

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2025 Business Plan and Budget

Draft

May 28, 2024

RELIABILITY | RESILIENCE | SECURITY



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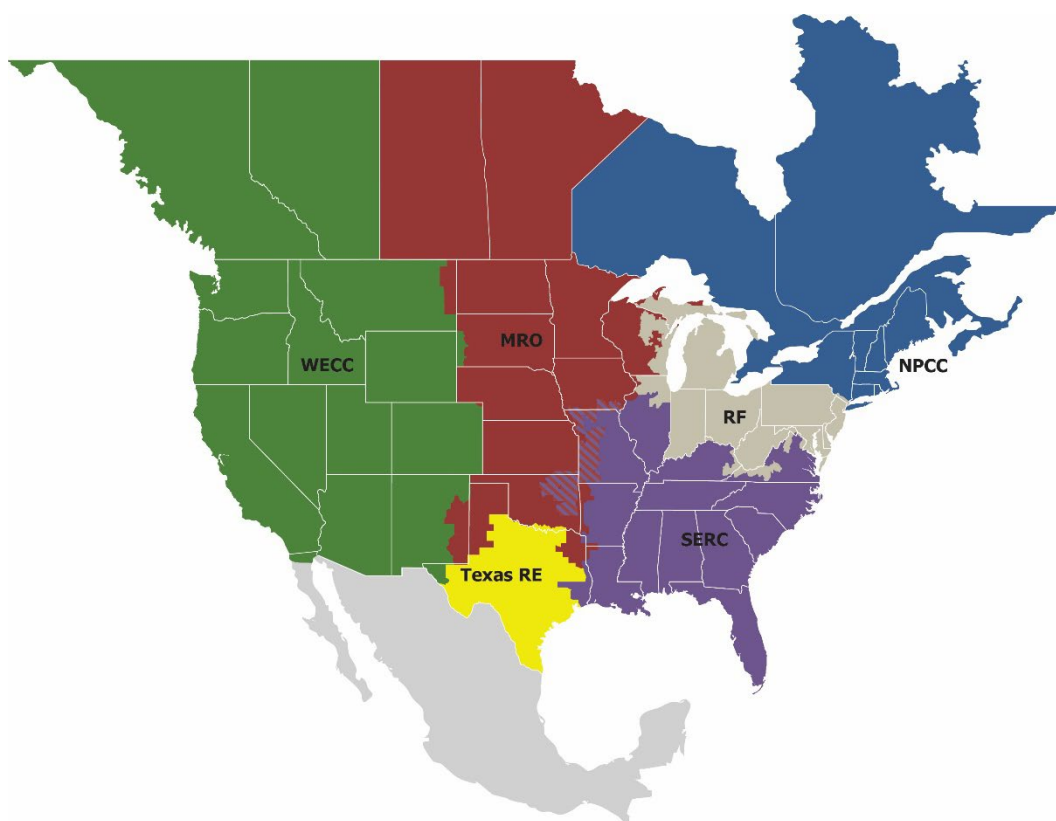
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Preface

Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

Reliability | Resilience | Security
Because nearly 400 million people are counting on us

The North American BPS is divided into six Regional Entity boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Region while associated Transmission Owners/Operators participate in another.



MRO	Midwest Reliability Organization
NPCC	Northeast Power Coordinating Council
RF	ReliabilityFirst
SERC	SERC Reliability Corporation
Texas RE	Texas Reliability Entity
WECC	Western Electricity Coordinating Council

Introduction

Overview

The North American Electric Reliability Corporation (NERC) is a not-for-profit international regulatory authority. The Federal Energy Regulatory Commission (FERC) certified and has oversight of NERC as the Electric Reliability Organization (ERO) within the United States to establish and enforce NERC Reliability Standards for the U.S. portion of the bulk power system (BPS), pursuant to Section 215 of the Federal Power Act (FPA). Entities under NERC's jurisdiction are the users, owners, and operators of the BPS.¹

Section 215 also requires that the organization certified by FERC as the ERO seek recognition with relevant authorities in Canada and Mexico. In 2005, the U.S. Department of Energy and Canadian federal and provincial governments agreed to bilateral principles for a consistent, continent-wide reliability regulatory framework under a non-governmental institution (the ERO) designed to function on an international basis. To date, NERC has memoranda of understanding (MOUs) with eight Canadian provinces² and the Canada Energy Regulator in furtherance of this framework.

Membership and Governance

A 12-member Board of Trustees (Board), comprised of 11 independent trustees and NERC's president and chief executive officer serving as the management trustee, governs NERC. The Board has formed several committees to facilitate oversight of the organization in the areas of finance and audit, corporate governance and human resources, regulatory oversight, technology and security, nominations, and enterprise-wide risk.

Membership in NERC is open to any person or entity that has an interest in the reliability of the North American BPS. Membership is voluntary and affords participants the opportunity to engage in the governance of the organization, including through election to the Member Representatives Committee (MRC).³ NERC, its members, and each applicable BPS owner, operator, and user must comply with the NERC [Rules of Procedure](#) (ROP).

Scope of Oversight

As the international, multijurisdictional ERO in North America, NERC:

- Proposes, supports the development of monitors compliance with, and enforces mandatory Reliability Standards for the North American BES, subject to regulatory oversight and approvals from FERC in the United States and applicable authorities in Canada
- Conducts near-term and long-term reliability assessments of the North American BPS
- Certifies BPS operators as having the knowledge and skills to perform reliability responsibilities
- Maintains situational awareness of events and conditions that may threaten BPS reliability
- Coordinates efforts to improve physical and cyber security for the BPS of North America

¹ Standards, compliance, and enforcement activities focus on the [Bulk Electric System \(BES\)](#), comprised of certain BPS facilities.

² British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia

³ The [MRC](#) comprises voting representatives elected from 12 membership sectors. The MRC elects the independent trustees and, along with the Board, votes on amendments to the bylaws. The MRC also provides advice and recommendations to the Board on behalf of stakeholders with respect to annual budgets, business plans, and other matters pertinent to the purpose and operation of the organization.

- Conducts detailed analyses and investigations of system disturbances and events, as well as measures ongoing trends to determine root causes, uncover lessons learned, and issue findings as recommendations, guidelines, and actions to mitigate and control risks to reliability.
- Identifies and prioritizes risks to reliability and uses a broad toolkit to mitigate and control risks to reliability, including the potential need for new or modified Reliability Standards, improved compliance monitoring and enforcement methods, or other initiatives

Delegated Authorities

In executing its responsibility, NERC delegates certain authorities to the six Regional Entities to perform aspects of the ERO functions described above through delegation agreements, which are approved by FERC. These agreements describe the authorities delegated and responsibilities assigned to the Regional Entities in the United States to address, among other things: (1) developing regional Reliability Standards; (2) monitoring compliance with and enforcement of Reliability Standards (both North American-wide and regional); (3) registering owners, operators, and users of the BES and certifying reliability entities (Reliability Coordinators, Balancing Authorities, and Transmission Operators); (4) assessing reliability and analyzing performance; (5) training and education; (6) event analysis and reliability improvement; and (7) situation awareness and infrastructure security. NERC expects Regional Entities whose territories and geographic footprints extend into Canadian provinces and Mexico to perform equivalent functions in those jurisdictions.

Statutory and Regulatory Background

NERC's authority as the ERO in the United States is based on FPA Section 215, as added by the Energy Policy Act of 2005,⁴ and FERC's regulations and orders pursuant to Section 215. In Canada, NERC's authorities are established by MOUs and regulations previously mentioned. In this Business Plan and Budget (BP&B), *Application of NERC Section 215 Criteria* summarizes the major activities NERC proposes to undertake in 2025 and the approved FPA Section 215 criteria applicable to such activities.⁵

Funding

FPA Section 215 and FERC's regulations specify procedures for NERC's funding in the United States. NERC's annual BP&B is subject to FERC approval and, once approved, NERC's annual funding is provided primarily through assessments to load-serving entities. These assessments are allocated on a net-energy-for-load (NEL) basis. Equivalent funding mechanisms are provided in Canada, subject to the specific laws and regulations of each province. Regional Entity funding requirements are addressed separately in their respective BP&Bs, which must be reviewed and approved by NERC and FERC.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American BPS. Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations with distinct roles between NERC and the Regional Entities. The ERO Enterprise strives for consistency where necessary but recognizes that each Regional Entity addresses reliability in unique ways based on its own challenges and stakeholder needs. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

⁴ Section 215 of the FPA, 16 United States C. 824o.

⁵ North American Electric Reliability Corporation, Order on Compliance, 143 FERC ¶ 61,052 (2013).

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

As the ERO Enterprise continues to mature, the organization is working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations have been established, committing the ERO Enterprise to:

- Work together as one team and honor each of its roles
- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work
- Collaborate to develop clear and consistent guidance across the ERO Enterprise
- Share information, knowledge, and resources across the ERO Enterprise
- Develop and share harmonized messages across ERO Enterprise communications
- Support innovation, initiatives, and the sharing of best-practices across the ERO Enterprise

Building upon these commitments, the ERO Enterprise is guided by the value drivers shown in the graphic below and engages in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.



ERO Enterprise Strategic and Operational Planning

NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while acknowledging the unique differences across the Regional Entities, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and to ensure alignment with the BPS risks identified by NERC's Reliability Issues Steering Committee (RISC). This strategy, which was approved by the Board on December 12, 2019, includes the following strategic focus areas:

1. Expand risk-based focus in all standards, compliance monitoring, and enforcement programs
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial [ERO Reliability Risk Priorities Report](#)
3. Build a strong, Electricity Information Sharing and Analysis Center-based security capability
4. Strengthen engagement across the reliability and security ecosystem in North America
5. Capture effectiveness, efficiency, and continuous improvement opportunities

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

Since risks to reliability and security are fluid and can be impacted by recent events, NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.

2025 Business Plan and Budget Overview

Background

Historical Budget and Assessment Increase Overview

For the 10-year period prior to the 2023–2025 plan discussed below, NERC’s average annual budget and assessment increase has been 5.7%. NERC incurred significant costs on behalf of the Electric Reliability Organization (ERO) Enterprise during this time period, including the Cyber Risk Information Sharing Program (CRISP) addition in 2015, the Electricity Information Sharing and Analysis Center (E-ISAC) program expansion in 2019, and the Align and ERO Secure Evidence Locker (SEL) system implementations. The 2021 budget and assessment were flat as a result of the temporary deferral of costs and projects in an effort to provide industry assessment relief through the financial uncertainty associated with the pandemic.

	2013	2014	2015 ⁽¹⁾	2016	2017	2018	2019 ⁽²⁾	2020	2021	2022 ⁽³⁾	Avg Annual
NERC Total Budget (millions)	\$54.3	\$56.4	\$66.7	\$67.2	\$69.6	\$73.1	\$79.9	\$82.7	\$82.9	\$88.8	
Annual Increase %		3.9%	18.3%	0.7%	3.6%	5.0%	9.3%	3.5%	0.2%	7.1%	5.7%
NERC Assessment (millions)	\$47.6	\$51.4	\$55.3	\$57.1	\$59.9	\$62.9	\$68.9	\$72.0	\$72.0	\$78.4	
Annual Increase %		8.0%	7.6%	3.3%	4.9%	5.0%	9.5%	4.5%	0.0%	8.9%	5.7%

⁽¹⁾ 2015 Budget increase includes addition of CRISP program (\$9 million)

⁽²⁾ Budgets in 2019 and prior years do not include net financing activity

⁽³⁾ 2022 Budget, as amended for Atlanta office transition costs

2023–2025 NERC Strategic and Business Planning

From compromised supply chains and cyber breaches to record weather-related events, there has been an alarming increase in reliability, resilience, and security risks to the bulk power system (BPS). The industry is facing an absolute step change in the risk environment surrounding reliability and security. Three key challenges are:

- **Rapidly changing resource mix**
 - Retirements of synchronous generation and unbundling of essential reliability services
 - Interdependencies between the electric and natural gas systems
 - Uncertainties and engineering challenges resulting from the integration of more energy-constrained asynchronous inverter-based and distributed energy resources on the grid
- **Extreme weather**
 - Extreme, not infrequent
 - More widespread, more extreme, and of longer duration
 - Weather that at one time was not considered extreme can have extreme impacts on resource availability (e.g., long-term cloud cover, smoke, little/too much wind, etc.)
- **Rapidly evolving threat landscape**
 - Geopolitical environment
 - Software vulnerabilities
 - Supply chain attacks
 - Ransomware
 - Physical attacks

In support of the ERO Enterprise's mission to assure the effective and efficient reduction of risks to the reliability and security of the grid, and with consideration to the extraordinary costs to nearly 400 million North Americans if responsive and preventive measures are not taken to address these risks, NERC developed a three-year plan to focus on investments where the ERO can most influence change.

In the last quarter of 2021, NERC leadership and the Board of Trustees (Board) came together to align on strategic priorities and focus areas for 2023–2025 and conducted extensive outreach with stakeholders to gain feedback. In parallel, NERC leadership developed budget assumptions to support the three-year plan, which were shared in detail with the Board and discussed with key stakeholders, including the Member Representatives Committee (MRC) Business Plan and Budget (BP&B) Input Group, the E-ISAC's Member Executive Committee (MEC), and industry trades and forum representatives.

NERC's plan for 2023–2025 does the following:

- Ensures NERC has the resources to address two critical emerging risks to BPS reliability, resilience, and security while leveraging the work of key partners:
 - Evolving energy availability concerns as the resource mix changes and climatic conditions become more extreme
 - Heightened cyber-security and physical risks driven by supply chain vulnerabilities occurring at an unprecedented rate
- Retools NERC's approach to mitigating risk through a more nimble standard setting process that honors the important role of stakeholders in Reliability Standards development
- Invests in NERC's own infrastructure to reduce enterprise and cyber risks related to business activities and systems and create a more sustainable organization

The 2023–2025 plan's value proposition:

- Provides the framework and plans for NERC and the industry to get ahead of key grid transformation risks by defining key performance outcomes
- Is responsive to key needs of the security role envisioned for the E-ISAC expressed by industry through the MEC and government partners, including the Department of Energy and its Office of Cybersecurity, Energy Security, and Emergency Response
- Leverages technology and expertise to drive more comprehensive analytics around reliability assessments (i.e., more complete assessments of energy availability) and key institutional risks (e.g., improving the cyber security posture of NERC's own systems and applications)
- Creates the capacity for better analytics and focus to manage and improve the productivity of NERC's back-office systems while reducing risk of human error due to current manual processes
- Continues a strong focus on driving efficiency while assuring effectiveness of ERO programs and embedding risk-informed thinking into programs and processes

The plan is centered on four strategic areas of focus:

- **Energy:** Tackle the challenge of grid transformation and climate change-driven, extreme weather
- **Security:** Move the needle by focusing on supply chain, Information Technology (IT) and Operational Technology (OT) system monitoring, cyber design, and evolution of the Critical Infrastructure Protection (CIP) Standards

- **Agility:** Tool the company to be more nimble in key areas, particularly standards development and internal operational processes
- **Sustainability:** Invest in ERO systematic controls, eliminate single points of failure, strengthen succession planning, and ensure robust cyber security protections for all systems

With the 2023–2025 plan NERC proposed higher than historical average budget and assessment increases during this period. However, the corresponding financial strategy included use of project and equipment financing and reserve releases to smooth the assessment impact of the budget increases.

\$ millions

	2022 ⁽¹⁾	2023	2024	2025	Notes
Annual Total Budget	\$88.8	\$101.0	\$110.1	\$122.6	
<i>\$ annual increase</i>	<i>\$5.9</i>	<i>\$12.2</i>	<i>\$9.1</i>	<i>\$12.5</i>	
<i>% annual increase</i>	<i>7.2%</i>	<i>13.7%</i>	<i>9.0%</i>	<i>11.4%</i>	Annual avg. 2023-2025 11.4%
Annual Total Assessment	\$78.4	\$87.1	\$97.2	\$108.0	
<i>\$ annual increase</i>	<i>\$6.4</i>	<i>\$8.7</i>	<i>\$10.1</i>	<i>\$10.8</i>	
<i>% annual increase</i>	<i>8.9%</i>	<i>11.1%</i>	<i>11.6%</i>	<i>11.1%</i>	Annual avg. 2023-2025 11.3%
Recommended Reserve Usage		\$2.0		\$0.5	

⁽¹⁾ 2022 budget includes amendment for Atlanta office lease costs (funded by reserves)

The detailed 2023 budget and 2024 and 2025 projections supporting the plan were included in the 2023 BP&B, which was approved by the Federal Energy Regulatory Commission (FERC) on November 2, 2022.⁶

During the development of NERC's 2024 BP&B in 2023, Congress passed the Fiscal Responsibility Act of 2023, which included a mandate for NERC to conduct an Interregional Transfer Capability Study (ITCS) to be filed with FERC by December 2, 2024. The ITCS was an unprecedented, significant body of work that required additional resources not anticipated in the 2023–2025 plan.

To minimize the financial impact of the ITCS expenses, NERC reevaluated its priorities for 2023 and 2024. To fund the resulting incremental costs net of deferrals and repurposing of funds, NERC proposed to release reserves to keep the 2023 and 2024 assessments consistent with the three-year plan. NERC ultimately did not release reserves in 2023 due to its ending financial position, and the FERC-approved 2024 BP&B included the use of \$1.3M from the Assessment Stabilization Reserve (ASR) to fund the net ITCS non-personnel costs, and \$1.3M from the Operating Contingency Reserve (OCR) to fully fund the incremental full-time equivalents (FTEs) hired in 2023 to provide transmission assessment capabilities.⁷

Investment Benefit and Performance Reporting

Given the significant investments proposed in the 2023–2025 plan, NERC is committed to reporting on the value and progress of the activities associated with these investments. Success is measured through accomplishment of the annual Work Plan Priorities, which includes initiatives that support the four strategic areas of focus discussed above.⁸ NERC leadership reports on the progress of these initiatives throughout the year and provides a comprehensive mid-year and end-of-year update to the Board on Work Plan Priority status, challenges, and accomplishments.

⁶ Order Accepting 2023 Business Plans and Budgets and Directing Compliance Filing 181 FERC ¶ 61,095 (2022)

⁷ Order Accepting 2024 Business Plans and Budgets 185 FERC ¶ 61,047 (2023)

⁸ The [2024 ERO Enterprise Work Plan Priorities](#) were approved by the Board in December 2023.

Overview of 2025 Budget and Funding Requirements

NERC and the Regional Entities' annual budgets are comprised of both operating and fixed asset additions (fixed assets, or capital) costs, as well as financing activity, if applicable. Operating costs generally include personnel, contractor support, consulting, meetings, travel, office space, software licensing, communications, and other customary services to support office operations. Fixed assets primarily reflect investments in equipment, infrastructure, and software applications to support business operations and improve efficiency. These operating and fixed asset costs, as well as corresponding funding and financing activity, are shown on a Statement of Activities report (SOA report) in this document, which is provided at both the total organization and department levels. These reports include funding, expenses, and financing activity for the current budget year and prior budget year to show year-over-year changes.

NERC's 2025 expense and fixed assets budget, including financing activity, is approximately \$123.0M, which is an increase of approximately \$9.4M (8.2%) from the 2024 budget. Total expenses are increasing approximately \$8.2M (7.4%) over 2024. The total fixed assets budget is approximately \$5.1M, an increase of \$475k (10.3%) from 2024. The fixed assets budget includes the acquisition of \$852k in capital lease assets (primarily for equipment replacements), offset by corresponding lease proceeds reflected in financing activity. NERC is also proposing to finance \$2.9M of capital software expenditures in 2025, which is reflected by corresponding loan proceeds in financing activity. Approximately \$13.1M (10.7%) of NERC's 2025 budget is related to CRISP, with 78.2% of the CRISP budget funded by participating utilities and the majority of the remainder funded through assessments. See discussion on the *Electricity Information Sharing and Analysis Center* on starting on page 47 for more information on CRISP funding.

NERC's proposed 2025 assessment is approximately \$108.4M, which is an increase of approximately \$11.4M (11.8%) from the 2024 assessment. Factors contributing to the difference between the 2025 budget and assessment include assumptions on other funding sources, such as third-party funding for CRISP and fees collected to fund the System Operator Certification and Credential Maintenance program. The proposed assessment includes a release of \$300k from the OCR. The allocation of the assessment among the United States and Canada will be provided in the final 2025 BP&B.⁹

Comparison to Original Three-Year Plan

The table below compares the 2023–2025 budget and assessment increase to the original three-year plan. The cumulative budget and assessment in 2025 are materially consistent with the original three-year plan projection, including unanticipated costs for additional transmission assessment capabilities.

\$ - millions	Original Plan 2022 v 2025	Current Proposed 2022 v 2025	Over/(Under)
Assessment Increase \$	\$29.6	\$30.1	\$0.5
Assessment Increase %	37.8%	38.4%	0.6%
Budget Increase \$	\$33.8	\$34.1	\$0.3
Budget Increase %	38.1%	38.4%	0.3%

⁹ The allocation of the assessment among U.S. and Canadian entities will be impacted by the final determination of credits for certain costs for Canadian entities pursuant to *NERC's Expanded Policy on Allocation of Certain Compliance and Enforcement Costs*, North American Electric Reliability Corp., Docket No. RR08-6-000, Attachment 16 (filed August 22, 2008).

