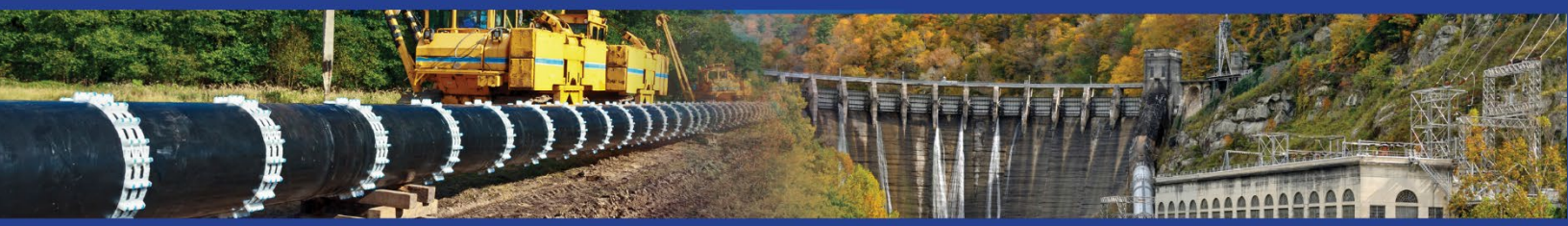

Federal Energy Regulatory Commission

FY 2023 CONGRESSIONAL JUSTIFICATION

FY 2023 Performance Budget Request
FY 2023 Annual Performance Plan
FY 2021 Annual Performance Report

April 4, 2022
Chairman Richard Glick

Contents

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Introduction

The Federal Energy Regulatory Commission (FERC or the Commission) is an independent agency that regulates the transmission and wholesale sale of electricity and natural gas in interstate commerce, as well as the transportation of oil by pipelines in interstate commerce. FERC also reviews proposals to build interstate natural gas pipelines, natural gas storage projects, and liquefied natural gas (LNG) terminals, and FERC licenses non-federal hydropower projects. Congress assigned these responsibilities to FERC in various laws including the Federal Power Act, enacted 100 years ago, the Public Utility Regulatory Policies Act of 1978, the Natural Gas Act, the Natural Gas Policy Act of 1978, and the Interstate Commerce Act. More recently, as part of the Energy Policy Act of 2005, Congress gave FERC additional responsibilities to protect the reliability and cybersecurity of the Bulk-Power System through the establishment and enforcement of mandatory reliability standards, as well as additional authority to enforce FERC regulatory requirements through the imposition of civil penalties and other means.

While the Commission has many statutory responsibilities, there are areas outside its responsibilities which fall to other federal agencies or state public utility commissions. Some examples are outlined below.

WHAT FERC DOES	WHAT FERC DOES NOT DO
Regulates the transmission and wholesale sale of electricity in interstate commerce	Regulate retail electricity and natural gas sales to consumers
Reviews certain mergers and acquisitions and corporate transactions by electricity companies	Approve physical construction of electric generation facilities
Regulates the transmission and sale of natural gas for resale in interstate commerce	Regulate activities of the municipal power systems, federal power marketing agencies, and most rural electric cooperatives
Regulates the transportation of oil by pipelines in interstate commerce	Regulate nuclear power plants
Approves the siting and abandonment of interstate natural gas pipelines and storage facilities	Issue State Water Quality Certificates
Reviews the siting application for electric transmission projects under limited circumstances	Oversee the construction of oil pipelines
Assesses the safe operation and reliability of proposed and operating LNG terminals	Oversee abandonment of service as related to oil facilities
Licenses and inspects private, municipal, and state hydroelectric projects	Regulate mergers and acquisitions as related to natural gas and oil companies
Protects the reliability of the high voltage interstate transmission system through mandatory reliability standards	Exercise responsibility for pipeline transportation on or across the Outer Continental Shelf or for pipeline safety
Monitors and investigates energy markets	Regulate local distribution pipelines of natural gas
Enforces FERC regulatory requirements through imposition of civil penalties and other means	Oversee development and operation of natural gas vehicles
Oversees environmental matters related to natural gas and hydroelectricity projects and other matters	Address reliability problems related to failures of local distribution facilities
Administers accounting and financial reporting regulations and conduct of regulated companies	Regulate tree trimmings near local distribution power lines in residential neighborhoods

Guiding Principles

Organizational Excellence: The Commission strives to use its resources efficiently and effectively to achieve its strategic priorities.

Due Process and Transparency: Paramount in all its proceedings is the Commission's determination to be open and fair to all participants.

Regulatory Certainty: In each of the thousands of orders, opinions, and reports issued by the Commission each year, the Commission strives to provide regulatory certainty through consistent approaches and actions.

Stakeholder Involvement: The Commission conducts regular outreach to ensure that interested parties have an appropriate opportunity to contribute to the performance of the Commission's responsibilities.

Timeliness: The Commission's goal is to reach an appropriate resolution of each proceeding in an expeditious manner.

The Organization

FERC is composed of up to five commissioners who are appointed by the President of the United States with the advice and consent of the Senate. Commissioners serve staggered five-year terms and have an equal vote on the orders through which FERC acts. The President appoints one of the commissioners to be the chairman of FERC, the administrative head of the agency. FERC is a bipartisan body; no more than three commissioners may be of the same political party. To carry out its authorities, the Commission has approximately 1,500 staff members that are organized into 13 offices. Commission staff is located primarily in the Washington, D.C. region, with several field offices across the country.

COMMISSIONER
James Danly
Sworn in 3/31/20
Term expires 6/30/23

COMMISSIONER
Allison Clements
Sworn in 12/8/20
Term expires 6/30/24

CHAIRMAN
Richard Glick
Sworn in 11/29/17
Term expires 6/30/22

COMMISSIONER
Mark C. Christie
Sworn in 1/4/21
Term expires 6/30/25

COMMISSIONER
Willie L. Phillips
Sworn in 12/3/21
Term expires 6/30/26

- Office of Energy Infrastructure Security
- Office of Administrative Law Judges
- Office of Energy Market Regulation
- Office of Administrative Litigation
- Office of Energy Policy and Innovation
- Office of the Executive Director
- Office of Energy Projects
- Office of External Affairs
- Office of Electric Reliability
- Office of Public Participation
- Office of Enforcement
- Office of the Secretary
- Office of the General Counsel

For more information about FERC's offices, please visit:
https://www.ferc.gov/offices

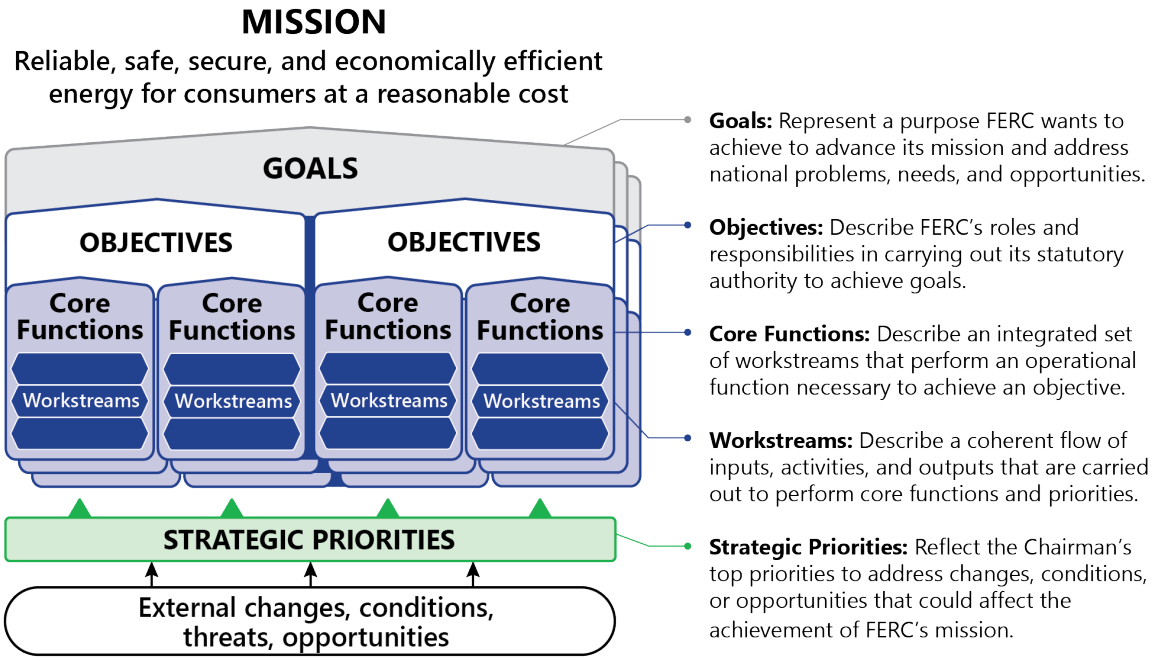
About this Document

Document Purpose

FERC's Congressional Justification consolidates the Annual Performance Plan and Annual Performance Report with the Performance Budget Request for the purpose of:

- Communicating FERC's results from the prior fiscal year,
- Establishing FERC's planned results in the current and following fiscal years, and
- Supporting FERC's resource request for the following year to pursue its mission.

To provide information on FERC's progress achieving goals, objectives, and strategic priorities, the Congressional Justification is organized by the framework established in the FYs 22 - 26 Strategic Plan, depicted below, and results are reported at the workstream level.



How to Navigate this Document

In addition to the navigation links at the bottom of each page, headings throughout the Congressional Justification are hyperlinked to allow the reader to move among sections quickly and easily.

● FERC Strategic Priorities

Strategic Priorities are addressed by one or more Core Functions and Workstreams within an Objective. An overview of each Strategic Priority, including the performance goal and indicator, is presented at the beginning of the relevant objective. An **Action Index Table**, including hyperlinks, summarizes the Commission's actions and the Core Function and Workstream with which the action aligns. Results associated with each Priority can be easily identified by looking for this blue icon: ●

You can use the links below to jump directly to the Action Index Table for the Priority.

- Modernizing Electricity Market Design (Objective 1.1)
- Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix (Objective 1.1)
- Promoting a Strong and Robust Enforcement Program (Objective 1.2)
- Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects (Objective 2.1)
- Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security (Objective 2.2)
- Improving Accessibility and Participation in Proceedings (Objective 3.2)

Strategic Framework

Mission

Reliable, Safe, Secure, and Economically Efficient Energy for Consumers at a Reasonable Cost

Assist consumers in obtaining reliable, safe, secure, and economically efficient energy services at a reasonable cost through appropriate regulatory and market means, and collaborative efforts.

Goal 1: Ensure Just and Reasonable Rates, Terms, and Conditions

OBJECTIVE 1.1: Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

● **STRATEGIC PRIORITY:** Modernizing Electric Market Design

● **STRATEGIC PRIORITY:** Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix

CORE FUNCTION 1.1.1: Determine whether FERC rules and policies need to be added or changed.

Workstream: Evaluate Policies and Pursue Changes to Regulations Where Necessary

Workstream: Conduct Outreach and Information Sharing

CORE FUNCTION 1.1.2: Analyze and act on filings in a fair, clear, and timely manner.

Workstream: Analyze and Act on Filings

Workstream: Conduct Settlement Judge Procedures

Workstream: Conduct Hearing Procedures

OBJECTIVE 1.2: Promote compliance with FERC rules, including by detecting and deterring market manipulation.

● **STRATEGIC PRIORITY:** Promoting a Strong and Robust Enforcement Program

CORE FUNCTION 1.2.1: Assess compliance and financial filings of regulated entities.

Workstream: Conduct Compliance, Operational, Financial, and Other Audits

Workstream: Establish Accounting Policies and Analyze Financial Filings

Workstream: Assess, Analyze, and Administer Electric, Natural Gas, and Oil Forms

CORE FUNCTION 1.2.2: Monitor market activity and explore potential violations.

Workstream: Conduct Surveillance of Natural Gas and Electric Markets

Workstream: Conduct Investigations

Workstream: Conduct Enforcement Proceedings

Goal 2: Ensure Safe, Reliable, and Secure Infrastructure Consistent With the Public Interest

OBJECTIVE 2.1: Facilitate benefits to the nation through the review of energy infrastructure proposals, including natural gas and hydropower.

● **STRATEGIC PRIORITY:** Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, and Hydroelectric Projects

CORE FUNCTION 2.1.1: Conduct thorough and timely technical review of applications to construct, operate, or modify natural gas and hydropower infrastructure.

Workstream: Review Applications for Interstate Natural Gas Pipeline, Storage, and LNG Projects

Workstream: Review Applications for Hydropower Projects

CORE FUNCTION 2.1.2: Assess compliance with environmental mitigation conditions in FERC orders during construction and operation of natural gas and hydropower infrastructure.

Workstream: Conduct Natural Gas Pipeline, Storage, and LNG Project Inspections/Reviews

Workstream: Conduct Hydropower Project Inspections/Reviews

OBJECTIVE 2.2: Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

● **STRATEGIC PRIORITY:** Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

CORE FUNCTION 2.2.1: Conduct comprehensive and timely inspections of hydropower and LNG facilities to ensure compliance.

Workstream: Conduct LNG Facility Inspections

Workstream: Conduct Hydropower Facility Inspections

CORE FUNCTION 2.2.2: Protect and improve the reliable and secure operation of the Bulk-Power System through mandatory and enforceable reliability standards.

Workstream: Monitor Bulk-Power System Performance and Assess the Need for Modified/New Reliability Standards

Workstream: Review and Approve Proposed Reliability Standards

Workstream: Oversee the ERO and the Enforcement of Reliability Standards

CORE FUNCTION 2.2.3: Protect FERC-jurisdictional energy infrastructure through collaboration and sharing best practices.

Workstream: Collaborate With the Critical Infrastructure Community to Inform and Address Infrastructure Security

Workstream: Identify and Assess Threats and Vulnerabilities in Critical Energy Infrastructure

Goal 3: Provide Mission Support Through Organizational Excellence

OBJECTIVE 3.1: Manage resources effectively through an engaged workforce.

CORE FUNCTION 3.1.1: Maintain processes and provide compliant services that enable FERC offices to manage resources effectively and efficiently.

Workstream: Design and Implement Effective Internal Control and Accountability Systems

Workstream: Manage FERC's Finance, Accounting, and Acquisition Requirements

Workstream: Design and Implement Human Capital Strategies to Attract a Diverse and Effective Workforce

Workstream: Maintain a Secure and Reliable IT Infrastructure

Workstream: Maintain the Safety, Security, and Resilience of FERC Operations

CORE FUNCTION 3.1.2: Provide tools and services that enable employees to perform their jobs effectively and drive FERC's success.

Workstream: Protect Employees and Provide a Safe Workplace

Workstream: Provide Technical Support to Employees

Workstream: Develop and Engage Employees

OBJECTIVE 3.2: Facilitate trust and understanding of FERC activities by promoting transparency and equity, open communication, and a high standard of ethics.

● **STRATEGIC PRIORITY:** Improving Accessibility and Participation in Proceedings

CORE FUNCTION 3.2.1: Maintain legal and other processes in accordance with the principles of due process, fairness, and integrity.

Workstream: Provide Ethical and Legal Support and Analysis Regarding FERC's Operational Functions

Workstream: Provide Legal Guidance and Representation to FERC on Rehearing and Appeal of Commission Issuances

Workstream: Provide Guidance to the Commission on Matters Involving Environmental Justice and Equity

CORE FUNCTION 3.2.2: Promote understanding, participation, and engagement.

Workstream: Educate, Inform, and Engage

Workstream: Provide Outreach and Assistance on Individual Proceedings

Workstream: Maintain and Provide Public Information Systems and Services to Facilitate Public Engagement

Workstream: Coordinate Intervenor Funding

The Commission's Funding

Proposed Appropriation Language

For necessary expenses of the Federal Energy Regulatory Commission to carry out the provisions of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including services as authorized by 5 U.S.C. 3109, the hire of passenger motor vehicles, and official reception and representation expenses not to exceed $3,000, $508,400,000, to remain available until expended: Provided, That notwithstanding any other provision of law, not to exceed $508,400,000 of revenues from fees and annual charges, and other services and collections in fiscal year 2023 shall be retained and used for necessary expenses in this account, and shall remain available until expended: Provided further, That the sum herein appropriated from the general fund shall be reduced as revenues are received during the fiscal year 2023 so as to result in a final fiscal year 2023 appropriation from the general fund estimated not more than $0.

Full Cost Recovery

The Federal Energy Regulatory Commission recovers the full cost of its operations through annual charges and filing fees assessed on the industries it regulates as authorized by the Federal Power Act and the Omnibus Budget Reconciliation Act of 1986. The Commission deposits this revenue into the Treasury as a direct offset to its appropriation, resulting in a net appropriation of zero.

	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST
Appropriation	$404,350,000	$404,350,000	$508,400,000
Offsetting Collections	($404,350,000)	($404,350,000)	($508,400,000)
Net Appropriation	**$ -**	**$ -**	**$ -**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding

FY 2023 Request Summary

The Federal Energy Regulatory Commission requests an appropriation of $508,400,000 and 1,508 full-time equivalents (FTEs) to execute its mission in fiscal year (FY) 2023. This request is an increase of $44,500,000, or about 9.6 percent, above the FY 2022 Congressional budget request. The Commission's full funding requirement to meet base operating requirements is $500,266,600 and funding required for continuation of the headquarters building modernization effort is $8,133,400. In addition, the Commission's requested budget reflects an increase of 43 FTEs.

The majority of the FTE increase will directly staff the new Office of Public Participation established in FY 2021, as it continues to grow towards full operating capacity. In addition, the FTE request will support staffing needed to implement the Commission's plans to integrate environmental justice and equity considerations into the Commission's processes and decision-making, across all programs. The remaining additional FTEs are requested to address staffing levels across the other 12 Commission program offices based on an independent assessment of the Commission's evolving work demand and associated workforce requirements to achieve strategic objectives and performance targets.

The Commission allocates 61 percent of its budget to directly cover personnel compensation costs of its employees on an annual basis. The Commission's request reflects a personnel compensation increase of $24.9 million or 8.7 percent above the FY 2022 Congressional budget request level to support an increase of 43 FTEs and accounts for a 4.6 percent pay raise in January 2023.

The FY 2023 request supports continued funding for program contracts associated with statutorily required workload with hydropower and natural gas infrastructure, including environmental reviews, public participation and outreach, stakeholder engagement, construction oversight, and expert witness contractor assistance which support the Commission's programs.

Furthermore, funding supports the resource needs identified in the Commission's equity assessment process initiated during FY 2021 for consultants and commissioned studies. These resources will help the agency achieve the environmental justice and equity goals developed during the equity assessment process, consistent with the Commission's equity plan that will be submitted to the White House by April 15, 2022. The equity assessment and equity plan are being undertaken pursuant to the requirements of Executive Order 13985, *Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, issued on January 20, 2021. The requested funding for staff, consultant projects, and commissioned studies will also help support the Commission's work to improve its compliance with environmental analysis requirements regarding natural gas and hydropower infrastructure projects, including analysis of potential impacts on environmental justice communities.

Additionally, the Commission's request includes $115.6 million in FY 2023 to support information technology (IT) investments. This is an increase of $15.6 million, or 16 percent, over the FY 2022 budget request to Congress. This increase provides additional funding related to support IT investments for mission delivery and IT infrastructure, security, and management. For example, the Commission's Application Layer Modernization initiative is a five-year effort that will modernize mission critical systems. At the conclusion of the modernization effort, the Commission anticipates cost avoidance in legacy operations and maintenance costs through the reduction of highly specialized resources needed to currently support those critical systems. Furthermore, in 2023 the Commission will continue its goal of providing a best-in-class IT environment for the Commission and its stakeholders while continuing to meet federal mandates such as IPv6 and implementation of the requirements of zero trust architecture. The Commission will continue to ensure that legacy protocols are modernized for reliable services to our stakeholders. FERC has begun the process of implementing the IPv6 mandates, as outlined in OMB memorandum M-21-07 and is conducting an analysis of this requirement's impact to current activities and resources. In addition, as federal agencies continue to encounter sophisticated cybersecurity attacks, FERC has begun implementing the requirements of OMB memorandum M-22-09. FERC has met the initial milestone set forth in the memorandum and submitted the required zero trust implementation plan. This will support our technical approach and identify resource needs to ensure that the proposed zero trust architecture is executed according to each outlined phase of the plan. The investments in secure cloud environments and continued progress of implementing security best practices and tools will allow the Commission to confront the evolving threats agencies face on a frequent basis and provide strong security controls and visibility of high value data assets. The use of cloud platforms increases the unfettered access to the Commission's applications, enhances access to real-time data for decision making, and provides for availability of services regardless of location.

To support these digital transformation efforts, the Commission has executed a multi-year contracting strategy. This strategy will bring leading edge support services that upgrade the core IT infrastructure, execute daily IT operations, modernize all core mission applications to cloud-based platforms, and provide services to deliver an enterprise data program and a cloud-based data analytics platform. These investments will ensure the Commission continues to drive innovation for effective delivery of IT for its stakeholders, provide for highly secure and resilient applications, make timely data-driven decisions to support mission needs, and provide capabilities across the data value chain to meet the increasing scale and complexity of data analytics challenges.

This budget request includes continued funding for a multi-year headquarters building modernization project. As a result of these modernization efforts, the Commission will consolidate all National Capital Region lease locations into the headquarters building and reduce its real estate footprint by approximately 123,000 square feet. The Commission will be surrendering approximately 59,792 rentable square feet (51,973 usable square feet) in the headquarters building, 30,193 rentable square feet (25,477 usable square feet) at 1100 1st Street, and 32,957 rentable square feet (28,574 usable square feet) at 999 North Capitol Street, post renovation. At the current market rate, the reduction in space would result in estimated rent savings of approximately $6.9 million annually. The Commission anticipates realizing full savings from these efforts beginning in FY 2025. The FY 2023 request includes $8.1 million to cover construction costs related to FERC's data center, hearing rooms, and security and information technology enhancements for FERC headquarters. The Commission is required to execute this modernization project pursuant to the current General Services Administration and Office of Management and Budget space use policy. Congress approved a prospectus for the ten-year lease option on the 888 First Street Building (FERC Headquarters). The new lease term commenced on September 30, 2015. In addition, the Commission's New York Regional Office lease is expiring, and this request includes resources necessary to build out and furnish a new space in FY 2023.

Funding Tables

Resources by Strategic Goals and Objectives

Strategic Goal and Objectives *(Dollars in thousands)*		FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST	PERCENT CHANGE FY22 TO FY23
GOAL 1	**Funding**	**$199,643**	**$195,410**	**$226,921**	**16.1%**
	FTE	**663**	**668**	**679**	**1.6%**
Objective 1.1		153,964	148,489	175,287	18.0%
		514	521	532	2.0%
Objective 1.2		45,679	46,921	51,634	10.0%
		148	146	147	0.2%
GOAL 2	**Funding**	**$148,849**	**$144,206**	**$172,762**	**19.8%**
	FTE	**483**	**483**	**498**	**3.2%**
Objective 2.1		73,381	72,294	86,613	19.8%
		239	241	248	2.7%
Objective 2.2		75,468	71,912	86,149	19.8%
		244	242	251	3.6%
GOAL 3	**Funding**	**$90,666**	**$87,869**	**$108,717**	**23.7%**
	FTE	**309**	**314**	**331**	**5.4%**
Objective 3.1		68,814	65,676	75,413	14.8%
		233	233	229	-1.7%
Objective 3.2		21,852	22,193	33,304	50.1%
		76	81	102	25.7%
TOTAL	**Funding**	**$439,158**	**$427,485**	**$508,400**	**18.9%**
	FTE	**1,455**	**1,465**	**1,508**	**2.9%**
Application of Prior Year (PY) Budget Authority		**(34,808)**	**(23,135)**		
TOTAL	**Funding**	**$404,350**	**$404,350**	**$508,400**	**25.7%**
	FTE	**1,455**	**1,465**	**1,508**	**2.9%**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding.

Resources by Regulated Industry

Regulated Industry *(Dollars in thousands)*		FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST	PERCENT CHANGE FY22 TO FY23
Electric	Funding	$247,288	$243,416	$283,530	16.5%
	FTEs	817	821	841	2.5%
Hydro	Funding	$98,323	$94,786	$115,948	22.3%
	FTEs	327	333	342	2.8%
Natural Gas	Funding	$79,927	$77,449	$93,095	20.2%
	FTEs	265	272	276	1.5%
Oil	Funding	$13,621	$11,834	$15,826	33.7%
	FTEs	46	39	48	23.9%
Subtotal		$439,158	$427,485	$508,400	18.9%
Application of PY Budget Authority		(34,808)	(23,135)		
Total	**Funding**	**$404,350**	**$404,350**	**$508,400**	**25.7%**
	FTEs	**1,455**	**1,465**	**1,508**	**2.9%**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding.

Comparison of FYs 2022 and 2023 by Major Category

Major Category (Dollars in thousands)	FY 2022 ESTIMATE	FY 2023 REQUEST	DIFFERENCE	PERCENT CHANGE FY22 TO FY23
FTEs	1,465	1,508	43	2.9%
Salaries & Benefits	287,152	310,832	23,680	8.2%
Rent	34,460	32,559	(1,901)	-5.5%
Program Support Contracts	10,640	11,249	610	5.7%
Information Technology	69,989	115,592	45,604	65.2%
Administrative (including Travel and Training)	21,171	30,035	8,863	41.9%
Building Modernization	4,074	8,133	4,060	99.7%
Subtotal	**$427,485**	**$508,400**	**$80,915**	**18.9%**
Application of PY Budget Authority	(23,135)	-	23,135	
Totals	**$404,350**	**$508,400**	**$104,050**	**25.7%**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding.

