



## **2024 Business Plan and Budget**

**Texas Reliability Entity, Inc.**

**Approved by Texas RE Board of Directors**

**Date: May 17, 2023**

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## Introduction

<b>TOTAL RESOURCES</b> (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs	70.0			
Non-statutory FTEs	-			
<b>Total FTEs</b>	70.0			
Statutory Expenses	\$ 19,107,925			
Non-Statutory Expenses	\$ -			
<b>Total Expenses</b>	\$ 19,107,925			
Statutory Inc(Dec) in Fixed Assets	\$ 50,000			
Non-Statutory Inc(Dec) in Fixed Assets	\$ -			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ 50,000			
Statutory Working Capital Requirement	\$ -			
Non-Statutory Working Capital Requirement				
<b>Total Working Capital Requirement</b>	\$ -			
Total Statutory Funding Requirement	\$ 19,157,925			
Total Non-Statutory Funding Requirement	\$ -			
<b>Total Funding Requirement</b>	\$ 19,157,925			
<b>Statutory Funding Assessments</b>	\$ 18,681,013			
<b>Non-Statutory Fees</b>	\$ -			
NEL	427,787,483	427,787,483		
NEL%	100.00%	100.00%		

Table B-1 Reserve Analysis on page 39 in Section B

## Organizational Overview

Texas Reliability Entity, Inc. (Texas RE) is a Texas non-profit corporation that is the Regional Entity for the Electric Reliability Council of Texas, Inc. (ERCOT) region, pursuant to its Amended and Restated Delegation Agreement (Delegation Agreement) with North American Electric Reliability Corporation (NERC) effective January 1, 2021. Texas RE ensures the reliability of the ERCOT region bulk-power system (BPS).

The ERCOT region is the geographic area located within the state of Texas that operates under the jurisdiction of the Public Utility Commission of Texas (PUCT) and is not synchronously interconnected with any electric utilities operating outside of Texas. The ERCOT region includes approximately 90% of Texas load and 75% of the Texas land area.

## Membership

Texas RE has the following six membership sectors under its Bylaws:

- System Coordination and Planning
- Transmission and Distribution
- Cooperative Utility
- Municipal Utility
- Generation
- Load-Serving and Marketing

Membership in Texas RE is voluntary and open to any entity that is a user, owner, or operator in the ERCOT region BPS, who registers with Texas RE as a member and complies with the Texas RE Bylaws requirements. There is no charge for membership with Texas RE. Any person or entity that has a direct and material interest in the BPS has a right to participate in the Texas RE Standards Development Process, even if not a Texas RE member.

Texas RE has one stakeholder committee, the Member Representatives Committee (MRC). The MRC includes representatives from members in each of the six membership sectors and provides advice and recommendations to the Board on administrative, financial, reliability-related, or any other matters, through its elected Chair and Vice Chair, who also serve as Affiliated Directors on Texas RE's Board. In addition, the MRC facilitates the Regional Standards Development Process, and coordinates the development of Regional Standards and variances with the development of continent-wide standards. A subcommittee of the MRC, the NERC Standards Review Forum (NSRF), monitors, reviews, and discusses NERC (continent-wide) Reliability Standards under development and Reliability Standards interpretation requests.

## Board of Directors

Texas RE is governed by a hybrid Board of Directors (Board), comprised of the following nine individuals:

- The Texas RE President and Chief Executive Officer (CEO)
- Four Independent Directors (elected by membership)
- Two Affiliated Directors (the Chair and Vice Chair of the Member Representatives Committee)
- Chairman of the PUCT or another PUCT Commissioner designated by the Chairman, as an *ex officio* non-voting member
- Texas Public Counsel, from the Texas Office of Public Utility Counsel, as an *ex officio* non-voting member

The Board's primary role is to oversee the management of Texas RE, including assuring that Texas RE meets its requirements under the Bylaws and Delegation Agreement, and appointing a CEO to manage and be responsible for the day-to-day on-going activities of Texas RE.

## Statutory Functional Scope

In accordance with its Delegation Agreement with NERC and in compliance with the NERC Rules of Procedure (NERC ROP), Texas RE performs the following statutory (or delegated) functions:

- Participation in the development of NERC Reliability Standards, or modifications thereof, and facilitation of developing needed Regional Standards or variances through Texas RE's Standards Development Process.
- Identification and registration of responsible entities with NERC and, as needed, certification of such entities within the ERCOT region.
- Monitoring and enforcement of compliance with approved NERC Reliability Standards and Regional Standards, in accordance with the NERC ROP, in the ERCOT region.
- Analysis and assessment of system events and disturbances.
- Assessment of the present and future reliability, adequacy, and security of the BPS.
- Promotion of effective training and education of personnel.
- Promotion of situation awareness and the protection of critical infrastructure.

## Financial Policies

Texas RE has policies and procedures in place that address its overall financial management, including procurement and business expense reimbursement. Additionally, Texas RE has a working capital and operating reserve policy to ensure the stability of the ongoing operations of the organization. This policy is intended to provide funds for situations such as a sudden unanticipated increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses.

## 2024 Overview of Cost Impacts

In developing the Texas RE 2024 Business Plan and Budget, Texas RE reflects the collaborative development of the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Texas RE also seeks input from its MRC and posts the budget for comment. Prior to obtaining final approval from its Board, Texas RE seeks NERC input and review of its annual Regional Entity Business Plan and Budget, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

Overall, the Texas RE 2024 budgeted statutory expenses (\$19,157,925) increased by 8.0% from the 2023 budgeted statutory expenses (\$17,733,467). The \$1,424,459 increase in budget is due to adding three FTEs, and a 10.0% increase in health benefits. One FTE is added for the IT department, one for the CMEP department, and one for the RAPA department.

The 2024 statutory assessment (\$18,681,013) increased 8.9% from the 2023 assessment (\$17,155,278).

Significant statutory expense changes (including capital expenditures) include:

- Total Personnel expenses are increasing by 12.3%. Salaries expense is increasing 11.7%, which includes adding three additional Full Time Equivalents (FTE) in 2024, in the Information Technology department, CMEP department, and the RAPA Department. 5.0% allowance for salary increases and promotions is included in this personnel budget. Payroll taxes are increasing 9.8%. Total Benefits expense is decreasing 18.6%. Health plan expense did not increase as projected in 2023; however, health plan expense is projected to increase 10% for 2024 over actual 2023 cost, which is lower than the 2023 budgeted cost. Employee Benefits include education reimbursement, relocation expenses, and training and professional development. Including these expenses in Employee Benefits is consistent with the NERC budget guidelines. Retirement costs are increasing 10.6%. Changes in budgeted Benefits expense and Retirement expense affect all program area budgets. All personnel-related expenses are increasing based on the additional salary expense for three additional FTEs. (See program areas for details concerning FTE increases).
- Total Meeting and Travel expenses are increasing 7.7%. Meetings expense is increasing by \$29,000 to allow for major outreach initiatives and related production cost. An annual meeting with the Texas RE Board of Directors and stakeholders is included in Meetings expense for 2024. The 2024 budget includes Workshop Expense for one offsite workshop in the Training and Education Program. Travel expense is increasing 1.2% to include travel for added FTEs.
- Total Operating expenses are decreasing by 4.5%. The Consultants and Contracts expense is decreasing 3.5%. The 2023 budget includes three compensation studies and one custom survey; the 2024 budget includes two studies. Rent cost is decreasing 7.5%. This category includes building maintenance, which is lower on the current office space.

All statutory activity in the 2024 Business Plan and Budget aligns with the ERO Enterprise Long-Term Strategy.

### **ERO Enterprise Model and Transformation**

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations with distinct roles between NERC and the Regional Entities. The ERO Enterprise strives for consistency where necessary but recognizes that each Regional Entity addresses reliability in unique ways based on its own challenges and stakeholder needs. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

As the ERO Enterprise continues to mature, the organization is working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations was established in 2019, committing the ERO Enterprise to:

- Work together as one team and honor each of its roles.
- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work.
- Collaborate to develop clear and consistent guidance across the ERO Enterprise.
- Share information, knowledge, and resources across the ERO Enterprise.
- Develop and share harmonized messages across ERO Enterprise communications; and
- Support innovation, initiatives, and the sharing of best practices across the ERO Enterprise.

Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



### **ERO Enterprise Long-Term Strategy**

NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while acknowledging the unique differences across the Regions, and the different corporate and governance responsibilities of each entity.

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In 2019, ERO Enterprise leadership came together to revise the ERO Enterprise Long-Term Strategy as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

1. Expand risk-based focus in all standards, compliance monitoring, and enforcement programs.
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial [\*ERO Reliability Risk Priorities Report\*](#);
3. Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability.
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business Plan and Budget may reference how activities support each of the strategic focus areas.

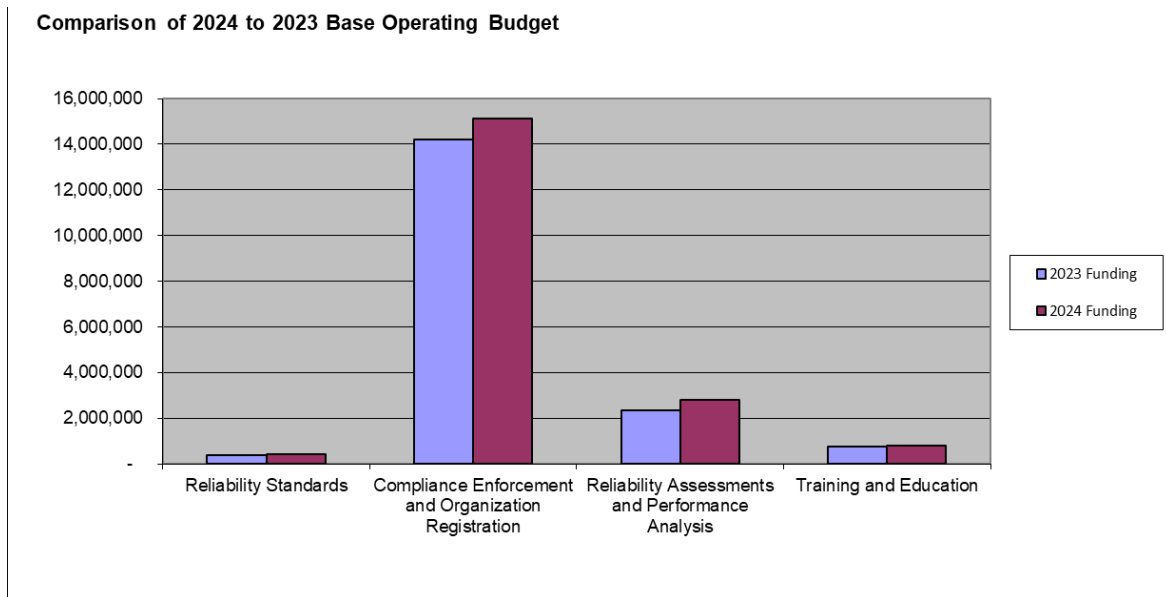
Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.



## Summary by Program

The following table summarizes the Texas RE budget by program area.