Key 2025 Budget Assumptions

Below is an overview of key 2025 assumptions, including changed assumptions from the 2025 projection included in the 2024 BP&B.

People Strategy

NERC is a knowledge-based organization. As the challenges to the reliability and security of the BPS evolve at the same time as the competition for talent increases, NERC's ability to retain, engage, and attract top talent is critical. NERC's people strategy employs the following high-level workforce planning process:

- Identify the skills needed to support the four areas of focus
- Consider existing staff skillsets and succession planning
- Identify (1) gaps between current and needed skills; (2) single-threaded positions; (3) how to further optimize current resources; and (4) progress on current year Work Plan Priorities
- Create a plan to fill gaps using the following strategies:
 - Build – Develop current staff in the time frames needed
 - Borrow – Use contractors and consultants
 - Buy – Identify future FTE staffing requests
 - Outsource – Outsource necessary functions that are not core to NERC's mission
- Continually monitor and appropriately adjust plans to ensure business objectives are met

In 2025, NERC anticipates hiring 13 additional employees (12.4 FTEs, which incorporates a 6.0% vacancy rate), which is a 4.9% increase over 2024. These positions are an investment in long-term talent for value-added areas where NERC needs capacity and additional capabilities, supporting activities for transmission assessment, Reliability Standards development, Enforcement, the E-ISAC, and IT and support services.

The increase of 13 employees is 2 above what was projected for 2025 in the 2024 BP&B, which is attributed to increasing staff in the transmission assessment area. Though the ITCS will be delivered at the end of 2024, NERC recognizes that transmission adequacy is crucial to the future of the electricity industry and, beyond the delivery of the ITCS, this challenge will only continue to grow and should be addressed in NERC's future assessments and in conjunction NERC's critical mission.

The 2025 personnel budget includes salaries, health insurance, and other benefits. NERC's employee base consists primarily of professional skilled labor, with a relatively high concentration of cyber security and IT employees. NERC competes for talent in the energy, high tech, cyber security, and non-financial services sectors of the broader job market, and conducts regular surveys to ensure compensation is market-based. Based on these surveys and guidance from compensation advisors, for 2025 NERC is budgeting a weighted average salary increase of 5.5% (4.0% merit increase for staff, and a 1.5% reserve for promotions and market adjustments), which is consistent with the prior year projection. Medical and dental insurance premium cost estimates are also based on market data provided by the company's benefits consultant and do not assume any plan changes. While salary rate increases are consistent with prior year projections, total budgeted personnel costs decreased for 2025 over the prior projection primarily due to lower than anticipated medical insurance increases. No other changes to retirement or other benefit plans have been assumed.

Staffing is discussed in further detail in the *Personnel Expenses and Analysis* section and tables below.

Technology Strategy

NERC's technology strategy addresses ever-emerging cyber security risks, enables agile business processes, mitigates ERO Enterprise and corporate risks, and delivers long-term benefits across the program areas. This plan aligns with the four strategic areas of focus, and adheres to the following:

- **Agile:** The three-year Strategy can respond to emerging issues (e.g., cyber, Artificial Intelligence) by shifting investments and priorities
- **Measurable:** Large investments will be vetted through the IT Value Management process for justification and expected benefits
- **Business-unit driven:** Investments map to the NERC program areas and support primary mission objectives
- **Aligned to key business drivers:** In addition to the four focus areas, each investment is linked to a key set of business drivers that align with the ERO Enterprise Golden Circle (see page vi above)

NERC's technology strategy uses a "Solutions Hub" concept, which, to the extent possible, centers on Commercial off the Shelf applications such as the Microsoft xRM Dynamics Customer Relationship Management (CRM) platform, Governance Risk and Compliance, along with other Software as a Service platforms to configure ERO Enterprise technology solutions. The Solutions Hub is supported by both on premises and specialized infrastructure, surrounded by best-in-class cyber-security tools.

The flexibility of the 2023–2025 plan enables reprioritization of investments as requirements develop and the risk and cyber threat environment changes. Technology investments are overall consistent with the technology investment level included in the 2025 projection in the 2024 BP&B. Key investments planned for 2025 include:

- **Entity Facility Registry.** The goal of this effort is to automate the collection of facility information from registered entities and link it to other data collected in several post-registration processes, such as annual reliability assessments, ongoing Section 1600 data requests, and compliance audits. This will improve the ERO's visibility of the facilities under its jurisdiction, enhance the efficiency of stakeholder interactions by reducing redundant requests to satisfy various data collection processes, and consolidate data, providing access across the ERO Enterprise for improved coordination and analysis.
- **Enterprise Analytics.** The Enterprise Analytics program is a multi-faceted effort focused on: (1) increasing data analytics capabilities across the ERO Enterprise; (2) implementing data quality measures within the ERO Enterprise environment to ensure data is trustworthy and available; and (3) creating a framework for the highly secured movement of data within the ERO Enterprise. Efforts include integrations, data modeling, data curating, and reports creation.
- **Inverter Based Resources (IBR).** FERC issued an order in 2022 directing NERC to identify and register owners and operators of currently unregistered BES-connected IBRs that could materially impact the grid. NERC will be developing a tool to track all entities that own and/or operate IBRs across all NERC systems that rely on registration information.
- **BAL Data Collection.** Creates a data submission portal that Balancing Authorities can use to submit data on frequency disturbances that meet thresholds outlined in the Resource and Demand Balancing (BAL) Reliability Standards. This data is used to evaluate overall system performance and establish frequency bias values for use in each Balancing Authority area's Automatic Generation Control for the following year.

- **Load Loss Data Collection.** Provides a data submission portal that registered entities can use to submit information about the use of non-consequential load loss as a strategy for meeting system planning requirements specified in NERC Reliability Standard TPL-001. In this context, non-consequential load loss is system operator-initiated load shedding implemented to return their system to a secure state.
- **Situation Awareness Inadvertent Interchange Upgrade.** Replaces the underlying technology supporting the Inadvertent Accounting system. This system enables reporting of and accounting for Inadvertent Interchange (i.e., unplanned energy transfers from one Balancing Authority to another due to control error and/or unanticipated system behaviors). Balancing Authorities use this information to “pay back” the on-peak and off-peak energy they may have received inadvertently through normal operations.
- **Reliability Assessment Data System (RADS).** Each year, NERC is responsible for independently assessing and reporting on the overall reliability, adequacy, and associated risks that could impact the upcoming summer and winter seasons, as well as the long-term, 10-year period. As emerging risks and potential impacts to reliability are identified, special assessments are conducted that provide similar technical framework and insights about the range and specific aspects of these to guide steps that may be warranted. NERC is undertaking a two-phased effort to automate the collection, management, and analysis of reliability assessment data. The first effort is a refinement of collection procedures, to be undertaken in 2024. The subsequent phase will include the implementation of a technical solution that will support these refinements.
- **NERC Public Website Upgrade.** As part of ongoing efforts to make NERC the trusted, independent voice for reliability, the NERC public website, originally constructed and implemented in 2014, will undergo an upgrade in 2024–2025. The new site will take advantage of improved technology to enhance the user experience – more intuitive design for ease of use, targeted information for stakeholders, metrics to inform decisions and assess impact, as well as more contemporary branding to attract new talent. NERC will develop requirements and select a vendor in 2024, with implementation taking place in 2025.
- **Additional Cyber Security Enhancements.** In addition to the Identity Governance and SEL security investments in 2024, as well as the cyber security improvements contained throughout other initiatives, additional security enhancements are slated to improve NERC’s control environment and reduce the cyber risk to the organization including additional Data Management and Loss Prevention (DLP) expansions, maturing endpoint user device protections such as Extended Detection and Response (XDR), and Enterprise virtual desktops.

Transmission Assessment Capability

As mentioned above, though the ITCS will be delivered at the end of 2024, NERC recognizes that transmission adequacy is crucial to the future of the electricity industry. Therefore, beyond the delivery of the ITCS, the transmission adequacy challenge will only continue to grow and must be evaluated annually in NERC’s future reliability assessments and in conjunction with the critical work NERC does. To grow this capability, NERC has added four incremental FTEs hired in 2023, and an additional four FTEs are budgeted for 2025. These FTEs strengthen the engineering expertise needed to provide in-depth analysis using a variety of engineering tools, data interpretation, and the development of modeling techniques. The 2025 budget also includes continued consultant support and software licensing for transmission assessment activities.

Facilities and Rent

NERC has made the decision to discontinue a long-term office lease in Atlanta once the current lease agreement expires in October 2025. With this decision, both one-time and recurring cost savings have been recognized in the 2025 budget and 2026 and 2027 projections.

In comparison to the prior year projection, the 2025 budget realizes cash savings of two months of assumed rent (\$230k) and out-of-pocket furniture and fixture costs (\$650k) by not leasing new office space. Approximately \$3.0M of audio-visual and IT infrastructure equipment purchases (which would have been financed with 60-month leases) were also avoided. While there are minimal cash savings in 2025 on avoided equipment leases, future year estimated savings on these avoided lease payments are approximately \$700k. In 2026, avoided office rent expense results in a savings of approximately \$1.4M as compared to the 2026 projection provided in the 2024 BP&B. Future year savings will be slightly higher (approximate 3% increase annually) due to the estimated lease escalation.

Some of the Atlanta office lease savings will be partially offset by co-working partnership costs, including a flexible-term lease for a small IT provisioning space, co-working memberships, and meeting room rental costs for internal or external meetings.

Meetings and Travel

While NERC will continue to offer virtual and hybrid meeting options when possible, meeting and travel costs are budgeted to increase in 2025 by 8.8% due to the following:

- Transition of meetings to co-working partner space with a rental fee cost per meeting (see Facilities and Rent discussion above)
- Continued demand for in-person meetings for stakeholder engagement
- Increased travel expenses for internal department collaboration and staff team building, and culture development as the NERC workforce becomes more geographically diverse, and
- A higher assumed amount of “per trip” costs due to overall increase in market rates for airfare, hotels, etc.

The meeting and travel cost increases above are more than offset by facility cost savings (rent, equipment, etc.) by eliminating the long-term office lease in Atlanta.

CRISP

The contract with the Pacific Northwest National Laboratory (PNNL) currently matches the prior year projection for 2025. However, this is an estimate due to timing of the PNNL 2025 statement of work. Any changes to the assumption will not impact assessments since the PNNL contract is completely participant funded. See discussion on the *Electricity Information Sharing and Analysis Center* starting on page 47 for more information on CRISP.

Fixed Assets and Capital Financing

NERC’s fixed assets budget includes IT equipment and servers, including leased equipment (capital lease assets) as part of infrastructure investments to support operational sustainability. The fixed assets budget also includes capital software projects, including those related to the technology investments discussed above. The fixed assets budget for 2025 is \$2.2M lower than the prior year projection due to the avoidance of out-of-pocket furniture and fixture costs and audio-visual and IT infrastructure equipment purchases (which would have been financed with 60-month leases) due to not leasing a new office space. Fixed asset addition expenditures in 2025 are illustrated further in the *Fixed Assets* table below.

Budgeted loan borrowing and lease financing in 2025 is \$3.8M, which is \$2.1M below the prior year projection. Contributing factors are the avoided equipment lease financing for Atlanta office equipment, which is partially offset by \$800k of estimated loan borrowing for a new System Operator Certification and Continuing Education (SOCCED) system. Debt service payments are reduced over the prior year projections for 2025 primarily due to the lower actual borrowing in 2023. Lower principal payments are partially offset by higher interest rate assumptions. Further information on NERC's capital financing program is provided in the *Capital Financing* discussion and tables below.

Reserve Releases

Due to the avoidance of one-time Atlanta office facility costs, reduced debt service requirements and lower medical insurance than projected, the 2025 budget is \$1.2M below the projection in the 2024 BP&B. The 2025 projection in the 2024 BP&B included the use of \$1.3M in reserves (\$300k ASR and \$1.0M OCR) to help cover one-time costs for a new Atlanta office lease and a higher 2025 budget (versus the original three-year plan) due to the additional transmission assessment personnel resources. Due to the favorable updated budget estimates, NERC's budgeted reserve release in 2025 is now \$300k (using only OCR), which maintains the 2025 assessment increase at the 2024 BP&B projected level (11.8%), while conserving reserves to support our recent higher target range for OCR.

Below is the SOA report for NERC showing the 2025 budget as compared to the 2024 budget.

2025 Business Plan and Budget Overview

Statement of Activities and Fixed Asset Additions 2024 Budget & Projection, and 2025 Budget						
STATUTORY						
	2024 Budget	2024 Projection	\$ Inc(Dec) 2024 Projection v 2024 Budget	2025 Budget	\$ Inc(Dec) 2025 Budget v 2024 Budget	% Change 2025 Budget v 2024 Budget
Funding						
NERC Funding						
NERC Assessments	\$ 96,997,361	\$ 96,997,361	\$ -	\$ 108,424,741	\$ 11,427,379	
Penalties Released*	1,300,000	1,300,000	-	-	(1,300,000)	
Total NERC Funding	\$ 98,297,361	\$ 98,297,361	\$ -	\$ 108,424,741	\$ 10,127,379	10.3%
Third-Party Funding (CRISP)	\$ 10,083,382	\$ 9,619,039	\$ (464,343)	\$ 10,223,011	\$ 139,629	
Testing, Renewal, & Continuing Ed Fees	1,796,086	1,714,515	(81,571)	2,576,092	780,006	
Services & Software	60,000	60,000	-	60,000	-	
Miscellaneous	400,000	490,999	91,000	580,000	180,000	
Interest & Investment Income	1,080,000	1,576,824	496,824	1,200,000	120,000	
Total Funding (A)	\$ 111,716,829	\$ 111,758,739	\$ 41,910	\$ 123,063,843	\$ 11,347,014	10.2%
Expenses						
Personnel Expenses						
Salaries	\$ 50,263,573	\$ 50,154,271	\$ (109,301)	\$ 54,787,073	\$ 4,523,500	
Payroll Taxes	2,706,709	2,740,300	33,592	2,896,693	189,984	
Benefits	7,572,900	7,226,024	(346,876)	8,106,437	533,537	
Retirement Costs	5,238,161	4,991,994	(246,167)	5,745,105	506,944	
Total Personnel Expenses	\$ 65,781,342	\$ 65,112,590	\$ (668,753)	\$ 71,535,308	\$ 5,753,966	8.7%
Meeting & Travel Expenses						
Meetings & Conference Calls	\$ 1,375,300	\$ 1,317,749	\$ (57,551)	\$ 1,574,634	\$ 199,334	
Travel	2,131,500	2,310,880	179,379	2,242,182	110,682	
Total Meeting & Travel Expenses	\$ 3,506,800	\$ 3,628,629	\$ 121,829	\$ 3,816,815	\$ 310,015	8.8%
Operating Expenses, excluding Depreciation						
Contractors & Consultants	\$ 21,369,135	\$ 22,043,333	\$ 674,198	\$ 22,234,093	\$ 864,958	
Office Rent	3,089,858	3,089,858	-	3,074,867	(14,991)	
Office Costs	13,708,213	13,464,598	(163,997)	14,914,417	1,206,204	
Professional Services	3,517,866	3,247,854	(270,012)	3,511,270	(6,596)	
Miscellaneous	149,950	168,258	18,308	174,028	24,078	
Total Operating Expenses, excluding Depreciation	\$ 41,835,022	\$ 42,013,901	\$ 178,879	\$ 43,908,676	\$ 2,073,654	5.0%
Total Direct Expenses	\$ 111,123,164	\$ 110,755,120	\$ (368,045)	\$ 119,260,799	\$ 8,137,635	7.3%
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Non-Operating Expenses	\$ 468,040	\$ 339,212	\$ (128,828)	\$ 564,000	\$ 95,960	20.5%
Total Expenses (B)	\$ 111,591,205	\$ 111,094,331	\$ (496,873)	\$ 119,824,799	\$ 8,233,594	7.4%
Change in Net Assets (=A-B)	\$ 125,624	\$ 664,407	\$ 538,783	\$ 3,239,045	\$ 3,113,420	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 4,624,000	\$ 5,146,609	\$ 522,609	\$ 5,098,590	\$ 474,590	10.3%
Financing Activity						
Loan or Financing Lease - Borrowing (-)	(4,212,498)	(4,356,222)	(143,724)	(3,752,500)	459,998	
Loan or Financing Lease - Principal Payments (+)	1,618,238	1,283,515	(334,722)	1,823,780	205,543	
Net Financing Activity (D)	\$ (2,594,260)	\$ (3,072,707)	\$ (478,446)	\$ (1,928,720)	\$ 665,541	-25.7%
Total Budget (=B+C+D)	\$ 113,620,944	\$ 113,168,234	\$ (452,711)	\$ 122,994,669	\$ 9,373,725	8.2%
Change in Working Capital (=A-B-C-D)	\$ (1,904,115)	\$ (1,409,495)	\$ 494,620	\$ 69,174	\$ 1,973,289	
FTEs	251.14	240.91	(10.23)	263.51	12.38	4.9%

*Penalties Released in the current year reflects the designated amount of funds released from the Assessment Stabilization Reserve to offset U.S. assessments as approved by the NERC Board and FERC. Actual penalties invoiced in the current reporting year are shown as an increase to the Assessment Stabilization Reserve on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

2025 Program Area Budgets

The following table shows a 2025 versus 2024 budget comparison by program area. The amounts reflect all direct departmental costs, including fixed asset expenditures and financing activity, as well as indirect costs incurred for Corporate Services, which are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. See discussion on *Corporate Services* on page 57 for more information on this allocation method.

2025 versus 2024 Total Budget by Program

Total Budget	2024 Budget	2025 Budget	Increase (Decrease)
Reliability Standards & PRISM	\$ 11,572,434	\$ 13,392,901	\$ 1,820,467 15.7%
CMEP	22,938,135	24,758,699	1,820,565 7.9%
RAPA	23,025,951	25,407,355	2,381,404 10.3%
Situation Awareness	6,615,001	7,008,659	393,658 6.0%
Event Analysis	4,808,401	5,177,731	369,330 7.7%
Personnel Certification	2,440,201	2,256,918	(183,283) -7.5%
Training and Education	1,167,248	1,197,322	30,073 2.6%
NERC Budget, excluding E-ISAC	\$ 72,567,371	\$ 79,199,585	\$ 6,632,215 9.1%
E-ISAC (non-CRISP)	\$ 28,256,810	\$ 30,732,391	\$ 2,475,581 8.8%
E-ISAC (CRISP)	12,796,764	13,062,692	265,929 2.1%
Total E-ISAC Budget	\$ 41,053,574	\$ 43,795,084	\$ 2,741,510 6.7%
Total Budget	\$ 113,620,944	\$ 122,994,669	\$ 9,373,725 8.2%

Major Budget Drivers by Program

Overall, the budgets for the program areas are increasing over 2024 primarily due to one or a combination of the following: (1) assumptions related to personnel, discussed above, particularly incremental FTEs (see table below), which, for some programs, may also result in higher allocations of indirect, fixed asset, and net financing activity costs from the Corporate Services departments; and (2) costs related to technology projects discussed above. In many departments, these increases are offset by decreases in spending in other areas. The budget for Personnel Certification is decreasing in 2025 because of lower contracts & consulting spending related to the SOCCED system versus the 2024 budget and loan financing assumptions for a new SOCCED system base platform in 2025. Details on each statutory program and the Corporate Services budgets are available in the *2025 Business Plan and Budget Program Area and Department Detail* section of this document. A summary of major budget increase (or decrease) drivers by statutory program is provided below.

