



2023 Draft Budget Overview

April 27, 2022

May 4, 2022

Melanie Frye, CEO

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2023 Draft Budget

- Complexity and pace of change
- Ensure adequate resources
- Maintain working capital reserves
- Honor assessment stabilization work
- Consider lessons learned during the pandemic

2023 Budget Overview

- Budget increase—\$1,944,000 (6.5%)
 - Budget total—\$31,691,000
- 7.5 statutory full-time equivalents (FTE)
- Assessments decrease—\$4,292,000 (17.2%)
 - Assessments total—\$20,708,000
- Penalties to be released—\$10,140,000
- Use of reserves—\$595,000
 - Peak Reliability Donation projects

FTE Analysis

Total FTEs by Program Area	Budget 2022	Projection 2022	Direct FTEs 2023 Budget	Shared FTEs* 2023 Budget	Total FTEs 2023 Budget	Change from 2022 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	67.75	67.75	68.00	-	68.00	0.25
Reliability Assessment and Performance Analysis	35.80	35.80	38.00	-	38.00	2.20
Training and Outreach	2.00	2.00	2.50	-	2.50	0.50
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	110.55	110.55	113.50	-	113.50	2.95
Corporate Services						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	17.70	17.70	18.00	-	18.00	0.30
Legal and Regulatory	7.75	7.75	10.50	-	10.50	2.75
Information Technology	9.00	9.00	11.00	-	11.00	2.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.50	3.50	3.00	-	3.00	(0.50)
Total FTEs Corporate Services	41.95	41.95	46.50	-	46.50	4.55
Total FTEs	152.50	152.50	160.00	-	160.00	7.50

* A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

2022 to 2023 Change Drivers

Reconciliation of 2022 to 2023 DRAFT Statutory Budget - Major Drivers

	in 000s
2022 Approved Budget	29,747
+ 7.5 FTE, 3% merit, labor float adj., changes in position levels, refinement of taxes/benefits	1,922
+ Consulting for 2023 Peak Reliability donation projects	595
- Consulting for 2022 Peak Reliability donation projects	(400)
+ Increase in computer licensing due to subscription-based services/tools, new security tools	293
+ CMEP consulting for tools and protection and controls standards	50
- Decrease in travel and meeting costs due to changes in audit logistics and virtual meetings	(283)
- Non-statutory overhead allocation	(269)
- Refreshes of storage array equipment completed in 2022	(57)
+ Other net changes	93
2023 DRAFT Budget	31,691
	6.5% increase

