



**Texas Reliability Entity, Inc.**  
**Board of Directors Audit, Governance, Risk, and Finance Committee**  
**Meeting Agenda**

May 13, 2026, at 11:00 a.m. Central Time\*\*  
 8000 Metropolis Drive, Building A, Suite 300, Austin, Texas 78744

WebEx Link:

<https://texasre.webex.com/texasre/j.php?MTID=mce776d62a32ecee5bc4c0914d6e3e486>

Call-In: +1-855-797-9485

Item	Audit, Governance, Risk, and Finance Committee Meeting
1.	<b>Call to Order</b> <i>Suzanne Spaulding, Chair</i>
2.	<b><a href="#">Antitrust Admonition*</a></b> <i>Thad Crow, Communications and Training Coordinator</i>
3.	<b><a href="#">Approval of February 25, 2026, Meeting Minutes*</a> (Vote)</b> <i>Suzanne Spaulding, Chair</i>
4.	<b><a href="#">Financial Report*</a></b> <i>Donna Bjornson, Vice President and Chief Financial Officer</i>
5.	<b><a href="#">Human Resources Report*</a></b> <i>Kara Murray, Director, Human Resources</i>
6.	<b><a href="#">Review and Recommendation of 2027 Business Plan and Budget*</a> (Vote)</b> <i>Donna Bjornson, Vice President and Chief Financial Officer</i>
7.	<b>Future Agenda Items &amp; Other Business</b> <i>Suzanne Spaulding, Chair</i>
<b>Executive Session Agenda Items</b>	
8.	<b>Approval of February 25, 2026, and March 18, 2026, Executive Meeting Minutes*</b> (Vote) <i>Suzanne Spaulding, Chair</i>
9.	<b>Discussion of other confidential matters</b> including ethics or personnel issues, confidential legal matters, negotiations, contracts and leases, or other business of the Committee involving confidential information <i>Suzanne Spaulding, Chair</i>
<b>Adjourn Meeting</b>	

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

\*\* Start and end times may be adjusted should meetings conclude early or extend past their scheduled end time.



## **Antitrust Compliance Reminder**

Because this event brings together market participants who may be viewed as actual or potential competitors, we must be mindful to conduct it in a manner that is consistent with the antitrust and competition laws. Participants should not disclose non-public, proprietary, or competitively sensitive information.

Attendees should exercise independent judgment and avoid even the appearance of discussions of agreements or concerted actions that may be viewed as restraining competition. For example, avoid discussions regarding current or potential vendors or suppliers that involve sensitive information like pricing or terms, or discussions involving employee wages or hiring decisions. Any company decisions that are informed by your discussions today must be made independently.

This guidance is not intended as legal advice, and each attendee is responsible for seeking their own legal advice with respect to compliance with applicable antitrust and competition laws. However, any questions on Texas RE's Antitrust Compliance Corporate Policy may be directed to Texas RE's General Counsel.

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**DRAFT MINUTES OF THE  
TEXAS RELIABILITY ENTITY, INC. BOARD OF DIRECTORS  
AUDIT, GOVERNANCE, RISK, AND FINANCE COMMITTEE**

February 25, 2026

**Committee Members**

Suzanne Spaulding	Committee Chair, Independent Director (remote)
Crystal Ashby	Board Chair, Independent Director
Jeff Corbett	Board Vice Chair, Independent Director
Milton Lee	Independent Director

**Other Board Member Attendees**

Jim Albright, President and CEO  
Curt Brockmann, Member Representatives Committee Chair  
Daniela Hammons, Member Representatives Committee Vice Chair

**Texas RE Attendees**

Joseph Younger, Senior Vice President and Chief Operating Officer  
Derrick Davis, Senior Vice President and Chief Administrative Officer  
Donna Bjornson, Vice President and Chief Financial Officer  
Kara Murray, Director, Human Resources  
Paul Curtis, Deputy General Counsel and Assistant Corporate Secretary  
Matt Barbour, Manager, Communications and Training

**Other Attendees**

Additional Texas RE Staff and other individuals attended in person or via public teleconference.

**Call to Order**

Pursuant to notice duly given, the meeting of the Texas Reliability Entity, Inc. (Texas RE) Board of Directors (Board) Audit, Governance, Risk, and Finance Committee (Committee) convened on February 25, 2026. Chair Spaulding determined that a quorum was present and called the meeting to order at 11:15 a.m. Central Time.

**Antitrust Admonition**

Thad Crow reviewed the antitrust admonition and reminded attendees to abide by Texas RE's antitrust guidelines.

**Approval of December 10, 2025, Audit, Governance, Risk, and Finance Committee Meeting Minutes**

Jeff Corbett made a motion to approve the December 10, 2025, Audit, Governance, Risk, and Finance Committee meeting minutes. Milton Lee seconded the motion. The motion passed by unanimous voice vote.



### **Financial Report**

Donna Bjornson presented the Financial report. She said Texas RE's total expenses at the end of December 2025 were approximately \$2.4 million less (11.6 percent less) than budgeted, due in part to staff vacancies and lower lease and building maintenance costs.

### **Human Resources Report**

Kara Murray presented the Human Resources report. Ms. Murray said Texas RE filled two positions from December 2025 through January 2026, and is currently recruiting for a new General Counsel. She said staff had recently completed an E-Colors exercise, which helped them identify their personality traits and communications styles.

### **Future Agenda Items & Other Business**

None.

### **Adjournment**

At 11:33 a.m., Chair Spaulding closed the open portion of the meeting and convened in executive session.

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Derrick Davis,  
Corporate Secretary



**TEXAS RE**

# **Financial Report**

**Audit, Governance, Risk, and Finance  
Committee**

**May 13, 2026**



## March 2026 – Balance Sheet (unaudited)

Public

### Assets

#### Current Assets

##### Cash and Cash Equivalents

Operating Account	\$ 11,027,573
FSA Account	40,559
Fines and Penalties	7
Petty Cash	250
Total Cash and Cash Equivalents	<u>11,068,389</u>

Other Current Assets	<u>549,218</u>
Total Current Assets	<u>11,617,607</u>

#### Long-term Assets

Property & Equipment	<u>6,919,796</u>
Total Long-term Assets	<u>6,919,796</u>

### Total Assets

**\$ 18,537,403**

### Liabilities and Net Assets

#### Liabilities

##### Short-term Liabilities

Accounts Payable	\$ 211,957
Accrued Liabilities	<u>938,043</u>
Total Short-term Liabilities	<u>1,150,000</u>

##### Long Term Liabilities

Other Long-Term Liabilities	<u>5,666,123</u>
Total Long-Term Liabilities	<u>5,666,123</u>

Total Liabilities	<u>6,816,123</u>
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Net Assets	11,721,280
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### Total Liabilities and Net Assets

