

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

North American Electric Reliability Corporation)
) **Docket No. FA11-21-000**

**COMPLIANCE FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”)¹ submits this compliance filing in accordance with the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) January 16, 2013 Settlement Order in Docket No. FA11-21-000.² In the Settlement Order, the Commission approved a Settlement Agreement between the FERC Office of Enforcement (“Enforcement”) and NERC related to Enforcement’s findings and recommendations arising out of its 2012 performance audit of NERC. Specifically, Section II.7(b)(i) of the Settlement Agreement requires that:

Within forty-five days of the end of each quarter, beginning with the quarter ending March 31, 2013, NERC will file with the Commission the unaudited report of the NERC budget-to-actual spending variances during the preceding quarter. This report will include information regarding sources and uses of operating and working capital reserves and will match or exceed the level of detail of the quarterly budget-to-actual variance report of NERC expenditures attached to the agenda of NERC Board of Trustees Finance and Audit Committee’s October 2012 meeting.³

Attached hereto is the unaudited report of NERC’s budget-to-actual variance information for the third quarter of 2021, in accordance with the Settlement Order. This variance information

¹ NERC was certified by FERC as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. FERC certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Organization and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006).

² *See N. Am. Elec. Reliability Corp., Order Approving Settlement Agreement*, 142 FERC ¶ 61,042 (Jan. 16, 2013) [hereinafter Settlement Order].

³ *Id.*

was posted on NERC's website on October 28, 2021 and was reviewed at the November 3, 2021 open meeting of the NERC Finance and Audit Committee.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

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III. DISCUSSION OF SIGNIFICANT VARIANCES BETWEEN THE 2021 BUDGET AND PROJECTED YEAR-END 2021 RESULTS

The attached variance report compares year-to-date (YTD) actual and projected year-end (unaudited) financial results as of September 30, 2021 to NERC's budgeted expenditures through the third quarter of 2021 and at year-end. NERC is also providing additional discussion of significant variances by NERC department or program area and by major activity within departments and program areas. This discussion focuses on variances of \$500,000 or more because this threshold is used in Section 7(b)(ii) of the Settlement Agreement.⁴ In Section 7(b)(ii) of the Settlement Agreement, the Commission specifies that the threshold for its review and approval is where any amount allocated from the unforeseen contingencies account of Operating Reserves plus any amount redirected from previously budgeted funds is, in the aggregate, \$500,000 or more for any one specific project or major activity in a program area.

⁴ Please note that the attached variance report addresses items below the \$500,000 threshold.

**A. 2021 Third Quarter Actual Results and Projected Year End Results with Budget
Variances of \$500,000 or More by Revenue and Expense Category**

Two revenue and expense categories had an actual to budget variance of more than \$500,000 as of September 30, 2021:

- “Meetings and Travel” expenses were \$1,431,056 (86.7%) under budget as of the third quarter and are expected to be \$1,863,163 (84.6%) under budget at year-end because of reduced in-person meetings and travel due to the pandemic.
- “Consultants and Contracts” expenses were \$1,549,774 (16.3%) under budget as of the third quarter due mainly to timing of costs versus the budget for SOCCED program exam development and job task analysis support, and CRISP program third party contractor and pilot project program costs, and are expected to be \$1,413,530 (11.1%) over budget at year-end primarily due to costs for standards project support, a compliance assurance contractor used in lieu of an FTE, reliability assessments studies, internal audit support, IT contractors, and CRISP program costs.

Additionally, two other revenue and expense categories are projected to have an actual to budget variance of more than \$500,000 at year-end:

- “Office Costs, Professional, and Misc.” expenses are projected to be \$755,836 (6.1%) over budget mainly as a result of higher than budgeted software costs (a portion of which is being funded with the CRISP reserves), fees for an additional NERC trustee, higher legal expenses for office lease negotiations, and increased costs for liability insurance.