Base Operating Budget	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ 407,931	\$ 407,931	\$ 429,172	\$ 21,241	5.2%
Compliance Enforcement and Organization Registration	14,194,994	14,194,994	15,136,737	941,743	6.6%
Reliability Assessments and Performance Analysis	2,370,932	2,370,932	2,792,883	421,951	17.8%
Training and Education	759,610	759,610	799,133	39,523	5.2%
<b>Total by Program</b>	<b>\$ 17,733,467</b>	<b>\$17,733,467</b>	<b>\$ 19,157,925</b>	<b>\$ 1,424,458</b>	<b>8.0%</b>



## FTEs by Program Area

### Personnel Analysis

The following table displays total full-time equivalents (FTEs) by program area.

Total FTEs by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2023	2023	2024	FTEs 2024	2024	from 2023
	Budget		Budget	Budget	Budget	Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	1.25	1.25	1.25	-	1.25	-
Compliance and Organization Registration and Certificat	41.75	41.75	42.75	-	42.75	1.00
Training and Education	2.25	2.25	2.25	-	2.25	-
Reliability Assessment and Performance Analysis	6.00	6.00	7.00	-	7.00	1.00
<b>Total FTEs Operational Programs</b>	<b>51.25</b>	<b>51.25</b>	<b>53.25</b>	<b>-</b>	<b>53.25</b>	<b>2.00</b>
<b>Administrative Programs</b>						
General & Administrative	4.00	4.00	4.00	-	4.00	-
Legal and Regulatory	2.75	2.75	2.75	-	2.75	-
Information Technology	6.00	6.00	7.00	-	7.00	1.00
Human Resources	-	-	-	-	-	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
<b>Total FTEs Administrative Programs</b>	<b>15.75</b>	<b>15.75</b>	<b>16.75</b>	<b>-</b>	<b>16.75</b>	<b>1.00</b>
<b>Total FTEs</b>	<b>67.00</b>	<b>67.00</b>	<b>70.00</b>	<b>-</b>	<b>70.00</b>	<b>3.00</b>

For an explanation of the variances, refer to the Resource Requirements section in each program area in Section A.

## 2023 Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ 17,155,278	\$ 17,155,278	\$ -	\$ 18,681,013	\$ 1,525,735
Penalties Released*	576,188	576,188	-	426,912	(149,276)
<b>Total NERC Funding</b>	<u>\$ 17,731,466</u>	<u>\$ 17,731,466</u>	<u>\$ -</u>	<u>\$ 19,107,925</u>	<u>\$ 1,376,459</u>
Interest	2,000	2,000	-	50,000	48,000
<b>Total Funding (A)</b>	<u>\$ 17,733,466</u>	<u>\$ 17,733,466</u>	<u>\$ -</u>	<u>\$ 19,157,925</u>	<u>\$ 1,424,459</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 9,528,203	\$ 9,528,203	\$ -	10,642,009	\$ 1,113,807
Payroll Taxes	658,636	658,636	-	723,372	64,736
Benefits	1,606,373	1,606,373	-	1,904,575	298,202
Retirement Costs	1,375,439	1,375,439	-	1,520,920	145,481
<b>Total Personnel Expenses</b>	<u>\$ 13,168,651</u>	<u>\$ 13,168,651</u>	<u>\$ -</u>	<u>\$ 14,790,877</u>	<u>\$ 1,622,226</u>
<b>Meeting &amp; Travel Expenses</b>					
Meetings	\$ 56,900	\$ 56,900	\$ -	85,900	\$ 29,000
Travel	376,735	376,735	-	381,150	4,415
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 433,635</u>	<u>\$ 433,635</u>	<u>\$ -</u>	<u>\$ 467,050</u>	<u>\$ 33,415</u>
<b>Operating Expenses, Excluding Depreciation</b>					
Consultants & Contracts	\$ 407,700	\$ 407,700	\$ -	393,500	\$ (14,200)
Office Rent	2,211,708	2,211,708	-	2,045,704	(166,003)
Office Costs	731,248	731,248	-	735,619	4,371
Professional Services	680,525	680,525	-	675,175	(5,350)
<b>Total Operating Expenses</b>	<u>\$ 4,031,181</u>	<u>\$ 4,031,181</u>	<u>\$ -</u>	<u>\$ 3,849,998</u>	<u>\$ (181,182)</u>
<b>Total Direct Expenses</b>	<u>\$ 17,633,467</u>	<u>\$ 17,633,467</u>	<u>\$ -</u>	<u>\$ 19,107,925</u>	<u>\$ 1,474,459</u>
<b>Indirect Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 17,633,467</u>	<u>\$ 17,633,467</u>	<u>\$ -</u>	<u>\$ 19,107,925</u>	<u>\$ 1,474,459</u>
<b>Change in Net Assets (A - B)</b>	<u>\$ 99,999</u>	<u>\$ 99,999</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (50,000)</u>
<b>Fixed Assets, excluding Right of Use Assets ( C )</b>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>
<b>TOTAL BUDGET (B + C)</b>	<u>\$ 17,733,467</u>	<u>\$ 17,733,467</u>	<u>\$ -</u>	<u>\$ 19,157,925</u>	<u>\$ 1,424,459</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FTEs</b>	67.00	67.00		70.00	3

\*Penalties Released in the current year reflects the designated amount of funds released to offset U.S. Assessments. Actual penalties invoiced in the current year are reported as income on the audited financial statements in accordance with Generally Accepted Accounting Printples (GAAP).

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# Section A – Statutory Programs

## 2024 Business Plan and Budget

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## Section A — 2024 Business Plan – Statutory Programs

### Reliability Standards Program

<b>Reliability Standards Program (in whole dollars)</b>			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	1.25	1.25	-
Direct Expenses	\$ 203,871	\$ 229,746	\$ 25,875
Indirect Expenses	\$ 201,621	\$ 198,252	\$ (3,369)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 2,439	\$ 1,174	\$ (1,265)
<b>Total Funding Requirement</b>	<b>\$ 407,931</b>	<b>\$ 429,172</b>	<b>\$ 21,241</b>

### Program Scope and Functional Description

Texas RE’s Reliability Standards Program supports the NERC Reliability Standards Program and facilitates the development of regional standards and variances, in accordance with the Texas RE Standards Development Process. Texas RE Standards staff coordinates and publicly posts information regarding the activities of the Texas RE MRC’s standards development activities, the NERC Standards Review Forum (NSRF), and all regional standard drafting teams (SDTs).

The Texas RE Standards Development Process is open to all individuals and organizations that are directly and materially affected by the ERCOT region BPS, with no undue financial barriers and regardless of Texas RE membership status. Texas RE’s Standards Development Process provides for fair and due process by providing sufficient public notice of the intent to develop a regional standard. The Standards Development Process includes an appeal process and an interpretation process.

Texas RE Standards staff supports and participates in the NERC Standards Committee and other NERC activities relating to standards development. Texas RE regularly comments and votes on proposed NERC Reliability Standards and revisions from its perspective as the Compliance Enforcement Authority, based on recommendations and input from subject matter experts employed by Texas RE.

In addition, Texas RE reviews proposed NERC Reliability Standards. This Program area supports and facilitates standards activities of the Texas RE MRC and the NSRF. The MRC is a stakeholder committee that oversees the execution of the Texas RE Standards Development Process. The NSRF provides a regional stakeholder forum for education and discussion of NERC Reliability Standards activities, both regional and continent-wide.

Texas RE Standards staff provides education and advice to other Texas RE departments regarding issues relating to standards, including applicability and interpretation of requirements in accordance with NERC processes.

When developing Regional Standards, Texas RE is responsible for adhering to its FERC-approved Regional Standards development processes, and for assisting NERC as needed with obtaining NERC Board approval and subsequent filing(s) with FERC and other regulatory authorities, as appropriate, including developing the record necessary to support approval.

### **2024 Key Assumptions**

- Continent-wide NERC Reliability Standards projects will consist primarily of new Standards Authorization Requests, Periodic Reviews, Standards Efficiency Review (SER) Implementation, and Standards Grading, covering both Critical Infrastructure Protection (CIP) and Operations and Planning standards. These activities will require the allocation of technical resources from several internal NERC departments (e.g., Reliability Assessment and Performance Analysis (RAPA), Reliability Risk Management (RRM), Compliance Analysis and Certification (CAC), and Compliance Assurance and support from across the ERO Enterprise.
- Regional Standards development activity will be driven by requests the Regional Entity may receive or reliability issues the Regional Entity may identify. Although Regional Standards development activity is expected to remain low, Texas RE Regional Standard BAL-001-TRE-2 is subject to periodic review and revision under the Texas RE Regional Standard development process, and additional technical resources may be required in support of region-specific activities in connection with this standard.
- In coordination with SDTs and consistent with current approaches, Regional Entities may support outreach during standards development. Additionally, following FERC approval, Regions will assist the transition of standards to compliance monitoring and enforcement, supporting industry and auditor training, or providing information regarding the intent of the standard.
- The number of interpretations is expected to remain low. However, guidance requests associated with the implementation of standards may increase.

### **2024 Goals and Key Deliverables**

- Provide input on and facilitate industry review of new and existing NERC Reliability Standards, including cost effectiveness/impact analysis.
- Provide input and feedback for new and existing NERC Reliability Standards using compliance monitoring experience as a basis.
- Support stakeholder awareness of standards development through engagement and support of the NSRF.
- Provide guidance and outreach on approved NERC Reliability Standards and Regional Standards.

- Develop, as needed, regional variances or Regional Standards to address specific reliability risks and evaluate the need for existing Regional Standards.
- Review existing Regional Standards to determine if any could be incorporated as a regional variance to a continent-wide NERC Reliability Standard.

### **Resource Requirements**

#### Personnel Expenses

The number of FTEs assigned to this Program is consistent with 2023.

#### Consultants and Contracts

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget.

**Section A — 2024 Business Plan and Budget – Statutory Programs**

**Reliability Standards Program**

The following table shows the funding sources and related expenses for the Reliability Standards Program for 2024. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital					
2023 Budget & Projection, and 2024 Budget					
RELIABILITY STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ 418,421	\$ 418,421	\$ -	438,521	\$ 20,100
Penalties Released	14,053	14,053		10,021	(4,032)
<b>Total NERC Funding</b>	<b>\$ 432,475</b>	<b>\$ 432,475</b>	<b>\$ -</b>	<b>\$ 448,543</b>	<b>\$ 16,068</b>
Interest	49	49	-	1,174	1,125
<b>Total Funding</b>	<b>\$ 432,524</b>	<b>\$ 432,524</b>	<b>\$ -</b>	<b>\$ 449,717</b>	<b>\$ 17,193</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 135,442	\$ 135,442	\$ -	154,150	\$ 18,708
Payroll Taxes	10,444	10,444	-	11,878	1,434
Benefits	31,537	31,537	-	35,737	4,200
Retirement Costs	19,548	19,548	-	22,266	2,718
<b>Total Personnel Expenses</b>	<b>\$ 196,971</b>	<b>\$ 196,971</b>	<b>\$ -</b>	<b>\$ 224,031</b>	<b>\$ 27,060</b>
<b>Meeting &amp; Travel Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	-	\$ -
Travel	6,900	6,900	-	4,275	(2,625)
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 6,900</b>	<b>\$ 6,900</b>	<b>\$ -</b>	<b>\$ 4,275</b>	<b>\$ (2,625)</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	-	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	1,440	1,440
Professional Services	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,440</b>	<b>\$ 1,440</b>
<b>Total Direct Expenses</b>	<b>\$ 203,871</b>	<b>\$ 203,871</b>	<b>\$ -</b>	<b>\$ 229,746</b>	<b>\$ 25,875</b>
<b>Indirect Expenses</b>	<b>\$ 201,621</b>	<b>\$ 201,621</b>	<b>\$ -</b>	<b>\$ 198,252</b>	<b>\$ (3,369)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 405,492</b>	<b>\$ 405,492</b>	<b>\$ -</b>	<b>\$ 427,998</b>	<b>\$ 22,506</b>
<b>Change in Assets</b>	<b>\$ 27,032</b>	<b>\$ 27,032</b>	<b>\$ -</b>	<b>\$ 21,719</b>	<b>\$ (5,314)</b>
<b>Fixed Assets, excluding Right of Use Assets ( C )</b>	<b>\$ 2,439</b>	<b>\$ 2,439</b>	<b>\$ -</b>	<b>\$ 1,174</b>	<b>(1,265)</b>
<b>TOTAL BUDGET</b>	<b>\$ 407,931</b>	<b>\$ 407,931</b>	<b>\$ -</b>	<b>\$ 429,172</b>	<b>\$ 21,241</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ 24,593</b>	<b>\$ 24,593</b>	<b>\$ -</b>	<b>\$ 20,545</b>	<b>(4,048)</b>
<b>FTEs</b>	1.25	1.25	-	1.25	-