**\$ 18,537,403**

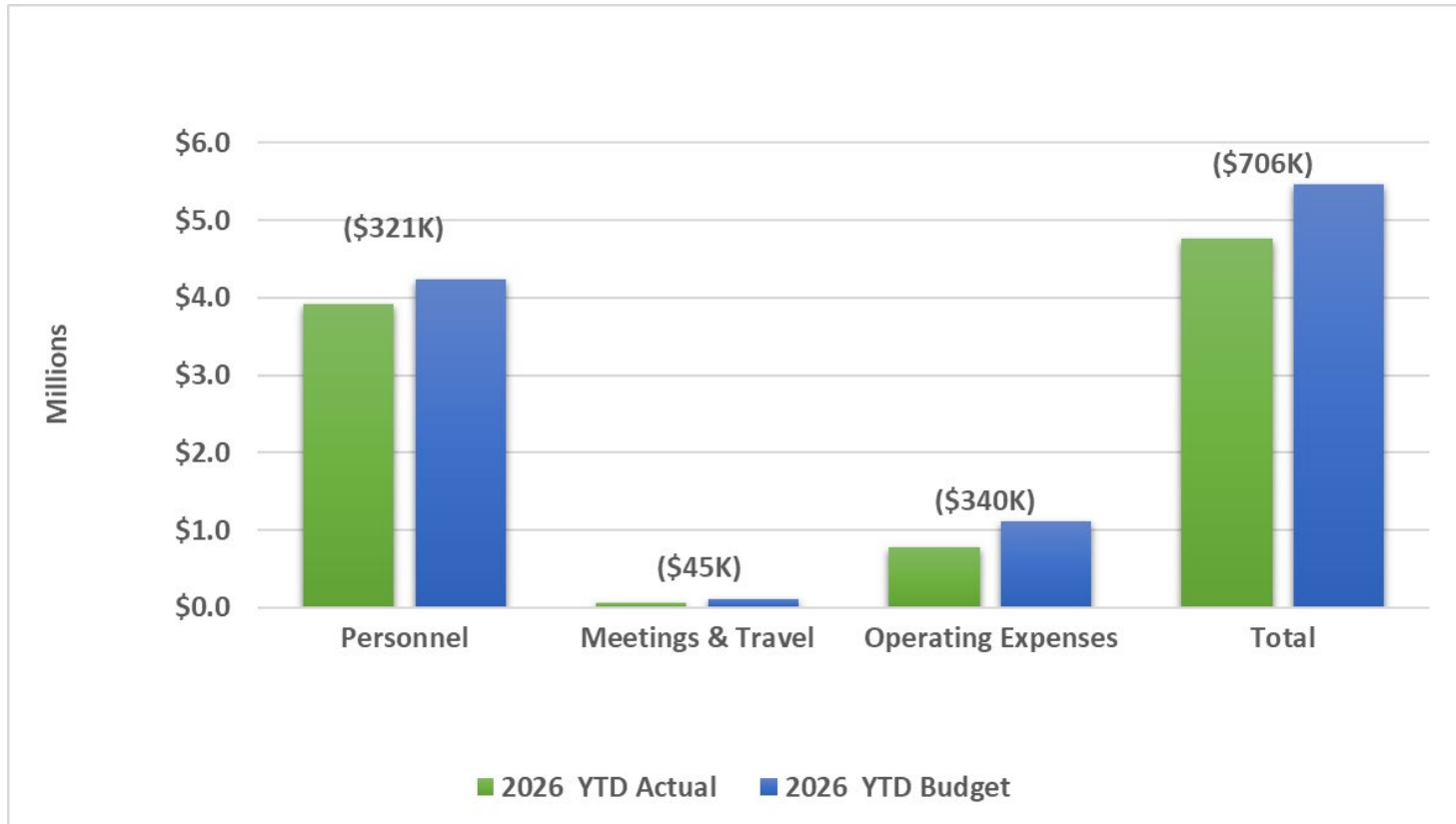


# March 2026 – Statement of Activities (unaudited)

	2026 YTD Actual	2026 YTD Budget	Budget Variance	% Budget Variance	2026 Budget	Budget Remaining
<b>Revenues</b>						
ERO Funding						
Assessments	\$ 4,954,707	\$ 4,954,707	-	0.0 %	\$ 19,818,823	\$ 14,864,117
Penalty Sanctions	445,217	429,600	15,617	3.6 %	429,600	-
Total ERO Funding	5,399,924	5,384,307	15,617	0.3 %	20,248,423	14,864,117
Interest Revenue	102,033	56,250	45,783	81.4 %	225,000	122,967
Total Revenues	5,501,957	5,440,557	61,400	1.1 %	20,473,423	14,987,084
<b>Expenses</b>						
Personnel Expenses						
Salaries	2,913,889	2,975,551	(61,662)	(2.1) %	12,351,262	9,437,373
Payroll Taxes	213,097	225,220	(12,123)	(5.4) %	837,104	624,007
Employee Benefits	455,342	620,838	(165,496)	(26.7) %	2,163,394	1,708,052
Savings & Retirement	339,168	420,968	(81,800)	(19.4) %	1,745,171	1,406,002
Total Personnel Expenses	3,921,496	4,242,577	(321,081)	(7.6) %	17,096,931	13,175,434
Meeting & Travel Expenses						
Meetings & Conference Calls	9,136	25,350	(16,215)	(64.0) %	142,400	133,265
Travel	53,199	81,938	(28,738)	(35.1) %	330,273	277,073
Total Meeting & Travel Expenses	62,335	107,288	(44,953)	(41.9) %	472,673	410,338
Operating Expenses						
Consultants & Contracts	102,364	134,374	(32,011)	(23.8) %	497,500	395,137
Rent & Improvements	176,787	435,996	(259,208)	(59.5) %	1,742,978	1,566,190
Office Costs	201,247	214,719	(13,473)	(6.3) %	903,400	702,154
Professional Services	168,767	204,234	(35,466)	(17.4) %	809,940	641,172
Total Operating Expenses	649,165	989,323	(340,158)	(34.4) %	3,953,818	3,304,653
Depreciation & Amortization	130,252	130,252	-	0.0 %	521,004	390,752
Total Expenses	4,763,248	5,469,440	(706,192)	(12.9) %	22,044,426	17,281,177
<b>Total Change in Net Assets</b>	<b>\$ 738,709</b>	<b>\$ (28,883)</b>	<b>\$ (767,592)</b>	<b>2,657.6 %</b>	<b>\$ (1,571,003)</b>	<b>\$ (2,294,093)</b>



## March 2026 – Actual to Budget Variance \$



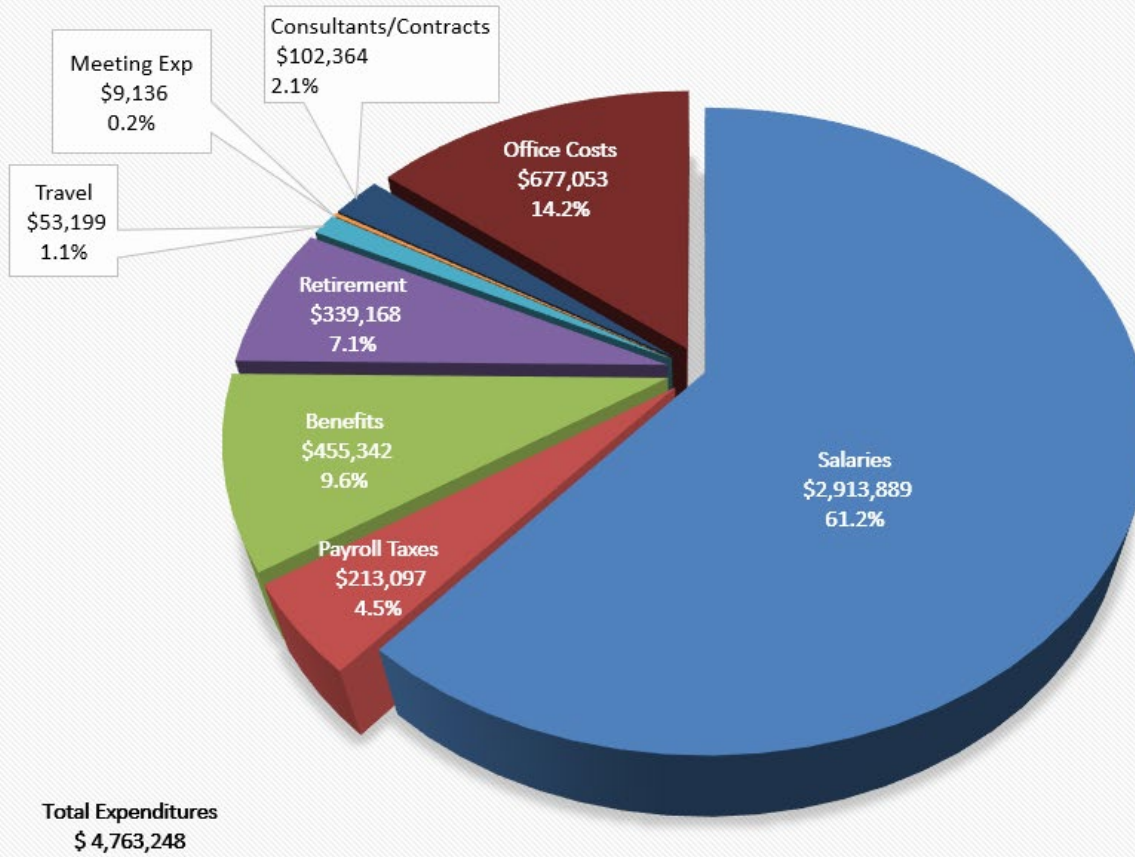


# Texas RE total expenses are \$706k (-12.9%) less than budget

- Personnel \$321K (-7.6%)
  - Training timing differences
  - 401K forfeitures: \$50K
- Lease and building maintenance costs \$259K (-59.5%)
  - 2025 CAM credit: \$78.5K
  - Recognition of lease incentives: \$49.5K
  - Building maintenance costs: \$132K



# March 2026 – Actual Cost by Category





## March 2026 – Statement of Cash Flows

Public

### Cash flows from Operating Activities

Change In Net Assets	\$ 738,709
Add Back Depreciation	130,252
Remove Penalties collected in 2025 (GAAP vs NERC Recognition)	(445,217)
Add Penalties collected in 2026 (GAAP vs NERC Recognition)	-
Remove ASC 842 Recognition of Lease Incentives	(49,491)
Increase/Decrease in Accounts Payable	30,667
Increase/Decrease in Accounts Receivable	2,793
Increase/Decrease in Other Liabilities	(481,843)
Increase/Decrease in Prepaid Expenses	(56,873)

**Net Cash Provided by Operating Activities** \$ (131,003)

### Cash flows from Investing Activities

Capital Expenditures	-
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**Net cash used by Investing Activities** -

Increase (Decrease) in Cash \$ (131,003)

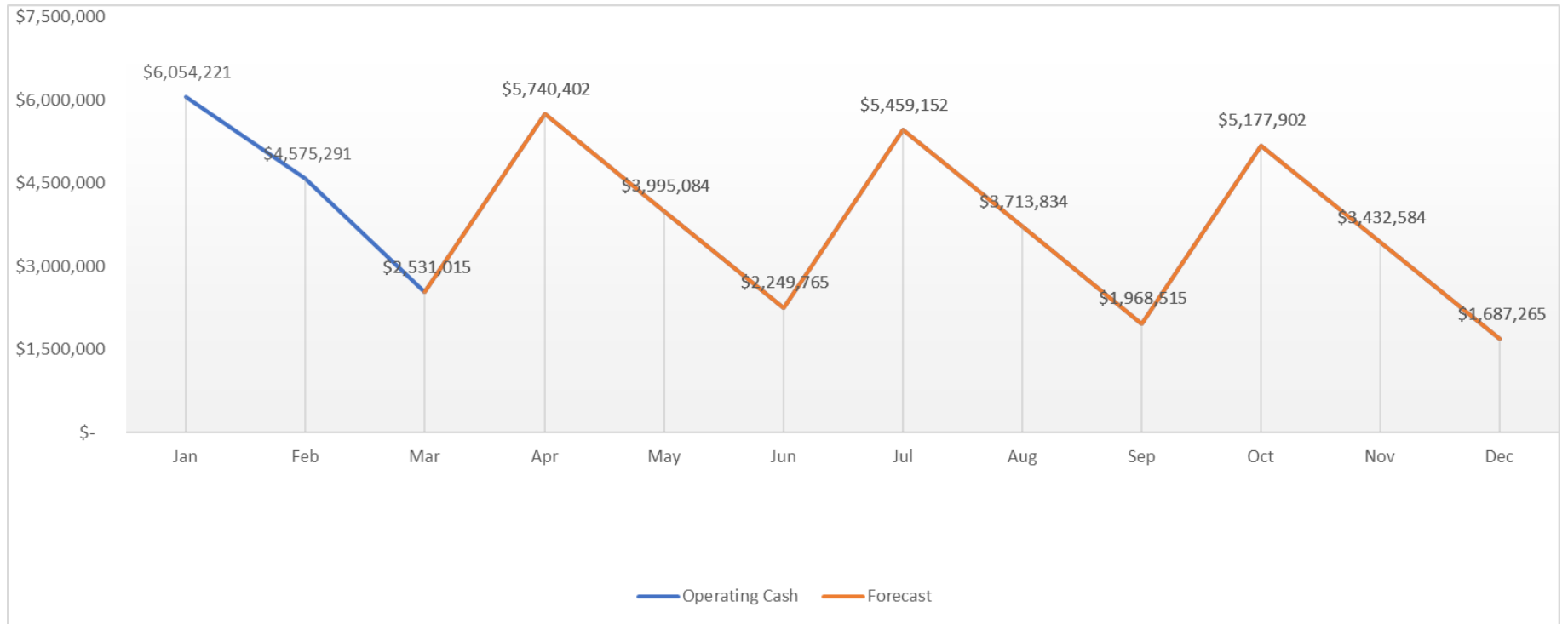
Cash, Beginning Period 11,199,392

Cash, End of Period **\$ 11,068,389**



# 2026 Operating Cash

Public



Note: Reserves are not included on this graph



## Cash Reserves as of March 31, 2026

Public

Restricted Contingency Reserves	\$ 2,000,000
Unrestricted Contingency Reserves	1,599,737
Assessment Stabilization Reserves	4,566,578
Penalty Reserves	-
Future Lease Obligation Reserve	371,059
Operating Cash	<u>2,531,015</u>
 Total Cash	 <u><u>\$ 11,068,389</u></u>



