.6%	280	2.0%
RFirst	15,160	18,714	11.4%	19,367	11.6%	653	3.5%
SERC	13,734	13,731	8.4%	13,731	8.2%	0	0.0%
SPP	9,219	9,681	5.9%	8,627	5.2%	-1,054	-10.9%
TRE	10,509	10,500	6.4%	9,612	5.8%	-888	-8.5%
WECC	15,631	25,032	15.3%	25,032	15.0%	0	0.0%
WIRAB	588	1,058	0.6%	1,240	0.7%	182	17.2%
	144,085	163,582	100.0%	166,560	100.0%	2,978	1.8%

Dollar and Percentage Increase (Decrease) in Preliminary Assessments by Region 2016 v 2015

REGION	CHANGE IN TOTAL ERO ASSESSMENTS BY REGION		CHANGE IN REGIONAL ENTITY & WIRAB ASSESSMENTS	CHANGE IN NERC ASSESSMENTS
	TOTAL		TOTAL	TOTAL
	\$	%	\$	\$
FRCC	676,740	7.6%	565,619	111,121
MRO	1,550,771	11.8%	1,465,543	85,228
NPCC	262,288	1.2%	280,318	(18,030)
RF	1,000,629	3.3%	653,312	347,317
SERC	564,256	2.1%	(48)	564,304
SPP RE	(808,821)	-6.5%	(1,053,897)	245,076
TRE	(675,631)	-4.6%	(887,998)	212,367
WECC	407,525	1.1%	181,839	225,686
Total	2,977,758		1,204,688	1,773,070
% Change	2.1%		1.3%	3.2%

- NERC and Regional Entity Resource Requirements and Budgets
- Year End Reserve Levels
 - Surplus reserves
 - Reserves from prior years that can be applied (e.g. Stabilization Reserve)
- Penalty Funds
 - Loss of one time offsets applied in prior year
 - New penalty funds available
- Year to Year NEL (Net Energy for Load) Variations
 - NERC funding requirements allocated among Regions on NEL basis (Each Region's NEL compared to total ERO NEL)
 - Combined NERC Regional funding requirements allocated to LSEs within Regions on NEL basis within the Region

Working Capital and Operating Reserves - 2016 Business Plan and Budget

Entity	Projected Beginning 2016 Balance	2016 Adjustment	Projected 2016 Ending Balance	Stated Policy
NERC	\$ 6,313,523	\$ 2,496,104	\$ 8,809,627	As detailed in Exhibit C of NERC's 2016 Budget
FRCC	1,041,197	(436,070)	605,127	One (1) month of the total annual budget
MRO	1,260,087	(326,829)	933,258	30-day cash reserve for 2016
NPCC	3,932,546	(592,801)	3,339,745	Range of 16.67% and 33.33% of Budget
RFirst	1,055,079	590,176	1,645,255	10% of budgeted expenses or a minimum of \$1M as determined by the Board each budget cycle, plus \$645k in working capital
SERC	3,288,284	(832,284)	2,456,000	10% of budgeted annual costs (\$1.6M), plus temporary increase (\$856k)
SPP	1,276,068	(1,276,068)	-	None required; rely on SPP, Inc.
TRE	4,288,102	(1,883,767)	2,404,335	Operating reserve of \$2M
WECC	2,394,170	844,377	3,238,547	Working Capital Reserve balance equal to one-to-two months of Personnel and Operating Expenses
WIRAB	229,726	(129,726)	100,000	\$100,000 for contingencies
	\$ 25,078,782	\$ (1,546,888)	\$ 23,531,894	

Entity	2016	2017	2017 v		2018	2018 v	
	Budget	Budget	2016	%	Budget	2017	%
	(\$000's)	(\$000's)	(\$000's)	Change	(\$000's)	(\$000's)	Change
NERC	67,187	71,345	4,159	6.2%	70,760	-585	-0.8%
FRCC	7,262	7,588	327	4.5%	7,769	181	2.4%
MRO	11,355	11,214	-140	-1.2%	11,551	336	3.0%
NPCC	15,073	15,415	342	2.3%	15,770	355	2.3%
RFirst	19,367	20,073	706	3.6%	21,255	1,182	5.9%
SERC	15,867	15,974	107	0.7%	16,216	242	1.5%
SPP RE	10,096	10,399	303	3.0%	10,711	312	3.0%
TRE	11,782	12,254	471	4.0%	12,744	490	4.0%
WECC	27,385	27,190	-195	-0.7%	27,907	716	2.6%
WIRAB	1,370	1,410	40	2.9%	1,453	43	3.1%
	186,743	192,863	6,120	3.3%	196,135	3,272	1.7%