Object Class Summary

Object Class (Dollars in thousands)		FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST
11.9	Personnel Compensation	$203,730	$211,207	$228,347
12.1	Benefits	70,965	75,946	82,485
13.0	Benefits for Former Personnel	33	-	-
	Sub Total, Personnel Compensation & Benefits	$274,728	$287,152	$310,832
21.0	Travel and Transportation of Persons	598	2,062	4,075
22.0	Transportation of Things	2	1	1
23.1	Rental Payments to General Services Administration	32,161	34,460	32,559
23.2	Rental Payments to Others	1,268	1,205	1,067
23.3	Communications, Utilities & Misc. Charges	2,147	3,498	4,613
24.0	Printing and Reproduction	1,126	1,072	1,597
25.1	Advisory and Assistance	15,429	17,028	24,798
25.2	Non-Federal	15,023	17,416	19,490
25.3	Federal	1,890	1,878	2,002
25.4	Operation & Maintenance of Facilities	2,077	2,194	2,216
25.7	Operation & Maintenance of Equipment	50,636	49,620	58,228
26.0	Supplies and Materials	4,890	5,112	5,402
31.0	Equipment	9,707	4,755	34,398
32.0	Leasehold Improvements	27,377	-	7,122
42.0	Insurance Claims and Indemnities	99	31	-
	TOTAL, OBLIGATIONS	**$439,158**	**$427,485**	**$508,400**
	Application of PY Budget Authority	$(34,808)	$(23,135)	$-
	GROSS BUDGET AUTHORITY	**404,350**	**404,350**	**508,400**
	Offsetting Receipts	(404,350)	(404,350)	(508,400)
	NET BUDGET AUTHORITY	**$-**	**$-**	**$-**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding.

Goal 1
Overview and Funding Summary

GOAL 1: Ensure Just and Reasonable Rates, Terms, and Conditions

OBJECTIVE 1.1: Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

OBJECTIVE 1.2: Promote compliance with FERC rules, including by detecting and deterring market manipulation.

Strategic Goal and Objectives *(Dollars in thousands)*		FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST	PERCENT CHANGE FY22 TO FY23
Objective 1.1	**FTE**	**514**	**521**	**532**	**2.0%**
	Funding	**$153,964**	**$148,489**	**$175,287**	**18.0%**
Program		98,791	103,730	111,740	7.7%
Support		55,173	44,758	63,547	42.0%
Objective 1.2	**FTE**	**148**	**146**	**147**	**0.2%**
	Funding	**$45,679**	**$46,921**	**$51,635**	**10.0%**
Program		29,766	34,345	34,094	-0.7%
Support		15,913	12,576	17,541	39.5%
GOAL 1 SUBTOTAL	**FTE**	**663**	**668**	**679**	**1.6%**
	Funding	**$199,643**	**$195,409**	**$226,921**	**16.1%**
Application of PY Budget Authority		**(15,824)**	**(10,575)**		
GOAL 1 TOTAL	**Funding**	**$183,819**	**$184,834**	**$226,921**	**22.8%**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding

Goal 1 > Objective 1.1

Overview and Priorities

OBJECTIVE 1.1: Establish and apply FERC rules and policies that will result in just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of jurisdictional service.

CORE FUNCTION 1.1.1: Determine whether FERC rules and policies need to be added or changed.

CORE FUNCTION 1.1.2: Analyze and act on filings in a fair, clear, and timely manner.

● Modernizing Electricity Market Design

Priority Overview

This priority concerns ensuring that wholesale electric markets maintain their ability to serve wholesale electric customers efficiently and reliably. Current market designs may not allow for the operational flexibility needed to address changing system needs that are being driven by an evolving resource mix and changing load profiles. The Commission will work with stakeholders to explore the gaps in current electricity market designs and identify potential reforms to modernize them.

The Commission's actions and expected results are described more fully in the following section.

Action Index Table

CORE FUNCTION	WORKSTREAM	FERC ACTION	PAGE
1.1.1: Determine whether FERC rules and policies need to be added or changed.	Evaluate policies and pursue changes to regulations where necessary: Wholesale sales	1. Explore gaps in the current electricity market design and identify potential reforms to appropriately modernize market design.	21

Performance Goal: *Develop necessary reforms to ensure that electricity markets continue to provide efficient and reliable service to customers amid the emerging transformation of the electricity sector.*

Performance Indicator:	FY 2022	FY 2023
Milestones achieved within established timeframe	**TARGET** Achieve 100% of milestones	Achieve 100% of milestones

Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix

Priority Overview

This priority concerns the challenges associated with connecting new and diverse energy resources to the electric grid. A large amount of additional electric transmission infrastructure is needed to address these challenges and facilitate the participation of new resources in wholesale electricity markets efficiently, while maintaining the reliability of the electric grid. A more efficient, cost-effective, and reliable electric grid benefits all, including underserved communities that currently shoulder disparate energy burdens, which the transforming electric grid can help to relieve. The Commission will work with stakeholders to identify, assess, and implement a series of reforms that will facilitate the development of new electric transmission infrastructure needed to address the changing resource mix.

The Commission's actions and expected results are described more fully in the following section.

Action Index Table

CORE FUNCTION	WORKSTREAM	FERC ACTION	PAGE
1.1.1: Determine whether FERC rules and policies need to be added or changed.	Evaluate policies and pursue changes to regulations where necessary: Transmission and Transportation	1. Identify, assess, and implement a series of reforms that will facilitate the development of new electric transmission infrastructure needed to address the changing resource mix.	23

Performance Goal: *Develop necessary reforms to enable the electric grid to accommodate the evolution of the resource mix in an efficient and reliable manner while maintaining just, reasonable, and not unduly discriminatory or preferential rates, terms, and conditions of service.*

Performance Indicator: Milestones achieved within established timeframe

	FY 2022	FY 2023
TARGET	Achieve 100% of milestones	Achieve 100% of milestones

GOAL 1 > OBJECTIVE 1.1 > **CORE FUNCTION 1.1.1**

Determine whether FERC rules and policies need to be added or changed.

PURPOSE OF THE CORE FUNCTION

To adapt to emerging issues and changing circumstances.

Ensure that **consumers/stakeholders**:

- Have reasonable access to needed jurisdictional services.
- Have confidence that FERC takes accountability for, and is effective at, adjusting its rules and regulations and ensuring that they continue to serve the public interest.
- Have confidence in the quality and impartiality of the Commission's analyses.
- Have the opportunity to comment and participate in Commission proceedings.

Ensure that **jurisdictional entities**:

- Are appropriately compensated for responding to system needs in a rapidly changing marketplace.
- Can be confident that the Commission is aware of changes impacting energy industry stakeholders and will respond to changing market conditions and trends.
- Have the opportunity to comment and participate in Commission proceedings.
- Understand how Commission rules and policies are established, why they were established, and the relevance they have to the entity's business and operations.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Evaluate Policies and Pursue Changes to Regulations Where Necessary*	▪ Enable the Commission to better understand the potential impacts of changing external conditions. ▪ Develop responsive rules and policies that effectively balance the needs of jurisdictional entities and energy consumers.
Conduct Outreach and Information Sharing	▪ Allow the Commission to maintain a connection with stakeholders. ▪ Allow staff to learn from, educate, and exchange information with different groups regarding trends and recurring and emerging

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Evaluate Policies and Pursue Changes to Regulations Where Necessary

Wholesale Sales

ELECTRIC MARKET-BASED RATES AND COST-BASED RATES

FY 2021 RESULTS.

With regard to electric market-based rates, the Commission continued to develop the market-based rate relational database established in Order No. 860. In Order No. 860, the Commission revised its regulations in order to collect certain information currently filed in the electric market-based rate program in a consolidated and streamlined manner through a relational database. In FY 2021, the Commission continued to revise the data to be collected from market-based rate sellers.

For example, in August 2021, the Commission issued a final rule adopting a proposal to collect additional data from certain market-based rate sellers with ultimate upstream affiliates that have been granted blanket authorization to acquire the securities of those sellers or those sellers' upstream affiliates. The Commission also continued to work with industry stakeholders to refine and test the market-based rate relational database system.

FYS 2022 AND 2023 PLANNED RESULTS.

In October 2021, the Commission extended the deadline for baseline submissions for the market-based rate relational database to February 1, 2022. With a "go-live" date of February 2022 for the market-based rate relational database, in FYs 2022 and 2023, the Commission will continue to evaluate the effectiveness of the new database and make changes, where appropriate, to help facilitate and support access to the data. Additionally, in FYs 2022 and 2023, the Commission will continue to evaluate the impact of changes to the market-based rate program as a result of recent final rules.

ENERGY MARKETS, CAPACITY MARKETS, AND ANCILLARY SERVICES.

FY 2021 RESULTS.

In September 2020, the Commission issued Order No. 2222, a final rule to remove barriers to the participation of distributed energy resource aggregations in the capacity, energy, and ancillary service markets operated by Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs). In FY 2021, the Commission issued Order No. 2222-A, which addressed arguments raised on rehearing of this rule, as well as Order No. 2222-B, which addressed arguments raised on rehearing of Order No. 2222-A. In March 2021, the Commission also issued a notice of inquiry on the potential impacts of eliminating the ability of states to prevent demand response resources from participating in organized wholesale markets. In addition, throughout FY 2021, Commission staff monitored stakeholder discussions concerning each RTO/ISO's efforts to comply with Order No. 2222, as appropriate, to prepare for processing the compliance filings.

In April 2021, the Commission issued a policy statement clarifying how it will consider market rules proposed by RTOs/ISOs that seek to incorporate a state-determined carbon price in their wholesale electricity markets.

In June 2021, Commission staff held a technical conference to discuss resource adequacy developments in the Western Interconnection.

In FY 2021, the Commission concluded its evaluation of PJM Interconnection, L.L.C.'s (PJM) fast-start pricing market rule changes and directed revisions, where fast-start resources are resources that are able to come online quickly to meet system needs. This compliance filing was in response to a Commission-initiated proceeding investigating fast-start pricing practices in PJM to ensure that the wholesale price for electricity better reflected the actual cost to meet system needs and allowing fast-start resources to recover a portion of their costs through the wholesale market rather than through out-of-market uplift payments.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission anticipates continuing its activities related to centralized capacity markets that ensure adequate resources are available to meet system resource adequacy needs at just and reasonable rates.

In FYs 2022 and 2023, the Commission will continue its evaluation of the participation of demand response resources and distributed energy resource aggregations in RTO/ISO markets. This will include evaluation of the RTO/ISO compliance filings to Order No. 2222. Commission staff will also continue its analysis of comments received related to the Commission's March 2021 notice of inquiry on the potential impacts of eliminating the ability of states to prevent demand response resources from participating in organized wholesale markets.

In FYs 2022 and 2023, the Commission will continue its evaluation of resource adequacy in the Western Interconnection.

In FYs 2022 and 2023, the Commission will continue its analysis of fast-start pricing market rule changes. In FYs 2022 and 2023, each RTO/ISO will continue to post the reports required by Order No. 844 (Uplift Cost Allocation and Transparency in Markets Operated by RTOs/ISOs). The Commission will continue to use the information posted to analyze market design, review market performance, and conduct event analysis.

Priority Results: Modernizing Electricity Market Design

Overview | **Action 1**

FY 2021 RESULTS.

In FY 2021, the Commission conducted three virtual technical conferences on energy and capacity markets in March, May, and September 2021. These conferences were focused on understanding the challenges associated with changes to the resource mix and load profiles and reforms necessary to modernize these markets. Key industry stakeholders, including state public utility commissioners, state consumer advocates, RTO/ISO executives and market monitors, and representatives from a wide range of electric industry interests attended the conferences. There is broad industry consensus that RTOs/ISOs will need more operational flexibility from resources to serve loads reliably as the resource mix evolves to include more weather-dependent variable energy resources, such as wind and solar. Additionally, loads change due to weather-dependent distributed energy resources, electrification, and other factors. Although the nature and timing of the reforms are still under discussion, RTO/ISO markets potentially will need to implement reforms to meet these new operational needs. The Commission will work with industry stakeholders to ensure that jurisdictional RTO/ISO markets can successfully manage the challenges posed by the coming transition and continue to provide just and reasonable capacity, energy, and ancillary services rates for their wholesale customers.

FYS 2022 AND 2023 PLANNED RESULTS.

In October 2021, the Commission conducted a fourth technical conference on energy and ancillary services markets. The Commission requested post-technical conference comments in December 2021 and staff will review stakeholder initial and reply comments, which were due in February and March 2022, respectively. Staff may also conduct additional outreach to gather more focused stakeholder feedback on the identified reforms. The Commission will analyze the comments from all four technical conferences and identify potential reforms to modernize RTO/ISO capacity, energy, and ancillary services market design. By the end of FY 2022, the Commission expects to analyze the information gained through the series of technical conferences, any stakeholder comments submitted thereafter, and its outreach efforts and complete an initial identification and assessment of potential reforms.

In FY 2023, the Commission will use the knowledge gained from the FYs 2021 and 2022 technical conferences and the FY 2022 outreach to determine a path forward for pursuing market design reforms, which includes deciding whether to undertake a rulemaking process. The Commission may also address this priority by utilizing the knowledge gained to inform its consideration of filings to reform RTO/ISO markets to meet the changing system needs described above.

EMERGING TECHNOLOGIES

FY 2021 RESULTS.

In January 2021, the Commission directed the RTOs/ISOs to submit informational reports on the status of efforts to accommodate hybrid resources into interconnection queue and market processes. The informational reports were submitted by the RTOs/ISOs in July 2021. In May 2021, Commission staff released a white paper on these issues. The Commission sought further comments on the white paper.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission will continue to evaluate the comments received after the July 2020 hybrid resources technical conference, the informational reports submitted by the RTOs/ISOs, the subsequent public comments on the RTO/ISO reports, and comments on Commission staff's white paper to make any recommendations about further actions that the Commission could take on these issues.

Transmission and Transportation

ELECTRIC TRANSMISSION RATES

FY 2021 RESULTS.

The return on equity available to a prospective developer of electric transmission facilities is one important consideration in investment decisions. In FY 2021, the Commission took steps to provide certainty with respect to its methodology for setting returns on equity for electric transmission facilities. Specifically, in November 2020, the Commission issued Opinion No. 569-B, addressing requests for rehearing of Opinion No. 569-A and largely reaffirming the methodology adopted in the prior decision.

In FY 2021, the Commission continued to evaluate the compliance filings made in response to Order No. 864, relating to public utility transmission rate changes to address Accumulated Deferred Income Taxes.

In March 2020, the Commission issued a Notice of Proposed Rulemaking (NOPR) proposing to revise its electric transmission incentive policy to stimulate the development of transmission infrastructure needed to support the nation's evolving generation resource mix, technological innovation, and shifts in load patterns. In April 2021, the Commission issued a supplemental NOPR proposing additional reforms. In September 2021, Commission staff held a workshop to discuss certain performance-based ratemaking approaches, particularly shared savings, that may foster deployment of transmission technologies.

In a related effort to provide incentives for the development of reliable transmission infrastructure, in June 2020, Commission staff issued a white paper discussing a potential new framework for providing transmission incentives to utilities for cybersecurity investments. In December 2020, the Commission issued a NOPR specific to cybersecurity incentives.

In November 2020, the Commission issued a NOPR on managing transmission line ratings.

In April 2021, the Commission held a technical conference to discuss electrification—the shift from non-electric to electric sources of energy at the point of final consumption (e.g., to fuel vehicles, heat and cool homes and businesses, and provide process heat at industrial facilities).

In January 2021, the Commission issued a notice of inquiry related to the accounting and reporting treatment of certain renewable energy assets.

In February 2021, the Commission held a technical conference on credit practices in the RTOs/ISOs.

In FY 2021, the Commission continued to review further filings on compliance required by Order Nos. 845 and 845-A, which amended the pro forma Large Generator Interconnection Procedures and Agreement. In FY 2020, the Commission issued orders on 42 of the initial compliance filings, which represents 100 percent of the total number of initial compliance filings submitted. In FY 2021, the Commission issued orders on all the further compliance filings.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue to monitor and evaluate these issues. The Commission will continue to address the base return on equity issues in individual cases, applying the new methodology as appropriate. In FYs 2022 and 2023, the Commission will consider further action with respect to its NOPR on electric transmission incentives policy and cybersecurity incentives. The Commission will continue to process the compliance filings from public utilities as to Order No. 864, and monitor for any tax-related legislation or regulations from other agencies that could warrant Commission action. In December 2021, the Commission issued a final rule (Order No. 881) on managing transmission line ratings and also issued a notice of inquiry in a new docket to explore dynamic line ratings. In FY 2022, the Commission will continue to evaluate comments that it received after the October 2020 technical conference on offshore wind issues. In FY 2022, the Commission will evaluate comments received in response to its April 2021 technical conference on electrification and the future of the grid. In FY 2022, the Commission will evaluate comments received in response to its June 2021 technical conference on climate change, extreme weather, and electric system reliability, and consider further action. In FYs 2022 and 2023, the Commission will continue its evaluation of credit practices in RTO/ISO regions. In FYs 2022 and 2023, the Commission will continue its evaluation of accounting and reporting for certain renewable energy assets.

Priority Results: Facilitating the Development of the Electricity Infrastructure Needed for the Changing Resource Mix

Overview | **Action 1**

FY 2021 RESULTS.

In July 2021, the Commission issued an Advanced Notice of Proposed Rulemaking (ANOPR) on transmission and interconnection infrastructure. The ANOPR examined the potential need for more holistic transmission planning and cost allocation and generator interconnection processes, to plan the grid for the future, and to do so in a way that results in rates that are just and reasonable. The ANOPR included a comprehensive set of questions designed to gather public and industry input necessary to inform the Commission's rulemaking proceedings. In June 2021, the Commission issued a policy statement, "State Voluntary Agreements to Plan and Pay for Transmission Facilities." Additionally, in that same month, June 2021, the Commission announced the formation of a joint federal-state task force on electric transmission.

In October 2020, the Commission held a technical conference to discuss whether existing Commission transmission, interconnection, and merchant transmission facility frameworks in RTOs/ISOs could accommodate anticipated growth in offshore wind generation in an efficient and effective manner that safeguarded open-access transmission principles. The conference also considered possible changes or improvements to the current framework should they be needed to accommodate such growth. A notice inviting post-technical conference comments was issued in March 2021.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission will evaluate, and address comments received in response to the July 2021 ANOPR. The Commission also conducted a public technical conference designed to solicit more focused public and industry input regarding regional transmission planning and reforms necessary to accommodate the changing resource mix. The Commission will analyze the comments from the technical conference and identify potential reforms. As needed, the Commission will conduct further outreach to solicit public and industry feedback about specific reforms and collect any additional input necessary to inform its rulemaking proceedings related to transmission infrastructure. By the end of FY 2022, the Commission expects to have identified and assessed a set of potential reforms and determined the appropriate next steps relative to those reforms.

In FY 2023, the Commission will take the appropriate steps necessary to implement the policy decisions made in FY 2022. Also in FY 2023, the Commission will complete its evaluation of any comments obtained in FY 2022 and continue its public outreach regarding the development of new electric transmission infrastructure. By the end of FY 2023, the Commission will have identified potential additional actions to advance the rulemaking proceedings.

In November 2021 and February 2022, the Commission jointly held task force meetings on electric transmission issues with its state partners. The federal-state task force is expected to meet throughout FYs 2022 and 2023 to consider electric transmission issues.

GAS TRANSPORTATION/STORAGE RATES

FY 2021 RESULTS.

In FY 2020, the Commission issued orders addressing pending FERC Form No. 501-G filings, the informational cost and revenue study required as a result of the Tax Cuts and Jobs Act of 2017. In FY 2021, the Commission resolved all pending FERC Form No. 501-G filings and, in May 2021, removed the procedures from the Code of Federal Regulations as obsolete.

In FY 2021, the Commission proposed further changes to support the formation of physical natural gas price indices. The Commission issued a proposed policy statement that would change standards for natural gas index developers and change reporting requirements for those who report prices to those index developers. The Commission also issued a NOPR proposing to codify, in the Commission's regulations, the Safe Harbor policy for data providers to price index developers.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue its annual review of the justness and reasonableness of interstate natural gas pipeline rates by analyzing cost and revenue information included in the pipelines' FERC Form No. 2 annual reports. In FY 2022, the Commission will consider further action as to the formation of physical natural gas price indices, including evaluating the comments filed in response to the proposed policy statement and NOPR on natural gas indices.

OIL TRANSPORTATION RATES

FY 2021 RESULTS.

In December 2020, the Commission issued an order on the five-year review of the oil pipeline index to determine the methodology to be used for the calculation of the annual oil pipeline index for 2021-2025.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission will continue to evaluate these issues in FYs 2022 and 2023. The Commission will continue to evaluate its order on the five-year review of the oil pipeline index on rehearing. The Commission will also evaluate next steps for its examination of the standard applied to complaints against oil pipeline index rate changes, initiated in FY 2020.

The Commission will also continue to address the base return on equity, income tax allowance issues, and other rate issues for oil pipelines presented in pending proceedings.

ELECTRIC MERGER AND OTHER CORPORATE TRANSACTIONS

FY 2021 RESULTS.

In FY 2021, the Commission continued to monitor developments and trends in electric merger and other corporate transactions.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue to monitor developments and trends in this area to determine if changes to Commission policy or practices should be further evaluated.

Conduct Outreach and Information Sharing

FY 2021 RESULTS.

In July 2021, the Commission released the next installment of its Common Metrics Report. During FY 2021, Commission staff performed quality checks on the data received through its information request and organized the data for inclusion in the published report.

In FY 2021, Commission staff issued an annual report on the Assessment of Demand Response and Advanced Metering. Commission staff also held an industry software conference. In FY 2021, Commission staff also produced public reports, including the Annual State of the Market Report and Seasonal Assessments on market performance and long-term market trends, providing meaningful insight to the public on energy markets.

Commission staff also continued its regular outreach to independent market monitors for RTOs/ISOs to review the impact of approved market rule changes or other market events. Finally, Commission staff continued to hold international information exchanges in FY 2021, including the joint FERC-State Department Flexible Resources Initiative with India, and video conferences with European Commission's Directorate-General for Energy.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue to monitor and evaluate potential next steps for the Common Metrics Report as well as new issues as they emerge.

In December 2021, Commission staff issued an annual report on the Assessment of Demand Response and Advanced Metering. Commission staff also expects to issue an annual report in FY 2023. Commission staff expects to hold industry software conferences in both FYs 2022 and 2023. In FYs 2022 and 2023, Commission staff will continue to produce public reports such as the Annual State of the Market Report, as well as Seasonal Assessments on market performance and long-term market trends to provide meaningful insight to the public on energy markets. Commission staff will also continue to conduct regular outreach to independent market monitors for RTOs/ISOs to review the impact of approved market rule changes or other market events. Finally, Commission staff also plans to continue international information exchanges in FYs 2022 and 2023.

GOAL 1 > OBJECTIVE 1.1 > **CORE FUNCTION 1.1.2**

Analyze and act on filings in a fair, clear, and timely manner.

PURPOSE OF THE CORE FUNCTION

To take appropriate action on filings made to the Commission.

Ensure that **consumers/stakeholders**:

- Have access to energy and related jurisdictional services at a reasonable rate.
- Are able to voice their concerns and challenge filings.
- Receive due process.

Ensure that **jurisdictional entities**:

- Have an opportunity to recover their costs, earn a reasonable return on their investments, and react to changing market and industry conditions.
- Understand FERC's decisions and the basis on which they were made.
- Implement FERC's orders and regulations.
- Receive due process.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Analyze and Act on Filings	▪ Allow the Commission to act in a timely, informed, and transparent manner on the filings it receives.
Conduct Settlement Judge Procedures	▪ Limit the time, expense, and resources the Commission and outside parties devote to litigation. ▪ Reduce the likelihood of Commission decisions being appealed to the courts. ▪ Increase business certainty, which facilitates investment in needed energy infrastructure. ▪ Provide ratepayers with just and reasonable rates and terms and conditions of service in a timely manner.
Conduct Hearing Procedures	▪ Provide parties with due process and fair representation. ▪ Ensure that Commission decisions are based on full, complete, and transparent information. ▪ Provide ratepayers just and reasonable rates and terms, and conditions of service, in a timely manner.

Past and Planned Results

Analyze and Act on Filings

RATE FILINGS

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 ESTIMATE
Electric	4,525	5,397	5,769	5,738	5,900	6,000
Gas	1,451	1,933	1,463	1,363	1,500	1,500
Oil	862	875	916	837	1,000	1,000

FY 2021 RESULTS.

Included in the electric filings shown in the table above, in FY 2021, the Commission processed approximately 2,700 filings regarding electric market-based rate authority, and approximately 3,000 proposals for electric cost-based rates, electricity market rule changes, and rates, terms and conditions of jurisdictional electric service.

As reflected in the table above, the Commission also processes rate filings submitted by natural gas pipeline companies, including applications for approval of cost-based rates, negotiated rates, market-based rates, and rates, terms, and conditions of service. The gas and oil filings reflected above also include a variety of other types of rate-related filings made by natural gas and oil pipeline companies, such as complaints, waiver requests, and oil-related petitions for declaratory order, which address rate structures for significant and new capacity pipeline projects.

FYS 2022 AND 2023 PLANNED RESULTS.

The table above also shows the estimated number of rate filings for FYs 2022 and 2023. The Commission does not have control over the number of filings from industry or third parties. Moreover, the number of yearly filings is a function of multiple factors that make it difficult to predict how many filings the Commission will receive in future years. Accordingly, rather than anticipating a specific number of filings in any given year, the Commission plans to maintain sufficient resources in FYs 2022 and 2023 to process a similar number of filings as in prior years, adjusted based on best estimates. The Commission will continue to dedicate significant resources to the analysis of rate and tariff filings, made pursuant to Federal Power Act section 205, Natural Gas Act section 4, and Interstate Commerce Act section 6, consistent with its statutory authority.

Conduct Settlement Judge Procedures

FY 2021 RESULTS.

In FY 2021, settlement judges convened 330 settlement conferences and certified 72 full or partial settlements to the Commission for final review and approval. Commission trial staff used its expertise in engineering, finance, depreciation, market power, cost-of-service and rate-design matters in negotiations with regulated entities and intervenors to reach settlement agreements.