Reliability Standards and Power Risk Issues and Strategic Management (PRISM)

- Increase in personnel costs due to the personnel assumptions related to the People Strategy discussed above, including an increase of FTEs (see personnel analysis immediately below)
- Increase in Indirect Expenses due to the increase in FTEs and the overall increase in expenses for Corporate Services
- Increase in Fixed Asset Additions expenditures for ongoing Standards Balloting System enhancements and development costs for the ERO Risk Registry tool

Compliance Monitoring and Enforcement Program (CMEP)

- Increase in personnel costs due to the personnel assumptions related to the People Strategy discussed above, including an increase of FTEs (see personnel analysis immediately below)
- Increase in Contractors and Consultants expenses, primarily due to a portion of support for the Entity Facility Registry system (discussed above)
- Increase in Indirect Expenses due to the increase in FTEs and overall increase in expenses for Corporate Services
- Decrease in Fixed Asset Additions expenditures and change in Net Financing Activity due to the expected completion of the ERO SEL Development Environment

Reliability Assessment and Performance Analysis

- Increase in personnel costs due to the personnel assumptions related to the People Strategy discussed above, including an increase of FTEs (see personnel analysis immediately below)
- Decrease in Contractors and Consultants expenses due to the completion of the ITCS
- Increase in Office Costs due to continued software license expenses for transmission assessment activities
- Increase in Indirect Expenses due to the increase in FTEs and the overall increase in expenses for Corporate Services
- Increase in Fixed Asset expenditures due to development costs for RADS (discussed above)
- Change in Net Financing Activity due to the financing assumptions for capital software expenditures in this area

Event Analysis

- Increase in personnel costs due to the personnel assumptions related to the People Strategy discussed above
- Increase in Contractors and Consultants expenses due to a portion of support for the Entity Facility Registry system (discussed above) and increased support for event analysis outreach activities
- Decrease in Fixed Asset Additions due to a shift to support and maintenance costs from development costs for the Entity Facility Registry system
- Change in Net Financing Activity due to the financing assumptions for capital software expenditures in this area and the allocation of Net Financing Activity from Corporate Services

Situation Awareness

- Increase in Contractors and Consultants expenses to support a new Resource Adequacy tool and the Inadvertent Interchange system upgrade (discussed above)
- Increase in Fixed Asset Additions expenditures for the Inadvertent Interchange system upgrade
- Change in Net Financing Activity due to the financing assumptions for capital software expenditures in this area

Personnel Certification and Credential Maintenance

- Decrease in Contractors and Consultants expenses due to a shift from discovery costs to development costs for an upgrade to the SOCCED base platform
- Increase in Office Costs primarily due to increased merchant credit card fees due to increased testing, renewal, and continuing education fees for the System Operator Certification program
- Increase in Fixed Asset Additions expenditures and change in Net Financing Activity due to development costs for the SOCCED platform upgrade

Training and Education

- Increase in personnel costs due to the personnel assumptions related to the People Strategy discussed above

E-ISAC and CRISP

- Increase in personnel costs due to the personnel assumptions related to the People Strategy discussed above including an increase of FTEs (see personnel analysis immediately below)
- Increase in Contractors and Consultants, primarily due to biennial GridEx support, as well as the annual increase to the contract with PNNL for CRISP
- Increase in Indirect Expenses due to the increase in FTEs and the overall increase in expenses for Corporate Services
- Decrease in Fixed Asset Additions due to a decrease in the allocation of Fixed Asset Additions from Corporate Services
- Change in Net Financing Activity resulting from the allocation of Net Financing Activity from Corporate Services

2025 Personnel Analysis and Expenses

Personnel	2024 Budget	2025 Budget	Increase (Decrease)
Salaries	\$ 50,263,573	\$ 54,787,073	\$ 4,523,500 9.0%
Payroll Taxes	2,706,709	2,896,693	189,984 7.0%
Benefits	7,572,900	8,106,437	533,537 7.0%
Retirement	5,238,161	5,745,105	506,944 9.7%
Total	\$ 65,781,342	\$ 71,535,308	\$ 5,753,966 8.7%
FTEs	251.14	263.51	12.38 4.9%
Cost per FTE			
Salaries	\$ 200,144	\$ 207,910	\$ 7,766 3.9%
Payroll Taxes	10,778	10,993	215 2.0%
Benefits	30,154	30,763	608 2.0%
Retirement	20,858	21,802	944 4.5%
Total	\$ 261,934	\$ 271,468	\$ 9,533 3.6%

The increase in overall personnel costs is primarily related to the increase of 12.38 FTEs and salary and benefit increase assumptions for existing staff discussed in the People Strategy above. The following table presents a 2025 versus 2024 comparison of budgeted FTEs by department. Also see the *NERC Staff Organization Chart* section.

2025 versus 2024 Total FTEs by Program

FTEs	2024 Budget	2025 Budget	Increase (Decrease)	
Reliability Standards & PRISM	20.82	23.64	2.82	13.5%
CMEP	34.78	36.66	1.88	5.4%
RAPA	34.40	38.16	3.76	10.9%
Situation Awareness	8.55	8.55	-	0.0%
Event Analysis	7.61	7.61	-	0.0%
Personnel Certification	2.87	2.87	-	0.0%
Training and Education	1.88	1.88	-	0.0%
Corporate Services	91.76	94.16	2.40	2.6%
NERC FTEs, excluding E-ISAC	202.68	213.54	10.86	5.4%
E-ISAC (non-CRISP)	41.69	43.43	1.74	4.2%
E-ISAC (CRISP)	6.77	6.54	(0.23)	-3.4%
Total E-ISAC FTEs	48.46	49.97	1.51	3.1%
Total FTEs	251.14	263.51	12.38	4.9%

To support the areas of focus, NERC is adding 13 new positions in 2025. The total increase of FTEs in 2025 versus 2024 is 12.38, which is the net result of a 6.0% attrition rate and assumptions of hiring dates throughout the year. The table above reflects these additions and reductions, as well as inter-departmental reallocations as follows:

- Reliability Standards and PRISM – The increase of 2.82 FTEs is due to the addition of two new positions and one reallocated position from a different department to Reliability Standards and PRISM for standards development activities and technical expertise support.
- CMEP – The increase of 1.88 FTEs is due to the increase of one position for enforcement analysis support and the reallocation of one position from another department to Organization Registration as a part of ongoing resource efficiency efforts.
- RAPA – The increase of 3.76 FTEs is due to the addition of four positions to support transmission assessment activities.
- E-ISAC and CRISP – The increase of 1.51 FTEs is the net result of the addition of two positions for cyber intelligence and physical operations analysis and a slight reduction in the allocation of dedicated Business Technology staff to E-ISAC and CRISP.
- Corporate Services – The increase of 2.40 FTEs is the net result of (1) four additional positions in support of the strategic focus area of sustainability, including two positions for application development and quality assurance in Business Technology and two positions to support accounting and procurement; and (2) the reallocation of staff from and to the Corporate Services area to better align with functional responsibilities.

Contractors and Consultants Expenses

Contractors & Consultants	2024 Budget	2025 Budget	Increase(Decrease)
Reliability Standards & PRISM			
Standards and PRISM Application Support	\$ 107,888	\$ 38,000	\$ (69,888)
Engineering and Standards Support	112,000	150,000	38,000
Total	\$ 219,888	\$ 188,000	\$ (31,888)
CMEP			
Secure Evidence Locker Annual Certification	100,000	100,000	-
Align and Secure Evidence Locker Application Support	1,249,866	1,269,246	19,380
Registration Application Support	105,388	169,500	64,112
Workshop Facilitation	22,000	-	(22,000)
Total	\$ 1,477,254	\$ 1,538,746	\$ 61,492
RAPA			
RAPA Application and Data Analytics Support	\$ 344,400	\$ 373,000	\$ 28,600
Transmission Assessment Support	1,250,000	40,000	(1,210,000)
Reliability Analyses, Studies, Research, and Other Support	224,000	649,500	425,500
Total	\$ 1,818,400	\$ 1,062,500	\$ (755,900)
Event Analysis			
Event Analysis Application Support	\$ 35,000	\$ 140,000	105,000
Event Analysis Activity and Review Support	130,000	180,000	50,000
Total	\$ 165,000	\$ 320,000	\$ 155,000
Situation Awareness			
Situation Awareness Application Support	\$ 83,000	\$ 246,000	\$ 163,000
Total	\$ 83,000	\$ 246,000	\$ 163,000
E-ISAC			
Security and Other Consulting	\$ 393,767	\$ 362,740	\$ (31,027)
Engagement, Events, & Membership Support	305,660	872,898	567,238
Technology Support	564,053	586,339	22,286
Watch Operations	727,757	753,228	25,471
Partnerships	400,000	400,000	-
CRISP PNNL, Security Review, & Member Training (Fully Participant Funded)	7,400,000	7,793,329	393,329
Other CRISP Support	275,000	275,000	-
Total	\$ 10,066,237	\$ 11,043,534	\$ 977,297
Personnel Certification and Credential Maintenance			
System Operator Testing Expenses and Examination Development	\$ 159,760	\$ 300,230	\$ 140,470
Special Project and Other Support	52,500	-	(52,500)
Continuing Education Audit and Review Services	120,000	124,848	4,848
SOCCED Database Support & Platform Upgrade	450,000	-	(450,000)
Total	\$ 782,260	\$ 425,078	\$ (357,182)
Training and Education			
ERO Enterprise and Industry Learning and Development Support	\$ 90,000	\$ 90,000	\$ -
Total	\$ 90,000	\$ 90,000	\$ -
General & Administrative			
General Communications Support	\$ 75,000	\$ 85,000	\$ 10,000
ITCS Communications Support	240,000	-	(240,000)
Executive and Leadership Support	125,000	305,000	180,000
Total	\$ 440,000	\$ 390,000	\$ (50,000)
Business Technology			
Applications & Infrastructure, Security, PMO, and Operations Support	\$ 4,597,096	\$ 5,600,235	\$ 1,003,139
Total	\$ 4,597,096	\$ 5,600,235	\$ 1,003,139
Human Resources & Administration			
Training and Development	\$ 290,000	\$ 310,000	\$ 20,000
HR Consulting and Other Services	545,000	565,000	20,000
Total	\$ 835,000	\$ 875,000	\$ 40,000
Finance & Accounting			
Accounting, Procurement, and Financial System Support	\$ 540,000	\$ 225,000	\$ (315,000)
Total	\$ 540,000	\$ 225,000	\$ (315,000)
Legal & Regulatory			
Internal Audit Support	\$ 245,000	\$ 220,000	\$ (25,000)
Workshop Facilitation	10,000	10,000	-
Total	\$ 255,000	\$ 230,000	\$ (25,000)
Total Contractors & Consultants	\$ 21,369,135	\$ 22,234,093	\$ 864,958

Significant changes to Contractors and Consultants expenses include:

- RAPA – Decreasing due to the completion of the ITCS, offset by an increase for study and analytics support for activities deferred in 2024 to help fund ITCS expenses.
- Event Analysis – Increasing due to a portion of support for the Entity Facility Registry system (discussed above) and increased support for event analysis outreach activities
- Situation Awareness – Increasing to support enhancements for a new resource adequacy tool and for upgrading the inadvertent interchange system (discussed above)
- E-ISAC – Increasing primarily due to biennial GridEx support, as well as the annual increase to the contract with PNNL for CRISP
- Personnel Certification and Credential Maintenance – Decreasing due to a shift from discovery costs to development costs for an upgrade to the SOCCED base platform
- Business Technology – Increasing primarily in support of efforts related to the Technology Strategy discussed above
- Finance and Accounting – Decreasing due to the expected completion of conversion activities for the new financial system

For additional discussion on contractors and consultants, see the Resource Requirements sections of each program area in the *2025 Business Plan and Budget Program Area and Department Detail* section.

Miscellaneous Expenses

Miscellaneous Expenses	2024 Budget	2025 Budget	Increase (Decrease)
Miscellaneous Expense	\$ 12,550	\$ 11,100	\$ (1,450) -11.6%
Employee Rewards and Recognition	25,400	35,928	10,528 41.4%
Employee Engagement	85,000	100,000	15,000 17.6%
Sponsorships	27,000	27,000	- 0.0%
Total	\$ 149,950	\$ 174,028	\$ 24,078 16.1%

The slight increase for Employee Rewards and Recognition expenses in 2025 is due to the overall increase in FTEs. The increase in Employee Engagement costs is for Employee Resource Group activities.

Fixed Asset Additions

Fixed Asset Additions	2024 Budget	2025 Budget	Increase (Decrease)
Computer & Software CapEx	\$ 2,854,000	\$ 4,246,090	1,392,090 48.8%
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	-	-	-
Capital Lease Assets	1,770,000	852,500	(917,500) -51.8%
Leasehold Improvements	-	-	-
Total	\$ 4,624,000	\$ 5,098,590	\$ 474,590 10.3%

Significant changes in the Fixed Asset Additions budget include:

- Computer and Software CapEx – Increasing due capital software initiatives related to the Technology Strategy discussed above
- Capital Lease Assets – Decreasing due to the completion of the ERO SEL Development Environment in 2024.

Other Significant Cost Changes

Office Costs are increasing by \$1.2M (8.8%) primarily due to:

- A \$974k (9.1%) increase for Software Licenses and Support expenses due to budgeted escalation for existing software license and support expenses and new software in support of the Technology Strategy discussed above
- An increase of \$152k (24.2%) for Subscriptions and Publications, which is due to an increase in research and advisory-related subscriptions to support strategic initiatives
- An increase of \$71k (68.2%) for Merchant Card Fees due to increased testing, renewal, and continuing education fees for the System Operator Certification program

While Professional Services expenses are relatively flat, there are offsetting increases and decreases in the following areas:

- Outside Legal expenses are decreasing by \$185k (28.7%) due to the one-time expenses that were budgeted for 2024 related to an anticipated new long-term Atlanta office lease negotiation
- Insurance Commercial expenses are increasing by \$96k (11.2%) primarily due to assumed increases to liability insurance

Other Non-Operating Expenses primarily consist of property and other tax and interest expense. This area is increasing by \$96k (20.5%) mainly due to an increase in interest expense based on current loan and lease financing and interest rate assumptions.

Capital Financing

The company maintains a capital financing program (line of credit) as a funding source for major software application development projects and hardware equipment. NERC financed \$2.0M for ERO Secure Evidence Locker (SEL) project costs, borrowing \$1.3M in late 2020 and the remaining \$700k in 2021, with an interest rate of 2.5% and 3.2%, respectively. Borrowings under the credit facility for the ERO SEL are amortized over a five-year period and can be prepaid without penalty.

As discussed in the *2023–2025 NERC Strategic and Business Planning* section above, due to increased spending on capital software projects related to the 2023–2025 Technology Strategy, a portion of these projects is proposed to be financed with NERC’s capital borrowing facility using a five-year loan amortization. In 2023, NERC borrowed \$555k with an interest rate of 7.3%. NERC is assuming loan borrowings of \$2.4M in 2024, \$2.9M in 2025 (of which \$800k is specifically for the SOCCED base platform upgrade, which will be funded completely by the System Operator Certification program), and \$3.0M in 2026 with an interest rate of 8.0%. NERC is currently not projecting any loan borrowing in 2027. Loans in each period are assumed to be closed late in each calendar year, with debt service beginning January 1 of the following year.

The tables below show projected year-end outstanding debt and the future annual payments for debt service.

	Year-End Outstanding Debt Balance				
	Prior Years Actual	2024 Projected	2025 Budget	2026 Projected	2027 Projected
Prior Years	\$ 1,501,462	\$ 978,133	\$ 435,304	\$ 216,507	\$ 95,043
2024 Projection	-	2,442,500	2,028,638	1,580,427	1,095,016
2025 Budgeted	-	-	2,833,573	2,336,675	1,798,536
2026 Projected	-	-	-	3,000,000	2,491,676
2027 Projected	-	-	-	-	-
Total Outstanding Balance	\$ 1,501,462	\$ 3,420,633	\$ 5,297,516	\$ 7,133,609	\$ 5,480,271

	Future Annual Payments for Debt Service				
		2024 Projected	2025 Budget	2026 Projected	2027 Projected
Prior Years - Principal		\$ 523,328	\$ 542,829	\$ 218,797	\$ 121,464
2024 Projection		-	413,862	448,211	485,412
2025 Budgeted		-	66,427	496,898	538,139
2026 Projected		-	-	-	508,324
2027 Projected		-	-	-	-
Interest Expense		57,076	248,899	375,500	509,772
Total Principal and Interest Costs		\$ 580,404	\$ 1,272,017	\$ 1,539,407	\$ 2,163,111

Other Outside and Miscellaneous Funding

Outside Funding Breakdown By Program (Excludes Any Penalty/Reserve Releases)	2024 Budget	2025 Budget	Increase (Decrease)
Reliability Standards and PRISM			
Interest & Investment Income Allocation	\$ 125,141	\$ 125,336	\$ 195
Total	\$ 125,141	\$ 125,336	\$ 195
Compliance Assurance, Certification, and Registration			
Interest & Investment Income Allocation	\$ 129,944	\$ 119,605	\$ (10,339)
Total	\$ 129,944	\$ 119,605	\$ (10,339)
Compliance Enforcement			
Interest & Investment Income Allocation	\$ 79,096	\$ 74,753	\$ (4,343)
Total	\$ 79,096	\$ 74,753	\$ (4,343)
Reliability Assessment and Performance Analysis			
Services and Software	\$ 60,000	\$ 60,000	\$ -
Interest & Investment Income Allocation	206,780	202,331	(4,448)
Total	\$ 266,780	\$ 262,331	\$ (4,448)
Personnel Certification and Credential Maintenance			
Testing Fees	\$ 546,000	\$ 630,000	\$ 84,000
Certificate Renewals	748,400	1,005,100	256,700
Continuing Education Fees	501,686	940,992	439,306
Interest & Investment Income Allocation	40,000	50,000	10,000
Total	\$ 1,836,086	\$ 2,626,092	\$ 790,006
Training and Education			
Interest & Investment Income Allocation	\$ 11,299	\$ 9,967	\$ (1,332)
Total	\$ 11,299	\$ 9,967	\$ (1,332)
Event Analysis			
Interest & Investment Income Allocation	\$ 45,763	\$ 40,367	\$ (5,396)
Total	\$ 45,763	\$ 40,367	\$ (5,396)
Situation Awareness			
Interest & Investment Income Allocation	\$ 51,412	\$ 45,350	\$ (6,062)
Total	\$ 51,412	\$ 45,350	\$ (6,062)
E-ISAC			
Third Party Funding (CRISP)	\$ 10,083,382	\$ 10,223,011	\$ 139,629
Miscellaneous Funding	400,000	580,000	180,000
Interest & Investment Income Allocation	390,565	532,291	141,726
Total	\$ 10,873,947	\$ 11,335,302	\$ 461,355
Grand Total	\$ 13,419,468	\$ 14,639,103	\$ 1,219,635

Significant changes to Outside Funding include:

- Interest & Investment Income – Increasing due to anticipated higher interest rates
- Testing Fees & Certificate Renewals – Increase reflects the estimated number of 2025 tests and renewals
- Third Party Funding (i.e., CRISP participant funding) – Increasing primarily due to the estimated increase for the contract with PNNL, which is fully funded by CRISP participants.
- Miscellaneous Funding – Increasing in E-ISAC due to estimated increased revenue from the E-ISAC Vendor Affiliate Program, as well as additional funding from the Downstream Natural Gas ISAC. See the Electricity Information Sharing and Analysis Center portion of the *2025 Business Plan and Budget Program Area and Department Detail* section for more discussion on E-ISAC and CRISP funding.

Reserve Analysis

Total Reserves Analysis								
Statutory								
	Total Reserves	Future Obligation Reserve ¹	Operating Contingency Reserve ²	System Operator Certification Reserve	CRISP Equipment Reserve ³	CRISP Operating Reserve ³	CRISP Defense Fund Reserve ⁴	Assessment Stabilization Reserve
Beginning Reserves - 1/1/2024	\$ 23,868,710	\$ 2,908,227	\$ 13,229,753	\$ 908,879	\$ 450,000	\$ 3,615,851	\$ 500,000	\$ 2,256,000
Generation(use) of reserves from 2024 projections								
Projected 2024 operating results, including debt service and financing	\$ 1,794,620	\$ -	\$ 1,598,912	\$ 246,980	\$ -	\$ (51,272)	-	\$ -
Budgeted addition(use) of reserves	(2,986,062)	218,053	(1,300,000)	(604,115)	-	-	-	(1,300,000)
Other addition(use) of reserves	(229,495)	(229,495)	-	-	450,000	(450,000)	-	-
Projected Reserves - 12/31/2024	\$ 22,447,773	\$ 2,896,785	\$ 13,528,665	\$ 551,744	\$ 900,000	\$ 3,114,579	\$ 500,000	\$ 956,000
Projected Reserves - 12/31/2025	\$ 21,727,755	\$ 2,107,593	\$ 13,228,665	\$ 920,918	\$ 900,000	\$ 3,114,579	\$ 500,000	\$ 956,000
Addition(use) of reserves ⁵	(720,018)	(789,192)	(300,000)	369,174	-	-	-	-
Less: Assessment Stabilization Reserve Release - Penalties	-	-	-	-	-	-	-	-
Total Adjustments to Reserves	\$ (720,018)	\$ (789,192)	\$ (300,000)	\$ 369,174	\$ -	\$ -	\$ -	\$ -
Assessment Reconciliation								
2025 Expenses, Capital Expenditures, & Net Financing	\$ 122,994,669							
Less: Assessment Stabilization Reserve Release - Penalties	-							
Addition(use) of reserves	69,174							
Less: Other Funding Sources	(14,639,103)							
2025 NERC Assessment	\$ 108,424,741							

¹ The Future Obligations Reserve offsets future, non-current liabilities.

² Except as otherwise approved by the Board, after review by the FAC, the amount of the Operating Contingency Reserve shall be between 8.0% and 16% of the company's total expense, fixed asset, and net financing budget minus the sum of the System Operator Certification and CRISP budgets, each of which have separate reserves.

³ In 2022, FERC approved NERC's request to annually redirect underruns of the prior year's CRISP budget to the CRISP Operating Reserve. North American Electric Reliability Corp., 180 FERC ¶ 61,013 (Letter Order July 8, 2022). In both 2023 and 2024, the CRISP participants agreed to transfer \$450k from the CRISP Operating Reserve to fund a CRISP Equipment Reserve.

⁴ The CRISP Defense Fund Reserve is intended to fund any expenses related to investigation and defense in connection with a claim pertaining to the CRISP agreement between NERC and participating utilities.

⁵ This activity for the Future Obligation Reserve is excluded because it is already reflected in the budgeted SOA in the form of lower rent expense versus cash payments.