- “Net Financing Activity” is projected to be \$930,896 (110.2%) under budget at year-end. The “Net Financing Activity” budget did not contemplate loan proceeds, but due to the timing of expenditures on the ERO SEL capital investment, NERC is projected to borrow approximately \$700k in 2021 to fund the carryover costs. Accordingly, principal payments in 2021 will be lower than budgeted since the loan advance will not occur until later in the year. The total borrowing for the ERO SEL project in 2020 and 2021 will be at or below the total amount of \$2.0 million approved by the NERC Board of Trustees for the project initial investment.

B. 2021 Third Quarter Actual Results and Projected Year End Results with Budget Variances of \$500,000 or More by Department or Program Area

As of September 30, 2021, the following department or program area was over or under budget by \$500,000 or more:

- CRISP is under budget as of the third quarter by \$849,238 (15.1%) primarily due to the timing of expenses for third party contractor and pilot program costs.

As of September 30, 2021, the following departments or program areas have projected year-end variances over or under budget by \$500,000 or more:

- Compliance Assurance is projected to be \$553,998 (8.5%) under budget mainly because of lower personnel costs due to the repurposing of one FTE position, as well as lower meeting and travel expenses.
- Event Analysis is projected to be \$521,327 (21.8%) under budget largely as a result of lower personnel expenses due to the transfer of an open FTE position to Situation Awareness and also because of lower travel expenses.

Additionally, CRISP is projected to be \$683,657 (9.1%) over budget at year-end because of higher contractor and software costs.

IV. CONCLUSION

NERC respectfully requests that the Commission accept this filing as compliant with Section II.7(b)(i) of the Settlement Agreement and the Commission's Settlement Order in Docket No. FA11-21-000.

Respectfully submitted,

/s/ Nina Jenkins-Johnston

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Dated: November 15, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 15th day of November, 2021.

/s/ Nina Jenkins-Johnston

Nina Jenkins-Johnston
*Counsel for North American Electric
Reliability Corporation*

ATTACHMENT

Summary of Unaudited Results For the Period Ending September 30, 2021

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Executive Summary

Projected Year-End Results (\$ millions)

<u>FUNDING</u>	<u>Projected</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 80.8	\$ 81.2	\$ (0.4)
Funding from Reserves			
Assessment Stabilization Reserve	-	-	-
TOTAL FUNDING	\$ 80.8	\$ 81.2	\$ (0.4)
EXPENDITURES			
Expenses (excluding Depreciation)	\$ 79.6	\$ 79.3	\$ 0.3
Fixed Asset Additions	2.9	2.8	0.1
Net Financing Activity	(0.1)	0.8	(0.9)
TOTAL EXPENDITURES	\$ 82.4	\$ 82.9	\$ (0.5)
RESERVE INCREASE (DECREASE)	\$ (1.6)	\$ (1.7)	\$ 0.1

Funding

- Revenues
 - Investment income and SOCCED revenues expected to be lower than budget.

Expenditures

- Expenses (excluding depreciation)
 - Meeting and Travel expenses are projected to be under budget largely because of reduced in-person meetings and lower employee travel due to the pandemic.
 - Contracts and Consultants expenses are expected to be over budget primarily attributable to the costs for standards project support, a compliance assurance contractor used in lieu of an FTE, reliability assessments studies, internal audit support, IT contractors, and CRISP program costs.
 - Office Costs expenses are projected to be over budget mainly as a result of higher than budgeted software costs for the CRISP program (a portion of which will be funded with the CRISP reserve) and other departments, as well as slightly higher than budgeted telephone and internet expense.

- Professional Services expenses are expected to be over budget largely due to fees for an additional NERC trustee, higher legal expenses for office lease negotiations, and increased costs for liability insurance.
- Fixed Asset Additions and Net Financing Activity
 - The 2021 budget did not contemplate ERO SEL fixed asset expenditures or loan proceeds, but due to the timing of expenditures on the project, NERC is projected to spend and borrow approximately \$700k in 2021 for the carryover costs. Accordingly, debt principal payments in 2021 will be lower than budgeted since the loan advance will not occur until later in the year. The total borrowing for the ERO SEL project in 2020 and 2021 will be at or below the total amount of \$2.0 million approved by the NERC Board of Trustees for the project initial investment. Other fixed asset expenditures are projected to be below budget.