Those settlements represented approximately 95 percent of the resolved cases that were set for hearing and/or settlement procedures. With participation ranging from two to 250 or more parties, negotiations took an average of six to nine months to complete and involved primarily rates and market rules applications.

During FY 2021, the dispute resolution staff (including the Landowner Helpline) successfully resolved 87 disputes.

FYS 2022 AND 2023 PLANNED RESULTS.

While the Commission determines the cases that are set for hearing and settlement judge procedures, these decisions are functions of the filings, requests, and issues put before it. Thus, the Commission does not plan for a particular number of cases to be set for hearing and settlement judge procedures. Similarly, although the Commission may encourage settlements, it is up to the parties, with guidance from a settlement judge and participation by trial staff, to reach an agreement. Accordingly, in FYs 2022 and 2023, the Commission will monitor its workload to ensure sufficient resources are available.

Conduct Hearing Procedures

FY 2021 RESULTS.

In FY 2021, presiding judges convened nine hearings and issued four initial decisions. The records in those cases consisted of a total of 1,605 exhibits and 4,656 pages of hearing transcripts. Due to the COVID-19 pandemic, the Commission headquarters building was closed, and these nine hearings were conducted virtually, using computer technologies.

In FY 2021, Commission trial staff actively participated through direct and cross-examination of witnesses and argument on motions in the nine hearings convened by the presiding judges. Commission trial staff also filed 10 pieces of expert testimony and 28 pre- and post-hearing briefs. In addition, trial staff prepared six briefs and six supporting affidavits in four paper-hearing proceedings ordered by the Commission. Trial staff also filed 69 initial comments and four reply comments on settlements submitted to resolve issues set for hearing before the Commission.

FYS 2022 AND 2023 PLANNED RESULTS.

While the Commission determines the cases that are set for hearing and settlement judge procedures, these decisions are a function of the filings, requests, and issues put before it. Thus, the Commission does not plan for a particular number of cases to be set for hearing and settlement judge procedures. Similarly, although the Commission may encourage settlements, it is up to the parties, with guidance from a settlement judge and participation by trial staff, to reach an agreement. Accordingly, in FYs 2022 and 2023 the Commission will monitor its workload to ensure sufficient resources are available.

Goal 1 > Objective 1.2

Overview and Priority

OBJECTIVE 1.2: Promote compliance with FERC rules, including by detecting and deterring market manipulation.

CORE FUNCTION 1.2.1: Assess compliance and financial filings of regulated entities.

CORE FUNCTION 1.2.2: Monitor market activity and explore potential violations.

● Promoting a Strong and Robust Enforcement Program

Priority Overview

This priority concerns the need for a rigorous and robust enforcement program to meet new compliance challenges resulting from the increasing complexity in energy markets. Vigilant monitoring and strong oversight, combined with timely actions against manipulative activity, are necessary to stay ahead of the new compliance challenges and effectively detect and deter market manipulation and anticompetitive conduct that threatens the integrity of energy markets. The Commission will address this priority through an integrated set of initiatives designed to develop stronger enforcement tools and resources that enable FERC to detect, deter, and pursue violations more effectively.

The Commission's actions and expected results are described more fully in the following sections.

Action Index Table

CORE FUNCTION	WORKSTREAM	FERC ACTION	PAGE
1.2.1: Assess compliance and financial filings of regulated entities.	Assess, Analyze, and Administer Electric, Natural Gas, and Oil Forms	1. Gain access to additional information necessary for analytical work.	35
1.2.2: Monitor market activity and explore potential violations.	Conduct Surveillance of Natural Gas and Electric Markets	2. Prioritize the use of new technology to enhance surveillance work.	38
	Conduct Investigations	3. Undertake an initiative to impose a Duty of Candor requirement on all entities participating in Commission-jurisdictional markets and activities.	39
	Conduct Enforcement Proceedings	4. Undertake an initiative to revise or develop new penalty guidelines that apply to a wider range of violations, including violations related to natural gas certificates.	42

Performance Goal: *Ensure oversight and enforcement requirements are up to date and data is accessible.*

Performance Indicator: Milestones achieved within established timeframe		FY 2022	FY 2023
	TARGET	Achieve 100% of milestones	Achieve 100% of milestones

GOAL 1 > OBJECTIVE 1.2 > **CORE FUNCTION 1.2.1**

Assess compliance and financial filings of regulated entities.

PURPOSE OF THE CORE FUNCTION

To maximize compliance of jurisdictional entities with FERC orders, policies, and regulations.

Ensure that **consumers/stakeholders** have increased confidence in:

- The market and the ability of FERC's orders and policies to ensure just and reasonable rates, terms, and conditions.
- FERC's ability to ensure compliance with its orders and policies.

Ensure that **jurisdictional entities**:

- Are aware of existing and emerging compliance issues/factors and understand how to achieve compliance.
- Are maintaining compliance and addressing compliance issues on an ongoing basis.
- Have increased confidence in the market and the ability of FERC's orders and policies to ensure just and reasonable rates, terms, and conditions.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Conduct Compliance, Operational, Financial, and Other Audits	▪ Increase compliance by informing regulated entities of areas of noncompliance and providing encouragement, guidance, and specific recommendations for steps to take to move back into compliance.
Establish Accounting Policies and Analyze Financial Filings	▪ Inform market rule changes or other Commission actions. ▪ Ensure that market rules are effective and practicable for those who must follow them.
Assess, Analyze, and Administer Electric, Natural Gas, and Oil Forms*	▪ Ensure that jurisdictional entities comply with requirements to file electric quarterly reports (EQRs) and other forms by alerting companies of incomplete, erroneous, or absent filings and providing general guidance regarding filing requirements. ▪ Provide necessary information to the Commission to exercise its market oversight responsibilities.

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Conduct Compliance, Operational, Financial, and Other Audits

FY 2021 RESULTS.

In FY 2021, the Commission completed 12 audits of public utility, natural gas, and oil companies covering a wide array of topics. These audits resulted in 64 findings of noncompliance and 250 recommendations for corrective action, 99 percent of which were implemented within six months of the audit report issuance. The audits also directed approximately $18.5 million in refunds and other recoveries including $5.4 million to be refunded to jurisdictional customers and $13.1 million that was prevented from being inappropriately amortized and collected through future rates. These refunds and other recoveries addressed findings concerning, among other subjects, the improper application of merger-related costs; lobbying, charitable donation, membership dues, and employment discrimination settlement costs; accounting for production-related or distribution-related expenses as general or transmission-related expenses; pending income tax refunds being treated as prepayments; and compliance with the Commission's Allowance for Funds Used During Construction regulations.

FYS 2022 AND 2023 PLANNED RESULTS.

The major topic areas of the Commission audits anticipated for FYs 2022 and 2023 include energy market operations, transmission formula rates and FERC Form No. 1 reporting, market-based rates, reliability, affiliated transactions, mergers and acquisitions, fuel adjustment clauses, open access transmission tariffs, open access same-time information systems, natural gas tariffs and FERC Form No. 2 reporting, oil pipeline tariffs and FERC Form No. 6 reporting, and other accounting and financial reporting matters.

In FY 2022, the Commission expects to conclude a significant number of the audits that were open as of September 30, 2021, as the Commission resumes its standard audit operations and processes after the COVID-19 pandemic. In addition, the Commission expects to commence in FY 2022 approximately 12 audits, although this is largely dependent on the status of the COVID-19 pandemic. The Commission expects the number of audits in FY 2023 to return to its historical range of audit commencements.

Finally, the Commission will continue to work with entities to facilitate the prompt and effective understanding and implementation of audit recommendations. As such, the Commission expects to see a high success rate of implemented corrective actions continue into FYs 2022 and 2023.

Establish Accounting Policies and Analyze Financial Filings

FY 2021 RESULTS.

The Commission acted on 432 proceedings, including 145 accounting filings requesting approval of a proposed accounting treatment or financial reporting matter and 287 rate, pipeline certificate, merger and acquisition, and debt and security issuance proceedings before the Commission. These proceedings had cost-of-service rate implications, such as accounting for mergers and divestitures, asset transactions, early plant retirements, Allowance for Funds Used During Construction, pensions and other post-retirement benefits, and income taxes.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission expects to complete a similar number of accounting responses and inquiry responses (including those related to the Tax Cuts and Jobs Act of 2017), as well as requests to recover stranded costs related to premature retirements of fossil fuel generators. The Commission also expects to issue accounting guidance on emerging topics, which may result in rulemaking proceedings to amend the Commission's accounting regulations and financial reporting requirements. However, the number of accounting projects in a given year can vary, depending on the number of industry requests for Commission action. The Commission expects FYs 2022 and 2023 to be similar to FY 2021, with no external impediments to Commission work.

Assess, Analyze, and Administer Electric, Natural Gas, and Oil Forms

FY 2021 RESULTS.

In FY 2021, the Commission received EQR submittals from over 2,900 entities each quarter. In addition to ensuring the timely submission of these reports, the Commission employed an automated validation process to help assess the data's accuracy and reliability. The Commission also ensured the timely submission of FERC Form Nos. 1, 1-F, 2, 2-A, 3-Q (gas and electric), 6, 6-Q, 60 and FERC-61, totaling approximately 2,500 individual submittals.

The Commission utilizes EQR submittals to conduct ex post analytical reviews of wholesale electric market-based rate transactions to detect the potential exercise of market power. The Commission has significantly improved the data and tools it uses to identify market power issues and analyze specific sellers or concerns as part of these ex-post reviews. For example, additional dashboard functionality allows staff to analyze and visually display relevant data dynamically to identify and examine anomalous activity more easily. Staff has also added new metrics related to market power, such as liquidity measures and indicators that isolate hours with high load. The Commission continues to significantly improve its use of transmission data in market power analyses through improved quality of the data itself, as well as new techniques for identifying congestion in the bilateral markets. Lastly, data processing improvements in the Commission's ex post reviews have leveraged technology to increase the speed and efficiency of the ex post process.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission will continue its compliance efforts to ensure the timely submission of EQRs and FERC forms while also promoting the accuracy of the data. The Commission anticipates a similar number of EQR filings, FERC form filings, and ex post inquiries in both FYs 2022 and 2023.

Priority Results: Promoting a Strong and Robust Enforcement Program

Overview | **Action 1** | Action 2 | Action 3 | Action 4

FY 2021 RESULTS.

In FY 2021, the Commission continued the transition to a new format for filing FERC forms based on eXtensible Business Reporting Language (XBRL). The use of XBRL is designed to provide filers and the Commission with a more easily accessible data system, while also increasing data accuracy through a robust set of rules and validations.

In addition, Commission staff continued to engage with EQR filers and data users by holding technical conferences to discuss potential improvements to the current EQR filing requirements and process. Based on the industry feedback provided during these conferences, Commission staff worked on formulating possible revisions to the current EQR data collection.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission plans to undertake an initiative to gain access to additional information necessary for analytical work. In addition, in FY 2022, the Commission plans to enhance the process for filing FERC forms by continuing to implement the new XBRL-based filing process. This effort will increase efficiency with a new data system and increase data accuracy through a robust set of rules and validations. The Commission expects the required forms to provide more useful and easily accessible data and for the filing process to be easier as a result of these changes.

In addition, during FYs 2022 and 2023, staff will continue working on the multi-year EQR reassessment effort. In FY 2022, staff will incorporate feedback collected from industry during a series of technical conferences (held in FY 2021) into a proposal and timeline to update and modernize the fields in the EQR data collection as well as transition to a new XBRL filing platform for the EQR. In FY 2023, staff will follow the timeline for implementation of the proposal and begin development, if appropriate. The end goal of this effort includes making the filing process more streamlined for both filers and the Commission, and to increase the quality of the EQR data, which will enhance the Commission's surveillance capabilities.

In FY 2022, the Commission will explore whether other categories of data are needed for analysis and/or surveillance, which could include conducting outreach. In FY 2023, the Commission will take appropriate actions to obtain any categories of data identified in FY 2022.

GOAL 1 > OBJECTIVE 1.2 > **CORE FUNCTION 1.2.2**

Monitor market activity and explore potential violations.

PURPOSE OF THE CORE FUNCTION

To promote fair and competitive markets for energy market participants and consumers.

Ensure that **consumers/stakeholders**:

- Have increased confidence in the market and the ability of FERC's orders and policies to ensure just and reasonable rates, terms, and conditions.
- Experience minimal financial burden due to fraud, market manipulation, and other anti-competitive conduct.

Ensure that **jurisdictional entities**:

- Are deterred from engaging in market manipulation or anti-competitive conduct.
- Are able to operate on a level playing field and experience fair competition.
- Have increased confidence in the market and the ability of FERC's orders and policies to ensure just and reasonable rates, terms, and conditions.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Conduct Surveillance of Natural Gas and Electric Markets*	▪ Deter market manipulation across the FERC-jurisdictional energy markets.
Conduct Investigations*	▪ Produce a fair resolution of each investigation, including closure of that investigation, a settlement, or a move to an enforcement proceeding.
Conduct Enforcement Proceedings*	▪ Ensure entities or individuals who violate rules are held accountable. ▪ Act as a deterrent to fraud, market manipulation, and other violations.

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Conduct Surveillance of Natural Gas and Electric Markets

FY 2021 RESULTS.

In FY 2021, the Commission reviewed approximately 13,603 screen trips produced by its natural gas surveillance screens and was able to dismiss most of the screen trips as consistent with concurrent conditions. The Commission then conducted a more thorough review on the remaining screen trips. When concerns persisted, the Commission conducted a surveillance inquiry, which in some cases involved contacting market participants for additional information or to discuss the conduct at issue. In FY 2021, the Commission conducted 34 such natural gas surveillance inquiries. Of these inquiries, two were referred for investigation, 28 were closed with no referral, and four remained open with Commission staff continuing its analytic work.

In FY 2021, the Commission also ran and reviewed, on a monthly basis, 96 electric surveillance screens; monthly, hourly, and intra-hour sub-screens; and reports for over 41,000 hub and pricing nodes within the six ISOs/RTOs. Additionally, the Commission screened non-RTO/ISO markets and cross-RTO/ISO portfolio trades for potential manipulation. In FY 2021, after reviewing these electric screen trips, the Commission conducted 31 electric surveillance inquiries. Of these inquiries, two were referred for investigation, 22 were closed with no referral, and seven remained open with Commission staff continuing its analytic work.

FYS 2022 AND 2023 PLANNED RESULTS.

The number of surveillance alerts received is partially dependent on external market factors and may vary due to market or weather events. Higher numbers of alerts should not typically lead to higher numbers of inquiries because the Commission eliminates false alarms through analysis. However, events that create additional alarms can slightly decrease capacity due to the time needed to check statistics and review reports. In FYs 2022 and 2023, the Commission does not anticipate any changes to the volume of work based on known factors and will be prepared and able to respond effectively to alerts and inquiries.

The Commission often reaches out to market participants as part of its surveillance inquiries to discuss trading activities and to obtain additional non-public data. This frequent interaction between Commission staff and market participants has been positive and productive, often eliminating the need for an investigation. This reduces the burden on industry and the Commission. As these interactions continue, market participants will become more familiar with the inquiry process and better prepared to respond effectively to the Commission's requests. This should lead to further efficiency in FY 2023.

Priority Results: Promoting a Strong and Robust Enforcement Program

Overview | Action 1 | **Action 2** | Action 3 | Action 4

FY 2021 RESULTS.

The Commission staff will prioritize the use of new technology to enhance its surveillance work. The Commission's data governance organization is actively building out FERC's data analytics platform in a cloud environment to orchestrate shared data services, data technologies, and dashboards across the Commission. In FY 2021, the Commission staff continued to examine how to utilize this new technology and cloud environment to enhance the efficiency and effectiveness of its surveillance program. As part of that effort, in FY 2021 the Commission evaluated two cloud-based analytics engines that would be used for surveillance screening and analysis in the new cloud environment. In addition, the Commission began exploring other technologies that would improve how it receives, processes, and utilizes the data required for surveillance of the natural gas and electricity markets.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission expects to release the two cloud-based analytics engines evaluated in FY 2021 for user-acceptance testing by its surveillance staff. In FY 2022 and FY 2023, the Commission expects to begin migrating its surveillance screens and dashboards to the cloud-based analytics engines and testing them in the new environment. In addition, in FY 2023, the Commission expects to begin evaluating, deploying, and testing other cloud-based technologies that would improve how it receives, processes, and utilizes the data required for surveillance of the natural gas and electricity markets.

Conduct Investigations

FY 2021 RESULTS.

In FY 2021, the Commission had the following five investigation and enforcement priorities: (1) fraud and market manipulation; (2) serious violations of reliability standards; (3) anticompetitive conduct; (4) threats to the nation's energy infrastructure and associated impacts on the environment and surrounding communities, and (5) conduct that threatens the transparency of regulated markets.

In FY 2021, Commission staff opened 12 new investigations and closed four investigations without action in FY 2021. As a comparison, Commission staff opened six new investigations and closed eight without action in FY 2020. In FY 2021, the Commission approved nine settlement agreements to resolve pending enforcement matters, including eight investigations and one federal district court matter. The settlements totaled $5,915,804.30 in civil penalties and disgorgements of $1,996,726.47.

The Commission received 184 Enforcement Hotline inquiries in FY 2021, compared to the 145 inquiries in FY 2020. Nearly all inquiries resulted in prompt, informal resolution. The Commission received 146 self-reports in FY 2021, slightly more than the 126 self-reports received in FY 2020. Commission staff has closed the vast majority of these self-reports without enforcement action.

The Commission received 14 referrals from market monitors in FY 2021, compared to the 13 it received in FY 2020.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission expects its investigational priorities to remain the same. Investigation and enforcement priorities may change if there is a regulatory change, or a major violation of existing rules and regulations that reveals new areas of concern.

The Commission expects Enforcement Hotline inquiries and self-reports to remain steady. The Commission may receive more referrals in FYs 2022 and 2023 from market monitors than in previous years, as coordination continues to improve. This results in a pattern of increased and higher-quality referrals that may lead to more investigations being opened.

Priority Results: Promoting a Strong and Robust Enforcement Program

Overview | Action 1 | Action 2 | **Action 3** | Action 4

FY 2021 RESULTS.

In FY 2021, the Commission continued to detect, deter, and pursue sanctions for violations of the Commission's Duty of Candor rule, 18 C.F.R. § 35.41(b). Included in the 12 new investigations noted above, eight of those investigations included potential misrepresentations prohibited by the Duty of Candor rule. This represented 67 percent of investigations opened in FY 2021. Included in the nine settlements approved by the Commission noted above, three of those settlements involved violations of the Duty of Candor rule. In addition, the Commission continued to pursue a Duty of Candor rule violation in a federal district court case and received a favorable result in this matter. Specifically, in November 2020, the District Court for the Southern District of Ohio granted the Commission's motion for summary judgment on its claim that Coaltrain violated section 35.41(b) by making false and inaccurate statements to Commission staff.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission will explore mechanisms for strengthening its ability to require accurate and truthful communications with the Commission, Commission staff, and other organizations that the Commission relies on to assist in monitoring the integrity of the markets. The intent is to enable the Commission to get more accurate information and penalize market participants that provide inaccurate information. In FY 2022, the Commission plans to consider options for strengthening and broadening the requirement to provide accurate and truthful communications throughout the Commission's jurisdictional markets. In FY 2023, the Commission will take appropriate actions to further this priority.

Conduct Enforcement Proceedings

FY 2021 RESULTS.

In FY 2021, Enforcement staff continued litigating four matters in United States district courts to enforce the Commission's penalty assessments under the Federal Power Act. Those district court litigation matters were:

- *FERC v. Silkman et al.* (D. Maine): In 2013, the Commission filed this action to enforce its penalty assessment after determining that Competitive Energy Services, LLC, and Richard Silkman (its Managing Partner) (collectively, Defendants) violated the Commission's Anti-Manipulation Rule by engaging in a scheme related to ISO New England's day-ahead load response program. In FY 2021, the parties engaged in mediation and reached a settlement, which was approved by the Commission on November 25, 2020. Under the terms of the settlement, Defendants agreed to make payments totaling $1,475,000 over seven years, divided as follows: Competitive Energy Services, LLC will pay $166,841.13 in disgorgement to ISO New England, and a penalty of $708,158.87 to the United States Treasury, and Silkman will pay a penalty of $600,000 to the United States Treasury. Defendants admitted to the facts set forth in the settlement agreement, but neither admitted nor denied the violations. This settlement agreement is reflected in the figures above on the Commission's FY 2021 settlements.

- *FERC v. Powhatan Energy Fund LLC et al.* (E.D. Va.): In 2015, the Commission filed this action to enforce its penalty assessment after determining that the Defendants had violated the Commission's Anti-Manipulation Rule by engaging in fraudulent Up-To Congestion trades in the PJM market during the summer of 2010. The Commission engaged in discovery during FY 2021. Trial is scheduled for August 2022.

- *FERC v. Coaltrain Energy L.P. et al.* (S.D. Ohio): In 2016, the Commission filed this action to enforce its penalty assessment after determining that the Defendants violated the Commission's Anti-Manipulation Rule by engaging in fraudulent Up-To Congestion trades in the PJM market during the summer of 2010. In FY 2021, the Court issued an order resolving the parties' motions for summary judgment. In the order, the Court denied Defendants' motions to dismiss the Commission's claims for market manipulation and granted the Commission's motion for summary judgment on Defendants' affirmative defenses to those claims. As noted above in the section on the FY 2021 results related to the Duty of Candor rule, the Court also granted the Commission's motion for summary judgment on its claim that Coaltrain violated section 35.41(b).

- *FERC v. Vitol Inc et al.* (E.D. Cal.): In 2020, the Commission filed this action to enforce its penalty assessment after determining that the Defendants violated the Commission's Anti-Manipulation Rule and section 222 of the Federal Power Act by selling physical power at a loss in October and November 2013 in the California Independent System Operator day-ahead market for the purpose of eliminating congestion costs that they expected to cause losses on

Vitol's Congestion Revenue Rights positions. Defendants' motions to dismiss remained pending during FY 2021.

In addition to these district court proceedings, the Commission also acted on several Order to Show Cause proceedings during FY 2021. These proceedings were:

- *Total Gas & Power North America Inc. et al.*, Docket No. IN12-17-000: In FY 2021, the Commission ordered a hearing before an administrative law judge to determine whether Respondents engaged in market manipulation by participating in a scheme to move the price of natural gas at four locations in the southwest United States between June 2009 and June 2012.

- *BP America Inc. et al.*, Docket No. IN13-15-000: In FY 2021, the Commission denied BP's motion for rehearing of the Commission's 2016 order affirming the administrative law judge's Initial Decision. Further, the Commission ordered BP to pay $20,160,000 in civil penalties and to disgorge unjust profits in the amount of $207,169 for BP's manipulation of the natural gas market at Houston Ship Channel from September to November 2008. The Commission's decision is now on appeal before the United States Court of Appeals for the Fifth Circuit.

- *GreenHat Energy, LLC et al.*, Docket No. IN18-9-000: In FY 2021, the Commission issued an Order to Show Cause directing Respondents to explain why they should not be required, jointly and severally, to disgorge $13.1 million in wrongful gains from a scheme to manipulate PJM's Financial Transmission Rights market in violation of the Commission's Anti-Manipulation Rule and PJM's tariff. The Commission also directed Respondents to show cause why they should not pay penalties totaling $229 million for the same conduct.

- *PacifiCorp*, Docket No. IN21-6-000: In FY 2021, the Commission issued an Order to Show Cause directing PacifiCorp to show cause why it should not assess a civil penalty of $42 million against it for violating Federal Power Act section 215(b)(1) and section 39.2(b) of the Commission's regulations. The Commission directed PacifiCorp to address potentially violative conduct in failing to comply with a Commission-approved reliability standard requiring transmission owners, such as PacifiCorp, to establish and have ratings for their transmission lines that are consistent with the company's methodology for establishing those ratings.

- *Rover Pipeline, LLC*, Docket No. IN19-4-000: In FY 2021, the Commission ordered Rover to show cause why it should not be found to have violated 18 C.F.R. § 157.5 by misleading the Commission about a historic farmstead in its Application for a Certificate of Public Convenience and Necessity and attendant filings. Section 157.5 requires that certificate applications and attendant filings contain full and forthright information.

- *Boyce Hydro Power, LLC*, Docket No. P-10809-050: In FY 2021, the Commission issued an Order to Show Cause to Boyce Hydro, finding that it had violated numerous FERC dam safety orders and license provisions related to three jurisdictional projects in Michigan, and directing it to show cause why the Commission should not assess a civil penalty of $15 million for those violations.

FYS 2022 AND 2023 PLANNED RESULTS.

Three of the court proceedings described above (Powhatan Energy Fund LLC, Coaltrain Energy L.P., and Vitol Inc.), are expected to continue into FY 2022 and possibly into FY 2023. The four pending Order to Show Cause proceedings pending before the Commission may be resolved in FYs 2022 or 2023.

The level of activity in FYs 2022 and 2023 is expected to increase as the matters pending before the Commission and the federal courts move toward and possibly reach trial.

Priority Results: Promoting a Strong and Robust Enforcement Program

Overview | Action 1 | Action 2 | Action 3 | **Action 4**

FY 2021 RESULTS.

In FY 2021, the Commission continued to pursue appropriate penalties in its enforcement proceedings through consideration of (1) factors required by statute (seriousness of violations and the efforts to remedy them in a timely manner); (2) the Commission's Penalty Guidelines; and (3) factors listed in the Commission's Revised Policy Statement on Enforcement.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission will explore how to ensure that appropriate penalties are assessed for all types of violations under the Commission's jurisdiction. The intent is to make the penalty process more efficient by providing more methods to tailor penalties to specific types of cases. In FY 2022, the Commission will consider options for improving its penalty determination process for all types of violations. In FY 2023, the Commission will take appropriate actions in furtherance of this priority.

Goal 2
Overview and Funding Summary

GOAL 2: Ensure Safe, Reliable, and Secure Infrastructure Consistent With the Public Interest

OBJECTIVE 2.1: Facilitate benefits to the nation through the review of energy infrastructure proposals, including natural gas and hydropower.