**TEXAS RE**

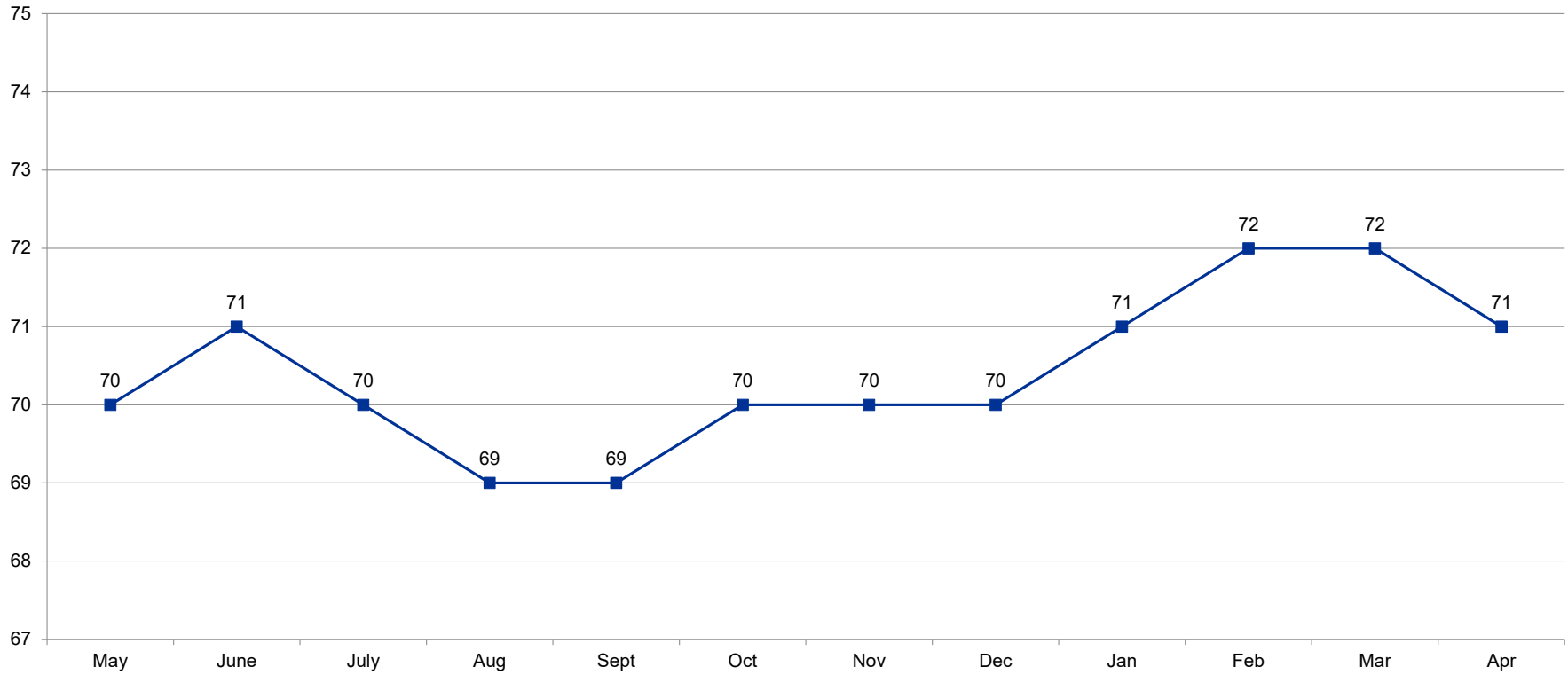
**May 2026  
Human Resources  
Report**

**Audit, Governance, Risk, and Finance  
Committee  
May 13, 2026**



# April 2026 Staffing Report

## Texas RE 12 Month Employee Count



	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
<b>Net Staffing Change</b>	2	1	-1	-1	0	1	0	0	1	1	0	-1
<b>Month End Employee Count</b>	70	71	70	69	69	70	70	70	71	72	72	71



## **May 2026 Staffing Report**

Public

# **75 FTEs in 2026 Business Plan and Budget**

## **New Hires (February - April)**

- CIP Cyber & Physical Security Analyst - 2

## **Four Vacancies as of April 30, 2026**

- Vice President, General Counsel & Corporate Secretary
- Senior Paralegal
- CIP Cyber & Physical Security Analyst
- IT position



## Outstanding Workplace Culture Happenings

Public

### March - May

- St. Patrick's Day Celebration
- April Wellness Challenge
- Earth Day Events
- Annual Salsa Contest

### Upcoming Events

- World Cup
- Ice Cream Competition
- Lunch-N-Learns





**MEMORANDUM**

To: Audit, Governance, Risk, and Finance Committee  
From: Donna Bjornson, Vice President and Chief Financial Officer  
Date: May 13, 2026  
Re: Item 06 – Review and Recommendation of 2027 Business Plan and Budget

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Directors,

Attached for your consideration is the 2027 Business Plan and Budget. This document incorporates the information previously provided to you, the Member Representatives Committee and the Board of Directors.

The MRC met by conference call on April 23, 2026, and voted to recommend approval of the budget. The full 2026 Business Plan and Budget was posted on May 5, 2026, for member comments.

We consider this to be the final draft; however, there may be some minor changes after further review from NERC.

The budget will be presented for vote at today's Board of Directors meeting.

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



# TEXAS RE

Ensuring electric reliability for Texans



# 2027 Business Plan and Budget

Approved by Texas RE Board of Directors: XXXXXXXXX



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## Introduction

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### 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, 2026. 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 percent of Texas load and 75 percent of the Texas land area.

### Membership and Governance

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 that registers with Texas RE as a member and complies with the Texas RE Bylaws (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 Texas RE Board (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 MRC)
- 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:

- Participate in the development of NERC Reliability Standards, or modifications thereof, and facilitate the development of needed Regional Standards or variances through Texas RE's Standards Development Process.
- Identify and register Responsible Entities with NERC and, as needed, certify such entities within the ERCOT region.
- Monitor and enforce compliance with approved NERC Reliability Standards and Regional Standards, in accordance with the NERC ROP, in the ERCOT region.
- Analyze and assess system events and disturbances.
- Assess present and future reliability, adequacy, and security of the BPS.
- Promote effective training and education of personnel.
- Promote situation awareness and the protection of critical infrastructure.

### Funding

Texas RE's annual Business Plan and Budget (BP&B) is subject to review and approval by NERC and FERC. Once approved, Texas RE's annual funding is provided primarily through NERC by assessments to load-serving entities within the ERCOT region. These assessments are allocated on a net energy-for-load (NEL) basis. Total NEL for 2025 is 488,406,479 megawatt hours.

### The ERO Enterprise

Electricity is a vital component of the fabric of modern society, and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric for the benefit of nearly 400 million North Americans. The ERO Enterprise, which consists of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, works with users, owners, and operators of the bulk power system (BPS), government partners, and other stakeholders and industry participants, to pursue its mission of assuring the effective and efficient reduction of risks to the reliability and security of the BPS.

NERC and the Regional Entities play different, but important and complimentary, roles in delivering ERO Enterprise programs. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents, while ensuring that registered entities follow NERC and Regional Reliability Standards. The ERO Enterprise is explicitly committed to its collective success in achieving its vision of a highly reliable and secure North American BPS.



### **ERO Enterprise Strategic and Operational Planning**

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 Regional Entities, and the different corporate and governance responsibilities of each entity.

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

In 2024, the ERO Enterprise revised the [ERO Enterprise Long-Term Strategy](#). This strategy includes the following focus areas for achieving success in its vision and mission:

- **Energy** – Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.

- **Security** – Maintain cyber and physical security programs (E-ISAC, Standards, Compliance Monitoring and Enforcement Program (CMEP), technical committee work,<sup>1</sup> outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.
- **Engagement** – Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.
- **Agility and Sustainability** – Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas and continually come together to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate.

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 measurements.

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<sup>1</sup> Technical committees include the NERC Standing Committees (Compliance and Certification Committee, Personnel Certification and Governance Committee, Reliability Issues Steering Committee, Reliability and Security Technical Committee, and Standards Committee) and Regional Entity committees.



## **Overview of Funding and Budget Requirements**

The Texas RE 2027 Business Plan and Budget reflects the collaborative development of the ERO Enterprise Long-Term Strategy. Texas RE also seeks input from its MRC and posts the budget online for comment. Prior to obtaining final approval from its Board, Texas RE seeks NERC input and a review of its annual Regional Entity Business Plan and Budget, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

Texas RE proposes to increase the total budget in 2027 from \$21,598,423 to \$23,419,495, an increase of \$1,821,074 or 8.4%.

Texas RE's proposed 2027 assessment of \$21,059,496 represents an increase of 6.3 percent, or \$1,240,673 from the 2026 assessment. Texas RE is releasing \$385,000 of penalty reserves and \$1,750,000 of assessment stabilization reserves to offset assessments. More information is provided in the [Reserve Analysis](#) table.

## Major Drivers/Key Assumptions

- **Personnel** – Expense increase in the amount of \$1,262,354 (7.4 percent).
  - Addition of three full-time employees (FTEs) and a budgeted 4 percent merit, promotion, and market adjustment pool.
    - One additional FTE in Registration and Certification supports a range of current and future resource needs, reflecting long-term growth in registration activities, including the need to identify, analyze, and register inverter-based resources, new Computational Load Entities (CLEs), as well as enhance outreach to a growing number of new, non-traditional registered entities in Texas RE’s region.
    - One additional FTE in RAPA to support increased emphasis on and complexity of reliability assessments, including a focus on energy availability and expanded probabilistic methods, the implementation of interconnection-wide transmission studies, data collection and validation for all reliability assessment work, and overall departmental sustainability.
    - One additional FTE in Finance and Accounting to ensure appropriate support and resources in the department to execute strategy as Texas RE grows, avoid disruptions in key services, integrate improved technology and processes, and support overall program sustainability consistent with the ERO’s Long-Term Strategic Plan.

Staffing changes are discussed in more detail in “Major Budget Drivers – Program Area Budgets”, “Major Budget Drivers – Administrative Services Budget” below, and in subsequent program area sections.

- **Operating Expenses** – Expense increase in the amount of \$362,043 (9.2 percent).
  - Contracts and Consultants – Increase is related to the cost of Secure Evidence Locker enhancements shared by NERC and the ERO Regional Entities and Board of Director search fees to fill an expiring Board seat.
  - Technology Investments – Increases are related to transmission assessment software required to meet ERO expectations to conduct interconnection-level transmission assessments.
  - Building Maintenance—Decrease in building maintenance costs are a result of adjusting estimates to line up with actual costs experienced over the last three years.

**Statement of Activities and Fixed Asset Additions  
 2026 and 2027 Budgets**
**STATUTORY**

			Variance	
	2026 Budget	2027 Budget	26 v 27 Budget Budget	Variance Percent
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ 19,818,823	\$ 21,059,495	\$ 1,240,673	6.3%
Penalties Released*	429,600	385,000	(44,600)	-10.4%
<b>Total NERC Funding</b>	<b>\$ 20,248,423</b>	<b>\$ 21,444,495</b>	<b>\$ 1,196,073</b>	<b>5.9%</b>
Interest	225,000	225,000	-	0.0%
<b>Total Funding (A)</b>	<b>\$ 20,473,423</b>	<b>\$ 21,669,495</b>	<b>\$ 1,196,073</b>	<b>5.8%</b>
<b>Personnel Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 12,351,262	\$ 13,475,492	\$ 1,124,230	9.1%
Payroll Taxes	837,104	894,077	56,973	6.8%
Benefits	2,163,395	2,105,145	(58,249)	-2.7%
Retirement Costs	1,745,171	1,884,571	139,400	8.0%
<b>Total Personnel Expenses</b>	<b>\$ 17,096,932</b>	<b>\$ 18,359,285</b>	<b>\$ 1,262,354</b>	<b>7.4%</b>
<b>Meeting &amp; Travel Expenses</b>				
Meetings	\$ 142,400	\$ 174,400	\$ 32,000	22.5%
Travel	330,273	394,950	64,677	19.6%
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 472,673</b>	<b>\$ 569,350</b>	<b>\$ 96,677</b>	<b>20.5%</b>
<b>Operating Expenses, Excl. Depreciation</b>				
Consultants & Contracts	\$ 497,500	\$ 698,520	\$ 201,020	40.4%
Office Rent	1,803,978	1,555,240	(248,737)	-13.8%
Office Costs	842,400	1,163,100	320,700	38.1%
Professional Services	809,940	899,000	89,060	11.0%
<b>Total Operating Expenses</b>	<b>\$ 3,953,818</b>	<b>\$ 4,315,860</b>	<b>\$ 362,043</b>	<b>9.2%</b>
<b>Total Direct Expenses</b>	<b>\$ 21,523,423</b>	<b>\$ 23,244,495</b>	<b>\$ 1,721,074</b>	<b>8.0%</b>
<b>Indirect Expenses</b>	\$ -	\$ -	\$ -	
<b>Other Non-Operating Expenses</b>	\$ -	\$ -	\$ -	
<b>Total Expenses (B)</b>	<b>\$ 21,523,423</b>	<b>\$ 23,244,495</b>	<b>\$ 1,721,074</b>	<b>8.0%</b>
<b>Change in Net Assets (A - B)</b>	<b>\$ (1,050,000)</b>	<b>\$ (1,575,000)</b>	<b>\$ (525,000)</b>	<b>50.0%</b>
<b>Fixed Assets, Excl. Right of Use Assets (C)</b>	<b>\$ 75,000</b>	<b>\$ 175,000</b>	<b>\$ 100,000</b>	<b>133.3%</b>
<b>TOTAL BUDGET (B + C)</b>	<b>\$ 21,598,423</b>	<b>\$ 23,419,495</b>	<b>\$ 1,821,074</b>	<b>8.4%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (1,125,000)</b>	<b>\$ (1,750,000)</b>	<b>\$ (625,000)</b>	<b>55.6%</b>
<b>FTEs</b>	75.0	78.0	3.0	