Reserve Increase (Decrease)

- Total projected reserve decrease of \$1.6M is close to the budgeted decrease of \$1.7M.

Year-to-Date Actual Results
(\$ millions)

<u>FUNDING</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Revenues	\$ 60.7	\$ 60.9	\$ (0.2)
Funding from Reserves			
Assessment Stabilization Reserve	-	-	-
TOTAL FUNDING	\$ 60.7	\$ 60.9	\$ (0.2)
<u>EXPENDITURES</u>			
Expenses (excluding Depreciation)	\$ 55.9	\$ 59.7	\$ (3.8)
Fixed Asset Additions	2.4	2.1	0.3
Net Financing Activity	0.5	0.6	(0.1)
TOTAL EXPENDITURES	\$ 58.8	\$ 62.4	\$ (3.6)
RESERVE INCREASE (DECREASE)	\$ 1.9	\$ (1.5)	\$ 3.4

Funding

- Revenues
 - Investment income and SOCCED revenues are lower than budget.

Expenditures

- Expenses (excluding depreciation)
 - Personnel expenses are under budget mainly due to the timing of training class costs versus the budget, lower than budgeted medical insurance premiums due to lower rates, and lower parking and transportation benefits due to the pandemic.
 - Meeting and Travel expenses are under budget largely because of reduced in-person meetings and lower employee travel due to the pandemic.
 - Contracts and Consultants expenses are lower than budget primarily attributable to timing of costs versus the budget for SOCCED program exam development and job task analysis support and CRISP program third-party contractor and pilot project program costs.
- Fixed Asset Additions
 - Over budget primarily because of the timing of approximately \$700k in expenditures for the ERO Secure Evidence Locker (ERO SEL) project that were approved to be spent and financed in 2020 but will be incurred and financed in 2021. This is partially offset by lower than budgeted spending for IT equipment and servers.

Reserve Increase (Decrease)

- Actual reserve increase is higher than budget by \$3.4 million, primarily due to the timing of contract and consultant expenditures versus the budget, and reduced in-person meeting and travel costs due to the pandemic.

Detailed Operating Results

Variances by Revenue and Expense Category

Total NERC (including CRISP)

	YTD Actual	YTD Budget	YTD Over (Under)	% Over (Under)	Annual Projection	Annual Budget	Annual Over (Under)	% Over (Under)
TOTAL FUNDING	\$ 60,687,272	\$ 60,858,946	\$ (171,674)	(0.3%)	\$ 80,752,721	\$ 81,155,550	\$ (402,829)	(0.5%)
EXPENDITURES								
Personnel	\$ 35,578,495	\$ 36,358,218	\$ (779,723)	(2.1%)	\$ 48,135,827	\$ 48,189,435	\$ (53,608)	(0.1%)
Meetings and Travel	220,255	1,651,311	(1,431,056)	(86.7%)	338,585	2,201,748	(1,863,163)	(84.6%)
Consultants and Contracts	7,969,086	9,518,860	(1,549,774)	(16.3%)	14,105,343	12,691,813	1,413,530	11.1%
Office Rent	2,637,885	2,702,582	(64,696)	(2.4%)	3,603,442	3,603,442	-	0.0%
Office Costs, Professional, and Misc.*	9,420,815	9,353,279	67,536	0.7%	13,226,876	12,471,039	755,836	6.1%
Other Non-Operating	40,716	97,246	(56,530)	(58.1%)	181,057	129,661	51,396	39.6%
Fixed Asset Additions*	2,450,310	2,063,625	386,685	18.7%	2,874,586	2,751,500	123,086	4.5%
Net Financing Activity**	478,501	633,451	(154,950)	(24.5%)	(86,295)	844,601	(930,896)	(110.2%)
TOTAL EXPENDITURES	\$ 58,796,064	\$ 62,378,572	\$ (3,582,508)	(5.7%)	\$ 82,379,422	\$ 82,883,240	\$ (503,818)	(0.6%)
RESERVE INCREASE (DECREASE)	\$ 1,891,209	\$ (1,519,626)	\$ 3,410,834	(224.5%)	\$ (1,626,701)	\$ (1,727,689)	\$ 100,988	(5.8%)
FTEs	207.4	213.4	(5.9)	(2.8%)	208.4	213.4	(4.9)	(2.3%)

* Excludes depreciation expense

** A positive amount indicates that NERC is paying off more principal than it is receiving in proceeds. A negative amount indicates that NERC is receiving more in proceeds than it is paying off principal.