At the end of 2025, NERC is projecting a total reserve budget of \$21.7M across all categories of reserves. This is an increase of \$3.0M (16.2%) from the total reserve amounts budgeted for the end of 2024 in the NERC 2024 BP&B. The reserve categories are as follows:

- **Future Obligation Reserve** – Includes funding that has been received to satisfy future obligations under lease, credit, loan, or other agreements to which the company is a party. This reserve is budgeted to be \$2.1M at the end of 2025.
- **System Operator Certification Reserve** – Includes surplus funding from fees collected for the System Operator Certification and Credential Maintenance program that are above incurred expenses and shall be used solely for the program needs. The reserve is budgeted to be \$921k at the end of 2025.

- **CRISP Reserves** – Represents funds dedicated to support CRISP. These reserves are established pursuant to a CRISP budget agreed to and funded entirely by CRISP participants. These reserves have no impact on assessments and are segregated from other reserves pursuant to the terms of the CRISP agreements. CRISP reserves are budgeted to be \$4.5M at the end of 2025.
- **OCR** – Includes both general working capital funds resulting from day-to-day operations and additional funds for contingencies that were not anticipated.¹⁰ NERC’s current policy requires an OCR target of 8.0–16.0% of the company’s total expense, fixed asset, and net financing budget except as otherwise approved by the Board. This percentage is calculated against NERC’s total expense, fixed asset, and net financing budget, less those costs related to CRISP and System Operator Certification, each of which has a separate reserve category. NERC is proposing to release \$300k from the OCR to offset 2025 assessments, and the OCR is budgeted to be \$13.2M at the end of 2025. This is 12.3% of budgeted operating and fixed asset costs, which is within the target range.
- **ASR** – To date, this reserve has been funded entirely by previously received penalties from U.S. entities. So far in the 12 months ending June 30, 2024, NERC has not collected any penalty funds. NERC is not recommending the release of any funds from the ASR to offset 2025 assessments, and the ASR is projected to have a balance of \$956k at the end of 2025. The balance held in the ASR will be used for assessment offsets to stabilize and reduce assessments in future years. Though not anticipated, any additional penalties collected up until June 30, 2024, will be reflected in the final 2025 BP&B.

¹⁰ As in past BP&Bs, NERC is not budgeting the use of working capital funds in 2025 for cash flow needs since assessments are billed and paid quarterly throughout the year. If an unforeseen revenue deficiency were to arise, NERC maintains a \$4.0M line of credit with a major financial institution. The “Change in Working Capital” referenced on the financial tables in this document reflects the projected net changes for the System Operator and CRISP reserves, if any, which result from the funding model for those programs.

2026 and 2027 Projections

Statement of Activities and Fixed Asset Additions 2025 Budget & Projected 2026 and 2027 Budgets							
	2025 Budget	2026 Projection	\$ Inc(Dec) 26 vs 25	% Change 26 vs 25	2027 Projection	\$ Inc(Dec) 27 vs 26	% Change 27 vs 26
Funding							
ERO Funding							
NERC Assessments	\$ 108,424,741	\$ 118,290,736	\$ 9,865,996	9.1%	\$ 127,749,706	\$ 9,458,969	8.0%
Penalties Released	-	-	-	-	-	-	-
Total NERC Funding	\$ 108,424,741	\$ 118,290,736	\$ 9,865,996	9.1%	\$ 127,749,706	\$ 9,458,969	8.0%
Third-Party Funding	\$ 10,223,011	\$ 11,106,872	\$ 883,861	8.6%	\$ 11,694,918	\$ 588,046	5.3%
Testing Fees	2,576,092	2,766,800	190,708	7.4%	2,888,525	121,725	4.4%
Services & Software	60,000	60,000	-	0.0%	60,000	-	0.0%
Miscellaneous	580,000	580,000	-	0.0%	580,000	-	0.0%
Interest & Investment Income	1,200,000	1,350,000	150,000	12.5%	1,350,000	-	0.0%
Total Funding (A)	\$ 123,063,843	\$ 134,154,408	\$ 11,090,565	9.0%	\$ 144,323,149	\$ 10,168,741	7.6%
Expenses							
Personnel Expenses							
Salaries	\$ 54,787,073	\$ 59,577,316	\$ 4,790,243	8.7%	\$ 64,394,904	\$ 4,817,588	8.1%
Payroll Taxes	2,896,693	3,031,496	134,803	4.7%	3,178,295	146,799	4.8%
Benefits	8,106,437	9,141,179	1,034,742	12.8%	10,065,187	924,008	10.1%
Retirement Costs	5,745,105	6,235,846	490,741	8.5%	6,739,855	504,009	8.1%
Total Personnel Expenses	\$ 71,535,308	\$ 77,985,837	\$ 6,450,529	9.0%	\$ 84,378,241	\$ 6,392,404	8.2%
Meetings & Travel Expenses							
Meetings & Conference Calls	\$ 1,574,634	\$ 1,673,037	\$ 98,403	6.2%	\$ 1,910,161	\$ 237,124	14.2%
Travel	2,242,182	2,562,193	320,011	14.3%	2,643,561	81,368	3.2%
Total Meetings and Travel Expenses	\$ 3,816,815	\$ 4,235,230	\$ 418,415	11.0%	\$ 4,553,722	\$ 318,492	7.5%
Operating Expenses, excluding Depreciation							
Contractors and Consultants	\$ 22,234,093	\$ 23,726,869	\$ 1,492,776	6.7%	\$ 25,921,125	\$ 2,194,256	9.2%
Office Rent	3,074,867	1,516,858	(1,558,009)	-50.7%	1,545,934	29,076	1.9%
Office Costs	14,914,417	15,467,686	553,269	3.7%	16,638,804	1,171,118	7.6%
Professional Services	3,511,270	3,723,182	211,912	6.0%	3,927,036	203,854	5.5%
Miscellaneous	174,028	176,533	2,505	1.4%	175,652	(881)	-0.5%
Total Operating Expenses, excluding Depreciation	\$ 43,908,676	\$ 44,611,128	\$ 702,453	1.6%	\$ 48,208,551	\$ 3,597,423	8.1%
Total Direct Expenses	\$ 119,260,799	\$ 126,832,195	\$ 7,571,396	6.3%	\$ 137,140,514	\$ 10,308,319	8.1%
Indirect Expenses	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
Other Non-Operating Expenses	\$ 564,000	\$ 690,454	\$ 126,455	22.4%	\$ 780,444	\$ 89,989	13.0%
Total Expenses (B)	\$ 119,824,799	\$ 127,522,649	\$ 7,697,851	6.4%	\$ 137,920,958	\$ 10,398,309	8.2%
Change in Net Assets (=A-B)	\$ 3,239,045	\$ 6,631,759	\$ 3,392,714	104.7%	\$ 6,402,191	\$ (229,568)	-3.5%
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 5,098,590	\$ 7,679,000	\$ 2,580,410	50.6%	\$ 3,987,250	\$ (3,691,750)	-48.1%
Financing Activity							
Loan or Financing Lease - Borrowing (-)	(3,752,500)	(3,582,500)	170,000	-4.5%	(653,750)	2,928,750	-81.8%
Loan or Financing Lease - Principal Payments (+)	1,823,780	2,058,337	234,556	12.9%	2,525,672	467,335	22.7%
Net Financing Activity (D)	\$ (1,928,720)	\$ (1,524,163)	\$ 404,556	-21.0%	\$ 1,871,922	\$ 3,396,085	-222.8%
Total Budget (=B+C+D)	\$ 122,994,669	\$ 133,677,486	\$ 10,682,817	8.6%	\$ 143,780,130	\$ 10,102,643	7.6%
Change in Working Capital (=A-B-C-D)	\$ 69,174	\$ 476,922	\$ 407,748	589.5%	\$ 543,020	\$ 66,097	13.9%
FTEs	263.51	272.60	9.09	3.4%	282.00	9.4	3.4%

NERC management's preliminary 2026 and 2027 projections are showing budget and assessment increases moderating from the 2023–2025 levels (mid-11% range):

Preliminary Projections	2026	2027
Assessment Increase %	8.5%–9.5%	7.5%–8.5%
Budget Increase %	8.0%–9.0%	7.0%–8.0%

These estimates include continued investment in people and technology to build the capacity and capability to meet the rising demand resulting from the transformation of the industry, including workload volume increases with critical timelines, more complex and technical issues that require expertise in new technology and analytics, as well as an increasingly diverse stakeholder base with diverse objectives. The personnel and technology investment projections currently indicate a shift from the right-sizing initiatives around the strategic focus area of Sustainability to core program area efforts in Energy and Security. These estimates are subject to further evaluation and Board consensus on a new three-year plan for 2026–2028, which will be included in the 2026 BP&B.

2025 Business Plan and Budget Program Area and Department Detail

Reliability Standards and PRISM

Purpose and Scope

Reliability Standards

The Reliability Standards program carries out the ERO's statutory responsibility to develop, modify, adopt, and obtain approval of mandatory NERC Reliability Standards (both continent-wide and regional) to assure the Bulk Electric System is planned, operated, maintained, and secured to minimize risks of cascading failures, avoid damage to major equipment, or limit interruptions of the bulk power system. The purpose of the Reliability Standards department is to deliver high-quality risk-based Reliability Standards, facilitate continent-wide industry engagement, and support regulatory filings. The group focuses on a risk-based approach to its projects, ensuring Reliability Standards are clear, timely, consider costs, effective in mitigating material risks, and do not unnecessarily burden industry with administrative requirements and/or detract from reliability or security. More information on the [Reliability Standards](#) program is available on the NERC website.

Power Risk Issues and Strategic Management

The overarching purpose of the Power Risk Issues and Strategic Management (PRISM) group is to leverage in-house expertise on Reliability Standards and standards development to implement cross-cutting efforts among NERC functions and the standing and technical committees. This group develops, supports, and prioritizes the ERO Risk Registry, and gauges responses to address reliability risks and work toward monitoring risk mitigation. This group also provides in-house training on Reliability Standards to effectuate a consistent view of their meaning, purpose, and relationship with the various work products of the committees and subcommittees. The PRISM group also conducts statistical analysis around the results of standards to identify potential weaknesses, redundancies, and overall necessity.

2025 Areas of Focus

Key areas of focus for the Reliability Standards program include:

- Developing a more nimble standard development process that honors the important role of stakeholders in Reliability Standards development
- Addressing cyber security risks by continuing to enhance cyber security Reliability Standards
- Integrating and updating standards to address new risks such as inverters, distributed energy resources, energy management, and fuel management
- Addressing Federal Energy Regulatory Commission directives, orders, or special reports
- Revising the Standard Processes Manual to allow for a more agile standards development process
- Implementing project prioritization and fast-track development processes

Key areas of focus for PRISM include:

- Continuing Energy Reliability Assessment Task Force efforts to address items that could impact energy constrained resources, including developing scenarios for energy assessments
- Supporting the Reliability Issues Steering Committee (RISC) and RISC report recommendations

- Enhancing the NERC Risk Registry to include the ERO Enterprise (ERO Risk Registry) and be publicly used by the Standards Committee and Reliability and Security Technical Committee (RSTC)
- Maintaining technical support for Reliability Standards by advising on new and existing projects
- Owning the Reliability Risk Framework and any necessary updates

2025 Resource Requirements

Reliability Standards and PRISM is increasing by 2.82 full-time equivalents (FTEs) from the 2024 budget to the 2025 budget due to the addition of two new positions and one reallocated position from a different department to Reliability Standards and PRISM for standards development activities and technical expertise support. The Contractors & Consultants budget includes funds for the continuation of an extreme weather library benchmarking effort and technology-related support (see below). Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The Contractors & Consultants budget includes funds to support the Standard Balloting System (SBS), a project tracking tool, and PRISM’s tool for the ERO Risk Registry.

The Statement of Activities report for Reliability Standards and PRISM is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

2024 Budget and 2025 Budget				
Reliability Standards and Power Risk Issues and Strategic Management				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 11,274,350	\$ 13,267,565	\$ 1,993,216	
Penalties Released	172,943	-	(172,943)	
Total NERC Funding	\$ 11,447,292	\$ 13,267,565	\$ 1,820,273	15.9%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	125,141	125,336	195	
Total Funding (A)	\$ 11,572,434	\$ 13,392,901	\$ 1,820,467	15.7%
Expenses				
Personnel Expenses				
Salaries	\$ 3,472,506	\$ 4,128,794	\$ 656,288	
Payroll Taxes	204,892	241,970	37,078	
Benefits	578,541	659,169	80,628	
Retirement Costs	377,961	450,340	72,379	
Total Personnel Expenses	\$ 4,633,900	\$ 5,480,273	\$ 846,373	18.3%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 85,000	\$ 95,000	\$ 10,000	
Travel	155,000	171,000	16,000	
Total Meetings & Travel Expenses	\$ 240,000	\$ 266,000	\$ 26,000	10.8%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 219,888	\$ 188,000	\$ (31,888)	
Office Rent	-	-	-	
Office Costs	77,121	70,724	(6,397)	
Professional Services	-	-	-	
Miscellaneous	2,700	2,900	200	
Total Operating Expenses, excluding Depreciation	\$ 299,709	\$ 261,624	\$ (38,085)	-12.7%
Total Direct Expenses	\$ 5,173,610	\$ 6,007,897	\$ 834,288	16.1%
Indirect Expenses	\$ 6,269,041	\$ 7,183,508	\$ 914,467	14.6%
Other Non-Operating Expenses	\$ 1,363	\$ -	\$ (1,363)	-100.0%
Total Expenses (B)	\$ 11,444,014	\$ 13,191,406	\$ 1,747,392	15.3%
Change in Net Assets (=A-B)	\$ 128,420	\$ 201,495	\$ 73,076	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 265,395	\$ 320,939	\$ 55,544	20.9%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (255,345)	\$ (249,247)	\$ 6,098	
Loan or Financing Lease - Principal Payments (+)	118,370	129,803	11,433	
Net Financing Activity (D)	\$ (136,975)	\$ (119,444)	\$ 17,531	-12.8%
Total Budget (=B+C+D)	\$ 11,572,434	\$ 13,392,901	\$ 1,820,467	15.7%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	20.82	23.64	2.82	13.5%

Compliance Assurance and Organization Registration and Certification

Purpose and Scope

Compliance Assurance

NERC's Compliance Assurance group works collaboratively with the Regional Entities to ensure effective implementation of risk-based compliance monitoring under the Compliance Monitoring and Enforcement Program (CMEP). This program ensures that Regional Entities monitor registered entities for compliance according to each entity's own facts and circumstances, including its inherent risks, controls to mitigate inherent risks, and other factors, such as risk elements and entity performance. The risk-based compliance monitoring approach also allows for the appropriate allocation of resources to issues that pose a higher level of risk to the reliability of the bulk power system (BPS). More information on the [Compliance Assurance](#) program is available on the NERC website.

Organization Registration and Organization Certification

Organization Registration (Registration) identifies and registers BPS users, owners, and operators that are responsible for performing specified reliability functions to which requirements of mandatory Reliability Standards are applicable. Organization Certification (Certification) ensures that an applicant to be a Reliability Coordinator (RC), Balancing Authority (BA), or Transmission Operator (TOP) has the tools, processes, training, and procedures to demonstrate its ability to meet the requirements of the Reliability Standards applicable to the functions for which it is applying, thereby demonstrating the ability to become certified and then operational. The decision to certify changes to an already operating and certified RC, BA, or TOP is a collaborative decision between the affected Regional Entities and NERC. More information on the [Organization Registration and Certification](#) program is available on the NERC website.

2025 Areas of Focus

Key areas of focus for the Compliance Assurance, Registration, and Certification programs include:

- Continue efforts in addressing inverter-based resources (IBRs)
- Continue to evaluate supply chain and cold weather standards effectiveness
- Enhance outreach to stakeholder/policy organizations and leverage the work of others
- Develop meaningful oversight activities and objectives, and continue efforts to streamline risk-based CMEP activities and tools

2025 Resource Requirements

Compliance Assurance and Organization and Registration is increasing by 0.94 full-time equivalents (FTEs) from the 2024 budget to the 2025 budget as the result of the reallocation of one position from another department to Organization Registration as a part of ongoing resource efficiency efforts. The Contractors & Consultants budget includes technology-related support (see below). Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for Align and the ERO Secure Evidence Locker (SEL).¹¹ The Contractors & Consultants and Fixed Asset Additions budget includes

¹¹ Any budgeted expenditures and financing activity related to Align and the ERO SEL are divided evenly between the Compliance Assurance and Compliance Enforcement program area budgets.

support, maintenance, and enhancements for initiatives related to IBRs, BESnet, the Centralized Organization Registration ERO System (CORES), Align, and the SEL, as well as a portion of expenditures related to the development of the Enterprise Analytics and Entity Facility Registry systems, which are discussed along with IBR efforts in the *Technology Strategy* section on page 13.¹²

The Statement of Activities report for Compliance Assurance and Registration and Certification is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

¹² Any budgeted expenditures and financing activity for the Enterprise Analytics and Entity Facility Registry systems are divided evenly among the program area budgets that include Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Compliance Assurance and Organization Registration and Certification				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 14,096,283	\$ 15,354,364	\$ 1,258,081	
Penalties Released	179,580	-	(179,580)	
Total NERC Funding	\$ 14,275,862	\$ 15,354,364	\$ 1,078,502	7.6%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	129,944	119,605	(10,339)	
Total Funding (A)	\$ 14,405,806	\$ 15,473,969	\$ 1,068,163	7.4%
Expenses				
Personnel Expenses				
Salaries	\$ 4,132,187	\$ 4,465,990	\$ 333,803	
Payroll Taxes	230,525	247,712	17,187	
Benefits	707,990	734,263	26,273	
Retirement Costs	451,185	492,367	41,182	
Total Personnel Expenses	\$ 5,521,888	\$ 5,940,332	\$ 418,444	7.6%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 127,000	\$ 146,100	\$ 19,100	
Travel	270,000	302,000	32,000	
Total Meetings & Travel Expenses	\$ 397,000	\$ 448,100	\$ 51,100	12.9%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 780,321	\$ 854,123	\$ 73,802	
Office Rent	-	-	-	
Office Costs	703,394	649,827	(53,567)	
Professional Services	-	-	-	
Miscellaneous	3,050	3,050	-	
Total Operating Expenses, excluding Depreciation	\$ 1,486,765	\$ 1,507,000	\$ 20,235	1.4%
Total Direct Expenses	\$ 7,405,653	\$ 7,895,432	\$ 489,779	6.6%
Indirect Expenses	\$ 6,509,614	\$ 6,855,038	\$ 345,424	5.3%
Other Non-Operating Expenses	\$ 32,804	\$ 53,385	\$ 20,581	62.7%
Total Expenses (B)	\$ 13,948,071	\$ 14,803,855	\$ 855,784	6.1%
Change in Net Assets (=A-B)	\$ 457,735	\$ 670,114	\$ 212,378	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 1,055,579	\$ 672,301	\$ (383,278)	-36.3%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (992,499)	\$ (471,059)	\$ 521,440	
Loan or Financing Lease - Principal Payments (+)	394,654	468,872	74,217	
Net Financing Activity (D)	\$ (597,844)	\$ (2,188)	\$ 595,657	-99.6%
Total Budget (=B+C+D)	\$ 14,405,806	\$ 15,473,969	\$ 1,068,163	7.4%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	21.62	22.56	0.94	4.3%

Compliance Enforcement

Purpose and Scope

The Compliance Enforcement program is responsible for overseeing enforcement processes, the application of penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. The Compliance Enforcement group works collaboratively with the Regional Entities to ensure consistent and effective implementation of the risk-based Compliance Monitoring and Enforcement Program (CMEP). The group focuses on ensuring that the ERO Enterprise dedicates resources to the matters that pose the greatest risk to the reliability of the bulk power system (BPS). More information on the [Compliance Enforcement](#) program is available on the NERC website.

2025 Areas of Focus

Key areas of focus for the Compliance Enforcement program include:

- Continuing efforts to improve agility, efficiencies, and consistency in enforcement activities
- Continuing use of a risk-based approach to processing noncompliance
- Providing and analyzing semiannual metrics on enforcement data
- Enhancing outreach to stakeholder/policy organizations
- Ensuring meaningful oversight activities

2025 Resource Requirements

Compliance Enforcement is increasing by 0.94 full-time equivalents (FTEs) from the 2024 budget to the 2025 budget due to the addition of one position for enforcement analysis support. The Contractors & Consultants budget includes technology-related support (see below). Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for Align and the ERO Secure Evidence Locker (SEL).¹³ The Contracts & Consultants budget includes support and maintenance for Align and the ERO SEL. The Fixed Assets Additions budget includes expenditures for enhancements to Align and the ERO SEL.

