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August 23, 2024

**VIA ELECTRONIC FILING**

Ms. Debbie-Anne A. Reese  
Acting Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: North American Electric Reliability Corporation  
Docket No. RR24-\_\_\_-000  
Request for Acceptance of 2025 Business Plans and Budgets of NERC and  
Regional Entities and for Approval of Proposed Assessments to Fund Budgets**

Dear Ms. Reese:

The North American Electric Reliability Corporation (NERC) hereby submits this filing in accordance with 18 C.F.R. §39.4, requesting acceptance of the 2025 Business Plans and Budgets of NERC, the six Regional Entities, and the Western Interconnection Regional Advisory Body, and approval of the proposed assessments to fund the 2025 budgets.

NERC's filing consists of: (1) this transmittal letter, (2) the narrative text of this filing which follows this transmittal letter, and (3) Attachments 1 through 14, all of which are being transmitted in a single pdf file. Page ii in the Table of Contents to the narrative text list the 14 attachments.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Owen E. MacBride  
Owen E. MacBride

Attorney for North American Electric  
Reliability Corporation



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**ATTACHMENTS**

**Attachment 1:** Summary tables showing NERC’s proposed 2025 budget; the proposed 2025 budget for statutory activities of each Regional Entity; and the 2025 U.S. ERO statutory assessments of NERC and the Regional Entities

**Attachment 2:** NERC Proposed 2025 Business Plan and Budget

**Attachment 3:** Midwest Reliability Organization Proposed 2025 Business Plan and Budget

**Attachment 4:** Northeast Power Coordinating Council, Inc. Proposed 2025 Business Plan and Budget

**Attachment 5:** ReliabilityFirst Corporation Proposed 2025 Business Plan and Budget

**Attachment 6:** SERC Reliability Corporation Proposed 2025 Business Plan and Budget

**Attachment 7:** Texas Reliability Entity Proposed 2025 Business Plan and Budget

**Attachment 8:** Western Electricity Coordinating Council Proposed 2025 Business Plan and Budget

**Attachment 9:** Western Interconnection Regional Advisory Body Proposed 2025 Business Plan and Budget

**Attachment 10:** NERC Management’s Responses to Stakeholder Comments Submitted on Posted Draft of NERC’s 2025 Business Plan and Budget

**Attachment 11:** Calculation of Adjustments to the 2025 AESO NERC Assessment, IESO NERC Assessment, New Brunswick NERC Assessment and Québec NERC Assessment

**Attachment 12:** Memorandum for NERC Board of Trustees Describing NERC’s Participation in Preparation of and Review of Regional Entity 2025 Business Plans and Budgets

**Attachment 13:** Metrics Comparing Regional Entity Operations Based on the 2025 Budgets

**Attachment 14:** Metrics on NERC and Regional Entity Administrative (Indirect) Costs Based on the 2024 and 2025 Budgets



## I. INTRODUCTION

In accordance with 18 C.F.R. §39.4, the North American Electric Reliability Corporation (NERC) submits for Commission acceptance and approval: (1) NERC's proposed Business Plan and Budget as the electric reliability organization (ERO) for 2025; (2) proposed Business Plans and Budgets for 2025 for the six Regional Entities,<sup>1</sup> and for the Western Interconnection Regional Advisory Body (WIRAB) for its activities under §215(j) of the Federal Power Act (FPA); and (3) NERC's proposed allocation of the NERC, Regional Entity and WIRAB statutory assessments by country and among the Regional footprints, and the proposed assessments to load-serving entities (LSEs) in each Regional Entity to collect the statutory funding requirements. This filing includes the following attachments:

**Attachment 1** is a set of summary tables showing (i) NERC's proposed 2025 budget by program, (ii) the proposed 2025 budget for statutory activities of each Regional Entity, and (iii) the aggregate ERO statutory assessment of NERC and the Regional Entities allocated to the U.S., for which approval is requested.

**Attachment 2** contains NERC's detailed 2025 Business Plan and Budget and the allocation of assessments by Regional Entity and LSE to recover the statutory funding requirements for 2025 of NERC, the Regional Entities and WIRAB.

**Attachments 3 through 9** are the detailed 2025 Business Plans and Budgets of, respectively, MRO, NPCC, ReliabilityFirst, SERC, Texas RE, WECC, and WIRAB.

**Attachment 10** contains NERC management's responses to stakeholder comments submitted on the posted draft of NERC's 2025 Business Plan and Budget during the budget development process.

**Attachment 11** contains calculations of the adjustments to the NERC 2025 assessments to the Alberta Electric System Operator (AESO), Ontario Independent Electric System Operator (IESO), New Brunswick, and Québec, for credits for certain NERC Compliance Monitoring and Enforcement Program costs.

**Attachment 12** is a memorandum for the NERC Board of Trustees describing NERC's participation in preparation and review of Regional Entities' Business Plans and Budgets.

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<sup>1</sup>The Regional Entities are Midwest Reliability Organization (MRO), Northeast Power Coordinating Council, Inc. (NPCC), ReliabilityFirst Corporation (ReliabilityFirst), SERC Reliability Corporation (SERC), Texas Reliability Entity (Texas RE), and Western Electricity Coordinating Council (WECC).

**Attachment 13** provides metrics, based on the 2025 budgets, for Regional Entity operations.

**Attachment 14** contains metrics, based on the 2024 and 2025 budgets, on NERC and Regional Entity administrative (indirect) costs.

The Commission's regulations (18 C.F.R. §39.4(b)) require the ERO to file its proposed annual budget for statutory and non-statutory activities at least 130 days prior to the start of its fiscal year. NERC's 2025 fiscal year begins January 1, 2025. The filing must contain the annual budget of each Regional Entity for statutory and non-statutory activities and the ERO's and each Regional Entity's business plan and organization chart, explanations of the proposed collection of all dues, fees and charges, and the proposed expenditure of funds collected. This information is included in this filing. In accordance with 18 C.F.R. §39.4(c), NERC requests an order by November 2, 2024, accepting the proposed Business Plans and Budgets and approving the assessments submitted in this filing, which will enable billings to be issued to LSEs or their designees for assessments, with initial payment dates on or about January 1, 2025, to support the activities of NERC, the Regional Entities, and WIRAB.

## **II. NOTICES AND COMMUNICATIONS**

Notices and communications concerning this filing may be addressed to

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## **III. OVERVIEW OF PROPOSED BUDGETS AND FUNDING REQUIREMENTS**

### **A. Development of the 2025 Business Plans and Budgets**

NERC prepared its 2025 Business Plan and Budget, and worked with the Regional Entities in the development of their Business Plans and Budgets, through a rigorous process that

provided ample opportunity for review and input by the NERC Board's Finance and Audit Committee (FAC) and stakeholders. Development of the 2025 Business Plans and Budgets is in alignment with the *ERO Enterprise Long-Term Strategy*, approved by the NERC Board in December 2019, which identifies strategic focus areas for the ERO Enterprise (NERC and the Regional Entities), and, for NERC specifically, NERC's 2023-2025 business plan and associated strategic focus areas, initially put forth in NERC's 2023 Business Plan and Budget.

During the Business Plan and Budget development process, successive versions of the NERC and Regional Entity Business Plans and Budgets were discussed in public meetings and conference calls of the FAC and of the full NERC Board, with opportunities for stakeholders to provide comments. NERC management also held discussions with the NERC Member Representatives Committee (MRC) Business Plan and Budget Input Group (a group of MRC members tasked with providing input on the Business Plans and Budgets) and representatives of industry trade associations and forum groups. The following chronology highlights important steps in preparing the NERC and Regional Entity 2025 Business Plans and Budgets.

- On October 17 and 18, 2023, the ERO Finance Group, comprised of Finance representatives from NERC and each Regional Entity, met to review strategic goals and objectives for 2025 and discuss how they would be translated into the 2025 Business Plans and Budgets.
- On February 14, 2023, a meeting of the NERC FAC included a review of the proposed schedule for development of the 2025 Business Plans and Budgets.
- On February 23, 2024, March 22, 2024, and April 16, 2024, the ERO Finance Group met by conference call to discuss progress and status on the development of the 2025 Business Plans and Budgets.
- On April 9, 2024, a closed meeting of the NERC Corporate Governance and Human Resources Committee (CGHRC), Technology and Security Committee (TSC), and FAC discussed the 2025 Business Plan and Budget including underlying assumptions.
- In late April and early May 2024, Regional Entities provided drafts of their 2025 Business Plans and Budgets to NERC. NERC reviewed the drafts and provided feedback to the Regional Entities as needed, prior to submission of each Regional Entity's final Business Plan and Budget to its Board or other governing body.

- Beginning in April 2024, and continuing into May 2024, the Regional Entities posted drafts of their 2025 Business Plans and Budgets on their respective websites for various time periods for review and comment by their stakeholders, in accordance with each Regional Entity’s review process. (See §V.A for information on the stakeholder review opportunities provided by each Regional Entity for its 2025 Business Plan and Budget.)
- On April 18, 2024, a conference call with the MRC Business Plan and Budget Input Group discussed development of NERC’s 2025 Business Plan and Budget.
- On April 22, 2024, NERC’s quarterly meeting with trade associations and forums, to which the MRC Business Plan and Budget Input Group was also invited, discussed development of NERC’s 2025 Business Plan and Budget.
- On May 28, 2024, a draft NERC 2025 Business Plan and Budget was posted on the NERC website for a 30-day comment period. Drafts of Regional Entities’ and WIRAB’s Business Plans and Budgets were also posted on the NERC website, as well as information on the ERO Enterprise combined 2025 budgets and assessments. E-mail notice of the posting (and subsequent postings) was sent to a broad list of interested stakeholders. Four sets of comments were received and posted on the NERC website.<sup>2</sup>
- On June 10, 2024, the NERC FAC held a conference call and webinar to review the draft NERC 2025 Business Plan and Budget, Regional Entity and WIRAB 2025 Business Plans and Budgets, and the ERO Enterprise combined 2025 budgets and assessments.
- On June 20, 2024, representatives of NERC, each Regional Entity, and WIRAB met with Commission Staff to discuss the 2025 Business Plans and Budgets and the ERO Enterprise combined 2025 budgets and assessments.
- At various dates in May and June 2024, the governing bodies of the Regional Entities approved their respective 2025 Business Plans and Budgets. By mid-July, the Regional Entities and WIRAB submitted their final Business Plans and Budgets to NERC.
- On July 9, 2024, a closed meeting was held with the NERC FAC to review comments on the draft NERC 2025 Business Plan and Budget, the proposed final NERC Business Plan and Budget, and NERC’s review of Regional Entity 2025 Business Plans and Budgets.
- On July 16, 2024, another conference call was held with the MRC Business Plan and Budget Input Group to discuss stakeholder comments received on the draft NERC 2025 Business Plan and Budget and the proposed final NERC 2025 Business Plan and Budget.
- On July 22, 2024, NERC’s quarterly meeting with trade associations and forums, to which the MRC Business Plan and Budget Input Group was also invited, included

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<sup>2</sup> Comments were submitted by (i) Bonneville Power Administration, (ii) Edison Electric Institute, (iii) Electricity Canada, and (iv) the ISO-RTO Council Standards Review Committee (comprised for purposes of these comments of the California Independent System Operator, Electric Reliability Council of Texas, Inc., ISO New England, Inc., the Midcontinent Independent System Operator, Inc., the New York Independent System Operator, Inc., PJM Interconnection, LLC, and Southwest Power Pool, Inc.). See [https://www.nerc.com/gov/bot/FINANCE/Pages/2025\\_Business\\_Plan\\_and\\_Budget.aspx](https://www.nerc.com/gov/bot/FINANCE/Pages/2025_Business_Plan_and_Budget.aspx). **Attachment 10** is NERC management’s response to the comments.

discussion of comments received on the draft NERC 2025 Business Plan and Budget, and a preview of the proposed final NERC 2025 Business Plan and Budget.

- On July 24, 2024, the Member Executive Committee (MEC) of the Electricity Subsector Coordinating Council held a meeting and reviewed and endorsed the Electricity Information Sharing and Analysis Sector (E-ISAC) and Cybersecurity Risk Information Sharing Program (CRISP) budgets to be included in NERC's 2025 Business Plan and Budget.
- On August 7, 2024, the final NERC, Regional Entity, and WIRAB 2025 Business Plans and Budgets and assessments, as proposed for NERC Board consideration, were posted on the NERC website for the upcoming FAC and NERC Board meetings.
- At the August 14, 2024, open meeting of the FAC, NERC management presented the final version of the NERC 2025 Business Plan and Budget. The FAC recommended NERC Board approval of the 2025 Business Plans and Budgets and associated statutory assessments for NERC, the Regional Entities, and WIRAB.
- At its August 15, 2024, meeting, the NERC Board approved the 2025 Business Plans and Budgets and statutory assessments for NERC, the Regional Entities, and WIRAB.

The processes followed by NERC and the Regional Entities to develop the proposed 2025 Business Plans and Budgets were thorough, comprehensive, open and inclusive, involved significant input from NERC and Regional Entity management and staffs, as well as iterative review and comment by the NERC FAC, and provided multiple opportunities for stakeholder input and comment, including by the MRC Business Plan and Budget Input Group, the full MRC, and trade associations and industry forums.

## **B. NERC's 2025 Business Plan and Budget**

### **1. Organization of NERC's Business Plan and Budget**

NERC's Business Plan and Budget is organized based on its statutory program areas: (1) Reliability Standards and Power Risk Issues and Strategic Management (PRISM); (2) Compliance Assurance and Organization Registration and Certification, and Compliance Enforcement; (3) Reliability Assessments and Performance Analysis (RAPA); (4) Situation Awareness; (5) Event Analysis; (6) E-ISAC, including CRISP; (7) Personnel Certification and Credential Maintenance; and (8) Training and Education. Each program area carries out or supports implementation of one or more ERO statutory activities as specified in §215 of the FPA

and Commission regulations and orders. NERC's statutory, or "direct," programs are supported by its Corporate Services, or "indirect," programs (General & Administrative (G&A), including Executive and External Affairs, Legal and Regulatory, Business (Information) Technology (IT), Human Resources (HR) & Administration, and Finance and Accounting).

The initial sections, Preface and Introduction, provide an overview of NERC's organization, membership, governance, scope, statutory and regulatory background, delegated authorities, funding, the ERO Enterprise (NERC and the Regional Entities) model, and the ERO Enterprise strategic and operational planning, including strategic focus areas.

The 2025 Business Plan and Budget Overview (pages 8-30), provides information on NERC's historical budget and assessment amounts; NERC's strategic and business planning and areas of focus for 2023-2025; an overview of NERC's 2025 budget and funding requirements; key budget assumptions for 2025; principal budget drivers including Personnel staffing and expenses, Meetings and Travel expense, Operating Expenses including Contractors & Consultants, Fixed Asset Additions and Capital Financing, and uses of Reserves. More granular information is provided as follows:

- The table on page 17 is NERC's overall Statement of Activities and Fixed Asset Additions (Statement of Activities report), showing information from the 2024 and 2025 budgets and the changes from the 2024 to 2025 budgets, for major line-item categories for Funding, Expenses, Fixed Asset Additions, and Net Financing Activity.
- The table on page 18 shows the change from the 2024 budget to the 2025 budget for each statutory program, followed by explanations of major budget drivers by program on pages 18-20.
- The table on page 21 shows the change from the 2024 budget to the 2025 budget for staffing for each statutory program and Corporate Services, along with explanations of proposed staffing changes by program area, while the table on page 20 compares overall personnel expenses for the 2025 and 2024 budgets.
- The table on page 22 shows the change from the 2024 budget to the 2025 budget for Contractors and Consultants expenses for each program area, with explanations provided on page 23.

- The tables on page 23 show the change from the 2024 budget to the 2025 budget for (i) Miscellaneous Expenses and (ii) Fixed Asset Additions along with explanations of the changes.
- Page 24 provides discussion on other significant cost changes, including Office Costs, Professional Services, and Non-Operating Expenses.
- Pages 24-25 provide budgeted and projected information on NERC's Capital Financing program for 2024 through 2027.
- The table on page 26 shows the change from the 2024 budget to the 2025 budget for Other Outside and Miscellaneous Funding (*i.e.*, other than Assessments), followed by an explanation of the changes on page 27.<sup>3</sup>
- Pages 27-28 provide information on proposed balances and uses in 2025 for NERC's reserve categories.
- Page 29 provides a Statement of Activities report showing NERC's budget projections for 2026 and 2027 and page 30 discusses NERC management's preliminary projections of budget and assessment increases in 2026 and 2027 from 2023-2025 levels.

Pages 31-61 of **Attachment 2** is NERC's detailed 2025 Business Plan and Budget, which addresses the requirements of 18 C.F.R. §39.4(b), the Commission's Order certifying NERC as the ERO,<sup>4</sup> and applicable directives in subsequent Commission orders. These pages provide, for each statutory program and Corporate Services, program purpose and scope, 2025 areas of focus, and 2025 resource requirements and technology requirements. A Statement of Activities report is provided for each statutory program and for Corporate Services, showing funding and expenditure information from the 2024 and 2025 budgets. Funding is shown from Assessments and other sources. Expenses are shown by major categories and sub-categories of Personnel, Meetings & Travel, Operating Expenses, and Other Non-Operating Expenses, and, for statutory programs, Indirect Expenses allocated from Corporate Services. The Statement of Activities

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<sup>3</sup> Other funding sources include Third-Party Funding (for CRISP); System Operator Certification Testing, Certification Renewal, and Continuing Education Fees; fees from sales of Services & Software; Miscellaneous Funding; and Interest & Investment Income.

<sup>4</sup> *Order Certifying North American Electric Reliability Corporation as the Electric Reliability Corporation and Ordering Compliance Filing*, 116 FERC ¶ 61,062 (2006) (*ERO Certification Order*).

reports show Fixed Asset Additions, Net Financing Activity,<sup>5</sup> and Total Budget (Total Expenses plus Fixed Asset Additions plus Net Financing Activity) for each statutory program.

NERC's Business Plan and Budget also includes the following:

NERC Staff Organization Chart, as required by 18 C.F.R. §39.4(b).

Application of NERC Section 215 Criteria, describes how major activities in the 2025 Business Plan and Budget for NERC's statutory and Corporate Services programs meet the Commission-approved criteria for eligibility for FPA §215 funding.<sup>6</sup>

2025 Assessment Schedule provides the calculation of the net energy for load (NEL)-based allocation factors for each LSE or designee and the allocation of the NERC, Regional Entity, and WIRAB statutory assessments, by allocation method, to each LSE or designee for 2025. Development of the assessments is discussed in §III.D below.

The information in the 2025 Business Plan and Budget demonstrates that the programs included in the 2025 Business Plan and Budget are necessary and appropriate to carry out NERC's responsibilities as the ERO and that the budgeted resources meet the Commission's objectives for affordability, sustainability, and efficiency and effectiveness of the ERO's expenditures.<sup>7</sup> The 2025 Business Plan and Budget demonstrates how the activities and expenditures it includes lend themselves to accomplishing NERC's statutory responsibilities and objectives as the ERO.<sup>8</sup>

## **2. Summary of NERC's 2025 Budget and Funding Requirement**

NERC proposes a 2025 budget of \$122,994,669, an increase of 8.2% (\$9,373,725) over the 2024 budget. The proposed 2025 total Funding requirement is \$123,063,843. Budgeted non-assessment sources of Funding total \$14,639,103 comprised of: (1) \$10,223,011 of Third-Party

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<sup>5</sup> Net Financing Activity shows the impacts of capital financing activity (debt borrowing, lease-financed asset purchases, and principal payments) on the total budget and funding requirements.

<sup>6</sup> The Commission approved the FPA §215 criteria in *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013).

<sup>7</sup> *ERO Certification Order*, P 202 (budget principle (5)).

<sup>8</sup> *Id.* (budget principle (2)).



Funding for CRISP; (2) \$2,576,092 of Testing, Renewal, & Continuing Education Fees charged to participants in the System Operator Certification Program; (3) \$60,000 of revenue from Services & Software; (4) \$580,000 of Miscellaneous revenue (including revenue from the Vendor Affiliate Program conducted by the E-ISAC); and (5) \$1,200,000 in Interest & Investment Income. Applying these funding sources to the statutory Funding requirement results in a net assessment requirement of \$108,424,741 (11.8% increase from 2024).

NERC's 2025 budget includes overall staffing of 263.51 full-time equivalent employees (FTEs), an increase of 12.38 FTEs from the 2024 budget. Staffing for the statutory programs is higher by 9.97 FTEs than the 2024 budget (bringing statutory program staffing to 169.35 FTEs) and staffing for Corporate Services is higher by 2.40 FTEs than the 2024 budget (bringing Corporate Services staffing to 94.16 FTEs). The increased staffing includes additions in the areas of Reliability Standards, RAPA, Compliance Enforcement, E-ISAC, and Corporate Services. The budgeted FTEs reflect an assumed 6.0% vacancy rate, *i.e.*, an adjustment for factors such as personnel attrition, delays in hiring, or new employee start date delays.

The 2025 budget reflects increases from the 2024 budget of 8.7% in Personnel Expenses, 8.8% in Meetings & Travel Expenses, and 5.0% in Operating Expenses. The Personnel expense increase reflects the additional budgeted FTEs, increased Benefits expense, and increased Salaries expense reflecting market-based compensation assumptions for NERC's employee base, which includes specialized skills, particularly in the high-demand cybersecurity and IT areas. The Meetings & Travel budget assumes a continued demand for in-person meetings for stakeholder engagement, with continued use of the efficiencies of virtual meetings where appropriate. Under Operating Expenses, budgeted 2025 Contractors & Consultants expense is increased by \$864,958 (4.0%) from the 2024 budget; and budgeted Office Costs are \$1,206,204

(8.8%) higher, with increased Software Licenses and Support costs as the main driver. Budgeted Fixed Asset Additions are \$5,098,590, an increase of \$474,590 from the 2025 budget, based on an increase of \$1,392,090 for Computer & Software CapEx, partially offset by a decrease of \$917,500 in Capital Lease Assets.

The following table shows NERC’s 2024 and 2025 budgets for its statutory programs:

<b><u>Program</u></b>	<b><u>2024 Budget</u></b>	<b><u>2025 Budget</u></b>
Reliability Standards and Power Risk Issues and Strategic Management	\$11,572,434	\$13,392,901
Compliance Assurance and Organization Registration and Certification	\$14,405,806	\$15,473,969
Compliance Enforcement	\$ 8,532,329	\$ 9,284,731
Reliability Assessments and Performance Analysis	\$23,025,951	\$25,407,355
Situation Awareness	\$ 6,615,001	\$ 7,008,659
Event Analysis	\$ 4,808,401	\$ 5,177,731
E-ISAC (including CRISP)	\$41,053,574	\$43,795,084
Personnel Certification and Credential Maintenance	\$ 2,440,201	\$ 2,256,918
Training and Education	<u>\$ 1,167,248</u>	<u>\$ 1,197,322</u>
	<b><u>\$113,620,944</u></b>	<b><u>\$122,994,669</u></b>

The 2025 budgeted amounts for statutory programs incorporate Corporate Services costs of \$52,775,675 (7.8% increase from the 2024 budget). Principal components of this increase are Personnel Expenses (reflecting additional FTEs plus the Personnel cost increases mentioned above), Contractors & Consultants (primarily in support of technology initiatives) and Office Costs (due to budgeted increases in existing software licenses and support plus costs for new software in support of technology initiatives). Corporate Services expenses, Fixed Asset Additions, certain Financing Activity,<sup>9</sup> Interest and Investment Income,<sup>10</sup> and other

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<sup>9</sup> As described in NERC’s January 3, 2023 compliance filing on its 2023 Business Plan and Budget (*North American Electric Reliability Corp.*, Docket No. RR22-4-000, at 6-8), budgeted loan financing activity for capital software is being allocated to the statutory and Corporate Services budgets based on weighted percentages of capital software project costs, rather than using the FTE ratio allocation method.

Miscellaneous Funding, are allocated to the statutory programs based on the ratio of FTEs budgeted for each statutory program to total statutory program FTEs.

**C. Regional Entity Proposed 2025 Business Plans and Budgets - Overview**

18 C.F.R. §39.4(b) requires that the ERO’s annual budget submission include:

the entire annual budget for statutory and non-statutory activities for each Regional Entity, with supporting materials, including . . . each Regional Entity’s complete business plan and organization chart, explaining . . . the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures . . . .

Section 39.4(b) further states the ERO’s annual budget submission “shall include the line item budgets for the activities of each Regional Entity that are delegated or assigned to each Regional Entity pursuant to §39.8.” This information is provided in the Regional Entities’ 2025 Business Plans and Budgets, **Attachments 3 through 8**. In *Order No. 672*, the Commission stated: “The ERO must determine, at a minimum, whether each Regional Entity’s proposed budget is adequate to carry out the functions delegated to it.”<sup>11</sup> NERC staff worked collaboratively with Regional Entities in developing their 2025 Business Plans and Budgets. Drafts and final proposed versions of the Regional Entities’ Business Plans and Budgets were also reviewed by the NERC FAC. **Attachment 12** is a memorandum prepared by NERC staff for the NERC Board describing NERC’s participation in preparation and review of, and criteria NERC focused on in reviewing, the Regional Entity Business Plans and Budgets.

The table below shows the proposed 2025 budgets for statutory and (if applicable) non-statutory functions for each Regional Entity, and its total (for all jurisdictions) proposed

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<sup>10</sup> CRISP and the System Operator Certification programs are excluded from the Investment Income allocation because they earn interest income on funds generated by their programs.

<sup>11</sup>*Rules Concerning Certification of the Electric Reliability Organization; Procedures for the Establishment, Approval and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204 (2006) (*Order No. 672*), at P 229.

assessment after accounting for other Funding sources.

<b>Regional Entity</b>	<b>Total Budget for Statutory Functions</b>	<b>Budget for Non-Statutory Functions</b>	<b>Statutory Funding Assessment</b>
<b>MRO</b>	\$26,751,333	-----	\$25,234,203 <sup>12</sup>
<b>NPCC</b>	\$25,685,104	\$ 1,219,153	\$24,092,831 <sup>13</sup>
<b>ReliabilityFirst</b>	\$33,373,022	-----	\$28,587,612
<b>SERC</b>	\$35,351,088	-----	\$31,547,615
<b>Texas RE</b>	\$20,294,882	-----	\$19,261,419
<b>WECC</b>	\$39,325,357	\$ 3,693,352	\$33,016,000 <sup>14</sup>

#### **D. Allocation of Statutory Assessments**

The total ERO statutory funding requirement for 2025, net of other NERC and Regional Entity income sources, to be funded by assessments is \$270,879,882, consisting of \$108,424,741 for funding of NERC’s programs and \$162,455,141 for funding of Regional Entity statutory activities and the WIRAB.<sup>15</sup> NERC’s proposed 2025 assessment is allocated \$97,726,302 to the U.S. and \$10,698,439 to Canadian provinces. Based on the aggregate NEL of the United States for 2023 on which the allocation of assessments is based, the U.S. assessment for NERC represents approximately \$0.000023 per end-user kilowatt-hour.<sup>16</sup> NERC proposes allocation of its 2025 assessment to the Regional footprints as follows:

- MRO                      \$12,254,790<sup>17</sup>
- NPCC                     \$13,121,528<sup>18</sup>
- ReliabilityFirst      \$20,491,916
- SERC                     \$31,789,237
- Texas RE                10,678,378
- WECC                    \$20,088,892<sup>19</sup>

<sup>12</sup> MRO’s assessment is allocated \$22,617,621 to the U.S. and \$2,616,582 to Canadian provinces.

<sup>13</sup> NPCC’s assessment is allocated \$14,317,149 to the U.S. and \$9,775,682 to Canadian provinces.

<sup>14</sup> The WECC assessment is allocated \$29,424,702 to the U.S. and \$3,591,298 to Canadian provinces. This amount does not include the WIRAB assessment.

<sup>15</sup> The amounts referenced in this paragraph do not include any amounts to recover the unpaid Mexico assessments, which is discussed below.

<sup>16</sup> The allocation and calculation of assessments for the 2025 budgets is based on NEL data for the second preceding calendar year, 2023, the most current annual NEL data available as of August 2024.

<sup>17</sup> For MRO, \$11,014,601 is allocated to the U.S. and \$1,240,190 is allocated to Canadian provinces.

<sup>18</sup> For NPCC, \$6,286,113 is allocated to the U.S. and 6,835,395 is allocated to Canadian provinces.

The 2025 Assessment Schedule included in **Attachment 2** shows, for each LSE or designee within the footprint of each Regional Entity: (i) 2023 NEL data and development of the NEL-based factors used to allocate the NERC and Regional Entity assessments (Appendix 2-A), and (ii) allocation of the total ERO, NERC, and Regional Entity statutory assessments (Appendices 2-B, 2-C and 2-D).

NERC has allocated its statutory assessment to LSEs within each Regional footprint primarily based on NEL, with these adjustments: In accordance with NERC's *Expanded Policy on Allocation of Certain Compliance and Enforcement Costs*, the NEL-based assessments for AESO, IESO, New Brunswick, and Québec are adjusted for certain Compliance Monitoring and Enforcement Program (CMEP) costs, as shown on **Attachment 11**. The adjustments recognize entities in Ontario, Alberta, and New Brunswick expend resources to perform compliance and enforcement activities NERC or a Regional Entity would otherwise perform, and the compliance and enforcement resources NERC needs for Alberta and Québec are reduced due to the small number of entities subject to compliance and enforcement in those provinces. The credits, totaling \$1,812,188, are reflected in Appendix 2-C of **Attachment 2**. The credit amount is reallocated to all other LSEs (Balancing Authorities or designees) based on NEL. The resulting adjusted allocations to Regional Entity footprints are shown in Appendix 2-C of **Attachment 2**.

NEL has also been used to allocate the Regional Entity assessments, with these exceptions: First, portions of NPCC's Compliance Monitoring and Enforcement and Organization Registration and Certification (CORC) Program costs have been allocated among the six U.S. and Canadian Balancing Authority Areas (BAAs) in NPCC using activity-based methodologies that reflect the nature and scope of the compliance functions and activities

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<sup>19</sup> For WECC, \$17,466,038 is allocated to the U.S. and \$2,266,854 is allocated to Canadian provinces.

performed by NPCC in each Canadian province in its footprint. NPCC CORC costs allocated to the U.S. using these methodologies are then allocated between the New England and New York BAAs based on NEL, as the Commission directed in *North American Electric Reliability Corp.*, 128 FERC ¶61,025 (2009) (*July 16, 2009 Budget Compliance Order*). (Allocation of NPCC CORC Program costs is further described in §V.B.2 below and at pages 20-22 of NPCC's 2025 Business Plan and Budget, **Attachment 4**.) Second, WECC's allocation of its assessment to the AESO has been reduced by \$1,305,616 representing WECC CMEP costs that are duplicative of programs of the AESO.<sup>20</sup> The AESO credit amount was allocated to the remainder of the LSEs (Balancing Authorities or designees) in WECC based on NEL.

In contrast to prior years, NERC, WECC, and WIRAB's proposed 2025 assessment does not include allocations to Mexico. As explained below, NERC, WECC, and WIRAB have been unable to collect outstanding assessments from Mexico since 2021 and are not including a 2025 assessment to Mexico until a new agreement is reached.

As background, beginning in 2011, WECC contracted with the Comisión Federal de Electricidad (CFE) in Mexico to assist CFE with the development and implementation of reliability standards and a compliance monitoring program. Under this contract, CFE, as an LSE, paid its percentage share of the Western Interconnection assessment. As a result of government restructuring in the mid-2010s, CFE spun off its Balancing Authority (BA) function to Gerencia de Control Regional Baja California (GCRBC) in the Baja California operating region, and an external regulator, CRE, was formed to regulate Mexico's energy industry. WECC's last contract with CRE, however, expired in 2020 and GCRBC has not paid its assessment since the expiration of that contract. The outstanding balance due includes a portion of the 2021

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<sup>20</sup> See Appendix C of WECC's 2025 Business Plan and Budget, **Attachment 8** to this filing.

assessment, and the 2022 through 2024 assessment, totaling \$2,836,257 for all three entities. Of the total, \$1,851,792 is owed to WECC, \$945,444 is owed to NERC, and \$39,021 is owed to WIRAB. While discussions continue between WECC, NERC, and Mexico, no substantive progress has been made on a new agreement or collecting the past due assessments to NERC, WECC, and WIRAB. Until a new agreement is reached, NERC, WECC, and WIRAB will not include Mexico in the annual assessment calculation beginning in 2025.

As explained on page 11 of **Attachment 2**, consistent with NERC Rules of Procedure (ROP) Sections 1106(5) and 1106(8), Appendix 2-C and 2-D of the 2025 Assessment Schedule include the balances owed from Mexico through the 2024 assessment to NERC (\$945,444) and WIRAB (\$39,021). NERC is recovering these amounts from LSEs in WECC in accordance with ROP Section 1106(8), which specifies any revenues not paid shall be recovered from others within the same Region to avoid cross-subsidization between Regions.<sup>21</sup> To offset this impact to WECC LSEs in 2025, however, WECC's final 2025 BP&B reflects a reserve release of \$984,465 to reduce WECC's 2025 assessment proposed in its draft 2025 Business Plan and Budget. For the WECC portion of the outstanding assessments from Mexico (\$1,851,792), instead of NERC charging the WECC LSEs this portion in 2025, WECC is writing off this amount in 2024 and using WECC reserves to fund the write-off.

If any prior assessments to Mexico are recovered in the future, the funds will be credited directly to the WECC LSEs through the annual assessment process (for NERC and WIRAB) and WECC will recognize a recovery in the year received (for the WECC portion) and flow the funds back into their reserves for the benefit of the WECC LSEs.

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<sup>21</sup> For NERC, \$808,272 is allocated to WECC LSEs in the U.S. and \$137,172 is allocated to WECC LSEs in Canada. For WIRAB, \$33,360 is allocated to WECC LSEs in the U.S. and \$5,661 is allocated to WECC LSEs in Canada.

Including the NERC and WIRAB assessments amounts allocated to WECC LSEs for the unpaid Mexico assessments, the total assessment reflected on the 2025 Assessment Schedule for NERC and the Regional Entities is \$271,864,347. This includes \$109,370,185 for NERC (\$945,444 more than the 2025 assessment funding requirement of \$108,424,741) and \$754,482 for WIRAB (\$39,021 more than the 2025 assessment funding requirement of \$715,461).<sup>22</sup>

After allocations of portions of the NERC, Regional Entity, and WIRAB funding requirements to Canadian provinces, including the reallocation of unpaid prior Mexico assessments, the total ERO statutory assessment for 2025 allocable to U.S. LSEs for which Commission approval is sought is \$244,935,708, comprised of the NERC assessment of \$98,534,574 and the aggregate Regional Entity and WIRAB assessments of \$146,401,134. The funding requirement of each Regional Entity for statutory activities is allocated 100% to that Regional Entity. The WIRAB funding requirement is allocated 100% to WECC. The table below shows the allocation to the Regional Entities of the 2025 ERO statutory assessment of \$244,935,708 for the U.S. statutory activities of NERC, the Regional Entities, and WIRAB.