Following is a brief summary of variances by category:

- Personnel expenses are under budget mainly due to the timing of training class costs versus the budget, lower than budgeted medical insurance premiums because of reduced rates, and lower parking and transportation benefits due to the pandemic. They are expected to be close to budget at year-end with higher than budgeted personnel costs due to new hires in the fourth quarter, largely offset by lower medical insurance premiums and parking and transportation benefits.
- Meetings and Travel expenses are under budget and expected to be under budget at year-end because of reduced in-person meetings and travel due to the pandemic.
- Contracts and Consultants expenses are under budget mainly attributable to timing of costs versus the budget for SOCCED program exam development and job task analysis support and also CRISP program third-party contractor and pilot project program costs. They are expected to be over budget at year-end due to costs for standards project support, a compliance assurance contractor used in lieu of an FTE, reliability assessments studies, internal audit support, IT contractors, and CRISP program costs.

CONTRACTS and CONSULTANTS	YTD	YTD	YTD	%	Annual	Annual	Annual	%
	Actual	Budget	Over (Under)	Over (Under)	Projection	Budget	Over (Under)	Over (Under)
Reliability Standards and Risk Issue Management	\$ 161,863	\$ 85,914	\$ 75,949	88.4%	\$ 271,080	\$ 114,552	\$ 156,528	136.6%
Compliance Assurance	90,035	37,500	52,535	140.1%	186,470	50,000	136,470	272.9%
Registration and Certification	30,798	29,664	1,134	3.8%	41,760	39,552	2,208	5.6%
Compliance Enforcement	-	51,750	(51,750)	(100.0%)	38,070	69,000	(30,930)	(44.8%)
BPS Security and Grid Transformation	-	-	-	0.0%	-	-	-	0.0%
Reliability Assessment and Technical Committees	105,798	44,664	61,134	136.9%	210,000	59,552	150,448	252.6%
Advanced System Analytics and Modeling & Power System Analysis	75,000	123,750	(48,750)	(39.4%)	165,000	165,000	-	0.0%
Performance Analysis	97,184	133,988	(36,804)	(27.5%)	167,680	178,651	(10,971)	(6.1%)
Situation Awareness	-	11,250	(11,250)	(100.0%)	15,000	15,000	-	0.0%
Event Analysis	63,585	86,693	(23,108)	(26.7%)	117,680	115,590	2,090	1.8%
E-ISAC	1,629,307	1,799,939	(170,632)	(9.5%)	2,408,756	2,399,918	8,838	0.4%
Training, Education and Personnel Certification	130,920	418,988	(288,068)	(68.8%)	587,260	558,650	28,610	5.1%
General and Administrative and Executive	43,983	-	43,983	0.0%	60,000	-	60,000	0.0%
Legal and Regulatory	111,600	157,500	(45,900)	(29.1%)	482,000	210,000	272,000	129.5%
External Affairs	36,660	15,000	21,660	144.4%	56,713	20,000	36,713	183.6%
Information Technology	1,255,757	1,226,719	29,038	2.4%	1,973,846	1,635,625	338,221	20.7%
Human Resources and Administration	486,465	457,500	28,965	6.3%	692,100	610,000	82,100	13.5%
Finance and Accounting	35,196	93,750	(58,554)	(62.5%)	125,000	125,000	-	0.0%
TOTAL (excluding CRISP)	\$ 4,354,150	\$ 4,774,568	\$ (420,417)	(8.8%)	\$ 7,598,415	\$ 6,366,090	\$ 1,232,325	19.4%
CRISP	3,614,936	4,744,292	(1,129,356)	(23.8%)	6,506,928	6,325,723	181,205	2.9%
TOTAL (including CRISP)	\$ 7,969,086	\$ 9,518,860	\$ (1,549,774)	(16.3%)	\$ 14,105,343	\$ 12,691,813	\$ 1,413,530	11.1%

