



Texas Reliability Entity, Inc.
Texas RE Member Representatives Committee
Meeting Agenda

April 17, 2025, at 2:00 p.m. Central Time**
 (Via video conference only)

<https://texasre.webex.com/texasre/j.php?MTID=m1d4a27067e008a1d6999edd9574791a1>
 Dial-In: 1-855-797-9485

Item	Member Representatives Committee Meeting
1.	Call to Order <i>Curt Brockmann, MRC Chair</i>
2.	<u>Antitrust Admonition*</u> <i>Thad Crow, Communications and Training Coordinator</i>
3.	<u>Review and Recommendation of 2026 Business Plan and Budget* (Vote)</u> <i>Jim Albright, President and CEO</i> <i>Joseph Younger, Vice President and COO</i> <i>Donna Bjornson, Vice President and CFO</i>
4.	Other Business & Future Agenda Items <i>Curt Brockmann, MRC Chair</i>
Adjourn Meeting	

* Background material may be distributed electronically prior to or at meeting.

** End time may be adjusted should meeting conclude early or extend past its scheduled end time.



ANTITRUST ADMONITION

Texas Reliability Entity, Inc. (Texas RE) strictly prohibits persons participating in Texas RE activities from using their participation as a forum for engaging in practices or communications that violate antitrust laws. Texas RE has approved antitrust guidelines available on its website. If you believe that antitrust laws have been violated at a Texas RE meeting, or if you have any questions about the antitrust guidelines, please contact the Texas RE General Counsel.

PUBLIC MEETING

Notice of this meeting was posted on the Texas RE website and the open portion of this meeting is being held in public. Participants should keep in mind that the listening audience may include members of the press, representatives from various governmental authorities, and industry stakeholders.

MEMORANDUM

To: Texas RE Member Representatives Committee
From: Jim Albright, President and CEO
Date: April 17, 2025
Re: Agenda Item 03 – Review and Recommendation of 2026 Business Plan and Budget

Attached for your consideration is information detailing our 2026 Business Plan and Budget request. This information was discussed by the Board of Directors during its April 16, 2025, conference call meeting. The MRC is being asked to discuss the proposed budget and provide input. After the MRC provides feedback, the budget then will be posted for Member comment. The complete Business Plan and Budget will be presented to the Board for approval at its May 14, 2025, meeting.

The proposed 2026 budget reflects an overall increase of 6.4% resulting from a 4.0% merit increase for personnel and the addition of three FTEs for a total budget of \$21,598,423.

I look forward to discussing this with you at the meeting.



TEXAS RE

Discussion of 2026 Preliminary Business Plan and Budget

**Member Representative Committee
Meeting**

April 17, 2025

Drivers for the 2026 Budget Proposal

Adding 3 FTEs

4.0% Merit and Market Adjustment for Personnel

Technology Investments

- **Energy Assessment Software and Support**

Total 2026 Budget \$21,598,423



Key Numbers for 2026 Budget

❑ **Key 2026 Budget numbers are within 1% of previous projections**

❑ **Total 2026 Budget: \$21,598,423**

- \$1.3 million (6.4%) increase from 2025

❑ **Total 2026 Assessment: \$19,818,823**

- \$557K (2.9%) increase from 2025
 - Total Funding Requirement (Total Expenses) \$21,598,423
 - Reduced by Penalty \$\$ & Interest (429,600)
 - Reduced by Interest Income (225,000)
 - Reduced by Assessment Stabilization \$\$ (1,125,000)
- Total Assessment \$19,818,823

Penalty \$\$ are subject to change before this budget is finalized



Texas RE Budget Context

Texas RE delivers maximum value to our stakeholders while accomplishing its reliability and security mission through a focused and fiscally responsible budget

Key Metrics

- Lowest number of statutory FTEs
- Second-highest number of total registered entities
- Lowest ERP funding per registered entity



Additional 2026 FTEs

CMEP

- Compliance (CIP Auditor)