<b>Regional Entity</b>	<b>NERC U.S. Assessment</b>	<b>Regional Entity U.S. Assessment</b>	<b>Total U.S. Assessment</b>	<b>Assessment per kWh (2023 NEL)</b>
<b>MRO</b>	\$ 11,014,601	\$ 22,617,621	\$ 33,632,221	\$ 0.0000733
<b>NPCC</b>	\$ 6,286,133	\$ 14,317,149	\$ 20,603,282	\$ 0.0000787
<b>ReliabilityFirst</b>	\$ 20,491,916	\$ 28,587,612	\$ 49,079,528	\$ 0.0000575
<b>SERC</b>	\$ 31,789,237	\$ 31,547,615	\$ 63,336,852	\$ 0.0000478
<b>Texas RE</b>	\$ 10,678,378	\$ 19,261,419	\$ 29,939,797	\$ 0.0000673
<b>WECC</b>	\$ 18,274,310	\$ 29,424,702	\$ 47,699,012	\$ 0.0000656
<b>WIRAB</b>	\$ -	\$ 645,016	\$ 645,016	\$ 0.0000009
<b>Total</b>	\$ 98,534,574	\$ 146,401,134	\$ 244,935,708	\$ 0.0000602

NERC obtained from each Regional Entity a listing of LSEs or their designees in the

<sup>22</sup> Assessment revenue shown on the NERC and WIRAB 2025 Business Plan and Budget Statement of Activities reflects only the required assessment to fund the NERC and WIRAB 2025 budgets. The reallocation of outstanding Mexico assessments is being reported by NERC and WIRAB as a reduction to assessment revenue that is offset by the additional assessment amounts.



Regional Entity and a breakdown of the Regional Entity's 2023 NEL by LSE or designee, and used this data to allocate the total ERO assessment allocated to each Regional Entity among LSEs, their designees, or other entities to be billed the assessments within that Regional Entity.<sup>23</sup> The amounts of the NERC and Regional Entity assessments allocated to each LSE or designee or other entity to be billed in each Region is shown in Appendix 2-B of **Attachment 2**. NERC requests that the Commission approve the statutory assessment amounts for NERC and the Regional Entities allocated to each LSE or designee, shown in Appendix 2-B of **Attachment 2**, so that the LSEs and their designees or other entities may be billed for these assessments in accordance with 18 C.F.R. §39.4(e).<sup>24</sup>

As provided for in the delegation agreement with each Regional Entity, NERC will directly invoice the approved assessments to LSEs or designees, or to the other entities to be billed, in all Regional Entities except WECC. WECC will invoice LSEs or Balancing Authorities or their designees within the WECC footprint, collect the assessments, and remit the funds collected for the NERC, WECC and WIRAB assessments to NERC.<sup>25</sup>

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<sup>23</sup> For NPCC, assessments are allocated based on NEL in each BAA (New York, New England, Ontario, Québec, Nova Scotia, and New Brunswick), and billed to ISO New England and the New York ISO (and similar entities in Ontario, Québec, New Brunswick, and Nova Scotia), which will be responsible for billing and collecting assessments from LSEs in their respective footprints. For Texas RE, assessments are allocated based on NEL for the Electric Reliability Council of Texas (ERCOT), which acts as billing agent for the Regional Entity; the assessments will be billed to ERCOT, which will bill and collect assessments from LSEs in ERCOT.

<sup>24</sup> As a matter of administrative convenience and efficiency, NERC will calculate and bill the assessments to certain entities, referred to as "designees," based on NEL values that include the NEL for other LSEs served by the designee, or for which the designee is otherwise responsible for assessments. The lists of LSEs and designees for which assessments will be calculated and billed have been provided to NERC by the Regional Entities. NERC is not involved in developing the lists of LSEs or in arrangements between LSEs and designees pursuant to which a designee agrees to accept responsibility for an assessment that would otherwise be billed to the LSE and the LSE agrees to reimburse the designee for the assessment.

<sup>25</sup> As approved by the Commission in the *ERO Certification Order* at P 218, for administrative convenience, billing and payment by LSEs of annual assessments less than \$100 will not be required.

## **V. NERC BUSINESS PLAN AND BUDGET**

### **A. 2025 NERC Business Plan and Budget by Program**

The proposed 2025 expenditure and staffing budgets for each NERC program and department are described in the subsections below. Key overall budget assumptions are discussed at pages 12-16 of **Attachment 2**. Budgeted increases in Salaries and benefits expense, noted in §II.B.2 above, impact budgets for all programs. Because statutory program budgets include allocations of Expenses, Fixed Asset Additions, and Net Financing Activity budgeted in Corporate Services and allocated to statutory programs based on the ratio of budgeted FTEs in each statutory program to total budgeted statutory program FTEs, changes in FTEs budgeted for statutory programs for 2025 compared to 2024 impact the allocation of Corporate Services costs among the statutory programs.

#### **1. Reliability Standards and Power Risk Issues and Strategic Management**

The major activities of Reliability Standards and PRISM are described at pages 31-32 of **Attachment 2**. The 2025 budget is increased 15.7% (\$1,820,467) from 2024, primarily due to increased Personnel expenses. Budgeted staffing of 23.64 FTEs is an increase of 2.82 FTEs from the 2024 budget. The budgeted Contractors & Consultants expense of \$188,000 (a \$31,888 reduction from 2024) includes funds for an extreme weather library benchmarking effort, as well as funds to support the Standard Balloting System, a project tracking tool, and the PRISM program's tool for the ERO Risk Registry.

#### **2. Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement**

The major activities of Compliance Assurance and Organization Registration and Certification are described at page 34 of **Attachment 2**. The 2025 budget is increased 7.4% (\$1,068,163) from 2024, due primarily to increased Personnel expenses, Meetings & Travel

expense, Contractors & Consultants expense, and Financing Activity partially offset by reduced Fixed Asset Additions. The Contractors & Consultants and Fixed Assets budgets includes support for the Align, ERO Secure Evidence Locker (SEL), and Registration systems; the Fixed Asset budget also includes a portion of funds to develop the Entity Facility Registry and Enterprise Analytics systems.<sup>26</sup> Budgeted staffing is increased by 0.94 FTE, to 22.56 FTEs.

The major activities of Compliance Enforcement are described at page 37 of **Attachment 2**. The 2025 budget is increased 8.8% (\$752,402) from 2024, due primarily to increased Personnel expense and Financing Activity, partially offset by reduced Fixed Asset Additions. The Contractors & Consultants and Fixed Assets budgets include support for Align and the SEL. Budgeted staffing is 14.10 FTEs, an increase of 0.94 FTE from 2024.

### **3. Reliability Assessments and Performance Analysis (RAPA)**

The major activities of RAPA are described at pages 39-40 of **Attachment 2**. The 2025 budget is increased 10.3% (\$2,381,404) from 2024, due primarily to increased Personnel expense, Fixed Asset Additions, and Financing Activity, partially offset by a reduction in Contractors & Consultants expense due to the completion of the Interregional Transfer Capability Study. Budgeted 2025 staffing is increased by 3.76 FTEs, to 38.16 FTEs, due to the addition of four positions to build capabilities for continued transmission assessments.

### **4. Situation Awareness**

The major activities of Situation Awareness are described at page 43 of **Attachment 2**. The 2025 budget is increased 6.0% (\$393,658) from 2024, due primarily to increased Contractors & Consultants expense and Fixed Asset Additions, partially offset by reduced

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<sup>26</sup> Budgeted expenses and financing activity related to Align and SEL are allocated 50% to the Compliance Assurance program and 50% to Compliance Enforcement. Budgeted expenditures and financing activity for the Entity Facility Registry and Enterprise Analytics systems are divided evenly among Registration, Reliability Assessment, Performance Analysis, and Event Analysis.

Financing Activity. Budgeted staffing for 2025 is the same as 2024 at 8.55 FTEs.

## **5. Event Analysis**

The major activities of Event Analysis are described on page 45 of **Attachment 2**. The 2025 budget is increased 7.7% (\$369,330), with increased Contractors & Consultants expense and Financing Activity the primary drivers, partially offset by reduced Fixed Asset Additions. Budgeted staffing is the same as 2024, 7.61 FTEs.

## **6. Electricity Information Sharing and Analysis Center (E-ISAC)**

The major activities of the E-ISAC are described at pages 47-48 of **Attachment 2**. Of the activities the E-ISAC facilitates, the most significant is CRISP, a public-private initiative that delivers cybersecurity risk information to E-ISAC member electricity asset owners and operators. The 2025 budget for E-ISAC, including CRISP, is increasing by 6.7% (\$2,741,510). The CRISP budget comprises 29.8% of the total E-ISAC budget and is primarily funded by program participants. Budgeted staffing for the E-ISAC is increased by 1.52 FTEs from the 2024 budget to 49.98 FTEs (of which 6.40 FTEs are CRISP staff), reflecting addition of two positions for stakeholder engagement and program services support. Budgeted Contractors & Consultants expense is increased by \$977,297, of which \$393,329 is for CRISP.

Under the CRISP master agreement, the E-ISAC budget for 2025 is funded by \$10,223,011 of Third-Party Funding (an increase of \$139,629 from the 2024 budget) provided by CRISP participants. The Third-Party Funding is equal to 78.3% of the CRISP total budget. As previously approved by the Commission, any underrun in the 2025 CRISP budget will be redirected to the CRISP Operating Reserve. *North American Electric Reliability Corp.*, 180 FERC ¶61,013 (Letter Order July 8, 2022), P 7. The E-ISAC also receives funding (budgeted to total \$580,000) from its Vendor Affiliate Program (offered to certain industry vendors for

collaboration and information sharing between the E-ISAC, its members, and the vendor community related to cybersecurity risks associated with supply chain software components), from the Downstream Natural Gas ISAC, and from industry trade associations participating in CRISP workshops.

## **7. Personnel Certification and Credential Maintenance**

The Personnel Certification and Credential Maintenance group oversees the System Operator Certification and Credential Maintenance programs under oversight of the NERC Personnel Certification and Governance Committee (PCGC). The major activities of this group are described at page 52 of **Attachment 2**. The 2025 budget is decreased 7.5% (\$183,283) from the 2024 budget, due primarily to reduced budgeted costs for Contractors & Consultants and reduced Financing Activity, partially offset by increased Fixed Asset Additions. Budgeted 2025 staffing is 2.87 FTEs, the same as in 2024. Personnel Certification and Credential Maintenance receives no funding from assessments; it is funded by System Operator certification testing and renewal fees (intended to recover the costs, including allocated indirect expenses, of the program) for system operator certification exams and certification renewals. The program also receives fees from continuing education providers, offsetting costs of reviewing courses taken by certified operators to maintain certification.

## **8. Training and Education**

The major activities of the Training and Education Program are described at page 54 of **Attachment 2**. The 2025 budget is increased 2.6% (\$30,073) from the 2024 budget. Budgeted 2025 staffing of 1.88 FTEs is unchanged from the 2024 budget.

## **9. Corporate Services**

The Corporate Services departments, which support NERC's statutory programs, are: (i) G&A (the Chief Executive Officer and support staff, Chief Operating Officer, External Affairs,

Board functions, and Office Rent); (ii) Legal and Regulatory (including Internal Audit and Corporate Risk Management); (iii) Business (Information) Technology; (iv) HR & Administration; and (v) Finance and Accounting. Responsibilities and functions of the Corporate Services departments are described at pages 56-59 of **Attachment 2**.

The total amount budgeted for Corporate Services for 2025 is increased by 7.8% (\$3,835,989) from 2024. This reflects increases to the budgets for G&A of \$531,165, Business Technology of \$2,332,110, HR & Administration of \$784,389, and Finance & Accounting of \$253,698, and a decrease of \$65,372 for Legal and Regulatory. Budgeted 2025 staffing for Corporate Services is increased by 2.40 FTEs from 2024. The staffing increase is the net result of the addition of four positions in support of the sustainability strategic focus area, including two positions in Business Technology for application development and quality control and two positions to support accounting and procurement and the reallocation of staff within and from Corporate Services to better align with functional responsibilities.

The large (compared to the other Corporate Services programs) budget increase for Business Technology is driven by increased Personnel expense; increased Contractors & Consultants expense (by \$1,003,139) for applications and infrastructure, security, operations support, and the ERO Project Management Office; and increased Office Costs due to budgeted escalation for existing software licenses and support and new software for technology initiatives. In addition, NERC has decided not to renew its existing Atlanta office at the end of October 2025 when the current lease expires, and secure other, more flexible workspace arrangements (reflecting in part the secular trend towards more hybrid working arrangements). The net effect for the 2025 budget of ending the current office arrangements is a small reduction (\$14,991) from the 2024 budget in Office Rent (budgeted and recorded in G&A), with larger savings

projected for later years, as discussed at page 15 of **Attachment 2**.

The budgeted amount for Independent Trustee expenses for 2025 (included in G&A; *see* table on page 57 of **Attachment 2**) is increased by 2.1% (\$45,000) from 2024. Budgeted expenses for Quarterly Board Meetings and Trustee Travel are reduced by \$10,000 from the 2024 budget. Budgeted Independent Trustee compensation for 2025 is increased by \$55,000 (estimated \$5,000 increase per independent trustee). NERC is currently having an independent study on trustee compensation conducted, expected to be completed in early 2025, and, in accordance with Section 12(a) of the Settlement Agreement in Docket No. FA111-21-000, will include a copy of the study in the Business Plan and Budget filing for 2026.<sup>27</sup> Additionally, \$100,000 (the same amount as included in the 2024 budget) is budgeted for trustee search fees to conduct a search in 2025 to fill one anticipated Board vacancy.

#### **B. Working Capital and Reserves**

NERC's Working Capital and Operating Contingency Reserve (WCOR) Policy provides for the Reserves maintained by NERC: Future Obligation Reserve, Working Capital, Operating Contingency Reserve (OCR), System Operator Certification Reserve, CRISP Reserves, and Assessment Stabilization Reserve (ASR). The discussion on pages 27-28 in **Attachment 2** shows and explains the amounts proposed to be budgeted in each reserve for 2025 (projected at December 31, 2025), as follows:

Future Obligation Reserve: \$2,107,593

This reserve is funded to offset future, non-current liabilities under lease, credit, loan, or other agreements to which NERC is a party. The projected level for this reserve at December 31, 2025, is \$2,107,593, a decrease of \$789,192 from the projected balance at December 31, 2024.

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<sup>27</sup> The previous independent trustee compensation study, performed by Meridian Compensation Partners, LLC, and considered by the Board in setting trustee compensation for 2023 and 2024, was provided as Attachment 12 to NERC's 2023 Business Plan and Budget filing (Docket No. RR22-4-000).

Working Capital: \$0

As in past Business Plans and Budgets, NERC is not budgeting separate working capital funds in 2025 since assessments are billed and paid quarterly throughout the year, and NERC maintains a \$4,000,000 line of credit with a major financial institution.

Operating Contingency Reserve: \$13,228,665

The OCR provides both general working capital for day-to-day operations and funds for unanticipated contingencies. NERC's current policy requires, unless otherwise approved by the Board an OCR target of 8.0% to 16.0% of NERC's total expense, Fixed Asset, and net financing budget, excluding budgets of the System Operator Certification Program and CRISP, which have their own reserves. NERC is proposing to release \$300,000 from the OCR to offset 2025 assessments. The projected balance in the OCR at December 31, 2024 is \$13,528,665, and at December 31, 2025 is \$13,228,665, which is within the target range approved by the NERC Board.

System Operator Certification Program Reserve: \$920,918

This reserve is funded by fees received by, and is used solely to meet needs of, the System Operator Certification Program. The projected balance for this reserve at December 31, 2025, is \$920,918, which is an increase of \$369,174 from the projected reserve balance at December 31, 2024.

CRISP Reserves (Operating, Equipment, and Defense Fund): \$4,514,579

The CRISP Reserves are comprised of the Operating Reserve, Equipment Reserve, and Defense Fund Reserve. Each Reserve is used for a specific purpose outlined in the CRISP master agreement and used solely in connection with CRISP. The CRISP Reserves are funded entirely by CRISP participants and do not affect the NERC statutory assessments. As approved by the Commission, underruns of the prior year's CRISP budget are redirected to the CRISP Operating Reserve.<sup>28</sup> Additionally, the CRISP participants have agreed to transfer a portion of funds in the CRISP Operating Reserve to a CRISP Equipment Reserve. The balance in the CRISP Operating Reserve at both December 31, 2024, and December 31, 2025 is projected to be \$3,114,579; the balance in the CRISP Equipment Reserve at both December 31, 2024 and December 31, 2025 is projected to be \$900,000; and the balance in the CRISP Defense Fund Reserve at both December 31, 2024 and December 31, 2025, is projected to be \$500,000.

Assessment Stabilization Reserve: \$956,000

During 2024, as approved by the Commission in its budget order for 2024,<sup>29</sup> NERC is releasing \$1,300,000 from the ASR to reduce assessments. NERC did not collect any Penalties in the 12 months ended June 30, 2024, and is not proposing to release any additional funds from the ASR in 2025 to reduce assessments. As a result, the balance in the ASR at both December 31, 2024 and December 31, 2025, will be \$956,000.

Based on the beginning Working Capital and Reserves balances at January 1, 2024, the projected funding, expenditures, and net financing activity for 2024, the budgeted funding,

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<sup>28</sup> *North American Electric Reliability Corp.*, 180 FERC ¶61,013 (Letter Order July 8, 2022).

<sup>29</sup> *North American Electric Reliability Corp.*, 185 FERC ¶61,047 (Order dated Oct. 19, 2023), PP 17-18.



expenditures, and net financing activity for 2025, and the target Working Capital and Reserves balances at December 31, 2025, page 27 in **Attachment 2** shows the calculation of the resulting decrease of \$69,174 to NERC's 2025 assessment from application of Reserves. To the extent the actual year-end 2024 Working Capital and Reserves balances are higher than the projected amounts shown on page 27, the excess funds will be included in the OCR, System Operator Certification Program Reserve, or CRISP Reserves, as applicable, and subject to the limitations and authorities regarding their use as set forth in the NERC WCOR Policy and, for the CRISP Reserves, the master agreements between NERC and CRISP participants.

### **C. Fixed Asset Expenditures and Financing Activity**

As shown in the Fixed Assets Additions table on page 23 of **Attachment 2**, NERC's 2025 Fixed Asset Additions budget of \$5,098,590 is increased by 10.3% (\$474,590) from the 2024 budget, and is comprised of \$4,246,090 for Computer & Software CapEx, \$852,500 for Capital Lease Assets, and zero for Furniture and Fixtures CapEx, Equipment CapEx, and Leasehold Improvements. The zero budgets for the last three categories reflect the decision to not lease new office space in 2025. Computer & Software Cap Ex is increased by \$1,392,090 from the 2024 budget based on the technology projects described under Technology Strategy on pages 13-14 of **Attachment 2**. Budgeted Capital Lease Assets are reduced by \$917,500 from the 2024 budget due primarily to completion of the ERO SEL Development Environment in 2024.

NERC plans to continue financing major capital software application development projects over multi-year periods through a capital loan financing program, to spread these investment costs over multiple years and thereby reduce the volatility of annual assessments. NERC is funding capital software projects in 2024-2027 through a capital borrowing facility with a five-year loan amortization and prepayment without penalty allowed, at a projected

interest rate of 8.0%.<sup>30</sup> Budgeted loan borrowings for 2025 are \$2,833,573, of which \$800,000 is for the SOCCED base platform upgrade that will be funded entirely by the System Operator Certification Program. The tables on page 25 of **Attachment 2** show projected year-end outstanding loan balances and annual debt service payments (principal and interest) for 2024, 2025, 2026 and 2027. NERC's projected outstanding debt balance at December 31, 2024 is \$3,420,633 and at December 31, 2025 is \$5,297,516, and the budgeted payment for debt service in 2025 is \$1,272,017.

## V. **REGIONAL ENTITY BUSINESS PLANS AND BUDGETS**

### A. **Development of the Regional Entity Business Plans and Budgets**

NERC management and staff worked collaboratively with the Regional Entities on development of their 2025 Business Plans and Budgets. Drafts of each Regional Entity's Business Plan and Budget were posted on the NERC website on May 28, 2024. NERC reviewed and provided feedback on these drafts. The draft Business Plans and Budgets were also the subject of presentations and discussions at meetings of the NERC FAC. **Attachment 12** is a memorandum prepared by NERC management for the NERC Board describing NERC's participation in preparation and review of Regional Entities' 2025 Business Plans and Budgets.

Additionally, each Regional Entity posted one or more drafts of its 2025 Business Plan and Budget on its own website for comment by its stakeholders, and/or provided other opportunities for stakeholder input, as follows:

**MRO**: MRO posted its draft 2025 Business Plan and Budget for comments on May 3, 2024. MRO's 2025 Business Plan and Budget was presented in multiple meetings of the MRO Board and its stakeholders. There were no written or oral challenges to the 2025 Business Plan and Budget. On June 20, 2024, MRO's Board of Directors approved a resolution that approved the 2025 reserves and 2025 budget and affirmed that the budget

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<sup>30</sup> The actual interest expense will be reflected in the quarterly budget-to-actual variance reports that NERC posts on its website, reviews in open session with the NERC FAC, and files with the Commission.

is sufficient to complete MRO's delegated responsibilities.

**NPCC:** NPCC's draft 2025 Business Plan and Budget was presented to the NPCC FAC on April 9, 2024, and to its Board of Directors on May 1, 2024. NPCC's draft 2025 Business Plan and Budget was posted on its website for stakeholder review and comment on May 1, 2024, with a request for comments by May 17, 2024. NPCC received one comment letter. The NPCC Board of Directors approved NPCC's 2025 Business Plan and Budget on June 18, 2024.

**ReliabilityFirst:** On May 2, 2024, the ReliabilityFirst Board of Directors approved the first draft of its 2025 Business Plan and Budget, after which it was posted to the ReliabilityFirst website for a 30-day industry review and comment period. ReliabilityFirst did not receive any comments. The final 2025 Business Plan and Budget was approved by the ReliabilityFirst Board on June 27, 2024.

**SERC:** On March 27, 2024, the draft 2025 Business Plan and Budget was presented to SERC Membership and approved by SERC's Board of Directors. The draft Business Plan and Budget was then posted on the SERC public website for a 30-day comment period beginning April 2, 2024. SERC did not receive any comments. On June 12, 2024, SERC's Board of Directors approved the final 2024 Business Plan and Budget for submittal to NERC

**Texas RE:** Texas RE's 2025 Business Plan and Budget was presented in multiple meetings of the Texas RE Board and Member Representatives Committee. The draft 2025 Business Plan and Budget was posted for a 7-day comment period before being presented to the Texas RE Board of Directors for final approval. There were no written or oral challenges to the 2025 Business Plan and Budget. The Board of Directors approved Texas RE's 2024 Business Plan and Budget on May 15, 2024.

**WECC:** WECC's draft 2025 Business Plan and Budget was posted on its website on April 26, 2024, for a 15-business day comment period. The WECC Board of Directors and WECC stakeholders were notified of the posting. Nine sets of comments were received from stakeholders during the comment period. Additionally, one set of comments was received from both WECC's Member Advisory Committee Budget Subcommittee and WIRAB. WECC's Board of Directors approved WECC's 2025 Business Plan and Budget on June 12, 2024.

As described in **Attachment 12**, NERC's review of the draft Regional Entity Business Plans and Budgets focused on:

1. Adequacy of the resources and activities to perform delegated functions;
2. Alignment of the Regional Entity's activities with ERO goals, objectives, and strategic focus areas;
3. Efforts to improve efficiency and control costs;
4. Quality and completeness of the financial information presented, including:
  - a. Conformance with Commission budget reporting requirements and with the ERO Enterprise common presentation format,

- b. Separation of statutory and non-statutory activities,
- c. Supporting detail, including explanations for significant changes from the Regional Entity's 2024 budget,
- d. Working capital and operating reserve budgets, policies and controls, and
- e. Compliance with any budget or audit related orders from the Commission.

Through the processes described above, in §III.A, and in **Attachment 12**, NERC determined that each Regional Entity's 2025 Business Plan and Budget provides necessary and adequate resources to carry out the Regional Entity's delegated functions in 2025.

The draft Regional Entity 2025 Business Plans and Budgets, posted on NERC's website on May 28, 2024, were reviewed in a meeting of the NERC FAC on June 10, 2024. Regional Entities submitted their final Business Plans and Budgets, as approved by their respective governing bodies, to NERC by mid-July 2024. NERC's review of the Regional Entity Business Plans and Budgets was reviewed at the FAC's meeting on July 9, 2024. The final Regional Entity and WIRAB Business Plans and Budgets were submitted to the FAC for its review and recommendation to the Board at the FAC's August 14, 2024, meeting. The Board approved the Business Plans and Budgets at its August 15, 2024, meeting for submission to the Commission.

In developing their 2025 Business Plans and Budgets and proposed assessments, the Regional Entities took into account the need to maintain appropriate working capital and operating reserves. A table in each Regional Entity's Business Plan and Budget shows the calculation of the increase or decrease to its 2025 assessment to achieve the Regional Entity's target Reserves balance at December 31, 2025. The basis for each Regional Entity's target Reserves balance is stated on the table or elsewhere in its Business Plan and Budget.

## **B. Summaries of Regional Entity Business Plans and Budgets**

### **1. MRO – Attachment 3**

MRO's 2025 statutory budget is \$26,751,333, an increase of \$1,866,888 (7.5%) from its

2024 budget. The most significant area of increase is the Reliability Analysis, Organization Registration and Certification program, primarily due to increased staffing (addition of 2.6 FTEs). MRO's proposed assessment for 2025 is \$25,734,203, an increase of \$1,650,836 (7.0%) from its 2024 assessment, and reflects use of \$636,850 of Penalties collected between July 1, 2023, and June 30, 2024, and release of \$880,281 from MRO's ASR (including previously-collected Penalties and \$15,600 of Interest earned on the ASR), to reduce the assessment).

MRO is budgeting increased staffing for 2025 of 3.00 FTEs, reflecting staffing increases of 2.60 FTEs in Reliability Analysis and Organization Registration and Certification, 0.44 FTE in Training and Education, and smaller increases and decreases in other programs. Budgeted Personnel expense is increased by \$2,474,287. Total budgeted 2025 staffing is 83.0 FTEs (62.39 FTEs in statutory programs and 20.61 FTEs in Administrative Services), including 38.78 FTEs in MRO's Compliance programs. The 2025 budget for Administrative Services is \$9,800,743, an increase of \$161,754 (1.7%).

As described in its 2020 Business Plan and Budget, MRO established an ASR into which Penalty collections received in the 12 months ending the previous June 30 would be deposited, and from which funds would be released to reduce year-to-year fluctuations in assessments needed to fund operations. For 2025, to reduce assessments, MRO proposes to use the entire \$636,850 of Penalties collected between July 1, 2023, and June 30, 2024 and to release \$880,281 from the ASR (including \$15,600 of Interest earned on the ASR funds). Pursuant to §1107.4 of the NERC ROP, NERC and MRO request the Commission to approve an exception to the requirement of ROP §1107.2 that all Penalties collected during the 12 months ended the previous June 30 be used to reduce assessments in the following year, in order to allow MRO to utilize Penalties collected prior to July 1, 2023, and held in the ASR, to reduce its 2025 assessment.

MRO's projected total reserves balance at December 31, 2024, is \$7,138,819 (Working Capital - \$931,281; 30-day cash reserve - \$1,000,000; ASR - \$5,207,539). With the 2025 budget and proposed use of Penalties and ASR to reduce the 2025 assessment, MRO projects a total reserves balance at December 31, 2025, of \$5,621,689 (Working Capital - \$931,281; 30-day cash reserve - \$1,000,000; ASR - \$3,690,408).

## **2. NPCC – Attachment 4**

NPCC's statutory budget for 2025 is \$25,685,104, an increase of \$3,598,338 (16.3%) from its 2024 budget. The largest area of budget increase is the CMEP and Organization Registration and Certification program, followed by RAPA and Reliability Standards. NPCC's 2025 assessment is \$24,092,831, an increase of \$3,358,769 (16.2%) from 2024, and reflects release of \$500,000 in Penalty funds from NPCC's ASR and use of \$188,617 in other Income to reduce the assessment. NPCC's 2025 budget reflects increased staffing of 9.10 FTEs from its 2024 budget, comprised of a 8.10 FTE increase in Statutory Programs (including increase of 6.00 FTEs in its CMEP) and 1.00 FTE increase in Administrative Programs. Budgeted Personnel expense is increased by \$2,524,894. Total budgeted staffing is 77.20 FTEs, comprised of 59.65 FTEs for Statutory Programs and 17.55 FTEs for Administrative Programs. Budgeted 2024 Administrative Services expenditures are \$8,478,987, an increase of \$940,573.<sup>31</sup>

NPCC maintains an ASR to receive Penalty collections and to release funds from the ASR as appropriate to stabilize year-to-year fluctuations in assessments. NPCC collected \$639,000 in Penalties during the 12 months ended June 30, 2024, and proposes to place the \$639,000 into the ASR (resulting in a balance of \$1,310,903 at December 31, 2024), and to use

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<sup>31</sup> NPCC budgets all Office Rent, Office Costs, Professional Services, and Miscellaneous Operating Expense as Indirect Expenses, rather than in the statutory program budgets, and allocates these costs to the statutory programs on the basis of the proportion of direct statutory FTEs in each program.

\$500,000 from the ASR to reduce its 2025 U.S. assessment (resulting in a projected balance of \$810,903 in the ASR at December 31, 2025). Pursuant to §1107.4 of the NERC ROP, NERC and NPCC request that the Commission approve an exception to the requirement of ROP §1107.2 that Penalties collected during the 12 months ended June 30 be used to reduce assessments in the following year, to allow NPCC to implement the proposed ASR transactions.

NPCC's projected total Reserves balance at December 31, 2025, is \$6,996,160 (\$2,054,808 for Operating Reserve, \$4,130,449 for Working Capital, and \$810,903 in the ASR). The Working Capital target is 16.0% of 2025 budgeted expenditures, within NPCC's Board-approved range of 8.0% to 25.0% of budgeted expenditures. The Operating Reserve target is 8.0% of budgeted expenditures. NPCC's projected aggregate Reserves balance at December 31, 2024, is \$8,399,816 (Operating Reserve - \$1,766,941; Working Capital - \$5,321,972; ASR - \$1,310,903); thus, NPCC's 2025 assessment is reduced by an aggregate \$1,403,656 (including the proposed release from the ASR) to reach its target Reserves at December 31, 2025.

To determine the assessments to recover NPCC's funding requirement, compliance program costs are allocated among the Independent System Operators/BAA's within NPCC in New York, New England, Ontario, Québec, New Brunswick and Nova Scotia. NPCC's allocation methodology for its Regional Entity compliance program costs applies a rolling seven-year compliance cost average to total compliance program expenses for the current budget year to allocate compliance program costs among U.S. and Canadian BAA's. To develop this average, for each of the seven years, costs attributed to CORC Fundamentals are allocated between BAA's in the U.S. and Canada on a NEL basis. Audits and Investigations-related costs are allocated between U.S. and Canadian BAA's, and among the Canadian provinces, using an audit-based methodology which incorporates relative costs based on categories of compliance audits

reflective of their size and complexity as well as the different compliance models used in NPCC due to its international nature. Mitigation and Enforcement-related costs are allocated between U.S. and Canadian BAAs and among Canadian provinces through an enforcement activity-based methodology that uses historical data on each BAA's percentage of violations, mitigation plans and settlement agreements. The resulting seven-year average allocation percentage of total combined compliance costs attributable to each BAA is then applied to total compliance program expenses for the current budget year to allocate current budget year costs among U.S. and Canadian BAAs. The portions of the costs allocated to the New York and New England BAAs are allocated between them based on NEL (as required by PP 40-41 of the *July 16, 2009 Budget Compliance Order*). Within the Canadian portion of NPCC, the costs attributable to compliance functions performed by NPCC on behalf of provincial governments or regulatory authorities are allocated consistent with the specific memorandum of understanding or agreement with each province. Appropriate adjustments to the costs to be allocated are made for Penalty payments received by NPCC from U.S. registered entities (used solely to offset costs allocated to U.S. BAAs). The discussion and table on pages 20-22 of **Attachment 4** explains these assessment methodologies and shows development of the 2025 assessments by BAA within NPCC to recover NPCC's Regional Entity funding requirement.

### **3. ReliabilityFirst – Attachment 5**

ReliabilityFirst has a statutory budget for 2025 of \$33,373,022, an increase of \$2,048,487 (6.5%) over its 2024 budget. ReliabilityFirst's proposed assessment for 2025 is \$28,587,612, an increase of \$1,628,340 (6.0%) over 2024, and reflects application of \$2,707,910 of Penalty collections during the 12 months ended June 30, 2024 and \$100,000 of other Income to reduce the assessment. ReliabilityFirst is budgeting an overall net staffing increase of 3.00 FTEs, including 2.00 additional FTEs in Training, Education and Outreach and 1.00 additional FTE in



CMEP. Total budgeted staffing is 101.0 FTEs, comprised of 75.00 FTEs in statutory programs (including 38.00 FTEs in CMEP) and 26.00 FTEs in Administrative Services. ReliabilityFirst's emphasis in this budget on Training, Education and Outreach is reflected in a \$776,842 (32.2%) increase in the budget for this program. The CMEP is receiving a \$930,633 (6.3%) budgeted increase. Total budgeted 2025 Administrative programs expenditures are \$11,054,033, an increase of \$604,534.

ReliabilityFirst's projected Working Capital and Operating Reserve balance at December 31, 2025, approved by its Board, is \$4,216,374 (\$3,216,374 for Working Capital and Working Capital Reserve (WC/WCR) and \$1,000,000 for Operating Reserve). ReliabilityFirst's projected WC/WCR and Operating Reserve balance at December 31, 2024 (not including Penalty collections held for release) is \$6,193,874 (\$5,193,874 in WC/WCR and \$1,000,000 in Operating Reserve). The proposed assessment for 2025 reflects a decrease of \$1,977,500 in WC/WCR, application of \$2,707,910 of Penalties collected in the 12 months ended June 30, 2024, and other budgeted funding sources (\$100,000), resulting in a 2024 assessment of \$28,587,611. ReliabilityFirst proposes to place \$30,000 of the \$2,737,910 of Penalties collected in the 12 months ended June 30, 2024 into its Assessment Stabilization Reserve for use in future years and requests Commission approval for this exception to the requirements of NERC ROP §1107.2.

#### **4. SERC – Attachment 6**

SERC's 2025 statutory budget is \$35,351,088, an increase of \$3,351,134 (10.5%) from its 2024 budget. The principal area of budget increase is Training, Education and Stakeholder Outreach, whose budget is increased \$2,873,820 (80.9%) from 2024. SERC's proposed 2025 assessment of \$31,547,615, an increase of \$2,809,928 (9.8%) from 2024, reflects application of \$2,972,040 of Penalty collections and \$370,000 of other Income to reduce assessment.

SERC's budgeted 2025 staffing for statutory programs and Corporate Services is 115

FTEs, an increase of 4.0 FTEs from 2024, which includes 4.80 additional FTEs for Training, Education and Stakeholder Outreach and 1.00 added FTE for RAPA, partially offset by a 1.75 FTE reduction in staffing for G&A. Total budgeted statutory program staffing is 77.60 FTEs and total Corporate Services staffing is 37.40 FTEs. Budgeted 2025 expenditures for Corporate Services are \$15,282,267, an increase of \$798,957, due primarily to an increase of \$489,733 in Office Rent as a new office lease takes effect and operations move to a new corporate location.