\*Penalties released in the current year reflect the designated amount of funds released to offset assessments. Actual penalties invoiced in the current year are reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

## Major Budget Drivers - Program Area Budgets

Base Operating Budget	2026 Budget	2027 Budget	Variance 2027 v 2026 Budget	Variance Percent
Reliability Standards	\$ 479,350	\$ 509,057	\$ 29,707	6.2%
Compliance Enforcement and Organization Registration	16,419,177	17,464,795	1,045,618	6.4%
Reliability Assessments and Performance Analysis	3,352,399	3,933,189	580,790	17.3%
Training and Education	1,347,497	1,512,454	164,957	12.2%
<b>Total by Program</b>	<b>\$ 21,598,423</b>	<b>\$ 23,419,495</b>	<b>\$ 1,821,073</b>	<b>8.4%</b>

### Reliability Standards

- The number of FTEs and operating costs are consistent with the 2026 Budget.

### Compliance Monitoring and Enforcement (CMEP)

- Personnel** – The number of FTEs will increase by one new subject matter expert in Registration and Certification to address a range of current and future resource needs.
  - Reflects long-term growth in registration activities, including a continued need to identify, analyze, and register inverter-based resources.
  - Supports additional registration activities to identify, analyze, and register large load resources reflecting NERC’s accelerated timeline to register such resources in 2027.
  - Adds capacity to provide enhanced outreach to growing number of new, non-traditional registered entities in Texas RE’s region.
  - Provides additional flexibility to support increasing certification activities, including potential new generator control center certification requirements.

### Reliability Assessment and Performance Analysis (RAPA)

- Personnel** – The number of FTEs will increase by one Reliability Assessments Manager to address an increased emphasis on and complexity of reliability assessments.
  - Supports the focus on energy availability and expanded probabilistic methods in support of long-term and seasonal assessments.
  - Adds capacity to implement interconnection-wide transmission studies.
  - Supports heightened focus on data collection and validation for all reliability assessment work.
  - Supports department sustainability and succession planning needs.

- **Consultants and Contracts** – Continued implementation of software tools and associated consulting support is needed as part of a multi-year plan to address ERO needs for an enhanced reliability assessment process that provides a systemic evaluation of resources' ability to deliver energy and meet demand across a range of assessment periods and scenarios.

### Training and Education

- **Personnel** – The number of FTEs is consistent with the 2026 Budget.
- **Meeting Expenses** – An increase in meeting expenses is related to co-hosting the Grid Security Conference in 2027.

### Major Budget Drivers – Administrative Services Budget

#### Methodology for Allocation of Corporate Services Expenses to Programs

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.

	Administrative Services					
	Direct Expenses & Fixed Assets			FTEs		
	2026 Budget	2027 Budget	Inc (Dec)	2026 Budget	2027 Budget	Inc (Dec)
General and Administrative	5,397,744	6,170,237	772,492	5.00	6.00	1.00
Legal and Regulatory	1,322,225	1,045,092	(277,133)	4.75	3.75	(1.00)
Information Technology	2,539,516	2,896,026	356,510	8.00	8.00	-
Human Resources	219,735	224,535	4,800	-	-	-
Finance and Accounting	701,425	926,510	225,085	3.00	4.00	1.00
<b>Total Administrative Services</b>	<b>10,180,645</b>	<b>11,262,400</b>	<b>1,081,754</b>	<b>20.75</b>	<b>21.75</b>	<b>1.00</b>

#### General and Administrative

- **Personnel** – Increase relates to merit, promotion, and market adjustments.
  - A corporate reorganization in 2026 resulted in the promotion of the Vice President and General Council to a newly created position of Senior Vice President and Chief Administrative Officer. Although this new position will not increase total FTEs, it will shift one FTE and associated expenses from Legal and Regulatory to General and Administrative. This reorganization is part of a long-term sustainability plan for senior leadership in the organization and consistent with the EROs Long Term Strategic Plan's Focus on Agility and Sustainability.

- **Office Rent and Maintenance** – Building maintenance expenses are decreasing by \$248,737 (-13.8 percent) to bring maintenance costs in line with actual costs experienced in the last three years.
- **Consultants and Contracts** – Increase is primarily related to \$100K in Board Member search fees to fill an expiring Board seat.
- **Fixed Assets** – Increase of \$100K for furniture and cable work to furnish expanded office space for a lease beginning in January 2028.

#### Legal and Regulatory

- **Personnel** – One FTE was transferred from Legal and Regulatory to General and Administrative as part of a corporate reorganization, as described in the General and Administrative section above. This reorganization caused personnel costs in Legal and Regulatory to be less than the 2026 budget.

#### Information Technology

- **Personnel** - The number of FTEs are consistent with the 2026 Budget, while health insurance costs are less than the 2026 budget because health insurance costs are estimated based on 10 percent over current rates, which are lower than rates in the 2026 budget.
- **Consultants and Contracts** – Increasing by \$101,020 (88 percent) because of Secure Evidence Locker enhancement costs shared by NERC and ERO regional entities.
- **Office Costs** – Increasing by \$312,000 (44 percent) primarily because of an investment in transmission assessment software in RAPA and contract management software to ensure best practices in contract management.

#### Human Resources

- **Personnel** – These costs are included in General and Administrative and are consistent with the 2026 Budget.
- **Operating Expenses** – These costs are consistent with the 2026 Budget.

#### Finance and Accounting

- **Personnel** - The addition of one Senior Accountant FTE.
  - Ensures that Texas RE has the appropriate support and resources needed to execute strategy and accomplish our reliability mission.
  - Creates sustainability for the Finance team consistent with the EROs Long Term Strategic Plan's Focus on Agility and Sustainability.
  - Enhances the ability to respond to new challenges as the company grows.
  - Enhances the ability to evolve and to integrate improved technological tools and processes while strengthening internal controls and segregation of duties.
- **Operating Expenses**—These costs are consistent with the 2026 Budget.

## Personnel Analysis and Expenses

Personnel Expenses	2026 Budget	2027 Budget	Variance	
			2027 v 2026 Budget	Variance %
Salaries	\$12,351,262	\$13,475,492	\$1,124,230	9.1%
Payroll Taxes	837,104	894,077	56,973	6.8%
Benefits	2,163,395	2,105,145	(58,249)	-2.7%
Retirement	1,745,171	1,884,571	139,400	8.0%
<b>Total Personnel Costs</b>	<b>\$17,096,932</b>	<b>\$18,359,285</b>	<b>\$1,262,354</b>	<b>7.4%</b>
<b>FTEs</b>	<b>75.0</b>	<b>78.0</b>	<b>3.0</b>	<b>4.0%</b>
<b>Cost per FTE</b>				
Salaries	\$ 164,683	\$ 172,763	\$ 8,079	4.9%
Payroll Taxes	11,161	11,463	301	2.7%
Benefits	28,845	26,989	(1,856)	-6.4%
Retirement	23,269	24,161	892	3.8%
<b>Total Cost per FTE</b>	<b>\$ 227,959</b>	<b>\$ 235,375</b>	<b>\$ 7,416</b>	<b>3.3%</b>

**Personnel: Significant Variances – 2026 Budget vs 2027 Budget**

- Addition of three FTEs – More details can be found in the [Major Budget Drivers – Program Area Budgets](#) and [Major Budget Drivers – Administrative Services Budget](#)
  - One FTE in RAPA – Manager, Reliability Assessments
  - One FTE in Registration and Certification – Registration and Certification subject matter expert
  - One FTE in Finance – Senior Staff Accountant
- Budgeted 4 percent merit, promotion, and market adjustment pool
- Health insurance costs are ten percent over *current actual* rates, which resulted in an overall decrease in health insurance costs over the 2026 budget.

	2026 Budget	2027 Budget	Change from 2026 Budget
<b>Total FTEs by Program Area</b>			
<b>Operational Programs</b>			
Reliability Standards	1.25	1.25	-
Compliance and Organization Registration and Certification	42.75	43.75	1.00
Training and Education	3.00	3.00	-
Reliability Assessment and Performance Analysis	7.25	8.25	1.00
<b>Total FTEs Operational Programs</b>	<b>54.25</b>	<b>56.25</b>	<b>2.00</b>
<b>Administrative Programs</b>			
General & Administrative	5.00	6.00	1.00
Legal and Regulatory	4.75	3.75	(1.00)
Information Technology	8.00	8.00	-
Human Resources	-	-	-
Finance and Accounting	3.00	4.00	1.00
<b>Total FTEs Administrative Programs</b>	<b>20.75</b>	<b>21.75</b>	<b>1.00</b>
<b>Total FTEs</b>	<b>75.00</b>	<b>78.00</b>	<b>3.00</b>

## Contractors and Consulting Expenses

### Contractors and Consulting Expenses: Significant Variances – 2026 Budget vs 2027 Budget

- **RAPA** – Reliability assessment software included in Consultants and Contracts in the 2026 budget was moved to software expense in Information Technology to better reflect the nature of this expense, while the corresponding software support remained in Contractors and Consulting. Transmission assessment software support was added in 2027 to implement ERO Enterprise enhancements to reliability assessments and new interconnection-wide transmission projects. The net of these two items resulted in a net decrease in 2027.
- **General and Administrative** – Increase is for search fees to fill a Board of Director position, whose seat is expiring in 2027.
- **Information Technology** – Increase is for enhancements to the Secure Evidence Locker as part of a five-year plan to share costs between NERC and the Regional Entities.

Consultants and Contracts	2026 Budget	2027 Budget	Variance 2027 v 2026 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	0.0%
Compliance and Organization Registration and Certification	-	-	-	0.0%
Reliability Assessment and Performance Analysis	135,000	100,000	(35,000)	-25.9%
Training and Education	-	-	-	0.0%
General and Administrative	80,000	215,000	135,000	168.8%
Legal and Regulatory	2,500	2,500	-	0.0%
Information Technology	115,000	216,020	101,020	87.8%
Human Resources	165,000	165,000	-	0.0%
Accounting and Finance	-	-	-	0.0%
<b>Total Consultants and Contracts</b>	<b>\$ 497,500</b>	<b>\$ 698,520</b>	<b>\$ 201,020</b>	<b>40.4%</b>

## Fixed Asset Additions

### Significant Variances – 2026 Budget versus 2027 Budget

- Furniture and Fixtures – Increase is for furniture and cablework for a 7,200 RSF office expansion, which will be part of a new lease agreement and renewal of an existing lease agreement effective January 1, 2028. The office expansion will ensure adequate space to accommodate growth in FTEs over the next ten years and capitalizes on favorable terms offered by Texas RE's existing landlord.
- Equipment-- Routine equipment replacements.