OBJECTIVE 2.2: Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

Strategic Goal and Objectives *(Dollars in thousands)*		FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST	PERCENT CHANGE FY22 TO FY23
Objective 2.1	**FTE**	**239**	**241**	**248**	**2.7%**
	Funding	**$73,381**	**$72,294**	**$86,613**	**19.8%**
Program		47,744	51,597	57,027	10.5%
Support		25,637	20,697	29,585	42.9%
Objective 2.2	**FTE**	**244**	**242**	**251**	**3.6%**
	Funding	**$75,468**	**$71,912**	**$86,149**	**19.8%**
Program		49,240	51,149	56,202	44.2%
Support		26,228	20,764	29,947	44.2%
GOAL 2 SUBTOTAL	**FTE**	**483**	**483**	**498**	**3.2%**
	Funding	**$148,849**	**$144,206**	**$172,762**	**19.8%**
Application of PY Budget Authority		**(11,798)**	**(7,804)**		
GOAL 2 TOTAL	**Funding**	**$137,051**	**$136,402**	**$172,762**	**26.7%**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding

Goal 2 > Objective 2.1

Overview and Priority

OBJECTIVE 2.1: Facilitate benefits to the nation through the review of energy infrastructure proposals, including natural gas and hydropower.

CORE FUNCTION 2.1.1: Conduct thorough and timely technical review of applications to construct, operate, or modify natural gas and hydropower infrastructure.

CORE FUNCTION 2.1.2: Assess compliance with environmental mitigation conditions in FERC orders during construction and operation of natural gas and hydropower infrastructure.

● Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, Hydroelectric Projects

Priority Overview

This priority speaks to the increasing threats to the nation's energy infrastructure due to climate change as well as growing concerns of adverse impacts to environmental justice communities. It also responds to recent Executive Orders that have conveyed a renewed federal commitment to considering the greenhouse gas emission impacts of federal permitting decisions and to addressing equity and environmental justice implications of agency actions related to underserved communities. The Commission will address this priority through an integrated set of initiatives designed to balance economic, environmental, and equity factors. Additionally, this priority discusses the Commission's commitment to ensure that licensees of hydropower projects can maintain compliance with the terms of their license authorizations, including dam safety obligations; therefore, in consultation with the hydroelectric industry and stakeholders, the Commission will consider incorporating financial assurance requirements for licensees in authorizations for a new or original license, a license amendment, or a license transfer.

The Commission's actions and expected results are described more fully in the following sections.

Action Index Table

CORE FUNCTION	WORKSTREAM	FERC ACTION	PAGE
2.1.1: Conduct thorough and timely technical review of applications to construct, operate, or modify natural gas and hydropower infrastructure.	Review Applications for Interstate Natural Gas Pipeline, Storage, and LNG Projects: Application Review	1. Issue a revised certificate policy statement for natural gas infrastructure.	48
		2. Undertake an initiative to address Greenhouse Gas (GHG) emissions from Commission-approved projects.	48
		3. Undertake an initiative to address environmental justice for disadvantaged communities.	48
	Review Applications for Hydropower Projects: Application Review	4. Undertake an initiative to consider financial assurance requirements for hydropower licensees.	51

Performance Goal: *Develop necessary reforms to ensure that economic, environmental, and equity considerations are appropriately balanced in Commission decisions.*

Performance Indicator: Milestones achieved within established timeframe

	FY 2022	FY 2023
TARGET	Achieve 100% of milestones	Achieve 100% of milestones

GOAL 2 > OBJECTIVE 2.1 > **CORE FUNCTION 2.1.1**

Conduct thorough and timely technical review of applications to construct, operate, or modify natural gas and hydropower infrastructure.

PURPOSE OF THE CORE FUNCTION

To respond to energy infrastructure applications from private sector project sponsors with well-reasoned decisions, reached within a review period suitable to the complexity of the proposal.

Ensure that **stakeholders:**

- Are given a voice in the Commission's infrastructure review process.
- Are aware of how to actively participate in the Commission's review process.
- Understand FERC's decisions and the basis on which they were reached.

Ensure that **applicants:**

- Recognize the environmental issues that may influence their project design and planning.
- Understand the types of studies and field surveys they will need to conduct as part of the FERC review process.
- Understand how to adhere to the compliance requirements contained in any Commission authorization for a project.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Review Applications for Natural Gas Pipeline, Storage, and LNG Projects*	▪ Provide transparency for stakeholders regarding the potential environmental impacts and required mitigation measures for natural gas pipeline, storage, and LNG projects. ▪ Ensure that applicants and other stakeholders have up-to-date information regarding the Commission's policies and regulations. ▪ Provide a clear understanding of the Commission's environmental review process and compliance program for natural gas pipeline, storage, and LNG projects.
Review Applications for Hydropower Projects*	▪ Provide transparency for stakeholders regarding the potential environmental impacts and required mitigation measures for hydropower projects. ▪ Ensure that applicants and other stakeholders have up-to-date information regarding the Commission's policies and regulations. ▪ Inform stakeholders of licensing processes, Commission policy, and other issues regarding hydropower construction projects.

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Review Applications for Natural Gas Pipeline, Storage, and LNG Projects

The Commission's work in this area involves a pre-filing process and an application process. The Commission also engages in outreach efforts.

Pre-Filing Process

FY 2021 RESULTS.

In FY 2021, Commission staff initiated the pre-filing process for two natural gas pipeline projects and one LNG project, and continued its work on eight pre-filing reviews pending from prior years. In FY 2021, three projects completed the pre-filing process and filed formal applications with the Commission, and two pre-filing projects were withdrawn. Historically, the Commission receives an average of four pre-filing requests for LNG projects and 12 pre-filing requests for gas pipeline projects each fiscal year. Thus, the number of pre-filing reviews initiated in FY 2021 is below average for LNG and gas pipeline projects.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission estimates that between three to seven natural gas pipeline projects will be in the pre-filing stage each year in FYs 2022 and 2023. In addition, the Commission expects one to three LNG projects will initiate the pre-filing review process each year in FYs 2022 and 2023. Importantly, the Commission does not have control over the number of pre-filing reviews submitted by the industry or the overall timeline of the pre-filing review process. A company's decision regarding the construction and modification of a facility is influenced by multiple, complex external factors outside of the Commission's control.

Application Review

FY 2021 RESULTS.

In FY 2021 the Commission received 113 applications and project notifications for natural gas pipeline, storage, and LNG proposals and continued its work on 59 proceedings pending from prior years. Commission staff completed the environmental and engineering review of 117 natural gas pipeline, storage, and LNG proposals in FY 2021. This level of work represented a typical year for the Commission and resulted in the approval of approximately 345 million cubic feet per day of LNG export capacity, over 476 miles of new pipelines, and 87,646 horsepower of mainline compression.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission estimates 120 applications and project notifications for natural gas pipeline, storage, and LNG proposals in FYs 2022 and in 2023. This would be a similar number of filings to those received in FY 2021.

Priority Results: Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, Hydroelectric Projects

Overview | **Action 1** | **Action 2** | **Action 3** | Action 4

FY 2021 RESULTS.

In FY 2021, the Commission issued a notice of inquiry that sought information and stakeholder perspectives on whether and how the Commission should revise its approach to reviewing certificate applications under the 1999 policy statement on the certification of new interstate natural gas facilities. Specifically, the notice of inquiry requested comment on project need, eminent domain, and landowner interests, alternatives to the project, environmental effects, the efficiency and effectiveness of the Commission's certification process, impacts of the project on climate change, and impacts of the project on environmental justice communities. The Commission began considering comments on the notice of inquiry to determine whether and how it will revise its Certificate Policy Statement.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission plans to undertake an initiative and consider stakeholder comments to develop a revised certificate policy statement. The revised policy statement would focus on evaluating the factors that the Commission considers during its review of natural gas infrastructure applications. The intention is to enable the Commission to consider a more robust record for a proposed natural gas infrastructure project, including a wide range of evidence that may demonstrate a market need for the project, as well as any potential economic benefits and impacts, and any environmental impacts.

Also in FY 2022, the Commission will undertake a new initiative to explore options for considering, and potentially mitigating GHG emissions, in new Commission approved projects. This included a November 2021 technical conference to gather input about what is feasible or achievable in terms of GHG emissions and to get a clearer picture of what mitigation would mean for consumers. The Commission also plans to use information gathered during the conference to identify options and best practices for mitigation or reduction of GHG emissions caused by natural gas infrastructure projects. The Commission will use the results of the technical conference, and will consider stakeholder comments, to develop guidance for companies regarding its evaluation of GHG emissions from natural gas infrastructure.

In FY 2022, the Commission plans to implement an initiative to address environmental justice for disadvantaged communities that could be impacted by natural gas infrastructure. This will include the development of an equity plan for the Commission that helps Commission staff appropriately analyze the impacts of projects. In FY 2023, the Commission will compile lessons learned from the equity plan and develop a plan for next steps in the environmental justice initiative.

Outreach Efforts

FY 2021 RESULTS.

In FY 2021, Commission staff conducted a webinar focusing on the geological review as part of the Commission's certificate environmental review processes for approximately 150 stakeholders, including natural gas companies and federal permitting agencies. The webinar was designed to help industry professionals improve the quality and consistency of their geological reporting and

increase the efficiency and effectiveness of the Commission's environmental reviews. Commission staff also conducted webinars for various federal, state, and local agencies to provide an overview of the Commission's environmental review process to assist the agencies in their review of FERC-jurisdictional gas projects. Additionally, Commission staff spoke at three natural gas industry trade group conferences about the Commission's review process and participated in the American Petroleum Institute's Recommended Practice 1185 (Pipeline Public Engagement) working group. In FY 2021, Commission staff prepared 86 Tribal letters, seeking input for 10 proceedings, to various Indian Tribes.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission plans to conduct three natural gas environmental training seminars each year. Depending on the level of possible COVID-19 pandemic restrictions, these may be hosted in-person or virtually. The Commission also plans to conduct webinars for natural gas companies and other permitting agencies to learn about the environmental review process and attend trade conferences as appropriate to educate stakeholders about the FERC review process.

It is expected that the seminars and webinars will continue to provide value to potential applicants as they prepare project proposals. In collaboration with the Commission-wide effort to enhance Tribal engagement, staff also plans to conduct a similar amount of Tribal outreach efforts in FYs 2022 and 2023, as compared to FY 2021.

Review Applications for Hydropower Projects

The Commission's work in this area involves a pre-filing process and an application process. The Commission also engages in outreach efforts.

Pre-Filing Process

FY 2021 RESULTS.

During FY 2021, Commission staff received 37 notices of intent/pre-application documents to initiate the pre-filing licensing process. Of the 37 notices of intent/pre-application documents that were filed, eight were for the Commission's Integrated Licensing Process and the remaining 29 were for the Traditional Licensing Process. In addition to beginning eight Integrated Licensing Process pre-filing processes, Commission staff continued its work on 43 Integrated Licensing Process pre-filing processes that had commenced in prior years. In the course of these Integrated Licensing Process proceedings, the Commission staff conducted one scoping meeting, issued five initial study plan determinations, and issued 13 study plan modifications. Thirty-four pre-filings were concluded in FY 2021 as a result of the filing of a license application. Ten of the 34 license applications filed were prepared using the Integrated Licensing Process, 24 using the Traditional Licensing Process, and none using the Alternative Licensing Process. The level of pre-filing work is in line with staff expectations. Of the 37 notices of intent to prepare and file a license application, 32 were for projects with licenses expiring in FY 2025. The remaining five notices of intent were for

original licenses, which falls within the range of one to eight per year received over the past several years.

FYS 2022 AND 2023 PLANNED RESULTS.
Based on previous results and other known factors, the Commission anticipates that there will be 50 active Integrated Licensing Process pre-filing processes in FY 2022, and 34 active Integrated Licensing Process pre-filing processes in FY 2023. In the course of these processes, the Commission expects its staff to conduct approximately 15 scoping meetings in FY 2022 and 15 scoping meetings in FY 2023. The Commission also expects to issue approximately eight study plan determinations in FY 2022, and eight study plan determinations in FY 2023.

Application Review

FY 2021 RESULTS.
In FY 2021, the Commission received 31 license applications, one of which was for an original project and 30 of which were for projects with expiring licenses. This workload was in addition to its continuing work on 98 applications pending from prior years. In FY 2021, the Commission acted on 23 license applications, representing a total capacity of 1,431 megawatts. An additional three license applications were withdrawn by license applicants. During this same period, Commission staff issued 13 final environmental assessments on license applications, with an average processing time of seven months. During FY 2021, the Commission received one small hydropower exemption application, continued work on two additional small hydropower exemptions filed in prior years, and acted on one small hydropower exemption application. During this period, Commission staff did not issue any environmental documents for small hydropower exemption applications.

In FY 2021, Commission staff also completed 2,846 amendment-related filings. Commission staff issued seven environmental assessments on amendment applications, with an average processing time of 11 months. In FY 2021, the Commission acted on six license and exemption surrender applications, which terminated Commission jurisdiction for each of these six projects, representing a total capacity of 7,560 kilowatts. In FY 2021, the Commission acted on 11 transfers of license or exemption applications. The Commission also received 180 preliminary permit applications during FY 2021, which added to 20 pending permit applications that were filed in prior years. The Commission acted on 42 permit applications during FY 2021, and 43 permit applications were withdrawn by the applicants.

FYS 2022 AND 2023 PLANNED RESULTS.
By statute, a relicense application must be filed no later than two years prior to current license expiration. In FYs 2022 and 2023, the Commission expects to receive 56 and 22 relicense applications, respectively, for projects with expiring licenses in FYs 2024 and 2025, respectively. Based on the number of original license and small hydropower exemption applications filed in FY 2021, the Commission expects two original license and one small hydropower exemption applications to be filed in both FYs 2022 and 2023. In FYs 2022 and 2023, the Commission expects to complete a similar number of amendment-related filings as in FY 2021, and to issue nine environmental assessments on proposed amendments each year and 20 final environmental assessments each year for license and small hydropower exemption applications. The expected

final environmental assessments in FYs 2022 and 2023 for license and small hydropower exemption applications is expected to be nearly double the number issued in FY 2021.

Priority Results: Improving the Siting and Review Process for Interstate Gas Pipelines, LNG Facilities, Hydroelectric Projects

Overview | Action 1 | Action 2 | Action 3 | **Action 4**

FY 2021 RESULTS.

The Commission began an initiative to consider financial assurance requirements for licenses. In January 2021, the Commission issued a Financial Assurance Measures for Hydroelectric Projects notice of inquiry. The Commission solicited comments on possible changes to its practices for requiring financial assurance measures in hydroelectric proceedings. The Commission received comments in FY 2021 and is currently reviewing those comments.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission plans to continue its initiative to consider financial assurance requirements for licensees. Commission staff will continue to review comments from the January 2021 notice of inquiry. Also, as a follow on to the notice of inquiry, the Commission will hold a technical conference to gather industry input about whether the Commission should require additional financial assurance mechanisms in its licenses and other hydroelectric project authorizations to ensure that licensees have the capability to safely maintain their projects and carry out the Commission's license requirements. Commission staff will review industry input from the technical conference and determine potential next steps.

Outreach Efforts

FY 2021 RESULTS.

In FY 2021, due to travel restrictions and safety measures necessitated by the COVID-19 pandemic, staff postponed participating in a planned recreation workshop in Folsom, California, from FY 2021 to FY 2022. During FY 2021, Commission staff conducted four virtual licensing workshops, the purposes of which were to educate stakeholders new to licensing on the Commission's licensing processes. These workshops were well received, equipping participants with valuable information and a chance for open dialogue with Commission staff. Commission staff also sent consultation letters to Indian Tribes seeking input on appropriate cases.

FYS 2022 AND 2023 PLANNED RESULTS.

Commission staff anticipates participating in workshops to assist licensees in FYs 2022 and 2023. In FY 2022, staff plans to participate in a planned workshop in Folsom, California, to discuss recreation issues at hydropower projects. The workshop is anticipated to be attended by approximately 50 individuals, representing 20 hydropower licensees. The Commission also expects to conduct additional workshops in FYs 2022 and 2023 to prepare licensing stakeholders for the increased relicensing workload and other hydropower-related topics. In collaboration with the Commission-wide effort to enhance Tribal engagement, staff will continue to consult with Indian Tribes as appropriate.

GOAL 2 > OBJECTIVE 2.1 > **CORE FUNCTION 2.1.2**

Assess compliance with environmental mitigation conditions in FERC orders during construction and operation of natural gas and hydropower infrastructure.

PURPOSE OF THE CORE FUNCTION

To verify that project operators are meeting, as appropriate, the environmental protection obligations, engineering design requirements, and public use commitments contained in Commission authorizations.

Provide assurance to **stakeholders** that:

- Projects have oversight for meeting the responsibilities required under the Natural Gas Act and Federal Power Act.

Ensure that **applicants**:

- Understand the compliance requirements contained in any Commission authorization for a project.
- Take action to achieve and maintain compliance with the Commission's requirements.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Conduct Natural Gas Pipeline, Storage, and LNG Project Inspections/ Reviews	▪ Ensure that natural gas pipeline, storage, and LNG facility operators understand and adhere to the engineering and environmental requirements of the Commission's authorization.
Conduct Hydropower Project Inspections/ Reviews	▪ Ensure that hydropower facility owners/operators understand license/exemption requirements, are aware of any violations or areas of non-compliance, and understand the corrective actions that must be taken to achieve compliance with the Commission's authorization.

Past and Planned Results

Conduct Natural Gas Pipeline, Storage, and LNG Project Inspections/Reviews

FY 2021 Results.

In FY 2021, 248 natural gas facility compliance inspections were completed at project sites. Some of these inspections were conducted virtually rather than onsite due to safety measures and travel restrictions required due to the COVID-19 pandemic. Staff also reviewed all annual reports filed by regulated companies to ensure compliance with the Commission's requirements for construction, mitigation, and successful restoration. In FY 2021, regulated companies filed 166 annual reports under 18 C.F.R. 157.207, 148 annual reports under 18 C.F.R. 2.55, and 69 annual reports under 18 C.F.R. 284.11, for a total of 383 annual reports which were reviewed by staff. The FY 2021 results are typical of average levels.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission expects the total number of pipeline, storage, and LNG facility construction inspections to be greater than FY 2021 because onsite inspections remained limited in FY 2021 due to the ongoing COVID-19 pandemic. Commission staff expects to receive and review a similar number of annual reports filed under 18 C.F.R. 157.207, 18 C.F.R. 2.55, and 18 C.F.R. 284.11 in each of FYs 2022 and 2023.

Conduct Hydropower Project Inspections/Reviews

FY 2021 RESULTS.

In FY 2021, Commission staff completed the review and analysis of 104 engineering amendments for construction and maintenance activities at Commission-licensed projects. Commission staff completed 498 investigations of deviations from project operations in FY 2021. In most cases, the licensees and exemptees were not found in violation of their requirements. In many cases, the cause for the deviation was attributed to extreme weather conditions and mechanical malfunctions. This represents a typical workload.

Also in FY 2021, the Commission monitored commencement of construction of project works related to 22 hydroelectric projects. As staff expected, with the passage of the America's Water Infrastructure Act of 2018, the Commission saw a continued increase in requests for extensions of time to commence construction of a project as compared to FY 2018. Licensees attributed some of these extension requests to the effects of the COVID-19 pandemic.

FYS 2022 AND 2023 PLANNED RESULTS.

For FYs 2022 and 2023, it is projected that the Commission will conduct approximately 146 environmental inspections. Depending on the extent of COVID-19 pandemic restrictions, these inspections may be impacted. The Commission also expects to complete 125 engineering reviews of construction and maintenance activities in each year. The Commission anticipates completing approximately 512 investigations regarding deviations each year in FYs 2022 and 2023. The Commission will continue to monitor project commencement activities and expects the number of extensions to continue to increase through FYs 2022 and 2023 due to residual construction delays as a result of the COVID-19 pandemic.

Goal 2 > Objective 2.2

Overview and Priority

OBJECTIVE 2.2: Minimize risks to the public associated with FERC-jurisdictional energy infrastructure.

CORE FUNCTION 2.2.1: Conduct comprehensive and timely inspections of hydropower and LNG facilities to ensure compliance.

CORE FUNCTION 2.2.2: Protect and improve the reliable and secure operation of the Bulk-Power System through mandatory and enforceable reliability standards.

CORE FUNCTION 2.2.3: Protect FERC-jurisdictional energy infrastructure through collaboration and sharing best practices.

● Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Priority Overview

This priority concerns the emerging threats to electric infrastructure from extreme weather events, climate change, and cyberattacks. The Commission will address this priority through an integrated set of targeted actions designed to mitigate or avoid the adverse effects of widespread and extended power outages caused by these threats.

The Commission's actions and expected results are described more fully in the following sections.

Action Index Table

CORE FUNCTION	WORKSTREAM	FERC ACTION	PAGE
2.2.2: Protect and improve the reliable and secure operation of the Bulk-Power System through mandatory and enforceable reliability standards.	Monitor Bulk-Power System Performance and Assess the Need for Modified/New Reliability Standards	1. Prepare recommendations to the North American Electric Reliability Corporation (NERC) and the Commission regarding extreme weather and its impact on reliability through analysis, including a report on the results of an inquiry into the 2021 Texas extreme weather event, and analysis of comments from the Climate Change, Extreme Weather, and Reliability technical conferences.	60
		2. Conduct a review of Critical Infrastructure Protection (CIP) standards currently in effect to identify gaps and vulnerabilities.	60
	Review and Approve Proposed Reliability Standards	3. Analyze NERC's modified/new reliability standards to address extreme weather, climate change, and other reliability issues.	62
		4. Review NERC's proposed new cybersecurity reliability standard.	62
	Oversee the ERO and the Enforcement of Reliability Standards	5. Conduct FERC-led audits of compliance with CIP standards and identify lessons learned.	63
2.2.3: Protect FERC-jurisdictional energy infrastructure through collaboration and sharing best practices.	Collaborate With the Critical Infrastructure Community to Inform and Address Infrastructure Security	6. Develop and disseminate publications and presentations regarding energy infrastructure security to assist federal and non-federal partners with identifying and addressing emerging and ongoing cybersecurity threats, vulnerabilities, and mitigation strategies.	65
	Identify and Assess Threats and Vulnerabilities in Critical Energy Infrastructure	7. Conduct security assessment activities, including a focus on cybersecurity, to identify vulnerabilities and mitigation strategies.	67

Performance Goal: *Approve reliability standards and share best practices to mitigate risks related to electric grid reliability due to extreme weather and cybersecurity attacks.*

Performance Indicator: Milestones achieved within established timeframe	FY 2022	FY 2023
TARGET	Achieve 100% of milestones	Achieve 100% of milestones

GOAL 2 > OBJECTIVE 2.2 > **CORE FUNCTION 2.2.1**

Conduct comprehensive and timely inspections of hydropower and LNG facilities to ensure compliance.

PURPOSE OF THE CORE FUNCTION

To verify that project operators are meeting, as appropriate, the environmental protection obligations, engineering design requirements, and public use commitments contained in Commission authorizations.

Provide assurance to **stakeholders** that:

- Projects have oversight for meeting the responsibilities required under the Natural Gas Act and Federal Power Act.

Ensure that **applicants**:

- Understand the compliance requirements contained in any Commission authorization for a project.
- Take action to achieve and maintain compliance with the Commission's requirements during facility operation.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Conduct LNG Facility Inspections	▪ Alert facility owners/operators to areas of non-compliance and identify corrective actions. ▪ Ensure the safety of the public, as well as the continued operation of natural gas infrastructure facilities that have been determined to be in the public interest.
Conduct Hydropower Facility Inspections	▪ Alert facility owners/operators to areas of non-compliance and identify corrective actions. ▪ Ensure the safety of the public, as well as the continued operation of hydropower infrastructure facilities that have been determined to be in the public interest.

Past and Planned Results

Conduct LNG Facility Inspections

FY 2021 RESULTS.

In FY 2021, Commission staff conducted LNG inspections in-person and virtually: 29 construction inspections were conducted at four terminal expansions, two new LNG terminals, and two peak-shaving facilities under construction. This is down from the previous year and similar to the average over the past five years, but the number of inspections was less than projected because some projects postponed construction activities due to the COVID-19 pandemic and general market conditions. In addition, 15 operational inspections/technical reviews were conducted in-person or virtually at six peak-shaving facilities and nine LNG terminals. The number of operations inspection/technical reviews was the same as the average over the previous five years.

FYS 2022 AND 2023 PLANNED RESULTS.

Between 15 and 35 construction and pre-operational inspections are anticipated for FY 2022, at between three and six LNG terminals, and at one peak-shaving facility. The ultimate number of inspections will depend on the commencement of construction facilities. In FY 2023, the number of LNG facility construction and pre-operational inspections may increase, depending on the market conditions and financial investment decisions of the 15 approved LNG export terminal projects, the three proposed LNG terminal projects, and three pre-filing LNG terminal projects currently before the Commission. The number of operational inspections is expected to be 16 in FY 2022 and 17 in FY 2023.

Conduct Hydropower Facility Inspections

FY 2021 RESULTS.

In FY 2021, Commission staff conducted 700 inspections which is significantly less than normal due to the necessary safety measures and travel restrictions imposed in response to the continued COVID-19 pandemic. Commission inspections during much of FY 2021 were limited to incident response, critical construction or foundation inspections, and the inspection of critical high or significant hazard potential dams. Of the total number of inspections conducted this year, about 6 percent were construction inspections to ensure the new construction and remedial construction projects were being completed properly. Approximately 8 percent were special inspections meant to either assess a project after a flood event or to investigate an issue of concern noted by the licensee or exemptee. The remainder of the inspections were the dam safety inspections. In addition, Commission staff requested that jurisdictional dam owners provide information from their own inspections of their projects. Commission staff also conducted 12 in-person physical security inspections and four remote cyber security audits at prioritized dams, again limited by the response to the pandemic. Commission staff focused on reviewing the Annual Security Compliance Certifications and ensuring data fidelity. Commission staff also reviewed 186 independent consultant reports to make certain the structural integrity of jurisdictional dams was maintained and met established dam safety criteria. During FY 2021, the Commission continued its

intent of improving the guidance and expectations for the five-year independent audits of Owner's Dam Safety Programs.