SERC proposes to (i) place the \$472,040 of Penalties collected in the 12 months ended June 30, 2024, into the SERC ASR, and (ii) release \$2,972,040 of Penalties from its ASR to offset the 2025 assessment (leaving \$5,300,000 in the ASR at December 31, 2025, for future use to stabilize assessments). Pursuant to §1107.4 of the NERC ROP, NERC and SERC request Commission approval of the uses of Penalty collections described in the preceding sentence, as exceptions to the requirement in ROP §1107.2 that Penalties collected during the 12 months ended June 30 be used to reduce assessments in the following budget year. SERC's target WCR at December 31, 2025, is \$2,121,065 and its projected WCR at December 31, 2024, is \$2,582,498. Therefore, in addition to releasing \$2,972,040 of Penalty collections from the ASR, and applying \$370,000 of other funding sources, SERC proposes to decrease its 2025 assessment by \$461,433 to reach its target WCR at December 31, 2025.

#### **5. Texas RE – Attachment 7**

Texas RE's 2025 statutory budget is \$20,294,882, an increase of \$1,136,959 (5.9%) from its 2024 budget, with the principal area of increase being the RAPA program (\$808,603 increase). Texas RE's proposed 2025 assessment is \$19,261,419, an increase of \$580,406 (3.1%) from 2024, and reflects application of \$338,463 of Penalty collections in the 12 months ended June 30, 2024, and \$125,000 of interest income to reduce assessments. Texas RE's budgeted 2025 staffing is 72.00 FTEs, an increase of 2.00 FTEs from the 2024 budget, with an

increase of 1.00 FTE budgeted to be added to statutory programs and 1.00 FTE budgeted to be added in Administrative Services. Budgeted 2025 staffing for statutory programs is 53.25 FTEs, including 41.75 FTEs in the CMEP, while budgeted 2025 staffing for Administrative Services is 18.75 FTEs. Texas RE's budgeted 2025 Administrative Services expenditures are \$9,350,054 (\$854,526 increase), due primarily to increased Personnel Expenses, partially offset by reduced Consultants & Contracts expense and reduced (by \$294,012) Office Rent reflecting experience in Texas RE's new office space it moved into after the 2024 budget was prepared.

Texas RE's target Total Reserves balance at December 31, 2025 is \$4,708,179 (Working Capital and ASR \$2,708,179 and Contingency Reserve \$2,000,000). Texas RE plans use the \$338,463 of Penalties collected in the 12 months ended June 30, 2024, \$125,000 of Interest income. and \$570,000 from its ASR to reduce its 2025 assessment to \$19,461,419.

## **6. WECC – Attachment 8**

WECC's 2025 statutory budget is \$39,325,357, an increase of \$3,920,562 (11.1%) from its 2024 budget, with the principal areas of increase in the CMEP and Organization Registration program and the RAPA programs. WECC's proposed 2025 statutory assessment is \$33,016,000, an increase of \$8,016,000 (32.1%) from the 2024 assessment, due primarily to the increased budget and a greatly reduced amount of Penalties collected (\$10,137,948 to \$4,400) to offset assessments.

WECC's budgeted staffing for 2025 is 175.0 FTEs, an increase of 7.00 FTEs from its 2024 budget. Budgeted 2025 staffing includes 132.50 FTEs (increase of 5.00 FTEs) in statutory programs and 42.50 FTEs (increase of 2.00 FTEs) in Corporate Services. WECC's budgeted 2025 Corporate Services expenditures are \$11,839,997 (\$345,000 increase from 2024).

As described in detail in NERC's 2022 Business Plan and Budget filing and WECC's 2022 Business Plan and Budget, and the Commission's order in Docket No. 21-09-000 (*North*

*American Electric Reliability Corp., Order Accepting 2022 Business Plans and Budgets*, 177 FERC ¶ 61,078 (Nov. 2, 2021), PP21-23 and 25), in December 2020, WECC entered into an agreement with Peak Reliability (Peak) in connection with Peak's termination of operations as Reliability Coordinator for the Western Interconnection and Peak's corporate dissolution, to receive a donation of \$4,127,000 from Peak's remaining funds to support WECC's reliability and security mission, subject to an agreement to hold back \$300,000 of the donation for five years to pay any bills that are rendered to Peak post-dissolution. The remainder of the donation, \$3,827,000, is to be used for projects focused on the reliability and security of the Western Interconnection. The hold back amount was recorded as a non-statutory liability in WECC's 2020 financial results. The \$3.8 million is being held by WECC (less amounts for projects approved for 2022, 2023 and 2024) in a Peak Reliability Donation Reserve (Peak Reserve). The Commission approved these arrangements, including accounting and recording treatment, in ¶25 of its Order in Docket No. RR21-9-000. In its 2022, 2023 and 2024 Business Plans and Budgets, WECC requested and received Commission approval to include specified reliability- and security-related projects in each year's budget as projects to be funded from the Peak Reserve.

For 2025, as further described in WECC's 2025 Business Plan and Budget (**Attachment 8**), WECC proposes to use a total of \$2.2 million from the Peak Reserve in 2024, 2025 and 2026 to support the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide transmission benefits to stakeholders throughout the Western Interconnection. Specifically, WECC proposes, and requests Commission approval, to use \$500,000, \$1,500,000, and \$200,000 to fund the WestTEC project in 2024, 2025 and 2026,

respectively. This will leave a balance of \$1,208,053 in the Peak Reserve at December 31, 2025, and a balance of \$1,008,053 after the final \$200,000 budgeted for 2026 is expended, which can be used on future projects.<sup>32</sup>

WECC's projected Working Capital Reserve (WCR) balance at December 31, 2025 is \$9,747,181, based on a Board-approved target working capital and operating reserve requirement of one to three months of Personnel, Meeting, and Operating expenses. WECC's projected WCR balance at December 31, 2024 is \$12,848,597. In the 12 months ended June 30, 2024, WECC received \$4,400 of Penalty collections. WECC proposes to use these Penalty collections plus \$1,703,541 of Funding from other sources, \$1,500,000 from the Peak Reserve as described above, and \$3,101,416 from its WCR, resulting in the proposed 2025 assessment of \$33,016,000.

WECC's allocation of its 2025 assessment to the AESO for Alberta has been reduced by \$1,305,616, representing WECC compliance costs (including allocated Indirect Costs and Fixed Asset spending) considered duplicative of the AESO's compliance and enforcement programs.<sup>33</sup> The AESO credit amount is allocated to the remainder of the LSEs (Balancing Authorities or designees) in the WECC region based on NEL. Appendix C to WECC's 2025 Business Plan and Budget (**Attachment 8**) shows calculation of the adjustment to the AESO assessment.

## **VI. WIRAB FUNDING REQUEST**

In its Order issued July 20, 2006, in Docket No. RR06-02-000, the Commission concluded that reasonable costs incurred by WIRAB for activities under §215(j) of the FPA can

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<sup>32</sup> The balance at December 31, 2025 reflects that \$250,000 from the Peak Reserve was expended in 2024 on two additional projects approved by the Commission in its order on the 2024 NERC and Regional Entity Business Plans and Budgets. *North American Electric Reliability Corp.*, 185 FERC ¶ 61,047, Docket No. RR23-3-000 (Order issued Oct. 19, 2023), PP 23 and 26.

<sup>33</sup> The adjustment to the WECC assessment to the AESO is provided for in a memorandum of understanding entered into effective July 15, 2010, among NERC, WECC, and the AESO.

be funded through the ERO funding process.<sup>34</sup> As specified in P 35 of the *WIRAB Order*, WIRAB submitted to NERC a proposed 2025 Business Plan and Budget for §215(j) activities (**Attachment 9**). NERC has reviewed WIRAB's submission and believes it complies with P 35 of the *WIRAB Order*.

WIRAB's 2025 budget for expenses is \$831,561, essentially equal to its 2024 budget. Budgeted staffing for 2025 is 2.60 FTEs, the same as the 2024 budget. Budgeted 2025 Personnel Expenses are increased by 4.4%, and indirect expenses are decreased by 4.2%, from the 2024 budget. WIRAB's budget includes \$100,000 for Consultants & Contracts expense, the same amount as its 2019 through 2024 budgets, to provide technical expertise to WIRAB related to improved grid operating practices and reliability standards and compliance, and assist WIRAB in providing technically sound advice to WECC, NERC and the Commission under FPA §215(j). WIRAB's proposed statutory assessment for 2025 is \$715,461, an increase of \$22,769 (3.3%) from 2024. WIRAB's target Working Capital Reserve (WCR) at December 31, 2025 is \$498,900, as compared to a projected WCR at December 31, 2024 of \$613,000. The reduction in the target WCR plus \$2,000 of other funding results in the proposed 2025 assessment of \$715,461, which is allocated \$611,657 (85.5%) to the U.S. portion and \$103,804 (14.5%) to the Canadian portion of the Western Interconnection. In addition, WIRAB proposes an additional assessment of \$39,021 to recover unpaid prior WIRAB assessments to Mexico (*see* page 11 of **Attachment 2** and page 4 of **Attachment 9**), of which \$33,360 is allocated to WECC LSEs and \$5,661 is allocated to Canadian LSEs in WECC.

## **VII. METRICS RELATED TO NERC AND REGIONAL ENTITY BUDGETS**

Consistent with NERC's February 18, 2015 *Request to Revise Certain "Metrics" Filing*

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<sup>34</sup>*Order on Petition to Establish a Regional Advisory Body for the Western Interconnection*, Docket No. RR06-2-000, 116 FERC ¶61,061 (2006) (*WIRAB Order*), PP 33-37.

*Components for its Annual Business Plan and Budget Filings and its Annual Actual Cost-to-Budget True-Up Filings* in Docket No. RR15-6-000, and the Commission’s June 15, 2015, letter order approving NERC’s request, NERC is providing the metrics information listed below in **Attachment 13** and **Attachment 14** to this filing.

**Attachment 13** provides the following information relating to the Regional Entities’ operations based on their 2025 Business Plans and Budgets:

1. Numbers of registered entities
2. Numbers of registered functions
3. Total NEL (GWh)
4. NEL (GWh) per registered entity
5. Total ERO Funding (sum of assessments plus Penalty sanctions collections)
6. ERO Funding per registered entity
7. ERO Funding per registered function
8. Total Budget (sum of Total Expenses plus increase/decrease in Fixed Assets)
9. Total Budget per registered entity
10. Total Budget per registered function
11. Total Statutory FTEs (FTEs are based on working 2,080 hours per year)
12. Registered entities per Statutory FTE
13. Registered functions per Statutory FTE
14. Total CMEP Budget (sum of Direct Expenses, Indirect Expenses allocated to the CMEP Program, and Capital Expenditures)
15. CMEP budget per registered entity
16. CMEP budget per registered function
17. Total CMEP FTEs
18. Registered entities per CMEP FTE
19. Registered functions per CMEP FTE

In addition, **Attachment 13** provides the following metrics and graphics based on the Regional Entities’ 2025 Business Plans and Budgets:

20. CMEP Budget per Number of Registered Functions and per Number of Registered Entities

21. Number of Registered Functions per Registered Entity
22. CMEP Budget as a Function of Number of Registered Entities and Number of Registered Functions
23. Number of Registered Entities per CMEP FTE and Number of Registered Functions per CMEP FTE
24. Comparisons of Number of Registered Entities per CMEP FTE and Number of Registered Functions per CMEP FTE for the current year (2024) and the budget year (2025)

**Attachment 14** provides the following metrics on the budgeted Administrative Services costs of NERC and each Regional Entity, based on their budgets for 2024 and 2025:

1. Statutory Indirect (Administrative) Budget as a Percentage of Total Statutory Budget, 2024 and 2025
2. Ratio of Statutory Direct Budget to Statutory Indirect Budget, 2024 and 2025
3. Statutory Indirect FTEs as a Percentage of Total Statutory FTEs, 2024 and 2025
4. Number of Direct Statutory FTEs per Indirect FTE, 2024 and 2025

## **VIII. CONCLUSION**

Based on the information in this filing, NERC requests that the Commission issue an order pursuant to 18 C.F.R. §39.4, by November 2, 2023:

- (1) accepting NERC's proposed 2025 Business Plan and Budget in **Attachment 2** and the proposed 2025 Business Plans and Budgets of the six Regional Entities for statutory activities in **Attachments 3 through 8**, including (i) pursuant to NERC ROP §1107.4, the applications of Penalty collections and releases of previous Penalty collections from ASRs proposed by NERC and by MRO, NPCC, Reliability First, SERC and Texas RE for assessment stabilization purposes, as described in §§IV.B and V.B.1 through V.B.5 above, as exceptions to NERC ROP §1107.2; and (ii) WECC's proposed use of funds from the Peak Reliability Donation Reserve in 2025 as described in §V.B.6 above;
- (2) accepting the proposed budget and funding requirement of WIRAB for 2025 in **Attachment 9**; and
- (3) approving the proposed assessments to each LSE or designee or other entities to be billed within each Region, as set forth in the 2025 Assessment Schedule of **Attachment 2**, to be billed to and paid by each such LSE or designee or other entity to fund the portion of NERC's 2025 Funding requirement allocated to the United States and the 2025 Funding requirement for statutory activities of each Regional Entity and WIRAB allocated to the United States.



Respectfully submitted,

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**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 1**

**SUMMARY TABLES FOR NERC AND REGIONAL ENTITY**

**PROPOSED 2025 BUDGETS AND ASSESSMENTS**

## NERC Proposed Budget by Program

NERC Program	2024 Budget for Statutory Functions	2025 Budget for Statutory Functions
Reliability Standards and Power Risk Issues and Strategic Management	\$ 11,572,434	\$ 13,392,901
Compliance Assurance and Organization Registration and Certification	14,405,806	15,473,969
Compliance Enforcement	8,532,329	9,284,731
Reliability Assessment and Performance Analysis	23,025,951	25,407,355
Situation Awareness	6,615,001	7,008,659
Event Analysis	4,808,401	5,177,731
E-ISAC (including CRISP)	41,053,575	43,795,084
Personnel Certification and Credential Maintenance	2,440,201	2,256,918
Training and Education	1,167,248	1,197,322
<b>Total Budget</b>	<b>\$ 113,620,945</b>	<b>\$ 122,994,670</b>

## Proposed Budget for Statutory Activities of NERC, Each Regional Entity, and WIRAB

	2024 Budget for Statutory Functions	2025 Budget for Statutory Functions
NERC	\$ 113,620,945	\$ 122,994,669
MRO	24,884,445	26,751,333
NPCC	22,086,766	25,685,104
ReliabilityFirst	31,324,535	33,373,022
SERC	31,999,954	35,351,088
Texas RE	19,157,925	20,294,882
WECC	35,404,795	39,325,357
WIRAB	831,492	831,561
<b>Total Budget</b>	<b>\$ 279,310,857</b>	<b>\$ 304,607,016</b>

## Proposed Assessments for Statutory Activities of NERC, Each Regional Entity, and WIRAB

	Assessments for Statutory Functions 2024	Allocation to U.S. 2024	Assessments for Statutory Functions 2025	Allocation to U.S. 2025	Allocation to U.S. 2025 Budget v 2024 Budget Over (Under)	% Over (Under)
<b>NERC</b>	\$ 96,997,362	\$ 87,154,927	\$ 108,424,741	\$ 97,726,302	\$ 10,571,375	12.13%
<b>Regional Entities</b>	\$ 143,695,401	\$ 128,308,223	\$ 161,739,680	\$ 145,756,118	\$ 17,447,895	13.60%
MRO	23,583,367	21,241,737	25,234,203	22,617,621		
NPCC	20,734,062	12,264,076	24,092,831	14,317,149		
ReliabilityFirst	26,959,272	26,959,272	28,587,612	28,587,612		
SERC	28,737,687	28,737,687	31,547,615	31,547,615		
Texas RE	18,681,013	18,681,013	19,261,419	19,261,419		
WECC	25,000,000	20,424,438	33,016,000	29,424,702		
<b>WIRAB</b>	\$ 692,692	\$ 580,417	\$ 715,461	\$ 611,656	\$ 31,239	5.38%
<b>Total Budget</b>	\$ 241,385,455	\$ 216,043,567	\$ 270,879,882	\$ 244,094,076	\$ 28,050,509	12.98%

**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 2**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# 2025 Business Plan and Budget

Final

August 7, 2024

**RELIABILITY | RESILIENCE | SECURITY**



**3353 Peachtree Road NE  
Suite 600, North Tower  
Atlanta, GA 30326  
404-446-2560 | [www.nerc.com](http://www.nerc.com)**

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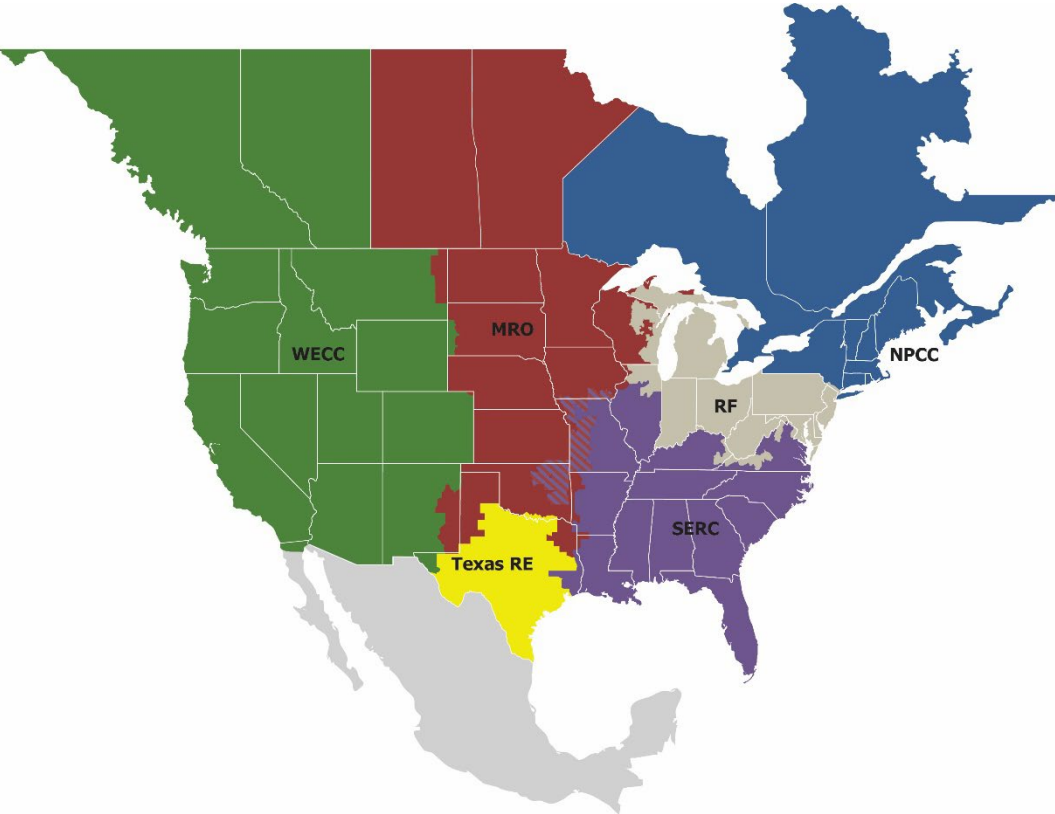
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# Preface

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.



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



# Introduction

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## 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.<sup>1</sup>

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 provinces<sup>2</sup> 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).<sup>3</sup> 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

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

<sup>2</sup> British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia

<sup>3</sup> 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,<sup>4</sup> 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.<sup>5</sup>

### **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 (LSEs). 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.

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<sup>4</sup> Section 215 of the FPA, 16 United States C. 824o.

<sup>5</sup> 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 <sup>(1)</sup>	2016	2017	2018	2019 <sup>(2)</sup>	2020	2021	2022 <sup>(3)</sup>	Avg Annual
<b>NERC Total Budget (millions)</b>	\$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%	<b>5.7%</b>
<b>NERC Assessment (millions)</b>	\$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%	<b>5.7%</b>

<sup>(1)</sup> 2015 Budget increase includes addition of CRISP program (\$9 million)

<sup>(2)</sup> Budgets in 2019 and prior years do not include net financing activity

<sup>(3)</sup> 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 <sup>(1)</sup>	2023	2024	2025	Notes
<b>Annual Total Budget</b>	\$88.8	\$101.0	\$110.1	\$122.6	
<i>\$ annual increase</i>	\$5.9	\$12.2	\$9.1	\$12.5	
<i>% annual increase</i>	7.2%	13.7%	9.0%	11.4%	<b>Annual avg. 2023-2025 11.4%</b>
<b>Annual Total Assessment</b>	\$78.4	\$87.1	\$97.2	\$108.0	
<i>\$ annual increase</i>	\$6.4	\$8.7	\$10.1	\$10.8	
<i>% annual increase</i>	8.9%	11.1%	11.6%	11.1%	<b>Annual avg. 2023-2025 11.3%</b>
<b>Recommended Reserve Usage</b>		\$2.0		\$0.5	

<sup>(1)</sup> 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.<sup>6</sup>

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.<sup>7</sup>

## 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.<sup>8</sup> 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.

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

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

<sup>8</sup> 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* starting on page 47 for more information on CRISP funding.

NERC's proposed 2025 assessment to fund the 2025 budget 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. Below is the allocation of the NERC 2025 assessment between the United States and Canada.<sup>9</sup>

	TOTAL	US	CANADA	MEXICO
Statutory Funding Assessments	\$ 108,424,741	\$ 97,726,302	\$ 10,698,439	\$ -
Non-Statutory Fees	\$ -	\$ -	\$ -	\$ -
NEL	4,600,484,588	4,069,656,087	530,828,501	-
NEL%	100.00%	88.46%	11.54%	0.00%

NERC's proposed 2025 assessment does not include an allocation to Mexico. NERC, WECC, and the Western Interconnection Regional Advisory Body (WIRAB) have been unable to collect assessments from Mexico since 2021 and have decided not to assess Mexico until a new agreement is reached. Consistent with ROP Sections 1106(5) and 1106(8), Appendix 2-C and 2-D of the 2025 Assessment Schedule include the balances owed from Mexico through the 2024 assessment to NERC (\$945k) and WIRAB (\$39k). NERC is recovering these amounts from LSEs in WECC in accordance with ROP Section 1106(8), which specifies any revenues not paid shall be recovered from others within the same Region to avoid cross-subsidization between Regions.<sup>10</sup> To offset this impact to WECC LSEs in 2025, WECC's final 2025 BP&B reflects a reserve release of \$984k to reduce WECC's 2025 assessment proposed in its draft 2025 BP&B.

<sup>9</sup> The allocation of the assessment among U.S. and Canadian entities is 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).

<sup>10</sup> The WECC portion of the outstanding assessments from Mexico is \$1.9M. Instead of NERC charging the WECC LSEs this portion in 2025, WECC is writing off this amount in 2024 and using WECC reserves to fund the write-off.



## 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.

<i>\$ - millions</i>	Original Plan 2022 v 2025	Current Proposed 2022 v 2025	Over/(Under)
<b>Assessment Increase \$</b>	\$29.6	\$30.0	\$0.4
<b>Assessment Increase %</b>	37.8%	38.3%	0.5%
<b>Budget Increase \$</b>	\$33.8	\$34.2	\$0.4
<b>Budget Increase %</b>	38.1%	38.5%	0.4%

## 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 investment level included in the 2025 projection in the 2024 BP&B. Key investments 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 to no longer have an Atlanta office after October 2025, both one-time and recurring cost savings have been recognized in the 2025 budget and 2026 and 2027 projections.

In the 2025 projection in the 2024 BP&B, NERC assumed it would lease a new office space after the current lease expired in October 2025. Therefore, 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) which would have been incurred if a new office lease was obtained. 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 the 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	2024	\$ Inc(Dec)		\$ Inc(Dec)	% Change
	Budget	Projection	2024 Projection v 2024 Budget	2025	2025 Budget v 2024 Budget	2025 Budget v 2024 Budget
<b>Funding</b>						
<b>NERC Funding</b>						
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)	
<b>Total NERC Funding</b>	<b>\$ 98,297,361</b>	<b>\$ 98,297,361</b>	<b>\$ -</b>	<b>\$ 108,424,741</b>	<b>\$ 10,127,379</b>	<b>10.3%</b>
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	
<b>Total Funding (A)</b>	<b>\$ 111,716,829</b>	<b>\$ 111,758,739</b>	<b>\$ 41,910</b>	<b>\$ 123,063,843</b>	<b>\$ 11,347,014</b>	<b>10.2%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
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	
<b>Total Personnel Expenses</b>	<b>\$ 65,781,342</b>	<b>\$ 65,112,590</b>	<b>\$ (668,753)</b>	<b>\$ 71,535,308</b>	<b>\$ 5,753,966</b>	<b>8.7%</b>
<b>Meeting &amp; Travel Expenses</b>						
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	
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 3,506,800</b>	<b>\$ 3,628,629</b>	<b>\$ 121,829</b>	<b>\$ 3,816,815</b>	<b>\$ 310,015</b>	<b>8.8%</b>
<b>Operating Expenses, excluding Depreciation</b>						
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	(243,615)	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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 41,835,022</b>	<b>\$ 42,013,901</b>	<b>\$ 178,879</b>	<b>\$ 43,908,676</b>	<b>\$ 2,073,654</b>	<b>5.0%</b>
<b>Total Direct Expenses</b>	<b>\$ 111,123,164</b>	<b>\$ 110,755,120</b>	<b>\$ (368,045)</b>	<b>\$ 119,260,799</b>	<b>\$ 8,137,635</b>	<b>7.3%</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ 468,040</b>	<b>\$ 339,212</b>	<b>\$ (128,828)</b>	<b>\$ 564,000</b>	<b>\$ 95,960</b>	<b>20.5%</b>
<b>Total Expenses (B)</b>	<b>\$ 111,591,205</b>	<b>\$ 111,094,331</b>	<b>\$ (496,873)</b>	<b>\$ 119,824,799</b>	<b>\$ 8,233,594</b>	<b>7.4%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 125,624</b>	<b>\$ 664,407</b>	<b>\$ 538,783</b>	<b>\$ 3,239,045</b>	<b>\$ 3,113,420</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 4,624,000</b>	<b>\$ 5,146,609</b>	<b>\$ 522,609</b>	<b>\$ 5,098,590</b>	<b>\$ 474,590</b>	<b>10.3%</b>
<b>Financing Activity</b>						
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	
<b>Net Financing Activity (D)</b>	<b>\$ (2,594,260)</b>	<b>\$ (3,072,707)</b>	<b>\$ (478,446)</b>	<b>\$ (1,928,720)</b>	<b>\$ 665,541</b>	<b>-25.7%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 113,620,944</b>	<b>\$ 113,168,234</b>	<b>\$ (452,711)</b>	<b>\$ 122,994,669</b>	<b>\$ 9,373,725</b>	<b>8.2%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ (1,904,115)</b>	<b>\$ (1,409,495)</b>	<b>\$ 494,620</b>	<b>\$ 69,174</b>	<b>\$ 1,973,289</b>	
<b>FTEs</b>	<b>251.14</b>	<b>240.91</b>	<b>(10.23)</b>	<b>263.51</b>	<b>12.38</b>	<b>4.9%</b>

\*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 statutory 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%
<b>NERC Budget, excluding E-ISAC</b>	<b>\$ 72,567,371</b>	<b>\$ 79,199,585</b>	<b>\$ 6,632,215 9.1%</b>
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%
<b>Total E-ISAC Budget</b>	<b>\$ 41,053,574</b>	<b>\$ 43,795,084</b>	<b>\$ 2,741,510 6.7%</b>
<b>Total Budget</b>	<b>\$ 113,620,944</b>	<b>\$ 122,994,669</b>	<b>\$ 9,373,725 8.2%</b>

### 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 contractors and 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 support for GridEx in 2025, 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%
<b>Total</b>	<b>\$ 65,781,342</b>	<b>\$ 71,535,308</b>	<b>\$ 5,753,966</b>	<b>8.7%</b>
<b>FTEs</b>	251.14	263.51	12.38	4.9%
<b>Cost per FTE</b>				
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%
<b>Total</b>	<b>\$ 261,934</b>	<b>\$ 271,468</b>	<b>\$ 9,533</b>	<b>3.6%</b>

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%
<b>NERC FTEs, excluding E-ISAC</b>	<b>202.68</b>	<b>213.54</b>	<b>10.86</b>	<b>5.4%</b>
E-ISAC (non-CRISP)	41.69	43.43	1.74	4.2%
E-ISAC (CRISP)	6.77	6.54	(0.23)	-3.4%
<b>Total E-ISAC FTEs</b>	<b>48.46</b>	<b>49.97</b>	<b>1.51</b>	<b>3.1%</b>
<b>Total FTEs</b>	<b>251.14</b>	<b>263.51</b>	<b>12.38</b>	<b>4.9%</b>

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 stakeholder engagement and program services support, 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)
<b>Reliability Standards &amp; PRISM</b>			
Standards and PRISM Application Support	\$ 107,888	\$ 38,000	\$ (69,888)
Engineering and Standards Support	112,000	150,000	38,000
<b>Total</b>	<b>\$ 219,888</b>	<b>\$ 188,000</b>	<b>\$ (31,888)</b>
<b>CMEP</b>			
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)
<b>Total</b>	<b>\$ 1,477,254</b>	<b>\$ 1,538,746</b>	<b>\$ 61,492</b>
<b>RAPA</b>			
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
<b>Total</b>	<b>\$ 1,818,400</b>	<b>\$ 1,062,500</b>	<b>\$ (755,900)</b>
<b>Event Analysis</b>			
Event Analysis Application Support	\$ 35,000	\$ 140,000	105,000
Event Analysis Activity and Review Support	130,000	180,000	50,000
<b>Total</b>	<b>\$ 165,000</b>	<b>\$ 320,000</b>	<b>\$ 155,000</b>
<b>Situation Awareness</b>			
Situation Awareness Application Support	\$ 83,000	\$ 246,000	\$ 163,000
<b>Total</b>	<b>\$ 83,000</b>	<b>\$ 246,000</b>	<b>\$ 163,000</b>
<b>E-ISAC</b>			
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	-
<b>Total</b>	<b>\$ 10,066,237</b>	<b>\$ 11,043,534</b>	<b>\$ 977,297</b>
<b>Personnel Certification and Credential Maintenance</b>			
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)
<b>Total</b>	<b>\$ 782,260</b>	<b>\$ 425,078</b>	<b>\$ (357,182)</b>
<b>Training and Education</b>			
ERO Enterprise and Industry Learning and Development Support	\$ 90,000	\$ 90,000	\$ -
<b>Total</b>	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ -</b>
<b>General &amp; Administrative</b>			
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
<b>Total</b>	<b>\$ 440,000</b>	<b>\$ 390,000</b>	<b>\$ (50,000)</b>
<b>Business Technology</b>			
Applications & Infrastructure, Security, PMO, and Operations Support	\$ 4,597,096	\$ 5,600,235	\$ 1,003,139
<b>Total</b>	<b>\$ 4,597,096</b>	<b>\$ 5,600,235</b>	<b>\$ 1,003,139</b>
<b>Human Resources &amp; Administration</b>			
Training and Development	\$ 290,000	\$ 310,000	\$ 20,000
HR Consulting and Other Services	545,000	565,000	20,000
<b>Total</b>	<b>\$ 835,000</b>	<b>\$ 875,000</b>	<b>\$ 40,000</b>
<b>Finance &amp; Accounting</b>			
Accounting, Procurement, and Financial System Support	\$ 540,000	\$ 225,000	\$ (315,000)
<b>Total</b>	<b>\$ 540,000</b>	<b>\$ 225,000</b>	<b>\$ (315,000)</b>
<b>Legal &amp; Regulatory</b>			
Internal Audit Support	\$ 245,000	\$ 220,000	\$ (25,000)
Workshop Facilitation	10,000	10,000	-
<b>Total</b>	<b>\$ 255,000</b>	<b>\$ 230,000</b>	<b>\$ (25,000)</b>
<b>Total Contractors &amp; Consultants</b>	<b>\$ 21,369,135</b>	<b>\$ 22,234,093</b>	<b>\$ 864,958</b>

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%
<b>Total</b>	<b>\$ 149,950</b>	<b>\$ 174,028</b>	<b>\$ 24,078</b>	<b>16.1%</b>

The 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	-	-	-	
<b>Total</b>	<b>\$ 4,624,000</b>	<b>\$ 5,098,590</b>	<b>\$ 474,590</b>	<b>10.3%</b>

Significant changes in the Fixed Asset Additions budget include:

- Computer and Software CapEx – Increasing due to 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 projected 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.

2025 Business Plan and Budget Overview

	Year-End Outstanding Debt Balance				
	Prior Years	2024	2025	2026	2027
	Actual	Projected	Budget	Projected	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	-	-	-	-	-
<b>Total Outstanding Balance</b>	<b>\$ 1,501,462</b>	<b>\$ 3,420,633</b>	<b>\$ 5,297,516</b>	<b>\$ 7,133,609</b>	<b>\$ 5,480,271</b>

	Future Annual Payments for Debt Service				
		2024	2025	2026	2027
		Projected	Budget	Projected	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
<b>Total Principal and Interest Costs</b>		<b>\$ 580,404</b>	<b>\$ 1,272,017</b>	<b>\$ 1,539,407</b>	<b>\$ 2,163,111</b>

## Other Outside and Miscellaneous Funding

Outside Funding Breakdown By Program (Excludes Any Penalty/Reserve Releases)	2024 Budget	2025 Budget	Increase (Decrease)
<b>Reliability Standards and PRISM</b>			
Interest & Investment Income Allocation	\$ 125,141	\$ 125,336	\$ 195
<b>Total</b>	<b>\$ 125,141</b>	<b>\$ 125,336</b>	<b>\$ 195</b>
<b>Compliance Assurance, Certification, and Registration</b>			
Interest & Investment Income Allocation	\$ 129,944	\$ 119,605	\$ (10,339)
<b>Total</b>	<b>\$ 129,944</b>	<b>\$ 119,605</b>	<b>\$ (10,339)</b>
<b>Compliance Enforcement</b>			
Interest & Investment Income Allocation	\$ 79,096	\$ 74,753	\$ (4,343)
<b>Total</b>	<b>\$ 79,096</b>	<b>\$ 74,753</b>	<b>\$ (4,343)</b>
<b>Reliability Assessment and Performance Analysis</b>			
Services and Software	\$ 60,000	\$ 60,000	\$ -
Interest & Investment Income Allocation	206,780	202,331	(4,448)
<b>Total</b>	<b>\$ 266,780</b>	<b>\$ 262,331</b>	<b>\$ (4,448)</b>
<b>Personnel Certification and Credential Maintenance</b>			
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
<b>Total</b>	<b>\$ 1,836,086</b>	<b>\$ 2,626,092</b>	<b>\$ 790,006</b>
<b>Training and Education</b>			
Interest & Investment Income Allocation	\$ 11,299	\$ 9,967	\$ (1,332)
<b>Total</b>	<b>\$ 11,299</b>	<b>\$ 9,967</b>	<b>\$ (1,332)</b>
<b>Event Analysis</b>			
Interest & Investment Income Allocation	\$ 45,763	\$ 40,367	\$ (5,396)
<b>Total</b>	<b>\$ 45,763</b>	<b>\$ 40,367</b>	<b>\$ (5,396)</b>
<b>Situation Awareness</b>			
Interest & Investment Income Allocation	\$ 51,412	\$ 45,350	\$ (6,062)
<b>Total</b>	<b>\$ 51,412</b>	<b>\$ 45,350</b>	<b>\$ (6,062)</b>
<b>E-ISAC</b>			
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
<b>Total</b>	<b>\$ 10,873,947</b>	<b>\$ 11,335,302</b>	<b>\$ 461,355</b>
<b>Grand Total</b>	<b>\$ 13,419,468</b>	<b>\$ 14,639,103</b>	<b>\$ 1,219,635</b>

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 <sup>1</sup>	Operating Contingency Reserve <sup>2</sup>	System Operator Certification Reserve	CRISP Equipment Reserve <sup>3</sup>	CRISP Operating Reserve <sup>3</sup>	CRISP Defense Fund Reserve <sup>4</sup>	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
<b>Generation(use) of reserves from 2024 projections</b>								
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
<b>Projected Reserves - 12/31/2025</b>								
Addition(use) of reserves <sup>5</sup>	(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	\$ -	\$ -	\$ -	\$ -
<b>Assessment Reconciliation</b>								
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)							
<b>2025 NERC Assessment</b>	<b>\$ 108,424,741</b>							

<sup>1</sup> The Future Obligations Reserve offsets future, non-current liabilities.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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 needs of that program. The reserve is budgeted to be \$921k at the end of 2025.