Fixed Assets	2026 Budget	2027 Budget	Variance	
			2027 v 2026 Budget	Variance %
Furniture & Fixtures CapEx	\$ -	\$ 100,000	\$ 100,000	
Equipment CapEx	75,000	75,000	-	
<b>Total Fixed Assets</b>	<b>\$ 75,000</b>	<b>\$ 175,000</b>	<b>\$ 100,000</b>	<b>133.3%</b>



## Reserve Analysis

Working Capital Reserve Analysis 2026-2027						
STATUTORY						
	Total Reserves	Contingency Reserves	Assessment Stabilization	Unreleased Penalties	Reserve for Future Lease Obligations	Working Capital
<b>Beginning Reserves, January 1, 2026</b>	\$ 11,199,392	\$ 3,382,480	\$ 5,908,835	\$ 445,217	\$ 363,108	\$ 1,099,752
Plus: 2026 Funding (from LSEs or designees)	19,818,823	217,257	(217,257)	-	7,951	19,810,871
Plus: 2026 Other funding sources	225,000	-	-	-	-	225,000
Released from Assessment Stabilization & Contingency Penalties Released in 2026	-	-	(1,125,000)	-	-	1,125,000
Penalty Sanctions Received July 1, 2025 - June 30, 2026	385,000	-	-	(445,217)	-	445,217
Less: 2026 Projected expenses & capital expenditures	(21,598,423)	-	-	385,000	-	(21,598,423)
<b>Projected Reserves, December 31, 2026</b>	<b>\$ 10,029,792</b>	<b>\$ 3,599,737</b>	<b>\$ 4,566,578</b>	<b>\$ 385,000</b>	<b>\$ 371,059</b>	<b>\$ 1,107,418</b>
<b>Desired Reserves, December 31, 2027</b>						
Target Reserve December 31, 2027	\$ 7,894,792	\$ 3,874,083	\$ 2,816,578	\$ -	\$ 356,100	\$ 848,032
Minus: Projected Reserves, December 31, 2026	(10,029,792)	(3,599,737)	(4,566,578)	(385,000)	(371,059)	(1,107,418)
<b>Incr(decr) in funding requirement to achieve Reserve</b>	<b>\$ (2,135,000)</b>	<b>\$ 274,346</b>	<b>\$ (1,750,000)</b>	<b>\$ (385,000)</b>	<b>\$ (14,959)</b>	<b>\$ (259,386)</b>
2027 Expenses and Capital Expenditures	\$ 23,419,495					
Less: Other Funding Sources	(225,000)					
Adjustment to achieve targeted working capital	-					
Reserves released from Assessment Stabilization	(1,750,000)					
Penalty Sanctions Released	(385,000)					
<b>2027 NERC Assessment to Texas RE</b>	<b>\$ 21,059,495</b>					

## Explanation of Reserves

- Texas RE has a Board approved Cash Reserves Policy, which requires Texas RE to retain a targeted minimum reserve balance equal to two months of statutory budget expenses. The total reserve is to be allocated as follows:
  - Restricted Contingency Reserve = \$2M, or as adjusted by the Board of Directors, or as required by regulations.
  - Unrestricted Operating Reserve = Total targeted minimum less the Restricted Contingency Reserve.
- Assessment Stabilization Reserves are created from prior year budget underruns and are used to mitigate annual assessment volatility. Assessment Stabilization Reserves in the amount of \$1,750,000 will be used to offset assessments in the 2027 Budget.
- Penalty money collected is used to offset assessments as documented in NERC Policy--*ACCOUNTING FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD.*
  - Penalty monies received between July 1, 2024 and June 30, 2025, in the amount of \$445,217 are to be used to offset assessments in the 2026 Budget.
  - Penalty monies received from July 1, 2025 to June 30, 2026, in the amount of \$385,000 will be used to offset assessments in the 2027 Budget.



## **Three-Year Budget Projections**

### **Major budget drivers in 2028 and 2029**

- The addition of two FTEs in 2028 and three FTEs in 2029.
- Four percent increase for merit, promotion, and market adjustments and ten percent increase in health insurance costs.
- Increase in lease expense in 2028 for a 7,500 square foot expansion into an adjacent, currently unfinished space. Texas RE seized a unique opportunity to add office space immediately adjacent to the current office space, which included attractive incentives offered by Texas RE's existing Landlord. Additional office space is needed to accommodate the growth in FTEs over the next ten years.
- Use of Assessment Stabilization Reserves to decrease assessments in 2028 and 2029.



**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital  
2027 Budget & Projected 2028 and 2029 Budgets**

	2027 Budget	2028 Projection	\$ Change 28 v 27	% Change 28 v 27	2029 Projection	\$ Change 29 v 28	% Change 29 v 28
<b>Funding</b>							
ERO Funding	\$ 21,059,495	\$ 23,131,375	\$ 2,071,879	9.8%	\$ 25,492,436	\$ 2,361,062	10.2%
Fines & Penalties	385,000	-	(385,000)	-100.0%	-	-	0.0%
Interest	225,000	160,000	(65,000)	-28.9%	140,000	(20,000)	-12.5%
<b>Total Revenue</b>	<b>\$ 21,669,495</b>	<b>\$ 23,291,375</b>	<b>\$ 1,621,879</b>	<b>7.5%</b>	<b>\$ 25,632,436</b>	<b>\$ 2,341,062</b>	<b>10.1%</b>
<b>Personnel Expenses</b>							
Salaries	\$ 13,475,492	\$ 14,239,512	\$ 764,020	5.7%	\$ 15,144,093	\$ 904,580	6.4%
Payroll Taxes	894,077	944,768	50,691	5.7%	1,004,786	60,017	6.4%
Benefits	2,105,145	2,259,751	154,606	7.3%	2,455,741	195,990	8.7%
Retirement Cost	1,884,571	1,992,578	108,008	5.7%	2,120,857	128,278	6.4%
<b>Total Personnel</b>	<b>\$ 18,359,285</b>	<b>\$ 19,436,610</b>	<b>\$ 1,077,325</b>	<b>5.9%</b>	<b>\$ 20,725,476</b>	<b>\$ 1,288,866</b>	<b>6.6%</b>
<b>Meeting &amp; Travel Expenses</b>							
Meeting Expense	\$ 174,400	\$ 177,888	\$ 3,488	2.0%	\$ 181,446	3,558	2.0%
Travel	394,950	410,748	15,798	4.0%	427,178	16,430	4.0%
<b>Total Meetings &amp; Travel</b>	<b>\$ 569,350</b>	<b>\$ 588,636</b>	<b>\$ 19,286</b>	<b>3.4%</b>	<b>\$ 608,624</b>	<b>\$ 19,988</b>	<b>3.4%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 698,520	\$ 726,461	\$ 27,941	4.0%	\$ 838,033	\$ 111,572	15.4%
Office Rent & Maintenance	1,555,240	1,995,084	439,844	28.3%	2,054,936	59,853	3.0%
Office Costs	1,163,100	1,209,624	46,524	4.0%	1,258,009	48,385	4.0%
Professional Services	899,000	934,960	35,960	4.0%	972,358	37,398	4.0%
<b>Total Operating Expenses</b>	<b>\$ 4,315,860</b>	<b>\$ 4,866,129</b>	<b>\$ 550,269</b>	<b>12.7%</b>	<b>\$ 5,123,337</b>	<b>\$ 257,208</b>	<b>5.3%</b>
<b>Total Expenses</b>	<b>\$ 23,244,495</b>	<b>\$ 24,891,375</b>	<b>\$ 1,646,879</b>	<b>7.1%</b>	<b>\$ 26,457,436</b>	<b>\$ 1,566,062</b>	<b>6.3%</b>
<b>Change in Net Assets</b>	<b>\$ (1,575,000)</b>	<b>\$ (1,600,000)</b>	<b>\$ (25,000.00)</b>	<b>1.6%</b>	<b>\$ (825,000)</b>	<b>\$ 775,000</b>	<b>-48.4%</b>
<b>Fixed Assets</b>	<b>\$ 175,000</b>	<b>\$ 100,000</b>	<b>\$ (75,000)</b>	<b>-42.9%</b>	<b>\$ 50,000</b>	<b>\$ (50,000)</b>	<b>-50.0%</b>
<b>TOTAL BUDGET</b>	<b>\$ 23,419,495</b>	<b>\$ 24,991,375</b>	<b>\$ 1,571,879</b>	<b>6.7%</b>	<b>\$ 26,507,436</b>	<b>\$ 1,566,062</b>	<b>6.3%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (1,750,000)</b>	<b>\$ (1,700,000)</b>	<b>\$ 50,000</b>	<b>-2.9%</b>	<b>\$ (875,000)</b>	<b>825,000</b>	<b>-48.5%</b>
FTEs	78	80	2		83	3	

Proposing 2 & 3 add'l FTEs and the addition of 7,200 RSF lease in 2028



## **2027 Statutory Program Detail**

### **Reliability Standards**

Texas RE's Reliability Standards Program supports the NERC Reliability Standards Program as well as facilitates the development of regional standards and variances, in accordance with the Texas RE Regional Standards Development Process (RSDP). 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 RSDP, Texas RE's FERC-approved process for developing Regional Standards, 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 RSDP provides for fair and due process by providing sufficient public notice of the intent to develop a Regional Standard. The RSDP includes an appeal process and an interpretation process. Texas RE standards staff assists NERC, as needed, with obtaining NERC Board approval and subsequent filing(s) with FERC and other regulatory authorities, as appropriate, including developing the records necessary to support approval.

The 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 based on recommendations and input from subject matter experts employed by Texas RE and from its perspective as the Compliance Enforcement Authority.

Additionally, 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.

### **2027 Key Assumptions**

- Continent-wide NERC Reliability Standards projects will consist primarily of new Standards Authorization Requests and existing projects in the NERC Standards Development Work Plan, covering both Critical Infrastructure Protection (CIP) and Operations and Planning standards. These activities will require the allocation of technical resources from several internal departments (e.g., Reliability Assessment and Performance Analysis (RAPA), Reliability Risk Management (RRM), Compliance Analysis and Certification (CAC), and Compliance Assurance) and support from the ERO Enterprise.
- The NERC Standards Modernization Project will report its findings and potentially recommend changes to the NERC Rules of Procedure that may impact Reliability Standards development activities.
- 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 about the standard's intent.
- The number of interpretations is expected to remain low. However, guidance requests associated with the implementation of standards may increase.

**2027 Goals and Deliverables**

- Provide input on and facilitate industry review of new and existing NERC Reliability Standards.
- 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.
- Support NERC's standards development process review and provide information to stakeholders to promote awareness.
- 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.