The quality of an Owner's Dam Safety Program is considered one of the best ways to ensure the safety of jurisdictional dams. The required audits help to ensure that the Owner's Dam Safety Programs for all of the licensees and exemptees who own high-hazard projects are fully assessed and effective. Commission staff was heavily involved in the Level 2 Pilot Risk Analysis at Oroville Dam. The staff is using the lessons learned from this effort to further define the Commission's risk-informed decision-making program. The Commission also continued its efforts to amend its regulations governing safety inspections by independent consultants through its proposed rulemaking in Docket No. RM20-9-000. This proposed rulemaking introduces the concept of a team of consultants to perform comprehensive and periodic inspections to ensure complex projects will be inspected by individuals with the necessary experience and expertise for the site-specific conditions.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission anticipates that COVID-19 travel restrictions may lessen, and expects to conduct approximately 1,500 inspections, similar to the pre-COVID 19 pandemic levels of FY 2019. The Commission also expects the number of independent consultant inspection report reviews to remain steady through FY 2023. In December 2021, the Commission finalized updates to its hydropower project safety regulations, in Docket No. RM20-9-000, to promote continued safe operation, maintenance, and repair of jurisdictional projects for protection of life, health and property in surrounding communities. The final rule incorporated two tiers of project safety inspections by independent consultants; codified existing guidance requiring certain licensees to develop owners' dam safety programs and public safety plans; and updated existing regulations related to public safety incident reporting. The Commission will continue to consider how its ongoing notice of inquiry and April 2022 technical conference regarding financial assurance mechanisms in Commission authorizations would impact the dam safety program. In addition, the Commission expects to continue to assess the physical and cyber security compliance for all high-risk jurisdictional dams. Assessments include security document review, focused field inspection of on-site assets, and remote cyber security audits focused on the protection of remotely operated assets.

In FYs 2022 and 2023, the Commission will continue implementation of risk-informed decision making through completion of several pilot projects. Additionally, the Commission will continue to train staff, dam owners, and consultants in risk-assessment procedures, methodologies, and tools. Refinement of the guidelines and procedures will continue to be carried out in an open, collaborative process with representatives of the hydropower industry, including Commission-regulated licensees. Additionally, Screening Level Risk Analysis is beginning to be internally used within the Commission's dam safety program to guide the use of resources where they can best be focused. These efforts will run parallel to the traditional dam safety inspections and together will ensure public safety. The Commission will continue to develop its cyber security program and associated guidelines, based on recent successful attacks on critical infrastructure through on-going stakeholder engagement and collaboration with partner regulatory agencies.

GOAL 2 > OBJECTIVE 2.2 > **CORE FUNCTION 2.2.2**

Protect and improve the reliable and secure operation of the Bulk-Power System through mandatory and enforceable reliability standards.

PURPOSE OF THE CORE FUNCTION

To promote the reliability and security of the Bulk-Power System that delivers essential services to end users every moment of every day.

Provide assurance to **consumers/stakeholders** that:

- Blackouts and major Bulk-Power System disruptions are investigated, and results are used to prevent future blackouts and disruptions.
- Bulk-Power System planning and operation oversight leads to mandatory standards that evolve with the changing resource mix to continue to support reliable and safe operation.

Provide assurance to **users/owners/operators** that:

- Reliability and security standard development oversight leads to standards that efficiently and effectively support reliable and secure operation.
- ERO audits, investigations, and other compliance monitoring processes are fair and consistent and their outcomes, including penalties, are appropriate and reasonable.
- They have a voice and can provide input regarding trends affecting Bulk-Power System reliability and the range of possible actions to take to maintain and improve reliable and secure Bulk-Power System operations.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Monitor Bulk-Power System Performance and Assess the Need for Modified/New Reliability Standards*	▪ Ensure that FERC is up to date on the performance of the Bulk-Power System and the implications of any trends on continued reliability and security of the Bulk-Power System. ▪ Ensure that enforceable reliability standards are sufficient to maintain the reliability and security of the Bulk-Power System given the changes facing the electric industry. ▪ Apply lessons from previous blackouts and other grid-related cybersecurity events to prevent the reoccurrence of similar events.
Review and Approve Proposed Reliability Standards*	▪ Ensure that approved mandatory standards support reliable and secure grid planning and operations. ▪ Provide reasonable notice and opportunity for public comment prior to Commission action.
Oversee the ERO and the Enforcement of Reliability Standards*	▪ Ensure the ERO's enforcement efforts result in effective reliability and security practices. ▪ Improve entities' compliance with reliability standards. ▪ Improve the overall security posture of industry.

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Monitor Bulk-Power System Performance and Assess the Need for Modified/New Reliability Standards

FY 2021 RESULTS.

In July 2021, the Commission issued a joint report with NERC exploring how reliability coordinators and transmission operators perform real-time assessments of operating conditions during times when their data or tools are impaired. The report included findings and recommendations on best practices for ensuring continued reliable grid operation during a loss or degradation of data or primary tools used to maintain situational awareness.

FYS 2022 AND 2023 PLANNED RESULTS

In FYs 2022 and 2023, following completion of a joint study with NERC regarding protection system commissioning programs the Commission plans to consider whether any directives to improve relevant reliability standards are required. In FY 2022, the Commission anticipates determining whether changes to the reliability standards are necessary regarding certain foreign-supplied equipment and services (Docket No. RM20-19-000). In addition, the Commission expects to evaluate the need for changes to the reliability standards related to the classification and protection of certain cyber assets related to the operations of the Bulk-Power System.

During FY 2022, Commission staff will analyze the record developed in active proceedings to identify possible further Commission action. Additionally, Commission staff will participate in the Electric Reliability Organization (ERO) and industry emerging technologies working groups and follow the research and development of the Department of Energy and the National Laboratories closely. This will enable the Commission to remain informed of new technology and industry efforts as they relate to the reliability and security of the grid.

Priority Results: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Overview | **Action 1** | **Action 2** | Action 3 | Action 4 | Action 5 | Action 6 | Action 7

FY 2021 RESULTS.

In FY 2021, the Commission initiated an inquiry into the February 2021 cold weather event in Texas. In September 2021, the Commission presented a preliminary report containing findings and recommendations, including recommendations for additional modifications to the reliability standards to prevent outages due to extreme cold weather. The Commission also held a Climate Change, Extreme Weather and Electric System Reliability Technical Conference to discuss issues surrounding the threat to electric system reliability posed by climate change and extreme weather events. The conference also obtained industry input regarding ways to mitigate potential impacts related to these events. The Commission also conducted its annual Reliability Technical Conference, to discuss policy issues related to the reliability of the Bulk-Power System.

In December 2020, the Commission issued a notice of inquiry seeking comments on the potential benefits and risks associated with the use of virtualization and cloud computing services in association with bulk electric system operations. The Commission also sought comments on

whether barriers exist in the Commission-approved CIP reliability standards that impede the voluntary adoption of virtualization or cloud computing services.

FYS 2022 AND 2023 PLANNED RESULTS.

For the extreme weather component of this priority, the Commission completed its ongoing inquiry into February 2021 cold weather event in Texas, and in November 2021 published a joint inquiry report with NERC. The Commission also expects to complete its evaluation of the comments obtained from the Climate Change, Extreme Weather, and Reliability Technical Conference. Based on the results of the inquiry and the evaluation of comments, Commission staff will assess whether additional changes are needed to relevant reliability standards and prepare any warranted recommendations for NERC and/or Commission actions. In FY 2023, FERC will continue to work with industry to discuss concerns about how increasing frequency, intensity, geographic expanse, and duration of extreme weather events may increase the number and severity of weather-induced events in the electric power industry.

For the cybersecurity component of this priority, Commission staff will implement a coordinated approach that includes multiple components. In FY 2022, the Commission anticipates determining whether changes to the reliability standards are necessary in light of the information received in response to Notices of Inquiry issued in FY 2020 regarding alignment of the cybersecurity reliability standards with the NIST cybersecurity framework and the risk of a coordinated cyber-attack on the grid (Docket No. RM20-12).

Commission staff will also pursue cybersecurity priorities in supply chain risk management, cloud and emerging technologies, as well as improvements and efficiencies for the CIP reliability standards. Also in FY 2022, Commission staff will process an informational filing from NERC, received early in the year. The NERC filing, written in response to a Commission order, considered the feasibility of modifying the CIP reliability standards to facilitate the voluntary use of virtualization and cloud computing for purposes beyond data storage (i.e., to perform BES reliability operating services). The filing also delineated the status and schedule for any NERC plans to modify the CIP reliability standards. Finally, staff will continue to track global cyber activity, new and emerging cybersecurity threats, and advancements in mitigation. Based on knowledge and insight gained from these activities, staff will conduct a review of CIP standards currently in effect to identify any gaps or vulnerabilities. In FY 2023, Commission staff will continue to examine these issues, including through work with NERC, as appropriate.

Review and Approve Proposed Reliability Standards

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue its focus on maintaining reliability amid changes in the resource mix, including greater reliance on inverter-based resources and distributed energy resources. NERC is developing revisions to multiple reliability standards to better integrate inverter-based resources into the Bulk-Power System. In FYs 2022 and 2023 the Commission expects to determine appropriate agency actions in this area. NERC is also developing another list of reliability standard requirements that may be retired in a second phase of its standard efficiency review project. In FYs 2022 and 2023, the Commission anticipates

reviewing and taking appropriate action on this proposal following its receipt, along with completing action on the remaining portion of the first phase of the project.

In FY 2022, in response to a Commission directive, the Commission anticipates NERC filing a revised reliability standard addressing communications between Control Centers. Additionally, the Commission expects NERC to submit modifications to reliability standards addressing the criteria for low impact facilities.

Also in FY 2022, Commission staff anticipates processing a NERC filing of reliability standards that require protections regarding the availability of communication links and data communicated between the Bulk Electric System Control Centers**.**

Priority Results: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Overview | Action 1 | Action 2 | **Action 3** | **Action 4** | Action 5 | Action 6 | Action 7

FY 2021 RESULTS.

In FY 2021, the Commission approved revisions to three standards (EOP-011-2, IRO-010-4, and TOP-003-5), which NERC submitted for Commission review in FY 2021 to improve reliability related to cold weather performance. The Commission also approved three cyber security reliability standards: CIP-013-2 (Cyber Security – Supply Chain Risk Management), CIP-005-7 (Cyber Security – Electronic Security Perimeter(s)), and CIP-010-4 (Cyber Security – Configuration Change Management and Vulnerability Assessments).

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission issued a NOPR directing NERC to develop and submit for Commission approval new or modified reliability standards that require internal network security monitoring within a trusted Critical Infrastructure Protection networked environment for high and medium impact Bulk Electric System Cyber Systems. Commission staff expects to issue a final rule after processing comments received from the NOPR. The Commission also anticipates receiving for review ERO-developed reliability standards or modifications to standards in the areas of virtualization, cloud computing, and supply chain risk management, for which NERC has active development efforts, among others. Relative to the extreme weather and climate change aspect of this priority, the Commission expects NERC to file proposed reliability standard changes in FY 2023. The Commission will consider and act on that proposal, which also may occur in FY 2023.

For the cybersecurity aspects of this priority, NERC may propose new cybersecurity reliability standards in FY 2023. The Commission will consider and act on any such proposal, which also may occur in FY 2023.

Oversee the ERO and the Enforcement of Reliability Standards

FY 2021 RESULTS.

The Commission observed five operations and planning audits. The Commission also reviewed 30 notices of penalty filed by NERC citing reliability standard violations to ensure that the proposed penalties were appropriate.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission plans to complete audits of two entities registered as reliability coordinators. These are entities that have the highest level of authority and responsibility for the reliable operation of the Bulk-Power System, for compliance with operations and planning, cybersecurity, and physical security reliability standards. The Commission will continue to conduct audits of other critical reliability standards or functions. The Commission will also focus on compliance with critical operations and planning reliability standards, including those related to transmission owner's facility ratings.

In FYs 2022 and 2023, the Commission will oversee 24 ERO-led audits and continue to review and act upon NERC-proposed penalties.

Also in FY 2022, Commission staff will process compliance filings from the ERO as a result of the order issued regarding the review of NERC's five-year performance assessment of the ERO, observe NERC's required audits of its six Regional Entities, and propose appropriate action to address any deficiency discovered.

Priority Results: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Overview | Action 1 | Action 2 | Action 3 | Action 4 | **Action 5** | Action 6 | Action 7

FY 2021 RESULTS.

In FY 2021, the Commission continued to conduct CIP reliability standards audits of jurisdictional entities. These audits help the Commission evaluate jurisdictional entities' compliance with the CIP reliability standards. While some potential compliance infractions were discovered during the audits, most of the cybersecurity processes and procedures adopted by the audited jurisdictional entities met the mandatory requirements of the CIP reliability standards. In addition, the Commission observed 11 ERO-led audits, which included six cybersecurity audits.

In FY 2021, the Commission utilized information gained while conducting CIP reliability standards audits to provide the basis for the Commission to make recommendations to the entities regarding cybersecurity best practices. These recommendations were shared with the industry in the annual Lessons Learned staff reports that the Commission issued in FY 2021.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission plans to conduct four FERC-led audits that focus on compliance with cybersecurity reliability standards. Based on these audits, staff will prepare a lessons-learned report for industry, and, for internal use, staff will document its findings regarding to CIP compliance issues, promising industry practices, and areas for industry improvements.

GOAL 2 > OBJECTIVE 2.2 > **CORE FUNCTION 2.2.3**

Protect FERC-jurisdictional energy infrastructure through collaboration and sharing best practices.

PURPOSE OF THE CORE FUNCTION

To identify, communicate, assess, and address cyber and physical security threats on FERC-jurisdictional infrastructure through voluntary collaboration.

Provide assurance to **consumers/stakeholders** that:

- Operators of critical energy infrastructure facilities have access to the information and tools needed to secure their cyber and physical facilities.

Provide **energy facility owners/operators and stakeholders** with:

- Accurate and helpful alerts about the latest cyber and physical threats.
- Methods to address threats against their facilities.
- Access to classified information tailored to their needs.
- Clear best practices and tools for enhancing and maintaining cyber and physical security.
- Coordination with other sectors of critical infrastructure.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Collaborate with the Critical Infrastructure Community to Inform and Address Infrastructure Security*	▪ Ensure that other government agencies have information about the security posture of jurisdictional entities. ▪ Assist the critical infrastructure community to identify cyber and physical security priorities to inform best practices and mitigation strategies that protect against threats and vulnerabilities.
Identify and Assess Threats and Vulnerabilities in Critical Energy Infrastructure*	▪ Enable FERC to enhance and maintain cyber and physical security among critical infrastructure energy facilities. ▪ Allow FERC to analyze and understand broader infrastructure issues and provide a basis for identifying common vulnerabilities and developing best practices to mitigate them. ▪ Obtain feedback and insight about the efficacy of the advice, recommendations, and guidance it provides to owners of jurisdictional infrastructure.

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Collaborate with the Critical Infrastructure Community to Inform and Address Infrastructure Security

FY 2021 RESULTS.

In FY 2021, the Commission maintained its partnerships with key federal agencies such as the Department of Homeland Security, Department of Energy, Department of Defense, Transportation Security Administration, Office of the Director of National Intelligence, and several others. Commission staff also supported other working groups, councils, and committees on critical infrastructure security matters such as supply chain security, pipeline security, and incident response. These included the: Electricity Subsector Coordinating Council, Critical Infrastructure Partnership Advisory Council, Federal Senior Leadership Council, Homeland and Critical Infrastructure Resilience Interagency Policy Committee, Information and Communications Technology Supply Chain Risk Management Task Force, Interagency Policy Committee on Counter-Ransomware Efforts, and Cyber Response Group, among others.

In particular, Commission staff partnered with the White House Office of Science and Technology Policy, the National Science and Technology Council (including its Hazards Subcommittee and its Space Weather Operations Research and Mitigation Working Group), and the National Security Council (including its Electromagnetic Pulse-Resiliency Sub Policy Coordination Committee). Participation on these committees provided Commission staff with the opportunity to assist with efforts to conduct a joint research project with the Department of Energy, through Sandia National Laboratory. The project helped Commission staff to better understand and address power transformer vulnerabilities due to geomagnetic disturbances and electromagnetic pulses.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will maintain its current contacts and partnerships within the critical infrastructure community and will seek to develop new contacts and partnerships as appropriate. Commission staff will also continue to draw on the knowledge and insight gained from these partnerships to develop best practices that regulated entities can adopt to address threats and vulnerabilities. The Commission will continue to use multiple avenues to share this guidance and encourage its use among critical infrastructure partners.

Priority Results: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Overview | Action 1 | Action 2 | Action 3 | Action 4 | Action 5 | **Action 6** | Action 7

FY 2021 RESULTS.

On July 27, 2021, Commission staff testified before the U.S. House Committee on Oversight and Reform, Subcommittee on National Security at its hearing on "Defending the U.S. Electric Grid Against Cyber Threats." The purpose of the hearing was to examine the security of the U.S. electric grid in light of the recent uptick in cyber incidents targeting government and critical infrastructure systems.

The Transportation Security Administration requested Commission staff's review of its Security Directives regarding Pipeline Cybersecurity Mitigation Actions, Contingency Planning, and Testing which assisted critical natural gas pipelines to better identify, protect against, and respond to cybersecurity threats. Commission staff provided substantive technical edits for consideration prior to the publication of the directive.

Commission staff, with NERC and its Electricity Information Sharing and Analysis Center, worked to initiate, develop, and issue a Level II alert titled "Supply Chain Compromises by Advanced Persistent Threat Actor" (Alert), to inform NERC-registered entities about the SolarWinds breach, applicable recommendations, and reporting instructions. Subsequently and jointly with NERC, Commission staff developed a whitepaper to further analyze and address this attack for FERC-jurisdictional entities and present effective and specific mitigation techniques.

Lastly, Commission staff participated in the Department of Homeland Security, Cybersecurity and Infrastructure Security Agency joint agency effort to define the parameters, technical details, and mitigation actions related to the Blackberry QNX Real Time Operating System BadAlloc vulnerability. The Department of Homeland Security, the Department of Energy, FERC, US Coast Guard, General Electric, and Blackberry collaborated to analyze aspects of the vulnerability to systematically alert regulated entities to operational impacts, related indicators of compromise, and patch deployment.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue to collaborate with the critical infrastructure community to inform and address infrastructure security. Through this collaboration, Commission staff can continue to develop best practices and mitigation strategies which it will subsequently share with its industry partners, as appropriate.

Identify and Assess Threats and Vulnerabilities in Critical Energy Infrastructure

FY 2021 RESULTS.

The Commission also conducts voluntary and collaborative on-site physical security reviews with owners of FERC-jurisdictional entities. At the request of the owners, Commission staff, along with staff from other agencies such as the Department of Energy and the Department of Defense, with staff from the requesting entity, perform on-site physical security reviews related to detection and protection methods employed at the facility. Beginning in 2020, on-site assessments were suspended due to COVID-19.

In addition, Commission staff actively participated in several exercises to assess cyber and physical security readiness, including Cyber Yankee, grid security exercises, and the National Electromagnetic Pulse Exercise, among others. Cyber Yankee is an annual exercise for the New England Army National Guard Defensive to assess and improve their operational readiness, as well as the readiness of utility participants (electric, natural gas, water, and telecommunications), to a realistic cyberattack on the North American power grid. The Federal Emergency Management Agency conducted the National Electromagnetic Pulse Exercise to test the preparedness and

response of the nation to the effect of an electromagnetic pulse or extreme geomagnetic disturbance event—as required by section 1740 of the National Defense Authorization Act of 2019. NERC's Electricity Information Sharing and Analysis Center conducts biennial grid security exercises. These are distributed play grid exercises that allow participants to engage remotely, simulating a cyber and physical attack on the North American electricity grid and other critical infrastructure.

FYS 2022 AND 2023 PLANNED RESULTS.

Commission staff will continue to participate in physical security reviews and infrastructure security exercises to understand broader infrastructure issues and provide a basis for identifying common vulnerabilities and best practices to mitigate them.

Priority Results: Safeguarding Electric Infrastructure from Emerging Threats to Reliability and Security

Overview | Action 1 | Action 2 | Action 3 | Action 4 | Action 5 | Action 6 | **Action 7**

FY 2021 RESULTS.

Commission staff conducts voluntary and collaborative on-site security assessments with owners of FERC-jurisdictional entities, including a focus on cybersecurity. These assessments leverage Commission knowledge of the energy sector threat landscape, focusing on vulnerabilities that impact operational control systems–-particularly at interfaces between generation, transmission, and distribution. The assessments allow greater insight into the gap between industry cybersecurity practices and the adoption of recommended practices. In FY 2021, due to travel restrictions as a result of the COVID-19 pandemic and restrictions on visitors, performing on-site assessments was severely limited. However, Commission staff forged new ground by successfully conducting the first ever partial Architectural Assessment in a virtual environment. This assessment was a success, covering portions of the agenda that were most easily converted to a virtual environment. Commission staff has already planned and scheduled a follow up on-site assessment for FY 2022.

In addition, staff updated and distributed the Cybersecurity Incident Response Checklist to stakeholders; this checklist was designed to support a public utility commission, with oversight of utilities within a state, in response to a cyber incident. Staff also updated and distributed the State Regulator's Utility Security Evaluation Checklists to stakeholders. State Commissions can use an abbreviated checklist as an executive summary tool to help them evaluate the strength of a regulated public utility's cybersecurity program, for both informational and operational technology systems.

FYS 2022 AND 2023 PLANNED RESULTS.

To address the cybersecurity aspect of this priority, Commission staff plans to continue to conduct voluntary architectural assessments in both FYs 2022 and 2023 that include a focus on cybersecurity. The assessments will encompass energy utilities, which may include electric entities, natural gas pipelines, liquified natural gas terminals, and hydropower facilities.

Goal 3
Overview and Funding Summary

GOAL 3: Provide Mission Support Through Organizational Excellence

OBJECTIVE 3.1: Manage resources effectively through an engaged workforce.

OBJECTIVE 3.2: Facilitate trust and understanding of FERC activities by promoting transparency and equity, open communication, and a high standard of ethics.

Strategic Goal and Objectives *(Dollars in thousands)*		FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 REQUEST	PERCENT CHANGE FY22 TO FY23
Objective 3.1	**FTE**	**233**	**233**	**229**	**-1.7%**
	Funding	**$68,814**	**$65,676**	**$75,413**	**14.8%**
Program		43,760	45,695	48,085	5.2%
Support		25,054	19,981	27,328	36.8%
Objective 3.2	**FTE**	**76**	**81**	**102**	**25.7%**
	Funding	**$21,852**	**$22,193**	**$33,304**	**50.1%**
Program		13,706	15,197	21,058	38.6%
Support		8,145	6,997	12,246	75.0%
GOAL 3 SUBTOTAL	**FTE**	**309**	**314**	**331**	**5.4%**
	Funding	**$90,666**	**$87,869**	**$108,717**	**23.7%**
Application of PY Budget Authority		**(7,186)**	**(4,755)**		
GOAL 3 TOTAL	**Funding**	**$83,480**	**$83,114**	**$108,717**	**30.8%**

Notes: The amounts included for 2022 reflect the annualized level provided by the continuing resolution (CR).
Numbers may not add up due to rounding

Goal 3 > **Objective 3.1**

Overview

OBJECTIVE 3.1: Manage resources effectively through an engaged workforce.

CORE FUNCTION 3.1.1: Maintain processes and provide compliant services that enable FERC offices to manage resources effectively and efficiently.

CORE FUNCTION 3.1.2: Provide tools and services that enable employees to perform their jobs effectively and drive FERC's success.

GOAL 3 > OBJECTIVE 3.1 > **CORE FUNCTION 3.1.1**

Maintain processes and provide compliant services that enable FERC offices to manage resources effectively and efficiently.

PURPOSE OF THE CORE FUNCTION

To enable leadership to prioritize resource allocations and make prudent investments that yield returns that directly benefit FERC's mission while complying with federal requirements.

Provide assurance to **external stakeholders** that:

- FERC is a good steward of the financial and human resources entrusted to it.
- FERC maintains the assets, resources, and capabilities to carry out its legislative mandate and achieve its mission.
- FERC operates in full compliance with regulations and laws and is fully accountable to its varied stakeholders.

Ensure **FERC offices**:

- Have the resources they need to carry out operations.
- Are compliant with applicable laws and regulations.
- Have the support and guidance to achieve operational excellence and efficiency.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Design and Implement Effective Internal Control and Accountability Systems	▪ Ensure FERC's operations are carried out according to deliberate and purposeful plans and that risks are effectively managed. ▪ Provide FERC the ability to assess and provide reasonable assurance of achieving effectiveness and efficiency of operations, compliance with requirements, and reliability of reporting.
Manage FERC's Finance, Accounting, and Acquisition Requirements	▪ Ensure the effective, efficient, and transparent use of FERC's financial resources. ▪ Document and demonstrate FERC's financial stewardship, integrity, and accountability to external audiences.
Design and Implement Human Capital Strategies to Attract a Diverse and Effective Workforce	▪ Ensure FERC can recruit the best candidates from across the country. ▪ Maintain a workforce with the right skills and competencies needed to achieve its mission. ▪ Ensure FERC supports and maintains a diverse, healthy, and robust workforce.
Maintain a Secure and Reliable IT Infrastructure	▪ Ensure that IT serves as a resource-multiplying asset to provide better quality information and faster service for FERC's internal and external customers.
Maintain the Safety, Security, and Resilience of FERC Operations	▪ Ensure the safety, security, and resilience of FERC operations and locations. ▪ Ensure that FERC has access to sensitive information and data from the intelligence community to monitor threats to energy infrastructure and to inform threat mitigation strategies.