Approved by the Texas RE Board of Directors May 17, 2023



**Compliance Monitoring and Enforcement and Organization Registration and Certification Program**

<b>Compliance Monitoring and Enforcement and Organization Registration and Certification Program</b>			
<b>(in whole dollars)</b>			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	41.75	42.75	1.0
Direct Expenses	\$ 7,379,404	\$ 8,316,383	\$ 936,979
Indirect Expenses	\$ 6,734,126	\$ 6,780,213	\$ 46,086
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 81,463	\$ 40,141	\$ (41,323)
Total Funding Requirement	\$ 14,194,994	\$ 15,136,737	\$ 941,743

**Program Scope and Functional Description**

Texas RE’s Compliance Monitoring and Enforcement and Organization Registration and Certification Program includes the key activities of registering (and where required, certifying) responsible entities, monitoring and assessing compliance with the NERC Reliability Standards and Regional Standards, and enforcing and ensuring mitigation of violations of standards in accordance with the NERC ROP. The primary monitoring and assessment methods include audits, self-reports, self-certifications, complaints, spot checks, compliance investigations, and data submittals.

There are several major ERO-wide activities that are expected to benefit NERC, the Regional Entities, and registered entities. The risk-based Compliance and Enforcement Monitoring Program (CMEP) is a multi-year effort to identify and implement changes to enhance the effectiveness of the ERO’s compliance and enforcement functions. To support this effort, a set of tools, referred to as Align and the Secure Evidence Locker (SEL) were developed collaboratively with NERC, the Regional Entities, and registered entities. Risk-based CMEP is designed to improve Bulk Electric System (BES) reliability by focusing efforts on serious and substantial reliability risks and on the internal controls that mitigate those risks. Align and SEL will support those initiatives across the ERO.

Implementation of enhancements for Align and SEL are expected to be major activities for Texas RE and the registered entities in 2024. Risk-based CMEP efforts that continue to fully develop, and the increase in the number of registered entities, will require Texas RE to appropriately allocate current resources and may require additional resources to provide continuous improvement in the processes. Based on the high level of coordination between NERC, Regional Entities, and registered entities that is necessary for an efficient and effective implementation, Align and SEL will shift and in some cases increase workload levels. Risk-based CMEP,

enhanced security, and other factors (e.g., CIP Low Impact, Supply Chain, additional registered entities associated with solar and battery Facilities, etc.) have gradually but significantly impacted resource staffing of Texas RE.

### **2024 Key Assumptions**

- Expand risk-based focus in all standards, compliance monitoring, and enforcement programs.
- Assess and catalyze steps to mitigate known and emerging risks to reliability and security.
- Build a strong Electricity Information Sharing and Analysis Center (E-ISAC) based security capability.
- Strengthen engagement across the reliability and security ecosystem in North America.
- Capture effectiveness, efficiency, and continuous improvement opportunities.

### **2024 Goals and Key Deliverables**

#### COMPLIANCE MONITORING

- Continue stakeholder outreach for new and enhanced NERC Standards to minimize reliability and security risks and encourage consideration of ERCOT regional differences.
- Continue to enhance Compliance Oversight Plan process and provide targeted outreach to stakeholders for awareness.
- Enhance the risk-based approach to compliance monitoring processes.
- Support the incorporation of internal controls into the ERO compliance monitoring program and provide outreach.
- Actively engage in the enhancement and full utilization of Align and SEL to ensure CMEP processes are efficient, effective, secure, and consistent for staff and stakeholders.
- Identify current and emerging risks to security and reliability affecting the ERCOT Interconnection.
- Support the ERO's Inverter-Based Resource Strategy and provide outreach to industry on developments to ensure awareness.
- Identify and develop monitoring approaches focusing on emerging risks such as Distributed Energy Resources, storage, and demand side resources.
- Expand cybersecurity outreach focusing on risks and mitigation of those risks.
- Continue collaboration with government and state authorities on cyber and physical security issues.
- Continue to enhance cyber and physical security outreach beyond CMEP activities to share security information, best practices, mitigation strategies, and lessons learned. Enhance outreach efforts to new registrants and new Primary Compliance

Contacts by conducting one-on-one touchpoints to discuss reliability and security issues and share best practices.

- Continue targeted outreach for winterization and extreme weather events.
- Promote and encourage effective collaboration and engagement with Texas RE Board, industry, regulators, and stakeholders.
- Expand ERO Enterprise stakeholder engagement to ensure the right subject matter experts participate to resolve issues in a timely and cost-effective manner.
- Proactively participate in ERO working groups to efficiently and effectively work with the ERO Enterprise.
- Ensure Texas RE is appropriately staffed and managed to maximize stakeholder value, maintain independence, and perform all delegated responsibilities. Promote communication, motivation, team building, and workforce development within Texas RE.

#### ENFORCEMENT

- Review, validate, and process or dismiss all possible violations in a timely fashion using the Align and SEL systems.
- Undertake enforcement activities in accordance with established risk-based approaches.
- Manage all settlements and contested cases to completion, as efficiently as possible.
- Coordinate appropriate engineering, other subject matter experts, and legal resources for the processing of alleged violations, including all settlements, appeals, and contested cases.
- Use targeted, aggressive enforcement for the violations posing the most risk to BPS reliability.
- Conduct technical assessments of registered entities' plans and activities to mitigate noncompliance.
- Support streamlined mechanisms implemented to expedite possible violations that pose a lesser reliability risk to the BPS.
- Improve the consistency and timeliness of all compliance and enforcement data tracking to enable review and reporting for compliance and enforcement staff, management, the Texas RE Board, NERC, and stakeholders.
- Promote timeliness and transparency of compliance results, including those efforts associated with meeting the caseload index, average violation aging, and mitigation aging metrics.
- Assure timely mitigation of all violations, assessing all mitigating activities and mitigation plans for effectiveness and reasonableness of implementation, tracking completion of accepted plans to closure, and verifying completion of mitigation plans.

## REGISTRATION AND CERTIFICATION

- Identify and register BES owners, operators, and users. Maintain accurate, up-to-date registration information through the Centralized Organization Registration ERO System (CORES), registering entities responsible for compliance and aiding entity personnel's access to and training on ERO systems and processes. Given current growth in new generation and energy storage, 50 entities may well be added or removed in the Region's portion of the NERC registry, or significantly changed through mergers and acquisitions. Ensure entities performing the functions of Reliability Coordinator, Balancing Authority, and Transmission Operator have and maintain the tools, processes, and training to meet applicable Reliability Standards requirements. Conduct certifications or certification reviews as required by changes to entity registration or equipment; two or three engagements are expected in 2024 consistent with past years.
- Track equipment and facilities development in the Region, evaluate elements for Bulk Electric System status and materiality when needed and coordinate with other Regions and NERC on cross-Regional facilities and impacts as pertains to the registration program.
- Promote coordinated improvement and consistency in the ERO registration - related program through participation in registration-related groups and outreach.

## Resource Requirements

### Personnel Expenses

The number of FTEs assigned to this Program is increasing by one.

### Consultants and Contracts

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget.

Section A — 2024 Business Plan and Budget – Statutory Programs

**Compliance Monitoring, Enforcement and Organization Registration and Certification Program**

The following table shows the funding sources and related expenses for the Compliance Enforcement and Organization Registration and Certification Program for 2024. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

<b>Statement of Activities, Fixed Assets Expenditures and Change in Working Capital</b>					
<b>2023 Budget &amp; Projection, and 2024 Budget</b>					
<b>COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ 13,975,276	\$ 13,975,276	\$ -	\$ 14,997,433	\$ 1,022,157
Penalties Released	469,382	469,382		342,732	(126,650)
<b>Total NERC Funding</b>	<b>\$ 14,444,657</b>	<b>\$ 14,444,657</b>	<b>\$ -</b>	<b>\$ 15,340,164</b>	<b>\$ 895,507</b>
Interest	1,629	1,629	-	40,141	38,512
<b>Total Funding</b>	<b>\$ 14,446,286</b>	<b>\$ 14,446,286</b>	<b>\$ -</b>	<b>\$ 15,380,305</b>	<b>\$ 934,018</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 5,150,734	\$ 5,150,734	\$ -	\$ 5,783,866	\$ 633,131
Payroll Taxes	384,920	384,920	-	428,670	43,750
Benefits	933,315	933,315	-	1,107,774	174,458
Retirement Costs	743,520	743,520	-	833,634	90,114
<b>Total Personnel Expenses</b>	<b>\$ 7,212,490</b>	<b>\$ 7,212,490</b>	<b>\$ -</b>	<b>\$ 8,153,944</b>	<b>\$ 941,454</b>
<b>Meeting &amp; Travel Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	144,875	144,875	-	140,400	-
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 144,875</b>	<b>\$ 144,875</b>	<b>\$ -</b>	<b>\$ 140,400</b>	<b>\$ -</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	22,040	22,040	-	22,040	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 22,040</b>	<b>\$ 22,040</b>	<b>\$ -</b>	<b>\$ 22,040</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 7,379,404</b>	<b>\$ 7,379,404</b>	<b>\$ -</b>	<b>\$ 8,316,383</b>	<b>\$ 936,979</b>
<b>Indirect Expenses</b>	<b>\$ 6,734,126</b>	<b>\$ 6,734,126</b>	<b>\$ -</b>	<b>\$ 6,780,213</b>	<b>\$ 46,086</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 14,113,531</b>	<b>\$ 14,113,531</b>	<b>\$ -</b>	<b>\$ 15,096,596</b>	<b>\$ 983,065</b>
<b>Change in Net Assets</b>	<b>\$ 332,756</b>	<b>\$ 332,756</b>	<b>\$ -</b>	<b>\$ 283,709</b>	<b>\$ (49,047)</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 81,463</b>	<b>\$ 81,463</b>	<b>\$ -</b>	<b>\$ 40,141</b>	<b>\$ (41,323)</b>
<b>TOTAL BUDGET</b>	<b>\$ 14,194,994</b>	<b>\$ 14,194,994</b>	<b>\$ -</b>	<b>\$ 15,136,737</b>	<b>\$ 941,742</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ 251,292</b>	<b>\$ 251,292</b>	<b>\$ -</b>	<b>\$ 243,568</b>	<b>\$ (7,724)</b>
FTEs	41.75	41.75	-	42.75	1.00

## Reliability Assessment and Performance Analysis Program

<b>Reliability Assessments and Performance Analysis (in whole dollars)</b>			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	6.00	7.00	1.00
Direct Expenses	\$ 1,391,446	\$ 1,676,100	\$ 284,654
Indirect Expenses	\$ 967,779	\$ 1,110,210	\$ 142,432
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 11,707	\$ 6,573	\$ (5,135)
<b>Total Funding Requirement</b>	<b>\$ 2,370,932</b>	<b>\$ 2,792,883</b>	<b>\$ 421,951</b>

### Program Scope and Functional Description

Texas RE's Reliability Assessment and Performance Analysis (RAPA) Program supports assessment of system adequacy and operating reliability of the BPS in the ERCOT region, both existing and planned, as well as review of system disturbances in the ERCOT region. In addition to these assessments and analyses, Texas RE participates with NERC, the Regions and stakeholders in ongoing work to evaluate system performance, measure progress in improving current reliability and track leading indicators of future reliability. This program requires validation and analysis of data collected from registered entities, which is used in measurement of ongoing reliability performance of generation, transmission, and overall system response. RAPA also identifies risks and analyzes key grid transformation issues that may affect reliability, such as market practices, government actions, technology developments, high-impact low frequency (HILF) events, and grid transformation. Event analyses will determine causative factors for system disturbances as well as "lessons learned" upon recovering from them. Texas RE will disseminate these insights to industry and seek broader collaboration among stakeholders to identify and reduce threats to reliability.