**Major Budget Drivers**

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

**Statement of Activities and Fixed Asset Additions  
 2026 and 2027 Budgets**
**RELIABILITY STANDARDS**

	2026 Budget	2027 Budget	Variance 2027 v 2026 Budget Over(Under)
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 456,655	\$ 467,989	\$ 11,334
Penalties Released	9,899	8,556	(1,343)
<b>Total NERC Funding</b>	<b>\$ 466,554</b>	<b>\$ 476,544</b>	<b>\$ 9,991</b>
Interest	5,184	5,000	(184)
<b>Total Funding</b>	<b>\$ 471,738</b>	<b>\$ 481,544</b>	<b>\$ 9,806</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 168,490	\$ 176,375	\$ 7,885
Payroll Taxes	12,973	13,628	655
Benefits	37,187	40,163	2,976
Retirement Costs	24,348	25,566	1,218
<b>Total Personnel Expenses</b>	<b>\$ 242,998</b>	<b>\$ 255,731</b>	<b>\$ 12,734</b>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ -	\$ -	\$ -
Travel	1,775	3,050	1,275
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 1,775</b>	<b>\$ 3,050</b>	<b>\$ 1,275</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	-	-	-
Professional Services	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 244,773</b>	<b>\$ 258,781</b>	<b>\$ 14,009</b>
<b>Indirect Expenses</b>	<b>\$ 232,849</b>	<b>\$ 246,387</b>	<b>\$ 13,538</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 477,622</b>	<b>\$ 505,168</b>	<b>\$ 27,546</b>
<b>Change in Assets</b>	<b>\$ (5,884)</b>	<b>\$ (23,624)</b>	<b>\$ (17,740)</b>
<b>Fixed Assets, excluding Right of Use Assets ( C )</b>	<b>\$ 1,728</b>	<b>\$ 3,889</b>	<b>2,161</b>
<b>TOTAL BUDGET</b>	<b>\$ 479,350</b>	<b>\$ 509,057</b>	<b>\$ 29,707</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (7,612)</b>	<b>\$ (27,513)</b>	<b>\$ (19,901)</b>
<b>FTEs</b>	1.25	1.25	-

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

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 Rules of Procedure (ROP). The 2027 Business Plan & Budget anticipates that Texas RE will perform CMEP activities for approximately 484 registered entities. This represents an increase of 49 registered entities from the current amounts as of May 1, 2026. The forecast increase in registrations does not include any potential registrations for Computational Load Entities (CLEs). NERC is currently developing potential registration criteria for the registration of CLEs. Depending on the criteria selected, this could significantly increase the overall number of registered entities in Texas RE's footprint.

### **CMEP**

Regarding the CMEP, there are several major ERO-wide activities that are expected to benefit NERC, the Regional Entities, and registered entities. The risk-based CMEP is a multi-year effort to identify and implement changes to enhance the effectiveness of the ERO's compliance and enforcement functions. The primary monitoring and assessment methods include compliance audits, self-reports, self-certifications, complaints, spot checks, compliance investigations, and data submittals. Texas RE's risk-based CMEP work is performed by four departments or groups. First, Texas RE's Risk Assessment group develops Inherent Risk Assessments (IRAs) for registered entities. These IRAs are combined with historic entity performance, data, information regarding internal controls, and other quantitative and qualitative assessments to develop Compliance Oversight Plans (COPs) specific to the risk that each registered entity poses and refresh those COPs based on risk triggers. Specific, risk-based compliance monitoring activities (including Compliance Audits, Self-Certifications, Spot Checks, and Compliance Investigations) are then performed by Texas RE's O&P and CIP Compliance departments, respectively. Finally, Texas RE's Enforcement Department independently reviews and processes noncompliance using risk-based disposition methods, including assessing penalties where appropriate.

The continued increase in the number and type of registered entities will require Texas RE to appropriately allocate current resources and judiciously augment overall staffing levels to address critical emerging risks associated with resource mix changes. The potential addition of CLEs in Texas RE's footprint will likely require further resources to perform risk assessment, compliance, and ultimately enforcement activities. Continued registration growth will also require a proactive focus on key risk elements such as generator winterization, inverter-based resource performance, new CLE-focused standards, and low-impact cybersecurity protections. Texas RE will also continue on-site visits to facilities (e.g. generation resources, transmission substations, control centers, etc.) to review these risk elements among other activities, as well as continued elevation of targeted outreach efforts, particularly for new generation resources. Texas RE anticipates that the expectations for on-site engagements may increase in the coming years, particularly if CLEs become subject to the compliance oversight process.

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### **Registration and Certification**

Texas RE's Registration and Certification department focuses on identifying and registering Bulk Electric System (BES) owners, operators, and users. Core activities include maintaining 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. In addition, Texas RE periodically certifies that 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.

Given current growth in new generation and energy storage, Texas RE anticipates a significant number of entities may be added or removed in the Region's portion of the NERC registry or significantly changed through mergers and acquisitions in the coming year. Addition to the long-term increases in registration, Texas RE anticipates significant additional registration work in 2027 to register new CLEs. The addition of new CLEs, along with anticipated growth in Type II generation resources will also require additional engagement efforts.

Texas RE anticipates consistent levels of certification activities in 2027 from prior years.

### **2027 Key Assumptions**

- Continued need to address growth of registered entities and ensure appropriate, risk-based monitoring and engagement activities.
- Increased activity in the development of IRAs and COPs for current and new registered entities include Type II generators and CLEs, including the need to review and refresh IRAs and COPs in response to risk triggers.
- Continued need to implement a risk-based focus in all standards, compliance monitoring, and enforcement programs.
- Ongoing need to strengthen engagement across the reliability and security ecosystem in North America, with a particular focus on outreach to newly registered entities and on key risk focus areas, including low-impact generation resources.
- Ongoing generator site visits to monitor compliance with key winterization, facility rating reliability standards, and low-impact cybersecurity controls.
- Significant changes to the generation fuel mix in the ERCOT Interconnection, as well as the registration of new "Type II" generation resources, will continue to increase the volume of registration changes.

### **2027 Goals and Key Deliverables**

The 2026 goals and deliverables for the CMEP and Registration and Certification program areas are as follows:

### **Compliance Monitoring and Risk Assessment**

- Continue stakeholder outreach for new and enhanced NERC Reliability Standards to minimize reliability and security risks and encourage consideration of ERCOT regional differences.

- Continue to implement appropriate risk-based compliance oversight programs for the growing number of registered entities in Texas RE's footprint, including new Type II generators and CLEs.
- Continue to enhance cyber and physical security outreach beyond CMEP activities to share security information, best practices, mitigation strategies, and lessons learned, with a focus on cyber and physical security risks and mitigation of the risks.
- Continue outreach efforts to new registered entities, including new CLEs, 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 key risk elements.
- Continue to enhance IRA and COP processes and continue targeted outreach to stakeholders for awareness, including outreach efforts to Type II generators and CLEs.
- Continue to enhance the risk-based approach and internal control assessment to compliance monitoring processes leveraging lessons learned from the Joint Monitoring Activities with registered entities.
- Continue to actively engage in the enhancement and full utilization of Align and Secure Evidence Locker (SEL) to ensure CMEP processes are efficient, effective, secure, and consistent for staff and stakeholders.
- Continue to identify current and emerging risks to security and reliability affecting the ERCOT Interconnection.
- Continue to 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 Inverter-Based Resources, Distributed Energy Resources (DER), storage, and demand side resources.
- Continue collaboration with government and state authorities on cyber and physical security issues.
- Promote and encourage effective collaboration and engagement with the 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 and collaborate in ERO working groups to efficiently and effectively work with the ERO Enterprise.
- Continue to enhance and further coordinate CIP and O&P physical walkthroughs during Compliance Audits for physical security, facility ratings, cold weather preparedness, assets that contain low-impact BES Cyber Systems, and potentially new CLEs.
- Ensure Texas RE is appropriately staffed and managed to maximize stakeholder value, maintain independence, and perform all delegated responsibilities.
- Promote communication, motivation, team building, leadership 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, including potentially increased enforcement activities for new Type II generators and CLEs.
- 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 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, assess 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.
- Collaborate within the ERO to ensure consistency and efficiency in processing possible violations.

#### **Registration and Certification**

- Track equipment and facilities development in the Region, evaluate elements for BES status and materiality when needed and coordinate with other Regions and NERC on cross-Regional facilities and impacts as pertains to the registration program.
- Effectively implement the registration process for new CLEs.
- Promote coordinated improvement and consistency in the ERO registration-related program through participation in registration-related groups and outreach.
- Provide targeted outreach to stakeholders on common issues encountered in the inverter-based resource interconnection process, including resource commissioning.
- Collaborate within the ERO to identify and register non-registered IBR in accordance with FERC directives.

#### **Major Budget Drivers**

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

**Statement of Activities and Fixed Asset Additions  
 2026 and 2027 Budgets**
**COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION**

	2026 Budget	2027 Budget	Variance 2027 v 2026 Budget Over(Under)
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 15,617,597	\$ 16,379,607	\$ 762,010
Penalties Released	338,533	299,444	(39,088)
<b>Total NERC Funding</b>	<b>\$ 15,956,130</b>	<b>\$ 16,679,052</b>	<b>\$ 722,922</b>
Interest	177,304	175,000	(2,304)
<b>Total Funding</b>	<b>\$ 16,133,434</b>	<b>\$ 16,854,052</b>	<b>\$ 720,617</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 5,921,952	\$ 6,155,299	\$ 233,347
Payroll Taxes	445,475	459,978	14,503
Benefits	1,056,493	1,044,590	(11,902)
Retirement Costs	852,303	885,444	33,141
<b>Total Personnel Expenses</b>	<b>\$ 8,276,223</b>	<b>\$ 8,545,311</b>	<b>\$ 269,088</b>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ -	\$ -	\$ -
Travel	113,268	152,690	39,422
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 113,268</b>	<b>\$ 152,690</b>	<b>\$ 39,422</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	7,150	7,150	-
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 7,150</b>	<b>\$ 7,150</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 8,396,641</b>	<b>\$ 8,705,151</b>	<b>\$ 308,510</b>
<b>Indirect Expenses</b>	<b>\$ 7,963,435</b>	<b>\$ 8,623,533</b>	<b>\$ 660,098</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 16,360,076</b>	<b>\$ 17,328,684</b>	<b>\$ 968,609</b>
<b>Change in Net Assets</b>	<b>\$ (226,641)</b>	<b>\$ (474,632)</b>	<b>\$ (247,991)</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 59,101</b>	<b>\$ 136,111</b>	<b>\$ 77,010</b>
<b>TOTAL BUDGET</b>	<b>\$ 16,419,177</b>	<b>\$ 17,464,795</b>	<b>\$ 1,045,618</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (285,743)</b>	<b>\$ (610,744)</b>	<b>\$ (325,001)</b>
<b>FTEs</b>	<b>42.75</b>	<b>43.75</b>	<b>1.00</b>

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## Reliability Assessment and Performance Analysis Program

Texas RE's 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 collaborates 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 the 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 and 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 Information Technology (IT) staff and CIP resources within CMEP.

Texas RE anticipates that the scope of the RAPA program will continue to increase to address continuing changes to the resource mix and changes in load growth. Texas RE anticipates increasing probabilistic assessments and inter-regional transfer studies will be included in the long-term reliability assessment and seasonal assessment. Particularly, Texas RE is continuing to implement the ERO energy assessment program as part of its requirement to conduct an annual independent study of energy adequacy.