Past and Planned Results

Design and Implement Effective Internal Control and Accountability Systems

FY 2021 RESULTS.

In FY 2021, the Commission continued its efforts to coordinate and integrate a comprehensive and effective enterprise risk management capability. The enterprise risk management program is combined with a strong and effective internal control program which continues to support effective and efficient mission delivery and data-driven decision-making processes. This capability is also coordinated with the strategic planning and strategic review process established by the Government Performance and Results Act Modernization Act, and the internal control processes required by the Federal Managers' Financial Integrity Act. In FY 2021, the Commission developed and implemented a governance structure to oversee the requirements of an effective risk management control system.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue its efforts implementing and integrating enterprise risk management with program performance reviews, strategic and tactical planning. When fully implemented, it will provide an enterprise wide, strategically aligned portfolio view of organizational challenges and opportunities which supports an improved insight to prioritize and manage risks to mission delivery more effectively.

Manage FERC's Finance, Accounting, and Acquisition Requirements

FY 2021 RESULTS.

In FY 2021, the Commission received an unmodified financial statement audit opinion, which means the Commission's financial data is properly presented without any material misstatements. The Commission began a multi-phase project of enhancing its financial management systems by implementing a software solution designed to increase efficiencies in workload and costs. These enhancements will streamline demand, leverage and support customer demand for effective advanced planning, and systematically advance execution and produce tailored reports that support financial data driven decision-making.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue its effort to implement the final phases of enhancing its financial management software systems and technologies. The software solutions will automate and integrate a significant number of manual processes, increase transparency and reporting, and improve financial awareness of Commission staff. This will ultimately improve financial system user satisfaction, yield cost savings and productivity gains. Utilizing the software solution, the Commission will also implement advanced acquisition planning to build more effective strategies for acquiring goods and services in support of the Commission's mission. This will improve the budget planning and execution process and make the acquisition of goods and services more efficient, thus ensuring these resources are available in a timely manner for efficient

and effective Commission operations. The Commission will also enhance its financial management reporting capabilities by providing Commission staff with timely and essential information necessary to make critical decisions regarding execution activities.

Design and Implement Human Capital Strategies to Attract a Diverse and Effective Workforce

FY 2021 RESULTS.

FY 2021, the Commission continued its multi-year human capital operating plan initiative to address gaps and vulnerabilities by conducting and completing a comprehensive workforce analysis study. The workforce analysis helped Commission managers identify staffing, critical needs, and competency needs. This study enabled the Commission to develop plans and hiring strategies to meet the required resource levels needed to accomplish its mission.

The Commission's hiring strategy maximized its authorized FTE level, by finishing the year with a 99 percent execution rate. The Commission averaged a 53-day time to hire.

Commission leadership worked collaboratively with its employee resource groups and developed a comprehensive Diversity and Inclusion Strategic Plan. This plan will strive to strengthen our FERC community by removing barriers impeding equal opportunity for all Commission employees. Additionally, the plan is aligned to achieve the Equal Employment Opportunity Commission's mandated recruitment and hiring goals for all employees. This initiative will also develop and implement specific actions that will have a measurable and positive impact on the workplace.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue the multi-year human capital operating plan objectives to recruit and retain a world class workforce required to support the Commission's mission and will refine the workforce analysis by integrating new workforce demands, data analytics and dashboard visualizations. The data-driven decision making will support workforce modeling and forecasting to support data-driven human capital management decision making.

Further, the Commission will continue to use direct hire authorities to reach a targeted 99 percent FTE execution rate and monitor the impacts to workforce planning. Over the next three years, and despite aggressive hiring efforts, the limited talent pool in the identified mission-critical occupational series could continue to negatively impact the Commission's efforts to hire highly skilled staff ahead of double-digit attrition rates. Further, compensation constraints prevent the Commission being competitive in the job market which significantly impacts its ability to attract and retain employees with the necessary skill sets. These issues are compounded by higher costs of living in the Washington, D.C. headquarters and in the San Francisco Regional Office. The Commission anticipates these factors will continue to increase and be relevant over the next several years and will continue to take them into account while implementing its hiring strategies. Recruitment efforts will continue to be a priority due to the significance and impact on future mission and program performance.

In FY 2022, the Commission anticipates the release of its Diversity and Inclusion Strategic Plan and will implement the two identified objectives that are the foundation of the integrated diversity and inclusion strategy. The two objectives target both proximate and systemic outcomes and are accompanied by strategic responses pointing to specific action steps, including supporting FERC to achieve a more diverse and skilled talent pipeline.

Maintain a Secure and Reliable IT Infrastructure

FY 2021 RESULTS.

In FY 2021, the Commission obtained and transitioned two new IT support services contracts to support capital planning, investment control, and enterprise program management capabilities for the CIO organization. The Commission also awarded a blanket purchase agreement for its Application Layer Modernization initiative, which supports modernization of its mission critical business. This initiative will be a multi-year effort to upgrade the Commission's various mission-critical and support applications by developing an integrated application platform to increase self-service capabilities, leverage cloud-based technologies, and improve maintainability. It will also provide an enhanced user experience to access Commission information in a secure manner. The Commission will continue to deploy additional work sets into cloud-based services, enhance security monitoring of cloud environments, and user access to systems. Additionally, the Commission will continue to refresh employee endpoint devices and core infrastructure components. Based on these investments, the Commission expects to gain operational efficiencies from a stable and secure environment and realize an improved use of mission-related information and technology.

Availability of mission-related information is increasing, which presents opportunities for the Commission to leverage analytics. The Commission continued the maturity and growth of its data governance program by expanding the data analytics platform, integrating new data sources, inventorying data assets and data sets, and integrating new data technologies to deliver a more comprehensive analytic capacity to staff across the Commission.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022 and 2023, the Commission will continue to increase resources within the IT Support Services Contract. This will support daily operations and fulfill planned initiatives such as routine refreshes for copiers, laptops, and Storage Attached Network, as well as maintain legacy applications. The Commission anticipates expanding access to enterprise resources through secure mobility options for all employees. Further, the Commission plans to establish a data support services contract to support the expanding the data governance program, as well as add additional cloud services and capabilities to support enterprise data analytics. The Commission will plan to purchase and implement tools to improve its cybersecurity posture to support continuous monitoring of its enterprise infrastructure and support zero trust federal requirements. Finally, the Commission expects to upgrade its network bandwidth requirements through the General Services Administration's Enterprise Information Services contract, and to begin a refresh of core network infrastructure components. The Commission will continue its execution of modernizing its core suite of mission-critical business applications as a component of the Application Layer Modernization initiative.

In FYs 2022 and 2023, the Commission expects to implement its robust plan for Data Support, together with Governance and Stewardship Services, while delivering best-in-class capabilities and support services to meet the Commission's analytic and data science needs. The data governance organization will continue to implement this multi-step initiative, to include: (1) conducting a comprehensive data maturity assessment, identifying data currently available, and evaluating appropriate data usage; (2) implementing data standardization, validation protocols, and adopting a Master Data Management Program; and (3) promoting data skills and building data acumen across the Commission. Based on these actions, the Commission expects to improve staff expertise and to realize efficiency gains from streamlined data collection, analyses, and reporting.

Maintain the Safety, Security, and Resilience of FERC Operations

FY 2021 RESULTS.

The Commission reached significant milestones towards the completion and accreditation of the Sensitive Compartmentalized Information Facility. Specifically, the Commission received approval for classified information systems, and finalized intelligence requirements for consumption by the intelligence community to provide FERC-specific insight into finished intelligence products.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission anticipates construction will be completed, and accreditation of the Sensitive Compartmentalized Information Facility achieved, and will begin dissemination of intelligence products to provide FERC-specific insight into finished intelligence products.

GOAL 3 > OBJECTIVE 3.1 > **CORE FUNCTION 3.1.2**

Provide tools and services that enable employees to perform their jobs effectively and drive FERC's success

PURPOSE OF THE CORE FUNCTION

To ensure employees feel safe, equipped, and empowered for success.

Ensure that **employees**:

- Work in a safe and secure workplace.
- Have access to technical support so they can perform their jobs effectively.
- Work in an organization that supports their growth and development and values diversity and inclusion.
- Have clear expectations and useful feedback to perform effectively.
- Have recourse and assistance to address harassment and discrimination.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Protect Employees and Provide a Safe Workplace	▪ Ensure that FERC employees are able to perform their jobs without any threat to their welfare or physical safety.
Provide Technical Support to Employees	▪ Ensure that FERC employees have the equipment, workspace, and tools they need to perform their jobs.
Develop and Engage Employees	▪ Inform and focus employee effort, encourage engagement, and enable employees to drive success. ▪ Ensure that employees have the opportunity to learn and grow. ▪ Ensure Equal Employment Opportunity principles are an integral part of the FERC culture, the workplace is free from discrimination and harassment, and employees have support mechanisms to resolve issues and secure reasonable accommodations.

Past and Planned Results

Protect Employees and Provide a Safe Workplace

FY 2021 RESULTS.

In FY 2021, the Commission continues to develop a mature and integrated protective operations program to ensure the security and safety of the Chairman, Commissioners, and Commission staff while they are conducting Commission activities throughout the United States. Additionally, the Commission's Occupational Safety and Health Administration-Compliant Safety Program identifies and addresses hazards facing Commission staff. The program also offers guidance to help employees ensure their own safety at work, including mission travel risk assessments related to COVID-19.

Through the Occupational Safety and Health Program, the Commission identified and finalized pandemic response planning including deployment, sustainment, and required reconstitution activities affecting all statutory responsibilities of the Commission.

In FY 2021, the Commission completed Phase 1 construction to modernize floors 1, 3 and 10 in the headquarters building and prepared internal swing space for use on the remaining five phases.

FYS 2022 AND 2023 PLANNED RESULTS.

Through the Occupational Safety and Health Program, the Commission will begin to fully execute and implement the pandemic response planning and the required reconstitution activities affecting all statutory responsibilities of the Commission.

Additionally, FERC's Occupational Safety and Health program will pursue International Organization for Standardization certification and inclusion in the Occupational Safety and Health Administration's Voluntary Protection Program. The Commission will continue to implement a continuous evaluation and continuous vetting program for employees with access to national security information in compliance with Executive Order 13467. Further, the continuous evaluation program will expand to incorporate a 100 percent annual revalidation of all national security information clearance holders and a 5 percent evaluation of background information for a randomly designated population of this group of clearance holders.

The Commission will continue building modernization efforts and anticipates completing Phase 2 of the project. Accomplishment of the building modernization will consolidate building space to provide for future rent savings. It additionally modernizes its facilities to meet federal requirements and to access and store sensitive information securely.

Provide Technical Support to Employees

FY 2021 RESULTS.

In FY 2021, the Commission fully migrated its primary collaboration and communication platforms from on-premises to a cloud solution. This move replaced an obsolete product and implemented capabilities of the cloud environment. The Commission continues to work with specific IT tools and applications and to explore new software functionalities to strengthen work processes. These tools also provide for a flexible and supportive work environment for Commission employees.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will continue to bolster Privacy and Rehabilitation Act Section 508 compliance programs, training, and technologies for staff, on top of the continued expansion of FERC's internal and external facing collaboration tools.

Develop and Engage Employees

FY 2021 RESULTS.

In FY 2021, the Commission expanded the iLearn platform which provides supervisory training to employees as well as the ability to access technical training.

The Commission accomplished meaningful goals towards improving its employee engagement targets. The strategies the Commission identified to meet established targets include:

(1) providing enhanced analysis of the Federal Employee Viewpoint Survey (FEVS) results to senior management and ensuring transparency of the results for all employees,

(2) performing action planning in response to feedback provided on the FEVS, and

(3) providing the necessary tools and training to supervisors to ensure they can effectively empower their employees.

Additionally, the Commission held training sessions for its supervisors to provide tools and information necessary to sustain and increase employee engagement.

The Commission continued its vision to strengthen its employees and support a diverse, healthy, and robust workforce culture that is free from discrimination and harassment in all its heinous forms. The Commission continued its engagement with employees and employee resource groups on the "A Call to Action" initiative by finalizing a comprehensive plan which provides employees with additional assurances that the Commission values diversity and inclusion.

The Commission also continues to administer surveys to collect and analyze employee data. This provides a baseline to determine how to best address the needs of its workforce. This data will help determine the underlying workplace changes in employee attitudes. If necessary, staff will refine the surveys to ensure the data collected will provide the necessary information to develop long-term strategies to develop and deploy innovative programs to on-board and retain employees.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission will continue to build out its iLearn system to further strengthen employee capacity to advance FERC objectives while maintaining Commission resource efficiency. The Commission anticipates linking the competency-based training program to the iLearn system. Additionally, the Commission anticipates transitioning from developing competency models to sustaining developmental needs-assessment efforts and linking available employee development programs to addressing skill gaps. Future benefits include identifying and monitoring signs of increased cross-functional understanding as discussions of common knowledge/skill needs are assessed. The Commission will use the completed development-needs assessments for all occupations to support training and development opportunities to address any competency skill gaps.

The Commission will continue to analyze employee feedback and continue to develop or improve identified actions necessary to increase employee engagement and overall job satisfaction. The Commission will also continue to provide supervisors with consultation on their action planning to continue to sustain or improve the Commission's level of employee engagement.

Goal 3 > Objective 3.2

Overview and Priority

OBJECTIVE 3.2: Facilitate trust and understanding of FERC activities by promoting transparency and equity, open communication, and a high standard of ethics.

CORE FUNCTION 3.2.1: Maintain legal and other processes in accordance with the principles of due process, fairness, and integrity.

CORE FUNCTION 3.2.2: Promote understanding, participation, and engagement.

● Improving Accessibility and Participation in Proceedings

Priority Overview

This priority concerns the increased interest and desire to participate in Commission proceedings and the growing need for assistance to ensure an opportunity and ability to access and participate in Commission proceedings. The Commission will address this priority through an integrated set of initiatives designed to educate and support accessibility of and participation in Commission proceedings.

The Commission's actions and expected results are described more fully in the following sections.

Action Index Table

CORE FUNCTION	WORKSTREAM	FERC ACTION	PAGE
3.2.2: Promote understanding, participation, and engagement	Educate, Inform, and Engage	1. Conduct and develop educational events and materials regarding Commission processes and issue areas.	86
		2. Assess, identify, and implement improvements to government-to-government consultation and engagement with Tribal Nations.	86
	Provide Outreach and Assistance on Individual Proceedings	3. Identify and implement outreach strategies for high-interest/significant proceedings.	87
		4. Provide coordinated procedural assistance to the public through hotline/helpdesk process improvements.	87
	Coordinate Intervenor Funding	5. Provide advice and recommendations to the Commission with respect to intervenor funding.	89

Performance Goal: *Increase understanding of and participation in Commission.*

Performance Indicator: Milestones achieved within established timeframe	FY 2022	FY 2023
TARGET	Achieve 100% of milestones	Achieve 100% of milestones

GOAL 3 > OBJECTIVE 3.2 > **CORE FUNCTION 3.2.1**

Maintain legal and other processes in accordance with the principles of due process, fairness, and integrity.

PURPOSE OF THE CORE FUNCTION

To demonstrate FERC's commitment to integrity, fairness, and ethics as public servants and in the exercise of its regulatory authority.

Ensure that **the public, stakeholders, and jurisdictional entities**:

- Have a foundation for putting their trust into the Commission.
- Are given due process when challenging Commission orders and issuances.
- Understand how equity and environmental justice are considered within Commission processes.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Provide Ethical and Legal Support and Analysis Regarding FERC's Operational Functions	▪ Demonstrate FERC's high standards of ethics and commitment to integrity. ▪ Encourage a level of public trust and confidence.
Provide Legal Guidance and Representation to FERC on Rehearing and Appeal of Commission Issuances	▪ Ensure that challenges to Commission issuances are handled in a manner that demonstrates integrity and fairness and assures due process for parties subject to Commission orders and issuances.
Provide Guidance to the Commission on Matters Involving Environmental Justice and Equity	▪ Remove barriers that can block historically overburdened and underserved communities from benefitting from Commission policies and processes. ▪ Demonstrate Commission commitment to environmental justice and equity and facilitate public trust.

Past and Planned Results

Provide Ethical and Legal Support and Analysis Regarding FERC's Operational Functions

FY 2021 RESULTS.

In FY 2021, ethics staff responded to approximately 1,794 ethics-related questions and other personnel matters, typically addressing all in a timely manner. Ethics questions generally cover outside activities, seeking employment, post-employment, financial disclosure review, and prohibited financial holdings. Although the complexity of each question varies, they typically require substantive analysis of applicable ethics rules and regulations, and other authority, and sometimes involve personnel action over the course of many months and sometimes years.

In FY 2021, the Commission's ethics staff reviewed 181 public and 759 confidential financial disclosures. This represented approximately 50 percent of FERC employees. The Commission currently uses the Office of Government Ethic's Integrity system to manage the public financial disclosure reports and uses the FDOnline system to manage the confidential financial disclosure reports.

Staff also supports the Commission's procurement function, providing legal review of various matters, including requests for quotation, awards, and license agreements. Staff also handles any legal disputes. In FY 2021, staff reviewed approximately 32 procurement items. In addition, staff reviewed operational conflict of interest filings to determine whether conflicts existed, such as examining whether contractors' existing contracts conflicted with proposed FERC work. Where necessary, staff provided authorizations that the work was in the Government's interest. In FY 2021, staff reviewed approximately 36 operational conflict of interest items.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will provide ethics training to all staff that meets or exceeds the Office of Government Ethic's requirements. The Commission will continue to tailor training to address emerging trends and developments. The Commission will continue to review all financial disclosures submitted by staff, which is expected to remain steady.

Also, in FYs 2022 and 2023 the Commission expects to receive a similar number of ethics, personnel, procurement, and operational conflict of interest issues and will respond to all in a timely manner. Personnel matters vary from year to year. While the number of issues may appear low, the level of complexity and the amount of staff time expended are always significant.

Provide Legal Guidance and Representation to FERC on Rehearing and Appeal of Commission Issuances

FY 2021 RESULTS.

In FY 2021, staff continued to implement changes to the Commission's rehearing practices following the June 30, 2020, decision of the U.S. Court of Appeals for the D.C. Circuit in *Allegheny Defense Project v. FERC*, 964 F.3d 1 (D.C. Cir. 2020). The ruling in that case held that the

Commission may not extend the statutory time allowed for Commission action on the merits of requests for rehearing of Commission orders issued under the Natural Gas Act and the Federal Power Act. Subsequent changes in the Commission's rehearing practices are intended to expedite consideration of rehearing requests and to keep the public apprised of the status of Commission proceedings. In accord with these revised practices, the Commission resolved rehearing requests in over 100 proceedings in FY 2021, an increase over FY 2020.

Because litigation in the D.C. Court of Appeals follows a final Commission rehearing order, the rise in FY 2021 rehearing orders led directly to a rise in litigation (new appeals, motions, briefs, and oral arguments) before the D.C. Circuit Court of Appeals. There were 32 oral arguments in FERC appeals in the D.C. Circuit between September 2021 and February 2022, far surpassing the number of appeals from any other federal agency.

FYS 2022 AND 2023 PLANNED RESULTS.

For FYs 2022 and 2023, staff expects requests for rehearing to continue to be filed at approximately the same pace as in FY 2021 and will continue to implement the Commission's post-*Allegheny* practices to ensure that rehearing requests are resolved in a timely manner. As for appeals, staff believes that current litigation numbers will carry forward, with approximately 125 FERC-related appeals pending at any one time, resulting in 25-45 court opinions per year on review of final FERC rehearing orders.

Provide Guidance to the Commission on Matters Involving Environmental Justice and Equity

FY 2021 RESULTS.

In FY 2021, staff began an assessment of Commission policies and practices that will help staff develop an initial equity plan to guide the Commission's work to integrate environmental justice and equity considerations into the Commission's processes and decision-making, across all programs. The assessment is consistent with the requirements of Executive Order 13985, Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, issued on January 20, 2021.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission will work to achieve the goals developed during the equity assessment process initiated during FY 2021, as described in the initial equity plan. Achievement of the equity plan goals will help remove barriers that can block historically overburdened and underserved communities from benefitting from economically efficient, safe, reliable, and secure energy. Implementation of the initial equity plan will also help lay the foundation for continued integration of environmental justice and equity in the Commission's work.

GOAL 3 > OBJECTIVE 3.2 > **CORE FUNCTION 3.2.2**

Promote understanding, participation, and engagement.

PURPOSE OF THE CORE FUNCTION

To promote transparency and understanding regarding FERC's authority, activities, and proceedings, thereby enhancing participation and engagement in Commission activities.

Ensure that **the public, stakeholders, Tribes, and jurisdictional entities**:

- Understand how the Commission carries out its responsibilities.
- Have access to accurate and timely information about the Commission's activities.
- Have the opportunity and support to participate in Commission proceedings, including through alternative dispute resolution, assistance with procedural or technical questions, and potentially an opportunity to seek intervenor funding.

Overview

This core function includes the following workstreams and related impacts.

Workstream	Impacts
Educate, Inform, and Engage*	▪ Facilitate understanding of how FERC carries out its responsibilities. ▪ Promote trust in and engagement with FERC. ▪ Demonstrate FERC's commitment to transparency and open communication.
Provide Outreach and Assistance on Individual Proceedings*	▪ Promote public participation and engagement with FERC. ▪ Ensure that individuals are treated in a manner that is inclusive and fair. ▪ Ensure that the concerns of Tribal members, environmental justice, energy justice, and other historically marginalized communities are fully and fairly considered in FERC proceedings.
Maintain and Provide Public Information Systems and Services to Facilitate Public Engagement	▪ Ensure that the public is kept up to date on Commission decisions and activities. ▪ Promote the efficient sharing of information between the agency, the public, and external stakeholders. ▪ Ensure that public and external stakeholders can comment on filings made with the Commission, rulemakings, and Commission issuances.
Coordinate Intervenor Funding*	▪ Ensure that any intervenor funding by FERC is appropriate and fair. ▪ Ensure that intervenor funding decisions are transparent and understood.

* Workstream contributes towards Strategic Priority.

Past and Planned Results

Educate, Inform, and Engage

FY 2021 RESULTS.

Commission staff continues to quickly and accurately respond to requests from the public and stakeholders for further information and clarity on Commission actions. In FY 2021, staff responded to 5,293 inquiries, averaging nearly 440 inquiries per month.

In FY 2021, the Commission received and responded to a substantial number of congressional inquiries. Staff compiled and provided all requested information in a timely manner. Commission staff additionally:

- Led the preparation for FERC Chairman and Commissioners to participate in numerous congressional hearings.
- Provided strategic policy and legislative strategies for senior leadership including the Chairman and Commissioners through memos and briefings.
- Served as lead support for a nominee to the Commission during Senate confirmation process including planning, coordinating, and executing a robust preparation process.
- Developed, evaluated, and implemented new approaches and processes for handling congressional inquiries, preparing for congressional hearings, and letter processes.
- Held 13 in-depth briefings on important Commission initiatives for state officials.
- On average, sent out 12 notifications of Commission actions per month to over 800 state contacts.
- Hosted in-depth webinars for 6 foreign delegations.
- Finalized a Memorandum of Understanding with India.

The Commission also processed approximately 37 Freedom of Information Act requests and 23 Critical Energy Infrastructure Information requests, responding to all requests it received.

FYS 2022 AND 2023 PLANNED RESULTS.

For FYs 2022 and 2023, the Commission expects to meet or exceed FY 2021's commitment of engagement with the public. These goals, however, depend on many variables, including projected Commission activity in new and pending agenda items, as well as the overall number of issuances from the Commission.

In FYs 2022 and 2023, the Commission will proactively offer briefings to Congressional staffers on areas of interest, major rulemakings, and orders. The Commission will also continue to respond to all Congressional inquiries promptly and openly. In FYs 2022 and 2023, staff expects to meet or exceed FY 2021 levels of communication with state officials and continue to expand outreach to additional associations representing state interests. Commission staff will continue to build relationships with international regulatory agencies, continue to engage with regulatory counterparts in Mexico, Canada, Europe, and Asia, and provide assistance to sister federal agencies upon request.

Commission staff will continue to process Freedom of Information Act and Critical Energy Infrastructure Information requests within the required timeframes. The Commission cannot predict the number of such requests it will receive in future years. Yet the Commission expects such requests may become more frequent with the evolution of our public engagement strategies and capabilities and increased public interest in the Commission.

Priority Results: Improving Accessibility and Participation in Proceedings

Overview | **Action 1** | **Action 2** | Action 3 | Action 4 | Action 5

FY 2021 RESULTS.

The transformation of the nation's energy landscape has shone a brighter spotlight on the Commission. This change has required FERC to improve the sophistication and reach of its public engagement program by coordinating outreach efforts to multiple audiences, including new audiences for the Commission's messages on several fronts, using a variety of tools and platforms.

In FY 2021, Commission staff coordinated the public roll-out of FERC's newly established Office of Public Participation. Staff employed extensive use of social media, media interviews and the Open Access podcast platform, outreach to stakeholder groups, and creative use of FERC.gov to promote a series of listening sessions and workshops to collect public input on how to create the office. Public comment was a key component to ensure that the result would serve its intended audience: the public. In FY 2021, Commission staff created web-based content for the new Office of Public Participation and published frequently-asked-questions and process guides intended to facilitate participation in Commission proceedings.

Commission staff also amplified the message of the Chairman's appointment of a Senior Counsel for Environmental Justice and Equity tasked with working to integrate environmental justice and equity issues across all program offices within the Commission. An Open Access podcast interview introduced the work to the public and Commission stakeholders.

Commission staff also initiated a working group to begin assessment of the Commission's government-to-government engagement with Tribal governments, which represent people and resources often affected by projects that the Commission oversees. Multiple offices across the Commission leveraged feedback from Tribal leaders and representatives to form an informal working group on Tribal consultation and engagement. The working group completed a series of meetings to assess existing Tribal consultation processes and resources within the Commission and met with over one dozen federal agencies and Tribal engagement experts to begin an informal internal assessment.

FYS 2022 AND 2023 PLANNED RESULTS.