The Statement of Activities report for Compliance Enforcement is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

¹³ Any budgeted expenditures and financing activity related to Align and the ERO SEL are divided evenly between the Compliance Assurance and Compliance Enforcement program area budgets.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Compliance Enforcement				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 8,343,924	\$ 9,209,978	\$ 866,054	
Penalties Released	109,309	-	(109,309)	
Total NERC Funding	\$ 8,453,233	\$ 9,209,978	\$ 756,745	9.0%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	79,096	74,753	(4,343)	
Total Funding (A)	\$ 8,532,329	\$ 9,284,731	\$ 752,402	8.8%
Expenses				
Personnel Expenses				
Salaries	\$ 2,164,379	\$ 2,399,827	\$ 235,448	
Payroll Taxes	132,901	146,333	13,432	
Benefits	242,503	291,113	48,609	
Retirement Costs	237,218	264,346	27,128	
Total Personnel Expenses	\$ 2,777,001	\$ 3,101,618	\$ 324,617	11.7%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 7,150	\$ 7,800	\$ 650	
Travel	74,000	81,400	7,400	
Total Meetings & Travel Expenses	\$ 81,150	\$ 89,200	\$ 8,050	9.9%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 696,933	\$ 684,623	\$ (12,310)	
Office Rent	-	-	-	
Office Costs	621,394	608,651	(12,743)	
Professional Services	-	-	-	
Miscellaneous	1,900	2,000	100	
Total Operating Expenses, excluding Depreciation	\$ 1,320,227	\$ 1,295,274	\$ (24,953)	-1.9%
Total Direct Expenses	\$ 4,178,378	\$ 4,486,092	\$ 307,713	7.4%
Indirect Expenses	\$ 3,962,374	\$ 4,284,399	\$ 322,025	8.1%
Other Non-Operating Expenses	\$ 27,224	\$ 35,767	\$ 8,543	31.4%
Total Expenses (B)	\$ 8,167,976	\$ 8,806,257	\$ 638,281	7.8%
Change in Net Assets (=A-B)	\$ 364,353	\$ 478,473	\$ 114,120	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 682,744	\$ 339,407	\$ (343,337)	-50.3%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (650,257)	\$ (242,945)	\$ 407,312	
Loan or Financing Lease - Principal Payments (+)	331,866	382,011	50,145	
Net Financing Activity (D)	\$ (318,391)	\$ 139,066	\$ 457,457	-143.7%
Total Budget (=B+C+D)	\$ 8,532,329	\$ 9,284,731	\$ 752,402	8.8%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	13.16	14.10	0.94	7.1%

Reliability Assessments and Performance Analysis

The Reliability Assessments and Performance Analysis (RAPA) program identifies, prioritizes, and enables activities to reduce known and emerging risks to the bulk power system (BPS). Four primary groups at NERC are focused on this program: (1) Reliability Assessments and Technical Committee; (2) Performance Analysis; (3) Advanced System Analytics and Modeling; and (4) Engineering and Security Integration.

Purpose and Scope

Reliability Assessments and Technical Committee

The Reliability Assessments and Technical Committee group includes Reliability Assessment staff, as well as the NERC staff secretaries of the Reliability and Security Technical Committee (RSTC). Reliability Assessment staff carries out the ERO's statutory responsibility to conduct assessments of the overall reliability and adequacy of BPS and associated emerging reliability risks that could impact the short, mid, and long-term planning horizons, as well as other reliability issues requiring in-depth analysis. Reliability Assessment activities directly address the risk priorities established by the Reliability Issues Steering Committee, and the group relies on its own engineering and analysis expertise, as well as Regional Entity and stakeholder resources. The RSTC and its subgroups provide the oversight, guidance, and leadership essential to enhancing BPS reliability by addressing strategic focus areas efficiently and comprehensively. More information on the [Reliability Assessment](#) program and the [RSTC](#) is available on the NERC website.

Performance Analysis

The Performance Analysis group monitors the performance of and identifies risks to BPS reliability through analyzing industry data and measuring historic trends. Analysis performed includes identifying potential risks related to system, equipment, entity, and organizational performance that may indicate a need to develop (1) improvements to reporting applications, and (2) new data collection or analysis tools, or to create, revise, or retire reporting areas. Performance Analysis staff leads the ERO, technical committee, and stakeholder process to publish the *State of Reliability* (SOR) report examining the year-over-year performance indicators of the grid. The program also develops the business requirements for all new reliability information data systems, specifically those required by NERC Rules of Procedure Section 1600 Data Requests. More information on the [Performance Analysis](#) program is available on the NERC website.

Advanced System Analytics and Modeling

Advanced System Analytics and Modeling (ASAM) staff provides technical leadership and support in the areas of resource and demand balancing and system analysis and modeling, including technical support for the NERC balancing and modeling Reliability Standards. ASAM staff also provides support for the development and improvement of long-term, sustainable interconnection-based power flow, dynamic, and load models that exhibit the accuracy and fidelity necessary to reflect actual Bulk Electric System (BES) reliability performance and dynamic conditions. ASAM further provides advanced statistical analysis functions to support: (1) the SOR report and reliability assessments; (2) the Frequency Response Annual Analysis report to the Federal Energy Regulatory Commission; (3) analytical review of Reliability Standard effectiveness; and (4) various reports on an emergent basis. ASAM further collaborates with academic and other research and development groups, advising on projects to provide insight on emergent issues.

Engineering and Security Integration

The Engineering and Security Integration department is responsible for driving key reliability and security initiatives working with internal and external stakeholders. Primary areas of focus include better integrating security concepts with conventional engineering activities, as well as enabling new technologies in a reliable and secure manner. The group is responsible for key ERO work priorities, including inverter-based resource and distributed energy resource (DER) initiatives across the ERO

Enterprise, and promoting concepts of cyber planning and grid transformation issues. The group coordinates a significant number of NERC's technical stakeholder groups under the RSTC, supports the standards development process on engineering and security-related topics, provides technical expertise across the ERO Enterprise, and coordinates with the Electricity Information Sharing and Analysis Center on cross-departmental topics related to security risks.

The groups described above work collaboratively with NERC stakeholders, particularly through the RSTC, to create a reliability strategy that is relevant, timely, and effective to address the most important reliability risks. Further, these groups work closely with other organizations to collaborate, coordinate, and leverage expertise, including but not limited to the Department of Energy, Electric Power Research Institute, Institute of Electrical and Electronics Engineers, Institute of Nuclear Power Operations, North American Transmission Forum, North American Generator Forum, Carnegie Mellon Industry Center, Power Systems Energy Research Center, Interstate Natural Gas Association of America, Natural Gas Supply Association, Electricity Canada, and International Council on Large Electric Systems.

2025 Areas of Focus

Key areas of focus for RAPA include:

- Ensuring the reliable and secure integration of BPS-connected inverter-based resources and DER, including the analysis of grid disturbances, follow-up on the March 2023 NERC Alert Level 2 on IBR Performance, development of technical guidance and educational materials, and collaboration with industry to ensure the Reliability Standards adequately address emerging risks in this area
- Increasing understanding of changing resource mix impacts on BPS reliability by collecting plant, event, connected energy storage, and performance data for photovoltaic and wind generation, combined with enhanced design data and event reporting for conventional generation
- Improving the ERO's analytic, independent, and objective capabilities and adapting to the evolving BPS reliability challenges by:
 - Enhancing reliability assessments to include evaluations of energy availability and expanded probabilistic methods that can identify risks of energy shortfall for all assessment areas in long-duration and seasonal time horizons
 - Further enhancing scenario development capabilities to better understand the implications of extreme weather, increased reliance on variable generation, and the changing climate and environmental conditions
 - Developing the capabilities to annually assess transmission adequacy and transfer capability, making recommendations that support long-term reliability needs
 - Supporting technical studies that provide additional insight into the increasing dependency of natural gas generation, particularly during extreme winter weather and ramping periods
- Leveraging RAPA processes, tools, and products to measure and improve BES resilience for widespread long-term extreme temperature and weather events, including the development of a systematic collection of load loss outage and recovery data

2025 Resource Requirements

RAPA is increasing by 3.76 full-time equivalents (FTEs) from the 2024 budget to the 2025 budget due to the addition of four positions to build transmission assessment capabilities. The Contractors & Consultants budget includes support for (1) energy risk analysis; (2) research on reliability effects of electromagnetic pulse threats and geomagnetic disturbances (GMD); (3) generator retirement data; (4) transmission

assessment; (5) probabilistic and emerging technology analysis; (6) the Generating Availability Data System (GADS); (7) studies and expertise related to grid transformation and security integration; and (8) technology systems (see below). Information on resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for various analytical tools and data collection and management systems, including GADS (conventional, wind, and solar), the Transmission Availability Data System (TADS), as well as software to support transmission assessment.

The Contractors & Consultants budget includes support and maintenance for pc-GAR software, the GMD reporting application, as well as a portion of support expenses related to the development of the Entity Facility Registry system.

The Fixed Assets Additions budget includes expenditures for enhancements to the GMD reporting application and a portion of development expenditures for the Enterprise Analytics and Entity Facility Registry systems.¹⁴ The Fixed Assets Additions budget also includes development expenditures for (1) the automation, collection, management, and analysis of reliability assessment data through a Reliability Assessment Data System (RADS); (2) development of Resource and Demand Balancing (BAL) and Load Loss data collection systems; and (3) finalizing data collection applications for solar reporting, as well as integrating energy storage with the solar and wind facilities (GADS Solar and GADS Wind).

The Enterprise Analytics, Entity Facility Registry, RADS, and BAL and Load Loss data collection systems are discussed in more detail in the *Technology Strategy* section on pages 13–14.

The Statement of Activities report for RAPA is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

¹⁴ Any budgeted expenditures and financing activity for the Enterprise Analytics and Entity Facility Registry are divided evenly among the program area budgets that include Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Reliability Assessments and Performance Analysis				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 22,473,405	\$ 25,145,024	\$ 2,671,618	
Penalties Released	285,766	-	(285,766)	
Total NERC Funding	\$ 22,759,171	\$ 25,145,024	\$ 2,385,852	10.5%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	60,000	60,000	-	
Miscellaneous	-	-	-	
Interest & Investment Income	206,780	202,331	(4,448)	
Total Funding (A)	\$ 23,025,951	\$ 25,407,355	\$ 2,381,404	10.3%
Expenses				
Personnel Expenses				
Salaries	\$ 6,756,482	\$ 7,657,075	\$ 900,592	
Payroll Taxes	375,148	421,646	46,498	
Benefits	960,371	1,184,680	224,308	
Retirement Costs	734,159	835,794	101,635	
Total Personnel Expenses	\$ 8,826,161	\$ 10,099,194	\$ 1,273,034	14.4%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 257,250	\$ 244,350	\$ (12,900)	
Travel	398,600	455,000	56,400	
Total Meetings & Travel Expenses	\$ 655,850	\$ 699,350	\$ 43,500	6.6%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 1,818,400	\$ 1,062,500	\$ (755,900)	
Office Rent	-	-	-	
Office Costs	944,006	1,094,377	150,371	
Professional Services	-	-	-	
Miscellaneous	5,000	5,600	600	
Total Operating Expenses, excluding Depreciation	\$ 2,767,406	\$ 2,162,477	\$ (604,929)	-21.9%
Total Direct Expenses	\$ 12,249,417	\$ 12,961,022	\$ 711,605	5.8%
Indirect Expenses	\$ 10,358,777	\$ 11,596,439	\$ 1,237,662	11.9%
Other Non-Operating Expenses	\$ 33,650	\$ 53,255	\$ 19,605	58.3%
Total Expenses (B)	\$ 22,641,844	\$ 24,610,716	\$ 1,968,872	8.7%
Change in Net Assets (=A-B)	\$ 384,107	\$ 796,639	\$ 412,532	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 1,239,531	\$ 1,447,806	\$ 208,275	16.8%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (1,142,794)	\$ (982,856)	\$ 159,939	
Loan or Financing Lease - Principal Payments (+)	287,371	331,689	44,318	
Net Financing Activity (D)	\$ (855,423)	\$ (651,167)	\$ 204,257	-23.9%
Total Budget (=B+C+D)	\$ 23,025,951	\$ 25,407,355	\$ 2,381,404	10.3%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	34.40	38.16	3.76	10.9%

Situation Awareness

Purpose and Scope

NERC and the Regional Entities monitor bulk power system (BPS) conditions, significant occurrences, emerging risks, and threats across the 18 Reliability Coordinator regions in North America to maintain an understanding of conditions and situations that could impact reliable operation. NERC's BPS Awareness (BPSA) group also supports the development and publication of NERC Alerts and awareness products and facilitates information sharing among industry, the Regional Entities, and the government during crisis situations and major system disturbances. The process for understanding the potential threats or vulnerabilities to BPS reliability starts with understanding occurrences and events in the context in which they occur, and registered entities robustly share information and collaborate with the ERO to maintain and improve overall reliability. More information on the [BPSA](#) program is available on the NERC website.

2025 Areas of Focus

Key areas of focus for BPSA include:

- Enhancing situation awareness tools to increase agility and efficiency, as well as visibility and understanding of emerging BPS risks
- Collaborating across the ERO Enterprise and with stakeholders to mitigate emerging and known risk by using all available tools, including the NERC Alerts process to issue Advisory (Level 1) Alerts on significant and emerging reliability and security-related topics as needed, and to facilitate the tracking of actions specified in Recommendation (Level 2) and Essential Action (Level 3) Alerts
- Continue engaging with industry, the Electricity Information Sharing and Analysis Center (E-ISAC), government partners, and the ERO Enterprise on emerging risks to BPS reliability
- Engaging situation awareness subject matter experts in support of the work of Reliability Standards, the E-ISAC, and the Reliability and Security Technical Committee to advance the security posture of the industry

2025 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2024 budget to the 2025 budget for Situation Awareness. The Contractors & Consultants budget includes technology-related support (see below). Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget includes software licenses and support for various BPSA tools related to wide-area view situation awareness, conditions monitoring, resource adequacy, inadvertent interchange, frequency monitoring, Reliability Coordinator information sharing, alerting, and data collection and analysis. The Contractors & Consultants budget includes support for PI System historian software. The Contractors & Consultants and Fixed Assets Additions budgets include funds to support enhancements for a new resource adequacy tool and for upgrading the inadvertent interchange system, which is discussed in more detail in the *Technology Strategy* section on page 14. The Fixed Assets Additions budget also includes funds for ongoing enhancements to the Situation Awareness for FERC, NERC, and the Regional Entities (SAFNR) and Reliability Coordinator information sharing tools.

The Statement of Activities report for Situation Awareness is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Situation Awareness				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 6,492,537	\$ 6,963,309	\$ 470,772	
Penalties Released	71,051	-	(71,051)	
Total NERC Funding	\$ 6,563,588	\$ 6,963,309	\$ 399,721	6.1%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	51,412	45,350	(6,062)	
Total Funding (A)	\$ 6,615,001	\$ 7,008,659	\$ 393,658	6.0%
Expenses				
Personnel Expenses				
Salaries	\$ 1,575,816	\$ 1,609,352	\$ 33,536	
Payroll Taxes	90,980	91,452	473	
Benefits	330,661	325,356	(5,305)	
Retirement Costs	173,771	175,737	1,966	
Total Personnel Expenses	\$ 2,171,227	\$ 2,201,897	\$ 30,669	1.4%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 71,000	\$ 71,330	\$ 330	
Travel	18,700	19,261	561	
Total Meetings & Travel Expenses	\$ 89,700	\$ 90,591	\$ 891	1.0%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 83,000	\$ 246,000	\$ 163,000	
Office Rent	-	-	-	
Office Costs	1,546,713	1,591,485	44,772	
Professional Services	-	-	-	
Miscellaneous	1,400	1,400	-	
Total Operating Expenses, excluding Depreciation	\$ 1,631,113	\$ 1,838,885	\$ 207,772	12.7%
Total Direct Expenses	\$ 3,892,040	\$ 4,131,373	\$ 239,332	6.1%
Indirect Expenses	\$ 2,575,543	\$ 2,599,202	\$ 23,659	0.9%
Other Non-Operating Expenses	\$ 21,842	\$ 7,047	\$ (14,795)	-67.7%
Total Expenses (B)	\$ 6,489,425	\$ 6,737,622	\$ 248,196	3.8%
Change in Net Assets (=A-B)	\$ 125,575	\$ 271,037	\$ 145,462	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 215,034	\$ 617,574	\$ 402,540	187.2%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (200,301)	\$ (409,667)	\$ (209,366)	
Loan or Financing Lease - Principal Payments (+)	110,843	63,131	(47,712)	
Net Financing Activity (D)	\$ (89,458)	\$ (346,536)	\$ (257,078)	287.4%
Total Budget (=B+C+D)	\$ 6,615,001	\$ 7,008,659	\$ 393,658	6.0%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	8.55	8.55	0.00	0.0%

Event Analysis

Purpose and Scope

The Event Analysis program informs assessments of the reliability and adequacy of the Bulk Electric System (BES) through analysis of real-time operating events on the system. This includes identifying potential issues of concern related to system, equipment, entity, human error, and organizational performance that may indicate a need to (1) develop remediation and/or risk reduction strategies and action plans; (2) revise, retire, or consider new Reliability Standards; and (3) shape aggregate reliability assurance planning. The Event Analysis group analyzes reportable events to identify and understand lessons learned, sequence of events, root and contributing causes, risks to reliability, and potential mitigating actions. The group keeps the industry well informed of system events, emerging trends, event precursors, risk analysis, lessons learned, and recommended corrective and expected mitigation activities through various verbal and written communications/reports and cross-functional collaboration efforts. More information on the [Event Analysis](#) program is available on the NERC website.

2025 Areas of Focus

Key areas of focus for Event Analysis include:

- Building energy capacity and delivery understanding in near-term to real-time operating horizons supporting opportunities to inform and enhance grid performance
- Enhancing event processing in support of developing a coherent system performance picture within the Rules of Procedure Section 800 system performance monitoring and reporting program
- Enhancing program data collection, organization, and manipulation tools and capabilities
- Improving cross-functional alignment and collaboration to provide reporting flexibility and agility
- Reinforcing fundamental practices and advocacy of enhanced reliability practices through joint reliability partnership activities with FERC, stakeholders, and the ERO Enterprise

2025 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2024 budget to the 2025 budget for Event Analysis. The Contractors & Consultants budget includes augmentation for event analysis review, program and outreach activities support, and technology-related support (see below). Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The Contractors & Consultants budget includes maintenance, improvements, and support for The Event Analysis Management System (TEAMS), as well as a portion of support expenses related to the development of the Entity Facility Registry system. The Fixed Assets Additions budget includes a portion of development expenditures for the Enterprise Analytics and Entity Facility Registry systems, which are discussed in more detail in the *Technology Strategy* section on page 13.¹⁵

The Statement of Activities report for Event Analysis is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

¹⁵ Any budgeted expenditures and financing activity for the Enterprise Analytics and Entity Facility Registry systems are divided evenly among the program area budgets that include Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Event Analysis				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 4,699,395	\$ 5,137,365	\$ 437,970	
Penalties Released	63,243	-	(63,243)	
Total NERC Funding	\$ 4,762,638	\$ 5,137,365	\$ 374,726	7.9%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	45,763	40,367	(5,396)	
Total Funding (A)	\$ 4,808,401	\$ 5,177,731	\$ 369,330	7.7%
Expenses				
Personnel Expenses				
Salaries	\$ 1,626,448	\$ 1,692,524	\$ 66,076	
Payroll Taxes	86,462	88,055	1,593	
Benefits	242,253	239,071	(3,183)	
Retirement Costs	180,085	187,841	7,757	
Total Personnel Expenses	\$ 2,135,247	\$ 2,207,491	\$ 72,243	3.4%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 26,500	\$ 90,000	\$ 63,500	
Travel	91,000	91,000	-	
Total Meetings & Travel Expenses	\$ 117,500	\$ 181,000	\$ 63,500	54.0%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 165,000	\$ 320,000	\$ 155,000	
Office Rent	-	-	-	
Office Costs	16,000	16,200	200	
Professional Services	-	-	-	
Miscellaneous	1,300	1,300	-	
Total Operating Expenses, excluding Depreciation	\$ 182,300	\$ 337,500	\$ 155,200	85.1%
Total Direct Expenses	\$ 2,435,047	\$ 2,725,991	\$ 290,943	11.9%
Indirect Expenses	\$ 2,292,516	\$ 2,313,575	\$ 21,059	0.9%
Other Non-Operating Expenses	\$ 3,240	\$ 14,460	\$ 11,220	346.2%
Total Expenses (B)	\$ 4,730,804	\$ 5,054,026	\$ 323,222	6.8%
Change in Net Assets (=A-B)	\$ 77,597	\$ 123,705	\$ 46,109	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 314,552	\$ 174,030	\$ (140,522)	-44.7%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (289,119)	\$ (125,297)	\$ 163,822	
Loan or Financing Lease - Principal Payments (+)	52,164	74,972	22,809	
Net Financing Activity (D)	\$ (236,955)	\$ (50,324)	\$ 186,631	-78.8%
Total Budget (=B+C+D)	\$ 4,808,401	\$ 5,177,731	\$ 369,330	7.7%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	7.61	7.61	0.00	0.0%

Electricity Information Sharing and Analysis Center

Purpose and Scope

The Electricity Information Sharing and Analysis Center (E-ISAC) provides its members and partners with resources to prepare for and reduce cyber and physical security threats to the North American electricity industry. The E-ISAC offers products and services that give timely, relevant, and actionable situational awareness and analysis to asset owners and operators, as well as cross-sector and government partners. In 2017, the E-ISAC developed a long-term strategic plan to better define its mission and focus its resources. The central underpinning of the plan is for the E-ISAC to focus on providing timely and actionable information to industry regarding cyber and physical security threats and mitigation strategies. The strategic plan also recognizes the critical interdependencies between the E-ISAC, industry, U.S. and Canadian government agencies, and other stakeholders. In 2020, the strategic plan was validated in terms of the primary focus areas. More information on [E-ISAC](#) is available on the NERC website.