- Office Costs expenses are projected to be over budget mainly as a result of higher than budgeted software costs (a portion of which is being funded with the CRISP reserves).
- Professional Services expenses are expected to be over budget largely due to fees for an additional NERC trustee, higher legal expenses for office lease negotiations, and increased costs for liability insurance.
- Fixed Asset Additions are over budget primarily because of the timing of approximately \$700k in expenditures for the ERO Secure Evidence Locker (ERO SEL) project that were approved to be spent and financed in 2020 but will be incurred and financed in 2021. This is partially offset by lower than budgeted spending for IT equipment and servers.
- Net Financing Activity budget did not contemplate loan proceeds, but due to the timing of expenditures on the ERO SEL capital investment, NERC is projected to borrow approximately \$700k in 2021 to fund the carryover costs. Accordingly, principal payments in 2021 will be lower than budgeted since the loan advance will not occur until later in the year. The total borrowing for the ERO SEL project in 2020 and 2021 will be at or below the total amount of \$2.0 million approved by the NERC Board of Trustees for the project initial investment.

Variations by Department

DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	YTD	YTD	YTD	%	Annual	Annual	Annual	%
	Actual	Budget	Over (Under)	Over (Under)	Projection	Budget	Over (Under)	Over (Under)
Reliability Standards and Risk Issue Management	\$ 2,874,969	\$ 2,740,333	\$ 134,636	4.9%	\$ 3,906,393	\$ 3,627,620	\$ 278,772	7.7%
Compliance Assurance	4,792,736	4,918,245	(125,509)	(2.6%)	5,954,462	6,508,460	(553,998)	(8.5%)
Registration and Certification	792,510	945,864	(153,354)	(16.2%)	1,134,906	1,248,210	(113,304)	(9.1%)
Compliance Enforcement	3,327,038	3,197,457	129,581	4.1%	3,995,100	4,244,467	(249,367)	(5.9%)
Power System Analysis	214,930	260,029	(45,099)	(17.3%)	320,799	428,239	(107,440)	(25.1%)
Reliability Assessment and Technical Committees	1,429,832	1,481,191	(51,360)	(3.5%)	2,004,619	1,957,274	47,345	2.4%
Advanced System Analytics and Modeling & Power System Analysis	1,493,400	1,894,603	(401,203)	(21.2%)	2,138,365	2,503,640	(365,274)	(14.6%)
Performance Analysis	1,015,828	1,246,283	(230,454)	(18.5%)	1,427,811	1,665,414	(237,603)	(14.3%)
Situation Awareness	2,005,991	2,105,456	(99,465)	(4.7%)	2,765,249	2,790,692	(25,443)	(0.9%)
Event Analysis	1,389,391	1,812,112	(422,721)	(23.3%)	1,868,404	2,389,731	(521,327)	(21.8%)
E-ISAC	9,065,990	9,542,681	(476,690)	(5.0%)	12,519,957	12,698,677	(178,720)	(1.4%)
Training, Education and Personnel Certification	894,789	1,229,980	(335,191)	(27.3%)	1,612,925	1,635,119	(22,194)	(1.4%)
General and Administrative and Executive	6,302,851	6,349,501	(46,651)	(0.7%)	8,659,710	8,445,444	214,266	2.5%
Legal and Regulatory	3,454,613	3,503,031	(48,418)	(1.4%)	5,002,275	4,631,911	370,364	8.0%
External Affairs	2,139,426	2,160,988	(21,561)	(1.0%)	2,908,198	2,859,325	48,872	1.7%
Information Technology	9,271,487	9,736,462	(464,975)	(4.8%)	12,868,123	12,936,602	(68,479)	(0.5%)
Human Resources and Administration	2,017,235	2,089,273	(72,037)	(3.4%)	2,966,849	2,775,720	191,128	6.9%
Finance and Accounting	1,543,947	1,546,746	(2,799)	(0.2%)	2,156,969	2,052,043	104,926	5.1%
TOTAL (excluding CRISP)	\$ 54,026,963	\$ 56,760,234	\$ (2,733,271)	(4.8%)	\$ 74,211,114	\$ 75,398,589	\$ (1,187,475)	(1.6%)
CRISP	4,769,100	5,618,338	(849,238)	(15.1%)	8,168,308	7,484,651	683,657	9.1%
TOTAL DIRECT EXPENSES, FIXED ASSETS, AND FINANCING ACTIVITY	\$ 58,796,064	\$ 62,378,572	\$ (3,582,508)	(5.7%)	\$ 82,379,422	\$ 82,883,240	\$ (503,818)	(0.6%)