- **CRISP Reserves** – Represents reserve 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.<sup>11</sup> 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. For 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.

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<sup>11</sup> 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
<b>Funding</b>							
<b>ERO Funding</b>							
NERC Assessments	\$ 108,424,741	\$ 118,290,736	\$ 9,865,996	9.1%	\$ 127,749,706	\$ 9,458,969	8.0%
Penalties Released	-	-	-	-	-	-	-
<b>Total NERC Funding</b>	<b>\$ 108,424,741</b>	<b>\$ 118,290,736</b>	<b>\$ 9,865,996</b>	<b>9.1%</b>	<b>\$ 127,749,706</b>	<b>\$ 9,458,969</b>	<b>8.0%</b>
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%
<b>Total Funding (A)</b>	<b>\$ 123,063,843</b>	<b>\$ 134,154,408</b>	<b>\$ 11,090,565</b>	<b>9.0%</b>	<b>\$ 144,323,149</b>	<b>\$ 10,168,741</b>	<b>7.6%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
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%
<b>Total Personnel Expenses</b>	<b>\$ 71,535,308</b>	<b>\$ 77,985,837</b>	<b>\$ 6,450,529</b>	<b>9.0%</b>	<b>\$ 84,378,241</b>	<b>\$ 6,392,404</b>	<b>8.2%</b>
<b>Meetings &amp; Travel Expenses</b>							
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%
<b>Total Meetings and Travel Expenses</b>	<b>\$ 3,816,815</b>	<b>\$ 4,235,230</b>	<b>\$ 418,415</b>	<b>11.0%</b>	<b>\$ 4,553,722</b>	<b>\$ 318,492</b>	<b>7.5%</b>
<b>Operating Expenses, excluding Depreciation</b>							
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%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 43,908,676</b>	<b>\$ 44,611,128</b>	<b>\$ 702,453</b>	<b>1.6%</b>	<b>\$ 48,208,551</b>	<b>\$ 3,597,423</b>	<b>8.1%</b>
<b>Total Direct Expenses</b>	<b>\$ 119,260,799</b>	<b>\$ 126,832,195</b>	<b>\$ 7,571,396</b>	<b>6.3%</b>	<b>\$ 137,140,514</b>	<b>\$ 10,308,319</b>	<b>8.1%</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 564,000</b>	<b>\$ 690,454</b>	<b>\$ 126,455</b>	<b>22.4%</b>	<b>\$ 780,444</b>	<b>\$ 89,989</b>	<b>13.0%</b>
<b>Total Expenses (B)</b>	<b>\$ 119,824,799</b>	<b>\$ 127,522,649</b>	<b>\$ 7,697,851</b>	<b>6.4%</b>	<b>\$ 137,920,958</b>	<b>\$ 10,398,309</b>	<b>8.2%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 3,239,045</b>	<b>\$ 6,631,759</b>	<b>\$ 3,392,714</b>	<b>104.7%</b>	<b>\$ 6,402,191</b>	<b>\$ (229,568)</b>	<b>-3.5%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 5,098,590</b>	<b>\$ 7,679,000</b>	<b>\$ 2,580,410</b>	<b>50.6%</b>	<b>\$ 3,987,250</b>	<b>\$ (3,691,750)</b>	<b>-48.1%</b>
<b>Financing Activity</b>							
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%
<b>Net Financing Activity (D)</b>	<b>\$ (1,928,720)</b>	<b>\$ (1,524,163)</b>	<b>\$ 404,556</b>	<b>-21.0%</b>	<b>\$ 1,871,922</b>	<b>\$ 3,396,085</b>	<b>-222.8%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 122,994,669</b>	<b>\$ 133,677,486</b>	<b>\$ 10,682,817</b>	<b>8.6%</b>	<b>\$ 143,780,130</b>	<b>\$ 10,102,643</b>	<b>7.6%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ 69,174</b>	<b>\$ 476,922</b>	<b>\$ 407,748</b>	<b>589.5%</b>	<b>\$ 543,020</b>	<b>\$ 66,097</b>	<b>13.9%</b>
<b>FTEs</b>	<b>263.51</b>	<b>272.60</b>	<b>9.09</b>	<b>3.4%</b>	<b>282.00</b>	<b>9.4</b>	<b>3.4%</b>

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

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## 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 nimbler 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.

**2025 Business Plan and Budget Program Area and Department Detail**

<b>2024 Budget and 2025 Budget</b>				
<b>Reliability Standards and Power Risk Issues and Strategic Management</b>				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget	2025 Budget
			v 2024 Budget	v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 11,274,350	\$ 13,267,565	\$ 1,993,216	
Penalties Released	172,943	-	(172,943)	
<b>Total NERC Funding</b>	<b>\$ 11,447,292</b>	<b>\$ 13,267,565</b>	<b>\$ 1,820,273</b>	<b>15.9%</b>
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	125,141	125,336	195	
<b>Total Funding (A)</b>	<b>\$ 11,572,434</b>	<b>\$ 13,392,901</b>	<b>\$ 1,820,467</b>	<b>15.7%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 4,633,900</b>	<b>\$ 5,480,273</b>	<b>\$ 846,373</b>	<b>18.3%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 85,000	\$ 95,000	\$ 10,000	
Travel	155,000	171,000	16,000	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 240,000</b>	<b>\$ 266,000</b>	<b>\$ 26,000</b>	<b>10.8%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 299,709</b>	<b>\$ 261,624</b>	<b>\$ (38,085)</b>	<b>-12.7%</b>
<b>Total Direct Expenses</b>	<b>\$ 5,173,610</b>	<b>\$ 6,007,897</b>	<b>\$ 834,288</b>	<b>16.1%</b>
<b>Indirect Expenses</b>	<b>\$ 6,269,041</b>	<b>\$ 7,183,508</b>	<b>\$ 914,467</b>	<b>14.6%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 1,363</b>	<b>\$ -</b>	<b>\$ (1,363)</b>	<b>-100.0%</b>
<b>Total Expenses (B)</b>	<b>\$ 11,444,014</b>	<b>\$ 13,191,406</b>	<b>\$ 1,747,392</b>	<b>15.3%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 128,420</b>	<b>\$ 201,495</b>	<b>\$ 73,076</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 265,395</b>	<b>\$ 320,939</b>	<b>\$ 55,544</b>	<b>20.9%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (255,345)	\$ (249,247)	\$ 6,098	
Loan or Financing Lease - Principal Payments (+)	118,370	129,803	11,433	
<b>Net Financing Activity (D)</b>	<b>\$ (136,975)</b>	<b>\$ (119,444)</b>	<b>\$ 17,531</b>	<b>-12.8%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 11,572,434</b>	<b>\$ 13,392,901</b>	<b>\$ 1,820,467</b>	<b>15.7%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>20.82</b>	<b>23.64</b>	<b>2.82</b>	<b>13.5%</b>

# 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).<sup>12</sup> The Contractors & Consultants and Fixed Asset Additions budget includes

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<sup>12</sup> 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 pages 13–14.<sup>13</sup>

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.

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<sup>13</sup> 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.



2025 Business Plan and Budget Program Area and Department Detail

**Statement of Activities and Fixed Asset Additions  
2024 Budget and 2025 Budget  
Compliance Assurance and Organization Registration and Certification**

	2024 Budget	2025 Budget	\$ Inc(Dec) 2025 Budget v 2024 Budget	% Change 2025 Budget v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 14,096,283	\$ 15,354,364	\$ 1,258,081	
Penalties Released	179,580	-	(179,580)	
<b>Total NERC Funding</b>	<b>\$ 14,275,862</b>	<b>\$ 15,354,364</b>	<b>\$ 1,078,502</b>	<b>7.6%</b>
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	129,944	119,605	(10,339)	
<b>Total Funding (A)</b>	<b>\$ 14,405,806</b>	<b>\$ 15,473,969</b>	<b>\$ 1,068,163</b>	<b>7.4%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 5,521,888</b>	<b>\$ 5,940,332</b>	<b>\$ 418,444</b>	<b>7.6%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 127,000	\$ 146,100	\$ 19,100	
Travel	270,000	302,000	32,000	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 397,000</b>	<b>\$ 448,100</b>	<b>\$ 51,100</b>	<b>12.9%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 1,486,765</b>	<b>\$ 1,507,000</b>	<b>\$ 20,235</b>	<b>1.4%</b>
<b>Total Direct Expenses</b>	<b>\$ 7,405,653</b>	<b>\$ 7,895,432</b>	<b>\$ 489,779</b>	<b>6.6%</b>
<b>Indirect Expenses</b>	<b>\$ 6,509,614</b>	<b>\$ 6,855,038</b>	<b>\$ 345,424</b>	<b>5.3%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 32,804</b>	<b>\$ 53,385</b>	<b>\$ 20,581</b>	<b>62.7%</b>
<b>Total Expenses (B)</b>	<b>\$ 13,948,071</b>	<b>\$ 14,803,855</b>	<b>\$ 855,784</b>	<b>6.1%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 457,735</b>	<b>\$ 670,114</b>	<b>\$ 212,378</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 1,055,579</b>	<b>\$ 672,301</b>	<b>\$ (383,278)</b>	<b>-36.3%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (992,499)	\$ (471,059)	\$ 521,440	
Loan or Financing Lease - Principal Payments (+)	394,654	468,872	74,217	
<b>Net Financing Activity (D)</b>	<b>\$ (597,844)</b>	<b>\$ (2,188)</b>	<b>\$ 595,657</b>	<b>-99.6%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 14,405,806</b>	<b>\$ 15,473,969</b>	<b>\$ 1,068,163</b>	<b>7.4%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>21.62</b>	<b>22.56</b>	<b>0.94</b>	<b>4.3%</b>

## 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).<sup>14</sup> 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.

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<sup>14</sup> 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.

2025 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Compliance Enforcement				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget	2025 Budget
			v 2024 Budget	v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 8,343,924	\$ 9,209,978	\$ 866,054	
Penalties Released	109,309	-	(109,309)	
<b>Total NERC Funding</b>	<b>\$ 8,453,233</b>	<b>\$ 9,209,978</b>	<b>\$ 756,745</b>	<b>9.0%</b>
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	79,096	74,753	(4,343)	
<b>Total Funding (A)</b>	<b>\$ 8,532,329</b>	<b>\$ 9,284,731</b>	<b>\$ 752,402</b>	<b>8.8%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 2,777,001</b>	<b>\$ 3,101,618</b>	<b>\$ 324,617</b>	<b>11.7%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 7,150	\$ 7,800	\$ 650	
Travel	74,000	81,400	7,400	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 81,150</b>	<b>\$ 89,200</b>	<b>\$ 8,050</b>	<b>9.9%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 1,320,227</b>	<b>\$ 1,295,274</b>	<b>\$ (24,953)</b>	<b>-1.9%</b>
<b>Total Direct Expenses</b>	<b>\$ 4,178,378</b>	<b>\$ 4,486,092</b>	<b>\$ 307,713</b>	<b>7.4%</b>
<b>Indirect Expenses</b>	<b>\$ 3,962,374</b>	<b>\$ 4,284,399</b>	<b>\$ 322,025</b>	<b>8.1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 27,224</b>	<b>\$ 35,767</b>	<b>\$ 8,543</b>	<b>31.4%</b>
<b>Total Expenses (B)</b>	<b>\$ 8,167,976</b>	<b>\$ 8,806,257</b>	<b>\$ 638,281</b>	<b>7.8%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 364,353</b>	<b>\$ 478,473</b>	<b>\$ 114,120</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 682,744</b>	<b>\$ 339,407</b>	<b>\$ (343,337)</b>	<b>-50.3%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (650,257)	\$ (242,945)	\$ 407,312	
Loan or Financing Lease - Principal Payments (+)	331,866	382,011	50,145	
<b>Net Financing Activity (D)</b>	<b>\$ (318,391)</b>	<b>\$ 139,066</b>	<b>\$ 457,457</b>	<b>-143.7%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 8,532,329</b>	<b>\$ 9,284,731</b>	<b>\$ 752,402</b>	<b>8.8%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>13.16</b>	<b>14.10</b>	<b>0.94</b>	<b>7.1%</b>

## 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 *2025 Technology Requirements* 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.<sup>15</sup> 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.

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<sup>15</sup> 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.

2025 Business Plan and Budget Program Area and Department Detail

**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
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 22,473,405	\$ 25,145,024	\$ 2,671,618	
Penalties Released	285,766	-	(285,766)	
<b>Total NERC Funding</b>	<b>\$ 22,759,171</b>	<b>\$ 25,145,024</b>	<b>\$ 2,385,852</b>	<b>10.5%</b>
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	60,000	60,000	-	
Miscellaneous	-	-	-	
Interest & Investment Income	206,780	202,331	(4,448)	
<b>Total Funding (A)</b>	<b>\$ 23,025,951</b>	<b>\$ 25,407,355</b>	<b>\$ 2,381,404</b>	<b>10.3%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 8,826,161</b>	<b>\$ 10,099,194</b>	<b>\$ 1,273,034</b>	<b>14.4%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 257,250	\$ 244,350	\$ (12,900)	
Travel	398,600	455,000	56,400	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 655,850</b>	<b>\$ 699,350</b>	<b>\$ 43,500</b>	<b>6.6%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 2,767,406</b>	<b>\$ 2,162,477</b>	<b>\$ (604,929)</b>	<b>-21.9%</b>
<b>Total Direct Expenses</b>	<b>\$ 12,249,417</b>	<b>\$ 12,961,022</b>	<b>\$ 711,605</b>	<b>5.8%</b>
<b>Indirect Expenses</b>	<b>\$ 10,358,777</b>	<b>\$ 11,596,439</b>	<b>\$ 1,237,662</b>	<b>11.9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 33,650</b>	<b>\$ 53,255</b>	<b>\$ 19,605</b>	<b>58.3%</b>
<b>Total Expenses (B)</b>	<b>\$ 22,641,844</b>	<b>\$ 24,610,716</b>	<b>\$ 1,968,872</b>	<b>8.7%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 384,107</b>	<b>\$ 796,639</b>	<b>\$ 412,532</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 1,239,531</b>	<b>\$ 1,447,806</b>	<b>\$ 208,275</b>	<b>16.8%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (1,142,794)	\$ (982,856)	\$ 159,939	
Loan or Financing Lease - Principal Payments (+)	287,371	331,689	44,318	
<b>Net Financing Activity (D)</b>	<b>\$ (855,423)</b>	<b>\$ (651,167)</b>	<b>\$ 204,257</b>	<b>-23.9%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 23,025,951</b>	<b>\$ 25,407,355</b>	<b>\$ 2,381,404</b>	<b>10.3%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>34.40</b>	<b>38.16</b>	<b>3.76</b>	<b>10.9%</b>



## 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 pages 13–14. 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.



2025 Business Plan and Budget Program Area and Department Detail

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
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 6,492,537	\$ 6,963,309	\$ 470,772	
Penalties Released	71,051	-	(71,051)	
<b>Total NERC Funding</b>	<b>\$ 6,563,588</b>	<b>\$ 6,963,309</b>	<b>\$ 399,721</b>	<b>6.1%</b>
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	51,412	45,350	(6,062)	
<b>Total Funding (A)</b>	<b>\$ 6,615,001</b>	<b>\$ 7,008,659</b>	<b>\$ 393,658</b>	<b>6.0%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 2,171,227</b>	<b>\$ 2,201,897</b>	<b>\$ 30,669</b>	<b>1.4%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 71,000	\$ 71,330	\$ 330	
Travel	18,700	19,261	561	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 89,700</b>	<b>\$ 90,591</b>	<b>\$ 891</b>	<b>1.0%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 1,631,113</b>	<b>\$ 1,838,885</b>	<b>\$ 207,772</b>	<b>12.7%</b>
<b>Total Direct Expenses</b>	<b>\$ 3,892,040</b>	<b>\$ 4,131,373</b>	<b>\$ 239,332</b>	<b>6.1%</b>
<b>Indirect Expenses</b>	<b>\$ 2,575,543</b>	<b>\$ 2,599,202</b>	<b>\$ 23,659</b>	<b>0.9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 21,842</b>	<b>\$ 7,047</b>	<b>\$ (14,795)</b>	<b>-67.7%</b>
<b>Total Expenses (B)</b>	<b>\$ 6,489,425</b>	<b>\$ 6,737,622</b>	<b>\$ 248,196</b>	<b>3.8%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 125,575</b>	<b>\$ 271,037</b>	<b>\$ 145,462</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 215,034</b>	<b>\$ 617,574</b>	<b>\$ 402,540</b>	<b>187.2%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (200,301)	\$ (409,667)	\$ (209,366)	
Loan or Financing Lease - Principal Payments (+)	110,843	63,131	(47,712)	
<b>Net Financing Activity (D)</b>	<b>\$ (89,458)</b>	<b>\$ (346,536)</b>	<b>\$ (257,078)</b>	<b>287.4%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 6,615,001</b>	<b>\$ 7,008,659</b>	<b>\$ 393,658</b>	<b>6.0%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>8.55</b>	<b>8.55</b>	<b>0.00</b>	<b>0.0%</b>

## 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 pages 13–14.<sup>16</sup>

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.

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<sup>16</sup> 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.

2025 Business Plan and Budget Program Area and Department Detail

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

## 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, including 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).<sup>17</sup> 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.

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<sup>17</sup> 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 stakeholder engagement and program services support 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 *2025 Technology Requirements* 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 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.

2025 Business Plan and Budget Program Area and Department Detail

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	2025 Budget
			v 2024 Budget	v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 29,777,134	\$ 32,459,782	\$ 2,682,648	
Penalties Released	402,492	-	(402,492)	
<b>Total NERC Funding</b>	<b>\$ 30,179,627</b>	<b>\$ 32,459,782</b>	<b>\$ 2,280,155</b>	<b>7.6%</b>
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	
<b>Total Funding (A)</b>	<b>\$ 41,053,573</b>	<b>\$ 43,795,084</b>	<b>\$ 2,741,510</b>	<b>6.7%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 13,072,503</b>	<b>\$ 14,032,057</b>	<b>\$ 959,554</b>	<b>7.3%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 208,000	\$ 154,254	\$ (53,746)	
Travel	275,000	325,421	50,421	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 483,000</b>	<b>\$ 479,675</b>	<b>\$ (3,326)</b>	<b>-0.7%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 12,440,651</b>	<b>\$ 13,489,341</b>	<b>\$ 1,048,689</b>	<b>8.4%</b>
<b>Total Direct Expenses</b>	<b>\$ 25,996,155</b>	<b>\$ 28,001,073</b>	<b>\$ 2,004,918</b>	<b>7.7%</b>
<b>Indirect Expenses</b>	<b>\$ 14,590,026</b>	<b>\$ 15,263,944</b>	<b>\$ 673,918</b>	<b>4.6%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 8,791</b>	<b>\$ 2,194</b>	<b>\$ (6,597)</b>	<b>-75.0%</b>
<b>Total Expenses (B)</b>	<b>\$ 40,594,972</b>	<b>\$ 43,267,210</b>	<b>\$ 2,672,238</b>	<b>6.6%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 458,601</b>	<b>\$ 527,873</b>	<b>\$ 69,272</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 790,658</b>	<b>\$ 679,600</b>	<b>\$ (111,058)</b>	<b>-14.0%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (623,967)	\$ (432,537)	\$ 191,430	
Loan or Financing Lease - Principal Payments (+)	291,911	280,811	(11,100)	
<b>Net Financing Activity (D)</b>	<b>\$ (332,056)</b>	<b>\$ (151,726)</b>	<b>\$ 180,330</b>	<b>-54.3%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 41,053,574</b>	<b>\$ 43,795,084</b>	<b>\$ 2,741,510</b>	<b>6.7%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>48.46</b>	<b>49.98</b>	<b>1.52</b>	<b>3.1%</b>

2025 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
E-ISAC Only				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget	2025 Budget
			v 2024 Budget	v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 27,299,969	\$ 29,980,100	\$ 2,680,132	
Penalties Released	346,276	-	(346,276)	
<b>Total NERC Funding</b>	<b>\$ 27,646,245</b>	<b>\$ 29,980,100</b>	<b>\$ 2,333,855</b>	<b>8.4%</b>
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)	
<b>Total Funding (A)</b>	<b>\$ 28,256,810</b>	<b>\$ 30,732,391</b>	<b>\$ 2,475,581</b>	<b>8.8%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 11,292,236</b>	<b>\$ 12,394,552</b>	<b>\$ 1,102,315</b>	<b>9.8%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 100,000	\$ 24,254	\$ (75,746)	
Travel	237,000	280,421	43,421	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 337,000</b>	<b>\$ 304,675</b>	<b>\$ (32,325)</b>	<b>-9.6%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 3,788,396</b>	<b>\$ 4,383,772</b>	<b>\$ 595,376</b>	<b>15.7%</b>
<b>Total Direct Expenses</b>	<b>\$ 15,417,632</b>	<b>\$ 17,082,998</b>	<b>\$ 1,665,366</b>	<b>10.8%</b>
<b>Indirect Expenses</b>	<b>\$ 12,552,234</b>	<b>\$ 13,315,396</b>	<b>\$ 763,162</b>	<b>6.1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 8,791</b>	<b>\$ 2,194</b>	<b>\$ (6,597)</b>	<b>-75.0%</b>
<b>Total Expenses (B)</b>	<b>\$ 27,978,657</b>	<b>\$ 30,400,589</b>	<b>\$ 2,421,932</b>	<b>8.7%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 278,153</b>	<b>\$ 331,803</b>	<b>\$ 53,650</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 564,389</b>	<b>\$ 466,200</b>	<b>\$ (98,189)</b>	<b>-17.4%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (540,966)	\$ (380,001)	\$ 160,965	
Loan or Financing Lease - Principal Payments (+)	254,729	245,603	(9,126)	
<b>Net Financing Activity (D)</b>	<b>\$ (286,236)</b>	<b>\$ (134,398)</b>	<b>\$ 151,839</b>	<b>-53.0%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 28,256,810</b>	<b>\$ 30,732,391</b>	<b>\$ 2,475,581</b>	<b>8.8%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>41.69</b>	<b>43.58</b>	<b>1.89</b>	<b>4.5%</b>



2025 Business Plan and Budget Program Area and Department Detail

Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
CRISP Only				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget	2025 Budget
			v 2024 Budget	v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ 2,477,166	\$ 2,479,682	\$ 2,516	
Penalties Released	56,216	-	(56,216)	
<b>Total NERC Funding</b>	<b>\$ 2,533,382</b>	<b>\$ 2,479,682</b>	<b>\$ (53,700)</b>	<b>-2.1%</b>
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	
<b>Total Funding (A)</b>	<b>\$ 12,796,764</b>	<b>\$ 13,062,692</b>	<b>\$ 265,929</b>	<b>2.1%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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)	
<b>Total Personnel Expenses</b>	<b>\$ 1,780,267</b>	<b>\$ 1,637,505</b>	<b>\$ (142,762)</b>	<b>-8.0%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 108,000	\$ 130,000	\$ 22,000	
Travel	38,000	45,000	7,000	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 146,000</b>	<b>\$ 175,000</b>	<b>\$ 29,000</b>	<b>19.9%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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)	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 8,652,256</b>	<b>\$ 9,105,569</b>	<b>\$ 453,313</b>	<b>5.2%</b>
<b>Total Direct Expenses</b>	<b>\$ 10,578,523</b>	<b>\$ 10,918,074</b>	<b>\$ 339,552</b>	<b>3.2%</b>
<b>Indirect Expenses</b>	<b>\$ 2,037,792</b>	<b>\$ 1,948,547</b>	<b>\$ (89,245)</b>	<b>-4.4%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>#DIV/0!</b>
<b>Total Expenses (B)</b>	<b>\$ 12,616,315</b>	<b>\$ 12,866,622</b>	<b>\$ 250,307</b>	<b>2.0%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 180,449</b>	<b>\$ 196,071</b>	<b>\$ 15,622</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 226,268</b>	<b>\$ 213,399</b>	<b>\$ (12,869)</b>	<b>-5.7%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (83,002)	\$ (52,536)	\$ 30,465	
Loan or Financing Lease - Principal Payments (+)	37,182	35,208	(1,974)	
<b>Net Financing Activity (D)</b>	<b>\$ (45,820)</b>	<b>\$ (17,329)</b>	<b>\$ 28,491</b>	<b>-62.2%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 12,796,764</b>	<b>\$ 13,062,692</b>	<b>\$ 265,929</b>	<b>2.1%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>6.77</b>	<b>6.40</b>	<b>(0.37)</b>	<b>-5.4%</b>



## 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.

2025 Business Plan and Budget Program Area and Department Detail

**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
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	-	
<b>Total NERC Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Third-Party Funding</b>				
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	
<b>Total Funding (A)</b>	<b>\$ 1,836,086</b>	<b>\$ 2,626,092</b>	<b>\$ 790,006</b>	<b>43.0%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 497,633</b>	<b>\$ 525,694</b>	<b>\$ 28,061</b>	<b>5.6%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 72,000	\$ 40,000	\$ (32,000)	
Travel	23,500	10,600	(12,900)	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 95,500</b>	<b>\$ 50,600</b>	<b>\$ (44,900)</b>	<b>-47.0%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ 782,260	\$ 425,078	\$ (357,182)	
Office Rent	-	-	-	
Office Costs	177,458	266,159	88,701	
Professional Services	-	-	-	
Miscellaneous	300	300	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 960,018</b>	<b>\$ 691,537</b>	<b>\$ (268,481)</b>	<b>-28.0%</b>
<b>Total Direct Expenses</b>	<b>\$ 1,553,151</b>	<b>\$ 1,267,831</b>	<b>\$ (285,320)</b>	<b>-18.4%</b>
<b>Indirect Expenses</b>	<b>\$ 863,231</b>	<b>\$ 871,161</b>	<b>\$ 7,930</b>	<b>0.9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 1,704</b>	<b>\$ 30,900</b>	<b>\$ 29,196</b>	<b>1713.6%</b>
<b>Total Expenses (B)</b>	<b>\$ 2,418,086</b>	<b>\$ 2,169,892</b>	<b>\$ (248,194)</b>	<b>-10.3%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (582,000)</b>	<b>\$ 456,200</b>	<b>\$ 1,038,200</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 36,544</b>	<b>\$ 828,346</b>	<b>\$ 791,802</b>	<b>2166.7%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ (35,160)	\$ (823,489)	\$ (788,329)	
Loan or Financing Lease - Principal Payments (+)	20,731	82,169	61,438	
<b>Net Financing Activity (D)</b>	<b>\$ (14,430)</b>	<b>\$ (741,321)</b>	<b>\$ (726,891)</b>	<b>5037.5%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ 2,440,201</b>	<b>\$ 2,256,918</b>	<b>\$ (183,283)</b>	<b>-7.5%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ (604,115)</b>	<b>\$ 369,174</b>	<b>\$ 973,289</b>	
<b>FTEs</b>	<b>2.87</b>	<b>2.87</b>	<b>0.00</b>	<b>0.0%</b>

## 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.<sup>18</sup> 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 related to new technology systems

### 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.

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

## 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.

### Method 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 by 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
<b>Total Corporate Services</b>	<b>\$ 48,939,686</b>	<b>\$ 52,775,675</b>	<b>\$ 3,835,989</b>	<b>91.76</b>	<b>94.16</b>	<b>2.40</b>

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

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.<sup>19</sup> 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.

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<sup>19</sup> 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 areas of Sustainability and Agility, 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

2025 Business Plan and Budget Program Area and Department Detail

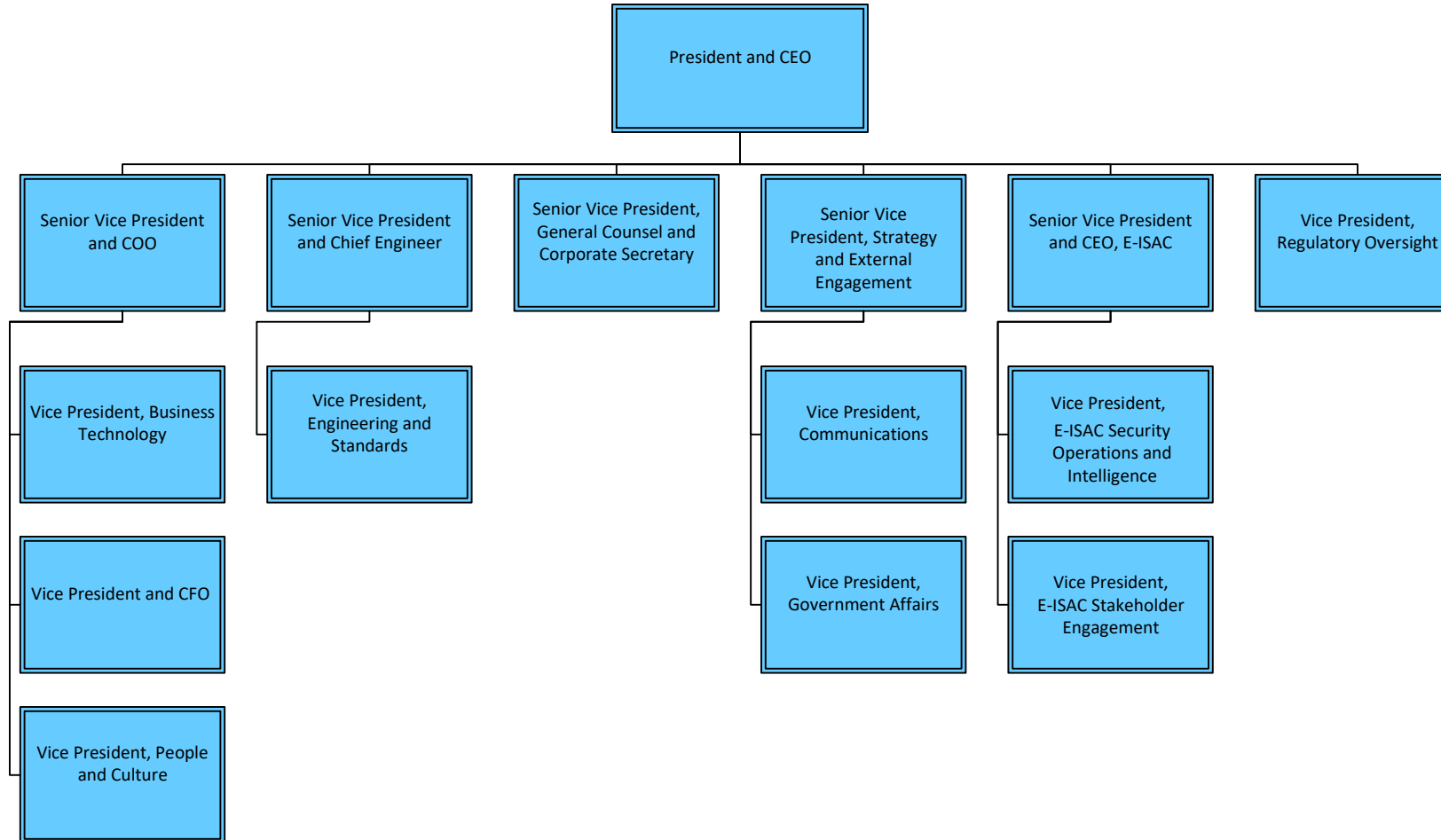
Statement of Activities and Fixed Asset Additions				
2024 Budget and 2025 Budget				
Corporate Services				
	2024	2025	\$ Inc(Dec)	% Change
	Budget	Budget	2025 Budget	2025 Budget
			v 2024 Budget	v 2024 Budget
<b>Funding</b>				
<b>NERC Funding</b>				
NERC Assessments	\$ (1,300,000)	\$ (300,000)	\$ 1,000,000	
Penalties Released	-	-	-	
<b>Total NERC Funding</b>	<b>\$ (1,300,000)</b>	<b>\$ (300,000)</b>	<b>\$ 1,000,000</b>	<b>-76.9%</b>
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	-	-	-	
<b>Total Funding (A)</b>	<b>\$ (1,300,000)</b>	<b>\$ (300,000)</b>	<b>\$ 1,000,000</b>	<b>-76.9%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
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	
<b>Total Personnel Expenses</b>	<b>\$ 25,783,622</b>	<b>\$ 27,561,791</b>	<b>\$ 1,778,169</b>	<b>6.9%</b>
<b>Meetings &amp; Travel Expenses</b>				
Meetings & Conference Calls	\$ 519,400	\$ 723,800	\$ 204,400	
Travel	822,200	783,000	(39,200)	
<b>Total Meetings &amp; Travel Expenses</b>	<b>\$ 1,341,600</b>	<b>\$ 1,506,800</b>	<b>\$ 165,200</b>	<b>12.3%</b>
<b>Operating Expenses, excluding Depreciation</b>				
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	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 20,524,532</b>	<b>\$ 22,102,937</b>	<b>\$ 1,578,405</b>	<b>7.7%</b>
<b>Total Direct Expenses</b>	<b>\$ 47,649,754</b>	<b>\$ 51,171,528</b>	<b>\$ 3,521,774</b>	<b>7.4%</b>
<b>Indirect Expenses</b>	<b>\$ (47,987,176)</b>	<b>\$ (51,538,519)</b>	<b>\$ (3,551,344)</b>	<b>7.4%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 337,422</b>	<b>\$ 366,991</b>	<b>\$ 29,570</b>	<b>0.0%</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (1,300,000)</b>	<b>\$ (300,000)</b>	<b>\$ 1,000,000</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Financing Activity</b>				
Loan or Financing Lease - Borrowing (-)	\$ -	\$ -	\$ -	
Loan or Financing Lease - Principal Payments (+)	-	-	-	
<b>Net Financing Activity (D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Budget (=B+C+D)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Change in Working Capital (=A-B-C-D)</b>	<b>\$ (1,300,000)</b>	<b>\$ (300,000)</b>	<b>\$ 1,000,000</b>	
FTEs	91.76	94.16	2.40	2.6%

## **Non-Statutory Activity**

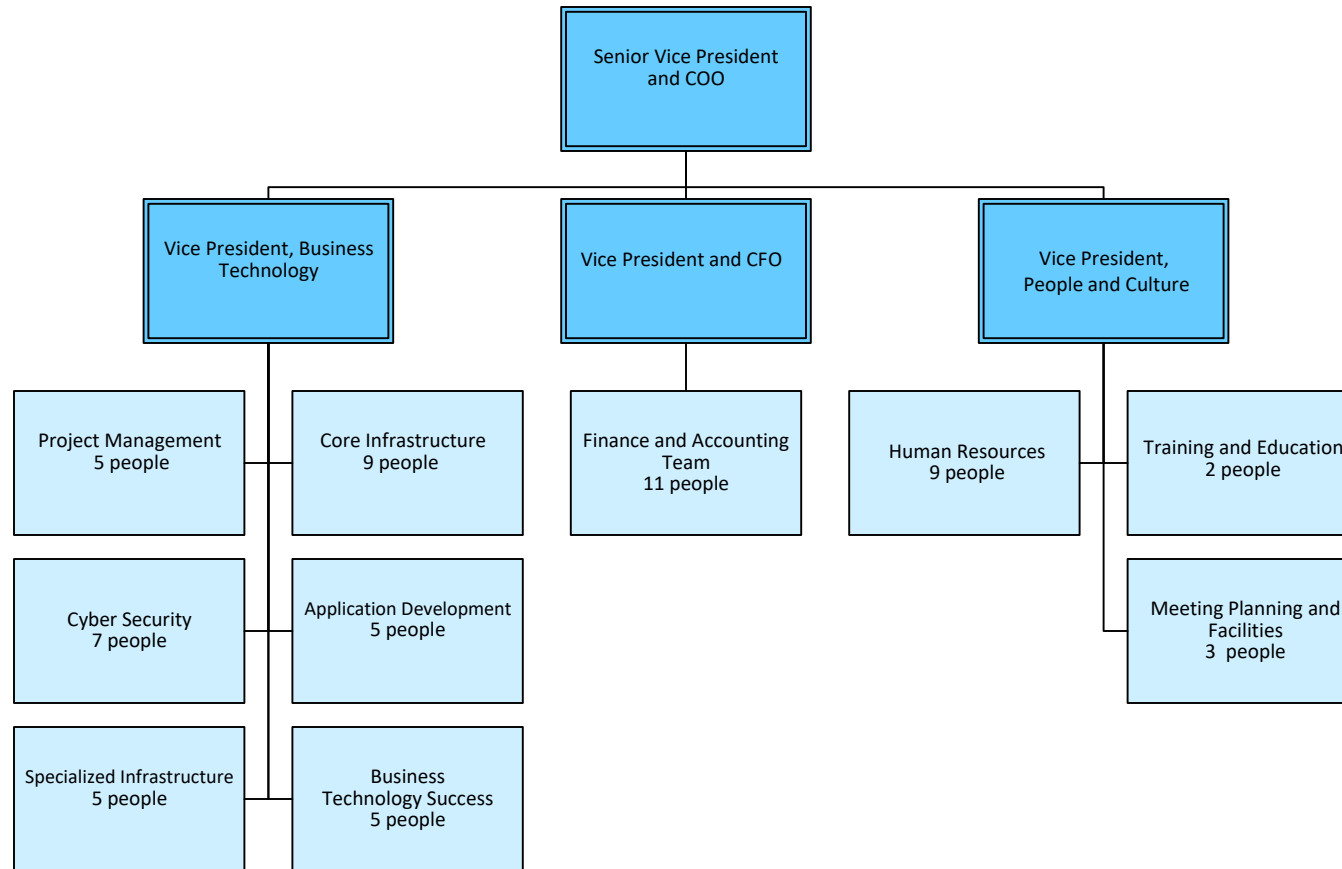
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NERC has no non-statutory activities.