RAPA also includes Situation Awareness (SA) and Infrastructure Security. Situation Awareness is closely tied to initial event notifications and review, performed as part of the Event Analysis Process in the RAPA Program, while Texas RE's Infrastructure Security effort is handled primarily by IT staff and CIP resources within CMEP.

### 2024 Key Assumptions

- Current staffing levels will increase by one FTE to meet predicted program needs as well as adapt to any shifts in priorities. Evolution of ERO RAPA programs, particularly those involving data analytics and probabilistic analysis, have now established a need for additional regional program resources.
- Continued ERCOT ISO and Regional stakeholder support is expected in Regional activities that meet ERO schedules for the proposed energy and other reliability assessments, Interconnection study case model building activities and ERO technical groups.

- Access to ERCOT-ISO data and applications continues as in the past, along with cooperation and coordination with ERCOT and registered entity technical experts for analysis of operations and trends.
- Travel and meeting expenses are targeted to increase modestly over 2023 levels given increased in-person gatherings and projects in 2024, although web conferencing will continue for a significant portion of such meetings.

### **2024 Goals and Key Deliverables**

- Provide independent review of regional data and assist NERC in overall development of the annual long-term, summer and winter reliability assessments, support enhanced use of probabilistic analysis and consideration of extreme condition scenarios for the development of ERO energy assessments.
- Support NERC-wide modeling improvement efforts, particularly those related to dynamic loads, inverter-based resources, Distributed Energy Resources and generator model validation. Serve as the Interconnection model designee associated with MOD-032 and MOD-033 Reliability Standards and provide outreach with stakeholders to integrate annual fidelity and quality tests into Interconnection study-case development processes.
- Participate in ERO technical working groups under the NERC Reliability and Security Technical Committee (RSTC) and contribute to development of Reliability Guidelines and Technical Reference documents. Provide follow-up on guideline effectiveness with stakeholder outreach, especially for related ERCOT technical groups. Encourage stakeholder participation in NERC RSTC subgroups.
- Provide Section 1600 data collection support and analysis to meet NERC Performance Analysis initiatives or FERC requests. In 2024, rollout of additional data collection for wind, solar and battery systems is expected to begin after initial development in 2023. Work closely with Registration to assist new stakeholder personnel on system access, reporting instructions and training.
- Perform analysis and support NERC's annual State of Reliability report along with Region-specific annual reports and quarterly reviews. Support NERC Reliability Standards development and provide related outreach. Evaluate against existing and proposed Regional criteria and processes for reliability concerns and possible gaps.
- Deepen mutual support between CMEP, RAPA and Registration to further overall ERO workplan priorities, especially those aiming to mitigate risks associated with inverter-based resources and extreme conditions.
- Promote data analytics leveraging PowerBI and PIVision tools with the Risk Assessment team and the ERO's analytics collaboration group.
- Implement the NERC event analysis and cause-coding process, expecting a similar volume of events as prior years, estimated at 12 Category 1 (minor). Review and trend approximately 80 lesser system events, such as remedial action scheme mis-operations, communications issues, and frequency disturbances.
- Conduct follow-up on recommendations from joint ERO reports such as the February 2021 and December 2022 ERO FERC cold weather inquiries, June 2022

Odessa event, and other major power system events as may occur. Participation in one or two joint reviews of grid practices with FERC, NERC and Regional staff is anticipated.

- Support application of the BES Definition, Registration criteria and associated processes through technical review of Registration requests. Roughly ten requests with significant review are expected, possibly including support of the BES Exception process and materiality panels for other Regions.
- Promote NERC Reliability Issues Steering Committee’s (RISC) identification and prioritization of BPS reliability risks and incorporate into RAPA activities and projects, focusing on likely impacts within the Region and means to mitigate them.
- Provide content for workshops, webinars, and other outreach to disseminate recommendations, “lessons learned,” best practices, trends and observations from RAPA activities. Conduct focused reviews with registered entities or ERCOT stakeholder groups on topics such as protection system mis-operations, model usage and validation, generator winter preparation or equipment performance.
- Support Texas RE cross-departmental use of software applications and data from ERCOT ISO, NERC, and other sources for analysis needs. Provide regional coordination to maintain the Situation Awareness for FERC, NERC and the Regional Entities (SAFNR) tool, along with internal real-time visualization tools.
- Provide Situation Awareness during extreme conditions, major system events and ERO Crisis Action Plan drills. Manage NERC Alerts within the Region, anticipating four alerts, with two alerts expected to require extensive response coordination. Assist E-ISAC in outreach on 2023’s GridEx and planning the next GridEx Security exercise. Texas RE will request to participate in Regional exercises for blackstart and severe weather operations.

### **Resource Requirements**

#### Personnel Expenses

The number of FTEs assigned to this Program is increasing by one in 2024.

#### Consultants and Contracts

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget. No task assignments have been identified that require consulting or contractor support.



Section A — 2024 Business Plan and Budget – Statutory Programs

Reliability Assessment and Performance Analysis Program

The following table shows the funding sources and related expenses for the Reliability Assessment and Performance Analysis Program for 2024. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

<b>Statement of Activities, Fixed Assets Expenditures and Change in Working Capital</b>					
<b>2023 Budget &amp; Projection, and 2024 Budget</b>					
<b>RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS</b>					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ 2,008,423	\$ 2,008,423	\$ -	\$ 2,455,720	\$ 447,297
Penalties Released	67,456	67,456	-	56,120	(11,336)
<b>Total NERC Funding</b>	<b>\$ 2,075,879</b>	<b>\$ 2,075,879</b>	<b>\$ -</b>	<b>\$ 2,511,840</b>	<b>\$ 435,961</b>
Interest	234	234	-	6,573	6,339
<b>Total Funding</b>	<b>\$ 2,076,113</b>	<b>\$ 2,076,113</b>	<b>\$ -</b>	<b>\$ 2,518,413</b>	<b>\$ 442,299</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 940,898	\$ 940,898	\$ -	\$ 1,145,345	\$ 204,447
Payroll Taxes	64,970	64,970	-	81,886	16,916
Benefits	152,305	152,305	-	182,978	30,674
Retirement Costs	135,633	135,633	-	165,261	29,628
<b>Total Personnel Expenses</b>	<b>\$ 1,293,806</b>	<b>\$ 1,293,806</b>	<b>\$ -</b>	<b>\$ 1,575,470</b>	<b>\$ 281,664</b>
<b>Meeting &amp; Travel Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	87,500	87,500	-	89,550	2,050
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 87,500</b>	<b>\$ 87,500</b>	<b>\$ -</b>	<b>\$ 89,550</b>	<b>\$ 2,050</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	10,140	10,140	-	11,080	940
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 10,140</b>	<b>\$ 10,140</b>	<b>\$ -</b>	<b>\$ 11,080</b>	<b>\$ 940</b>
<b>Total Direct Expenses</b>	<b>\$ 1,391,446</b>	<b>\$ 1,391,446</b>	<b>\$ -</b>	<b>\$ 1,676,100</b>	<b>\$ 284,654</b>
<b>Indirect Expenses</b>	<b>\$ 967,779</b>	<b>\$ 967,779</b>	<b>\$ -</b>	<b>\$ 1,110,210</b>	<b>\$ 142,432</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 2,359,225</b>	<b>\$ 2,359,225</b>	<b>\$ -</b>	<b>\$ 2,786,311</b>	<b>\$ 427,086</b>
<b>Change in Net Assets</b>	<b>\$ (283,112)</b>	<b>\$ (283,112)</b>	<b>\$ -</b>	<b>\$ (267,898)</b>	<b>\$ 15,214</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 11,707</b>	<b>\$ 11,707</b>	<b>\$ -</b>	<b>\$ 6,573</b>	<b>\$ (5,135)</b>
<b>TOTAL BUDGET</b>	<b>\$ 2,370,932</b>	<b>\$ 2,370,932</b>	<b>\$ -</b>	<b>\$ 2,792,883</b>	<b>\$ 421,951</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (294,819)</b>	<b>\$ (294,819)</b>	<b>\$ -</b>	<b>\$ (274,471)</b>	<b>\$ 20,348</b>
FTEs	6.00	6.00	-	7.00	1.00

## Training and Education

<b>Training and Education (in whole dollars)</b>			
	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>Increase (Decrease)</b>
Total FTEs	2.25	2.25	-
Direct Expenses	\$ 392,303	\$ 440,167	\$ 47,864
Indirect Expenses	\$ 362,917	\$ 356,853	\$ (6,064)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 4,390	\$ 2,113	\$ (2,278)
Total Funding Requirement	\$ 759,610	\$ 799,133	\$ 39,523

### Program Scope and Functional Description

Texas RE’s Training and Education Program provides education and training primarily focused on implementation of the CMEP (including processes and expectations), application of NERC and Regional Reliability Standards, lessons learned from event analyses, and other related information pertinent to system reliability and compliance. Texas RE subject matter experts from other programs provide expertise for educational materials, meetings, and workshops. Texas RE also supports ERO-wide initiatives such as GridSecCon and the Electric Power Human Performance Improvement Symposium, including co-hosting on a rotational basis among the Regions. In addition, Texas RE host the Generator Winter Weatherization Workshop. Texas RE will continue to coordinate Standards and Compliance workshops, Reliability 101, security-based CIP workshops, and other education and sharing meetings and webinars, including *Talk with Texas RE*, in 2024. The purpose of these workshops, meetings, and webinars is to provide standards, compliance, and procedural information and expectations, share lessons learned and best practices, obtain feedback from stakeholders, and provide sharing opportunities for registered entities and other stakeholders. Texas RE will use cost-effective additional education mechanisms such as webinars, newsletters, and conference calls, and will coordinate presentations by Texas RE subject matter experts at other ERO Enterprise and external industry meetings.