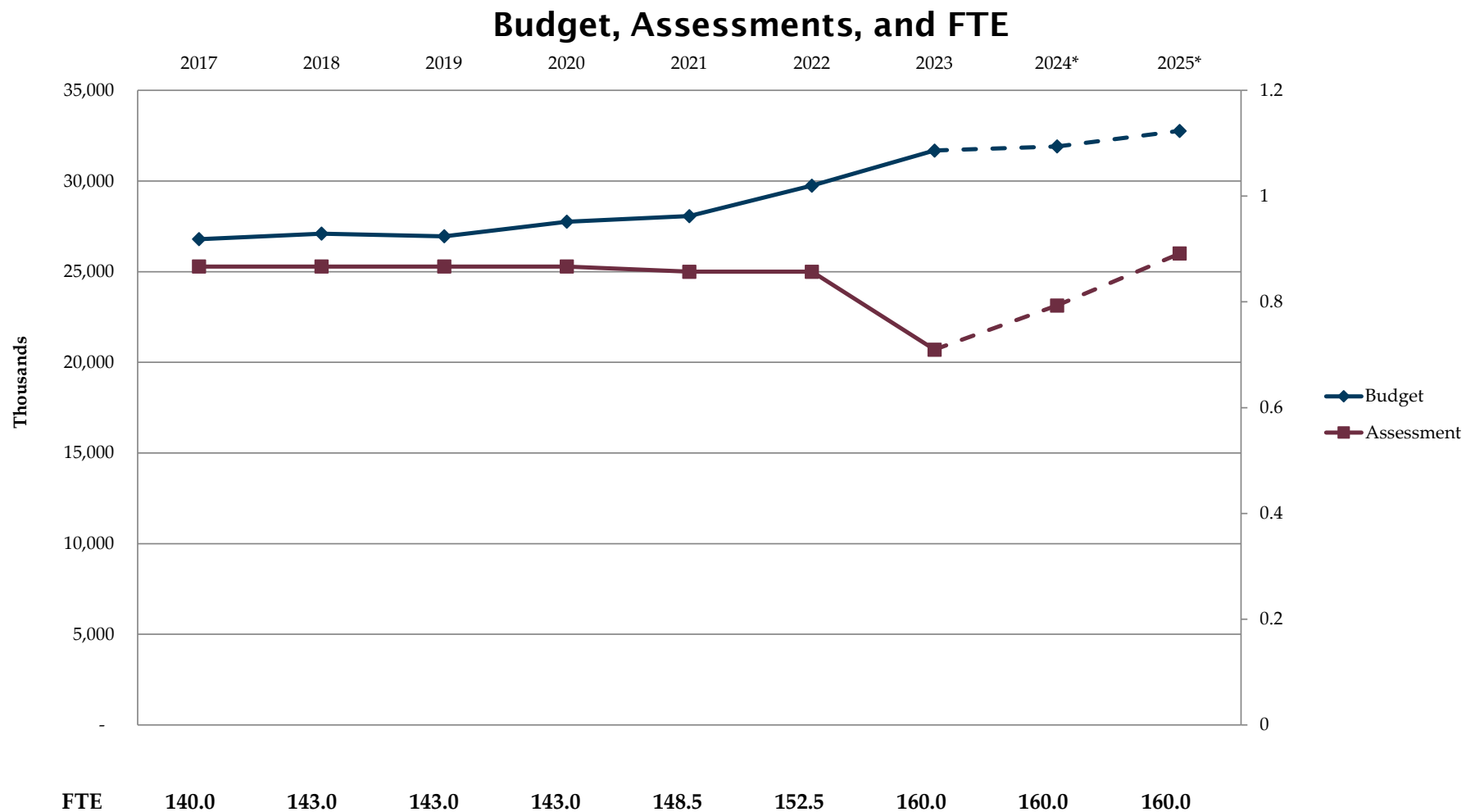
Second Draft Changes

Reconciliation of Draft #1 to Draft #2 2023 Statutory Budget - Major Drivers

in 000s

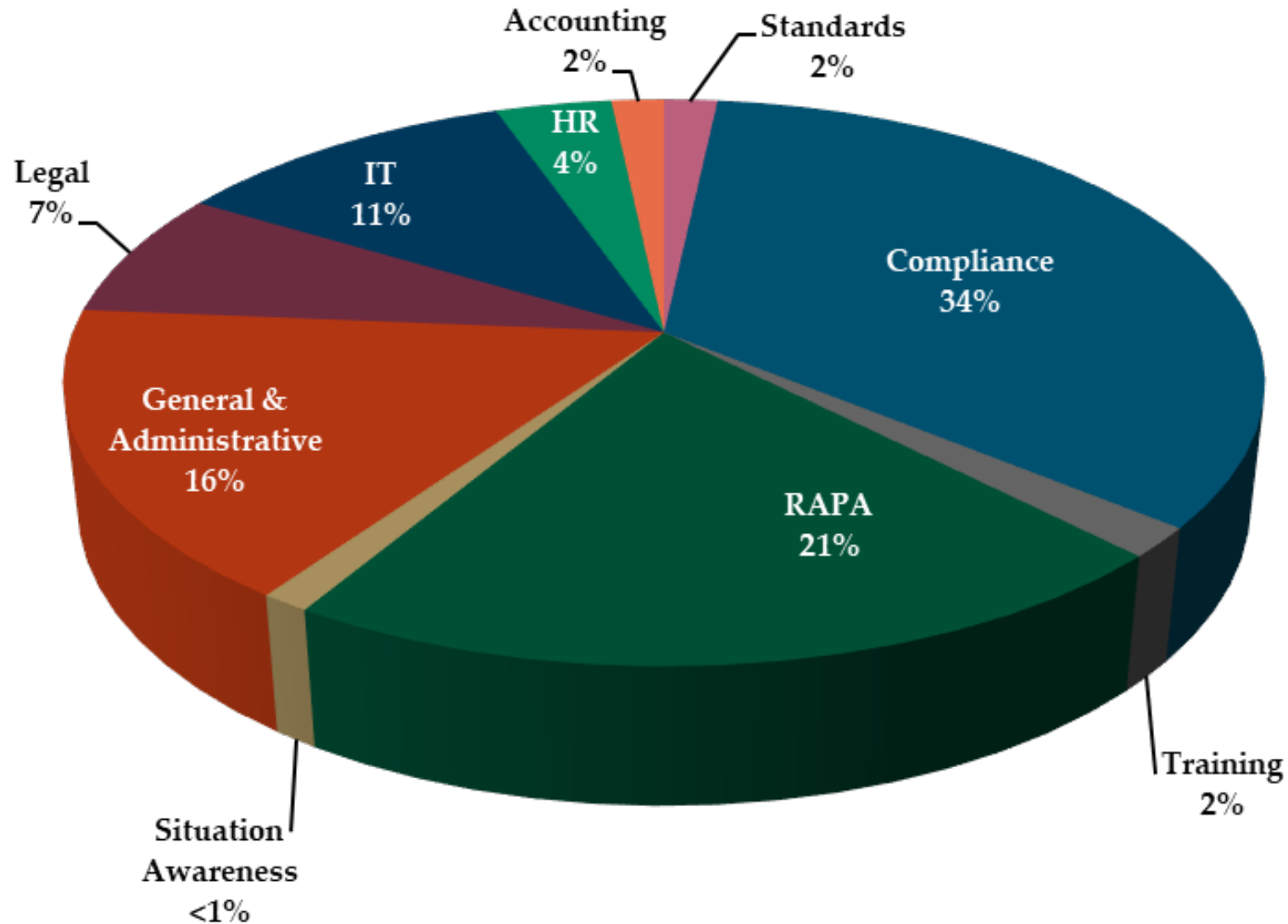
Draft #1 Total Statutory Budget	31,860
- Adjust Board search fees due to timing of term limits	(80)
- Align training costs to historical spending	(59)
- Reduction in Oversight consulting due to knowledge transfer efforts	(35)
- Reduction in meeting attendance estimates	(13)
+ Non-statutory overhead allocation update	10
+ Board retainer adjustment (per MAC resolution)	9
Draft #1 to #2 Change	(169)
Draft #2 Total Statutory Budget	31,691