The E-ISAC also oversees the Cybersecurity Risk Information Sharing Program (CRISP), a unique public-private initiative among the E-ISAC, the North American electric utility industry, the Department of Energy (DOE), and the U.S. Intelligence Community that delivers real-time, relevant, and actionable cyber security risk information to all E-ISAC member electricity asset owners and operators, including those from Canada and Mexico. Using passive information sharing devices on participant networks outside boundary firewalls, participant data is collected and then matched against known threat signatures—classified and unclassified—to identify potential threats and provide participants with recommended mitigation steps. The Pacific Northwest National Laboratory (PNNL), is the primary subcontractor to NERC for the deployment of the required technology, supporting infrastructure, analysis, and technical capabilities for CRISP. PNNL is a U.S. DOE National Laboratory, operated by Battelle with oversight by the DOE.

E-ISAC and CRISP Funding and Indirect Cost Allocation Structure

Of the total 2025 E-ISAC budget, including CRISP, approximately 74% is funded by assessments and 23% is funded by CRISP participants for CRISP costs. The remaining 3% of the budget is funded by “other funding.” This includes interest income (\$532k), funding from the Downstream Natural Gas ISAC (\$120k), anticipated revenue from the Vendor Affiliate Program (\$400k), and anticipated revenue from industry trade associations to attend CRISP workshops (\$60k).¹⁶ The Vendor Affiliate Program launched in 2022 with incremental implementation over three years. With the increasing complexities and risk in reliance on supply chain software components, this fee-for-service program provides opportunities for collaboration and information sharing between the E-ISAC and the vendor community. Participating vendors collaborate with electricity sector stakeholders in a trusted environment, providing timely and actionable information, helping to maintain situational awareness as events unfold, and offering post-event analysis and subject matter expertise. Sales and business development activities are strictly prohibited. CRISP has also introduced “observer status” for energy sector support organizations such as the trade associations. Observer participants are able to join all tracks of the CRISP workshops, including the program update, in exchange for a fee. This additional funding will be used to offset workshop costs.

The E-ISAC and CRISP budgets are allocated indirect costs (i.e., the Direct Expenses, Fixed Asset Additions, and Net Financing Activity budgets of the Corporate Services departments) in the same manner as all other NERC statutory program departments, which is based on the ratio of a statutory program department’s FTEs to total budgeted statutory FTEs. There are no specific indirect costs that E-ISAC or CRISP incur that other statutory program departments do not.

¹⁶ The funding from the Downstream Natural Gas ISAC equates to approximately half of a full-time equivalent (FTE), which covers the services the E-ISAC provides to the natural gas sector. Expenditures in this area are carefully monitored and fees will be adjusted as required.

The CRISP budget specifically includes two major categories of expense: (1) costs funded fully by CRISP participants, which include the contract with PNNL, an annual security review, and any programs agreed to be funded exclusively by CRISP participants; and (2) operational program costs, which are funded 50% by participants and 50% by NERC assessments. Examples of these operational costs include (1) dedicated personnel for CRISP management and administration, as well as time allocated from E-ISAC staff for data analysis; (2) office costs, insurance, and indirect expenses (as noted above); and (3) fixed asset addition expenditures. The total costs funded by participants, which make up just under 80% of the CRISP budget (the majority of which is for the PNNL contract), are shown on the “Third-Party Funding” line of the Statement of Activities reports below. Funding for the remaining CRISP operational costs (less additional funding from investment income and fees for workshops) is shown on the “NERC Assessments” line.

2025 Areas of Focus

Key areas of focus for E-ISAC include:

- Reviewing, curating, and disseminating security intelligence applicable to the electricity sector and continuous enhancement to the platforms, events, and products used for that purpose
- Conducting threat hunts for malicious technology on Information Technology (IT) and Operational Technology (OT) platforms
- Expanding CRISP participation and technology modernization
- Expanding membership and strategic relationships, including (1) further collaboration with the natural gas sector; (2) enhanced engagement with registered entities, small and medium utilities, and emerging renewable energy participants; and (3) operating the vendor affiliate program
- Continuing to plan and execute the annual Grid Security Conference and the biennial GridEx exercise and facilitating industry movement towards addressing gaps discovered from GridEx

2025 Resource Requirements

E-ISAC (including CRISP) is increasing by 1.5 FTEs from the 2024 budget to the 2025 budget, which is the net result of the addition of two positions for cyber intelligence and physical operations analysis and a slight reduction in the allocation of dedicated Business Technology staff to E-ISAC and CRISP. The Contractors & Consultants budget includes expenses for security consulting, strategic partnerships, GridEx support, OT security analysis, Watch Officer contractors, and technology support (see below). This budget also includes the CRISP contract with PNNL, annual security review, and member security training; these expenses make up \$7.8M of the total Contractors & Consultants budget and are funded fully by CRISP participants. Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget is for software licenses and support for data analysis and intelligence tools, automated information sharing, open source threat intelligence, customer relationship management (CRM) for member engagement and the E-ISAC Portal, a portion of costs for Situation Awareness for FERC, NERC, and the Regional Entities (SAFNR), which provides wide-area view situation awareness for GridEx, and various technology needs to support CRISP. The Contractors & Consultants budget includes support and maintenance for the CRM technology for the Portal. The Fixed Asset Additions budget includes a portion of expenditures for SAFNR enhancements and CRISP equipment.

The Statement of Activities reports for E-ISAC including CRISP, E-ISAC only, and CRISP only are provided below. The reports show funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
E-ISAC (including CRISP)				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 29,777,134	\$ 32,459,782	\$ 2,682,648	
Penalties Released	402,492	-	(402,492)	
Total NERC Funding	\$ 30,179,627	\$ 32,459,782	\$ 2,280,155	7.6%
Third-Party Funding	\$ 10,083,382	\$ 10,223,011	\$ 139,629	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	400,000	580,000	180,000	
Interest & Investment Income	390,565	532,291	141,726	
Total Funding (A)	\$ 41,053,573	\$ 43,795,084	\$ 2,741,510	6.7%
Expenses				
Personnel Expenses				
Salaries	\$ 9,924,848	\$ 10,692,063	\$ 767,215	
Payroll Taxes	544,491	569,764	25,274	
Benefits	1,535,407	1,613,650	78,243	
Retirement Costs	1,067,757	1,156,579	88,823	
Total Personnel Expenses	\$ 13,072,503	\$ 14,032,057	\$ 959,554	7.3%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 208,000	\$ 154,254	\$ (53,746)	
Travel	275,000	325,421	50,421	
Total Meetings & Travel Expenses	\$ 483,000	\$ 479,675	\$ (3,326)	-0.7%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 10,066,237	\$ 11,043,534	\$ 977,297	
Office Rent	-	-	-	
Office Costs	1,939,165	1,946,779	7,614	
Professional Services	425,000	480,000	55,000	
Miscellaneous	10,250	19,028	8,778	
Total Operating Expenses, excluding Depreciation	\$ 12,440,651	\$ 13,489,341	\$ 1,048,689	8.4%
Total Direct Expenses	\$ 25,996,155	\$ 28,001,073	\$ 2,004,918	7.7%
Indirect Expenses	\$ 14,590,026	\$ 15,263,944	\$ 673,918	4.6%
Other Non-Operating Expenses	\$ 8,791	\$ 2,194	\$ (6,597)	-75.0%
Total Expenses (B)	\$ 40,594,972	\$ 43,267,210	\$ 2,672,238	6.6%
Change in Net Assets (=A-B)	\$ 458,601	\$ 527,873	\$ 69,272	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 790,658	\$ 679,600	\$ (111,058)	-14.0%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (623,967)	\$ (432,537)	\$ 191,430	
Loan or Financing Lease - Principal Payments (+)	291,911	280,811	(11,100)	
Net Financing Activity (D)	\$ (332,056)	\$ (151,726)	\$ 180,330	-54.3%
Total Budget (=B+C+D)	\$ 41,053,574	\$ 43,795,084	\$ 2,741,510	6.7%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	48.46	49.98	1.52	3.1%

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
E-ISAC Only				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 27,299,969	\$ 29,980,100	\$ 2,680,132	
Penalties Released	346,276	-	(346,276)	
Total NERC Funding	\$ 27,646,245	\$ 29,980,100	\$ 2,333,855	8.4%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	360,000	520,000	160,000	
Interest & Investment Income	250,565	232,291	(18,274)	
Total Funding (A)	\$ 28,256,810	\$ 30,732,391	\$ 2,475,581	8.8%
Expenses				
Personnel Expenses				
Salaries	\$ 8,617,649	\$ 9,507,796	\$ 890,146	
Payroll Taxes	468,991	499,751	30,760	
Benefits	1,277,737	1,360,651	82,914	
Retirement Costs	927,859	1,026,354	98,495	
Total Personnel Expenses	\$ 11,292,236	\$ 12,394,552	\$ 1,102,315	9.8%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 100,000	\$ 24,254	\$ (75,746)	
Travel	237,000	280,421	43,421	
Total Meetings & Travel Expenses	\$ 337,000	\$ 304,675	\$ (32,325)	-9.6%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 2,391,237	\$ 2,975,205	\$ 583,968	
Office Rent	-	-	-	
Office Costs	1,387,859	1,390,439	2,580	
Professional Services	-	-	-	
Miscellaneous	9,300	18,128	8,828	
Total Operating Expenses, excluding Depreciation	\$ 3,788,396	\$ 4,383,772	\$ 595,376	15.7%
Total Direct Expenses	\$ 15,417,632	\$ 17,082,998	\$ 1,665,366	10.8%
Indirect Expenses	\$ 12,552,234	\$ 13,315,396	\$ 763,162	6.1%
Other Non-Operating Expenses	\$ 8,791	\$ 2,194	\$ (6,597)	-75.0%
Total Expenses (B)	\$ 27,978,657	\$ 30,400,589	\$ 2,421,932	8.7%
Change in Net Assets (=A-B)	\$ 278,153	\$ 331,803	\$ 53,650	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 564,389	\$ 466,200	\$ (98,189)	-17.4%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (540,966)	\$ (380,001)	\$ 160,965	
Loan or Financing Lease - Principal Payments (+)	254,729	245,603	(9,126)	
Net Financing Activity (D)	\$ (286,236)	\$ (134,398)	\$ 151,839	-53.0%
Total Budget (=B+C+D)	\$ 28,256,810	\$ 30,732,391	\$ 2,475,581	8.8%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	41.69	43.58	1.89	4.5%

Statement of Activities and Fixed Asset Additions				
2024 Budge and 2025 Budget				
CRISP Only				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 2,477,166	\$ 2,479,682	\$ 2,516	
Penalties Released	56,216	-	(56,216)	
Total NERC Funding	\$ 2,533,382	\$ 2,479,682	\$ (53,700)	-2.1%
Third-Party Funding	\$ 10,083,382	\$ 10,223,011	\$ 139,629	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	40,000	60,000	20,000	
Interest & Investment Income	140,000	300,000	160,000	
Total Funding (A)	\$ 12,796,764	\$ 13,062,692	\$ 265,929	2.1%
Expenses				
Personnel Expenses				
Salaries	\$ 1,307,199	\$ 1,184,267	\$ (122,932)	
Payroll Taxes	75,500	70,013	(5,487)	
Benefits	257,671	252,999	(4,672)	
Retirement Costs	139,897	130,225	(9,672)	
Total Personnel Expenses	\$ 1,780,267	\$ 1,637,505	\$ (142,762)	-8.0%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 108,000	\$ 130,000	\$ 22,000	
Travel	38,000	45,000	7,000	
Total Meetings & Travel Expenses	\$ 146,000	\$ 175,000	\$ 29,000	19.9%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 7,675,000	\$ 8,068,329	\$ 393,329	
Office Rent	-	-	-	
Office Costs	551,306	556,340	5,034	
Professional Services	425,000	480,000	55,000	
Miscellaneous	950	900	(50)	
Total Operating Expenses, excluding Depreciation	\$ 8,652,256	\$ 9,105,569	\$ 453,313	5.2%
Total Direct Expenses	\$ 10,578,523	\$ 10,918,074	\$ 339,552	3.2%
Indirect Expenses	\$ 2,037,792	\$ 1,948,547	\$ (89,245)	-4.4%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	#DIV/0!
Total Expenses (B)	\$ 12,616,315	\$ 12,866,622	\$ 250,307	2.0%
Change in Net Assets (=A-B)	\$ 180,449	\$ 196,071	\$ 15,622	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 226,268	\$ 213,399	\$ (12,869)	-5.7%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (83,002)	\$ (52,536)	\$ 30,465	
Loan or Financing Lease - Principal Payments (+)	37,182	35,208	(1,974)	
Net Financing Activity (D)	\$ (45,820)	\$ (17,329)	\$ 28,491	-62.2%
Total Budget (=B+C+D)	\$ 12,796,764	\$ 13,062,692	\$ 265,929	2.1%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	6.77	6.40	(0.37)	-5.4%

Personnel Certification and Credential Maintenance

Purpose and Scope

The Personnel Certification and Credential Maintenance group oversees the System Operator Certification and Credential Maintenance programs that promote reliability of the North American bulk power system (BPS) by ensuring that system operators maintain their required credentials to work in system control centers across North America. NERC's system operator certification exam tests specific knowledge of job skills and Reliability Standards and also prepares operators to handle the BPS during normal and emergency operations. Certification is maintained by completing NERC-approved Credential Maintenance Program courses and activities.

The Personnel Certification Governance Committee (PCGC) is a NERC standing committee that provides oversight to implement and maintain the integrity and independence of the NERC System Operator Certification Program. The Credential Maintenance Working Group reports to the PCGC and is responsible for developing and maintaining the Credential Maintenance Program under the general guidelines set by the PCGC. The PCGC's Exam Working Group, which consists of subject matter experts from all regions of North America, is responsible for doing an extensive job analysis survey of certified operators across the industry, which provides the basis for the exams. NERC contracts with psychometric consultants who assist a working group of certified system operators in the development and maintenance of each exam.

The System Operator Certification and Credential Maintenance programs are completely self-funded through exam and continuing education provider fees, and the PCGC oversees the programs' budgets. More information on the [System Operator Certification and Credential Maintenance Program](#) is available on the NERC website.

2025 Areas of Focus

Key areas of focus for Personnel Certification and Credential Maintenance include:

- Seeking industry input on improvement opportunities for the Personnel Certification and Credential Maintenance Program and develop and implement any changes
- Upgrading the System Operator Certification Continuing Education Database (SOCCED) base platform

2025 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2024 budget to the 2025 budget for Personnel Certification and Credential Maintenance. The Contractors & Consultants budget includes support for exam testing and development and credential maintenance audit and review services. Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The Office Costs budget includes software licenses and support for SOCCED. The Fixed Assets Additions budget includes funds to upgrade the SOCCED platform, which is budgeted to be financed by a loan.

The Statement of Activities report for Personnel Certification and Credential Maintenance is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on pages 18–20.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Personnel Certification and Credential Maintenance				
	2024 Budget	2025 Budget	\$ Inc(Dec) 2025 Budget v 2024 Budget	% Change 2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	-	
Total NERC Funding	\$ -	\$ -	\$ -	
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	1,796,086	2,576,092	780,006	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	40,000	50,000	10,000	
Total Funding (A)	\$ 1,836,086	\$ 2,626,092	\$ 790,006	43.0%
Expenses				
Personnel Expenses				
Salaries	\$ 379,729	\$ 404,564	\$ 24,834	
Payroll Taxes	26,046	27,868	1,822	
Benefits	49,873	48,292	(1,581)	
Retirement Costs	41,985	44,971	2,986	
Total Personnel Expenses	\$ 497,633	\$ 525,694	\$ 28,061	5.6%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 72,000	\$ 40,000	\$ (32,000)	
Travel	23,500	10,600	(12,900)	
Total Meetings & Travel Expenses	\$ 95,500	\$ 50,600	\$ (44,900)	-47.0%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 782,260	\$ 425,078	\$ (357,182)	
Office Rent	-	-	-	
Office Costs	177,458	266,159	88,701	
Professional Services	-	-	-	
Miscellaneous	300	300	-	
Total Operating Expenses, excluding Depreciation	\$ 960,018	\$ 691,537	\$ (268,481)	-28.0%
Total Direct Expenses	\$ 1,553,151	\$ 1,267,831	\$ (285,320)	-18.4%
Indirect Expenses	\$ 863,231	\$ 871,161	\$ 7,930	0.9%
Other Non-Operating Expenses	\$ 1,704	\$ 30,900	\$ 29,196	1713.6%
Total Expenses (B)	\$ 2,418,086	\$ 2,169,892	\$ (248,194)	-10.3%
Change in Net Assets (=A-B)	\$ (582,000)	\$ 456,200	\$ 1,038,200	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 36,544	\$ 828,346	\$ 791,802	2166.7%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (35,160)	\$ (823,489)	\$ (788,329)	
Loan or Financing Lease - Principal Payments (+)	20,731	82,169	61,438	
Net Financing Activity (D)	\$ (14,430)	\$ (741,321)	\$ (726,891)	5037.5%
Total Budget (=B+C+D)	\$ 2,440,201	\$ 2,256,918	\$ (183,283)	-7.5%
Change in Working Capital (=A-B-C-D)	\$ (604,115)	\$ 369,174	\$ 973,289	
FTEs	2.87	2.87	0.00	0.0%

Training and Education

Purpose and Scope

Section 901 of the NERC Rules of Procedure acknowledges the need to acquire and sustain informed, knowledgeable, and skilled personnel to assure the reliable operation of the North American Bulk Power System (BPS). The Training and Education group facilitates the learning and development of NERC and ERO Enterprise staff, as well as BPS industry participants.¹⁷ The program oversees and coordinates learning resources that support the increase of knowledge and skills among stakeholders. Learners are typically engaged through learning events and products and resources, such as custom-made and off-the-shelf interactive self-paced e-learning modules, video-based learning, and in-person and live-webinar instructor-led training.

2025 Areas of Focus

Key areas of focus for Training and Education include support related to:

- Leadership development, new hire orientation, and confidential information training
- Events, including annual ERO Enterprise CMEP Staff Workshop and preparation for GridEx
- Training materials for the Align CMEP tool

2025 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2024 budget to the 2025 budget for Training and Education. The Contractors & Consultants budget includes support for various training initiatives, including those that specifically support learning for and growth of the ERO Enterprise. Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for the learning management system content and platform.

The Statement of Activities report for Training and Education is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Any significant cost changes from 2024 to 2025 are discussed in the *Major Budget Increase Drivers by Program* section on page 18–20.

¹⁷ NERC's Human Resources budget includes funding for general NERC employee training and development.

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Training and Education				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 1,140,333	\$ 1,187,355	\$ 47,021	
Penalties Released	15,616	-	(15,616)	
Total NERC Funding	\$ 1,155,949	\$ 1,187,355	\$ 31,406	2.7%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	11,299	9,967	(1,332)	
Total Funding (A)	\$ 1,167,248	\$ 1,197,322	\$ 30,073	2.6%
Expenses				
Personnel Expenses				
Salaries	\$ 260,530	\$ 282,500	\$ 21,969	
Payroll Taxes	19,285	19,607	322	
Benefits	53,089	51,117	(1,973)	
Retirement Costs	29,254	31,738	2,483	
Total Personnel Expenses	\$ 362,159	\$ 384,961	\$ 22,802	6.3%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 2,000	\$ 2,000	\$ -	
Travel	3,500	3,500	-	
Total Meetings & Travel Expenses	\$ 5,500	\$ 5,500	\$ -	0.0%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 90,000	\$ 90,000	\$ -	
Office Rent	-	-	-	
Office Costs	131,600	131,400	(200)	
Professional Services	-	-	-	
Miscellaneous	700	700	-	
Total Operating Expenses, excluding Depreciation	\$ 222,300	\$ 222,100	\$ (200)	-0.1%
Total Direct Expenses	\$ 589,959	\$ 612,561	\$ 22,602	3.8%
Indirect Expenses	\$ 566,053	\$ 571,253	\$ 5,200	0.9%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	0.0%
Total Expenses (B)	\$ 1,156,013	\$ 1,183,815	\$ 27,802	2.4%
Change in Net Assets (=A-B)	\$ 11,236	\$ 13,507	\$ 2,272	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 23,963	\$ 18,588	\$ (5,376)	-22.4%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (23,056)	\$ (15,403)	\$ 7,653	
Loan or Financing Lease - Principal Payments (+)	10,328	10,322	(6)	
Net Financing Activity (D)	\$ (12,728)	\$ (5,080)	\$ 7,647	-60.1%
Total Budget (=B+C+D)	\$ 1,167,248	\$ 1,197,322	\$ 30,073	2.6%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	1.88	1.88	0.00	0.0%

Corporate Services

Scope and Functional Description

NERC's Corporate Services area includes the budget for all business and administrative functions of the organization, including (1) General & Administrative; (2) Legal and Regulatory; (3) Business Technology; (4) Human Resources (HR) and Administration; (5) Finance and Accounting; and (6) other general expenses necessary to support statutory program activities.