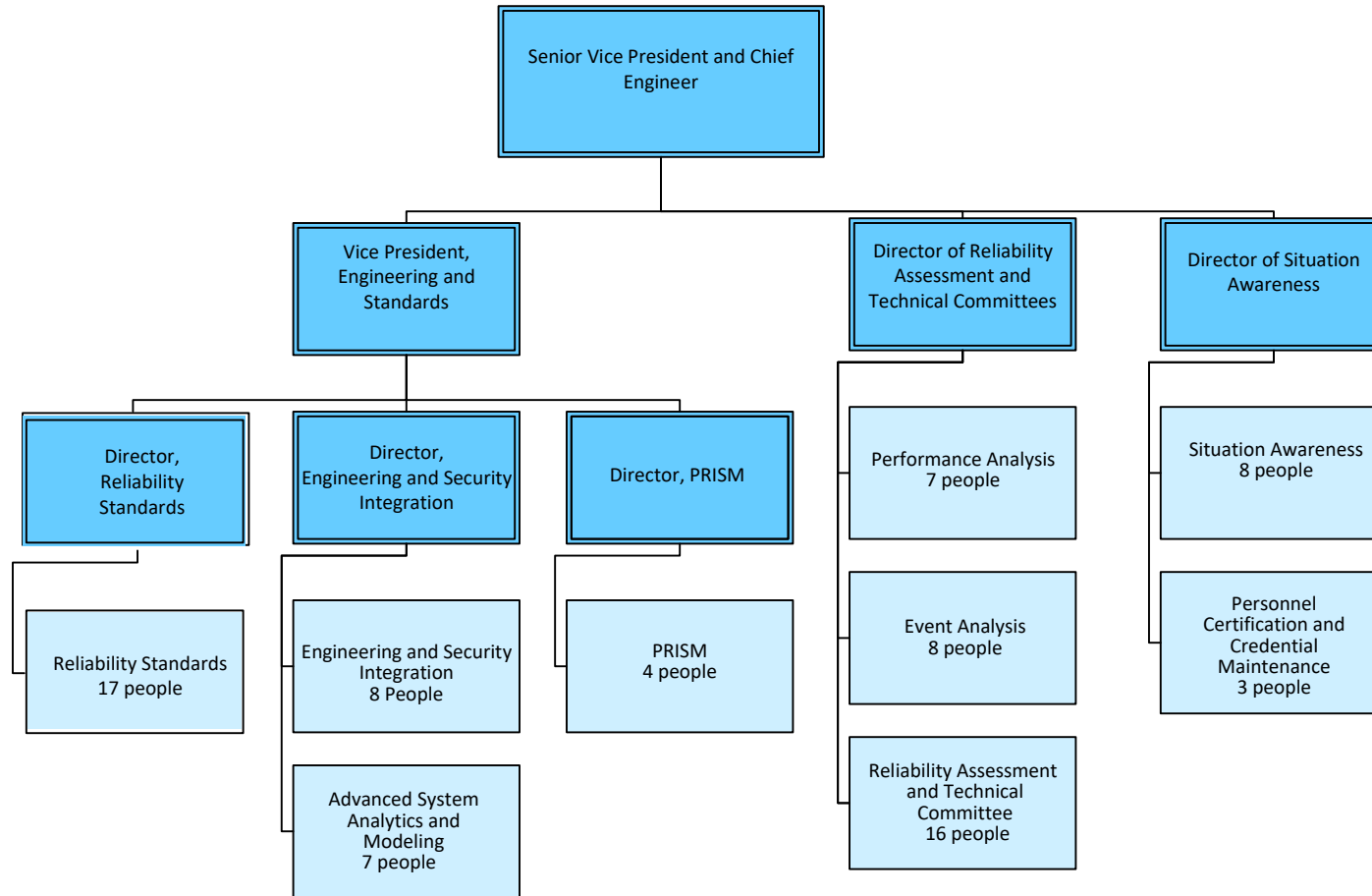
# NERC Staff Organization Chart – Budget 2025



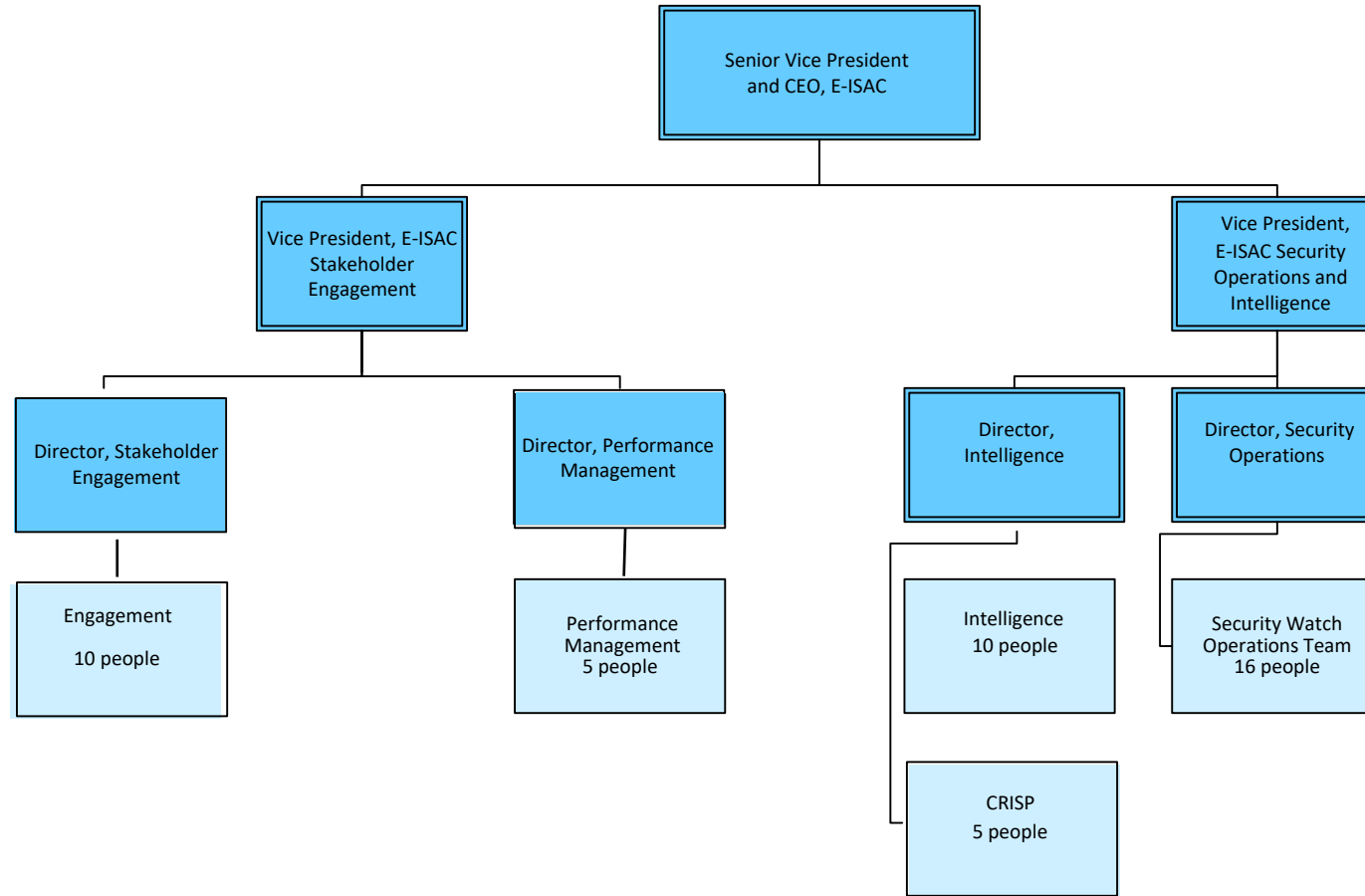
## Business Technology, Finance & Accounting, and HR & Administration



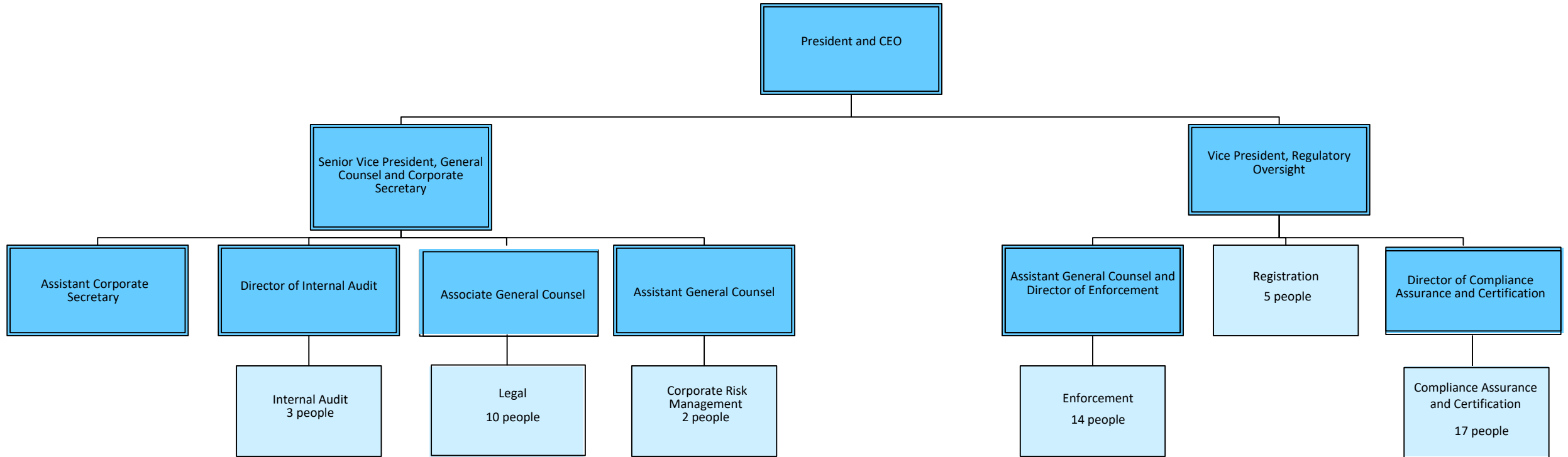
# Reliability Standards & PRISM, RAPA, Situation Awareness, and Personnel Certification and Credential Maintenance



# Electricity Information Sharing and Analysis Center

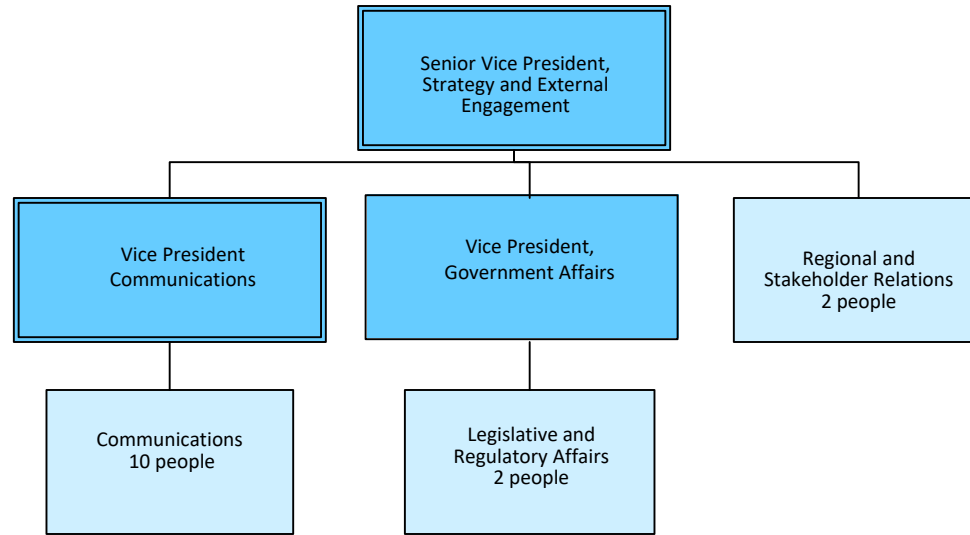


# Legal and Regulatory, Internal Audit, Corporate Risk Management, Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement





## 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		Personnel Certification and Credential Management		Reliability Assessment and Performance Analysis		Situation Awareness		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	Certification	Event Analysis	Compliance Enforcement	Credential Management	Training and Education	Performance Analysis	Awareness	E-Risk (Including CRSP)	Executive and External Affairs	Internal Audit and Corporate Risk Management	Business Technology	Human Resources and Administration	Finance and Accounting					
<b>STATUTORY</b>																				
<b>Funding</b>																				
<b>ERO Funding</b>																				
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total NERC Funding</b>	<b>\$ 108,424,741</b>	<b>\$ 13,267,565</b>	<b>\$ 15,354,364</b>	<b>\$ 5,137,365</b>	<b>\$ 9,209,978</b>	<b>\$ -</b>	<b>\$ 1,187,355</b>	<b>\$ 25,145,024</b>	<b>\$ 6,963,309</b>	<b>\$ 32,459,782</b>	<b>\$ (300,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Third-Party Funding	\$ 10,223,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,223,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Testing Fees	\$ 2,576,092	\$ -	\$ -	\$ -	\$ -	\$ 2,576,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ 580,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest & Investment Income	\$ 1,200,000	\$ 125,336	\$ 119,605	\$ 40,367	\$ 74,753	\$ 50,000	\$ 9,967	\$ 202,331	\$ 45,350	\$ 532,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Funding (A)</b>	<b>\$ 123,063,843</b>	<b>\$ 13,392,901</b>	<b>\$ 15,473,969</b>	<b>\$ 5,177,731</b>	<b>\$ 9,284,731</b>	<b>\$ 2,626,092</b>	<b>\$ 1,197,322</b>	<b>\$ 25,407,355</b>	<b>\$ 7,008,659</b>	<b>\$ 43,795,084</b>	<b>\$ (300,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>																				
<b>Personnel Expenses</b>																				
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	\$ 88,655	\$ 146,333	\$ 27,868	\$ 19,807	\$ 421,646	\$ 91,452	\$ 569,764	\$ 232,148	\$ 189,641	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Personnel Expenses</b>	<b>\$ 71,535,308</b>	<b>\$ 5,480,273</b>	<b>\$ 5,940,332</b>	<b>\$ 2,207,491</b>	<b>\$ 3,101,618</b>	<b>\$ 525,694</b>	<b>\$ 384,961</b>	<b>\$ 10,999,194</b>	<b>\$ 2,201,897</b>	<b>\$ 14,032,057</b>	<b>\$ 6,985,966</b>	<b>\$ 4,930,904</b>	<b>\$ 1,148,104</b>	<b>\$ 3,406,617</b>	<b>\$ 2,609,916</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Meetings and Travel Expenses</b>																				
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	\$ 303,000	\$ 91,000	\$ 81,400	\$ 10,600	\$ 3,500	\$ 455,000	\$ 19,261	\$ 325,221	\$ 397,000	\$ 124,000	\$ 29,200	\$ 75,000	\$ 56,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Meetings and Travel Expenses</b>	<b>\$ 3,816,815</b>	<b>\$ 266,000</b>	<b>\$ 449,100</b>	<b>\$ 181,000</b>	<b>\$ 89,200</b>	<b>\$ 50,600</b>	<b>\$ 5,500</b>	<b>\$ 699,350</b>	<b>\$ 90,591</b>	<b>\$ 479,475</b>	<b>\$ 947,500</b>	<b>\$ 134,000</b>	<b>\$ 32,200</b>	<b>\$ 105,000</b>	<b>\$ 61,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses, excluding Depreciation</b>																				
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	\$ 14,934,417	\$ 70,724	\$ 649,827	\$ 16,200	\$ 608,651	\$ 266,159	\$ 131,400	\$ 1,094,377	\$ 1,591,485	\$ 1,946,779	\$ 531,651	\$ 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	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 43,908,676</b>	<b>\$ 261,624</b>	<b>\$ 1,507,000</b>	<b>\$ 337,500</b>	<b>\$ 1,295,274</b>	<b>\$ 691,537</b>	<b>\$ 222,100</b>	<b>\$ 2,162,477</b>	<b>\$ 1,838,885</b>	<b>\$ 13,489,341</b>	<b>\$ 6,469,788</b>	<b>\$ 945,115</b>	<b>\$ 262,920</b>	<b>\$ 1,585,150</b>	<b>\$ 798,971</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 119,260,799</b>	<b>\$ 6,007,897</b>	<b>\$ 7,895,432</b>	<b>\$ 2,725,991</b>	<b>\$ 4,486,092</b>	<b>\$ 1,267,831</b>	<b>\$ 612,561</b>	<b>\$ 12,961,022</b>	<b>\$ 4,131,373</b>	<b>\$ 28,001,073</b>	<b>\$ 14,403,253</b>	<b>\$ 6,010,019</b>	<b>\$ 1,440,224</b>	<b>\$ 5,096,767</b>	<b>\$ 3,469,887</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ 7,183,508</b>	<b>\$ 6,855,038</b>	<b>\$ 2,313,575</b>	<b>\$ 4,284,399</b>	<b>\$ 871,161</b>	<b>\$ 571,253</b>	<b>\$ 11,596,439</b>	<b>\$ 2,599,202</b>	<b>\$ 15,269,944</b>	<b>\$ (14,559,253)</b>	<b>\$ (6,010,019)</b>	<b>\$ (1,505,938)</b>	<b>\$ (5,103,415)</b>	<b>\$ (3,479,860)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>	<b>\$ 564,000</b>	<b>\$ -</b>	<b>\$ 53,385</b>	<b>\$ 14,460</b>	<b>\$ 35,767</b>	<b>\$ 30,900</b>	<b>\$ -</b>	<b>\$ 53,255</b>	<b>\$ 7,047</b>	<b>\$ 2,194</b>	<b>\$ 156,000</b>	<b>\$ -</b>	<b>\$ 62,714</b>	<b>\$ 6,648</b>	<b>\$ 9,973</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 119,824,799</b>	<b>\$ 13,191,406</b>	<b>\$ 14,803,855</b>	<b>\$ 5,054,026</b>	<b>\$ 8,806,257</b>	<b>\$ 2,169,892</b>	<b>\$ 1,183,815</b>	<b>\$ 24,610,716</b>	<b>\$ 6,737,622</b>	<b>\$ 43,267,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Assets (A-B)</b>	<b>\$ 3,239,045</b>	<b>\$ 201,495</b>	<b>\$ 670,114</b>	<b>\$ 123,705</b>	<b>\$ 478,473</b>	<b>\$ 456,200</b>	<b>\$ 13,507</b>	<b>\$ 796,639</b>	<b>\$ 271,037</b>	<b>\$ 527,873</b>	<b>\$ (300,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 5,098,590</b>	<b>\$ 320,939</b>	<b>\$ 672,301</b>	<b>\$ 174,030</b>	<b>\$ 339,407</b>	<b>\$ 828,346</b>	<b>\$ 18,588</b>	<b>\$ 1,447,806</b>	<b>\$ 617,574</b>	<b>\$ 679,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Financing Activity</b>																				
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	\$ 331,680	\$ 63,131	\$ 280,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Financing Activity (D)</b>	<b>\$ (1,928,720)</b>	<b>\$ (119,444)</b>	<b>\$ (2,188)</b>	<b>\$ (50,324)</b>	<b>\$ (139,066)</b>	<b>\$ (741,321)</b>	<b>\$ (5,080)</b>	<b>\$ (651,167)</b>	<b>\$ (346,536)</b>	<b>\$ (151,726)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Budget (B+C+D)</b>	<b>\$ 122,994,669</b>	<b>\$ 13,392,901</b>	<b>\$ 15,473,969</b>	<b>\$ 5,177,731</b>	<b>\$ 9,284,731</b>	<b>\$ 2,256,918</b>	<b>\$ 1,197,322</b>	<b>\$ 25,407,355</b>	<b>\$ 7,008,659</b>	<b>\$ 43,795,084</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Working Capital (A-B-C-D)</b>	<b>\$ 69,174</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 369,174</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (300,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FTEs</b>	<b>263.51</b>	<b>23.64</b>	<b>22.56</b>	<b>7.61</b>	<b>14.10</b>	<b>2.87</b>	<b>1.88</b>	<b>38.16</b>	<b>8.55</b>	<b>49.98</b>	<b>19.74</b>	<b>15.98</b>	<b>2.04</b>	<b>12.22</b>	<b>11.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Application of NERC Section 215 Criteria

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## 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

### I. Introduction

This Exhibit discusses how the major activities in NERC’s 2025 Business Plan and Budget meet the NERC written criteria for determining whether a reliability activity is eligible to be funded under §215 of the Federal Power Act (FPA §215). This Exhibit is intended to satisfy Recommendation No. 38 resulting from the financial performance review of NERC conducted by the Federal Energy Regulatory Commission’s (Commission’s) Division of Audits (DA) in 2012–2013 and adopted by the Commission in its November 2, 2012 order on NERC’s 2013 Business Plan and Budget.<sup>20</sup> NERC submitted the written criteria to the Commission in a compliance filing dated February 21, 2013 in Docket No. FA11-21-000.<sup>21</sup> The Commission approved the NERC written criteria, with modifications, in an order issued in that docket on April 18, 2013.<sup>22</sup> The NERC written criteria as used in this Exhibit incorporate the modifications specified in the Compliance Order.<sup>23</sup>

### II. Reliability Standards and Power Risk Issue Strategic Management 2025 Major Activities

The major activities of Reliability Standards and Power Risk Issue Strategic Management (PRISM) are described at pages 31-32 of the 2025 Business Plan and Budget. Reliability Standards carries out the ERO’s statutory responsibility to develop, modify, adopt, and obtain approval of mandatory Reliability Standards to assure the Bulk Electric System (BES) is planned, operated, maintained, and secured to minimize risks of cascading failures, avoid damage to major equipment, or limit interruptions. The Reliability Standards department delivers high-quality risk-based Reliability Standards, facilitates continent-wide industry engagement, and supports regulatory filings. Reliability Standards focuses on a risk-based approach to its projects, including ensuring that 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. The major activity of PRISM is to leverage in-house expertise on Reliability Standards and standards development to implement cross-cutting efforts among NERC functions and the NERC standing and technical committees. The PRISM group develops, supports, and prioritizes the ERO Risk Registry. The PRISM group provides in-house training on Reliability Standards and conducts statistical analyses concerning the results of standards to identify potential weaknesses, redundancies, and overall necessity.

The major activities for the Reliability Standards group for 2025 include developing a more nimble standard-setting process that honors the important role of stakeholders in standards development; addressing cyber security risk 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 FERC directives, orders or special reports; revising the Standard Processes Manual to allow for a more agile standards development process; and implementing a project prioritization process.

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<sup>20</sup> *North American Electric Reliability Corporation, Order Accepting 2013 Business Plan and Budget of the North American Electric Reliability Corporation and Ordering Compliance Filing*, 141 FERC ¶ 61,086 (2012) (“2013 Budget Order”). Recommendation 38, as adopted in the 2013 Budget Order, is: “In its annual business plan and budget filings, [NERC should] provide an explanation as to why the proposed activities to be undertaken by each program area for the budget year are statutory, including, at a minimum: a description and the purpose of the major activities to be taken by each program area and an explanation for why the activity is a statutory activity.” *Id.* at P 16.

<sup>21</sup> *Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraph 30 of November 2, 2012 Commission Order – NERC Written Criteria for Determining Whether a Reliability Activity is Eligible to be Funded Under Federal Power Act Section 215*, filed February 1, 2013 in Docket No. FA 11-21-000.

<sup>22</sup> *North American Electric Reliability Corporation, Order on Compliance*, 143 FERC ¶ 61,052 (2013) (“Compliance Order”).

<sup>23</sup> For ease of reference, the complete NERC written criteria, as modified in accordance with the Compliance Order, are provided at the end of this Exhibit.

The major activities of the PRISM group for 2025 include continuing the efforts of the Energy Reliability Assessment Task Force (ERATF) 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; and owning the Reliability Risk Framework and any necessary updates.

The major activities of the Reliability Standards and PRISM program satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC Rules of Procedure (ROP)?
- I.B: Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?
- I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated?
- I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures, and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, (iii) industry personnel?
- II.F.1: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
- IV: Is the activity one that was required or directed by a Commission order issued pursuant to §215? (Reliability Standards development projects are often initiated in response to directives in Commission orders).
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for the Reliability Standards Program are §300 and Appendix 3A.)
- IX: Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

### **III. Compliance Assurance and Organization Registration and Certification and Compliance Enforcement 2025 Major Activities**

The major activities of Compliance Assurance and Organization Registration and Certification and Compliance Enforcement are described on pages 34 and 37 of the 2025 Business Plan and Budget.

Compliance Assurance works collaboratively with the Regional Entities to ensure effective implementation of risk-based compliance monitoring under the Compliance Monitoring and Enforcement Program (CMEP). Compliance

Assurance ensures that Regional Entities monitor registered entities for compliance according to each entity's facts and circumstances, including the entity's inherent risks, controls to mitigate inherent risks, and other factors such as risk elements and entity performance, in order to allow for appropriate allocation of resources to issues that pose a higher level of risk to the reliability of the BPS.

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 all 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.

The major activities of Compliance Assurance and Organization Registration and Certification for 2025 include: continuing efforts to address inverter-based resources; continuing to evaluate supply chain and cold weather standards effectiveness; enhancing outreach to stakeholder and policy organizations and leveraging work of others; developing meaningful oversight activities and objectives; and continuing efforts to streamline risk-based CMEP activities and tools. Organization Registration will be involved in the Entity Facility Registry, Enterprise Analytics, and Inverter Based Resources projects described on pages 13-14 of the 2025 Business Plan and Budget.

Compliance Enforcement is responsible for overseeing enforcement processes, the application of Penalties or sanctions, and activities to mitigate and prevent recurrence of noncompliance with Reliability Standards. Compliance Enforcement works collaboratively with the Regional Entities to ensure consistent and effective implementation of the risk-based CMEP. It also focuses on ensuring that the ERO Enterprise dedicates resources to the matters that pose the greatest risk to reliability. The major activities of Compliance Enforcement for 2025 include continuing efforts to improve agility, efficiencies, and consistency in enforcement activities; continuing efforts to use a risk-based approach to processing noncompliances; providing and analyzing semiannual metrics on enforcement data; enhancing outreach to stakeholder/policy organizations; and ensuring meaningful oversight activities.

The major activities of Compliance Assurance, Organization Registration and Certification, and Compliance Enforcement satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
- I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated?
- II. Is the activity necessary or appropriate for the monitoring and enforcement of compliance with Reliability Standards?
  - A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the BPS that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
  - B: Is the activity necessary or appropriate for the Certification of RCs, TOPs, and BAs as having the requisite personnel, qualifications and facilities and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?

- D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
- E: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards.
- F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents. (2) Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the process? This includes development of guidance documents. (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities? (4) Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are §400 and 500 and Appendices 4B, 4C, 5A, 5B and 5C.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- IX: Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in the activities encompassed by one or more of the other criteria?
- X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

#### **IV. Reliability Assessments and Performance Analysis 2025 Major Activities**

The major activities of Reliability Assessments and Performance Analysis (RAPA) are described at pages 39-40 of the 2025 Business Plan and Budget. RAPA comprises four primary groups: (1) Reliability Assessments and Technical Committee (RATC); (2) Performance Analysis (PA); (3) Advanced System Analytics and Modeling (ASAM); and (4) Engineering and Security Integration.

The RATC group, which includes Reliability Assessment staff and the NERC staff secretaries of the RSTC, carries out the ERO’s statutory responsibility to conduct assessments of the reliability and adequacy of the 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 RISC. RASC 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 areas of strategic focus efficiently and comprehensively.

Performance Analysis monitors the performance of and identifies risks to reliability of the BPS through analyzing industry data and measuring historic trends. Analysis performed by Performance Analysis includes identifying potential risks related to systems, equipment, entity and organizational performance that may indicate a need to develop improvements to reporting applications and new data analysis tools, or to create, revise, or retire reporting areas. Performance Analysis staff leads the ERO, technical committees, and stakeholder process to publish the *State of Reliability* (SOR) Report examining year-over-year performance indicators of the grid. Performance Analysis also develops the business requirements for all new reliability information data systems, specifically those required by NERC ROP 1600 data requests. Performance Analysis will be involved in the Entity Facility Registry, Enterprise Analytics, BAL Data Collection, and Load Loss Data Collection projects described at pages 13-14 of the 2025 Business Plan and Budget.

Advanced System Analytics and Modeling staff provide technical leadership and support in the areas of resource and demand balancing and system analysis and modeling, including technical support for the balancing (BAL) and modeling (MOD) 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 demonstrate the accuracy and fidelity necessary to reflect actual BES reliability performance and dynamic conditions. ASAM provides advanced statistical analysis functions to support the SOR Report and reliability assessments, the Frequency Response Annual Analysis (FRAA) report to the FERC, analytical review of Reliability Standard effectiveness, and various reports on an emergent basis. ASAM also collaborates with other research and development groups, advising on projects to provide insight on emergent issues.

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 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 (E-ISAC) on cross-departmental topics related to security risks.

The four RAPA groups 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 U.S. 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.

The major activities of RAPA for 2025 include (1) ensuring the reliable and secure integration of BPS-connected inverter-based resources and distributed energy resources, including the analysis of grid disturbances, follow-up on the March 2023 NERC Alert Level 2 on inverter-based resource performance, development of technical guidance and educational materials, and collaboration with industry to ensure Reliability Standards adequately address emerging risks in this area; (2) 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; (3) improving the ERO's analytic, independent, and objective capabilities and adapting to the evolving BPS reliability challenges by: (a) 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; (b) 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; (c) developing the capabilities to annually assess transmission adequacy and transfer capability, making recommendations that support long-term reliability needs; and (d) supporting technical studies that provide additional insight into the increasing dependency of natural gas generation, particularly during extreme winter weather and ramping periods; and (4) leveraging RAPA processes, tools, and products to measure and improve BES resilience for wide-spread long-term extreme temperature events, including the development of a systematic collection of load loss outage and recovery data. RAPA will be involved in the Entity Facility Registry, Enterprise Analytics, Reliability Assessment Data System projects, and Resource and Demand Balancing and Load Loss data collection systems described on pages 13-14 of the 2025 Business Plan and Budget.

The major activities of RAPA satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
- I.C: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (1) Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System based on such measurements; and/or identifying approaches to mitigating or eliminating such risks? (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences and near miss events?
- II.E.: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as: (1) Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks? (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences, and near miss events?
- III.A: Is the activity necessary or appropriate for the preparation or dissemination of long-term, seasonal, and special assessments of the reliability and adequacy of the BPS?
- III.B: Is the activity necessary or appropriate for measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
- III.D. Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability?
- III.E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?



- III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for major activities of the RAPA program are §801-806 and §809-811.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- IX: Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X: Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?