Corporate Services

- Human Resources (Administrative Support)
- Legal (General Attorney)



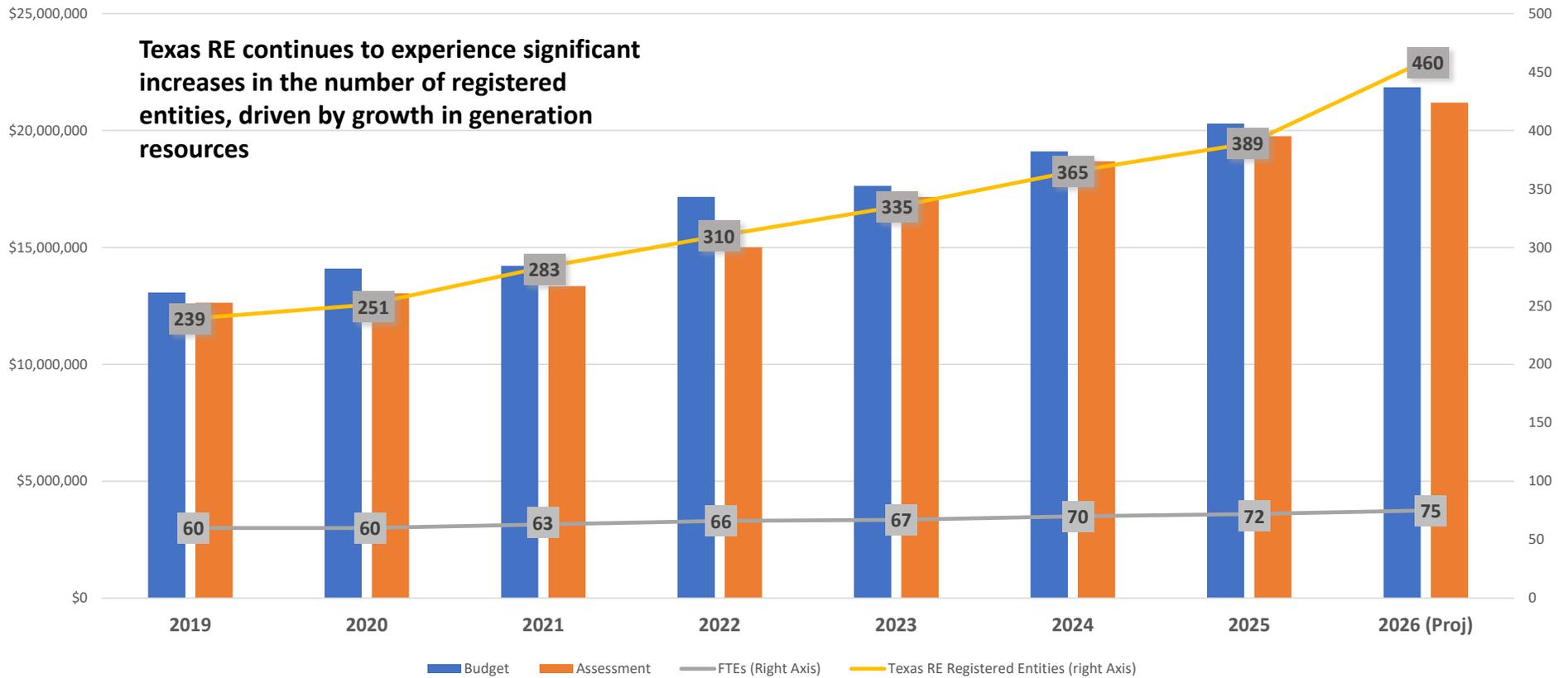
CMEP FTE Justification Details

Compliance (CIP Auditor)

- Growth in the number and type of registered entities is increasing compliance oversight engagements
- New Standards or requirements in areas like communications between Control Centers and vendor electronic remote access for assets that contain low impact BES cyber systems continue to increase the engagement workload
- Increasing expectations for new entity outreach and engagements from NERC and FERC



Texas RE's Budget, Assessment, FTEs, and Registrations



Registrations Change by Regional Entity

Public

Chapter 4: Year in Review

Overview of the Year

NERC has historically provided a variety of ORCP and CMEP information in its quarterly, semiannual, and annual reports to highlight trends and other useful information to industry. Stakeholders have communicated to NERC via the CCC that they use this ORCP and CMEP information for a variety of purposes.