### 2024 Key Assumptions

- Host a similar number of training and outreach events as in prior years. Texas RE will utilize the services of a production company to enhance the virtual user experience and to assist with major outreach activities.
- Share best practices concerning generator plant winter readiness.
- Provide continued guidance on the implementation of the Risk-Based CMEP, including Inherent Risk Assessments, Compliance Oversight Plans, and Internal Control Reviews.

- Identify and communicate common themes and root causes of Reliability Standard violations.
- Deliver internal and stakeholder training related to the implementation of the new releases of Align and the Secure Evidence Locker platforms.
- Texas RE will support the ERO goal to mitigate known and emerging risks by providing timely and valuable outreach and training events to stakeholders. Additionally, the Stakeholder Outreach program provides guidance and coaching to entities on effective mitigation of identified and emerging risks.
- Texas RE will educate registered entities regarding changes to NERC Reliability Standards, ERO procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.
- Texas RE will increase targeted outreach efforts that promote BPS reliability, security, and risk mitigation across its footprint.

There are no additional assumptions unique to the Texas RE Training and Education Program.

### **2024 Goals and Key Deliverables**

- Communicate and maintain effective relationships with industry, regulators, and stakeholders.
- Promote stakeholder engagement in Texas RE and the ERO Enterprise, including attending training opportunities.
- Develop technical materials for and present Reliability Standards and Compliance workshops for registered entities.
- Present additional workshops, webinars, meetings, and other industry outreach, including *Talk with Texas RE* meetings to support CMEP implementation and any new or modified NERC Reliability Standards, procedures, or programs.
- Create and publish newsletters that disseminate lessons learned for registered entities and include useful updates regarding Reliability Standards revisions and interpretations, other reliability or compliance-related information, and Texas RE and NERC activities.
- Maintain and continually enhance the Texas RE website.
- Develop an Annual Report summarizing Texas RE's accomplishments during the prior year.
- Coordinate with and provide Texas RE subject matter experts as a resource for ERCOT regional stakeholder training and NERC compliance and reliability working groups.
- Provide a mechanism for workshop, webinar, and meeting participants and other stakeholders to provide feedback and suggestions to be used to enhance future workshops, webinars, and meetings.

- Explore opportunities to improve training for stakeholders and keep Texas RE's content and delivery mediums relevant.

### **Resource Requirements**

#### Personnel Expenses

The number of FTEs assigned to this Program is consistent with 2023.

#### Consultants and Contracts

No consulting support and contracts costs are budgeted for this department. No task assignments have been identified that require consulting or contractor support in 2024.

#### Meetings and Conference Calls

Texas RE will be hosting a Virtual Workshop, utilizing the services of a production company to enhance the virtual user experience and assist with major outreach initiatives. Although these services were used in the prior year, they were not previously budgeted, which is causing an increase in meeting costs in the 2024 budget.

Section A — 2024 Business Plan and Budget – Statutory Programs

Training and Education

The following table shows the funding sources and related expenses for the Training and Education Program for 2024. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
TRAINING AND EDUCATION					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2023 Budget v 2024 Budget Over(Under)
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ 753,159	\$ 753,159	\$ -	\$ 789,339	\$ 36,180
Penalties Released	25,296	25,296	\$ -	18,039	(7,258)
<b>Total NERC Funding</b>	<b>\$ 778,455</b>	<b>\$ 778,455</b>	<b>\$ -</b>	<b>\$ 807,377</b>	<b>\$ 28,922</b>
Interest	88	88	-	2,113	2,025
<b>Total Funding</b>	<b>\$ 778,542</b>	<b>\$ 778,542</b>	<b>\$ -</b>	<b>\$ 809,490</b>	<b>\$ 30,947</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 269,177	\$ 269,177	\$ -	\$ 278,244	\$ 9,067
Payroll Taxes	19,055	19,055	-	19,422	367
Benefits	32,100	32,100	-	45,219	13,119
Retirement Costs	38,451	38,451	-	39,627	1,176
<b>Total Personnel Expenses</b>	<b>\$ 358,783</b>	<b>\$ 358,783</b>	<b>\$ -</b>	<b>\$ 382,512</b>	<b>\$ 23,729</b>
<b>Meeting &amp; Travel Expenses</b>					
Meetings & Conference Calls	\$ 19,500	\$ 19,500	\$ -	\$ 44,500	\$ 25,000
Travel	4,680	4,680	-	4,575	(105)
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 24,180</b>	<b>\$ 24,180</b>	<b>\$ -</b>	<b>\$ 49,075</b>	<b>\$ 24,895</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	6,340	6,340	-	5,580	(760)
Professional Services	3,000	3,000	-	3,000	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 9,340</b>	<b>\$ 9,340</b>	<b>\$ -</b>	<b>\$ 8,580</b>	<b>\$ (760)</b>
<b>Total Direct Expenses</b>	<b>\$ 392,303</b>	<b>\$ 392,303</b>	<b>\$ -</b>	<b>\$ 440,167</b>	<b>\$ 47,864</b>
<b>Indirect Expenses</b>	<b>\$ 362,917</b>	<b>\$ 362,917</b>	<b>\$ -</b>	<b>\$ 356,853</b>	<b>\$ (6,064)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 755,220</b>	<b>\$ 755,220</b>	<b>\$ -</b>	<b>\$ 797,020</b>	<b>\$ 41,800</b>
<b>Change in Net Assets</b>	<b>\$ 23,322</b>	<b>\$ 23,322</b>	<b>\$ -</b>	<b>\$ 12,469</b>	<b>\$ (10,853)</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 4,390</b>	<b>\$ 4,390</b>	<b>\$ -</b>	<b>\$ 2,113</b>	<b>\$ (2,278)</b>
<b>TOTAL BUDGET</b>	<b>\$ 759,610</b>	<b>\$ 759,610</b>	<b>\$ -</b>	<b>\$ 799,133</b>	<b>\$ 39,523</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ 18,932</b>	<b>\$ 18,932</b>	<b>\$ -</b>	<b>\$ 10,357</b>	<b>\$ (8,576)</b>
<b>FTEs</b>	<b>2.25</b>	<b>2.25</b>	<b>-</b>	<b>2.25</b>	<b>-</b>

Approved by the Texas RE Board of Directors May 17, 2023

## Administrative Services

Administrative Services						
	Direct Expenses & Fixed Asets			FTEs		
	2023 Budget	2024 Budget	Inc (Dec)	2023 Budget	2024 Budget	Inc (Dec)
General and Administrative	5,042,438	4,840,541	(201,897)	4.00	4.00	-
Legal and Regulatory	681,516	739,470	57,954	2.75	2.75	-
Information Technology	1,903,482	2,145,787	242,304	6.00	7.00	1.00
Human Resources	119,545	112,570	(6,975)	-	-	-
Finance and Accounting	619,463	607,160	(12,303)	3.00	3.00	-
Total Administrative Services	8,366,445	8,445,528	79,083	15.75	16.75	1.00

### Program Scope and Functional Description

The Administrative Services Program is comprised of the following programs: General and Administrative, Legal and Regulatory, Information Technology, Human Resources, and Finance and Accounting. The resource requirements and comparative budget information for each of these functions is described below.

Texas RE allocates its Administrative Services expenses to the functional/direct areas proportionately based on FTE count. Each direct activity receives a pro-rata allocation of expense based on its FTEs compared to total direct program FTEs.

Fixed asset additions that benefit the entire corporation that are not specific to any one activity/function will be allocated based on FTEs to all of the direct activities.

### General and Administrative

This Program includes the President and CEO, the Vice President and Chief Operating Officer (VP), the personnel costs for the HR Department, and the compensation and expenses of the Texas RE Board. The President and CEO carries out the general affairs of Texas RE including administrative and corporate facilities support. The President and CEO reports to the Board and is responsible for leading, overseeing and managing the activities of Texas RE, managing relationships with NERC, FERC, registered entities, and other stakeholders, and for making final decisions with respect to non-contested enforcement actions. The VP performs a leadership role in coordinating and facilitating the activities of all Texas RE programs. The VP reports to the CEO and acts on behalf of the CEO in his absence.

Personnel expenses for Human Resources (HR) are included in General and Administrative (G&A). The benefits expenses in G&A include tuition reimbursement, training and classes, and relocation costs.

The number of FTEs assigned to this Program is consistent with 2023. Administrative Services costs are allocated among Programs based on Program FTE count during the year.

Consulting support and contracts costs are increasing 5.2% in 2024 to include possible executive coaching.

## **Legal and Regulatory**

The Legal and Regulatory group provides legal advice, counsel, and governmental and external relations support to Texas RE management, Board, and employees, on all legal and regulatory matters affecting the organization. The Legal and Regulatory group also oversees (1) corporate membership enrollment, meetings, and voting; (2) Board and committee meetings, minutes, support, training, and other activities; (3) corporate documents and transactions; (4) governmental, regulatory relations, and communications; (5) the work of any outside legal counsel; and (6) the prosecution of any contested enforcement matters.

### **2024 Key Assumptions**

- Texas RE will maintain the scope of its current operations.
- Activities of the Legal and Regulatory program will be consistent with current levels but may increase due to external litigation activities.

### **2024 Key Deliverables and Goals**

- Provide timely, useful legal advice to the CEO, the Board, and all Program areas, and provide annual employee and Board ethics and antitrust compliance training.
- Effectively communicate information to the Board, Texas RE members, and registered entities.
- Oversee membership registration, membership voting and meetings, and maintain an accurate roster of members.
- Maintain effective relationships and communications with NERC, FERC, PUCT, and other state and federal representatives, and timely file all documents required by NERC or FERC.
- Negotiate contracts and review corporate documents.
- Update and maintain corporate policies and procedures.
- Oversee the prosecution and any appeal of contested enforcement or disputed registration matters.
- Negotiate and author necessary changes to Texas RE's governing documents, including the Texas RE Bylaws and Regional Delegation Agreement with NERC.
- Provide input and obtain regulatory approvals, as needed, on governance changes and for new and revised Regional Reliability Standards.
- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders.
- Provide legal review of communication and outreach to Texas RE's stakeholders, the general public, and media.
- Support the internal and external audits of the corporation and overseeing all regulatory filings and interactions.

- Manage relationships with Texas RE's outside counsel.
- Provide legal support and perform the Corporate Secretary function (the General Counsel serves as the corporation's Corporate Secretary), such as preparing Board materials and minutes, facilitating, and conducting Board training, and ensuring that Director elections, Board of Directors and Committee meetings, and Meetings of Members adhere to the Texas RE Bylaws and other relevant governing documents.
- Provide legal support to all other departments of the corporation to ensure that those departments and their activities are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.

The budgeted number of FTEs for Legal and Regulatory is remaining constant in 2024.

Consulting support and contracts are increasing in 2024 for price adjustments for the legal hotline.

Legal Fees are decreasing 20.0% in 2024. The Winter Storm Uri litigation is not expected to impact Texas RE causing the decrease in legal fees.

### **Information Technology**

Texas RE's Information Technology (IT) and physical and cyber security program provides IT and security support to Texas RE, including the following: hardware, systems, software, and applications support; physical and electronic and security, data center operations, IT and security-related vendor management; strategy, planning, development, and deployment of enterprise systems and applications, including training and planning for improvement and efficiency of business processes and operations.