The Corporate Services department budgets include the same cost categories as the statutory program departments, including personnel, contractors and consultants, meetings and travel, office costs, professional services, fixed asset additions (fixed assets), and financing activity. These costs support NERC on the organizational level. If it is identified that a Corporate Services function provides dedicated support or manages investments that materially and quantifiably benefit a certain statutory program department, those associated costs are budgeted in the applicable statutory program department budget.

Methodology for Allocation of Corporate Services Expenses to Programs

Since the activities of the Corporate Services departments support the entire organization, the budgets of the Corporate Services departments are allocated to the statutory program departments using the full time equivalent (FTE) ratio allocation method. The FTE ratio allocation method uses a percentage calculation of the number of FTEs in each statutory program department divided into the total statutory program department FTEs. This calculated percentage is used for the following allocations from the Corporate Services departments to the statutory program departments:

- Interest and Investment Income. The Cybersecurity Risk Information Sharing Program (CRISP) and the System Operator Certification program are excluded from the investment income allocation since these programs earn investment income from funds directly generated by their program.
- Miscellaneous Funding
- Direct and Non-Operating Expenses
- Fixed Assets
- Financing Activity

Corporate Services (in whole dollars)						
	Direct Expenses, Fixed Assets, & Net Financing Activity			FTEs		
	2024 Budget	2025 Budget	Increase (Decrease)	2024 Budget	2025 Budget	Increase (Decrease)
General & Administrative	\$ 14,028,088	\$ 14,559,253	\$ 531,165	20.84	19.74	(1.10)
Legal & Regulatory	6,075,391	6,010,019	(65,372)	15.98	15.98	-
Business Technology	21,180,319	23,512,429	2,332,110	35.20	34.94	(0.26)
Human Resources & Administration	4,370,564	5,154,952	784,389	10.34	12.22	1.88
Finance & Accounting	3,285,324	3,539,022	253,698	9.40	11.28	1.88
Total Corporate Services	\$ 48,939,686	\$ 52,775,675	\$ 3,835,989	91.76	94.16	2.40

General and Administrative

The General and Administrative (G&A) area is responsible for the administration and general management of the organization. Expenses in this area include office rent, as well as personnel and related costs for (1) the Chief Executive Officer (CEO) and support staff and the Chief Operating Officer (COO); (2) the External Affairs department; and (3) Board of Trustees (Board) costs.

External Affairs

The External Affairs department includes staff who are focused on the following areas: (1) leading NERC's strategic planning activities and outreach and engagement efforts; (2) addressing policy matters that arise in legislative and regulatory arenas and managing outreach at the state, federal, and provincial levels; (2) serving as the liaison with government entities and industry stakeholders in the United States, Mexico, and Canada; (3) managing all external and internal communications that support NERC initiatives, including media coordination, development of messaging and announcements, the public NERC website, social media, and other outreach, as well as facilitating consistent messaging internally and across the ERO Enterprise; (4) editing and design of all NERC publications including assessments, white papers, and guidelines; and (5) support for the Member Representatives Committee and the ERO Enterprise Executive Leadership Team.

Board Costs

The following table details the Board costs included in the total G&A expenses.

Board of Trustee Expenses	2024 Budget	2025 Budget	Increase (Decrease)
Meeting and Travel Expenses			
Quarterly Board Meetings	\$ 240,000	\$ 250,000	\$ 10,000 4.2%
Trustee Travel	200,000	180,000	(20,000) -10.0%
Total	\$ 440,000	\$ 430,000	\$ (10,000) -2.3%
Professional Services			
Independent Trustee Fees	\$ 1,612,500	\$ 1,667,500	\$ 55,000 3.4%
Trustee Search Fees	100,000	100,000	- 0.0%
Total	\$ 1,712,500	\$ 1,767,500	\$ 55,000 3.2%
Total	\$ 2,152,500	\$ 2,197,500	\$ 45,000 2.1%

The increase for Independent Trustee Fees is due to an estimated increase of \$5,000 per trustee. NERC is currently conducting an independent study on trustee compensation that is expected to be completed in early 2025.

Legal and Regulatory

The Legal and Regulatory department supports the NERC statutory program and corporate services departments and is responsible for providing a wide range of governance and legal support regarding corporate, commercial, insurance, contract, employment, antitrust, real estate, copyright, tax, legislation, and other legal matters. The department also addresses legal and regulatory matters that arise in connection with NERC's role as the ERO and the delegation agreements with the Regional Entities. Additionally, the Legal and Regulatory department includes the Internal Audit and Corporate Risk Management functions, explained further below.

Internal Audit

The Internal Audit group performs independent, objective activities (i.e., audits and assessments) designed to add value and improve NERC and Regional Entity operations. The activities ensure that (1) risks are appropriately identified, managed, and monitored across NERC and the ERO Enterprise; (2) internal control systems are adequately promoted and are effectively functioning; and (3) significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board are reported. Internal Audit specifically engages with NERC's Compliance and

Certification Committee to collaborate on monitoring of the ERO Enterprise as contemplated by Sections 406, 506, and Appendix 4A of the NERC Rules of Procedure.

Corporate Risk Management

The Corporate Risk Management (CRM) area focuses on ERO Enterprise corporate financial, operational, legal, regulatory, and compliance risks. In coordination with Internal Audit, CRM also conducts dynamic enterprise risk management, which is based on the Committee of Sponsoring Organization of the Treadway Commission framework. CRM also works with the Regional Entities to enhance the ERO Enterprise-wide corporate risk identification and risk mitigation efforts, resulting in more streamlined and coordinated reports and harmonized assessment of ERO Enterprise risks and processes. CRM also manages NERC's corporate insurance programs and renewals.

Business Technology

NERC's Business (Information) Technology department provides the technology and management needed for the organization to maintain daily operations and meet ERO statutory obligations, including applications and infrastructure leveraged by the ERO Enterprise and registered entities. The Business Technology department includes a Project Management Office (PMO) that provides project management skills and leadership for major ERO Enterprise and NERC business technology projects. NERC's Business Technology department focuses on five key areas: cyber security, NERC infrastructure support, the Electricity Information Sharing and Analysis Center (E-ISAC), ERO Enterprise application and infrastructure support, and ERO Enterprise new functionality.¹⁸ Business Technology manages NERC's overall Technology Strategy, which is discussed in more detail in the *2025 Business Plan and Budget Overview* section.

HR and Administration

The HR and Administration department performs activities related to payroll, benefits and retirement plan administration, employee relations, performance and compensation management, succession planning, leadership and employee development, facilities management, and meeting planning and coordination. The HR function manages NERC's overall People Strategy, which is designed to create an employee experience that meets the expectations of an evolving workforce and attracts, retains, and engages top talent by supporting a more sustainable, diverse organization. This strategy is intended to ensure NERC has the talent to meet its goals as outlined in its four strategic areas of focus. A critical component to NERC's people strategy is workforce planning, which is discussed in more detail in the *2025 Business Plan and Budget Overview* section.

Finance and Accounting

NERC's Finance & Accounting department manages all finance and accounting functions, including accounts payable and receivable, assessment and CRISP billing, travel and expense reporting, budget management, financial reporting, procurement, supplier contract management and administration, coordination of the annual independent financial statement audit and Form 990, and property, sales, and use tax returns. This area also has primary responsibility for the development of the annual business plan and budget and associated stakeholder outreach efforts. NERC Finance and Accounting manages systems, policies, procedures, and controls governing day-to-day practices, including procurement, expense reimbursement, and financial systems.

¹⁸ The E-ISAC is a specific area of focus for the Business Technology department given the amount of human and technology resources need to support the E-ISAC's critical mission to provide quality analysis and rapid sharing of security information on how to mitigate complex, constantly evolving threats to the grid. However, as discussed in the Corporate Services Scope and Functional Description section above, to the extent that any costs are primarily incurred to support the E-ISAC, those costs are directly assigned to the E-ISAC's budget.

2025 Areas of Focus

Key areas of focus for Corporate Services include:

- Elevating NERC’s strategic planning process and outreach and engagement activities to address a diverse stakeholder base and transforming industry
- Continuing to enhance communication efforts across the ERO Enterprise to better educate, inform, and engage current stakeholders, as well as working with subject matter experts to identify and attract new stakeholder groups
- Maturing internal assurance programs, including internal audit, risk management, and contingency planning
- Implementing and supporting adaptable and sustainable technology and enhancing cyber security to focus on prevention, detection, and mitigation
- Increasing sustainability in the HR and Finance and Accounting areas by continuing to develop robust workforce planning, talent management, and procurement processes, with a continued focus on improved efficiency and enhanced controls through system automation

2025 Resource Requirements

Corporate Services is increasing by 2.40 FTEs, which is the net result of (1) four additional positions in support of the strategic focus area of sustainability, including two positions for application development and quality assurance in Business Technology and two positions to support accounting and procurement; and (2) the reallocation of staff from and to the Corporate Services area to better align with functional responsibilities.

The Contractors and Consultants budget includes various support and consulting needs across the Corporate Services departments, with the largest investments in Business Technology and HR and Administration. This includes support for Business Technology related to applications and infrastructure, cyber security, and the PMO, as well as HR functional services, such as executive coaching, leadership training, payroll processing, and administrative support. Additional contractor and consultant expenses in the Corporate Services area include communications support, audit support for the Internal Audit function, and system administration support for the new Finance and Accounting system.

Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 20–23.

2025 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for the Corporate Services departments, especially in Business Technology for the software required to support the ERO Enterprise applications and infrastructure and cyber security daily operations. The Fixed Asset Additions budget includes funding for capital software projects in the Business Technology department that benefit company and ERO Enterprise operations, including upgrades to the Customer Relationship Management platform and NERC website, as well as equipment replacements and upgrades to support operational sustainability. The Fixed Asset Additions budget also includes funds for continued enhancements to Finance and Accounting and HR systems.

The Statement of Activities report for Corporate Services is provided below. This report shows funding, expenses, and financing activity for the 2025 budget year and 2024 budget year to show year-over-year changes. Significant cost changes from 2024 to 2025 include the following:

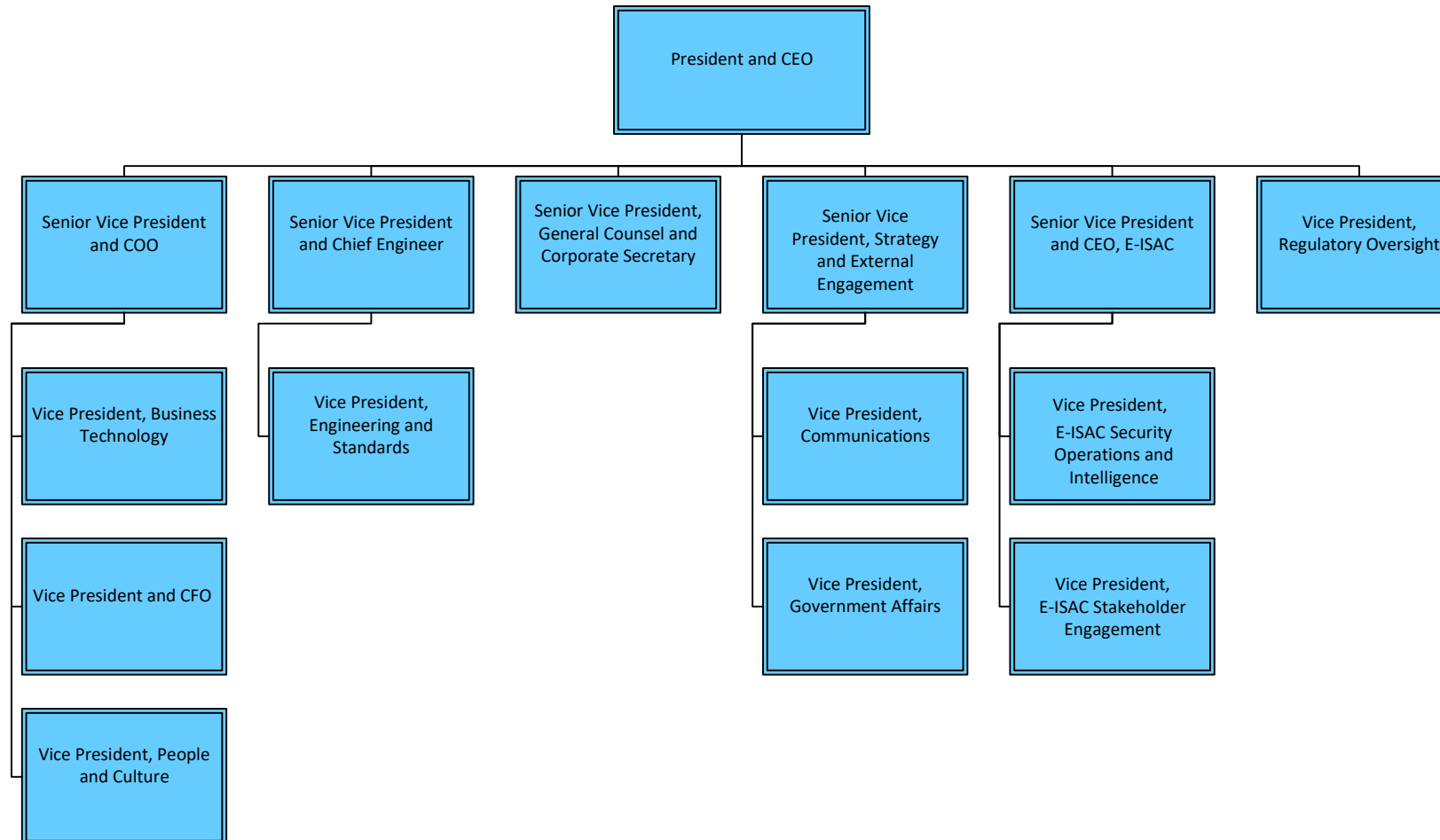
- Increase in Personnel costs due to the personnel assumptions related to the People Strategy discussed in the *2025 Business Plan and Budget Overview* section, including an increase of FTEs
- Increase in Meeting expenses for co-working partnership costs, including membership and meeting room rental costs for internal or external meetings in preparation for discontinuing a long-term lease for an Atlanta office
- Increase in Contractors and Consultants expenses, primarily in support of efforts related to the Technology Strategy discussed in the *2025 Business Plan and Budget Overview* section
- Increase in Office Costs due to budgeted escalation for existing software license and support expenses and new software in support of the Technology Strategy

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Corporate Services				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
Funding				
NERC Funding				
NERC Assessments	\$ (1,300,000)	\$ (300,000)	\$ 1,000,000	
Penalties Released	-	-	-	
Total NERC Funding	\$ (1,300,000)	\$ (300,000)	\$ 1,000,000	-76.9%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	-	-	-	
Total Funding (A)	\$ (1,300,000)	\$ (300,000)	\$ 1,000,000	-76.9%
Expenses				
Personnel Expenses				
Salaries	\$ 19,970,647	\$ 21,454,386	\$ 1,483,739	
Payroll Taxes	995,979	1,042,285	46,307	
Benefits	2,872,210	2,959,728	87,517	
Retirement Costs	1,944,786	2,105,392	160,606	
Total Personnel Expenses	\$ 25,783,622	\$ 27,561,791	\$ 1,778,169	6.9%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 519,400	\$ 723,800	\$ 204,400	
Travel	822,200	783,000	(39,200)	
Total Meetings & Travel Expenses	\$ 1,341,600	\$ 1,506,800	\$ 165,200	12.3%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 6,667,096	\$ 7,320,235	\$ 653,139	
Office Rent	3,089,858	3,074,867	(14,991)	
Office Costs	7,551,362	8,538,815	987,453	
Professional Services	3,092,866	3,031,270	(61,596)	
Miscellaneous	123,350	137,750	14,400	
Total Operating Expenses, excluding Depreciation	\$ 20,524,532	\$ 22,102,937	\$ 1,578,405	7.7%
Total Direct Expenses	\$ 47,649,754	\$ 51,171,528	\$ 3,521,774	7.4%
Indirect Expenses	\$ (47,987,176)	\$ (51,538,519)	\$ (3,551,344)	7.4%
Other Non-Operating Expenses	\$ 337,422	\$ 366,991	\$ 29,570	0.0%
Total Expenses (B)	\$ -	\$ -	\$ -	0.0%
Change in Net Assets (=A-B)	\$ (1,300,000)	\$ (300,000)	\$ 1,000,000	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	0.0%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ -	\$ -	\$ -	
Loan or Financing Lease - Principal Payments (+)	-	-	-	
Net Financing Activity (D)	\$ -	\$ -	\$ -	0.0%
Total Budget (=B+C+D)	\$ -	\$ -	\$ -	0.0%
Change in Working Capital (=A-B-C-D)	\$ (1,300,000)	\$ (300,000)	\$ 1,000,000	
FTEs	91.76	94.16	2.40	2.6%

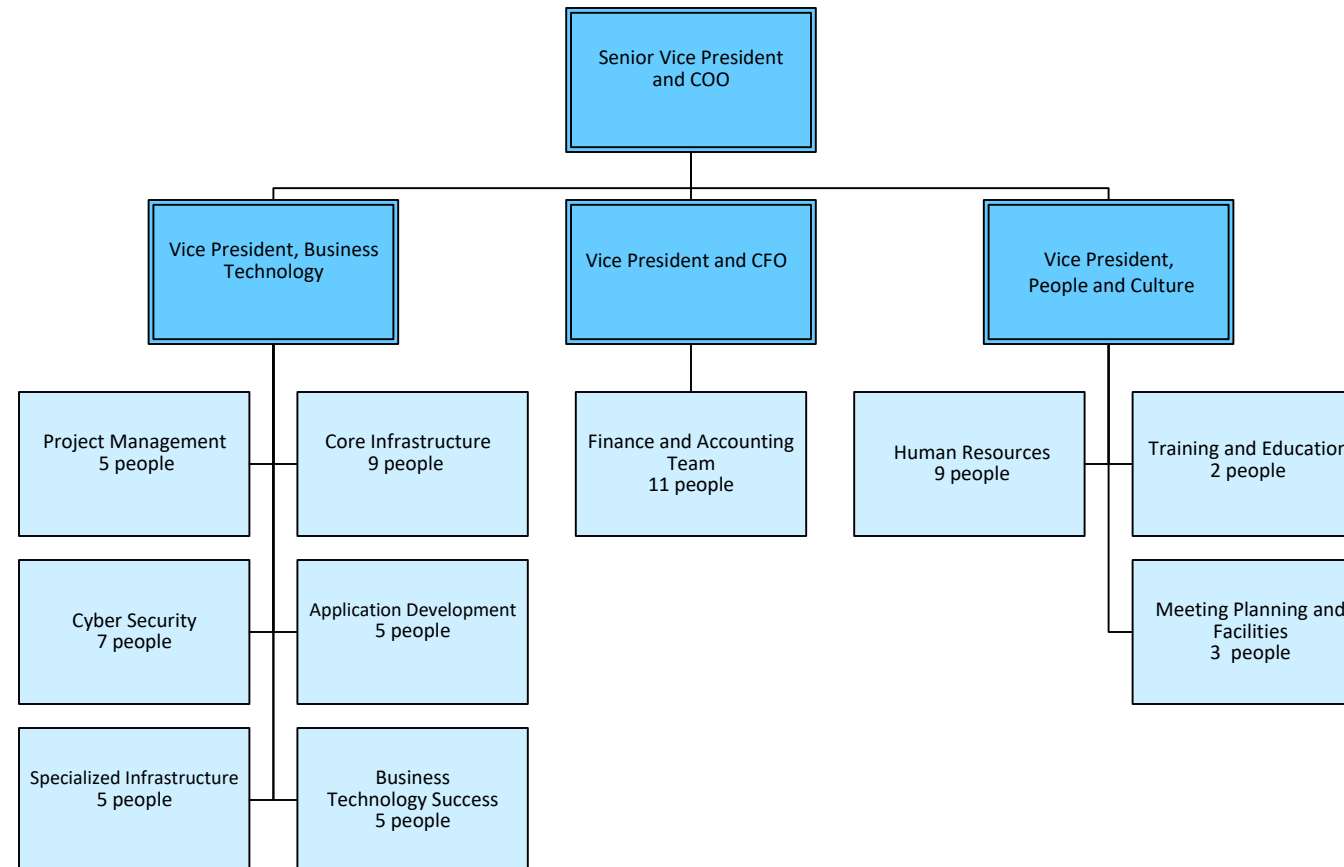
Non-Statutory Activity

NERC has no non-statutory activities.