Functional Registration Changes by Region

In 2024, the ERO Enterprise processed 347 registration changes, 218 of them being activations and 129 deactivations. Most of this registration activity was concentrated in the Generator Owner (GO) and Generator Operator (GOP) functions, consistent with prior years.



	MIRO	NPCC	RF	SERC	Texas RE	WECC
Deactivations	24	11	23	14	37	20
Additions	15	10	38	34	74	47

Figure 2: 2024 Functional Registration Changes by Regional Entity

Texas RE had the largest increase in new registrations across the ERO in 2024



The continuing increase in the number and type of registrations impacts all aspects of Texas RE’s CMEP, including:

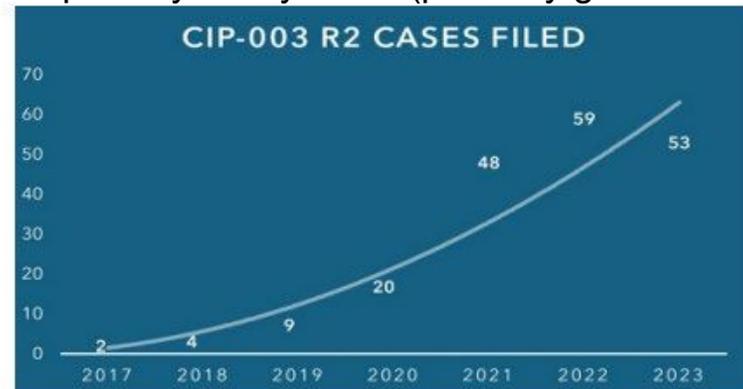
- Registration
- Reliability Assessments
- Compliance Oversight Plans
- Engagements and Outreach
- NERC Oversight



CIP Expectations and Requirements Continue to Grow

- ❑ **2025 CMEP Implementation Plan identified noticeable trends relating to low impact cyber systems (generators and generator control centers)**
- ❑ **Increased expectations for review of remote access provisioning, sound supply chain practices, and physical security**
- ❑ **Increased need for outreach**

CIP-003 Establishes CIP Requirements for Low Impact Cyber Systems (primarily generators)



Agility and Sustainability



Addressing corporate service needs implements the ERO Long-Term Strategic Plan's Focus on Agility and Sustainability

□ Sustainability

- Ensure that we have the appropriate support needed to execute strategy and accomplish our reliability mission
- Avoid disruptions and maintain our position as an “employer of choice”

□ Agility

- Enhance our ability to respond to new challenges as program areas evolve
- Support efforts to harmonize cross-departmental functions



