

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

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## Presentation to the PJM Finance Committee

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## 2010 Business Plan and Budget

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to ensure  
the reliability of the  
bulk power system

# NERC and Regional Entity 2010 Business Plans and Budgets

- Assessment/Funding Methodologies
- Expenses
- Assessments
- Timeline

# Assessment Funding Methodologies

- NERC and Regional Entity assessments are based upon three methodologies:
  - NET Energy for Load (NEL)-default method
  - NEL- excluding certain entities performing compliance and enforcement activities
  - Interchange Distribution Calculator (IDC) Defined Shares - special allocation to equitably distribute IDC contract expenses.

# Expenses and Capital Expenditures (\$000's)

- NERC

2009	\$34,448*
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2010	\$40,088
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16.4%	Increase
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- RFC

2009	\$11.434
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2010	\$14,184
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24%	Increase
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**\*Excludes Working Capital Reserve Requirements**

# NERC Expense Drivers

- Main increases are in the Compliance and Situation Awareness and Infrastructure Security Program Areas
- Management is taking steps to maximize the efficiency of resource use
- Budget incorporates \$750k in allocated efficiency savings
- Working Capital Reserve reduced to \$0. Rely on line of credit to manage temporary cash flow needs if required.
- More details in budget documents available on NERC's website.

# RFC Expense Drivers

- Increase driven primarily by projected staffing in the Compliance and Enforcement Program Area, including resources related to Critical Infrastructure Protection and processing of Technical Feasibility Exceptions.
- Increase also reflects an increase in resources for the Reliability Assessment and Performance Analysis Program
- More detail contained in RFC's 2010 Business Plan and Budget which is available on NERC's website.

# Assessments (\$000's)

- NERC

2009 \$31,925

2010 \$37,064

16.1% Increase

- RFC

2009 \$8,834\*

2010 \$14,345

62.4% Increase

**\*As a result of budget underruns in prior years, 2009 assessments are \$2,520 less than expenses and capital expenditures.**

# 2010 PJM Collections on Behalf of NERC (\$000's)

- 2010 Assessments are Allocated based upon 2008 NEL
- NERC - \$5,227 up 17% from \$4,455
- RFC - \$9,547 up 68% from \$5,695
- Total - \$14,774 up 46% from \$10,150

# Proposed 2009 PJM OATT Schedule 10 Rates

- 2010 Forecasted PJM Net Energy for Load – 652 TWhs
- Schedule 10 – NERC  
 $\$5,227/652\text{TWhs}=\$0.0080/\text{MWh}$
- Schedule 10 – RFC  
 $\$9,547/652\text{TWhs}=\$0.0146/\text{MWh}$

- NERC Board of Trustees Approvals – August 5 and August 20
- Filed with FERC – August 24
- FERC Approval expected in mid to late October