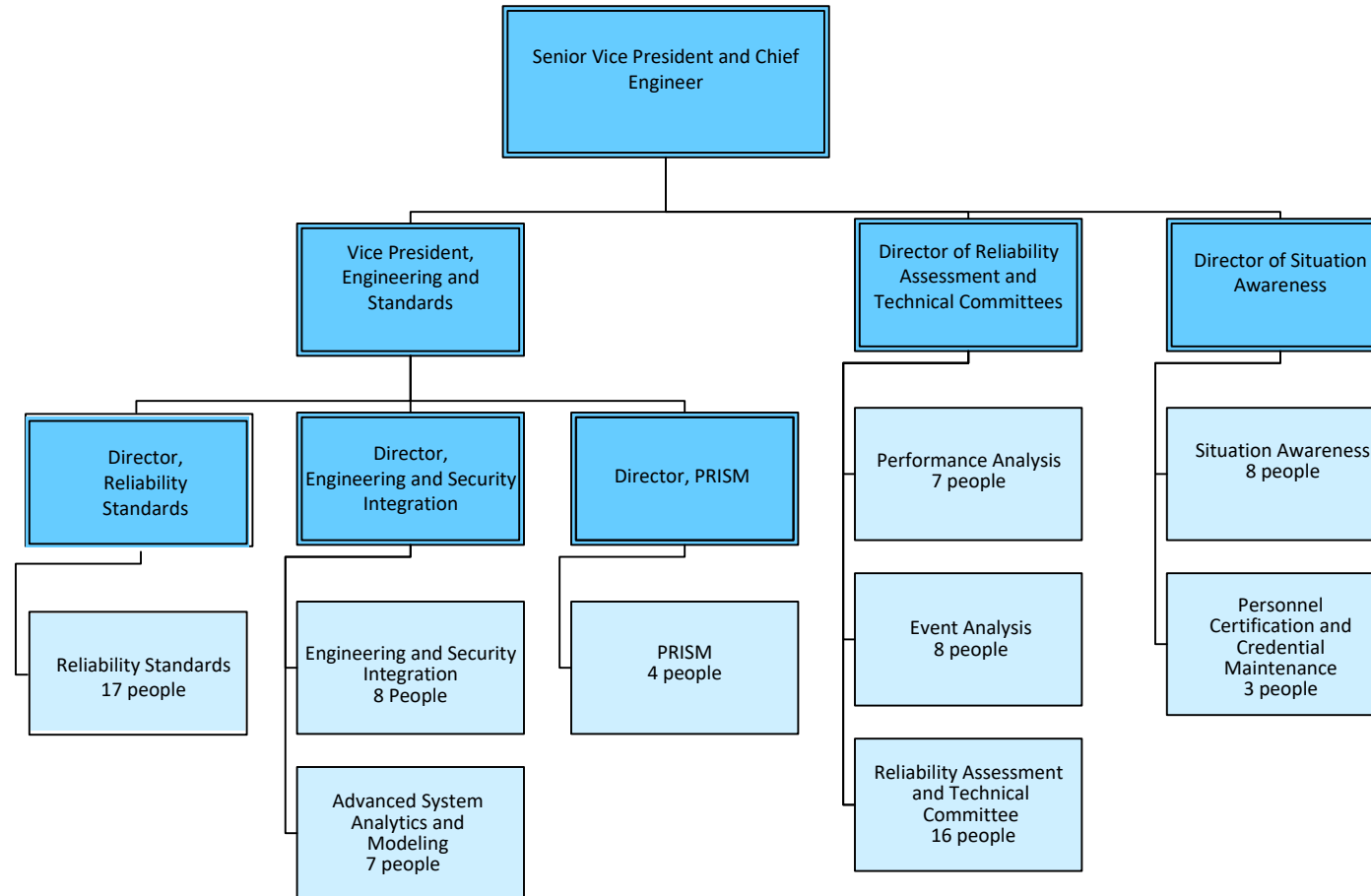
NERC Staff Organization Chart – Budget 2025



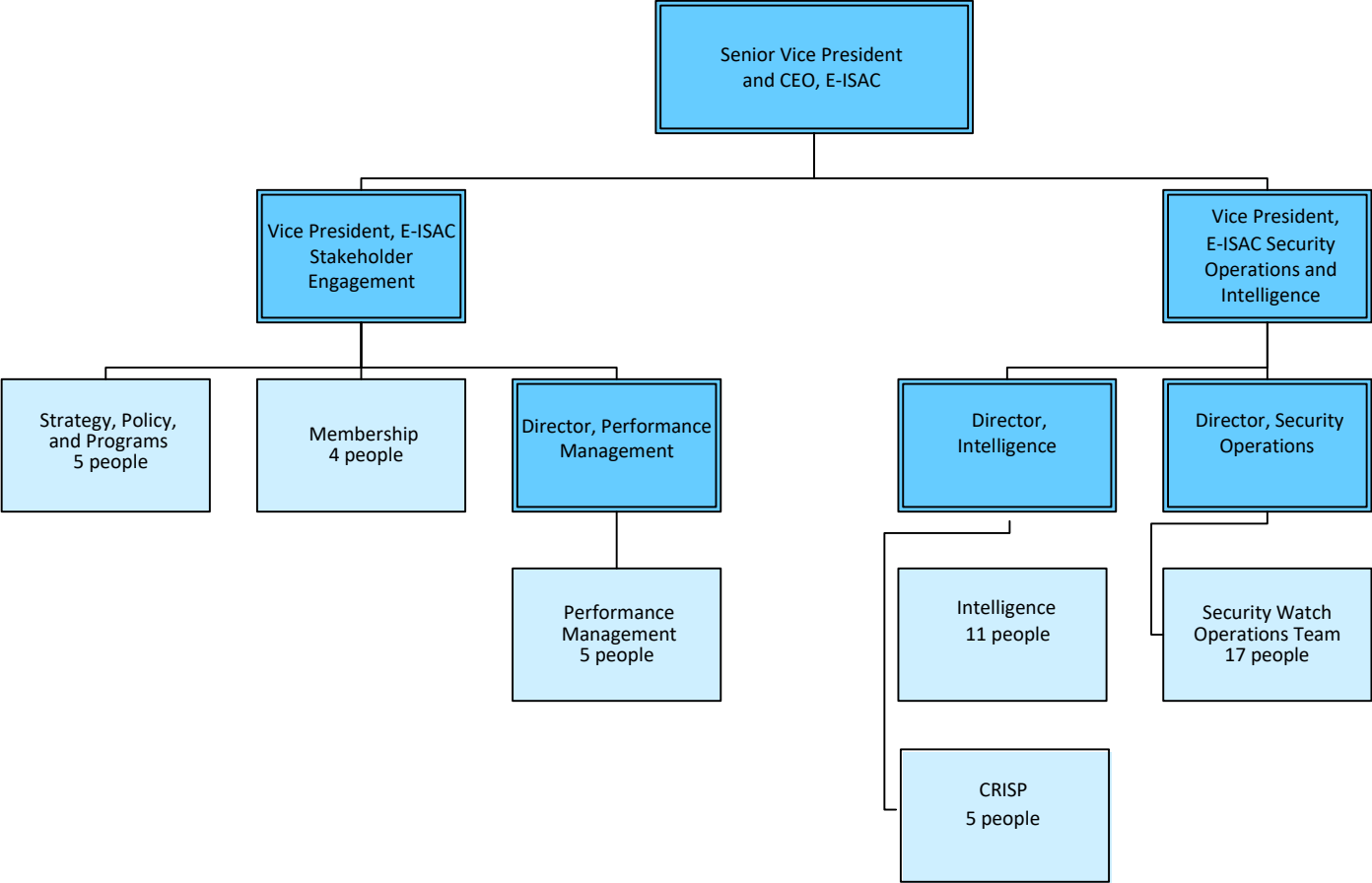
Business Technology, Finance & Accounting, and HR & Administration



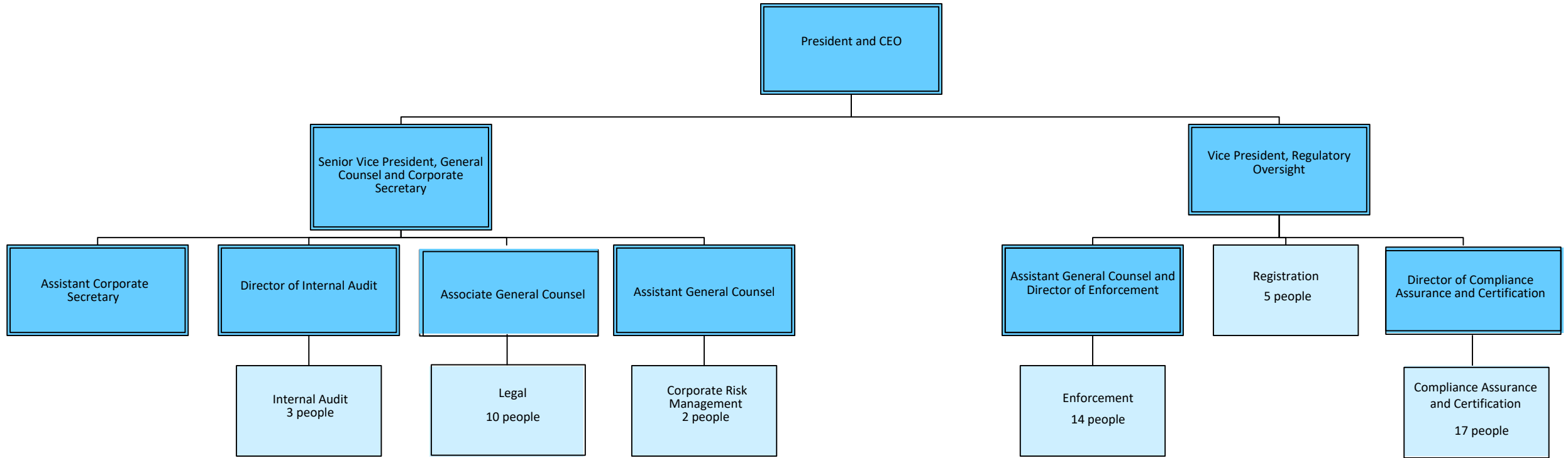
Reliability Standards & PRISM, RAPA, Situation Awareness, and Personnel Certification and Credential Maintenance



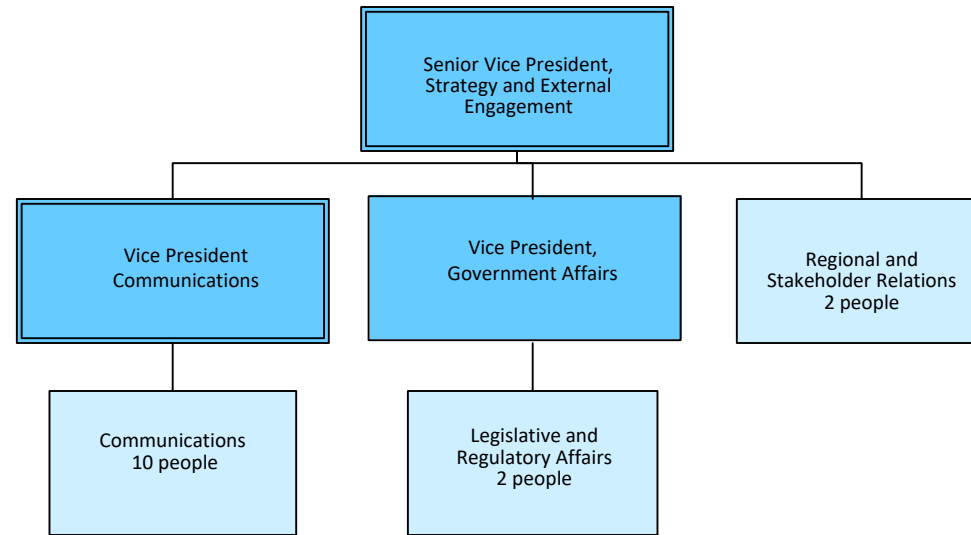
Electricity Information Sharing and Analysis Center



Legal and Regulatory, Internal Audit, Corporate Risk Management, Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement



External Affairs



Consolidated Statement of Activities by Program Area		Reliability Standards and Power Risk Issues and Strategic Management	Compliance Assurance and Organization Registration and Certification	Event Analysis	Compliance Enforcement	Personnel Certification and Credential Management	Training and Education	Reliability Assessment and Performance Analysis	Situation Awareness	E-RAC (Including CRSP)	General and Administrative (Includes Executive and External Affairs)	Legal and Regulatory (Includes Internal Audit and Corporate Risk Management)	Business Technology	Human Resources and Administration	Finance and Accounting															
		Statutory Total	Strategic Management	Registration and Certification	Event Analysis	Compliance Enforcement	Credential Management	Education	Performance Analysis	Awareness	(Including CRSP)	(Includes Executive and External Affairs)	(Includes Internal Audit and Corporate Risk Management)	Technology	Human Resources and Administration	Finance and Accounting														
STATUTORY																														
Funding																														
ERO Funding																														
NERC Assessments	\$	108,424,741	\$	13,267,565	\$	15,354,364	\$	5,137,365	\$	9,209,978	\$	-	\$	1,187,355	\$	25,145,024	\$	6,963,309	\$	32,459,782	\$	(300,000)	\$	-	\$	-	\$	-		
Penalties Released				-		-		-		-		-		-		-		-		-		-		-		-		-		
Total NERC Funding	\$	108,424,741	\$	13,267,565	\$	15,354,364	\$	5,137,365	\$	9,209,978	\$	-	\$	1,187,355	\$	25,145,024	\$	6,963,309	\$	32,459,782	\$	(300,000)	\$	-	\$	-	\$	-		
Third-Party Funding																														
Testing Fees	\$	10,223,011	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	10,223,011	\$	-	\$	-	\$	-	\$	-		
Services & Software		2,576,092		-		-		-		2,576,092		-		-		-		-		-		-		-		-		-		
60,000		-		-		-		-		-		60,000		-		-		-		-		-		-		-		-		
Miscellaneous		580,000		-		-		-		-		580,000		-		-		-		-		-		-		-		-		
Invest & Investment Income		1,200,000		125,336		119,605		40,367		74,753		50,000		9,967		202,331		45,350		532,291		-		-		-		-		
Total Funding (A)	\$	123,063,843	\$	13,392,901	\$	15,473,969	\$	5,177,731	\$	9,284,731	\$	2,626,092	\$	1,197,322	\$	25,407,355	\$	7,008,659	\$	43,795,084	\$	(300,000)	\$	-	\$	-	\$	-		
Expenses																														
Personnel Expenses																														
Salaries	\$	54,787,073	\$	4,128,794	\$	4,465,990	\$	1,692,524	\$	2,399,827	\$	404,564	\$	282,500	\$	7,657,075	\$	1,609,352	\$	10,692,063	\$	5,631,959	\$	3,848,329	\$	923,697	\$	2,663,928	\$	2,012,232
Payroll Taxes		2,896,693		241,970		247,712		88,055		146,333		27,868		19,807		421,646		91,452		569,764		232,148		184,641		33,927		120,904		112,619
Benefits		8,106,437		659,169		734,263		239,071		291,113		48,292		51,117		1,184,680		325,356		1,613,650		659,922		486,357		96,626		395,399		271,019
Retirement Costs		5,745,105		450,340		492,367		187,841		264,346		44,971		31,738		835,794		175,737		1,156,579		461,937		411,578		93,854		226,386		214,046
Total Personnel Expenses	\$	71,535,308	\$	5,480,273	\$	5,940,332	\$	2,207,491	\$	3,101,618	\$	525,694	\$	384,961	\$	10,999,194	\$	2,201,897	\$	14,032,057	\$	6,985,966	\$	4,930,904	\$	1,148,104	\$	3,406,617	\$	2,609,916
Meetings and Travel Expenses																														
Meetings & Conference Calls	\$	1,574,634	\$	95,000	\$	146,100	\$	90,000	\$	7,800	\$	40,000	\$	2,000	\$	244,350	\$	71,330	\$	154,254	\$	550,500	\$	10,000	\$	3,200	\$	30,000	\$	5,000
Travel		2,242,182		171,000		302,000		91,000		81,400		10,600		3,500		455,000		19,261		325,421		397,000		124,000		29,000		75,000		56,000
Total Meetings and Travel Expenses	\$	3,816,815	\$	266,000	\$	448,100	\$	181,000	\$	89,200	\$	50,600	\$	5,500	\$	699,350	\$	90,591	\$	479,675	\$	947,500	\$	134,000	\$	32,200	\$	105,000	\$	61,000
Operating Expenses, excluding Depreciation																														
Consultants & Contracts	\$	22,234,093	\$	188,000	\$	854,123	\$	320,000	\$	684,623	\$	425,078	\$	90,000	\$	1,062,500	\$	246,000	\$	11,043,534	\$	390,000	\$	230,000	\$	67,000	\$	875,000	\$	225,000
Office Rent		3,074,867		-		-		-		-		-		-		-		-		3,074,867		-		-		-		-		-
Office Costs		14,914,417		70,724		649,827		16,200		608,651		266,159		131,400		1,094,377		1,591,485		1,946,779		531,051		277,915		190,820		628,300		402,371
Professional Services		3,511,270		-		-		-		-		-		-		-		-		480,000		2,421,620		435,000		-		4,650		170,000
Miscellaneous		174,028		2,900		3,050		1,300		2,000		300		700		5,600		1,400		19,028		51,650		2,200		5,100		77,200		1,600
Total Operating Expenses, excluding Depreciation	\$	43,908,676	\$	261,624	\$	1,507,000	\$	337,500	\$	1,295,274	\$	691,537	\$	222,100	\$	2,162,477	\$	1,838,885	\$	13,489,341	\$	6,469,788	\$	945,115	\$	262,920	\$	1,585,150	\$	798,971
Total Direct Expenses																														
	\$	119,260,799	\$	6,007,897	\$	7,895,432	\$	2,725,991	\$	4,486,092	\$	1,267,831	\$	612,561	\$	12,961,022	\$	4,131,373	\$	28,001,073	\$	14,403,253	\$	6,010,019	\$	1,443,224	\$	5,096,767	\$	3,469,887
Indirect Expenses																														
	\$	-	\$	7,183,508	\$	6,855,038	\$	2,313,575	\$	4,284,399	\$	871,161	\$	571,253	\$	11,596,439	\$	2,599,202	\$	15,263,944	\$	(14,559,253)	\$	(6,010,019)	\$	(1,505,938)	\$	(5,103,415)	\$	(3,479,860)
Other Non-Operating Expenses																														
	\$	564,000	\$	-	\$	53,385	\$	14,460	\$	35,767	\$	30,900	\$	-	\$	53,255	\$	7,047	\$	2,194	\$	156,000	\$	-	\$	62,714	\$	6,648	\$	9,973
Total Expenses (B)	\$	119,824,799	\$	13,191,406	\$	14,803,855	\$	5,054,026	\$	8,806,257	\$	2,169,892	\$	1,183,815	\$	24,610,716	\$	6,737,622	\$	43,267,210	\$	-	\$	-	\$	-	\$	-	\$	-
Change in Net Assets (=A-B)																														
	\$	3,239,045	\$	201,495	\$	670,114	\$	123,705	\$	478,473	\$	456,200	\$	13,507	\$	796,639	\$	271,037	\$	527,873	\$	(300,000)	\$	-	\$	-	\$	-	\$	-
Fixed Asset Additions, excluding Right of Use Assets (C)																														
	\$	5,098,590	\$	320,939	\$	672,301	\$	174,030	\$	339,407	\$	828,346	\$	18,588	\$	1,447,806	\$	617,574	\$	679,600	\$	-	\$	-	\$	-	\$	-	\$	-
Financing Activity																														
Loan or Financing Lease - Borrowing (-)	\$	(3,752,500)	\$	(249,247)	\$	(471,059)	\$	(125,297)	\$	(242,945)	\$	(823,489)	\$	(15,403)	\$	(982,856)	\$	(409,667)	\$	(432,537)	\$	-	\$	-	\$	-	\$	-	\$	-
Loan or Financing Lease - Principal Payments (+)		1,823,780		129,803		468,872		74,572		382,011		82,169		10,322		331,689		63,131		280,811		-		-		-		-		-
Net Financing Activity (D)	\$	(1,928,720)	\$	(119,444)	\$	(2,188)	\$	(50,324)	\$	139,066	\$	(741,321)	\$	(5,080)	\$	(651,167)	\$	(346,536)	\$	(151,726)	\$	-	\$	-	\$	-	\$	-	\$	-
Total Budget (=B+C+D)																														
	\$	122,994,669	\$	13,392,901	\$	15,473,969	\$	5,177,731	\$	9,284,731	\$	2,256,918	\$	1,197,322	\$	25,407,355	\$	7,008,659	\$	43,795,084	\$	-	\$	-	\$	-	\$	-	\$	-
Change in Working Capital (=A-B-C-D)																														
	\$	69,174	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(300,000)	\$	-	\$	-	\$	-	\$	-	\$	-
FTEs																														
		263.51		23.64		22.56		7.61		14.10		2.87		1.88		38.16		8.55		49.98		19.74		15.98		2.04		12.22		11.28

Application of NERC Section 215 Criteria

**DISCUSSION OF HOW THE NERC MAJOR ACTIVITIES
IN THE 2025 BUSINESS PLAN AND BUDGET
MEET THE NERC WRITTEN CRITERIA FOR DETERMINING WHETHER A
RELIABILITY ACTIVITY IS ELIGIBLE TO BE FUNDED UNDER
FEDERAL POWER ACT SECTION 215**

This information will be provided in the final proposed 2025 Business Plan and Budget.