Texas RE's approach is to keep its in-house IT staff small and efficiently outsource maintenance, services, and major development to ensure that applications and hardware are well maintained, service levels remain high, costs are controlled, and systems are consistent with business, regional, and federal requirements.

Texas RE supports the ERO efforts to implement, operate, and maintain software tools supporting common enterprise-wide operations that have been approved by the ERO Executive Committee (ERO-EC), which is comprised of the senior leadership of NERC and each of the Regional Entities. Texas RE's budget assumes the availability of enterprise software tools as described in NERC's Business Plan and Budget. If implementation of these software applications is delayed or otherwise not available as planned, Texas RE could incur additional costs to conduct operations pending the availability of these applications.

NERC and the Regional Entities are committed to working collaboratively to minimize duplication of effort and investments and improve operational efficiency. This collaboration continues to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting combined NERC and Regional Entity operations.

The NERC information technology budget does not supplant Texas RE's need for IT expenditures for specific regional projects and internal region-specific IT support needs. Texas RE's 2024



Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes Texas RE costs for internal region-specific support needs.

### **2024 Key Assumptions**

- Focus on better leverage of current technology to support business functions and workflow.
- Increase knowledge of industry best practices for security, data management, and system administration.

### **2024 Goals and Key Deliverables**

- Provide IT and security support to all Texas RE's operations including IT and security; infrastructure; service support; service design and delivery; service transition; and hardware and network security in a secure and efficient manner, with the following strategy:
  - Continue to develop knowledge of systems through training and experience to reduce the reliance on external vendors.
  - Continue to use third-party security services to evaluate and test Texas RE's security posture, while fostering maturity in Texas RE's IT and Security internal controls program and security posture.
  - Continue to maintain the appropriate number of employees to oversee the strategy, policies and procedures, service, and performance, budget, and vendor management. Cross-train employees to serve as backups and mentors to each other.
  - Continue to outsource IT and security services that are not within the core competencies or IT's cost-containment plan, and augment employees with temporary contractors as needed to meet business requirements while developing knowledge of systems through training and experience to reduce the reliance on external vendors.
- Develop automated processes and workflows using third-party platforms to increase consistency, efficiency, and assist users in business processes. Assist business staff with enhancement requests and other IT-related project requirements and prioritize and oversee all IT or security-related projects.
- Coordinate and share best practices with other Regional Entities and NERC to drive towards implementation of Security Principles for the ERO Enterprise adopted by the EROEC.
- Participate in the design, planning and implementation of ERO Centralized Applications.
- Continue the Security Awareness Program that addresses, through education and training, social media vulnerabilities that pose threats to Texas RE systems.
- Train and support Texas RE staff on software and applications.
- Continue to develop and test failover and disaster recovery methods for all Texas RE systems.

The budgeted number of FTEs is increasing by one in 2024.

Consulting support and contracts is decreasing slightly in 2024.

### **Human Resources**

The Texas RE Human Resources (HR) program area is responsible for the delivery of all HR functions, including: recruitment, staffing, compensation, benefits, health and safety, employee relations, performance management, and employee training and development. HR maintains Human Resources Information System products and ensures compliance with all federal and state requirements.

#### **2024 Key Assumptions**

- Provide competitive compensation and benefits.
- Ensure that Texas RE maintains a skilled, qualified workforce.
- Maintain appropriate salaries and benefits based on industry data.

#### **2024 Goals and Key Deliverables**

- Recruit highly skilled employees.
- Review and update employee handbook and policies and procedures, as needed.
- Review and manage employee benefit plans.
- Review Texas RE compensation strategy in concert with executive management team to ensure Texas RE remains a competitive employer in its industry.

Personnel expenses are reported under G&A.

Consulting services and contracts are decreasing 11.8% in 2024. The 2023 budget planned for three compensation studies and possible custom Salary Survey. The 2024 budget plans for only two studies.

### **Finance and Accounting**

The Finance and Accounting function provides all accounting services and financial analysis for Texas RE. Texas RE Finance and Accounting personnel are responsible for general accounting and reporting, budget preparation and reporting, cash management, and tax filing.

#### **2024 Key Assumptions**

- Current accounting systems and controls are adequate.
- Identify and implement efficiencies in financial processes.
- Provide improved reporting and financial analysis to Directors, the Audit, Governance, and Finance Committee, and the Board of Directors.

#### **2024 Goals and Key Deliverables**

- Work with all Regional Entities to provide consistency in budget submittals to NERC and FERC.

- Provide improved reporting and financial analysis to the Texas RE CEO, Senior Management, and the Texas RE Board.
- Ensure strong internal controls designed to protect the assets of Texas RE and ensure accurate financial reporting.
- Identify and implement efficiencies in the financial processes.
- Ensure that Texas RE receives an unqualified opinion on the audit of its financial statements.

The budgeted number of FTEs for Finance and Accounting are remaining constant in 2024.

No consulting support and contracts are budgeted for 2024, which is consistent with the 2023 budget.

Section A — 2024 Business Plan and Budget – Statutory Programs

**Administrative Services**

The following table shows funding sources and related expenses for the Administrative Services section of the 2024 Business Plan and Budget. Explanations of variances by expense category are included with the Department Section and with the Supplemental Tables found in Section B.

<b>Statement of Activities, Fixed Assets Expenditures and Change in Working Capital</b>					
<b>2023 Budget &amp; Projection, and 2024 Budget</b>					
<b>ADMINISTRATIVE SERVICES</b>					
	2023 Budget	2023 Projection	Variance		Variance 2023 Budget v 2024 Budget Over(Under)
			2023 Projection v 2023 Budget Over(Under)	2024 Budget	
<b>Funding</b>					
<b>ERO Funding</b>					
NERC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total NERC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Interest	-	-	-	-	-
<b>Total Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 3,031,951	\$ 3,031,951	\$ -	\$ 3,280,405	\$ 248,454
Payroll Taxes	179,247	179,247	-	181,516	2,269
Benefits	457,116	457,116	-	532,867	75,751
Retirement Costs	438,287	438,287	-	460,132	21,845
<b>Total Personnel Expenses</b>	<b>\$ 4,106,602</b>	<b>\$ 4,106,602</b>	<b>\$ -</b>	<b>\$ 4,454,920</b>	<b>\$ 348,318</b>
<b>Meeting and Travel Expenses</b>					
Meetings & Conference Calls	\$ 37,400	\$ 37,400	\$ -	\$ 41,400	\$ 4,000
Travel	132,780	132,780	-	142,350	9,570
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 170,180</b>	<b>\$ 170,180</b>	<b>\$ -</b>	<b>\$ 183,750</b>	<b>\$ 13,570</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 407,700	\$ 407,700	\$ -	\$ 393,500	\$ (14,200)
Office Rent	2,211,710	2,211,710	-	2,045,704	(166,006)
Office Costs	692,728	692,728	-	695,479	2,751
Professional Services	677,525	677,525	-	672,175	(5,350)
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,989,663</b>	<b>\$ 3,989,663</b>	<b>\$ -</b>	<b>\$ 3,806,858</b>	<b>\$ (182,805)</b>
<b>Total Direct Expenses</b>	<b>\$ 8,266,445</b>	<b>\$ 8,266,445</b>	<b>\$ -</b>	<b>\$ 8,445,528</b>	<b>\$ 179,083</b>
<b>Indirect Expenses</b>	<b>\$ (8,266,445)</b>	<b>\$ (8,266,445)</b>	<b>\$ -</b>	<b>\$ (8,445,528)</b>	<b>\$ (179,083)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0)</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET</b>					
<b>TOTAL CHANGE IN WORKING CAPITAL</b>					
FTEs	14.75	14.75	-	16.75	2.00

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# Section B – Supplemental Financial Information

## 2024 Business Plan and Budget

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## Section B — Supplemental Financial Information

Table B-1 – Reserve Balance

Working Capital Reserve Analysis 2023-2024				
STATUTORY				
	Total Reserve & Stabilization	Operating Reserve	Assessment Stabilization	Unreleased Penalties
<b>Beginning Reserves, January 1, 2023</b>	\$ 2,799,281	\$ 2,000,000	\$ 223,093	\$ 576,188
Plus: 2023 Funding (from LSEs or designees)	17,155,278	17,155,278	-	-
Plus: 2023 Other funding sources	2,000	2,000	-	-
Released from Assessment Stabilization & Contingency	-	-	-	-
Penalties Released in 2023	-	576,188	-	(576,188)
Penalty Sanctions Received July 1, 2022 - June 30, 2023	426,912	-	-	426,912
Less: 2023 Projected expenses & capital expenditures	(17,733,467)	(17,733,467)	-	-
<b>Projected Reserves, December 31, 2023</b>	<b>\$ 2,650,004</b>	<b>\$ 2,000,000</b>	<b>\$ 223,093</b>	<b>\$ 426,912</b>
<b>Desired Reserves, December 31, 2024</b>				
Target Reserve December 31, 2024	\$ 2,650,005	\$ 2,000,000	\$ 223,093	\$ 426,912
Minus: Projected Reserves, December 31, 2023	(2,650,005)	(2,000,000)	(223,093)	(426,912)
<b>Increase(decrease) in funding requirement to achieve Reserve</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
2024 Expenses and Capital Expenditures	\$ 19,157,925			
Less: Other Funding Sources	(50,000)			
Adjustment to achieve targeted working capital	0			
Reserves released from Assessment Stabilization	0			
Penalty Sanctions Released	(426,912)			
<b>2024 NERC Assessment to Texas RE</b>	<b>\$ 18,681,013</b>			

## Explanation of Changes in Reserve Policy from Prior Years

The Board approved Working Capital and Operating Reserve Policy calls for Texas RE to retain a \$2,000,000 cash reserve, or an amount as adjusted by the Board, or as required by regulators.

\$670,000 of the Operating Reserve was used to reduce assessments for the 2022 Budget. At the end of 2022, Texas RE had enough excess cash to reimburse the Operating Reserve for the amount applied to the 2022 assessments.

The projected Operating Reserve for the 2024 budget period is \$2,000,000.

## Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the statement of activities on page 11 of the 2024 Texas RE Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Texas RE anticipates no variance between budgeted and actual/forecasted results for 2023. The 2024 budget was based on this information.

## Penalty Sanctions

Penalty monies received by June 30, 2023 are to be used to offset assessments in the 2024 Budget, as documented in the NERC Policy – *ACCOUNTING, FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD*. Penalty monies received from July 1, 2023 through June 30, 2024 will be used to offset assessments in the 2025 Budget.

All penalties received by June 30, 2023 are detailed in Exhibit B-2.

Allocation Method: Penalty sanctions received have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; and Training and Education. Penalty sanctions are allocated based on the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

**Table B-2 – Penalty Sanctions**

Penalty Sanctions Received On or Prior to June 30, 2023	Date Received	Amount Received
	9/7/2022	\$ 39,000
	9/21/2022	150,000
	11/15/2022	105,000
	11/29/2022	32,912
	6/13/2023	100,000
<b>Total Penalties Released</b>		<b>\$ 426,912</b>

**Table B-3 – Supplemental Funding**

	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget
<b>Reliability Standards</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>Reliability Assessment and Performance Analysis</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>Training and Education</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>Situation Awareness and Infrastructure Security</b>				
Total	\$ -	\$ -	\$ -	\$ -
<b>General and Administrative</b>				
Interest Income	\$ 2,000	\$ 2,000	\$ 50,000	\$ 48,000
Total	\$ 2,000	\$ 2,000	\$ 50,000	\$ 48,000
<b>Total Outside Funding</b>	\$ 2,000	\$ 2,000	\$ 50,000	\$ 48,000

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- Texas RE anticipates its investments will earn interest of approximately \$50,000 in 2024, due primarily to higher anticipated interest rates. Texas RE’s banking account is the Business Banking U.S. End of Day Money Market Mutual Fund Sweep account.