Trending



* The 2024 and 2025 forecasts represent rolling the 2023 budget forward, rather than a detailed analysis.

Statutory Program Areas



Compliance Monitoring and Enforcement

Management				FTE: 1 (-0.75)
Registration	Entity Risk Assessment	Entity Monitoring	Enforcement and Mitigation	Program Analysis and Administration
<ul style="list-style-type: none"> • Process Registration Requests • Ensure WECC has the correct entities registered for the correct functions • Identify, investigate, and address functional registration gaps 	<ul style="list-style-type: none"> • Support Enforcement • Entity Internal Compliance Program Analysis • Perform Inherent Risk Assessments and develop Compliance Oversight Plans • Work with Entity Monitoring to develop Audit Scopes • Provide internal controls assessment and outreach to registered entities, and training to WECC SMEs 	<ul style="list-style-type: none"> • Compliance monitoring; audits, spots checks, and investigations • Support for Risk Analysis, Internal Controls, and Enforcement 	<ul style="list-style-type: none"> • Perform CIP and O&P Self Report, Mitigation Plan, and Completion of Mitigation Plan reviews • Validate Self-Certification responses • Process Open Enforcement Action • Conduct settlement activities • Issue Entity Penalty Invoices • Self-Logging Program management • NERC/FERC reporting, interface, and data sync • Coordinate NERC Enforcement Oversight Activities 	<ul style="list-style-type: none"> • Program Coordination of all Compliance Monitoring Activities • Compliance Monitoring Schedules/History • Oversee Multi-Regional Registered Entity Coordinated Oversight Program • Manage Document Control • Management Reporting • Process Integration • Oversee major change leadership efforts, such as Align implementation
FTE: 1	FTE: 11 (+1)	FTE: 31	FTE: 1	FTE: 8

Reliability Assessment and Performance Analysis

Management/Support				FTE: 3 (-0.8)
Performance Analysis and Resource Adequacy	Event Analysis	Reliability Planning		
<ul style="list-style-type: none"> Reliability vulnerability assessments Special assessments/deep dive into emerging issues State of the Interconnection report NERC data management and analysis Resource adequacy assessments using probabilistic and deterministic methods NERC and regional reliability assessments 	<ul style="list-style-type: none"> Technical Committee support and facilitation Event Analysis and lessons learned Cause coding and Root Cause analysis Event trending Operational guidelines and good utility practices Assurance visits and operational practices assessments 	<ul style="list-style-type: none"> RAC support and facilitation Anchor Data Set development Base case development Production cost model development Short circuit data collection and analysis Study analysis and report generation 	<ul style="list-style-type: none"> Special reliability assessments Database management and model development Scenario development Project coordination and Path Rating process 	
FTE: 10 (+2)	FTE: 5	FTE: 20 (+1)		

Next Steps

- May 4—Second stakeholder overview
- May 13—Stakeholder comments due
- June 1—NERC Finance and Audit Committee overview
- June 15—Board of Directors meeting
- August 18—NERC Board of Trustees meeting
- Late August—NERC files BP&Bs with FERC
- Late October/early November—FERC Order anticipated

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