Corporate Services FTE Justification Details

General Attorney

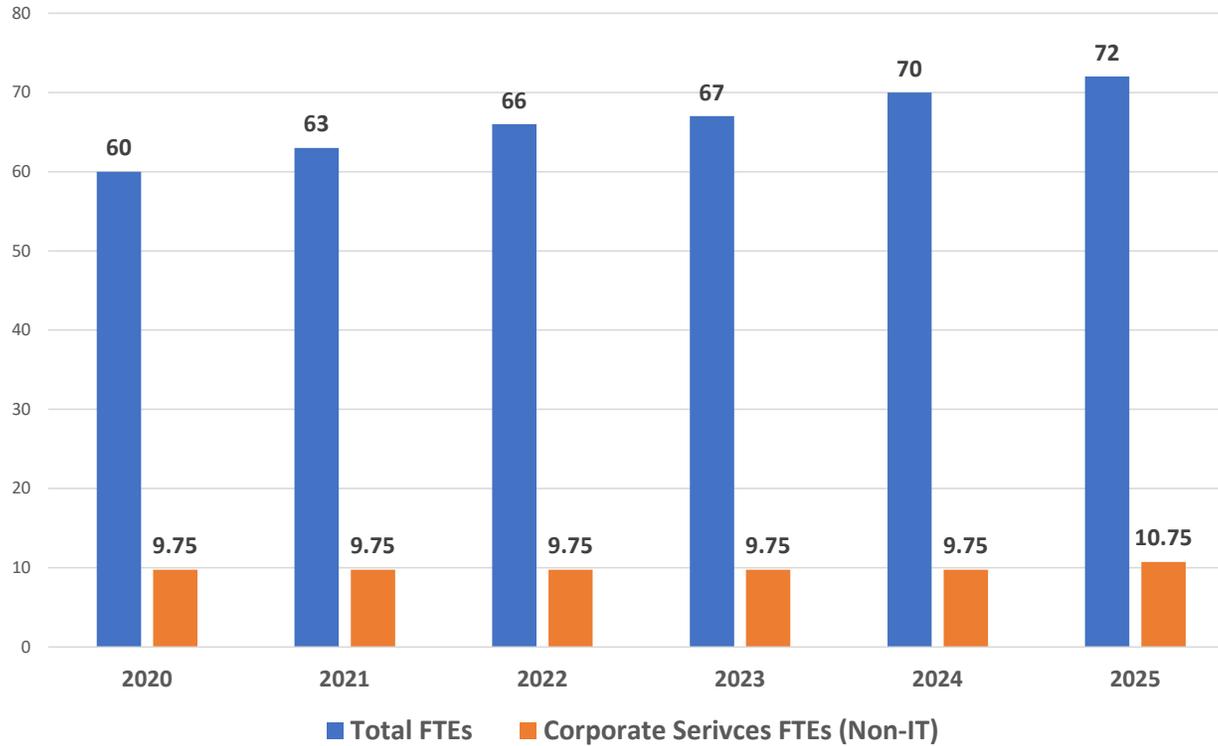
- Notable increase in legal work to support growth and organizational maturation
- Assist with implementation of Enterprise Risk Management and NERC oversight support
- Support for IT risk management, security principles, and supply chain verification process

Human Resources Administrative Support

- Addressing sustainability for Human Resources (department of one)
- Supporting workplace culture initiatives
- Responsive to overall growth in headcount and recruiting needs



