

Re: First Draft of NERC 2022 Business Plan and Budget Posted for Stakeholder Review and Comment

Date: May 25, 2021

NERC's 2022 Business Plan and Budget (BP&B) is posted on NERC's website, along with the current drafts of the 2022 BP&Bs for each Regional Entity. Comments are requested on NERC's 2022 BP&B by June 18, 2021.

To provide relief to industry during the uncertainty of the pandemic, NERC's 2021 BP&B kept the budget and assessment increase to a minimum by not adding any full-time equivalent (FTEs), reducing meeting and travel expenses, and deferring, but not eliminating, professional services and certain system enhancements.

In just the last six months, registered entities have faced an onslaught of risks threatening reliability and security of the bulk power system (BPS). From the supply chain compromise to several cyber breaches and cold weather-related events, there are immediate needs to continue to reliably and securely support the BPS. NERC and the Regional Entities, in our role as the Electric Reliability Organization (ERO), are accountable for assuring this mission. As such, the NERC 2022 BP&B reflects immediate needs as well as a measured return to items deferred in 2021:

- Adequate resources to focus on priority risks to BPS reliability and security. These resources include personnel and contract support, as well enhancements and maintenance for data management tools;
- NERC IT security and workforce development;
- A partial return to in-person meetings and related travel; and
- Internal audit support in response to FERC-mandated Regional Entity audits.

The areas above are contributing to an increased demand on the NERC 2022 budget, especially for adequate resources to meet work plan priorities and important strategic objectives. NERC is proposing a budget increase of 7.0% and assessment increase of 9.9% in the first draft of the 2022 BP&B. In support of the proposed 2022 budget, assessment, and FTEs, NERC notes the following key historical information and considerations:

- Average annual total budgeted FTE growth since 2013, including proposed 2022 FTEs, is 2.1%.
- The total number of staff, excluding the Electricity Information Sharing and Analysis Center (E-ISAC), Cybersecurity Risk Information Sharing Program (CRISP), IT, and Reliability Assessment and Performance Analysis (RAPA), is less in 2022 than in 2013.
- Total budget, assessment, and FTEs are lower than pre-pandemic projections for 2022 in the 2020 BP&B.
- NERC's two-year average budget increase (for 2021 and 2022) is 3.7% and the two-year average assessment increase is 5.0%.

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NERC would also note that this draft does not yet factor in (1) outstanding information related to office space leases and (2) the potential use of reserves or capital financing (other than laptop leases) to lower assessments. Final determinations related to these factors will be reflected in the second draft.

To assist stakeholders in their review of the documents, the Board of Trustees' (Board's) Finance and Audit Committee has scheduled a webinar from 1:00–3:00 p.m. Eastern on June 3, 2021, during which NERC and Regional Entity representatives will provide an overview of their 2022 BP&Bs. This webinar is part of our ongoing commitment to provide stakeholders with information and the opportunity for feedback in advance of the final approval of the BP&Bs by the Board and FERC. An outline of the remaining schedule toward final approval and filings in August 2021 is posted on the NERC website. Each Regional Entity has their own parallel process to review and obtain stakeholder input, and stakeholders are encouraged to participate in their relevant Regional Entity stakeholder review processes.

We look forward to your feedback during this important step in the development of the ERO Enterprise's 2022 BP&Bs. Again, written comments on the first draft are requested by June 18, 2021, and should be directed to the attention of Erika Chanzas at erika.chanzas@nerc.net.

Sincerely,



Andy Sharp
Vice President and Chief Financial Officer