**Table B-4 – Personnel Expenses**

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Total Salaries	\$ 9,528,203	\$ 9,528,203	\$ 10,642,009	\$ 1,113,807	11.7%
Total Payroll Taxes	658,636	658,636	723,372	64,736	9.8%
Total Benefits	1,606,373	1,606,373	1,904,575	298,202	18.6%
Total Retirement	1,375,439	1,375,439	1,520,920	145,481	10.6%
<b>Total Personnel Costs</b>	<b>\$ 13,168,651</b>	<b>\$ 13,168,651</b>	<b>\$ 14,790,877</b>	<b>\$ 1,622,226</b>	<b>12.3%</b>
FTEs	67.0	67.0	70.0	3.00	4.5%
Cost per FTE					
Salaries	\$ 142,212	\$ 142,212	\$ 152,029	9,817	6.9%
Payroll Taxes	9,830	9,830	10,334	504	5.1%
Benefits	23,976	23,976	27,208	3,232	13.5%
Retirement	20,529	20,529	21,727	1,198	5.8%
<b>Total Cost per FTE</b>	<b>\$ 196,547</b>	<b>\$ 196,547</b>	<b>\$ 211,298</b>	<b>\$ 14,751</b>	<b>7.5%</b>
	67.0	67.0	70.0		

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- Total costs for Texas RE personnel expenses are increasing by 12.3%. Salaries expense is increasing 11.7%, which includes three additional FTEs. Salaries expense also includes a 5% allowance for salary increases, promotions, and market adjustments.
- Payroll taxes are increasing 9.8%, which includes State Unemployment Insurance Tax.
- Total Benefits expense is increasing 18.6%. Health plan expense did not increase as projected in 2023; however, health plan expense is projected to increase 10% for 2024 over actual 2023 cost, which is lower than the 2023 budgeted cost. In addition to the projected cost increase this budget includes full benefits for three additional FTEs. Employee Benefits include education reimbursement, relocation expenses, and training and professional development.
- Retirement costs are increasing 10.6%. Forfeiture funds are used when available to fund the employer portion of retirement plan cost. The overall cost for the plan has increased due to increases in fund costs and higher participation among FTEs.
- All personnel related expenses are increasing based on the additional expense for three additional FTEs.

**Table B-5 – Meeting & Travel Expense**

Meeting and Travel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Meetings	\$ 56,900	\$ 56,900	\$ 85,900	\$ 29,000	51.0%
Travel	376,735	376,735	381,150	8,890	1.2%
Conference Calls	-	-	-	-	
	<b>\$ 433,635</b>	<b>\$ 433,635</b>	<b>\$ 467,050</b>	<b>\$ 37,890</b>	<b>7.7%</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- Meetings expense is increasing 51.0%. The 2024 budget includes Workshop Expense for an offsite workshop and production cost for major outreach initiatives in the Training and Education Program. An annual meeting with the Texas RE Board of Directors and stakeholders is included in Meetings expense.
- The budget for Travel is increasing 1.2% in 2024 to accommodate for added FTEs.

**Table B-6 – Consultants and Contracts**

Consultants and Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance and Organization Registration and Certification	-	-	-	-	-
Reliability Assessment and Performance Analysis	-	-	-	-	-
Training and Education	-	-	-	-	-
General and Administrative	96,000	96,000	101,000	5,000	5.2%
Legal and Regulatory	1,700	1,700	2,500	800	47.1%
Information Technology	225,000	225,000	215,000	(10,000)	-4.4%
Human Resources	85,000	85,000	75,000	(10,000)	-11.8%
Accounting and Finance	-	-	-	-	-
<b>Consultants Total</b>	<b>\$ 407,700</b>	<b>\$ 407,700</b>	<b>\$ 393,500</b>	<b>\$ (14,200)</b>	<b>-3.5%</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- For an explanation of the variances, refer to the Administrative Services program sections in Section A.

**Table B-7 – Office Rent**

<b>Rent</b>	<b>Budget 2023</b>	<b>Projection 2023</b>	<b>Budget 2024</b>	<b>Variance 2024 Budget v 2023 Budget</b>	<b>Variance %</b>
Office Rent	\$ 951,710	\$ 951,710	\$ 811,704	\$ (140,006)	-14.7%
Utilities	1,200,000	1,200,000	\$ 1,174,000	(26,000)	-2.2%
Maintenance	60,000	60,000	\$ 60,000	-	0.0%
<b>Total Office Rent &amp; Utilitites</b>	<b>\$ 2,211,710</b>	<b>\$ 2,211,710</b>	<b>\$ 2,045,704</b>	<b>\$ (166,006)</b>	<b>-7.5%</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- Office Rent, which includes building maintenance and utilities, is being reduced. This reduction is to bring all areas in line with actual cost after having occupied the building for a full year. A new standard related to the accounting for leases had an impact on the straight-line rent amount, also contributing to the reduction.

**Table B-8 – Office Costs**

Office Costs	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Telephone/Cell Phone	\$ 44,640	\$ 44,640	\$ 51,840	\$ 7,200	16.1%
Internet Expense	125,000	125,000	\$ 125,004	4	0.0%
Office Supplies	43,950	43,950	\$ 65,350	21,400	48.7%
Computer Supplies & Maintenance	32,250	32,250	\$ 35,500	3,250	10.1%
IT Remote Support	1,350	1,350	\$ 1,350	-	0.0%
Software & Software Maintenance	235,250	235,250	\$ 235,000	(250)	-0.1%
Subscriptions & Publications	27,088	27,088	\$ 29,500	2,412	8.9%
Dues	8,920	8,920	\$ 8,175	(745)	-8.4%
Postage	250	250	\$ 300	50	20.0%
Express Shipping	300	300	\$ 350	50	16.7%
Stationary & Office Forms	1,950	1,950	\$ 950	(1,000)	-51.3%
Equipment Repair/Srv. Contracts	9,500	9,500	\$ 5,500	(4,000)	-42.1%
Bank Charges	1,800	1,800	\$ 1,800	-	0.0%
Property Taxes	12,000	12,000	\$ 8,000	(4,000)	-33.3%
Merchant Credit Card Fee	2,000	2,000	\$ 2,000	-	0.0%
IT-Leased Equipment	165,000	165,000	\$ 145,000	(20,000)	-12.1%
Office Furniture & Equipment Exp	17,500	17,500	\$ 17,500	-	0.0%
IT Maintenance	-	-	\$ -	-	-
Employment Related Fees	2,500	2,500	\$ 2,500	-	0.0%
<b>Total Office Costs</b>	<b>\$ 731,248</b>	<b>\$ 731,248</b>	<b>\$ 735,619</b>	<b>\$ 4,371</b>	<b>0.6%</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- All categories in the Office Costs have been adjusted in the 2024 budget to more accurately reflect actual experience.
- The number of employees receiving reimbursement for cell phones has increased.
- Office supplies is increasing due to larger office, more employees being equipped to work remotely, as well as returning to the office to work in the hybrid mode.
- Equipment Repairs/Service Contracts and the Property Taxes are decreasing to reflect actual cost savings.
- IT-Leased Equipment is decreasing to reflect new contracts at lower prices.

**Table B-9 – Professional Services**

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance	
				2024 Budget v 2023 Budget	Variance %
Board of Director Fees	\$ 382,675	\$ 382,675	\$ 382,675	\$ -	0.0%
Accounting & Auditing Fees	62,100	62,100	65,000	2,900	4.7%
Legal Fees	50,000	50,000	40,000	(10,000)	-20.0%
Insurance - Commercial	112,000	112,000	112,000	-	0.0%
Professional Services-Other	73,750	73,750	75,500	1,750	2.4%
<b>Total Professional Services</b>	<b>\$ 680,525</b>	<b>\$ 680,525</b>	<b>\$ 675,175</b>	<b>\$ (5,350)</b>	<b>-0.8%</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- Accounting and Auditing Fees are increasing slightly due to annual price adjustment and the possibility of a different accounting firm.
- Legal Fees are decreasing because litigation from Winter Storm Uri isn't expected to impact Texas RE.
- Professional Services - Other has been adjusted for price increases.

**Table B-10 – Miscellaneous Expense**

Miscellaneous	Budget		Projection		Budget		Variance	
	2023		2023		2024		2024 Budget v 2023 Budget	Variance %
Miscellaneous Expense	\$	-	\$	-	\$	-	\$	-
<b>Total Miscellaneous Expenses</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- N/A

**Table B-11 – Other Non-Operating Expenses**

Other Non-Operating Expenses	Budget		Budget		Variance	
	2023	Projection 2023	2024	2024 Budget v 2023 Budget	Variance %	
Interest Expense	\$ -	\$ -	\$ -	\$ -	-	
Line of Credit Payment	-	-	-	-	-	
Office Relocation	-	-	-	-	-	
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

- N/A



**Table B-12 – Fixed Assets**

Fixed Assets	Budget	Projection	Budget	Variance	
	2023	2023	2024	2024 Budget v 2023 Budget	Variance %
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	
Furniture & Fixtures CapEx	-	-	-	-	
Equipment CapEx	100,000	100,000	50,000	(50,000)	-50.00%
Leasehold Improvements	-	-	-	-	
<b>Total Fixed Assets</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 50,000</b>	<b>\$ (50,000)</b>	<b>-50.0%</b>

**Explanation of Significant Variances – 2024 Budget versus 2023 Budget**

Equipment was replenished in 2023. Additions or equipment replacement will not be as extensive in 2024.