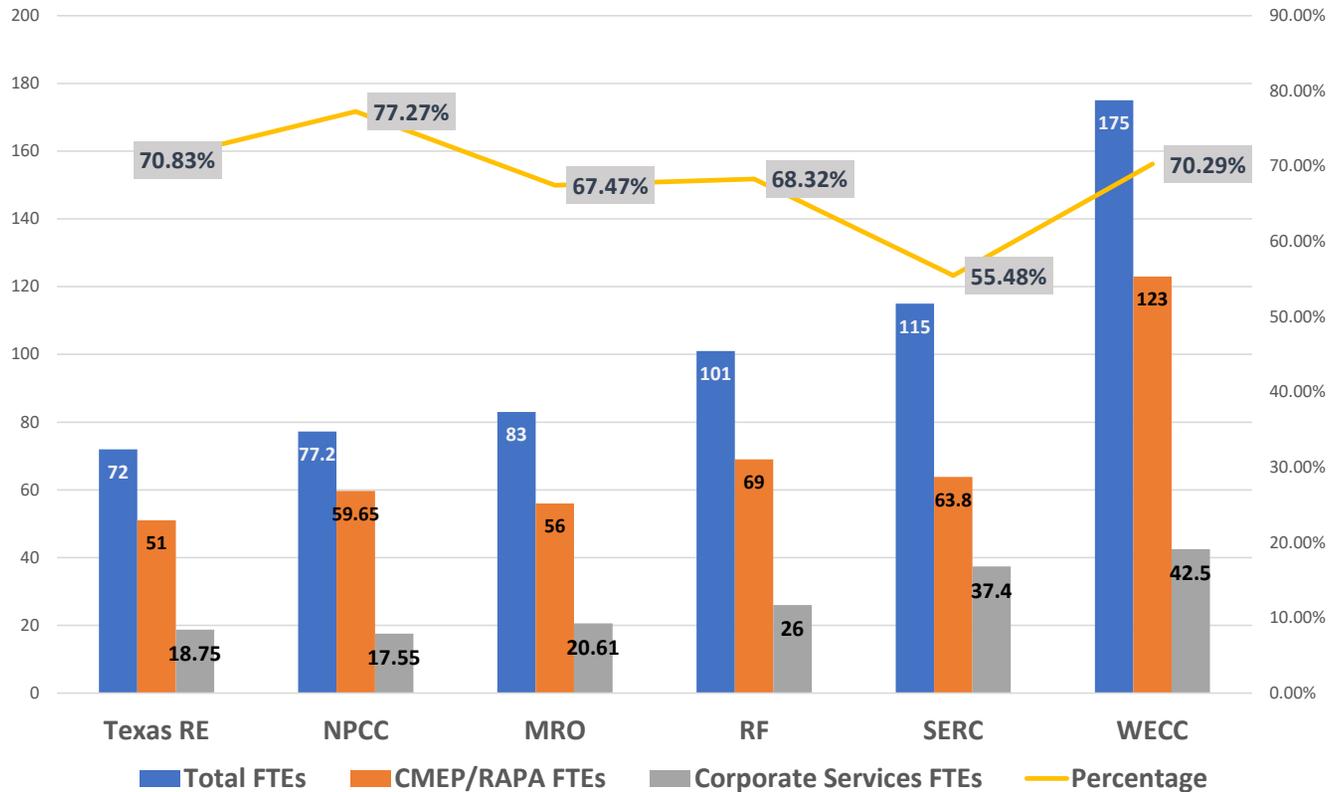
Non-IT Corporate Services Has Not Grown with the Company



Texas RE has focused on addressing its IT Security needs during this period



Administrative FTEs by Region



- Texas RE has focused on addressing increasing program area requirements
- CMEP/RAPA represent the second highest percentage of total FTEs across the ERO
- Texas RE has the second lowest number of Corporate Services FTEs



4.0% Merit and Market Adjustment Increase for Personnel

☐ Most Recent Market Median Salary Forecast

- 3.5% for 2025 per Willis Tower Watson 2024 Salary Budget Planning Report (General and Utility Industries)
- Additional forecasts will be provided as they become available
- Market adjustments are required for some positions

