

Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

The Texas Regional Entity Division of Electric Reliability Council of Texas, Inc. (“Texas RE”) shall include in its annual budget submission to the North American Electric Reliability Corporation (“NERC”) amounts for costs it will incur in support of delegated activities and activities that are in furtherance of NERC’s responsibilities as the ERO under the Act, as specified in the NERC Rules (“Statutory Functions”). These activities shall include:

- Reliability Standard Development (Section 300)
- Compliance Enforcement (Section 400)
- Organization Registration and Certification (Section 500)
- Reliability Readiness Audit and Improvement (Section 700)
- Reliability Assessment and Performance Analysis (Section 800) (including necessary data gathering activities)
- Training and Education (Section 900)
- Situational Awareness and Infrastructure Security (Section 1000)

2. Allocation of Costs

Texas RE shall allocate its dues, fees, and other charges for its activities pursuant to the delegation agreement among all load-serving entities on the basis of net-energy-for load. Texas RE shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities within its geographic boundaries and their proportionate net-energy-for load.

3. Collection of Funding

Electric Reliability Council of Texas, Inc. (“ERCOT”) or Texas RE shall submit weekly, monthly, or quarterly invoices to the load-serving entities identified by Texas RE, covering the NERC and Texas RE budgets approved for collection.

Texas RE will notify NERC of any non-payments by load-serving entities.

NERC shall pursue any non-payments and shall request assistance from applicable governmental authorities as necessary to secure collection.

Upon approval of the annual funding requirements by applicable governmental authorities, Texas RE or ERCOT will remit the funds collected to NERC on a quarterly basis. Texas RE and ERCOT are prohibited from intentionally delaying payment of or offsetting against any such funds for any reason.

Upon approval of the annual funding requirements by applicable governmental authorities, NERC shall fund Texas RE’s costs for Statutory Functions, as identified in the approved budget attached hereto, on a quarterly basis, within ten (10) business days after receiving the remittance from Texas RE or ERCOT.

4. Application of Penalties

Texas RE shall offset penalty monies it receives from unaffiliated Registered Entities against its next-year’s annual budget for carrying out Statutory Functions. All penalty monies received by Texas RE from its affiliated operational entity, ERCOT, shall be sent to NERC and applied as a general offset to the entity’s budget requirements for Statutory Functions under this Agreement for the subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity.

5. Description of Non-Statutory Activities

The Texas RE shall also conduct non-Federal Power Act, §215 activities (“Non-Statutory Activities”). Texas RE’s Non-Statutory Activities include:

- Investigation of market participants’ compliance with the ERCOT Protocols and assistance or cooperation in enforcement of violations (“ERCOT Compliance Activities”), so long as the ERCOT Compliance Activities do not conflict with the Delegated Authority;
- Development of policies, processes, standards, and procedures to implement the ERCOT Compliance Activities; and
- Other activities not in implementation or exercise of Delegated Authority.

6. Time and Expense Tracking to Ensure Separate Funding of Non-Statutory Activities

Texas RE shall implement a time recording and expense management system under which employee time and expenses incurred in the conduct of Non-Statutory Activities will be tracked to ensure that they are not funded by NERC remittances intended for the funding of Statutory Functions.