Following is a brief summary of significant variances by department:

- Compliance Assurance – Projected to be under budget largely because of lower personnel costs due to the repurposing of one position, as well as lower meeting and travel expenses.
- Advanced System Analytics and Modeling & Power System Analysis – Under budget and expected to be under budget primarily attributable to the repurposing of one FTE to the Reliability Standards and Risk Issue Management department and also because of lower travel and software license and support costs.
- Event Analysis – Under budget and expected to be under budget mainly as a result of lower personnel expenses due to the transfer of an open FTE position to Situation Awareness and also because of lower travel expenses.
- E-ISAC – Under budget largely due to lower benefit costs, travel and meeting expenses, and the timing of contractor costs versus the budget.
- Training, Education and Personnel Certification – Under budget primarily because of the timing of SOCCED program exam development and job task analysis support versus the budget and lower Training & Education department contractor needs.
- Legal and Regulatory – Expected to be over budget primarily due to internal audit staff augmentation, support for corporate risk management initiatives, and outside counsel support for the Atlanta and DC office lease negotiations.
- Information Technology – Under budget primarily because of timing of software license and support costs and reduced equipment purchases.

- CRISP – Under budget largely as a result of the timing of costs versus the budget for third party contractor costs and pilot program contractor costs and is expected to be over budget because of higher contractor and software costs.

Supplemental Schedules

Schedule 1 – Year-End Projected Reserves

Reserve Account	1/1/2021		Unbudgeted Funding/(Use)	Operating and Financing Activity Versus Budget ⁽³⁾	12/31/2021 Ending Balance
	Beginning Balance ⁽¹⁾	Budgeted Funding/(Use) ⁽²⁾			
Operating Contingency	\$ 7,982,913	\$ (1,800,000)	\$ -	\$ 1,223,614	\$ 7,406,528
Future Obligations	1,657,901	(551,600)	-	-	1,106,301
Assessment Stabilization	2,521,000	-	-	-	2,521,000
System Operator	996,220	-	-	(244,315)	751,905
CRISP (Defense Fund)	500,000	-	-	-	500,000
CRISP (Special Projects)	1,049,549	-	-	(806,000)	243,549
Total Reserves	\$ 14,707,584	\$ (2,351,600)	\$ -	\$ 173,299	\$ 12,529,283

NOTES:

(1) 2021 beginning balances have been adjusted from the 12/31/2020 variance report balances as the result of a reconciliation to the final audited balance sheet.

(2) The 2021 Business Plan & Budget contained a budgeted use of Operating Contingency Reserves totaling \$1,800,000 to lower assessments for costs associated with the Compliance Monitoring and Enforcement Program Align project. The Future Obligations Reserve decrease of \$551,600 is a budgeted use of deferred rent reserves to fund a portion of office lease costs.

(3) This column primarily reflects the net impact of normal operations. For example, under normal circumstances, if NERC was tracking well under budget in actual expenditures, this would reflect additional funds into the reserve account. It also reflects the increase or decrease in working capital during the period.

Schedule 2 – IT Projects

Projects in Progress	Project Budget ⁽¹⁾	Actual Spend to Date	Expected Spend	Expected Over (Under) Budget
Align (2017-2021)	\$ 7,203,000	\$ 6,928,473	\$ 7,203,000	\$ -
E-ISAC Portal Replacement	259,680	259,680	259,680	-
CRISP Dragos Operational Technology Pilot	426,000	159,425	426,000	-

Projects Completed in 2021	Project Budget ⁽¹⁾	Actual Spend
Secure Evidence Locker ⁽²⁾	\$ 2,265,000	\$ 2,109,656
Mobile Device Management/Laptop Build	36,000	62,573
SAFNR Disaster Recovery	78,516	67,372

NOTES:

(1) The Project Budget noted above usually corresponds to the approved business case for each project and funds for each project are drawn from the available budget. In some projects, business cases may not be prepared, particularly when a project is smaller and/or may be in response to a FERC order.