☐ Preliminary 2026 Salary Increases Forecasted at Other ERO Regional Entities

- 3.8%-4.5%



2026 Funding, Operating Expenses, & Capital Expenditures

	2025 Budget Final & Approved	Proposed 2026 Budget	Change from 2024 to 2025	% change
Funding				
ERO Funding	\$ 19,261,419	\$ 19,818,823	\$ 557,404	2.9%
Fines & Penalties	338,463	429,600	91,137	26.9%
Interest	125,000	225,000	100,000	80.0%
Total Revenue	\$ 19,724,882	\$ 20,473,423	\$ 748,541	3.8%
Personnel Expenses				
Salaries	\$ 11,591,929	12,351,262	\$ 759,333	6.6%
Payroll Taxes	777,854	837,104	59,250	7.6%
Benefits	1,969,451	2,163,395	193,944	9.8%
Retirement Costs	1,643,152	1,745,171	102,019	6.2%
Total Personnel Expenses	\$ 15,982,386	\$ 17,096,932	\$ 1,114,546	7.0%
Meeting & Travel Expenses				
Meetings	\$ 120,900	142,400	\$ 21,500	17.8%
Travel	403,579	330,273	(73,306)	-18.2%
Total Travel & Meetings	\$ 524,479	\$ 472,673	\$ (51,806)	-9.9%
Operating Expenses, Excluding Depreciation				
Consultants & Contracts	\$ 437,500	497,500	\$ 60,000	13.7%
Office Rent and Maintenance	1,751,692	1,803,978	52,287	3.0%
Office Costs	811,325	842,400	31,075	3.8%
Professional Services	737,500	809,940	72,440	9.8%
Total Operating Expenses	\$ 3,738,017	\$ 3,953,818	\$ 215,802	5.8%
Fixed Assets	\$ 50,000	75,000	\$ 25,000	50.0%
TOTAL BUDGET	\$ 20,294,882	\$ 21,598,423	\$ 1,303,542	6.4%
TOTAL CHANGE IN WORKING CAPITAL	\$ (570,000)	\$ (1,125,000)	\$ (555,000)	-



Projections

	2026 Budget	2027 Projection	% Change 27 v 26	2028 Projection	% Change 28 v 27
Funding					
ERO Funding	\$ 19,818,823	\$ 23,111,195	16.6%	\$ 24,442,575	5.8%
Fines & Penalties	429,600	-	-100.0%	-	0.0%
Interest	225,000	170,000	-24.4%	115,000	-32.4%
Total Revenue	\$ 20,473,423	\$ 23,281,195	13.7%	\$ 24,557,575	5.5%
Personnel Expenses					
Salaries	\$ 12,351,262	\$ 13,195,313	6.8%	\$ 13,973,125	5.9%
Payroll Taxes	837,104	894,309	6.8%	947,025	5.9%
Benefits	2,163,395	2,485,334	14.9%	2,804,267	12.8%
Retirement Cost	1,745,171	1,865,728	6.9%	1,976,607	5.9%
Total Personnel	\$ 17,096,932	\$ 18,440,684	7.9%	\$ 19,701,025	6.8%
Meeting & Travel Expenses					
Meeting Expense	\$ 142,400	\$ 148,096	4.0%	\$ 154,020	4.0%
Travel	330,273	373,484	13.1%	388,423	4.0%
Total Meetings & Travel	\$ 472,673	\$ 521,580	10.3%	\$ 542,443	4.0%
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 497,500	\$ 667,400	34.2%	\$ 538,096	-19.4%
Office Rent & Maintenance	1,803,978	1,858,097	3.0%	1,913,840	3.0%
Office Costs	842,400	876,096	4.0%	911,140	4.0%
Professional Services	809,940	842,338	4.0%	876,031	4.0%
Total Operating Expenses	\$ 3,953,818	\$ 4,243,931	7.3%	\$ 4,239,107	-0.1%
Fixed Assets	\$ 75,000	\$ 75,000	0.0%	\$ 75,000	0.0%
TOTAL BUDGET	\$ 21,598,423	\$ 23,281,195	7.8%	\$ 24,557,575	5.5%
TOTAL CHANGE IN WORKING CAPITAL	\$ (1,125,000)	\$ -	0.0%	\$ -	0.0%

Proposing 3 & 2 add'l FTEs with 4% Salary Adj, 10% Benefit Incr, 3% Building Maint, BOD Search Fees in 2027



2026 Business Plan and Budget Schedule

- ~~March 19—AG&F Executive Session Call: 2026 BP&B Discussion~~
- ~~April 16—Board Conference Call to Review BP&B~~
- ~~April 17—MRC Budget Call to Review and Recommend BP&B~~
- May 6-May 13—Post 2026 BP&B for Member Comments
- May 14—Texas RE Board of Directors Approve 2026 BP&B



The background of the slide features a blurred Texas state flag on the left and a target with several darts on the right. The darts are all clustered in the center of the target, suggesting a focus on a specific point.

Questions?



TEXAS RE

Ensuring electric reliability for Texans