### 2027 Assumptions

- Increased resource needs stemming from the growth in new registrants and the changing resource mix, including increasing penetration of large load entities and CLEs.
- Increased focus on enhancing reliability assessments to include assessments of energy availability and expanded use of probabilistic methods to identify potential energy shortfalls, including the acquisition and training on new software tools and consulting support for these enhancements.
- Increased focus on implementation of interconnection-wide transmission assessments focusing on key risk areas.
- Continued ERCOT and regional stakeholder support is expected in regional activities that meet ERO schedules for the proposed energy and other reliability assessments, including Interconnection study case model building activities and ERO technical groups.
- Access to ERCOT 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 forecasted to remain relatively stable in 2027.

## 2027 Goals and Key Deliverables

- Provide independent review of regional data and assist NERC in overall development of the annual long-term, summer and winter seasonal reliability assessments, and the probabilistic assessment.
- Implement the new energy assessment process, including support for enhanced use of probabilistic analysis and consideration of extreme condition scenarios in the NERC Long-Term Reliability Assessment, Seasonal Assessments, and other studies.
- Support NERC-wide modeling improvement efforts, particularly those related to dynamic loads, inverter-based resources, DER, and generator model validation.
- Continue to mature Texas RE's data collection and data verification practices in support of existing and new reliability assessments.
- 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, as well as initiatives related to data collection activities from wind, solar, and battery systems.
- 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 existing and proposed regional criteria and processes for reliability concerns and possible gaps.
- Continue efforts to enhance mutual support between CMEP, RAPA, and Registration to further overall ERO workplan priorities, especially those aiming to mitigate risks associated with inverter-based resources, extreme weather, and physical/cyber security.
- Promote data analytics leveraging PowerBI, PIVision, and Geographic Information System (GIS) 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 6 to 8 Category 1 (minor). Review and trend approximately 90 lesser system events, such as protection system mis-operations, loss of control or monitoring ability by BES control centers, and frequency disturbances.
- Support application of the revisions to the BES Definition, Registration criteria and associated processes through technical review of Registration requests.
- Promote NERC 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 Situational 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.
- Continue to enhance engagement and coordination with the Public Utility Commission of Texas on reliability program priorities in support of Texas RE's state outreach initiatives.
- Continue efforts to ensure overall department sustainability, appropriate staffing levels, and program area continuity.

#### **Major Budget Drivers**

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

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<b>Statement of Activities and Fixed Asset Additions</b>			
<b>2026 and 2027 Budgets</b>			
<b>RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS</b>			
	<b>2026</b>	<b>2027</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	<b>2027 v 2026</b>
			<b>Budget</b>
			<b>Over(Under)</b>
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 2,648,598	\$ 3,088,726	\$ 440,128
Penalties Released	57,412	56,467	(945)
<b>Total NERC Funding</b>	<b>\$ 2,706,010</b>	<b>\$ 3,145,193</b>	<b>\$ 439,182</b>
Interest	30,069	33,000	2,931
<b>Total Funding</b>	<b>\$ 2,736,080</b>	<b>\$ 3,178,193</b>	<b>\$ 442,113</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 1,292,133	\$ 1,522,062	\$ 229,929
Payroll Taxes	93,104	110,410	17,306
Benefits	218,215	260,812	42,597
Retirement Costs	185,901	219,237	33,336
<b>Total Personnel Expenses</b>	<b>\$ 1,789,352</b>	<b>\$ 2,112,521</b>	<b>\$ 323,168</b>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ -	\$ -	\$ -
Travel	61,500	67,650	6,150
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 61,500</b>	<b>\$ 67,650</b>	<b>\$ 6,150</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ 135,000	\$ 100,000	\$ (35,000)
Office Rent	-	-	-
Office Costs	6,000	1,200	(4,800)
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 141,000</b>	<b>\$ 101,200</b>	<b>\$ (39,800)</b>
<b>Total Direct Expenses</b>	<b>\$ 1,991,852</b>	<b>\$ 2,281,371</b>	<b>\$ 289,518</b>
<b>Indirect Expenses</b>	<b>\$ 1,350,524</b>	<b>\$ 1,626,152</b>	<b>\$ 275,628</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 3,342,376</b>	<b>\$ 3,907,523</b>	<b>\$ 565,146</b>
<b>Change in Net Assets</b>	<b>\$ (606,297)</b>	<b>\$ (729,330)</b>	<b>\$ (123,033)</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 10,023</b>	<b>\$ 25,667</b>	<b>\$ 15,644</b>
<b>TOTAL BUDGET</b>	<b>\$ 3,352,399</b>	<b>\$ 3,933,189</b>	<b>\$ 580,790</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (616,320)</b>	<b>\$ (754,997)</b>	<b>\$ (138,677)</b>
<b>FTEs</b>	<b>7.25</b>	<b>8.25</b>	<b>1.00</b>

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## Training and Education

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 (including co-hosting on a rotational basis among the Regions) and other events.

Texas RE will continue to coordinate Spring and Fall Standards, Security, and Reliability workshops, Reliability 101 and 201, the Winter Weatherization Workshop, and other education and sharing meetings and webinars, including Talk with Texas RE in 2027. 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.

### 2027 Key Assumptions

- Texas RE continues to broaden its reach through State Outreach efforts. As this program continues to grow, we anticipate more interactions with our key state stakeholders.
- Texas RE will expand training, education, and outreach efforts to Inverter Based Resources being added to the Texas RE Region.
- Host a similar number of training and outreach events as in prior years.
- Publish a similar number of newsletters and reports as in prior years.
- Texas RE will be the host Region for 2027 GridSecCon.
- Texas RE will upgrade its website to offer streamlined functionality and access to all of Texas RE Outreach and training products and services with adequate security controls.
- 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.
- 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.
- Increase targeted outreach efforts that promote BPS reliability, security, and risk mitigation across its footprint, particularly focusing on augmenting its existing new entity outreach efforts.

**2027 Goals and Key Deliverables**

- Communicate and maintain effective relationships with industry, regulators, state policymakers, and other stakeholders.
- Promote stakeholder engagement in Texas RE and the ERO Enterprise, including attending training opportunities.
- Develop technical materials and conduct Standards, Security, and Reliability workshops for registered entities.
- Conduct 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.
- Support NERC and E-ISAC personnel in the planning and execution of GridSecCon
- 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, as well as Texas RE and NERC activities.
- Update 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 workshops, webinars, 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.

**Major Budget Drivers**

See page 7-11 of the 2027 Business Plan and Budget Overview for discussion.

**Statement of Activities and Fixed Asset Additions  
 2026 and 2027 Budgets**
**TRAINING AND EDUCATION**

	2026 Budget	2027 Budget	Variance 2027 v 2026 Budget Over(Under)
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 1,095,972	\$ 1,123,173	\$ 27,201
Penalties Released	23,757	20,533	(3,223)
<b>Total NERC Funding</b>	<b>\$ 1,119,728</b>	<b>\$ 1,143,706</b>	<b>\$ 23,978</b>
Interest	12,442	12,000	(442)
<b>Total Funding</b>	<b>\$ 1,132,171</b>	<b>\$ 1,155,706</b>	<b>\$ 23,536</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 499,175	\$ 501,043	\$ 1,868
Payroll Taxes	31,819	32,857	1,038
Benefits	84,534	77,851	(6,684)
Retirement Costs	70,209	70,467	258
<b>Total Personnel Expenses</b>	<b>\$ 685,737</b>	<b>\$ 682,217</b>	<b>\$ (3,519)</b>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ 66,000	\$ 106,000	\$ 40,000
Travel	23,075	18,375	(4,700)
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 89,075</b>	<b>\$ 124,375</b>	<b>\$ 35,300</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	5,200	5,200	-
Professional Services	4,500	100,000	95,500
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 9,700</b>	<b>\$ 105,200</b>	<b>\$ 95,500</b>
<b>Total Direct Expenses</b>	<b>\$ 784,512</b>	<b>\$ 911,792</b>	<b>\$ 127,281</b>
<b>Indirect Expenses</b>	<b>\$ 558,838</b>	<b>\$ 591,328</b>	<b>\$ 32,490</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 1,343,349</b>	<b>\$ 1,503,120</b>	<b>\$ 159,771</b>
<b>Change in Net Assets</b>	<b>\$ (211,179)</b>	<b>\$ (347,415)</b>	<b>\$ (136,236)</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 4,147</b>	<b>\$ 9,333</b>	<b>\$ 5,186</b>
<b>TOTAL BUDGET</b>	<b>\$ 1,347,497</b>	<b>\$ 1,512,454</b>	<b>\$ 164,957</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (215,326)</b>	<b>\$ (356,747)</b>	<b>\$ (141,421)</b>
<b>FTEs</b>	<b>3.00</b>	<b>3.00</b>	<b>-</b>

## Administrative Services

Texas RE's Administrative Services departments includes the budget for administrative functions of the organization:

- General and Administrative
- Legal and Regulatory
- Information Technology
- Human Resources
- Finance and Accounting

### **General and Administrative**

This Program includes the President and CEO, the Senior Vice President and Chief Operating Officer (COO), the Senior Vice President and Chief Administrative Officer (CAO), the personnel costs for the HR Department, and 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 President performs a leadership role in coordinating and facilitating the activities of all Texas RE programs. The Senior Vice President and COO and the Senior Vice President and CAO both report to the CEO and the COO 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.

### **Major Budget Drivers**

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

### **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, contracts, and transactions; (4) governmental, regulatory relations, and communications; (5) the work of any outside legal counsel; corporate insurance programs and renewals; and (6) the prosecution of any contested enforcement matters.

### **Enterprise Risk Management (ERM)**

ERM is a function of the Legal and Regulatory department and provides an integrated approach to risk management that can be applied consistently to all areas of Texas RE's operations. It enables Texas RE to achieve its strategic and operational objectives and creates an environment where all staff members assume responsibility for risk management.

### 2027 Key Assumptions

- Texas RE will maintain the scope of its current operations.
- Texas RE will continue the implementation of the enterprise risk management program.

### 2027 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.
- Communicate effectively 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 public, and media.
- Support the internal and external audits of the corporation and oversee all regulatory filings and interactions.
- Manage relationships with Texas RE's outside counsel, including breach counsel.
- Provide legal support and perform the Corporate Secretary function (the Vice President and 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 laws.
- Support the enterprise risk management function.

### Major Budget Drivers

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

### 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. Additionally, IT provides data analytics services to all Texas RE departments including automation of recurring reports, ad hoc analysis and training and enablement using data analysis tools.

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 these applications' availability. 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 2027 Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes Texas RE costs for internal region-specific support needs.

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.

As the complexity of the security risks and tools utilized to address them continues to evolve, Texas RE continues to identify the need for additional resources to increase its security capabilities, including the implementation of enhanced data loss protection tools and governance activities.

### **2027 Key Assumptions**

- Texas RE will continue to purchase and maintain hardware and software lifecycles necessary to conduct business.
- Texas RE will continue to support the ERO Enterprise's Cybersecurity Strategy objectives and initiatives, including the effective implementation of National Institute of Standards and Technology (NIST) principles across the ERO Enterprise.
- Texas RE will continue to mature its cybersecurity governance model.
- Texas RE will continue to address risks to sensitive data by supporting the development and implementation of appropriate data classification and handling protocols.