(2) Still awaiting the final invoices for this project.

* Some of these projects span multiple years, so the amounts above do not represent a single budget year expenditure.

* The amounts noted above do not include internal labor or license/maintenance/support costs and reflect only external (consultant) costs of the projects.

Schedule 2 (continued) – IT Projects

Align

(Started Q2 2017 / Planned Completion Q4 2021)

This project will provide registered entities, Regional Entities, and NERC the ability manage the compliance and enforcement processes and data in a single ERO Enterprise system. Today, those processes and related data are managed across three separate systems that have to be synchronized (webCDMS, CITS, and CRATS).

E-ISAC Portal Replacement

(Started Q3 2020 / Planned Completion Q4 2021)

This project will re-platform the current portal and ticket/case system, which will combine the functions and services into a single E-ISAC Sharing Platform (ESP) solution, allowing members, partners, and the E-ISAC staff to interact more effectively and efficiently.

CRISP Dragos Operational Technology Pilot

(Started Q4 2020 / Planned Completion Q4 2021)

The objective of this project is to measure the capabilities of the Dragos Platform to evaluate cyber security risks based upon data made available through CRISP. Additionally, the pilot will promote E-ISAC analyst training and capabilities through guided-hunt participation and development of other cyber security threat intelligence best practices (such as generation of analytics and playbooks). The one-year pilot will be funded through CRISP and benefit its participants, but will enrich the overall threat intelligence capabilities of the E-ISAC.

Secure Evidence Locker

(Started Q2 2020 / Completed Q1 2021)

This is a key component of the NERC's reimagined suite of Compliance Monitoring and Enforcement Program (CMEP) work and data management tools and is being implemented in conjunction with Align. It will be used for the collection and analysis of evidence provided by registered entities in connection with CMEP activities.

Mobile Device Management/Laptop Build

(Started Q1 2021 / Completed Q2 2021)

This project provided NERC with the capability to secure mobile devices and also to send laptops to remote employees and have most of the build completed remotely thereby reducing the time required to build the laptop in the office and then ship to employees.

SAFNR Disaster Recovery

(Started Q3 2020 / Completed Q3 2021)

This project involved the installation of a redundant instance of the SAFNR application in NERC's data warehouse to be activated in a disaster recovery situation should the primary site become physically unavailable.

Schedule 3 – E-ISAC and CRISP Summary of Activity

TOTAL E-ISAC (including CRISP)

FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)
Assessments	\$ 17,004,776	\$ 22,673,035	\$ 22,673,035	\$ -
Other Funding	5,345,559	7,025,682	7,148,703	(123,021)
TOTAL FUNDING	\$ 22,350,335	\$ 29,698,717	\$ 29,821,738	\$ (123,021)
EXPENDITURES				
Personnel Expense	\$ 6,956,755	\$ 9,492,876	\$ 9,463,819	\$ 29,057
Meetings and Travel Expense	63,011	95,596	297,080	(201,484)
Operating Expenses (excluding Depreciation)	6,785,325	11,048,793	10,339,429	709,365
Other Non-Operating Expenses	-	-	-	-
Fixed Asset Purchases (excluding Fixed Asset Allocation)	30,000	51,000	83,000	(32,000)
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-
Total Direct Costs (excluding Depreciation and Allocations)	\$ 13,835,091	\$ 20,688,265	\$ 20,183,328	\$ 504,937
Indirect Expense Allocation	7,218,767	10,196,205	9,315,576	880,628
Fixed Asset Allocation	38,760	71,979	188,624	(116,646)
Net Financing Activity Allocation	100,783	115,276	134,209	(18,933)
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 21,193,401	\$ 31,071,725	\$ 29,821,738	\$ 1,249,987
RESERVE INCREASE (DECREASE)	\$ 1,156,934	\$ (1,373,008)	\$ 0	\$ (1,373,008)