**V. Situation Awareness 2025 Major Activities**

The major activities of Situation Awareness are described at page 43 of the 2025 Business Plan and Budget. The NERC Situation Awareness group and the Regional Entities monitor BPS conditions, significant occurrences and 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 Group supports development and publication of NERC Alerts and awareness products, and facilitates information sharing among industry, Regional Entities and government during crisis situations and major system disturbances. Major activities of Situation Awareness for 2025 include (1) enhancing situation awareness tools to increase agility and efficiency, as well as visibility and understanding of emerging BPS risks; (2) 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 Recommendations (Level 2) and Essential Actions (Level 3) Alerts; (3) continue engaging with industry, the E-ISAC, government partners, and the ERO Enterprise on emerging risks to BPS reliability; and (4) engaging situation awareness subject-matter experts in support of the work of Reliability Standards, the E-ISAC, and the RSTC to advance the security posture of the industry. Situation Analysis will be involved in the Situation Awareness Inadvertent Interchange Upgrade project described on page 14 of the 2025 Business Plan and Budget.

The major activities of the Situation Awareness group satisfy the following criteria:

- I.C.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (2) Monitoring, event analysis and investigations of BPS major events, off-normal occurrences and near-miss events?
- III.C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?

- III.D: Is the activity necessary or appropriate for awareness of circumstances on the BPS System and to contribute to understanding risks to reliability?
- III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are ROP 810 and 1001.)

## **VI. Event Analysis 2025 Major Activities**

The major activities of Event Analysis are described at page 45 of the 2025 Business Plan and Budget. The Event Analysis program informs assessments of the reliability and adequacy of the BES through analysis of real-time operating events. 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. Event Analysis analyzes reportable events to identify and understand lessons learned, sequence of events, root and contributing causes, risks to reliability, and potential mitigating actions. Event Analysis 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 and reports and cross-functional collaboration efforts.

Major activities for the Event Analysis group in 2025 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 NERC ROP Section 800 system performance monitoring and reporting program; enhancing program data collection, organization, and manipulation capabilities; improving cross-functional alignment and collaboration to provide reporting flexibility and agility; and reinforcing fundamental practices and advocacy of enhanced reliability practices through joint reliability partnership activities with FERC, stakeholders and the ERO Enterprise. Event Analysis will be involved in the Entity Facility Registry and Enterprise Analytics projects described on pages 13-14 of the 2025 Business Plan and Budget.

The major activities of the Event Analysis group satisfy the following criteria:

- I.C.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (2) Monitoring, event analysis and investigations of BPS major events, off-normal occurrences and near-miss events?
- II.E.2: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as: (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences, and near miss events?
- II.F.3: Is the activity necessary or appropriate for the provision of training, education and dissemination of

information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (3) Disseminating, through workshops, webinars, Advisories, Recommendations, Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities; monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities?

- III.B. Is the activity necessary or appropriate for measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
- III.C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?
- III.D. Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability?
- III.E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- III.F. Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are §807-808 and §810-811 and Appendix 8.)
- VI. Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

## **VII. Electricity Information Sharing and Analysis Center 2025 Major Activities**

The major activities of the Electricity Information Sharing and Analysis Center (E-ISAC) are described at pages 47-48 of the 2025 Business Plan and Budget. The 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. The central underpinning of the E-ISAC’s strategic plan, developed in 2017, 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.

The E-ISAC oversees the Cybersecurity Risk Information Sharing Program (CRISP), a unique public-private initiative among the E-ISAC, the North American electric utility industry, the U.S. 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, both classified and unclassified, to identify potential threats and provide participants with recommended mitigation steps. The Pacific Northwest National Laboratory, a U.S. DOE National Laboratory, operated by Battelle with oversight by the DOE, is the primary subcontractor to NERC for the deployment of the required technology, supporting infrastructure, analysis, and technical capabilities for CRISP.

The major activities of the E-ISAC for 2025 include: reviewing and curating and disseminating security intelligence applicable to the electricity sector and continuous enhancements to the platforms, events, and products used for that purpose; conducting threat hunts for malicious software on Information Technology and Operational Technology sensor platforms; expanding CRISP participation and technology modernization; expanding membership and strategic relationships, including further collaboration with the natural gas sector, enhanced engagement with registered entities, small and medium utilities, and emerging renewable energy participants; operating the Vendor Affiliate Program (initiated in 2022, this program provides opportunities for collaboration and information sharing between the E-ISAC and the vendor community); and continuing to plan and execute the biennial GridEx exercise (scheduled for 2025) and annual Grid Security Conference.

The major activities of the E-ISAC satisfy the following criteria:

- I.C.1: Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as: (1) Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks? (2) Monitoring, event analysis and investigation of BPS major events, off-normal occurrences and near-miss events?
- III.D: Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability.
- III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS.
- III.F: Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for these major activities are §810 and 1003.)

#### **VIII. Personnel Certification and Credential Maintenance 2025 Major Activities**

NERC has placed the System Operator Certification and Credential Maintenance Program into a separate group overseen by the NERC Personnel Certification Governance Committee (PCGC), a NERC standing committee. These programs are funded through examination, renewal, and continuing education provider fees, and do not receive funding from FPA §215 statutory assessments. The PCGC oversees the budgets for these programs. For completeness, however, a summary of the major activities of the Personnel Certification and Credential Maintenance group is provided in this Exhibit.

The major activities of the Personnel Certification and Credential Maintenance group are described at page 52 of the 2025 Business Plan and Budget. This group promotes the reliability of the North American 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 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 PCGC's Exam Working Group, comprised 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. The Credential Maintenance Working Group reports to the PCGC and is responsible for developing and maintaining the Credential Maintenance Program under the guidelines set by the PCGC.

The major activities for the Personnel Certification and Credential Maintenance Program for 2025 include: seeking industry input on improvement opportunities for the Personnel Certification and Credential Maintenance Program and developing and implementing any changes; and upgrading the System Operator Certification Continuing Education Database (SOCCED) base platform.

The major activities of the Personnel Certification group satisfy the following criteria:

- I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?
- II.C: Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?
- II.F.1: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's ROP that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provision for the major activities of the Personnel Certification Program is §900.)
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?

#### **IX. Training and Education 2025 Major Activities**

The major activities of Training and Education are described at page 54 of the 2025 Business Plan and Budget. The Training and Education group facilitates the learning and development of NERC and ERO Enterprise staff as well as BPS and industry participants, in accordance with NERC ROP 901, which acknowledges the need to acquire and sustain informed, knowledgeable and skilled personnel to assure the reliable operation of the North American BPS. The program oversees and coordinates learning activities and resources that support the increase of knowledge and skills among stakeholders. Learners are typically engaged through learning events and products and resources.

The major activities for the Training and Education group for 2025 include: leadership development, new hire orientation, and confidential information training; events, including the annual ERO Enterprise Compliance



Monitoring and Enforcement Program Staff Workshop and preparation for GridEx (which will be held in 2025); and developing training materials related to new technology systems.

The major activities of Training and Education satisfy the following criteria:

- I.D: Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?
- II.F: Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as: (1) Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents. (2) Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents. (3) Disseminating, through workshops, webinars, Advisories/Recommendations/Essential Actions, and other publications, “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities, monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities. (4) Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
- III.E: Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for the major activities of Training and Education are in §900.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and the applicable provisions of Commission orders.

#### **X. Corporate Services 2025 Major Activities**

NERC’s Corporate Services Departments are General and Administrative, Legal and Regulatory, Business (Information) Technology (IT), Human Resources (HR) and Administration, and Finance and Accounting. The major activities of these departments are described at pages 56-59 of the 2025 Business Plan and Budget.

General and Administrative is responsible for the administration and general management of the organization and includes the Chief Executive Officer, Chief Operating Officer, and support staff; External Affairs staff (legislative and regulatory relations, internal and external communications, and liaison with government entities and industry stakeholders in the U.S., Canada and Mexico); and Board of Trustees costs, as well as Office Rent for NERC’s offices.

Legal and Regulatory provides legal support to the organization, including management and the NERC program areas. Legal support is provided in areas including corporate, commercial, insurance, contracts, employment, antitrust, real estate, copyright, tax, legislation, and other legal matters. Legal and regulatory support is also provided in connection with matters relating to NERC’s role as the ERO, including the delegation agreements with

Regional Entities. Legal and Regulatory also includes the Internal Audit and Corporate Risk Management functions.

Business Technology 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. Business Technology's Project Management Office provides project management skills and leadership for major ERO Enterprise and NERC business technology projects. The Business Technology Department focuses on five key areas: cyber security, NERC infrastructure support, the E-ISAC, ERO Enterprise application and infrastructure support, and ERO Enterprise new functionality. Business Technology manages NERC's overall Technology Strategy.

HR and Administration's activities include 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 to create an employee experience that meets expectations of an evolving workforce and attracts, retains, and engages top talent.

Finance and Accounting manages all finance and accounting functions of NERC, 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 financial statement audit and Form 990, property, sales, and use tax returns, and management of systems, policies, procedures and controls governing day-to-day practices, including procurement, expense reimbursement, and financial systems. Finance and Accounting is also responsible for preparation of the annual business plan and budget and associated stakeholder outreach.

The major activities for the Corporate Services programs for 2025 include: (1) elevating NERC's strategic planning process and outreach and engagement activities to address a diverse stakeholder base and transforming industry; (2) continuing to enhance communications 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; (3) maturing internal assurance programs, including internal audit, risk management, and contingency planning; (4) implementing and supporting adaptable and sustainable technology and enhancing cyber security to focus on prevention, detection, and mitigation; and (5) 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.

As support functions for all of NERC's statutory programs, the major activities of NERC's Corporate Services Departments satisfy the following criteria:

- I.A: Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
- II.A: Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the BPS that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
- II.D: Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
- III.C: Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the

BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?

- V: Is the activity one that is required or specified by, or carries out, the provisions of NERC's ROP that have been approved by the Commission as "Electric Reliability Organization Rules" (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)? (The applicable ROP provisions for ERO Enterprise audits conducted by the Internal Audit group in Legal and Regulatory are §406, §506, and Appendix 4A, and for major activities of Finance and Accounting is §1100.)
- VI: Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and the applicable provisions of Commission orders.
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- XI: Is the activity a governance or administrative/overhead function, activity or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization?



**NERC WRITTEN CRITERIA FOR DETERMINING  
WHETHER AN ACTIVITY IS ELIGIBLE TO BE FUNDED  
UNDER SECTION 215 OF THE FEDERAL POWER ACT**

For purposes of internal management approval of a proposed new activity or group of related activities (“major activity”), the proposed activity or major activity must be shown to fall within at least one of the criteria listed below. When sub-criteria are listed below a roman numeral numbered major criterion, the proposed activity should be a positive answer to at least one of the sub-criteria. Conversely, an activity that falls under a sub-criterion should pertain to the subject matter of the major criterion.

NERC’s annual business plan and budget will describe how each major activity falls within one or more of the criteria listed below. If the major activity is substantially the same as a major activity that was shown to fall within the criteria in a previous year’s business plan and budget, the current year’s business plan and budget can refer to the prior year business plan and budget.

A determination that an activity falls within FPA §215 does not necessarily mean that NERC will propose or undertake such activity. The determination of whether an activity falling under FPA §215 should or will be undertaken in a given budget year will be addressed in the context of the applicable business plan and budget and will include opportunities for stakeholder input.

The criteria listed below are not necessarily each distinct from the others. An activity or major activity may fall within more than one of the criteria listed below.

- I. Is the activity necessary or appropriate for the development of Reliability Standards?
  - A. Is the activity necessary or appropriate for Reliability Standards development projects pursuant to the NERC ROP?
  - B. Is the activity necessary or appropriate for providing guidance and assistance to Regional Entities in carrying out Regional Reliability Standards development activities?
  - C. Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information for Reliability Standards development, including for purposes of identifying areas in which new Reliability Standards could be developed, existing Reliability Standards could be revised, or existing Reliability Standards could be eliminated, such as:
    1. Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the Bulk Power System (BPS)<sup>24</sup> based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
    2. Monitoring, event analysis and investigation of BPS major events, off-normal occurrences and near miss events?
  - D. Is the activity necessary or appropriate for the provision of training and education concerning Reliability Standards development processes, procedures and topics for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel?
- II. Is the activity necessary or appropriate for the monitoring and enforcement of compliance with Reliability Standards?

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<sup>24</sup> This document uses the term “Bulk Power System” because that is the term defined and used in FPA §215. NERC recognizes that a different term, “Bulk Electric System,” is used to define the current reach of reliability standards.

- A. Is the activity necessary or appropriate for the identification and registration of users, owners, and operators of the BPS that are required to comply with Requirements of Reliability Standards applicable to the reliability functions for which they are registered?
- B. Is the activity necessary or appropriate for the Certification of RCs, TOPS, and BAs as having the requisite personnel, qualifications and facilities and equipment needed to perform these reliability functions in accordance with the applicable Requirements of Reliability Standards?
- C. Is the activity necessary or appropriate for the Certification of system operating personnel as qualified to carry out the duties and responsibilities of their positions in accordance with the Requirements of applicable Reliability Standards?<sup>25</sup>
- D. Is the activity necessary or appropriate for conducting, participating in or overseeing compliance monitoring and enforcement activities pursuant to the NERC ROP and (through the Regional Entities) the Commission-approved delegation agreements?
- E. Is the activity necessary or appropriate for information gathering, collection and analysis activities to obtain information to monitor and enforce compliance with Reliability Standards, including evaluating the effectiveness of current compliance monitoring and enforcement processes, the need for new or revised compliance monitoring and enforcement processes, and the need for new or different means of training and education on compliance with Reliability Standards, such as:
  - 1. Measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
  - 2. Monitoring, event analysis and investigation of BPS major events, off-normal occurrences, and near miss events?
- F. Is the activity necessary or appropriate for the provision of training, education and dissemination of information for/to (i) NERC personnel, (ii) Regional Entity personnel, and (iii) industry personnel with respect to compliance monitoring and enforcement topics and topics concerning reliability risks identified through compliance monitoring and enforcement activities, such as:
  - 1. Requirements of Reliability Standards, including how to comply and how to demonstrate compliance? This includes development of guidance and interpretation documents.
  - 2. Compliance monitoring and enforcement processes, including how to conduct them, how to participate in them, and the expectations for the processes? This includes development of guidance documents.
  - 3. Disseminating, through workshops, webinars, Advisories, Recommendations, Essential Actions, and other publications; “lessons learned” information on compliance concerns and reliability risks obtained through compliance monitoring and enforcement activities; monitoring and investigation of BPS major events, off-normal occurrences and near miss events, and other BPS monitoring activities?

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<sup>25</sup> Although certification of system operating personnel is an activity falling within the scope of, and eligible to be funded pursuant to, FPA §215, NERC strives to fully fund the costs of this activity through fees charged to participants.

4. Registered Entity internal processes for compliance with Reliability Standards, such as development, implementation and maintenance of internal reliability compliance programs?
  - G. Is the activity necessary or appropriate for the development and provision of tools and services that are useful for the provision of adequate reliability, because they relate specifically to compliance with existing Reliability Standards and they proactively help avert Reliability Standard violations and BPS disturbances?
- III. Is the activity necessary or appropriate for conducting and disseminating periodic assessments of the reliability of the BPS or monitoring the reliability of the BPS?
  - A. Is the activity necessary or appropriate for the preparation or dissemination of long-term, seasonal, and special assessments of the reliability and adequacy of the BPS?
  - B. Is the activity necessary or appropriate for measuring reliability performance—past, present and future; publishing or disseminating the results of such measurements; analyzing the results of such measurements; identifying and analyzing risks to reliability of the BPS based on such measurements; and/or identifying approaches to mitigating or eliminating such risks?
  - C. Is the activity necessary or appropriate for investigating, analyzing, evaluating, and disseminating information concerning, the causes of major events and off-normal occurrences, and/or providing coordination assistance, technical expertise and other assistance to users, owners, and operators of the BPS in connection with BPS major events and off-normal occurrences, but not real-time operational control of the BPS?
  - D. Is the activity necessary or appropriate for awareness of circumstances on the BPS and to contribute to understanding risks to reliability?
  - E. Is the activity necessary or appropriate for gathering, analyzing and sharing with and among industry and government participants, information regarding the physical or cyber security of the BPS?
  - F. Is the activity necessary or appropriate for the development and dissemination of Advisories/Recommendations/Essential Actions regarding lessons learned and potential reliability risks to users, owners, and operators of the BPS?
  - G. Is the activity necessary or appropriate for data collection and analysis of information regarding BPS reliability matters mandated by the Commission?
- IV. Is the activity one that was required or directed by a Commission order issued pursuant to FPA §215? Justification of an activity as a FPA §215 activity based on this category must reference the particular Commission order and directive.
- V. Is the activity one that is required or specified by, or carries out, the provisions of NERC’s ROP that have been approved by the Commission as “Electric Reliability Organization Rules” (defined in 18 C.F.R. §39.1) pursuant to FPA §215(f)?
- VI. Is the activity necessary or appropriate for the supervision and oversight of Regional Entities in the performance of their delegated responsibilities in accordance with FPA §215, 18 C.F.R. Part 39, the Commission-approved delegation agreement between NERC and the Regional Entity, the NERC ROP, and applicable provisions of Commission orders?
- VII. Is the activity necessary or appropriate to maintain NERC’s certification as the Electric Reliability Organization? This Criterion includes conducting periodic assessments of NERC’s and the Regional Entities’ performance as the Electric Reliability Organization as required by 18 C.F.R. §39.3(c).

- VIII. Does the activity respond to or is it necessary or appropriate for audits of NERC and the Regional Entities conducted by the Commission?
- IX. Is the activity necessary or appropriate for NERC and Regional Entity committees, subcommittees and working groups engaged in activities encompassed by one or more of the other criteria?
- X. Is the activity necessary or appropriate for the analysis and evaluation of activities encompassed by one or more of the other criteria for the purpose of identifying means of performing the activities more effectively and efficiently?
- XI. Is the activity a governance or administrative/overhead function, activity or service necessary or appropriate for the activities encompassed by the other criteria and, in general, necessary and appropriate to operate a functioning organization? (Should NERC perform any non-FPA §215 activities, the costs of governance and administrative/overhead functions must be appropriately allocated.)

NERC's current governance and administrative/overhead functions are carried out in the following program areas:

- A. General and Administrative (includes, but is not limited to, Executive, Board of Trustees, Communications, Government Affairs, and facilities and related services)
- B. Legal and Regulatory
- C. Business (Information) Technology
- D. Human Resources and Administration
- E. Finance and Accounting

The following matters are excluded from the scope of FPA §215 activities. While a list of non-FPA §215 activities would be infinite, the following excluded matters are listed here because they are expressly referred to in FPA §215, the Commission's ERO regulations and/or a Commission order issued pursuant to FPA §215:

- A. Developing or enforcing requirements to enlarge BPS facilities, or to construct new transmission capacity or generation capacity, or requirements for adequacy or safety of electric facilities or services.
- B. Activities entailing Real-time operational control of the BPS.
- C. Activities pertaining to facilities used in the local distribution of electricity.



Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO - Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2023	MRO	C-1239	Western Area Power Administration Rocky Mountain Region (LM) (WAPA-RMR)	U.S.	44,829	44,829	-	-	0.009%	0.009%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	MRO	C-1240	Western Area Power Administration Upper Great Plains (UM) (WAPA)	U.S.	9,028,023	9,028,023	-	-	1.769%	1.769%	0.000%	0.000%	0.196%	0.196%	0.000%	0.000%	0.222%
2023	MRO	C-1259	Western Farmers Electric Cooperative (WFEC)	U.S.	10,316,539	10,316,539	-	-	2.022%	2.022%	0.000%	0.000%	0.224%	0.224%	0.000%	0.000%	0.253%
2023	MRO	C-1501	West Texas Municipal Power Agency (WTMPA)	U.S.	124,411	124,411	-	-	0.024%	0.024%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	MRO	C-1242	Wisconsin Public Power, Inc. (East and West regions) (WPP)	U.S.	5,260,446	5,260,446	-	-	1.031%	1.031%	0.000%	0.000%	0.114%	0.114%	0.000%	0.000%	0.129%
2023	MRO	C-1983	Wolverine Power Marketing Cooperative	U.S.	75,090	75,090	-	-	0.015%	0.015%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	MRO	C-1244	Xcel Energy Company Northern States Power (NSP)	U.S.	42,055,855	42,055,855	-	-	8.241%	8.241%	0.000%	0.000%	0.914%	0.914%	0.000%	0.000%	1.033%
TOTAL MRO					510,331,218	458,685,490	51,645,728	-	100.000%	89.880%	10.120%	0.000%	11.093%	9.970%	1.123%	0.000%	11.271%
2023	NPCC	C-1336	New England	U.S.	114,726,000	114,726,000	-	-	18.578%	18.578%	0.000%	0.000%	2.494%	2.494%	0.000%	0.000%	2.819%
2023	NPCC	C-1339	New York	U.S.	147,050,000	147,050,000	-	-	23.813%	23.813%	0.000%	0.000%	3.196%	3.196%	0.000%	0.000%	3.613%
2023	NPCC	C-1337	Ontario	Canada	137,131,000	-	137,131,000	-	22.207%	0.000%	22.207%	0.000%	2.981%	0.000%	2.981%	0.000%	0.000%
2023	NPCC		Quebec	Canada	192,702,000	-	192,702,000	-	31.206%	0.000%	31.206%	0.000%	4.189%	0.000%	4.189%	0.000%	0.000%
2023	NPCC	C-1341	Hydro Quebec	Canada	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	NPCC	C-1572	Regie	Canada	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	NPCC	C-1705	New Brunswick	Canada	14,658,000	-	14,658,000	-	2.374%	0.000%	2.374%	0.000%	0.319%	0.000%	0.319%	0.000%	0.000%
2023	NPCC	C-1340	Nova Scotia	Canada	11,254,000	-	11,254,000	-	1.822%	0.000%	1.822%	0.000%	0.245%	0.000%	0.245%	0.000%	0.000%
TOTAL NPCC					617,521,000	261,776,000	355,745,000	-	100.000%	42.391%	57.609%	0.000%	13.423%	5.690%	7.733%	0.000%	6.432%
2023	RF	C-1102	Carnellon Utilities	U.S.	12,336	12,336	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	RF	C-1106	City of Crowell	U.S.	43,620	43,620	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	RF	C-1490	City of Lansing	U.S.	2,047,489	2,047,489	-	-	0.240%	0.240%	0.000%	0.000%	0.045%	0.045%	0.000%	0.000%	0.050%
2023	RF	C-1120	Cloverland Electric Cooperative	U.S.	765,024	765,024	-	-	0.090%	0.090%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2023	RF	C-1122	CMS ERM Michigan LLC	U.S.	176,076	176,076	-	-	0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2023	RF	C-1124	Constellation New Energy (MECS-CONS)	U.S.	1,991,500	1,991,500	-	-	0.233%	0.233%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2023	RF	C-1123	Constellation New Energy (MECS-DET)	U.S.	2,203,019	2,203,019	-	-	0.258%	0.258%	0.000%	0.000%	0.048%	0.048%	0.000%	0.000%	0.054%
2023	RF	C-1126	Consumers Energy Company	U.S.	32,449,010	32,449,010	-	-	3.803%	3.803%	0.000%	0.000%	0.705%	0.705%	0.000%	0.000%	0.797%
2023	RF	C-1128	DTE Electric Company	U.S.	46,550,433	46,550,433	-	-	5.455%	5.455%	0.000%	0.000%	1.021%	1.021%	0.000%	0.000%	1.144%
2023	RF	C-1156	Duke Energy Indiana	U.S.	26,645,059	26,645,059	-	-	3.122%	3.122%	0.000%	0.000%	0.579%	0.579%	0.000%	0.000%	0.655%
2023	RF	C-1135	Ferdinand Municipal Light & Water	U.S.	46,684	46,684	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	RF	C-1646	Energy Harbor LLC (MECS-CONS)	U.S.	496,767	496,767	-	-	0.058%	0.058%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2023	RF	C-1549	Energy Harbor LLC (MECS-DET)	U.S.	125,857	125,857	-	-	0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	RF	C-1145	Hoosier Energy	U.S.	7,678,010	7,678,010	-	-	0.900%	0.900%	0.000%	0.000%	0.167%	0.167%	0.000%	0.000%	0.189%
2023	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	U.S.	2,896,642	2,896,642	-	-	0.340%	0.340%	0.000%	0.000%	0.063%	0.063%	0.000%	0.000%	0.071%
2023	RF	C-1485	Indiana Municipal Power Agency (NIPSCO)	U.S.	361,024	361,024	-	-	0.008%	0.008%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2023	RF	C-1486	Indiana Municipal Power Agency (SIE)	U.S.	547,223	547,223	-	-	0.064%	0.064%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2023	RF	C-1149	Indianapolis Power & Light Co.	U.S.	13,036,807	13,036,807	-	-	1.528%	1.528%	0.000%	0.000%	0.283%	0.283%	0.000%	0.000%	0.320%
2023	RF	C-2050	Logansport Municipal Utility (LMU)	U.S.	397,706	397,706	-	-	0.047%	0.047%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2023	RF	C-1666	Constellation New Energy (MIUP)	U.S.	303,356	303,356	-	-	0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.007%
2023	RF	C-1614	Just Energy	U.S.	1,267	1,267	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	RF	C-1154	Michigan Public Power Agency	U.S.	3,710,712	3,710,712	-	-	0.435%	0.435%	0.000%	0.000%	0.081%	0.081%	0.000%	0.000%	0.091%
2023	RF	C-1155	Michigan South Central Power Agency	U.S.	759,339	759,339	-	-	0.089%	0.089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2023	RF	C-1163	Northern Indiana Public Service Co.	U.S.	15,289,284	15,289,284	-	-	1.792%	1.792%	0.000%	0.000%	0.332%	0.332%	0.000%	0.000%	0.376%
2023	RF	C-1164	Ontonagon County Rural Electrification Assoc.	U.S.	28,830	28,830	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	RF	C-1265	PJM Interconnection, LLC	U.S.	641,304,161	641,304,161	-	-	75.151%	75.151%	0.000%	0.000%	13.940%	13.940%	0.000%	0.000%	15.758%
2023	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	U.S.	346,043	346,043	-	-	0.041%	0.041%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2023	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	U.S.	607,457	607,457	-	-	0.071%	0.071%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2023	RF	C-1176	Direct Energy	U.S.	12,012	12,012	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	RF	C-1174	Direct Energy	U.S.	852,728	852,728	-	-	0.100%	0.100%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.021%
2023	RF	C-1581	Spartan Renewable Energy	U.S.	136,109	136,109	-	-	0.016%	0.016%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	RF	C-1985	Spartan Renewable Energy (MI UP)	U.S.	72,108	72,108	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	RF	C-1180	Thumb Electric Cooperative	U.S.	198,865	198,865	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2023	RF	C-2074	Union City Michigan	U.S.	15,776	15,776	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	RF	C-2027	Upper Michigan Energy Resources	U.S.	1,899,020	1,899,020	-	-	0.223%	0.223%	0.000%	0.000%	0.041%	0.041%	0.000%	0.000%	0.047%
2023	RF	C-1181	Vectren, a CenterPoint Energy Company	U.S.	4,642,584	4,642,584	-	-	0.544%	0.544%	0.000%	0.000%	0.101%	0.101%	0.000%	0.000%	0.114%
2023	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	U.S.	3,210,801	3,210,801	-	-	0.376%	0.376%	0.000%	0.000%	0.070%	0.070%	0.000%	0.000%	0.079%
2023	RF	C-1488	Wabash Valley Power Alliance (NIPSCO)	U.S.	1,801,697	1,801,697	-	-	0.211%	0.211%	0.000%	0.000%	0.039%	0.039%	0.000%	0.000%	0.044%
2023	RF	C-1185	Wisconsin Electric Power Co.	U.S.	23,724,105	23,724,105	-	-	2.780%	2.780%	0.000%	0.000%	0.516%	0.516%	0.000%	0.000%	0.583%
2023	RF	C-2041	Wisconsin Public Service Co.	U.S.	11,586,980	11,586,980	-	-	1.358%	1.358%	0.000%	0.000%	0.252%	0.252%	0.000%	0.000%	0.285%
2023	RF	C-1189	Wolverine Power Marketing Cooperative	U.S.	674,275	674,275	-	-	0.079%	0.079%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2023	RF	C-1191	Wolverine Power Supply Cooperative	U.S.	2,868,632	2,868,632	-	-	0.336%	0.336%	0.000%	0.000%	0.062%	0.062%	0.000%	0.000%	0.070%
2023	RF	C-1190	Wolverine Power Marketing Cooperative (MECS-DET)	U.S.	834,755	834,755	-	-	0.098%	0.098%	0.000%	0.000%	0.018%	0.018%	0.000%	0.000%	0.021%
TOTAL RELIABILITYFIRST					853,353,182	853,353,182	-	-	100.000%	100.000%	0.000%	0.000%	18.549%	18.549%	0.000%	0.000%	20.969%
2023	SERC	C-1267	Alabama Municipal Electric Authority	U.S.	3,485,996	3,485,996	-	-	0.263%	0.263%	0.000%	0.000%	0.076%	0.076%	0.000%	0.000%	0.086%
2023	SERC	C-1268	Alabama Power Company	U.S.	53,415,301	53,415,301	-	-	4.035%	4.035%	0.000%	0.000%	1.161%	1.161%	0.000%	0.	

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2023	SERC	C-1583	Calbarone Electric Cooperative, Inc.	U.S.	617,828	617,828.00	-	-	0.047%	0.047%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2023	SERC	C-1584	Concordia Electric Cooperative, Inc.	U.S.	208,893	208,893.00	-	-	0.016%	0.016%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2023	SERC	C-1726	Cube Hydro Carolinas	U.S.	14,473	14,473.00	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	SERC	C-1283	Dalton Utilities	U.S.	3,286,642	3,286,642.00	-	-	0.248%	0.248%	0.000%	0.000%	0.071%	0.071%	0.000%	0.000%	0.081%
2023	SERC	C-1585	Dieke Electric Membership Corporation	U.S.	2,415,055	2,415,055.00	-	-	0.182%	0.182%	0.000%	0.000%	0.052%	0.052%	0.000%	0.000%	0.059%
2023	SERC	C-1295	Dominion Virginia Power	U.S.	97,465,805	97,465,805.00	-	-	7.363%	7.363%	0.000%	0.000%	2.119%	2.119%	0.000%	0.000%	2.395%
2023	SERC	C-1296	Duke Energy Carolinas, LLC	U.S.	84,869,066	84,869,066.00	-	-	6.411%	6.411%	0.000%	0.000%	1.845%	1.845%	0.000%	0.000%	2.085%
2023	SERC	C-1466	Durant, MS	U.S.	24,752	24,752.00	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	SERC	C-1476	L&E and KU Services Co as agent for L&E Co and KU Co	U.S.	30,389,980	30,389,980.00	-	-	2.296%	2.296%	0.000%	0.000%	0.661%	0.661%	0.000%	0.000%	0.747%
2023	SERC	C-1297	East Kentucky Power Cooperative	U.S.	13,948,600	13,948,600.00	-	-	1.054%	1.054%	0.000%	0.000%	0.303%	0.303%	0.000%	0.000%	0.343%
2023	SERC	C-1298	East Mississippi Electric Power Association	U.S.	402,454	402,454.00	-	-	0.030%	0.030%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.010%
2023	SERC	C-1669	Electricities of North Carolina Inc	U.S.	11,497,892	11,497,892.00	-	-	0.869%	0.869%	0.000%	0.000%	0.250%	0.250%	0.000%	0.000%	0.283%
2023	SERC	C-1300	EnergyUnited EMC	U.S.	2,762,069	2,762,069.00	-	-	0.209%	0.209%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2023	SERC	C-1301	Energy	U.S.	124,559,015	124,559,015.00	-	-	9.409%	9.409%	0.000%	0.000%	2.708%	2.708%	0.000%	0.000%	3.061%
2023	SERC	C-1302	Fayetteville (NC) Public Works Commission	U.S.	1,999,881	1,999,881.00	-	-	0.151%	0.151%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2023	SERC	C-1303	Florida Public Utilities (FL Panhandle Load)	U.S.	288,762	288,762.00	-	-	0.022%	0.022%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2023	SERC	C-1304	French Broad EMC	U.S.	548,201	548,201.00	-	-	0.041%	0.041%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2023	SERC	C-1305	Georgia Power Company	U.S.	87,242,574	87,242,574.00	-	-	6.500%	6.500%	0.000%	0.000%	1.896%	1.896%	0.000%	0.000%	2.144%
2023	SERC	C-1306	Georgia System Optns Corporation	U.S.	42,184,261	42,184,261.00	-	-	3.187%	3.187%	0.000%	0.000%	0.917%	0.917%	0.000%	0.000%	1.037%
2023	SERC	C-1479	Greenwood (MS) Utilities Commission	U.S.	260,866	260,866.00	-	-	0.020%	0.020%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2023	SERC	C-1307	Greenwood (SC) Commissioners of Public Works	U.S.	284,709	284,709.00	-	-	0.022%	0.022%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2023	SERC	C-1586	Haywood EMC	U.S.	331,490	331,490.00	-	-	0.025%	0.025%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2023	SERC	C-1084	Hoosier Energy REC, Inc.	U.S.	430,330	430,330.00	-	-	0.033%	0.033%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2023	SERC	C-1309	Illinois Municipal Electric Agency	U.S.	1,751,900	1,751,900.00	-	-	0.132%	0.132%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2023	SERC	C-1480	Itta Bena, MS	U.S.	12,745	12,745.00	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	SERC	C-1587	Jefferson Davis Electric Cooperative, Inc.	U.S.	211,510	211,510.00	-	-	0.016%	0.016%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2023	SERC	C-1617	Kentucky Municipal Power	U.S.	623,027	623,027.00	-	-	0.047%	0.047%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.015%
2023	SERC	C-1481	Municipal Energy Agency of MS-Kosciusko, MS	U.S.	69,138	69,138.00	-	-	0.005%	0.005%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	SERC	C-1482	Municipal Energy Agency of MS-Leland, MS	U.S.	28,735	28,735.00	-	-	0.002%	0.002%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	SERC	C-1313	McCormick Commission of Public Works	U.S.	16,478	16,478.00	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	SERC	C-1314	Mississippi Power Company	U.S.	10,217,186	10,217,186.00	-	-	0.711%	0.711%	0.000%	0.000%	0.222%	0.222%	0.000%	0.000%	0.251%
2023	SERC	C-1630	Mt. Carmel Public Utility	U.S.	92,351	92,351.00	-	-	0.007%	0.007%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	SERC	C-1315	Municipal Electric Authority of Georgia	U.S.	12,308,251	12,308,251.00	-	-	0.930%	0.930%	0.000%	0.000%	0.268%	0.268%	0.000%	0.000%	0.302%
2023	SERC	C-1316	N.C. Electric Membership Corp.	U.S.	13,284,886	13,284,886.00	-	-	1.004%	1.004%	0.000%	0.000%	0.289%	0.289%	0.000%	0.000%	0.326%
2023	SERC	C-1588	Northeast Louisiana Power Cooperative, Inc.	U.S.	287,354	287,354.00	-	-	0.022%	0.022%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2023	SERC	C-1574	Northern Virginia Electric Cooperative	U.S.	10,320,680	10,320,680.00	-	-	0.780%	0.780%	0.000%	0.000%	0.224%	0.224%	0.000%	0.000%	0.254%
2023	SERC	C-1319	Old Dominion Electric Cooperative	U.S.	6,211,720	6,211,720.00	-	-	0.469%	0.469%	0.000%	0.000%	0.135%	0.135%	0.000%	0.000%	0.153%
2023	SERC	C-1518	Oswego Arkansas Electric Municipal Light and Power	U.S.	130,836	130,836.00	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	SERC	C-1320	Owensboro (KY) Municipal Utilities	U.S.	779,850	779,850.00	-	-	0.059%	0.059%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2023	SERC	C-1321	Piedmont EMC in Duke and Progress Areas	U.S.	507,506	507,506.00	-	-	0.038%	0.038%	0.000%	0.000%	0.011%	0.011%	0.000%	0.000%	0.012%
2023	SERC	C-1323	Piedmont Municipal Power Agency (PMPA)	U.S.	2,310,987	2,310,987.00	-	-	0.175%	0.175%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.057%
2023	SERC	C-1589	Pointe Coupee Electric Memb. Corp.	U.S.	228,117	228,117.00	-	-	0.017%	0.017%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2023	SERC	C-1266	PowerSouth Energy	U.S.	9,392,142	9,392,142.00	-	-	0.709%	0.709%	0.000%	0.000%	0.204%	0.204%	0.000%	0.000%	0.231%
2023	SERC	C-1330	Prairie Power, Inc.	U.S.	1,549,658	1,549,658.00	-	-	0.117%	0.117%	0.000%	0.000%	0.034%	0.034%	0.000%	0.000%	0.038%
2023	SERC	C-1706	Duke Energy Progress	U.S.	4,939,663	4,939,663.00	-	-	3.852%	3.852%	0.000%	0.000%	1.092%	1.092%	0.000%	0.000%	1.207%
2023	SERC	C-1325	Rutherford EMC	U.S.	1,387,946	1,387,946.00	-	-	0.105%	0.105%	0.000%	0.000%	0.030%	0.030%	0.000%	0.000%	0.034%
2023	SERC	C-1326	South Carolina Electric & Gas Company	U.S.	22,081,696	22,081,696.00	-	-	1.668%	1.668%	0.000%	0.000%	0.480%	0.480%	0.000%	0.000%	0.543%
2023	SERC	C-1327	South Carolina Public Service Authority	U.S.	10,250,036	10,250,036.00	-	-	0.774%	0.774%	0.000%	0.000%	0.223%	0.223%	0.000%	0.000%	0.252%
2023	SERC	C-1590	South Louisiana Electric Cooperative Association	U.S.	532,524	532,524.00	-	-	0.040%	0.040%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.013%
2023	SERC	C-1328	Cooperative Energy (formerly SMEPA)	U.S.	10,124,240	10,124,240.00	-	-	0.765%	0.765%	0.000%	0.000%	0.220%	0.220%	0.000%	0.000%	0.249%
2023	SERC	C-1329	Southern Illinois Power Cooperative	U.S.	1,281,356	1,281,356.00	-	-	0.097%	0.097%	0.000%	0.000%	0.028%	0.028%	0.000%	0.000%	0.031%
2023	SERC	C-1591	Southwest Louisiana Electric Membership Corporation	U.S.	2,763,975	2,763,975.00	-	-	0.209%	0.209%	0.000%	0.000%	0.060%	0.060%	0.000%	0.000%	0.068%
2023	SERC	C-1619	Southwestern Electric Cooperative, Inc.	U.S.	481,184	481,184.00	-	-	0.036%	0.036%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2023	SERC	C-1331	Tennessee Valley Authority	U.S.	158,659,671	158,659,671.00	-	-	11.985%	11.985%	0.000%	0.000%	3.449%	3.449%	0.000%	0.000%	8.879%
2023	SERC	C-1632	East Texas Electric Cooperative (ETEC)	U.S.	2,268,398	2,268,398.00	-	-	0.171%	0.171%	0.000%	0.000%	0.049%	0.049%	0.000%	0.000%	0.056%
2023	SERC	C-1332	Tombigbee Electric Cooperative Inc.	U.S.	131,776	131,776.00	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	SERC	C-1594	Town of Sharpsburg, N.C.	U.S.	16,582	16,582.00	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	SERC	C-1595	Town of Stantonburg, N.C. JRO	U.S.	19,580	19,580.00	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	SERC	C-1333	Town of Waynesville NC	U.S.	75,790	75,790.00	-	-	0.006%	0.006%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	SERC	C-1334	Town of Winterville SC	U.S.	62,245	62,245.00	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2023	SERC	C-1335	Town of Winterville NC	U.S.	52,209	52,209.00	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	SERC	C-1597	Washington-St.Tammany Electric Cooperative, Inc.	U.S.	1,093,847	1,093,847.00	-	-	0.083%	0.083%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2023	SERC	C-1435	Arkansas Electric Cooperative Corporation	U.S.	10,537,744	10,537,744.00	-	-	0.796%	0.796%	0.000%	0.000%	0.229%	0.229%	0.000%	0.000%	0.259%
2023	SERC	C-1557	City of Clarksdale, Mississippi	U.S.	135,939	135,939.00	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	SERC	C-1708	City of Abbeville	U.S.	122,747	122,747.00	-	-	0.009%	0.009%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	SERC	C-1558	Hope Water & Light (HWL)	U.S.	236,537	236,537.00	-	-	0.018%	0.018%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2023	SERC	C-1559	City of Minden	U.S.	134,572	134,572.00	-	-	0.010%	0.010%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	SERC	C-1249	Cleco Power LLC	U.S.	10,565,150	10,565,150.00	-	-	0.798%	0.798%	0.000%	0.000%	0.230%	0.230%	0.000%	0.000%	0.260%
2023	SERC																

Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2023	SERC	C-1093	Wauchula, City of	U.S.	63,489	63,489.00	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2023	SERC	C-1094	Williston, City of	U.S.	37,598.00	37,598.00	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2023	SERC	C-1095	Winter Park, City of	U.S.	436,371	436,371.40	-	-	0.033%	0.033%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2023	SERC	C-1072	Florida Municipal Power Agency	U.S.	7,173,794	7,173,794.00	-	-	0.542%	0.542%	0.000%	0.000%	0.156%	0.156%	0.000%	0.000%	0.176%
2023	SERC	C-1073	Seminole Electric Cooperative	U.S.	16,312,167	16,312,167.00	-	-	1.232%	1.232%	0.000%	0.000%	0.355%	0.355%	0.000%	0.000%	0.401%
TOTAL SERC					1,323,812,102	1,323,812,102.40	-	-	100.000%	100.000%	0.000%	0.000%	28.775%	28.775%	0.000%	0.000%	32.529%
2023	Texas RE	C-1019	ERCOT	U.S.	444,684,012	444,684,012	-	-	100.000%	100.000%	0.000%	0.000%	9.666%	9.666%	0.000%	0.000%	10.927%
TOTAL ERCOT					444,684,012	444,684,012	-	-	100.000%	100.000%	0.000%	0.000%	9.666%	9.666%	0.000%	0.000%	10.927%
2023	WECC		Alberta Electric System Operator	Canada	59,119,010	-	59,119,010	-	6.949%	0.000%	6.949%	0.000%	1.285%	0.000%	1.285%	0.000%	0.000%
2023	WECC		British Columbia Hydro & Power Authority	Canada	64,318,763	-	64,318,763	-	7.560%	0.000%	7.560%	0.000%	1.398%	0.000%	1.398%	0.000%	0.000%
2023	WECC		Centro Nacional de Control de Energia	Mexico	-	-	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Agua Irrigation District - APS	U.S.	41,272	41,272	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Aha Macav Power Service	U.S.	20,172	20,172	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Ajo Improvement District	U.S.	11,604	11,604	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Air Liquide Hydrogen Energy U.S., LLC	U.S.	92,499	92,499	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		Arizona Electric Power Cooperative, Inc	U.S.	4,081,550	4,081,550	-	-	0.480%	0.480%	0.000%	0.000%	0.089%	0.089%	0.000%	0.000%	0.100%
2023	WECC		Arizona Public Service Company	U.S.	32,319,863	32,319,863	-	-	3.799%	3.799%	0.000%	0.000%	0.703%	0.703%	0.000%	0.000%	0.794%
2023	WECC		Arkansas River Power Authority (ARPA)	U.S.	224,383	224,383	-	-	0.026%	0.026%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.006%
2023	WECC		Avangrid Renewables	U.S.	112,671	112,671	-	-	0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2023	WECC		Avista Corporation	U.S.	9,815,255	9,815,255	-	-	1.154%	1.154%	0.000%	0.000%	0.213%	0.213%	0.000%	0.000%	0.241%
2023	WECC		Barrick Goldstrike Mines Inc.	U.S.	1,336,034	1,336,034	-	-	0.157%	0.157%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2023	WECC		Basin Electric Power Cooperative - NorthWestern	U.S.	882,209	882,209	-	-	0.104%	0.104%	0.000%	0.000%	0.019%	0.019%	0.000%	0.000%	0.022%
2023	WECC		Basin Electric Power Cooperative - WACM	U.S.	2,354,691	2,354,691	-	-	0.277%	0.277%	0.000%	0.000%	0.051%	0.051%	0.000%	0.000%	0.058%
2023	WECC		Basin Electric Power Cooperative - WAUW	U.S.	145,935	145,935	-	-	0.017%	0.017%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.004%
2023	WECC		Beartooth Electric Cooperative	U.S.	84,834	84,834	-	-	0.010%	0.010%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		Big Horn County Electric Cooperative	U.S.	69,707	69,707	-	-	0.008%	0.008%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		Black Hills Energy Colorado Electric	U.S.	1,943,957	1,943,957	-	-	0.228%	0.228%	0.000%	0.000%	0.042%	0.042%	0.000%	0.000%	0.048%
2023	WECC		Black Hills Power/Cheyenne Light Fuel & Power	U.S.	4,765,231	4,765,231	-	-	0.560%	0.560%	0.000%	0.000%	0.104%	0.104%	0.000%	0.000%	0.117%
2023	WECC		Black Hills State University South Dakota	U.S.	182,881	182,881	-	-	0.022%	0.022%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2023	WECC		Bonneville Power Administration-Transmission	U.S.	57,628,298	57,628,298	-	-	6.774%	6.774%	0.000%	0.000%	1.253%	1.253%	0.000%	0.000%	1.416%
2023	WECC		Bonneville Power Administration-Power Services	U.S.	6,608,814	6,608,814	-	-	0.777%	0.777%	0.000%	0.000%	0.144%	0.144%	0.000%	0.000%	0.162%
2023	WECC		Bonneville Power Administration-Hydro	U.S.	196,661	196,661	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2023	WECC		Buckeye Water Conservation and Drainage District - APS	U.S.	16,583	16,583	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	U.S.	-	-	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Bureau of Reclamation (Wellfield)	U.S.	12,659	12,659	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Burlington	U.S.	31,694	31,694	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Caesars Entertainment LLC/North	U.S.	37,650	37,650	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Caesars Entertainment LLC/South	U.S.	480,553	480,553	-	-	0.056%	0.056%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2023	WECC		California Independent System Operator	U.S.	210,008,066	210,008,066	-	-	24.684%	24.684%	0.000%	0.000%	4.565%	4.565%	0.000%	0.000%	5.160%
2023	WECC		Calpine Energy Solutions, LLC (Noble Americas)	U.S.	1,734,601	1,734,601	-	-	0.204%	0.204%	0.000%	0.000%	0.038%	0.038%	0.000%	0.000%	0.043%
2023	WECC		Central Arizona Water Conservation District - WALC	U.S.	1,020,173	1,020,173	-	-	0.120%	0.120%	0.000%	0.000%	0.022%	0.022%	0.000%	0.000%	0.025%
2023	WECC		Circus Circus Las Vegas	U.S.	49,019	49,019	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		City of Aztec Electric Dept. - WACM	U.S.	36,211	36,211	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		City of Fallon	U.S.	91,998	91,998	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		City of Farmington	U.S.	902,228	902,228	-	-	0.106%	0.106%	0.000%	0.000%	0.020%	0.020%	0.000%	0.000%	0.022%
2023	WECC		City of Gallup	U.S.	194,013	194,013	-	-	0.023%	0.023%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.005%
2023	WECC		City of Henderson	U.S.	39,973	39,973	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		City of Las Vegas	U.S.	44,737	44,737	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		City of Mesa	U.S.	262,315	262,315	-	-	0.031%	0.031%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.006%
2023	WECC		City of North Las Vegas	U.S.	20,210	20,210	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		City of Page	U.S.	89,791	89,791	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		City of Redding	U.S.	761,329	761,329	-	-	0.089%	0.089%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2023	WECC		City of Roseville	U.S.	1,181,128	1,181,128	-	-	0.139%	0.139%	0.000%	0.000%	0.026%	0.026%	0.000%	0.000%	0.029%
2023	WECC		City of Tacoma DBA Tacoma Power	U.S.	4,836,411	4,836,411	-	-	0.568%	0.568%	0.000%	0.000%	0.105%	0.105%	0.000%	0.000%	0.119%
2023	WECC		City of Williams	U.S.	50,860	50,860	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Clark County Water Reclamation District	U.S.	80,361	80,361	-	-	0.009%	0.009%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		Colorado River Agency-Bureau of Indian Affairs	U.S.	35,372	35,372	-	-	0.004%	0.004%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Colorado River Commission of Nevada	U.S.	129,413	129,413	-	-	0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	WECC		Colorado Springs Utilities	U.S.	-	-	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Colorado Springs Utilities - WACM	U.S.	4,868,613	4,868,613	-	-	0.572%	0.572%	0.000%	0.000%	0.106%	0.106%	0.000%	0.000%	0.120%
2023	WECC		Constellation New Energy	U.S.	306,661	306,661	-	-	0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2023	WECC		Intermountain Rural Electric Association (CORE)	U.S.	2,291,713	2,291,713	-	-	0.269%	0.269%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.056%
2023	WECC		Delta-Montrose Electric Association	U.S.	614,610	614,610	-	-	0.072%	0.072%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2023	WECC		Deseret Generation & Transmission Cooperative - WACM	U.S.	11,656	11,656	-	-	0.001%	0.001%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		Douglas Palisades / RUD No. 1 of DC	U.S.													



Data Year	Regional Entity	NERC ID	Entity	Country	Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL	% of RE total	US Total	Canada Total	Mexico Total	% of ERO Total	US Total	Canada Total	Mexico Total	% of ERO - US Only
2023	WECC		Navajo Tribal Utility Authority - PNM	U.S.	215,446	215,446	-	-	0.025%	0.025%	0.000%	0.000%	0.005%	0.005%	0.000%	0.000%	0.005%
2023	WECC		Navajo Tribal Utility Authority - WACM	U.S.	320,617	320,617	-	-	0.033%	0.033%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2023	WECC		Nebraska Public Power Marketing	U.S.	3,744	3,744	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Needles Public Utilities Authority	U.S.	60,622	60,622	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Nevada Gold Mines (Newmont)	U.S.	1,081,425	1,081,425	-	-	0.127%	0.127%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2023	WECC		Nevada Power Company dba NV Energy	U.S.	30,826,455	30,826,455	-	-	3.623%	3.623%	0.000%	0.000%	0.670%	0.670%	0.000%	0.000%	0.757%
2023	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	U.S.	10,119,765	10,119,765	-	-	1.189%	1.189%	0.000%	0.000%	0.220%	0.220%	0.000%	0.000%	0.249%
2023	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC - WAUW	U.S.	283,867	283,867	-	-	0.033%	0.033%	0.000%	0.000%	0.006%	0.006%	0.000%	0.000%	0.007%
2023	WECC		Oregon PUD	U.S.	649,967	649,967	-	-	0.076%	0.076%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2023	WECC		Overton Power District No. 5	U.S.	427,609	427,609	-	-	0.050%	0.050%	0.000%	0.000%	0.009%	0.009%	0.000%	0.000%	0.011%
2023	WECC		PacifiCorp East	U.S.	51,967,014	51,967,014	-	-	6.108%	6.108%	0.000%	0.000%	1.130%	1.130%	0.000%	0.000%	1.277%
2023	WECC		PacifiCorp - IPC	U.S.	2,223	2,223	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		PacifiCorp - Portland General	U.S.	3,199	3,199	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		PacifiCorp - WACM	U.S.	106,854	106,854	-	-	0.013%	0.013%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.003%
2023	WECC		PacifiCorp West	U.S.	21,200,668	21,200,668	-	-	2.492%	2.492%	0.000%	0.000%	0.461%	0.461%	0.000%	0.000%	0.521%
2023	WECC		Pend Oreille County PUD No. 1	U.S.	710,923	710,923	-	-	0.084%	0.084%	0.000%	0.000%	0.015%	0.015%	0.000%	0.000%	0.017%
2023	WECC		Pepperhill Hotel Casino	U.S.	52,039	52,039	-	-	0.006%	0.006%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.003%
2023	WECC		Platte River Power Authority	U.S.	3,192,875	3,192,875	-	-	0.375%	0.375%	0.000%	0.000%	0.069%	0.069%	0.000%	0.000%	0.078%
2023	WECC		Portland General Electric Company	U.S.	19,620,660	19,620,660	-	-	2.306%	2.306%	0.000%	0.000%	0.426%	0.426%	0.000%	0.000%	0.482%
2023	WECC		Public Service Company of Colorado (Xcel)	U.S.	30,624,428	30,624,428	-	-	3.600%	3.600%	0.000%	0.000%	0.666%	0.666%	0.000%	0.000%	0.753%
2023	WECC		Public Service Company of Colorado (Xcel) - WACM	U.S.	64,821	64,821	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2023	WECC		Public Service Company of New Mexico	U.S.	10,198,387	10,198,387	-	-	1.199%	1.199%	0.000%	0.000%	0.222%	0.222%	0.000%	0.000%	0.251%
2023	WECC		Public Utility District 1 of Chelan County	U.S.	1,978,292	1,978,292	-	-	0.233%	0.233%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.049%
2023	WECC		PUD No. 1 of Douglas County	U.S.	1,461,603	1,461,603	-	-	0.173%	0.173%	0.000%	0.000%	0.032%	0.032%	0.000%	0.000%	0.036%
2023	WECC		PUD No. 2 of Grant County	U.S.	5,974,039	5,974,039	-	-	0.702%	0.702%	0.000%	0.000%	0.130%	0.130%	0.000%	0.000%	0.147%
2023	WECC		PUD No. 2 of Grant County - Avista	U.S.	92,447	92,447	-	-	0.011%	0.011%	0.000%	0.000%	0.002%	0.002%	0.000%	0.000%	0.002%
2023	WECC		Pueblo of Acoma Utility Authority	U.S.	19,298	19,298	-	-	0.002%	0.002%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Puget Sound Energy, Inc.	U.S.	24,594,453	24,594,453	-	-	2.891%	2.891%	0.000%	0.000%	0.535%	0.535%	0.000%	0.000%	0.604%
2023	WECC		Raton Public Service	U.S.	43,969	43,969	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Reno City Center	U.S.	8,263	8,263	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Roosevelt Irrigation District - APS	U.S.	40,795	40,795	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.003%
2023	WECC		Sacramento Municipal Utility District	U.S.	10,820,246	10,820,246	-	-	1.272%	1.272%	0.000%	0.000%	0.235%	0.235%	0.000%	0.000%	0.266%
2023	WECC		Sahara Las Vegas	U.S.	29,204	29,204	-	-	0.003%	0.003%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Salt River Project	U.S.	33,501,095	33,501,095	-	-	3.938%	3.938%	0.000%	0.000%	0.728%	0.728%	0.000%	0.000%	0.823%
2023	WECC		Seattle City Light	U.S.	9,628,433	9,628,433	-	-	1.132%	1.132%	0.000%	0.000%	0.209%	0.209%	0.000%	0.000%	0.237%
2023	WECC		Shell Energy North America	U.S.	167,900	167,900	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2023	WECC		Silver State Energy Association	U.S.	633,259	633,259	-	-	0.074%	0.074%	0.000%	0.000%	0.014%	0.014%	0.000%	0.000%	0.016%
2023	WECC		Southern Nevada Water Authority	U.S.	123,633	123,633	-	-	0.015%	0.015%	0.000%	0.000%	0.003%	0.003%	0.000%	0.000%	0.003%
2023	WECC		Switch-North	U.S.	308,052	308,052	-	-	0.036%	0.036%	0.000%	0.000%	0.007%	0.007%	0.000%	0.000%	0.008%
2023	WECC		Switch-South	U.S.	773,477	773,477	-	-	0.091%	0.091%	0.000%	0.000%	0.017%	0.017%	0.000%	0.000%	0.019%
2023	WECC		The Incorporated County of Los Alamos	U.S.	620,122	620,122	-	-	0.073%	0.073%	0.000%	0.000%	0.013%	0.013%	0.000%	0.000%	0.015%
2023	WECC		Tohono O'Odham Utility Authority	U.S.	62,994	62,994	-	-	0.007%	0.007%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2023	WECC		Topopah Irrigation District - APS	U.S.	38,567	38,567	-	-	0.005%	0.005%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.001%
2023	WECC		Town of Fredonia - WALC	U.S.	2,141	2,141	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Tri-State Generation & Transmission Assoc. Inc. - Reliability - PSCO	U.S.	1,963,437	1,963,437	-	-	0.231%	0.231%	0.000%	0.000%	0.043%	0.043%	0.000%	0.000%	0.048%
2023	WECC		Tri-State Generation & Transmission Assoc. Inc. - Reliability - WACM	U.S.	7,856,610	7,856,610	-	-	0.923%	0.923%	0.000%	0.000%	0.171%	0.171%	0.000%	0.000%	0.193%
2023	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	U.S.	2,605,096	2,605,096	-	-	0.306%	0.306%	0.000%	0.000%	0.057%	0.057%	0.000%	0.000%	0.064%
2023	WECC		Truckee Donner Public Utility District	U.S.	176,040	176,040	-	-	0.021%	0.021%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2023	WECC		Tucson Electric Power Company	U.S.	14,827,757	14,827,757	-	-	1.743%	1.743%	0.000%	0.000%	0.322%	0.322%	0.000%	0.000%	0.364%
2023	WECC		Turlock Irrigation District	U.S.	2,282,059	2,282,059	-	-	0.268%	0.268%	0.000%	0.000%	0.050%	0.050%	0.000%	0.000%	0.056%
2023	WECC		U.S. Army Yuma Proving Ground	U.S.	2,247	2,247	-	-	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		United Power, Inc	U.S.	2,511,936	2,511,936	-	-	0.295%	0.295%	0.000%	0.000%	0.055%	0.055%	0.000%	0.000%	0.062%
2023	WECC		US Dept of Energy - Kirtland AFB	U.S.	473,007	473,007	-	-	0.056%	0.056%	0.000%	0.000%	0.010%	0.010%	0.000%	0.000%	0.012%
2023	WECC		Wellton-Mohawk Irrigation & Drainage District	U.S.	8,590	8,590	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Western Area Power - Loveland, CO - PSCO	U.S.	64,820	64,820	-	-	0.008%	0.008%	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%	0.002%
2023	WECC		Western Area Power - Loveland, CO - WACM	U.S.	1,517,382	1,517,382	-	-	0.178%	0.178%	0.000%	0.000%	0.033%	0.033%	0.000%	0.000%	0.037%
2023	WECC		Western Area Power Administration - CRSP	U.S.	1,348,440	1,348,440	-	-	0.158%	0.158%	0.000%	0.000%	0.029%	0.029%	0.000%	0.000%	0.033%
2023	WECC		Western Area Power Administration - Sierra Nevada Region	U.S.	1,617,249	1,617,249	-	-	0.190%	0.190%	0.000%	0.000%	0.035%	0.035%	0.000%	0.000%	0.040%
2023	WECC		Western Area Power Administration-Desert Southwest Region - WALC	U.S.	1,108,902	1,108,902	-	-	0.130%	0.130%	0.000%	0.000%	0.024%	0.024%	0.000%	0.000%	0.027%
2023	WECC		Western Area Power Administration-Upper Great Plains Region	U.S.	382,040	382,040	-	-	0.045%	0.045%	0.000%	0.000%	0.008%	0.008%	0.000%	0.000%	0.009%
2023	WECC		Western Area Power Administration-Upper Great Plains Region - NorthWestern	U.S.	7,688	7,688	-	-	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
2023	WECC		Wynn Las Vegas	U.S.	173,891	173,891	-	-	0.020%	0.020%	0.000%	0.000%	0.004%	0.004%	0.000%	0.000%	0.004%
2023	WECC		Yampa Valley Electric Association	U.S.	555,963	555,963	-	-	0.065%	0.065%	0.000%	0.000%	0.012%	0.012%	0.000%	0.000%	0.014%
TOTAL WECC					850,783,074	727,345,301	123,437,773	-	100.000%	85.491%	14.509%	0.000%	18.493%	15.810%	2.683%	0.000%	17.872%
TOTAL ERO					4,600,484,588	4,069,656,087	530,828,501	-	600.000%	517.763%	82.237%	0.000%	100.000%	88.461%	11.539%	0.000%	100.000%

Current Year NEL Summary by Regional Entity					Total NEL (MWh)	U.S. NEL	Canada NEL	Mexico NEL									
2023	MRO				510,231,218	458,685,490	51,645,728	-	100.000%	89.880%	10.120%	0.000%	11.093%	9.970%	1.123%	0.000%	11.271%
2023	NPCC				617,521,000	261,776,000	355,745,000	-	100.000%	42.351%	57.649%	0.000%	13.423%	5.690%	7.733%	0.000%	6.432%
2023	RF				853,353,182	853,353,182	-	-	100.000%	100.000%	0.000%	0.000%	18.549%	18.549%	0.000%	0.000%	20.969%
2023	SERC				1,323,812,102	1,323,812,102	-	-	100.000%	100.000%	0.000%	0.000%	28.775%	28.775%	0.000%	0.000%	32.529%
2023	Texas RE				444,684,012	444,684,012	-	-	100.000%	100.000%	0.000%	0.000%	9.666%	9.666%	0.000%	0.000%	10.927%
2023																	

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE & WRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	MRO	C-1217	Manitoba Hydro	1,940,802	-	1,940,802	-	624,087	-	624,087	-	1,316,715	-	1,316,715	-
2023	MRO	C-1235	SaskPower	1,915,970	-	1,915,970	-	616,102	-	616,102	-	1,299,868	-	1,299,868	-
2023	MRO	C-1707	AEP-VEPCO	53,131	-	53,131	-	17,400	-	17,400	-	35,730	-	35,730	-
2023	MRO	C-1195	Alliant Energy (ALTE-WPL & ALTW IPL)	2,089,760	2,089,760	-	-	684,399	684,399	-	-	1,405,361	1,405,361	-	-
2023	MRO	C-1246	American Electric Power Service Corporation	2,708,282	2,708,282	-	-	886,845	886,845	-	-	1,821,437	1,821,437	-	-
2023	MRO	C-1196	Ames Municipal Electric System	56,272	56,272	-	-	18,429	18,429	-	-	37,843	37,843	-	-
2023	MRO	C-1986	Arkansas Electric Cooperative Corporation (AECC)	340,827	340,827	-	-	111,621	111,621	-	-	229,205	229,205	-	-
2023	MRO	C-1604	Atlantic Municipal Utilities (AMU)	11,043	11,043	-	-	3,617	3,617	-	-	7,426	7,426	-	-
2023	MRO	C-1199	Basin Electric Power Cooperative (BEPCC)	1,982,386	1,982,386	-	-	649,234	649,234	-	-	1,333,152	1,333,152	-	-
2023	MRO	C-1247	Board of Public Utilities (Kansas City, KS) (BPU)	172,807	172,807	-	-	56,595	56,595	-	-	116,212	116,212	-	-
2023	MRO	C-1620	Board of Public Utilities City of McPherson, KS (MCPHER)	81,558	81,558	-	-	26,710	26,710	-	-	54,847	54,847	-	-
2023	MRO	C-1647	Carthage Water and Light	20,715	20,715	-	-	6,784	6,784	-	-	13,931	13,931	-	-
2023	MRO	C-1200	Cedar Falls Utilities (CFU)	46,521	46,521	-	-	15,236	15,236	-	-	31,286	31,286	-	-
2023	MRO	C-1201	Central Iowa Power Cooperative (CIPCO)	220,757	220,757	-	-	72,298	72,298	-	-	148,459	148,459	-	-
2023	MRO	C-1477	Central Minnesota Municipal Power Agency (CMMPA)	37,883	37,883	-	-	12,407	12,407	-	-	25,476	25,476	-	-
2023	MRO	C-1469	Central Valley Electric Cooperative (CVEC)	68,265	68,265	-	-	22,380	22,380	-	-	45,876	45,876	-	-
2023	MRO	C-2056	City of Beatrice	12,201	12,201	-	-	3,996	3,996	-	-	8,205	8,205	-	-
2023	MRO	C-1556	City of Bentonsville (BENVILL)	53,117	53,117	-	-	17,396	17,396	-	-	35,721	35,721	-	-
2023	MRO	C-1713	City of Bloomer (Bloomer Electric & Water Co.)	4,739	4,739	-	-	1,552	1,552	-	-	3,187	3,187	-	-
2023	MRO	C-1703	City of Chanute (CHANUTEKS)	36,435	36,435	-	-	11,932	11,932	-	-	24,502	24,502	-	-
2023	MRO	C-1203	City of Escanaba (EME)	9,451	9,451	-	-	3,095	3,095	-	-	6,356	6,356	-	-
2023	MRO	C-1715	City of Kasota	283	283	-	-	93	93	-	-	191	191	-	-
2023	MRO	C-2032	City of Lubbock (Lubbock Power and Light)	43,155	43,155	-	-	14,133	14,133	-	-	29,021	29,021	-	-
2023	MRO	C-1709	City of Nixa	13,240	13,240	-	-	4,336	4,336	-	-	8,904	8,904	-	-
2023	MRO	C-2057	City of South Sioux City, NE	14,463	14,463	-	-	4,737	4,737	-	-	9,727	9,727	-	-
2023	MRO	C-1722	City of Spooner	2,302	2,302	-	-	754	754	-	-	1,548	1,548	-	-
2023	MRO	C-2052	City of Superior, NE	3,482	3,482	-	-	1,140	1,140	-	-	2,342	2,342	-	-
2023	MRO	C-2053	City of Wakefield, NE	3,516	3,516	-	-	1,152	1,152	-	-	2,365	2,365	-	-
2023	MRO	C-2054	City of Wayne, NE	5,098	5,098	-	-	1,670	1,670	-	-	3,428	3,428	-	-
2023	MRO	C-1436	City Utilities of Springfield, MO (SPRM)	239,188	239,188	-	-	78,334	78,334	-	-	160,854	160,854	-	-
2023	MRO	C-1204	Corn Belt Power Cooperative (CBPC)	146,203	146,203	-	-	47,882	47,882	-	-	98,321	98,321	-	-
2023	MRO	C-1710	Dahlberg Electric Company	8,926	8,926	-	-	2,923	2,923	-	-	6,002	6,002	-	-
2023	MRO	C-1207	Daisyland Power Cooperative (DPC)	431,984	431,984	-	-	141,476	141,476	-	-	290,508	290,508	-	-
2023	MRO	C-1437	East Texas Electric Cooperative, Inc. (ETEC)	77,734	77,734	-	-	25,458	25,458	-	-	52,276	52,276	-	-
2023	MRO	C-1716	Eldridge Electric and Water Utilities	3,045	3,045	-	-	997	997	-	-	2,048	2,048	-	-
2023	MRO	C-1250	Empire District Electric Co.	371,784	371,784	-	-	121,760	121,760	-	-	250,024	250,024	-	-
2023	MRO	C-1205	City of Falls City, NE	4,012	4,012	-	-	1,314	1,314	-	-	2,698	2,698	-	-
2023	MRO	C-1470	Farmers Electric Cooperative, Inc. of New Mexico (FARMCOOPNM)	25,305	25,305	-	-	8,287	8,287	-	-	17,018	17,018	-	-
2023	MRO	C-1206	Fremont Department of Utilities (City of)	36,809	36,809	-	-	12,055	12,055	-	-	24,754	24,754	-	-
2023	MRO	C-1208	Geneseo Municipal Utilities	4,958	4,958	-	-	1,624	1,624	-	-	3,334	3,334	-	-
2023	MRO	C-1438	Golden Spread Electric Cooperative, Inc (GSEC)	494,366	494,366	-	-	161,905	161,905	-	-	332,460	332,460	-	-
2023	MRO	C-1209	City of Grand Island, NE	55,763	55,763	-	-	18,263	18,263	-	-	37,501	37,501	-	-
2023	MRO	C-1251	Grand River Dam Authority (GRDA)	528,694	528,694	-	-	173,148	173,148	-	-	355,546	355,546	-	-
2023	MRO	C-1717	Great Lakes Utilities (GLU)	109,261	109,261	-	-	35,790	35,790	-	-	73,471	73,471	-	-
2023	MRO	C-1210	Great River Energy (GRE)	985,396	985,396	-	-	322,718	322,718	-	-	662,677	662,677	-	-
2023	MRO	C-1606	Harlan Municipal Utilities	1,207	1,207	-	-	395	395	-	-	812	812	-	-
2023	MRO	C-1211	Hastings Utilities (HAST)	31,419	31,419	-	-	10,290	10,290	-	-	21,129	21,129	-	-
2023	MRO	C-1212	Heartland Consumers Power District (HCPD)	38,636	38,636	-	-	12,653	12,653	-	-	25,983	25,983	-	-
2023	MRO	C-1213	Hutchinson Utilities Commission (HUCH)	19,979	19,979	-	-	6,543	6,543	-	-	13,436	13,436	-	-
2023	MRO	C-1248	Independence Power & Light (Independence, MO) (INDN)	31,677	31,677	-	-	10,457	10,457	-	-	21,220	21,220	-	-
2023	MRO	C-1252	Energy Metro, Inc.	1,145,299	1,145,299	-	-	375,087	375,087	-	-	770,212	770,212	-	-
2023	MRO	C-1439	Kansas Electric Power Cooperative (KEPC)	149,916	149,916	-	-	49,098	49,098	-	-	100,818	100,818	-	-
2023	MRO	C-1440	Kansas Municipal Energy Agency (KMEA)	122,722	122,722	-	-	40,192	40,192	-	-	82,530	82,530	-	-
2023	MRO	C-1637	KRP Energy	59,422	59,422	-	-	19,461	19,461	-	-	39,961	39,961	-	-
2023	MRO	C-1598	Energy Missouri West, Inc.	663,207	663,207	-	-	217,365	217,365	-	-	446,342	446,342	-	-
2023	MRO	C-2038	Kenett Board of Public Works	8,616	8,616	-	-	2,822	2,822	-	-	5,795	5,795	-	-
2023	MRO	C-1472	Lea County Electric Cooperative (LCEC)	95,440	95,440	-	-	31,257	31,257	-	-	64,184	64,184	-	-
2023	MRO	C-1215	Lincoln Electric System (LES)	239,108	239,108	-	-	78,308	78,308	-	-	160,800	160,800	-	-
2023	MRO	C-1216	Madison, Gas and Electric (MGE)	241,679	241,679	-	-	79,150	79,150	-	-	162,529	162,529	-	-
2023	MRO	C-2039	Malden Board of Public Works	3,582	3,582	-	-	1,173	1,173	-	-	2,409	2,409	-	-
2023	MRO	C-1230	MidAmerican Energy Company (MEC)	2,120,550	2,120,550	-	-	741,216	741,216	-	-	1,379,334	1,379,334	-	-
2023	MRO	C-1441	Midwest Energy, Inc (MIWV)	133,742	133,742	-	-	43,801	43,801	-	-	89,941	89,941	-	-
2023	MRO	C-1224	Minnesota Municipal Power Agency (MMPA) Avant Energy Inc is Agent	146,969	146,969	-	-	48,133	48,133	-	-	98,836	98,836	-	-
2023	MRO	C-1221	Minnesota Power (MP)	874,465	874,465	-	-	286,388	286,388	-	-	588,076	588,076	-	-
2023	MRO	C-1222	Minnesota Power Cooperative, Inc. (MPC)	288,138	288,138	-	-	94,366	94,366	-	-	193,772	193,772	-	-
2023	MRO	C-1287	Missouri Joint Municipal Electric Utility	32,843	32,843	-	-	10,789	10,789	-	-	22,154	22,154	-	-
2023	MRO	C-1223	Missouri River Energy Services	205,511	205,511	-	-	67,305	67,305	-	-	138,206	138,206	-	-
2023	MRO	C-1228	Montana-Dakota Utilities Co. (MDU)	304,445	304,445	-	-	99,706	99,706	-	-	204,739	204,739	-	-
2023	MRO	C-1607	Montezuma Municipal Light & Power	1,638	1,638	-	-	537	537	-	-	1,102	1,102	-	-
2023	MRO	C-2051	Moose Lake Water & Light Commission	2,545	2,545	-	-	834	834	-	-	1,712	1,712	-	-
2023	MRO	C-1227	Municipal Energy Agency of Nebraska (MEAN)	71,746	71,746	-	-	23,497	23,497	-	-	48,249	48,249	-	-
2023	MRO	C-1228	Muscatine Power and Water (MPW)	65,545	65,545	-	-	21,473	21,473	-	-	44,094	44,094	-	-
2023	MRO	C-1229	Nebraska City Utilities	8,794	8,794	-	-	2,880	2,880	-	-	5,914	5,914	-	-
2023	MRO	C-1230	Nebraska Public Power District (NPPD)	1,007,322	1,007,322	-	-	329,899	329,899	-	-	677,422	677,422	-	-
2023	MRO	C-1711	North Central Power Company	3,060	3,060	-	-	1,002	1,002	-	-	2,058	2,058	-	-
2023	MRO	C-2055	Northeast Power	27,765	27,765	-	-	9,093	9,093	-	-	18,672	18,672	-	-
2023	MRO	C-1442	Northeast Texas Electric Cooperative, Inc. (NTEC)	246,529	246,529	-	-	80,739	80,739	-	-	165,790	165,790	-	-
2023	MRO	C-1231	NorthWestern Energy (NWE)	136,204	136,204	-	-	45,332	45,332	-	-	90,872	90,872	-	-
2023	MRO	C-1712	NorthWestern Wisconsin Electric Company	14,114	14,114	-	-	4,622	4,622	-	-	9,492	9,492	-	-
2023	MRO	C-1255	Oklahoma Gas and Electric Co. (OKGE)	2,357,995	2,357,995	-	-	772,247	772,247	-	-	1,585,748	1,585,748	-	-
2023	MRO	C-1444	Oklahoma Municipal Power Authority (OMPA)	206,811	206,811	-	-	67,731	67,731	-	-	139,080	139,080	-	-
2023	MRO	C-1232	Omaha Public Power District (OPPD)	950,782	950,782	-	-	311,382	311,382	-	-	639,399	639,399	-	-
2023	MRO	C-1233	Otter Tail Power Company (OTPC)	439,817	439,817	-	-	144,008	144,008	-	-	295,799	295,799	-	-
2023	MRO	C-1651	Paragould Light, Water & Cable (PARAGOULD)	41,920	41,920	-	-	13,729	13,729	-	-	28,191	28,191	-	-
2023	MRO	C-1725	Peoples Electric Cooperative (PEC)	69,766	69,766	-	-	22,848	22,848	-	-	46,917	46,917	-	-
2023	MRO	C-2040	Piggott Municipal Light, Water & Sewer	2,573	2,573	-	-	843	843	-	-	1,730	1,730	-	-
2023	MRO	C-1720	Resale Power Group of Iowa	36,753	36,753	-	-								