### **2027 Goals and Key Deliverables**

- Implement new capabilities within the data and analytics space that will support the Texas RE mission.
- Implement the Texas RE AI Roadmap by integrating AI capabilities into key business processes for improved performance and innovation.
- Continue to mature Texas RE's cybersecurity governance model and implement appropriate enhancements.

- 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 and enhance expertise in core areas.
  - Leverage outside services for needs that are outside core competencies or to initiate new capabilities.
  - 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 as backups and mentors to each other.
- 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 Data Analytics and Security Principles for the ERO Enterprise adopted by the ERO EC.
- Participate in designing, planning and implementation of ERO Centralized Applications.
- Enhance the Security Awareness Program that addresses, through education and training, threats to Texas RE systems and employees.
- Train and support Texas RE staff on software and applications.
- Build and test resilience in the Texas RE systems in alignment with organization risk appetite.

### **Major Budget Drivers**

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

**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.

**2027 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.

**2027 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 the management team to ensure Texas RE remains a competitive employer in its industry.

Personnel expenses are reported under G&A.

**Major Budget Drivers**

See pages 7-11 of the 2027 Business Plan and Budget Overview for discussion.

**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, including payroll, disbursements, receivables, cash management, tax filings, reporting, budget preparation and participation in an annual audit of the financial statements.

**2027 Key Assumptions**

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

**2027 Goals and Key Deliverables**

- Work with all Regional Entities to provide consistency in budget submittals to NERC and FERC.
- Provide enhanced reporting and financial analysis to the Texas RE CEO, Management, and the Texas RE Board.
- Ensure strong internal controls designed to protect the assets of Texas RE and ensure complete, accurate, and timely financial reporting.
- Identify opportunities for improvement and implement efficiencies in financial processes.

- Ensure that Texas RE receives an unqualified opinion on the audit of its financial statements.
- Ensure sustainability consistent with the ERO's Long Term Strategy of Agility and Sustainability.

**Non-Statutory Activities**

Texas RE has no Non-Statutory activities.

DRAFT

**Statement of Activities and Fixed Asset Additions  
 2026 and 2027 Budgets**
**ADMINISTRATIVE SERVICES**

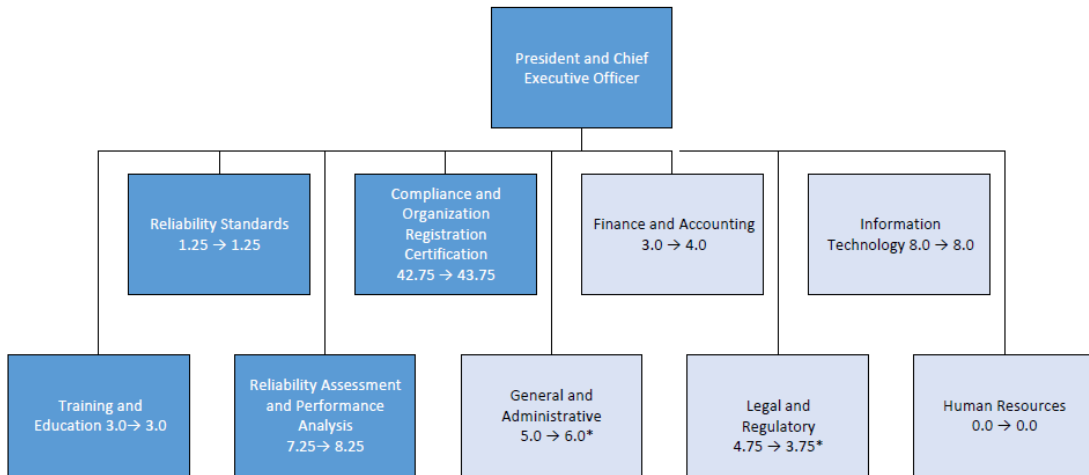
	2026 Budget	2027 Budget	Variance 2027 v 2026 Budget Over(Under)
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ -	\$ -	\$ -
Penalties Released	-	-	-
<b>Total NERC Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest	-	-	-
<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 4,469,513	\$ 5,120,714	\$ 651,201
Payroll Taxes	253,733	277,205	23,471
Benefits	766,966	681,730	(85,237)
Retirement Costs	612,410	683,857	71,447
<b>Total Personnel Expenses</b>	<u>\$ 6,102,622</u>	<u>\$ 6,763,505</u>	<u>\$ 660,882</u>
<b>Meeting and Travel Expenses</b>			
Meetings & Conference Calls	\$ 76,400	\$ 68,400	\$ (8,000)
Travel	130,655	153,185	22,530
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 207,055</u>	<u>\$ 221,585</u>	<u>\$ 14,530</u>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ 362,500	\$ 598,520	\$ 236,020
Office Rent	1,803,978	1,555,240	(248,738)
Office Costs	824,050	1,149,550	325,500
Professional Services	805,440	799,000	(6,440)
<b>Total Operating Expenses</b>	<u>\$ 3,795,968</u>	<u>\$ 4,102,310</u>	<u>\$ 306,342</u>
<b>Total Direct Expenses</b>	<u>\$ 10,105,645</u>	<u>\$ 11,087,400</u>	<u>\$ 981,754</u>
<b>Indirect Expenses</b>	<u>\$ (10,105,645)</u>	<u>\$ (11,087,400)</u>	<u>\$ (981,754)</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets</b>			
Furniture & Fixtures CapEx	\$ -	\$ 100,000	\$ 100,000
Equipment CapEx	75,000	75,000	-
Allocation of Fixed Assets	(75,000)	(175,000)	(100,000)
<b>Fixed Assets, excluding Right of Use Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL BUDGET</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FTEs</b>	<b>20.75</b>	<b>\$ 21.75</b>	<b>1.00</b>



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## Additional Information

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### Organizational Chart by Department



-  Statutory Program Area
-  Administrative Services Program Area

Arrow indicates number of FTEs from 2026 to 2027.

\*Transfer of 1.0 FTE from Legal to G&A to create new position for Chief Administrative Officer





## Consolidated Statement of Activities

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	\$ 21,059,495	\$ 467,989	\$ 16,379,607	\$ 3,088,726	\$ 1,123,173	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	385,000	8,556	299,444	56,467	20,533	-	-	-	-	-
<b>Total NERC Funding</b>	<b>\$ 21,444,495</b>	<b>\$ 476,544</b>	<b>\$ 16,679,052</b>	<b>\$ 3,145,193</b>	<b>\$ 1,143,706</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Interest	225,000	5,000	175,000	33,000	12,000	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 21,669,495</b>	<b>\$ 481,544</b>	<b>\$ 16,854,052</b>	<b>\$ 3,178,193</b>	<b>\$ 1,155,706</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>										
<b>Personnel Expenses</b>										
Salaries	\$ 13,475,492	\$ 176,375	\$ 6,155,299	\$ 1,522,062	\$ 501,043	\$ 2,663,083	\$ 704,173	\$ 1,115,911	\$ -	\$ 637,547
Payroll Taxes	894,077	13,628	459,978	110,410	32,857	99,094	48,087	84,354	-	45,670
Benefits	2,105,145	40,163	1,044,590	260,812	77,851	273,647	122,868	212,636	-	72,578
Retirement Costs	1,884,571	25,566	885,444	219,237	70,467	332,773	99,213	160,506	-	91,365
<b>Total Personnel Expenses</b>	<b>\$ 18,359,285</b>	<b>\$ 255,731</b>	<b>\$ 8,545,311</b>	<b>\$ 2,112,521</b>	<b>\$ 682,217</b>	<b>\$ 3,368,597</b>	<b>\$ 974,342</b>	<b>\$ 1,573,406</b>	<b>\$ -</b>	<b>\$ 847,160</b>
<b>Meeting Expenses</b>										
Meetings & Conference Calls	\$ 174,400	\$ -	\$ -	\$ -	\$ 106,000	\$ 22,000	\$ -	\$ 11,400	\$ 35,000	\$ -
Travel	394,950	3,050	152,690	67,650	18,375	105,350	11,100	11,950	7,585	17,200
<b>Total Meeting Expenses</b>	<b>\$ 569,350</b>	<b>\$ 3,050</b>	<b>\$ 152,690</b>	<b>\$ 67,650</b>	<b>\$ 124,375</b>	<b>\$ 127,350</b>	<b>\$ 11,100</b>	<b>\$ 23,350</b>	<b>\$ 42,585</b>	<b>\$ 17,200</b>
<b>Operating Expenses, excluding Depreciation</b>										
Consultants & Contracts	\$ 698,520	\$ -	\$ -	\$ 100,000	\$ -	\$ 215,000	\$ 2,500	\$ 216,020	\$ 165,000	\$ -
Office Rent	1,555,240	-	-	-	-	1,555,240	-	-	-	-
Office Costs	1,163,100	-	7,150	1,200	5,200	111,050	7,150	1,013,250	15,950	2,150
Professional Services	899,000	-	-	-	100,000	618,000	50,000	70,000	1,000	60,000
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,315,860</b>	<b>\$ -</b>	<b>\$ 7,150</b>	<b>\$ 101,200</b>	<b>\$ 105,200</b>	<b>\$ 2,499,290</b>	<b>\$ 59,650</b>	<b>\$ 1,299,270</b>	<b>\$ 181,950</b>	<b>\$ 62,150</b>
<b>Total Direct Expenses</b>	<b>\$ 23,244,493</b>	<b>\$ 258,781</b>	<b>\$ 8,705,151</b>	<b>\$ 2,281,371</b>	<b>\$ 911,792</b>	<b>\$ 5,995,237</b>	<b>\$ 1,045,092</b>	<b>\$ 2,896,026</b>	<b>\$ 224,535</b>	<b>\$ 926,510</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ 246,387</b>	<b>\$ 8,623,533</b>	<b>\$ 1,626,152</b>	<b>\$ 591,328</b>	<b>\$ (5,995,237)</b>	<b>\$ (1,045,092)</b>	<b>\$ (2,896,026)</b>	<b>\$ (224,535)</b>	<b>\$ (926,510)</b>
<b>Total Expenses</b>	<b>\$ 23,244,493</b>	<b>\$ 505,168</b>	<b>\$ 17,328,684</b>	<b>\$ 3,907,523</b>	<b>\$ 1,503,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Assets</b>	<b>\$ (1,574,998)</b>	<b>\$ (23,624)</b>	<b>\$ (474,632)</b>	<b>\$ (729,330)</b>	<b>\$ (347,414)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets</b>										
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures CapEx	100,000	-	-	-	-	100,000	-	-	-	-
Equipment CapEx	75,000	-	-	-	-	75,000	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	3,889	136,111	25,667	9,333	(175,000)	-	-	-	-
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 175,000</b>	<b>\$ 3,889</b>	<b>\$ 136,111</b>	<b>\$ 25,667</b>	<b>\$ 9,333</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET</b>	<b>\$ 23,419,495</b>	<b>\$ 509,057</b>	<b>\$ 17,464,795</b>	<b>\$ 3,933,189</b>	<b>\$ 1,512,454</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (1,750,000)</b>	<b>\$ (27,513)</b>	<b>\$ (610,744)</b>	<b>\$ (754,997)</b>	<b>\$ (356,747)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FTEs</b>	<b>78.00</b>	<b>1.25</b>	<b>43.75</b>	<b>8.25</b>	<b>3.00</b>	<b>6.00</b>	<b>3.75</b>	<b>8.00</b>	<b>-</b>	<b>4.00</b>