Schedule 3 (continued) – E-ISAC and CRISP Summary of Activity

CRISP					
FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)	
Assessments	\$ 821,897	\$ 1,095,863	\$ 1,095,863	\$ -	
Other Funding	5,299,280	6,963,825	7,100,343	(136,519)	
TOTAL FUNDING	\$ 6,121,178	\$ 8,059,688	\$ 8,196,207	\$ (136,519)	
EXPENDITURES					
Personnel Expense	\$ 643,707	\$ 881,663	\$ 833,011	\$ 48,652	
Meetings and Travel Expense	759	14,331	28,939	(14,608)	
Operating Expenses (excluding Depreciation)	4,094,635	7,222,314	6,572,701	649,613	
Other Non-Operating Expenses	-	-	-	-	
Fixed Asset Purchases (excluding Fixed Asset Allocation)	30,000	50,000	50,000	(0)	
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-	
Total Direct Costs (excluding Depreciation and Allocations)	\$ 4,769,100	\$ 8,168,308	\$ 7,484,651	\$ 683,657	
Indirect Expense Allocation	650,137	751,135	687,687	63,448	
Fixed Asset Allocation	3,491	5,303	13,946	(8,644)	
Net Financing Activity Allocation	9,077	8,492	9,923	(1,431)	
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 5,431,805	\$ 8,933,238	\$ 8,196,207	\$ 737,031	
RESERVE INCREASE (DECREASE)	\$ 689,373	\$ (873,550)	\$ (0)	\$ (873,550)	

E-ISAC (excluding CRISP)					
FUNDING	YTD Actual	Annual Projection	Annual Budget	Projected Over (Under)	
Assessments	\$ 16,182,879	\$ 21,577,172	\$ 21,577,172	\$ -	
Other Funding	46,279	61,857	48,360	13,498	
TOTAL FUNDING	\$ 16,229,158	\$ 21,639,029	\$ 21,625,531	\$ 13,498	
EXPENDITURES					
Personnel Expense	\$ 6,313,048	\$ 8,611,213	\$ 8,630,809	\$ (19,596)	
Meetings and Travel Expense	62,253	81,265	268,141	(186,876)	
Operating Expenses (excluding Depreciation)	2,690,690	3,826,480	3,766,728	59,752	
Other Non-Operating Expenses	-	-	-	-	
Fixed Asset Purchases (excluding Fixed Asset Allocation)	-	1,000	33,000	(32,000)	
Net Financing Activity (excluding Net Financing Activity Allocation)	-	-	-	-	
Total Direct Costs (excluding Depreciation and Allocations)	\$ 9,065,990	\$ 12,519,957	\$ 12,698,677	\$ (178,720)	
Indirect Expense Allocation	6,568,630	9,445,069	8,627,890	817,180	
Fixed Asset Allocation	35,269	66,676	174,678	(108,002)	
Net Financing Activity Allocation	91,707	106,784	124,286	(17,502)	
TOTAL EXPENDITURES (excluding Depreciation, including Allocations)	\$ 15,761,596	\$ 22,138,487	\$ 21,625,531	\$ 512,956	
RESERVE INCREASE (DECREASE)	\$ 467,562	\$ (499,458)	\$ 0	\$ (499,458)	

Schedule 4 – Summary of Investments

	Quarter-End Balance	Ticker Symbol	Fund Name	S&P Credit Rating	Average Annualized Yield
<u>Cash Sweep Accounts</u>					
Operating Account Sweep	\$ 19,475,656	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	0.03%
SOCCEd Account Sweep	1,529,808	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	0.03%
CRISP Account Sweep	5,348,999	TDDXX	BlackRock Liquidity Fund FedFund Dollar	AAAm	0.03%
<u>Total Cash Sweep Accounts</u>	<u>\$ 26,354,463</u>				
<u>Investment Account</u>					
Reserve Funds	\$ 8,471,747	GRTXX	Federated Hermes Government Obligations Fund	AAAm	0.03%
<u>Total Investments</u>	<u>\$ 8,471,747</u>				