The Commission will work to enhance publication of educational materials and utilize its social media platforms to facilitate greater public access and understanding of the Commission's work and mission. The Commission will continue to adapt its outreach strategies to leverage new technologies, and increasingly respond to changing needs, including those of states, international governments, Tribal Nations, the media, and other stakeholders. For example, the Commission will regularly post on its numerous social media platforms while incorporating more photographs, video content, and explanatory graphics. With these efforts, the Commission expects that its social media following and engagements with the public will increase in both FYs 2022 and 2023.

The Commission also will increase its engagement with the public through its Office of Public Participation as it establishes key functions, including public outreach and education and procedural assistance, among others. The Commission will increasingly work to reflect the needs of environmental justice and other historically marginalized communities in its outreach and messaging. During FY 2022, Commission staff will also identify, prioritize, and continue to develop resources for the public in both English and other high-priority languages, including Spanish. These resources, such as primers and explainers, would describe the Commission's role in regulating electric markets and energy infrastructure, how to intervene in proceedings, and why the proceedings are of interest to the public. The Commission intends to enhance streaming accessibility to its open meetings, technical conferences, and other public engagement events with state-of-the-art public conferencing technology offering built-in closed captioning, translation, and transcription services in Spanish and other languages. Additional educational materials will be developed in FY 2023.

In FY 2022, the Office of Public Participation plans to develop educational materials and to conduct educational events, including workshops and conferences, to help educate the public on Commission processes and issue areas such as electric energy market regulation in RTOs/ISOs and energy infrastructure proceedings. Staff anticipates hosting at least two educational events during FY 2022. In early FY 2022, Commission staff conducted a workshop in collaboration with the Department of Energy and Pacific Northwestern National Lab to understand stakeholder technical assistance needs in electric proceedings and to inform the development of a program and a partnership in FY 2022. Over 100 individuals participated in the workshop and learned about different types of electricity proceedings and the Commission's decision-making process. A plan for FY 2023 educational events will be completed in FY 2022.

Commission staff will seek to improve Tribal consultation and stakeholder engagement with Tribal leaders and citizens. In FY 2022, the Commission will work to identify and implement improvements to government-to-government Tribal consultations. Commission staff will finalize recommendations to the Commission for its consideration. These recommendations will include both formal and informal actions to receive feedback on potential improvements to Tribal consultation, as well as how to deepen stakeholder engagement and informational support for Tribal leaders and citizens.

Provide Outreach and Assistance on Individual Proceedings

Priority Results: Improving Accessibility and Participation in Proceedings

Overview | Action 1 | Action 2 | **Action 3** | **Action 4** | Action 5

FY 2021 RESULTS.

In FY 2021, staff across multiple Commission offices began to identify outreach strategies for high-interest infrastructure proceedings and electric proceedings to respond to public inquiries and to develop recommendations for best practices.

In FY 2021, the Office of Public Participation also provided coordinated procedural assistance to the public through hotline/helpdesk process improvements. In June 2021, the Commission established an Office of Public Participation hotline to provide procedural assistance on electric

and infrastructure proceedings. From its initiation through the end of FY 2021, Office of Public Participation staff responded to 73 public inquiries. Office of Public Participation staff also coordinated an internal working group to discuss best practices and standardize approaches for responding to public inquiries across Commission offices.

FYS 2022 AND 2023 PLANNED RESULTS.

To identify and implement outreach strategies for high-interest and significant proceedings, in FY 2022, the Office of Public Participation will develop a framework to identify infrastructure and electric market proceedings that are of greatest interest to the public. This prioritization framework will then be used, in communication with Commission offices, to focus the website messaging to alert people to high-interest cases. It will also be used to focus outreach and educational efforts going forward.

In FY 2022, Commission staff will execute the initial plans for a directed outreach program focusing on the participation of environmental justice communities in both Natural Gas Act proceedings for natural gas infrastructure and Federal Power Act proceedings for hydroelectric infrastructure. The goal of the program is to ensure that people know about projects in their area and how those projects may affect them. In FY 2022, the Office of Public Participation will also secure translation services to expand its reach into various communities. As these initial plans are implemented, Commission staff will also evaluate the effectiveness of the various outreach activities and document any lessons learned. The directed outreach program will continue in FY 2023. Plans for directed outreach in FY 2023 will be finalized toward the end of FY 2022.

In FY 2022, the Commission will continue to provide procedural assistance through the Office of Public Participation hotline. In addition, Office of Public Participation staff will continue coordinating public facing hotlines to ensure consistent messaging across Commission offices and eliminate redundancies. In FY 2023, the Commission will assess the level of coordination and consistency across hotlines and determine whether additional improvements are necessary. In FY 2023, the Commission will continue to build the Office of Public Participation's capabilities by acquiring customer relationship management software to enhance the office's service capabilities.

Maintain and Provide Public Information Systems and Services to Facilitate Public Engagement

FY 2021 RESULTS.

The Commission's full-telework posture during the COVID-19 pandemic required the implementation of additional paperless processes to replace functions that were previously conducted face-to-face. These improved remote processes allowed the Commission to be more agile and expedient in its processing of all filings and issuances, thereby fostering even greater transparency and public trust.

During FY 2021, the Commission received 88,518 filings from external constituents, approximately 22 percent more than FY 2020. All filings were processed and published in the eLibrary records repository. Approximately 98 percent of FY 2020 filings were received electronically—compared to an average of 75 percent over the last 10 years and 94 percent in FY 2020—reflecting the

Commission's ongoing effort, particularly during this COVID-19 pandemic timeframe, to reduce its reliance on paper filings.

In FY 2021, the Commission issued 1,046 decisions that were voted on by the full Commission, and 6,836 delegated orders (decisions in which Commission staff is authorized to act). Staff additionally published 7,069 public notices on eLibrary, 19 of which included ex parte public notices. These 19 public notices announced approximately 144 prohibited/exempt communications. Commission staff assessed each of these instances to determine whether the communications were prohibited or exempt, then published the communications to eLibrary on a biweekly basis. This is an extremely important function that ensures that the Commission is completely open and transparent with the public about all communications with the Commission involving contested proceedings. Overall, in FY 2021, Commission staff published 18,971 issuances to FERC's document repository, eLibrary.

Further supporting its transparency efforts, the Commission posted 100 percent of time-sensitive Commission actions to the FERC.gov website within one hour of the official actions being taken. Timely posting of announcements to the FERC website ensures that the public, industry, and stakeholders have quick access to Commission decisions. In addition, such timely postings allow related social media posts to provide the public with links to FERC.gov for pertinent information, improving the transparency of FERC actions to the public.

FYS 2022 AND 2023 PLANNED RESULTS.

In FYs 2022 and 2023, the Commission expects workload to continue to increase, in keeping with the trend over the last few years. The Commission plans to improve FERC's online applications systems—including its electronic filing system and eLibrary data repository—to improve the reliability, user interface, and efficiencies of its services.

Coordinate Intervenor Funding

Priority Results: Improving Accessibility and Participation in Proceedings

Overview | Action 1 | Action 2 | Action 3 | Action 4 | **Action 5**

FY 2021 RESULTS.

In FY 2021, Commission staff hosted a series of listening sessions and a workshop to discuss topics related to public participation in Commission proceedings, including intervenor funding.

FYS 2022 AND 2023 PLANNED RESULTS.

In FY 2022, the Commission plans to pursue a rulemaking on intervenor funding and to seek public comment on this topic, with the rulemaking proceeding expected to be completed in FY 2023.

Appendices

Appendix A: Verification and Validation of Performance Goal Information

The Commission collects and uses information on its performance goals to inform decision making, manage performance, and meet statutory requirements. FERC ensures the completeness and reliability of performance goal information through a rigorous measure development process and internal controls over the collection and use of the information.

FERC's measure development process includes the following elements:

1. Logic model mapping to provide an interpretive framework and to delineate the performance to be assessed.
2. The development of use cases to clarify the purpose of the measure.
3. The specification of measurement scope and data collection steps and procedures.
4. Development of procedure manuals that document:
    - Purpose and interpretation of the measure,
    - External factors that may impact the measure,
    - Measure content,
    - Data collection and storage procedures,
    - Data quality controls, and
    - Reporting requirements.

FERC's internal controls over the collection and use of information incorporate a verification and validation process that may be applied to individual performance indicators. The verification and validation process helps to ensure the overall data quality and usefulness of the performance indicator and is one means by which FERC provides a level of confidence to Congress and the public that data used for decision making are complete and reliable.

FERC's verification and validation process includes the following elements:

1. A criterion-based approach that assesses a performance indicator against a set of five criteria—Complete, Consistent, Accurate, Timely, and Valid—that align with the Office of Management and Budget and Government Accountability Office guidance.
2. An extensive review of the procedures for collecting, storing, and analyzing measure data to ensure those procedures are effective and consistently performed across people and time periods.
3. A verification of the reported results to ensure that the calculation is consistent with the defined scope of the indicator and appropriately applied to the raw data.
4. An examination of the internal interpretation and use of the indicator results to ensure that data limitations are accounted for and the information is appropriately valid for its intended use.

Appendix B: Workload Tables

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Pipeline Certificates	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Construction Activity	-	-	-	-	-	-	-	-	-	-
Prior Notice & Abandonments	-	-	-	-	-	-	-	-	-	-
Section 7c & Section 3 Applications	37	34	26	45	40	37	48	45	52	41
Section 7b Applications	9	10	9	10	11	10	11	12	10	13
Section 7f Applications	1	1	2	0	5	4	1	5	5	1
Prior Notice Applications	11	46	49	8	53	50	11	55	51	15
Annual Reports	-	383	383	-	390	390	-	390	390	-
Environmental Analysis	59	113	117	55	120	120	55	120	120	55
Pipeline & LNG Inspections	-	248	248	-	300	300	-	300	300	-
LNG Operational Inspections	-	15	15	-	16	16	-	17	17	-
Pre-filing	8	3	5	6	6	8	4	7	6	5
Rehearings	15	18	28	5	25	30	0	25	25	0
Complaints	1	-	-	1	-	1	-	1	1	-
Declaratory Orders	2	2	1	3	1	1	3	1	3	1
Remands	5	2	2	5	1	3	3	1	3	1
Dispute Resolution	10	87	81	16	75	86	5	75	75	5

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Hydropower Licensing	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Original License Applications	15	1	7	9	2	2	9	2	2	9
Re-license Applications	82	30	18	94	56	20	130	22	20	132
10MW Exemptions	2	1	1	2	1	1	2	1	1	2
Preliminary Permit Applications	20	180	86	114	50	85	79	50	85	44
Environmental Analysis	21	23	13	31	39	25	45	36	25	56
Pre-filing	43	8	10	41	9	23	27	7	5	29
Rehearings	17	6	4	19	25	30	14	20	25	9
Declaratory Orders	4	5	5	4	1	4	1	1	1	1
Remands	1	1	1	1	1	1	1	1	1	1
Cases Set for Hearing	-	-	-	-	-	-	-	-	-	-
Dispute Resolution	2	-	1	1	2	2	1	2	3	0

Key: P = Pending; R = Received; C = Completed

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Project Compliance and Administration	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Amendment Applications to Licenses/Exemptions	595	2,898	2,846	647	3,007	2,765	889	3,115	2,874	1,130
Non Project Use of Land & Water Applications	20	114	114	20	113	116	17	125	122	20
Section 23 Jurisdictional Determinations	3	-	1	2	2	2	2	3	3	2
Section 24 Federal Lands Determinations	1	30	29	2	28	27	3	24	25	2
Headwater Benefits Assessments & Bills	2	119	119	2	117	116	3	117	117	3
Compliance	-	-	-	-	-	-	-	-	-	-
Environmental Compliance Inquiries	6	53	55	4	57	55	6	60	58	8
Licensee Reported Deviations	224	489	498	215	584	544	255	581	580	256
Allegations of Non-Compliance	21	44	32	33	46	54	25	60	54	31
Surrenders, Transfers	-	-	-	-	-	-	-	-	-	-
Surrender Applications	9	27	6	30	31	15	46	35	19	62
Transfer Applications	12	17	11	18	25	31	12	28	24	16
Conduit Exemptions & Qualifying Conduit Exemption Applications	2	6	7	1	6	6	1	5	4	2
Environmental Inspections	3	4	7	-	72	71	1	75	75	1
Environmental Analysis	3	9	7	5	9	9	5	12	9	8
Rehearings	9	10	8	11	10	12	9	10	12	7
Complaints	1	3	3	1	1	1	1	1	1	1
Dispute Resolution	-	3	2	1	2	2	1	2	2	1

Key: P = Pending; R = Received; C = Completed

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Dam Safety and Inspections	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Operational Inspections	231	568	156	643	1,509	1,553	599	1,509	1,553	555
Prelicense Inspections	6	1	-	7	1	-	8	1	-	9
Construction Inspections	83	40	26	97	40	26	111	40	26	125
Exemption Inspections	24	34	10	48	125	173	-	125	125	-
Special Inspections	85	57	45	97	57	45	109	57	45	121
Evaluations	5,040	9,963	9,396	5,607	9,963	9,396	6,174	9,963	9,396	6,741
Part 12 Reviews	255	131	186	200	203	138	265	194	127	332
Dam Safety Reviews	17	62	55	24	62	55	31	62	55	38
Emergency Action Plan (EAP) Tests	66	65	65	66	65	65	66	65	65	66
EAP Test – Functions	52	46	30	68	68	72	64	77	66	75
EAP Tests – Table Top	19	19	21	17	24	21	20	24	10	34

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Rates and Tariffs	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Gas Certificates & Rate Evaluations	50	35	31	54	45	40	59	45	40	64
Market-Based Rates	1,447	2,713	1,873	2,287	2,900	3,300	1,887	3,100	3,500	1,487
Cogeneration/Small Power Producers (QF)	2,820	3,781	3,967	2,634	3,000	2,500	3,134	3,000	2,500	3,634
Dispute Resolution (Electric)	-	5	5	-	10	7	3	15	12	6
Rehearings (Electric)	477	102	100	479	120	130	469	120	130	459
Complaints (Electric)	49	42	42	49	35	45	39	35	45	29
Declaratory Orders (Electric)	18	18	18	18	20	25	13	20	25	8
Remands (Electric)	3	-	-	3	1	2	2	1	2	1
Negotiated Rates	-	610	592	18	700	695	23	700	695	28
Cost-Based Rates	1,069	4,549	4,357	1,261	4,500	4,500	1,261	4,650	4,500	1,411
Dispute Resolution (Gas)	-	-	-	-	1	1	-	1	1	-
Rehearings (Gas)	30	24	24	30	18	20	28	18	20	26
Complaints (Gas)	3	11	11	3	3	4	2	3	4	1
Declaratory Orders (Gas)	1	3	3	1	8	8	1	8	8	1
Remands (Gas)	2	-	-	2	-	1	1	-	1	-
RTO and ISO Filings	18	62	80	-	250	250	-	250	250	-
Dispute Resolution (Oil)	-	-	-	-	1	1	-	1	1	-
Rehearings (Oil)	35	6	6	35	8	10	33	8	10	31
Complaints (Oil)	4	4	4	4	15	15	4	12	12	4
Declaratory Orders (Oil)	8	7	7	8	7	8	7	7	8	6
Remands (Oil)	1	-	-	1	1	2	-	1	1	-

Key: P = Pending; R = Received; C = Completed

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Corporate Applications	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Interlocking Positions, Other Corporate Filings	70	629	576	123	635	660	98	635	660	73
Mergers, Acquisitions & Dispositions	51	139	136	54	155	170	39	155	170	24

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Electric Grid Reliability	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Reliability Standards	44	65	42	67	107	87	87	58	73	72
Interpretations/Errata of Reliability Standards	-	1	1	-	1	1	-	1	1	-
Reliability Filings by ERO/Regional Entity	3	-	3	-	6	6	-	3	3	-
Standards Compliance Audits	6	18	15	9	16	16	9	20	17	12
Notices of Penalty-Violations	201	1,420	1,471	150	1,400	1,475	75	1,400	1,450	25

	FY 2020 ACTUAL	FY 2021 ACTUAL			FY 2022 ESTIMATE			FY 2023 ESTIMATE		
Legal Matters	**P**	**R**	**C**	**P**	**R**	**C**	**P**	**R**	**C**	**P**
Cases Initiated and/or Set for Hearing	83	101	84	100	100	110	90	100	100	90
Settlement Judge Proceedings	60	90	80	70	80	80	70	80	80	70
Appellate Review	75	115	120	70	120	125	65	125	130	60
Audits	21	11	12	20	12	12	20	12	12	20
Accounting	53	415	433	35	425	425	35	425	425	35

Key: P = Pending; R = Received; C = Completed

Appendix C: Strategic Performance Measures from FY 18-22 Strategic Plan

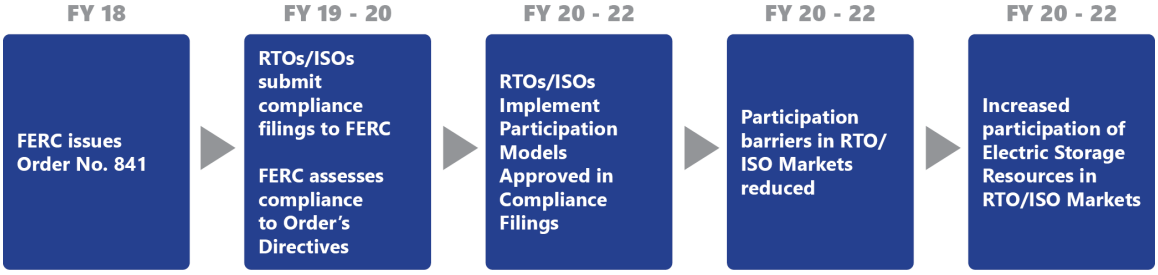
Goal 1. Objective 1.1

Performance Measure: The degree to which electric storage resources are participating annually in organized wholesale electricity markets operated by RTOs and ISOs after the issuance and implementation of Order No. 841

Overview

Order No. 841 is designed to remove barriers to the participation of electric storage resources in organized wholesale electric markets.[1] The entry of these resources into organized wholesale electric markets is helping to promote competitiveness and to enhance Bulk-Power system resilience. An increase in both the number of electric storage resources participating in wholesale electric markets, and the total capacity of those resources, is taken as a proxy for increased market participation. The Commission expects increased market participation to be associated with increased competition in wholesale electric markets.

Because Order No. 841 focuses on removing barriers to electric storage resource participation, the total number and capacity of electric storage resources participating in wholesale electric markets is only an indirect measure of the order's outcome. The Commission anticipates that continued increases in the number and capacity of electric storage resources can provide insight into Order No. 841's impact. However, the participation of electric storage resources is dependent on numerous other factors not measured here, such as economic conditions, technological advances, and generator interconnection queues for access to the transmission system. The following graphic illustrates the chain of influence for Order No. 841 and general timeframe for each stage.



This performance measure has two parts. First, in the interim period, the Commission measured its ability to act on 75 percent of the six RTO/ISO compliance filings by the end of FY 2020. Second, beginning in FY 2020, as some RTOs/ISOs began to implement their respective participation models, the Commission measured the degree of participation of electric storage resources in at least three of the six RTOs/ISOs on an annual basis (by fiscal year). To have met the goals of the second part of the measure, the actual count and the total amount (MW) figures must equal or exceed the forecasted targets in at least three of the six RTOs/ISOs.

[1] The EIA predominately uses the term "energy storage resource" in its data. However, in order to use terminology consistent with Order No. 841, FERC uses the term "electric storage resource."

To assess the degree of participation, the second part of the performance measure reports both the total number (count) and total amount (MW) of electric storage resources participating in the six RTO/ISO markets. Order No. 841 defined an electric storage resource as "a resource capable of receiving electric energy from the grid and storing it for later injection of electric energy back to the grid." The Commission uses data collected by the U.S. Energy Information Administration's (EIA) 860M (Monthly Electric Generator) survey as of September 2021.

For the purposes of these calculations, Commission staff has defined generators within the EIA 860M dataset with the following prime movers as an electric storage resource: 1) battery; 2) compressed air; 3) concentrated solar power;2 and 4) flywheel. This assessment does not include pumped hydroelectric resources, as no new pumped hydro has come online in the past five years. Further, the Commission includes only electric storage resources that are operational in the balancing authorities of the six jurisdictional RTO/ISOs in the FY 2021 actual calculations.

PERCENTAGE OF RTO/ISO COMPLIANCE FILINGS ACTED ON BY THE COMMISSION

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 TARGET	FY 2020 ACTUAL
Not Applicable	Not Applicable	Not Applicable	Not Applicable	75%	100%

FY 2020 Target: Met

NUMBER OF ELECTRIC STORAGE RESOURCES PARTICIPATING IN RTO/ISO ELECTRIC MARKETS

RTO/ISO	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
CAISO	24	30	43	51	63	72
ISO-NE	6	10	20	32	35	66
MISO	4	5	10	11	14	15
NYISO	2	3	6	7	11	17
PJM	25	26	29	29	29	30
SPP	2	2	5	6	5	8

FY 2021 Target: Met

[2] Concentrated solar power is classified by the EIA prime mover code "CP". The "concentrated solar power" prime mover description is distinct from the "photovoltaic" prime mover code (PV) and, in the EIA 860m instructions, is fully described as "Energy Storage, Concentrated Solar Power."

TOTAL AMOUNT (MW) OF ELECTRIC STORAGE RESOURCES PARTICIPATING IN RTO/ISO ELECTRIC MARKETS

RTO/ISO	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
CAISO	130	181	210	474	895	1860
ISO-NE	23	27	51	80	123	182
MISO	22	23	40	45	54	58
NYISO	21	26	53	57	391	77
PJM	261	262	322	322	322	331
SPP	2	2	15	25	15	26

FY 2021 Target: Met

FY 2021 RESULTS.

Across the six FERC-jurisdictional RTO/ISO markets, the total amount of operating electric storage capacity, excluding pumped storage, was 2533 MW by the end of FY 2021. The total FY 2021 target was 1800 MW. Moreover, the total FY 2021 electric storage capacity (MW) by RTO/ISO was higher than the FY 2021 target in California Independent System Operator (CAISO), Midcontinent Independent System Operator (MISO), PJM, Southwest Power Pool (SPP), and ISO-NE. The FY 2021 results show strong gains for electric storage resources across RTO/ISOs, with five out of six RTO/ISOs exceeding their target. In particular, CAISO added close to double its target for 2021. Other RTO/ISOs all exceeded their goals, with the exception of New York Independent System Operator (NYISO), which had a significant increase in its 2021 target over its 2020 target and fell short of meeting the 2021 target. Overall, the results demonstrate the increasing penetration of electric storage resources across the country. It is notable that during FY 2021 electric storage resources were installed in every RTO/ISO market. The compliance process for Order No. 841 also concluded in FY 2020, with the exception of limited extensions given to ISO-NE.

Additionally, 208 electric storage units were operational in the six RTOs/ISOs by the end of FY 2021, compared to a targeted 157 units. The count of FY 2021 electric storage resources by RTO/ISO was also at least equal to the FY 2021 target in CAISO, MISO, PJM, SPP, and ISO-NE.

Goal 2. Objective 2.1

Performance Measure: Percent of orders issued within established timeframes

Overview.

To carry out its goal to ensure that necessary energy infrastructure is developed that is reliable, secure, and operationally safe, the Commission must review proposals for natural gas and hydropower infrastructure in a timely manner. The results for hydropower and natural gas orders are compiled separately due to the inherent differences in the two programs; however, the Commission's activities in both program areas provide for an efficient, timely, and well-supported determination by the Commission.

Targets and Actual Results Table

PERCENTAGE OF HYDROPOWER ORDERS ISSUED WITHIN 24 MONTHS

RTO/ISO	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
89%	96%	90%	100%	80%	88%	80%

FY 2021 Target: Met

PERCENTAGE OF NATURAL GAS ORDERS ISSUED WITHIN THE APPROPRIATE TIMELINE DEPENDING UPON THE CATEGORY

RTO/ISO	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
96%	76%	82%	98%	80%	90%	80%

FY 2021 Target: Met

FY 2021 RESULTS.

In FY 2021, the Commission expected to issue 80 percent of hydropower orders either within 24 months of issuance of the Ready for Environmental Analysis Notice when all required agency documentation (e.g., mandatory conditions) were received prior to final National Environmental Policy Act (NEPA) document issuance, or within 24 months of the date of the filing of the final required agency documentation, when that documentation was received after final NEPA document issuance. For the one hydropower application where all required agency documentation was filed prior to the issuance of the final NEPA document, the order was issued within 17 months of the issuance of the Ready for Environmental Analysis Notice, thereby meeting the 24-month performance deadline. For the remaining 18 hydropower applications where required agency documentation was filed after the issuance of the final NEPA document, 100 percent of the orders were issued within 24 months from the date of the filing of final required documentation by the agencies. In total, 19 out of 19, or 100 percent, of hydropower orders were issued within the established timeframe.

Also in FY 2021, the Commission expected to issue 80 percent of natural gas orders within 12 months for a Category 1 application, and 22 months for a Category 2 application. The entirety of both Category 1 (10 of 10) and Category 2 (24 of 24) received timely orders. Thus, 100 percent of natural gas orders (34 of 34) were issued within the established timeframe.

Goal 2. Objective 2.2

Performance Measure: Bulk-Power system reliability measures

Overview

FERC will use three measures to track Bulk-Power System reliability. Together they will help to both assess and inform FERC's activities to ensure the reliability of the system.

1. The annual amount of lost load in a given year resulting from Bulk-Power System transmission-related events (unplanned disturbances), excluding weather-related outages.
2. The time in which each U.S. interconnection recovers from generator loss events.
3. The change in frequency and elapsed time from the initial disturbance to the frequency minimum. (Interconnection Frequency Response)

Reliability Measure 1 is an outcome measure of FERC's efforts to promote reliability. The measure looks at individual events (excluding weather-related outages) that involve an unplanned loss of firm load that meets certain criteria.[3]

Reliability Measure 2 is also an outcome measure that indicates the Bulk-Power system's ability to recover from disturbances as mandated by the reliability standards. Reliability standard BAL-002-3 (Disturbance Control Standard)[4] requires that the Balancing Authority or Reserve Sharing Group balances resources and demand and returns the Balancing Authority's or Reserve Sharing Group's Area Control Error to defined values (subject to applicable limits) following a Reportable Balancing Contingency Event. The intent of this metric is to measure the Area Control Error recovery time at the Interconnection level by comparing the performance of Balancing Authorities in the interconnection.