**Table B-13 – 2025 and 2026 Projection**

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget & Projected 2025 and 2026 Budgets							
	2024 Budget	2025 Projection	\$ Change 25 v 24	% Change 25 v 24	2026 Projection	\$ Change 26 v 25	% Change 26 v 25
<b>Funding</b>							
<b>ERO Funding</b>							
NERC Assessments	\$ 18,681,013	\$ 20,193,644	\$ 1,512,631	8.1%	\$ 21,513,217	\$ 1,319,574	6.5%
Penalties Released	426,912	-	(426,912)	-100.00%	-	-	0.0%
<b>Total NERC Funding</b>	<b>\$ 19,107,925</b>	<b>\$ 20,193,644</b>	<b>\$ 1,085,719</b>	<b>5.7%</b>	<b>\$ 21,513,217</b>	<b>\$ 1,319,574</b>	<b>6.5%</b>
Interest	\$ 50,000	\$ 53,000	\$ 3,000	6.00%	\$ 56,180	\$ 3,180	6.0%
<b>Total Funding</b>	<b>\$ 19,157,925</b>	<b>\$ 20,246,644</b>	<b>\$ 1,088,719</b>	<b>5.7%</b>	<b>\$ 21,569,397</b>	<b>\$ 1,322,754</b>	<b>6.5%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 10,642,009	\$ 11,327,690	\$ 685,680	6.4%	\$ 12,170,797	\$ 843,108	7.4%
Payroll Taxes	723,372	769,980	46,608	6.4%	827,289	57,309	7.4%
Benefits	1,904,575	2,051,158	146,583	7.7%	2,238,805	187,646	9.1%
Retirement Costs	1,520,920	1,619,457	98,537	6.5%	1,740,785	121,328	7.5%
<b>Total Personnel Expenses</b>	<b>\$ 14,790,877</b>	<b>\$ 15,768,285</b>	<b>\$ 977,408</b>	<b>6.6%</b>	<b>\$ 16,977,676</b>	<b>\$ 1,209,391</b>	<b>7.7%</b>
<b>Meeting &amp; Travel Expenses</b>							
Meetings & Conference Calls	\$ 85,900	\$ 89,336	\$ 3,436	4.0%	\$ 91,123	1,787	2.0%
Travel	381,150	396,395	15,246	4.0%	412,251	15,856	4.0%
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 467,050</b>	<b>\$ 485,731</b>	<b>\$ 18,682</b>	<b>4.0%</b>	<b>\$ 503,374</b>	<b>\$ 17,643</b>	<b>3.6%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 393,500	\$ 409,240	\$ 15,740	4.0%	\$ 425,610	\$ 16,370	4.0%
Office Rent & Maintenance	2,045,704	2,066,161	20,457	1.0%	2,086,823	20,662	1.0%
Office Costs	735,619	765,044	29,425	4.0%	795,646	30,602	4.0%
Professional Services	675,175	702,182	27,007	4.0%	730,269	28,087	4.0%
<b>Total Operating Expenses</b>	<b>\$ 3,849,998</b>	<b>\$ 3,942,627</b>	<b>\$ 92,629</b>	<b>2.4%</b>	<b>\$ 4,038,347</b>	<b>\$ 95,720</b>	<b>2.4%</b>
<b>Total Direct Expenses</b>	<b>\$ 19,107,925</b>	<b>\$ 20,196,644</b>	<b>\$ 1,088,719</b>	<b>5.7%</b>	<b>\$ 21,519,397</b>	<b>\$ 1,322,754</b>	<b>6.5%</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>\$ 19,107,925</b>	<b>\$ 20,196,644</b>	<b>\$ 1,088,719</b>	<b>5.7%</b>	<b>\$ 21,519,397</b>	<b>\$ 1,322,754</b>	<b>6.5%</b>
<b>Change in Net Assets</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ (0.00)</b>	<b>0.0%</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 50,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>TOTAL BUDGET</b>	<b>\$ 19,157,925</b>	<b>\$ 20,246,644</b>	<b>\$ 1,088,719</b>	<b>5.7%</b>	<b>\$ 21,569,397</b>	<b>\$ 1,322,754</b>	<b>6.5%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
FTEs	70	72	2		75	3	

**2025 and 2026 Projection Analysis**

2025 reflects two additional FTEs and 2026 adds three FTEs with 4.0% per year allowance for salary increases. Office Rent, which includes utilities and building maintenance, is projected to increase 1.0% each year. Meetings and Conference calls are decreasing 2.0% in 2026. All other categories are projected to increase approximately 4% with overall increases projected to be 5.7% and 6.5%, respectively.

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# Section C – Non-Statutory Activities

## 2024 Business Plan and Budget

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**Texas RE has no Non-Statutory activities**



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## Section D – Supplemental Information 2024 Business Plan and Budget

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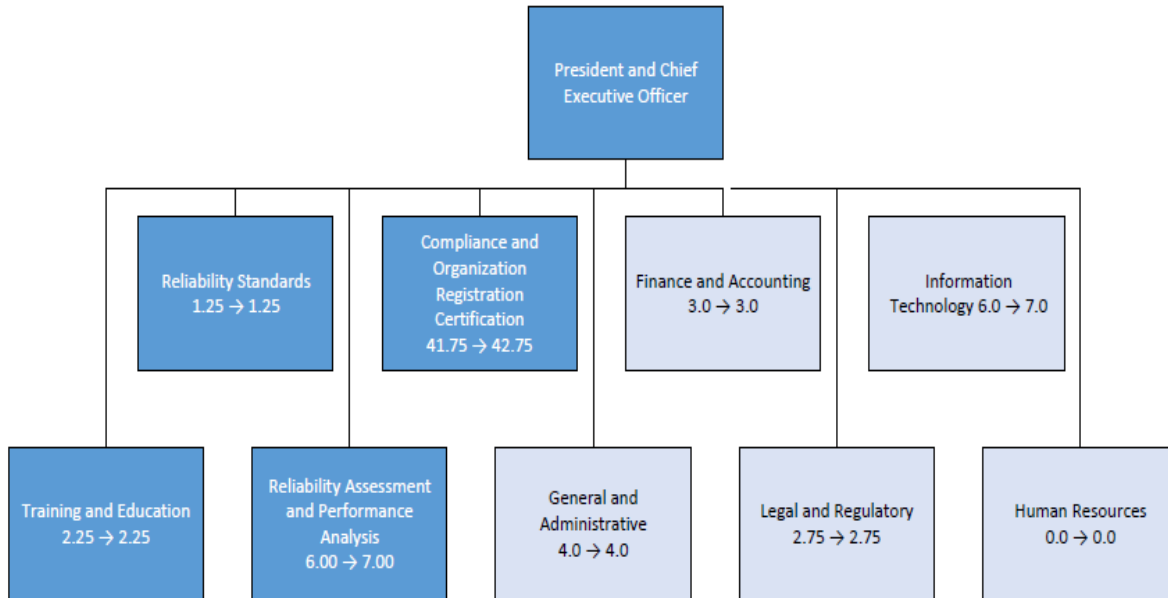
Section D — 2024 Business Plan – Supplemental Information

Section D – Supplemental Information

2024 Statement of Activities by Program

Funding	Statutory Total	Reliability Standards	CMEP	RAPA	Training and Education	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
<b>ERO Funding</b>										
NERC Assessments	\$18,681,013	\$ 438,521	\$ 14,997,433	\$ 2,455,720	\$ 789,339	\$ -	\$ -		\$ -	
Penalties Released	426,912	10,021	342,732	56,120	18,039					
<b>Total NERC Funding</b>	<b>\$19,107,925</b>	<b>\$ 448,543</b>	<b>\$ 15,340,165</b>	<b>\$ 2,511,840</b>	<b>\$ 807,377</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Interest	50,000	1,174	40,141	6,573	2,113	-				
<b>Total Funding</b>	<b>\$19,157,925</b>	<b>\$ 449,717</b>	<b>\$ 15,380,306</b>	<b>\$ 2,518,413</b>	<b>\$ 809,490</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>										
<b>Personnel Expenses</b>										
Salaries	\$10,642,009	\$ 154,150	\$ 5,783,866	\$ 1,145,345	\$ 278,244	\$ 1,543,209	\$ 487,196	\$ 852,730	\$ -	\$ 397,271
Payroll Taxes	723,372	11,878	428,670	81,886	19,422	60,295	29,339	63,963	-	27,920
Benefits	1,904,575	35,737	1,107,774	182,978	45,219	170,112	83,951	233,297	-	45,507
Retirement Costs	1,520,920	22,266	833,634	165,261	39,627	210,781	69,915	122,703	-	56,733
<b>Total Personnel Expenses</b>	<b>\$14,790,877</b>	<b>\$ 224,031</b>	<b>\$ 8,153,944</b>	<b>\$ 1,575,470</b>	<b>\$ 382,512</b>	<b>\$ 1,984,397</b>	<b>\$ 670,400</b>	<b>\$ 1,272,693</b>	<b>\$ -</b>	<b>\$ 527,430</b>
<b>Meeting Expenses</b>										
Meetings & Conference Calls	\$ 85,900	\$ -	\$ -	\$ -	\$ 44,500	\$ 10,000	\$ -	\$ 11,400	\$ 20,000	\$ -
Travel	381,150	4,275	140,400	89,550	4,575	96,395	19,600	9,950	5,505	10,900
<b>Total Meeting Expenses</b>	<b>\$ 467,050</b>	<b>\$ 4,275</b>	<b>\$ 140,400</b>	<b>\$ 89,550</b>	<b>\$ 49,075</b>	<b>\$ 106,395</b>	<b>\$ 19,600</b>	<b>\$ 21,350</b>	<b>\$ 25,505</b>	<b>\$ 10,900</b>
<b>Operating Expenses, excluding Depreciation</b>										
Consultants & Contracts	\$ 393,500	\$ -	\$ -	\$ -	\$ -	\$ 101,000	\$ 2,500	\$ 215,000	\$ 75,000	\$ -
Office Rent		\$ -	\$ -	\$ -	\$ -	\$ 2,045,704	\$ -	\$ -	\$ -	\$ -
Office Costs	735,619	1,440	22,040	11,080	5,580	108,370	6,970	566,744	9,565	3,830
Professional Services	675,175	-	-	-	3,000	494,675	40,000	70,000	2,500	65,000
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,804,294</b>	<b>\$ 1,440</b>	<b>\$ 22,040</b>	<b>\$ 11,080</b>	<b>\$ 8,580</b>	<b>\$ 2,749,749</b>	<b>\$ 49,470</b>	<b>\$ 851,744</b>	<b>\$ 87,065</b>	<b>\$ 68,830</b>
<b>Total Direct Expenses</b>	<b>\$17,062,219</b>	<b>\$ 229,746</b>	<b>\$ 8,316,383</b>	<b>\$ 1,676,100</b>	<b>\$ 440,167</b>	<b>\$ 4,840,541</b>	<b>\$ 739,470</b>	<b>\$ 2,145,787</b>	<b>\$ 112,570</b>	<b>\$ 607,160</b>
<b>Indirect Expenses</b>	<b>\$ 0</b>	<b>\$ 198,252</b>	<b>\$ 6,780,213</b>	<b>\$ 1,110,210</b>	<b>\$ 356,853</b>	<b>\$ (4,840,541)</b>	<b>\$ (739,470)</b>	<b>\$ (2,145,787)</b>	<b>\$ (112,570)</b>	<b>\$ (607,160)</b>
<b>Other Non-Operating</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>\$17,062,219</b>	<b>\$ 427,998</b>	<b>\$ 15,096,596</b>	<b>\$ 2,786,311</b>	<b>\$ 797,020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Assets</b>	<b>\$ 2,095,706</b>	<b>\$ 21,719</b>	<b>\$ 283,710</b>	<b>\$ (267,898)</b>	<b>\$ 12,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 50,000</b>	<b>\$ 1,174</b>	<b>\$ 40,141</b>	<b>\$ 6,573</b>	<b>\$ 2,113</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET</b>	<b>\$19,157,925</b>	<b>\$ 429,172</b>	<b>\$ 15,136,737</b>	<b>\$ 2,792,883</b>	<b>\$ 799,133</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (0.00)</b>	<b>\$ 20,545</b>	<b>\$ 243,569</b>	<b>\$ (274,471)</b>	<b>\$ 10,357</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FTEs</b>	<b>70.00</b>	<b>1.25</b>	<b>42.75</b>	<b>7.00</b>	<b>2.25</b>	<b>4.00</b>	<b>2.75</b>	<b>7.00</b>	<b>-</b>	<b>3.00</b>

## 2024 Texas RE Organization Chart



- Statutory Program Area
- Administrative Services Program Area

Arrow indicates number of FTEs from 2023 to 2024.