Reliability Measure 3 is another outcome measure that indicates an interconnection's ability to stabilize frequency immediately following the sudden loss of generation. The metric is defined as the changes in generation, divided by the change in frequency from the initial disturbance to the frequency minimum, expressed in megawatts per 0.1 Hertz (MW/0.1 Hz). Reliability standard BAL-003-1.1 (Frequency Response and Frequency Bias Setting)[5] requires sufficient Frequency Response from the Balancing Authority to maintain Interconnection Frequency within predefined bounds by

[3] Loss of firm load for 15 minutes or more: a. 300 MW or more for entities with previous year's demand of 3,000 MW or more. b. 200 MW or more for all other entities. 2. BES Emergency requiring manual firm load shedding of 100 MW or more. 3. BES Emergency resulting in automatic firm load shedding of 100 MW or more (via automatic under voltage or under frequency load shedding schemes, or SPS/RAS). 4. Transmission loss event with an unexpected loss within an entities' area, contrary to design, of three or more BES Elements caused by a common disturbance (excluding successful automatic reclosing) resulting in a firm load loss of 50 MW or more.

[4] BAL-002-3 replaced BAL-002-2 on April 1, 2019.

[5] BAL-003-2 replaced BAL-003-1.1 effective on July 15, 2020.

arresting frequency deviations and supporting frequency until the frequency is restored to its scheduled value.

Together these three measures illustrate the state of Bulk-Power System reliability. The first measure is a high-level indication of the overall system health. The second measure looks at recovery time for a given disturbance that involved a loss of generation. The third measure looks at the interconnection frequency response to a disturbance caused by a loss of generation.

Targets and Actual Results Tables[6]

RELIABILITY MEASURE #1 – ANNUAL AMOUNT OF LOST LOAD DUE TO UNPLANNED DISTURBANCES

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
0.25%	0.11%	0.30%	0.31%	0.147%	Below 0.5%	0.123%

FY 2021 Target: Met

The amount of load lost in each event occurring in a given fiscal year is totaled and reported as a percentage of the annual peak load. The lower the total amount of lost load, the more reliable and secure the operation of the Bulk-Power system.

RELIABILITY MEASURE #2 – THE TIME IN WHICH EACH U.S. INTERCONNECTION RECOVERS FROM GENERATOR LOSS EVENTS (MINUTES)

INTERCONNECTION	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
Eastern	8.90	8.24	8.50	8.10	8.20	Below 11	7.3
Western	8.70	8.50	9.50	9.40	10.00	Below 11	8.0
Texas	7.50	8.00	9.00	7.70	6.30	Below 11	6.7

FY 2021 Target: Met

This measure analyzes individual Disturbance Control Standard events in which an interconnection experienced a significant (typically >500 megawatts) loss of generation. The measure averages the recovery time of every Disturbance Control Standard event that occurred in a given fiscal year. Reliability standards BAL-002-3 mandates a Contingency Event Recovery Period of 15 minutes for a reportable balancing contingency. The lower the average recovery time, the more reliable and secure the operation of the Bulk-Power System.

[6] The FY 2021 results shown for Reliability Measures #1, #2, and #3 are the cumulative results for the first two quarters of FY 2021 (i.e., Q1, Q2) covering October 1, 2020, to March 31, 2021. Staff expects to be able to update the results for Q3 and Q4 when the data becomes available.

RELIABILITY MEASURE #3 – INTERCONNECTION FREQUENCY RESPONSE (MW/0.1 HZ)

INTERCONNECTION	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
Eastern	2,191	-2,183	-2,205	-2,174	-2,211	Below -964	-1,808
Western	-986	-907	-880	-826	-833	Below -538	-833
Texas	-559	-665	-587	-437	-445	Below -241	-507

FY 2021 Target: Met

The interconnection frequency response for individual events is measured by dividing the changes in generation by the change in frequency from the initial disturbance to the frequency minimum (i.e., arresting period), which typically occurs within the first 5-7 seconds of an event. The annual interconnection frequency response will be calculated as the average of individual interconnection frequency responses for qualifying events that occurred during the year. In addition, the metric measures the individual Balancing Authority's frequency response against the Balancing Authority's frequency response obligation, which is calculated as part of the metric.

FY 2021 RESULTS.

During FY 2021, the Commission actively participated in overseeing the development and implementation of reliability standards designed to improve the frequency response of the Bulk-Power System. For example, staff participated in a NERC project to modify the currently effective reliability standard BAL-003-2 (Frequency response and Frequency Bias Setting). The draft modifications to BAL-003-2 will require balancing authorities to have frequency responsive reserve to meet their frequency response obligation. It will also require each Generator Operator to operate each generating unit/generating facility that is connected to the interconnected transmission system with frequency responsive controls in service. In addition, the Commission staff partnered with NERC staff and formed a joint project team, including subject matter experts from industry representing each of the US Interconnections, to explore novel methods and approaches to improve the effectiveness of the Interconnection Frequency Response metrics used in Measure 3. The Commission also issued two data requests to NERC for information collected in connection with reliability standards BAL-002-3 (Disturbance Control Standard – Contingency Reserve for Recovery from a Balancing Contingency Event, related to Measure 2) and reliability standards BAL-003-2 (Frequency Response and Frequency Bias Setting, related to Measure 3). Using additional data obtained from these data requests will improve the accuracy of the Commission Strategic Plan's Measures 2 and 3 and enable staff to identify any vulnerable areas within each Interconnection.

Performance Measure: The number of reported cyber events with potential reliability impacts (including outages) in a given year resulting from cyber events on Bulk-Power System assets subject to reliability standards

Overview

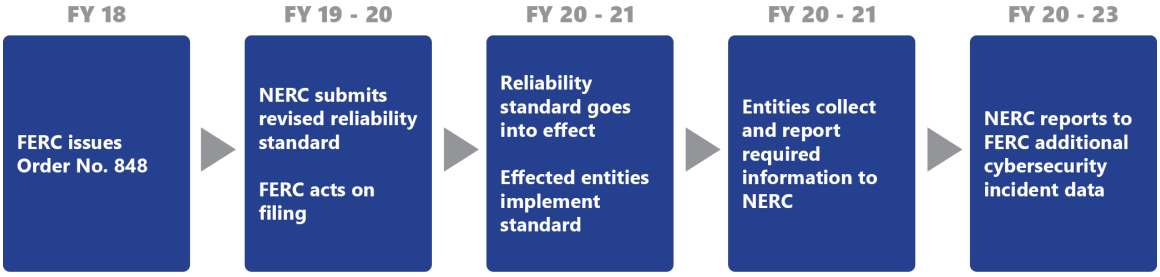
In Order No. 848, the Commission directed NERC to develop and submit modifications to the reliability standards to require the reporting of Cybersecurity Incidents that compromise, or attempt to compromise, a responsible entity's electronic security perimeter or associated electronic access control or monitoring systems.

While this measure is not as robust as the information that will be received based on Order No. 848, it will show the types of cybersecurity incidents that are occurring. The Commission currently analyzes the cybersecurity reporting of the Department of Homeland Security and other organizations to determine how the Critical Infrastructure Protection environment and the reliability of the Bulk-Power System may be impacted. Where there are gaps or shortcomings, the Commission can direct the improvement of the CIP reliability standards.

After the implementation of modifications to the reliability standards resulting from Order No. 848, this measure will be able to be modified to more accurately quantify and assess the degree to which cyber-related events impact the reliability of the Bulk-Power System. The measure looks specifically at cybersecurity incidents on assets that are important to reliability. A cybersecurity incident includes any attempt, whether successful or unsuccessful, to breach an asset's ESP that registers in the asset's cyber logs, electronic files, or firewalls. A cybersecurity incident also includes non-malicious cyber events that were caused by human error and that either did or could have caused an outage or disturbance. The result reported for this measure is a count of the number of incidents that occurred during the fiscal year.

As part of this reporting, NERC must file an annual, public, and anonymized summary of the reports with the Commission. NERC submitted the revised reliability standard, and the Commission approved it during the second quarter of FY 2019. The new reporting requirements will become enforceable on January 1, 2020. FERC expects to begin receiving data in FY 2022, after the requirements become mandatory. It is expected that information regarding cybersecurity incidents to support this measure will be available in FY 2022.

The following graphic[7] illustrates the chain of influence for Order No. 848 and general timeframe for each stage.



[7] The graphic is illustrative to show the process and general timeline. Specific requirements and timeframes would be found in the related Commission orders.

Although all events will be aggregated for the measure result, FERC will analyze and track different categories of events (e.g., human error, failed equipment/software, malicious activity) and use root cause analysis to gain a greater understanding of how and why these incidents occurred, and how they did or could have impacted Bulk-Power System reliability.

The analyses of the information gathered will provide insight into any gaps and/or weaknesses that may exist in the CIP reliability standards allowing FERC, NERC, and industry to address these issues with a modification to a standard, a new proposed standard, or other approaches to minimize the occurrence and impact of cybersecurity events and protect the reliability of the grid.

Targets and Actual Results Table

THE NUMBER OF REPORTED CYBER EVENTS WITH POTENTIAL RELIABILITY IMPACTS (INCLUDING OUTAGES) IN A GIVEN YEAR RESULTING FROM CYBER EVENTS ON BULK-POWER SYSTEM ASSES SUBJECT TO RELIABILITY STANDARDS

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
4	1	4	4	6	6	12

FY 2021 Target: Met

This is an outcome measure that provides an indication of the performance of FERC's oversight activities and its efforts to inform and support the cybersecurity programs of regulated entities. FERC oversees the development of CIP reliability standards and other compliance tools designed to improve the security of jurisdictional energy assets. By working to minimize the occurrence and impact of cybersecurity events, FERC helps to protect the reliability of the grid. The desired outcome is to have a smaller number of actual events than the target number. A smaller number of actual events indicates that the grid is less vulnerable and better protected, and therefore more reliable. Direct reporting is the best indicator of the reliability impacts of cyber events but is not currently available.

Because direct reporting is not currently available, the figures in the table derive from detailed reports from the Department of Homeland Security and other government agencies. They do not account for each reported cybersecurity incident at each electric sector entity. The data may include compromises in non-CIP critical infrastructure environments or non-jurisdictional cyber assets, but all reported events have been evaluated to determine that they could have the potential to impact CIP environments. The Commission will continue to collect and analyze published alerts from the Department of Homeland Security and other government agencies regarding cybersecurity alerts for the electric sector.

FY 2021 RESULTS.

During FY 2021, the Commission increased its focus on several areas of cybersecurity including: (1) supply chain and third-party authorized access; (2) information sharing, audits, and assessments; (3) cloud/managed security service providers; (4) promoting enhanced voluntary security measures; and (5) internal network monitoring and detection. The Commission expects that the increased focus on these areas and the enhanced quality of security measures will better equip security professionals to identify potential attacks before they are able to impact the operation of

the grid. The Commission also expects that its actions will continue to contribute to minimizing the occurrence and impact of cybersecurity events.

In FY 2021, there was an increase of reported cyber events that had potential reliability impacts on the operation of the grid. Commission staff attributes the increase in reporting to the newly enforceable CIP-008-6 reliability standard which became effective January 1, 2021. As a result of this reliability standard, events that were previously not required to be reported are now required to be reported. Reliability standard CIP-008-6 expanded the scope of reporting requirements to include suspicious activity and attempts to compromise Electronic Access Control or Monitoring Systems. Additionally, in late 2020, there was a major cyberattack, reported in the media as "the SolarWinds Hack," that directly affected several entities, including a large software company, SolarWinds, based in Tulsa, Oklahoma. The severity of this attack, and the publicity surrounding it, contributed to the increase in reporting. As industry becomes more familiar with the new reporting requirements, Commission staff anticipates increased reporting of cyber events over the coming years.

Performance Measure: The number of active partnerships for which security related activity occurred during the fiscal year

This measure directly assesses the effectiveness of FERC's efforts to reach out to other federal agencies and establish active partnerships for the benefit of regulated entities. Partnerships provide a mechanism for information sharing and collaborative actions that enable infrastructure security to be addressed holistically, as opposed to action taken in isolation. Importantly, a holistic approach to infrastructure security provides the necessary framework for federal agencies to work together to address new and quickly evolving cyber and physical threats.

By maintaining active partnerships with federal agencies, FERC is able to coordinate with entities to identify and assess threats, activities, and capabilities of adversaries that may initiate a cyber or physical attack on FERC jurisdictional infrastructure. Active partnerships also enable FERC to work with other federal agencies and stakeholders to identify and assess key infrastructure facilities that present the greatest risk, and to develop a common understanding of infrastructure interdependencies. The Commission can use the extensive knowledge gained through partnerships and collaborative actions to make jurisdictional entities aware of these threats and appropriate counter measures.

Targets and Actual Results Table

THE NUMBER OF ACTIVE PARTNERSHIPS FOR WHICH SECURITY RELATED ACTIVITY (INFORMATION SHARING, OUTREACH TO INDUSTRY, JOINT ASSESSMENTS, SHARING OF RESOURCES, ETC.) OCCURRED DURING THE FISCAL YEAR.

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
NA	NA	4	8	8	5	11

FY 2021 Target: Met

Maintaining the quality of FERC's partnerships is critical to effectiveness in this area; for this reason, maintaining a limited set of active partnerships reflects higher performance than a large number of inactive partnerships.

To help in the interpretation of the measure results, FERC will track the number and types of collaborative activities in which each partnership engages. FERC will also maintain an up-to-date list of potential partners, which will include the federal agencies that have expertise, information, resources, or authority relevant to the cyber and physical security of FERC regulated entities.

FY 2021 RESULTS.

In FY 2021, the number of active federal partnerships significantly exceeded the target. This increase is a result of several projects that Commission staff have facilitated, or where staffers have been requested to participate. One example of collaborative work that has been accomplished through these active federal partnerships is a joint study with the Department of Energy that analyzes the impacts of geomagnetic disturbance and electromagnetic pulse events on large power transformers in the US. This project will help the Commission, our federal partners (particularly the Department of Homeland Security, the Department of Defense, the Nuclear Regulatory Commission, and the Department of Energy), and the owners and operators of the Bulk-Power System, to identify which transformers may be most susceptible to damage by geomagnetically induced currents or E3, and from and when protection should be applied to each transformer. In addition, the Commission also participated in the National electromagnetic pulse exercises led by Federal Emergency Management Agency. Commission staff coordinated with the Federal Emergency Management Agency, the Department of Energy, the Department of Homeland Security, Cybersecurity and Infrastructure Security Agency, and other federal agencies to develop plans and procedures to coordinate the response and recovery from electromagnetic pulse and geomagnetic disturbance events.

Further, Commission staff participated in a joint agency effort with the Department of Homeland Security and Cybersecurity and Infrastructure Security Agency to define the parameters, technical details, and mitigation actions related to the Blackberry QNX Real Time Operating System BadAlloc vulnerability. The Department of Homeland Security, the Department of Energy, FERC, US Coast Guard, General Electric, and Blackberry collaborated to analyze aspects of the vulnerability to systematically alert regulated entities to operational impacts, related indicators of compromise, and patch deployment. As a final example, the Commission assisted TSA by reviewing and providing comments to Pipeline Security Directives 1 & 2 as part of an interagency initiative.

Goal 3. Objective 3.1

Performance Measure: Operational effectiveness measures

Overview

FERC will use three measures to assess the operational effectiveness of the agency. The three measures represent key results for FERC's support functions. The measures are intended to enhance accountability, ownership, and engagement with and across the support functions.

1. The People Measure: the extent to which employees are engaged and equipped to perform their jobs to the best of their ability.
2. The Dollars Measure: The percent of dollars appropriated that have been obligated.
3. The Quality Measure: The degree to which internal services meet employee and organizational needs.

The People measure assesses the degree to which Commission employees are engaged. The Office of Personnel Management defines engagement as "an employee's sense of purpose that is evident in their display of dedication, persistence and effort in their work or overall attachment to their organization and its mission." FERC uses the FEVS to gauge employees' perceptions of whether FERC's support functions work to equip employees and enable employee engagement. This is critical to ensuring that employees contribute and perform at their optimal levels. Thus, the People Measure is a key result for the support functions.

The Dollars Measure captures how well FERC utilizes its resources. The Commission's support functions provide oversight, guidance, and efficient processes and procedures that help FERC develop appropriate resource requirements and utilize agency resources accordingly. The measure looks at whether the dollars appropriated by Congress were obligated in a timely manner in a given fiscal year. Thus, the Dollars measure is a key result for the support functions.

The Quality Measure assesses the satisfaction of FERC employees and agency leaders with the services provided internally by the support functions. These services range from capital planning processes and IT support to benefits counseling and special emphasis programs. Collectively, these services meet employee needs and equip them to perform effectively and achieve FERC's mission. To gauge this, the Commission leverages an internal survey. The Quality measure provides a high-level indication of how responsive the FERC support functions are to the needs of the offices and employees in developing and delivering internal services. Thus, the Quality measure is a key result for the support functions.

The People, Dollars, and Quality Measures each capture a key result for the FERC support functions. Together they provide a comprehensive picture of performance and contribution of those functions in managing agency resources effectively through an engaged workforce.

Targets and Actual Results Tables

PEOPLE MEASURE:
THE EXTENT TO WHICH EMPLOYEES ARE ENGAGED AND EQUIPPED TO PERFORM THEIR JOBS TO THE BEST OF THEIR ABILITY

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
78%	81%	82%	82%	86%	80%	85%

FY 2021 Target: Met

The measure is based on 19 questions from the FEVS, 15 questions of which the Office of Personnel Management uses to define the Employee Engagement Index, plus four additional FERC-specific questions that are important to the Commission's specific employee engagement goals and overall success. Note that for the 2020 and 2021 surveys, the People Measure is an average of 17 questions instead of the 19. The Office of Personnel Management eliminated two of the questions included in the Commission's People Measure. The two questions are related to employees having sufficient resources to perform their job and whether physical conditions allowed employees to perform their jobs well. The reported result is an average of the percent of favorable (i.e., positive) ratings across all respondents for each item. Higher percentages are an indication of greater employee satisfaction with those factors.

FY 2021 RESULTS.
For FY 2021, the Office of Personnel Management delayed the FEVS results and also reduced the survey period. The Office of Personnel Management began releasing summarized FEVS results in late March 2022. The actions taken related to the People Measure in FY 2021 include analysis of the FEVS data at the Commission-level and communicating the results Commission-wide. The Commission is still processing its full analysis of the results at the office and division levels. Upon completion of its analysis, the Commission will present the FEVS results via webinar to all employees.

DOLLAR MEASURE:
PERCENTAGE OF DOLLARS APPROPRIATED THAT HAVE BEEN OBLIGATED

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
97%	97%	98%	99%	98%	98%	99%

FY 2021 Target: Met

The measure is based on the Commission's obligation rate of appropriated dollars available in a given fiscal year. Excluded from the calculation are: funding received for building modernization, obligations associated with building modernization, and prior year unobligated funding used to offset a future fiscal year budget request. The greater the percentage of appropriated dollars obligated, the more effective and efficient FERC is at using its financial resources to execute its mission. The targets are considered a minimum threshold for performance. Results below the targets will serve as an alert system that provides FERC an indication that issues may have arisen regarding execution of its financial resources.

FY 2021 RESULTS.
The Commission executed the FY 2021 budget focused on routine program office engagement to ensure resources and requirements were available in timely fashion. The Commission enhanced its acquisition and budget processes to meet the needs and support mission delivery. These enhancements streamlined demand, leveraged, and supported customer demand for effective advanced planning, and systematically advanced execution and produced tailored reports which supported financial data-driven decision-making.

QUALITY MEASURE:
THE DEGREE TO WHICH INTERNAL SERVICES MEET EMPLOYEE AND ORGANIZATIONAL NEEDS

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
68%	78%	82%	79%	88%	82%	89%

FY 2021 Target: Met

The Quality Measure captures employee satisfaction ratings of 22 different internal support services. Each service receives a result of percent positive responses, which allows specific program managers to assess their program's responsiveness and take follow-up actions, as needed. The consolidated measure is reported as an aggregated average. Higher percentages are an indication of greater satisfaction, overall, with the assessed support services.

FY 2021 RESULTS.
In FY 2021, the Commission implemented actions to ensure mission critical initiatives and operational tasks were successfully executed with a focus on constant and consistent quality customer service. Continuing to deliver consistent and reliable customer service supported the achievement of the targeted levels of performance across all service areas. Staff maximized virtual training opportunities and successfully executed training to maintain professional certifications which addressed customer service requirements in creative and innovative ways.

Goal 3. Objective 3.2

Performance Measure: The percent of Commission filings and issuances that are disseminated to the public within established timeframes

Overview

This measure serves as an indicator of FERC's effectiveness in providing timely access to documentation associated with a proceeding, an application, other FERC action, or filer request. As such, the measure reinforces FERC's commitment to transparency by making documents readily and quickly available to all interested parties. By providing timely access to documents, FERC builds public trust and reinforces its ethical stance.

The measure demonstrates FERC's commitment to open communications. Just as FERC mandates that applicants, intervenors, and other filing parties adhere to published timeframes, by this

performance measure FERC shows that the Commission holds itself accountable to similar standards.

The results will help FERC determine if software applications, business procedures, and staff/contractor capabilities adequately support the performance goal. Where a performance trend indicates less than optimal results, FERC will initiate a business analysis to identify points of weakness. Those points will be strengthened through training, application upgrades, or revision in operational procedures.

Targets and Actual Results Table

THE PERCENTAGE OF COMMISSION FILINGS AND ISSUANCES THAT ARE DISSEMINATED TO THE PUBLIC WITHIN ESTABLISHED TIMEFRAMES

FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 TARGET	FY 2021 ACTUAL
93%	94%	99%	98%	99%	98%	97%

FY 2021 Target: Not Met

The measure looks at individual filings, including both submissions (externally created) and issuances (internally created). All documents submitted as official filings intended for publication in the Commission's public data repository (eLibrary) are included, with the exception of eTariff filings (electronic rate filings) that are published within minutes and eForms (forms required to be filed by regulated entities) that do not contribute to a proceeding. The measure looks at whether the time between the first receipt of a filing and its appearance in eLibrary is within the established timeframe for that type of filing. Since the result is an indication of timeliness and efforts to get information to the public quickly, the greater the percentage of filings that meet their timeframe speaks to the Commission's commitment to building public trust and greater transparency. During the COVID-19 pandemic, electronic submissions (externally created) have increased, allowing for more expedient processing and posting to eLibrary and social media platforms for faster public viewing.

Although the targets for this measure are considered a threshold for performance, it is likely that the results are near a practical maximum since there will always be anomalous situations which prevent a 100 percent achievement. The measure will thus serve as an alert system that provides FERC an indication that issues may have arisen in the publication of filings.

FY 2021 RESULTS.

A review of FERC submissions and issuances metrics for FY 2021 shows a stable trend in the public's use of agency applications such as eLibrary, eFiling, eTariff, and eForms, while FERC itself relies on the electronic publication of FERC issuances. Feedback related to conducting business with FERC using these applications is generally positive, and the Commission plans to continue to improve user interfaces and reliability of the FERC Online applications. FERC continues to invest in electronic solutions that will streamline FERC business processes and make searching for a filing or issuance an enjoyable and intuitive experience.

Appendix D: Acronyms

ANOPR Advanced Notice of Proposed Rulemaking

C.F.R. Code of Federal Regulations

CIP Critical Infrastructure Protection

CR Continuing Resolution

EAP Emergency Action Plan

EIA U.S. Energy Information Administration

EQR Electric Quarterly Report

ERO Electric Reliability Organization

FERC Federal Energy Regulatory Commission

FEVS Federal Employee Viewpoint Survey

FTE Full-Time Equivalent

FY Fiscal Year

GHG Greenhouse Gas

ISO Independent System Operator

IT Information Technology

LNG Liquefied Natural Gas

MW Megawatts

NEPA National Environmental Policy Act

NERC North American Electric Reliability Corporation

NOPR Notice of Proposed Rulemaking

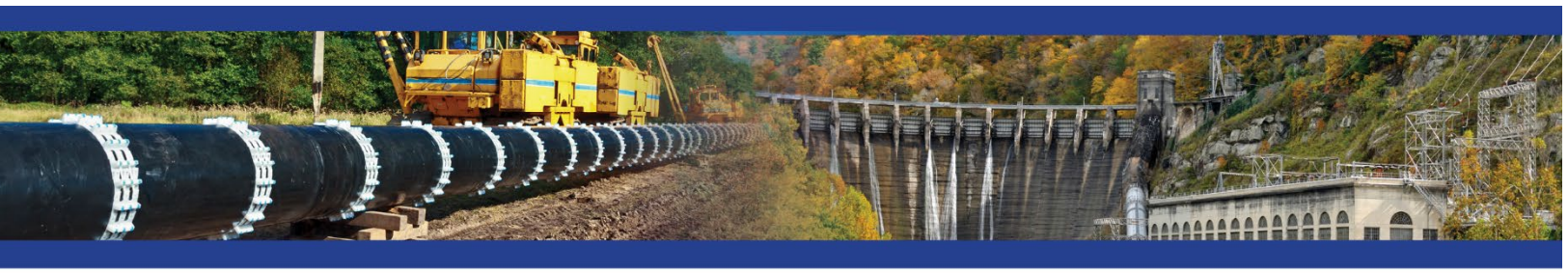
PJM PJM Interconnection, L.L.C.

PY Prior Year

RTO Regional Transmission Organization

U.S.C. United States Code

XBRL eXtensible Business Reporting Language



FERC

FY 2023 CONGRESSIONAL JUSTIFICATION