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE & WRAB Costs)				Total NERC Assessments				Total Regional Entity Assessments (Including WRAB Assessments)			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	MRO	C-1244	Xcel Energy Company Northern States Power (NSP)	3,083,664	3,083,664	-	-	1,009,904	1,009,904	-	-	2,073,759	2,073,759	-	-
			TOTAL MRO	37,488,993	33,632,221	3,856,772	-	12,254,790	11,014,601	1,240,190	-	25,234,203	22,617,621	2,616,582	-
2023	NPCC	C-1336	New England	9,011,492	9,011,492	-	-	2,754,962	2,754,962	-	-	6,256,530	6,256,530	-	-
2023	NPCC	C-1339	New York	11,591,791	11,591,791	-	-	3,531,171	3,531,171	-	-	8,060,619	8,060,619	-	-
2023	NPCC	C-1337	Ontario	5,762,441	-	5,762,441	-	2,530,813	-	2,530,813	-	3,231,628	-	3,231,628	
2023	NPCC		Quebec	9,191,035	-	9,191,035	-	3,763,816	-	3,763,816	-	5,427,219	-	5,427,219	
2023	NPCC	C-1341	Hydro Quebec	-	-	-	-	-	-	-	-	-	-	-	
2023	NPCC	C-1572	Regie	-	-	-	-	-	-	-	-	-	-	-	
2023	NPCC	C-1705	New Brunswick	988,954	-	988,954	-	270,519	-	270,519	-	718,435	-	718,435	
2023	NPCC	C-1340	Nova Scotia	668,647	-	668,647	-	270,247	-	270,247	-	398,400	-	398,400	
			TOTAL NPCC	37,214,359	20,603,282	16,611,077	-	13,121,528	6,286,133	6,835,395	-	24,092,831	14,317,149	9,775,682	-
2023	RF	C-1102	Cannelton Utilities	709	709	-	-	296	296	-	-	413	413	-	-
2023	RF	C-1106	City of Crowell	2,509	2,509	-	-	1,047	1,047	-	-	1,461	1,461	-	-
2023	RF	C-1490	City of Lansing	117,759	117,759	-	-	49,167	49,167	-	-	68,592	68,592	-	-
2023	RF	C-1120	Cloverland Electric Cooperative	43,999	43,999	-	-	18,371	18,371	-	-	25,629	25,629	-	-
2023	RF	C-1122	CMS ERM Michigan LLC	10,127	10,127	-	-	4,228	4,228	-	-	5,899	5,899	-	-
2023	RF	C-1124	Constellation New Energy (MECS-CONS)	114,539	114,539	-	-	47,823	47,823	-	-	66,716	66,716	-	-
2023	RF	C-1123	Constellation New Energy (MECS-DET)	126,704	126,704	-	-	52,902	52,902	-	-	73,802	73,802	-	-
2023	RF	C-1126	Consumers Energy Company	1,865,264	1,865,264	-	-	779,211	779,211	-	-	1,087,052	1,087,052	-	-
2023	RF	C-1128	DTE Electric Company	2,677,289	2,677,289	-	-	1,117,834	1,117,834	-	-	1,559,455	1,559,455	-	-
2023	RF	C-1166	Duke Energy Indiana	1,532,457	1,532,457	-	-	639,839	639,839	-	-	892,618	892,618	-	-
2023	RF	C-1135	Ferdinand Municipal Light & Water	2,685	2,685	-	-	1,121	1,121	-	-	1,564	1,564	-	-
2023	RF	C-1646	Energy Harbor LLC (MECS-CONS)	28,571	28,571	-	-	11,929	11,929	-	-	16,642	16,642	-	-
2023	RF	C-1549	Energy Harbor LLC (MECS-DET)	7,239	7,239	-	-	3,022	3,022	-	-	4,216	4,216	-	-
2023	RF	C-1145	Hoosier Energy	441,591	441,591	-	-	184,375	184,375	-	-	257,216	257,216	-	-
2023	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	166,712	166,712	-	-	69,606	69,606	-	-	97,105	97,105	-	-
2023	RF	C-1485	Indiana Municipal Power Agency (NPSCO)	20,764	20,764	-	-	8,669	8,669	-	-	12,094	12,094	-	-
2023	RF	C-1486	Indiana Municipal Power Agency (SIGE)	31,473	31,473	-	-	13,141	13,141	-	-	18,332	18,332	-	-
2023	RF	C-1149	Indianapolis Power & Light Co.	749,795	749,795	-	-	313,058	313,058	-	-	436,737	436,737	-	-
2023	RF	C-1050	Luganaport Municipal Utility (LMU)	22,874	22,874	-	-	9,550	9,550	-	-	13,323	13,323	-	-
2023	RF	C-1666	Constellation New Energy (MIUP)	17,447	17,447	-	-	7,285	7,285	-	-	10,163	10,163	-	-
2023	RF	C-1614	Just Energy	73	73	-	-	30	30	-	-	42	42	-	-
2023	RF	C-1154	Michigan Public Power Agency	213,417	213,417	-	-	89,107	89,107	-	-	124,310	124,310	-	-
2023	RF	C-1155	Michigan South Central Power Agency	43,672	43,672	-	-	18,234	18,234	-	-	25,438	25,438	-	-
2023	RF	C-1163	Northern Indiana Public Service Co.	879,344	879,344	-	-	367,148	367,148	-	-	512,196	512,196	-	-
2023	RF	C-1164	Ontonagon County Rural Electrification Assoc.	1,658	1,658	-	-	692	692	-	-	966	966	-	-
2023	RF	C-1265	PJM Interconnection, LLC	36,883,797	36,883,797	-	-	15,399,897	15,399,897	-	-	21,483,900	21,483,900	-	-
2023	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	19,902	19,902	-	-	8,310	8,310	-	-	11,593	11,593	-	-
2023	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	34,937	34,937	-	-	14,587	14,587	-	-	20,350	20,350	-	-
2023	RF	C-1176	Direct Energy	691	691	-	-	288	288	-	-	402	402	-	-
2023	RF	C-1174	Direct Energy	49,844	49,844	-	-	20,477	20,477	-	-	28,567	28,567	-	-
2023	RF	C-1581	Spartan Renewable Energy	7,828	7,828	-	-	3,268	3,268	-	-	4,560	4,560	-	-
2023	RF	C-1985	Spartan Renewable Energy (MI UP)	4,147	4,147	-	-	1,732	1,732	-	-	2,416	2,416	-	-
2023	RF	C-1180	Thumb Electric Cooperative	11,437	11,437	-	-	4,775	4,775	-	-	6,662	6,662	-	-
2023	RF	C-2074	Union City Michigan	907	907	-	-	379	379	-	-	529	529	-	-
2023	RF	C-2027	Upper Michigan Energy Resources	109,220	109,220	-	-	45,602	45,602	-	-	63,618	63,618	-	-
2023	RF	C-1181	Vestron, a CenterPoint Energy Company	267,012	267,012	-	-	111,464	111,464	-	-	155,548	155,548	-	-
2023	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	184,665	184,665	-	-	77,102	77,102	-	-	107,563	107,563	-	-
2023	RF	C-1488	Wabash Valley Power Alliance (NPSCO)	103,622	103,622	-	-	43,265	43,265	-	-	60,357	60,357	-	-
2023	RF	C-1185	Wisconsin Electric Power Co.	1,364,462	1,364,462	-	-	569,697	569,697	-	-	794,765	794,765	-	-
2023	RF	C-2041	Wisconsin Public Service Co.	666,410	666,410	-	-	278,243	278,243	-	-	388,168	388,168	-	-
2023	RF	C-1186	Wolverine Power Marketing Cooperative	38,180	38,180	-	-	16,132	16,132	-	-	22,048	22,048	-	-
2023	RF	C-1191	Wolverine Power Supply Cooperative	164,986	164,986	-	-	68,886	68,886	-	-	96,100	96,100	-	-
2023	RF	C-1190	Wolverine Power Marketing Cooperative (MECS-DET)	48,010	48,010	-	-	20,045	20,045	-	-	27,965	27,965	-	-
			TOTAL RELIABILITYFIRST	49,079,528	49,079,528	-	-	20,491,916	20,491,916	-	-	28,587,612	28,587,612	-	-
2023	SERC	C-1267	Alabama Municipal Electric Authority	166,785	166,785	-	-	83,711	83,711	-	-	83,074	83,074	-	-
2023	SERC	C-1268	Alabama Power Company	2,156,617	2,156,617	-	-	1,282,683	1,282,683	-	-	1,272,934	1,272,934	-	-
2023	SERC	C-1269	Ameren - Illinois	1,857,816	1,857,816	-	-	932,452	932,452	-	-	925,365	925,365	-	-
2023	SERC	C-1271	Ameren - Missouri	1,664,657	1,664,657	-	-	835,504	835,504	-	-	829,153	829,153	-	-
2023	SERC	C-1273	Associated Electric Cooperative Inc.	1,107,160	1,107,160	-	-	555,692	555,692	-	-	551,468	551,468	-	-
2023	SERC	C-1582	Beauregard Electric Cooperative, Inc.	73,704	73,704	-	-	36,993	36,993	-	-	36,712	36,712	-	-
2023	SERC	C-1462	Benton Utility District	14,716	14,716	-	-	7,386	7,386	-	-	7,330	7,330	-	-
2023	SERC	C-1274	Big Rivers Electric Corporation	187,314	187,314	-	-	94,014	94,014	-	-	93,299	93,299	-	-
2023	SERC	C-1275	Black Warrior EMC	18,679	18,679	-	-	9,375	9,375	-	-	9,304	9,304	-	-
2023	SERC	C-1276	Blue Ridge EMC	55,135	55,135	-	-	27,673	27,673	-	-	27,462	27,462	-	-
2023	SERC	C-1628	Brazos Electric Power Cooperative, Inc.	31,868	31,868	-	-	15,995	15,995	-	-	15,873	15,873	-	-
2023	SERC	C-1463	Canton, MS	5,224	5,224	-	-	2,622	2,622	-	-	2,602	2,602	-	-
2023	SERC	C-1277	Central Electric Power Cooperative Inc.	939,093	939,093	-	-	471,338	471,338	-	-	467,755	467,755	-	-
2023	SERC	C-1667	Century Aluminum - Havesville	-	-	-	-	-	-	-	-	-	-	-	-
2023	SERC	C-1668	Century Aluminum - Sebree	159,058	159,058	-	-	79,833	79,833	-	-	79,226	79,226	-	-
2023	SERC	C-1278	City of Blountstown FL	1,548	1,548	-	-	777	777	-	-	771	771	-	-
2023	SERC	C-1279	City of Camden SC	9,142	9,142	-	-	4,588	4,588	-	-	4,553	4,553	-	-
2023	SERC	C-1280	City of Collins MS	2,268	2,268	-	-	1,138	1,138	-	-	1,130	1,130	-	-
2023	SERC	C-1281	City of Columbia MO	56,278	56,278	-	-	28,246	28,246	-	-	28,032	28,032	-	-
2023	SERC	C-1282	City of Conway AR (Conway Corporation)	44,564	44,564	-	-	22,367	22,367	-	-	22,197	22,197	-	-
2023	SERC	C-1284	City of Evergreen AL	2,635	2,635	-	-	1,322	1,322	-	-	1,312	1,312	-	-
2023	SERC	C-1285	City of Hampton GA	1,788	1,788	-	-	898	898	-	-	891	891	-	-
2023	SERC	C-1286	City of Hartford AL	1,420	1,420	-	-	713	713	-	-	707	7		

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE & WRAB Costs)*				Total NERC Assessments*				Total Regional Entity Assessments (Including WRAB Assessments)*			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	SERC	C-1659	Electricities of North Carolina Inc	550,108	550,108	-	-	276,104	276,104	-	-	274,005	274,005	-	-
2023	SERC	C-1300	Energy/United EMC	132,149	132,149	-	-	66,327	66,327	-	-	65,823	65,823	-	-
2023	SERC	C-1301	Entergy	5,959,438	5,959,438	-	-	2,991,086	2,991,086	-	-	2,968,352	2,968,352	-	-
2023	SERC	C-1302	Fayetteville (NC) Public Works Commission	95,683	95,683	-	-	48,024	48,024	-	-	47,659	47,659	-	-
2023	SERC	C-1303	Florida Public Utilities (FL Panhandle Load)	13,816	13,816	-	-	6,934	6,934	-	-	6,881	6,881	-	-
2023	SERC	C-1304	French Broad EMC	262,228	262,228	-	-	131,664	131,664	-	-	131,064	131,064	-	-
2023	SERC	C-1305	Georgia Power Company	4,174,059	4,174,059	-	-	2,094,991	2,094,991	-	-	2,079,068	2,079,068	-	-
2023	SERC	C-1306	Georgia System Optns Corporation	2,018,276	2,018,276	-	-	1,012,988	1,012,988	-	-	1,005,288	1,005,288	-	-
2023	SERC	C-1479	Greenwood (MS) Utilities Commission	12,481	12,481	-	-	6,264	6,264	-	-	6,217	6,217	-	-
2023	SERC	C-1307	Greenwood (SC) Commissioners of Public Works	13,622	13,622	-	-	6,837	6,837	-	-	6,785	6,785	-	-
2023	SERC	C-1586	Haywood EMC	15,860	15,860	-	-	7,960	7,960	-	-	7,900	7,900	-	-
2023	SERC	C-1364	Hossier Energy REC, Inc	20,589	20,589	-	-	10,334	10,334	-	-	10,255	10,255	-	-
2023	SERC	C-1309	Illinois Municipal Electric Agency	83,818	83,818	-	-	42,069	42,069	-	-	41,749	41,749	-	-
2023	SERC	C-1480	Itta Bena, MS	610	610	-	-	306	306	-	-	304	304	-	-
2023	SERC	C-1587	Jefferson Davis Electric Cooperative, Inc.	10,120	10,120	-	-	5,079	5,079	-	-	5,040	5,040	-	-
2023	SERC	C-1617	Kentucky Municipal Power	29,808	29,808	-	-	14,961	14,961	-	-	14,847	14,847	-	-
2023	SERC	C-1481	Municipal Energy Agency of MS-Kosciusko, MS	3,688	3,688	-	-	1,860	1,860	-	-	1,848	1,848	-	-
2023	SERC	C-1482	Municipal Energy Agency of MS-Leland, MS	1,375	1,375	-	-	690	690	-	-	685	685	-	-
2023	SERC	C-1313	McCormick Commission of Public Works	788	788	-	-	396	396	-	-	393	393	-	-
2023	SERC	C-1314	Mississippi Power Company	488,528	488,528	-	-	245,196	245,196	-	-	243,332	243,332	-	-
2023	SERC	C-1630	Mt. Carmel Public Utility	4,418	4,418	-	-	2,218	2,218	-	-	2,201	2,201	-	-
2023	SERC	C-1315	Municipal Electric Authority of Georgia	588,880	588,880	-	-	295,563	295,563	-	-	293,317	293,317	-	-
2023	SERC	C-1316	N.C. Electric Membership Corp.	635,606	635,606	-	-	319,015	319,015	-	-	316,591	316,591	-	-
2023	SERC	C-1588	Northeast Louisiana Power Cooperative, Inc.	13,748	13,748	-	-	6,900	6,900	-	-	6,848	6,848	-	-
2023	SERC	C-1574	Northern Virginia Electric Cooperative	493,786	493,786	-	-	247,835	247,835	-	-	245,951	245,951	-	-
2023	SERC	C-1319	Old Dominion Electric Cooperative	297,195	297,195	-	-	149,165	149,165	-	-	148,031	148,031	-	-
2023	SERC	C-1618	Osceola (Arkansas) Municipal Light and Power	6,261	6,261	-	-	3,142	3,142	-	-	3,118	3,118	-	-
2023	SERC	C-1320	Owensboro (KY) Municipal Utilities	37,311	37,311	-	-	18,727	18,727	-	-	18,585	18,585	-	-
2023	SERC	C-1321	Piedmont EMC in Duke and Progress Areas	24,281	24,281	-	-	12,187	12,187	-	-	12,094	12,094	-	-
2023	SERC	C-1323	Piedmont Municipal Power Agency (PMPA)	110,568	110,568	-	-	55,495	55,495	-	-	55,073	55,073	-	-
2023	SERC	C-1589	Pointe Coupee Electric Memb. Corp.	10,914	10,914	-	-	5,478	5,478	-	-	5,436	5,436	-	-
2023	SERC	C-1266	PowerSouth Energy	449,360	449,360	-	-	225,537	225,537	-	-	223,823	223,823	-	-
2023	SERC	C-1330	Prairie Power, Inc.	74,142	74,142	-	-	37,213	37,213	-	-	36,930	36,930	-	-
2023	SERC	C-1706	Duke Energy Progress	2,095,099	2,095,099	-	-	1,051,546	1,051,546	-	-	1,043,553	1,043,553	-	-
2023	SERC	C-1325	Rutherford EMC	66,405	66,405	-	-	33,329	33,329	-	-	33,076	33,076	-	-
2023	SERC	C-1326	South Carolina Electric & Gas Company	1,056,483	1,056,483	-	-	530,257	530,257	-	-	526,226	526,226	-	-
2023	SERC	C-1327	South Carolina Public Service Authority	490,406	490,406	-	-	246,138	246,138	-	-	244,267	244,267	-	-
2023	SERC	C-1590	South Louisiana Electric Cooperative Association	25,478	25,478	-	-	12,788	12,788	-	-	12,691	12,691	-	-
2023	SERC	C-1328	Cooperative Energy (Formerly SEMPAA)	484,387	484,387	-	-	243,117	243,117	-	-	241,270	241,270	-	-
2023	SERC	C-1329	Southern Illinois Power Cooperative	61,306	61,306	-	-	30,770	30,770	-	-	30,536	30,536	-	-
2023	SERC	C-1591	Southwest Louisiana Electric Membership Corporation	132,221	132,221	-	-	66,363	66,363	-	-	65,858	65,858	-	-
2023	SERC	C-1619	Southwestern Electric Cooperative, Inc.	23,022	23,022	-	-	11,555	11,555	-	-	11,467	11,467	-	-
2023	SERC	C-1331	Tennessee Valley Authority	7,590,960	7,590,960	-	-	3,809,959	3,809,959	-	-	3,781,000	3,781,000	-	-
2023	SERC	C-1632	East Texas Electric Cooperative (ETEC)	108,530	108,530	-	-	54,472	54,472	-	-	54,058	54,058	-	-
2023	SERC	C-1332	Tombigbee Electric Cooperative Inc.	6,305	6,305	-	-	3,164	3,164	-	-	3,140	3,140	-	-
2023	SERC	C-1594	Town of Sharpburg, N.C.	793	793	-	-	398	398	-	-	395	395	-	-
2023	SERC	C-1595	Town of Stantonburg, N.C. JRO	937	937	-	-	470	470	-	-	467	467	-	-
2023	SERC	C-1333	Town of Waynesville NC	3,622	3,622	-	-	1,818	1,818	-	-	1,804	1,804	-	-
2023	SERC	C-1334	Town of Winnsboro SC	2,978	2,978	-	-	1,495	1,495	-	-	1,483	1,483	-	-
2023	SERC	C-1335	Town of Winterville NC	2,498	2,498	-	-	1,254	1,254	-	-	1,244	1,244	-	-
2023	SERC	C-1597	Washington-St. Tammany Electric Cooperative, Inc.	52,334	52,334	-	-	26,267	26,267	-	-	26,067	26,067	-	-
2023	SERC	C-1435	Arkansas Electric Cooperative Corporation	504,171	504,171	-	-	253,047	253,047	-	-	251,124	251,124	-	-
2023	SERC	C-1557	City of Clarksdale, Mississippi	6,504	6,504	-	-	3,264	3,264	-	-	3,240	3,240	-	-
2023	SERC	C-1708	City of Abbeville	5,873	5,873	-	-	2,948	2,948	-	-	2,925	2,925	-	-
2023	SERC	C-1558	Hope Water & Light (HWL)	11,317	11,317	-	-	5,680	5,680	-	-	5,637	5,637	-	-
2023	SERC	C-1559	City of Menden	6,439	6,439	-	-	3,232	3,232	-	-	3,207	3,207	-	-
2023	SERC	C-1249	Cleco Power LLC	505,482	505,482	-	-	253,705	253,705	-	-	251,777	251,777	-	-
2023	SERC	C-1648	Jonesboro City Water & Light	69,511	69,511	-	-	34,888	34,888	-	-	34,623	34,623	-	-
2023	SERC	C-1471	Lafayette Utilities System	99,687	99,687	-	-	50,034	50,034	-	-	49,653	49,653	-	-
2023	SERC	C-1253	Louisiana Energy & Power Authority (LEPA)	49,275	49,275	-	-	24,731	24,731	-	-	24,543	24,543	-	-
2023	SERC	C-1443	Missouri Joint Municipal Electric Utility Commission	138,273	138,273	-	-	69,400	69,400	-	-	68,873	68,873	-	-
2023	SERC	C-1539	Missouri Ozark Missouri West Plains MO	8,183	8,183	-	-	4,107	4,107	-	-	4,076	4,076	-	-
2023	SERC	C-1653	Poplar Bluff Municipal Utilities	16,340	16,340	-	-	8,201	8,201	-	-	8,139	8,139	-	-
2023	SERC	C-1636	City of Prescott	3,359	3,359	-	-	1,686	1,686	-	-	1,673	1,673	-	-
2023	SERC	C-1561	Public Service Commission of Yazoo City of Mississippi	5,164	5,164	-	-	2,592	2,592	-	-	2,572	2,572	-	-
2023	SERC	C-1654	Slitston Board of Municipal Utilities	17,908	17,908	-	-	8,988	8,988	-	-	8,920	8,920	-	-
2023	SERC	C-1074	Atchua, City of	7,641	7,641	-	-	3,835	3,835	-	-	3,806	3,806	-	-
2023	SERC	C-1075	Barrow, City of	15,592	15,592	-	-	7,826	7,826	-	-	7,766	7,766	-	-
2023	SERC	C-1076	Chattahoochee, City of	2,061	2,061	-	-	1,034	1,034	-	-	1,027	1,027	-	-
2023	SERC	C-1078	Florida Power & Light Co.	6,877,885	6,877,885	-	-	3,452,061	3,452,061	-	-	3,425,823	3,425,823	-	-
2023	SERC	C-1079	Florida Public Utilities Company	17,300	17,300	-	-	8,683	8,683	-	-	8,617	8,617	-	-
2023	SERC	C-1080	Gainesville Regional Utilities	88,387	88,387	-	-	44,362	44,362	-	-	44,025	44,025	-	-
2023	SERC	C-1081	Hanstead, City of	31,003	31,003	-	-	15,561	15,561	-	-	15,442	15,442	-	-
2023	SERC	C-1082	JEA	609,216	609,216	-	-	305,770	305,770	-	-	303,446	303,446	-	-
2023	SERC	C-1083	Lakeland Electric	164,202	164,202	-	-	82,414	82,414	-	-	81,788	81,788	-	-
2023	SERC	C-1626	Lee County Electric Cooperative, Inc	226,122	226,122	-	-	113,492	113,492	-	-	112,630	112,630	-	-
2023	SERC	C-1661	City of Lake Worth	23,858	23,858	-	-	11,974	11,974	-	-	11,883	11,883	-	-
2023	SERC	C-1084	Mount Dora, City of	4,812	4,812	-	-	2,415	2,415						

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE & WRAB Costs)*				Total NERC Assessments*				Total Regional Entity Assessments (Including WRAB Assessments)*			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	WECC		Arizona Electric Power Cooperative, Inc	271,256	271,256	-	-	102,548	102,548	-	-	168,738	168,738	-	-
2023	WECC		Arizona Public Service Company	2,148,185	2,148,185	-	-	812,026	812,026	-	-	1,336,159	1,336,159	-	-
2023	WECC		Arkansas River Power Authority (ARPA)	14,914	14,914	-	-	5,638	5,638	-	-	9,276	9,276	-	-
2023	WECC		Avangrid Renewables	7,489	7,489	-	-	2,831	2,831	-	-	4,658	4,658	-	-
2023	WECC		Avista Corporation	652,385	652,385	-	-	246,605	246,605	-	-	405,780	405,780	-	-
2023	WECC		Barrick Goldstrike Mines Inc.	88,801	88,801	-	-	33,567	33,567	-	-	55,234	55,234	-	-
2023	WECC		Basin Electric Power Cooperative - NorthWestern	58,637	58,637	-	-	22,165	22,165	-	-	36,472	36,472	-	-
2023	WECC		Basin Electric Power Cooperative - WACM	156,508	156,508	-	-	59,161	59,161	-	-	97,347	97,347	-	-
2023	WECC		Basin Electric Power Cooperative - WAUW	9,700	9,700	-	-	3,667	3,667	-	-	6,033	6,033	-	-
2023	WECC		Beartooth Electric Cooperative	5,639	5,639	-	-	2,131	2,131	-	-	3,507	3,507	-	-
2023	WECC		Big Horn County Electric Cooperative	4,633	4,633	-	-	1,751	1,751	-	-	2,882	2,882	-	-
2023	WECC		Black Hills Energy Colorado Electric	129,208	129,208	-	-	48,841	48,841	-	-	80,367	80,367	-	-
2023	WECC		Black Hills Power/Cheyenne Light Fuel & Power	316,728	316,728	-	-	119,725	119,725	-	-	197,003	197,003	-	-
2023	WECC		Black Hills State University South Dakota	1,102	1,102	-	-	417	417	-	-	685	685	-	-
2023	WECC		Bonneville Power Administration-Transmission	3,830,346	3,830,346	-	-	1,447,892	1,447,892	-	-	2,382,454	2,382,454	-	-
2023	WECC		Bonneville Power Administration-Power Services	439,264	439,264	-	-	166,044	166,044	-	-	273,220	273,220	-	-
2023	WECC		Bonneville Power Administration-Hydro	13,071	13,071	-	-	4,941	4,941	-	-	8,130	8,130	-	-
2023	WECC		Buckeye Water Conservation and Drainage District - APS	1,102	1,102	-	-	417	417	-	-	686	686	-	-
2023	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	-	-	-	-	-	-	-	-	-	-	-	-
2023	WECC		Bureau of Reclamation (Wellfield)	841	841	-	-	318	318	-	-	523	523	-	-
2023	WECC		Burlington	2,107	2,107	-	-	796	796	-	-	1,310	1,310	-	-
2023	WECC		Caesars Entertainment LLC/North	2,502	2,502	-	-	946	946	-	-	1,557	1,557	-	-
2023	WECC		Caesars Entertainment LLC/South	31,941	31,941	-	-	12,074	12,074	-	-	19,867	19,867	-	-
2023	WECC		California Independent System Operator	13,958,481	13,958,481	-	-	5,276,383	5,276,383	-	-	8,682,098	8,682,098	-	-
2023	WECC		Calpine Energy Solutions, LLC ( Noble Americas)	115,293	115,293	-	-	43,581	43,581	-	-	71,711	71,711	-	-
2023	WECC		Central Arizona Water Conservation District - WALC	67,807	67,807	-	-	25,632	25,632	-	-	42,176	42,176	-	-
2023	WECC		Circus Circus Las Vegas	3,258	3,258	-	-	1,232	1,232	-	-	2,027	2,027	-	-
2023	WECC		City of Aztec Electric Dept. - WACM	2,407	2,407	-	-	910	910	-	-	1,497	1,497	-	-
2023	WECC		City of Fallon	6,115	6,115	-	-	2,311	2,311	-	-	3,803	3,803	-	-
2023	WECC		City of Farmington	59,968	59,968	-	-	22,668	22,668	-	-	37,300	37,300	-	-
2023	WECC		City of Gallup	12,895	12,895	-	-	4,875	4,875	-	-	8,021	8,021	-	-
2023	WECC		City of Henderson	2,657	2,657	-	-	1,004	1,004	-	-	1,653	1,653	-	-
2023	WECC		City of Las Vegas	2,974	2,974	-	-	1,124	1,124	-	-	1,850	1,850	-	-
2023	WECC		City of Mesa	17,435	17,435	-	-	6,591	6,591	-	-	10,845	10,845	-	-
2023	WECC		City of North Las Vegas	1,343	1,343	-	-	508	508	-	-	836	836	-	-
2023	WECC		City of Page	5,968	5,968	-	-	2,256	2,256	-	-	3,712	3,712	-	-
2023	WECC		City of Redding	50,603	50,603	-	-	19,128	19,128	-	-	31,475	31,475	-	-
2023	WECC		City of Roseville	78,505	78,505	-	-	29,675	29,675	-	-	48,830	48,830	-	-
2023	WECC		City of Tacoma DBA Tacoma Power	321,459	321,459	-	-	121,513	121,513	-	-	199,946	199,946	-	-
2023	WECC		City of Williams	3,380	3,380	-	-	1,278	1,278	-	-	2,103	2,103	-	-
2023	WECC		Clark County Water Reclamation District	5,341	5,341	-	-	2,019	2,019	-	-	3,322	3,322	-	-
2023	WECC		Colorado River Agency-Bureau of Indian Affairs	2,351	2,351	-	-	889	889	-	-	1,462	1,462	-	-
2023	WECC		Colorado River Commission of Nevada	8,602	8,602	-	-	3,251	3,251	-	-	5,350	5,350	-	-
2023	WECC		Colorado Springs Utilities	-	-	-	-	-	-	-	-	-	-	-	-
2023	WECC		Colorado Springs Utilities - WACM	323,599	323,599	-	-	122,322	122,322	-	-	201,277	201,277	-	-
2023	WECC		Constellation New Energy	20,383	20,383	-	-	7,705	7,705	-	-	12,678	12,678	-	-
2023	WECC		Intermountain Rural Electric Association (CORE)	152,322	152,322	-	-	57,579	57,579	-	-	94,743	94,743	-	-
2023	WECC		Delta-Montrose Electric Association	40,851	40,851	-	-	15,442	15,442	-	-	25,409	25,409	-	-
2023	WECC		Deseret Generation & Transmission Cooperative - WACM	7,421	7,421	-	-	2,805	2,805	-	-	4,616	4,616	-	-
2023	WECC		Douglas Paliades / PUD No. 1 of DC	1,353	1,353	-	-	512	512	-	-	842	842	-	-
2023	WECC		SER Flamingo Tenant, LLC dba Rio Las Vegas	514	514	-	-	194	194	-	-	320	320	-	-
2023	WECC		El Paso Electric Company	607,366	607,366	-	-	229,588	229,588	-	-	377,778	377,778	-	-
2023	WECC		Electrical District #2	15,499	15,499	-	-	5,859	5,859	-	-	9,640	9,640	-	-
2023	WECC		Electrical District #2 - Coolidge Generating Station	542	542	-	-	205	205	-	-	337	337	-	-
2023	WECC		Electrical District No. 6 of Pinal County - APS	7	7	-	-	3	3	-	-	4	4	-	-
2023	WECC		Electrical District No. 7 of Maricopa County - APS	2,540	2,540	-	-	949	949	-	-	1,591	1,591	-	-
2023	WECC		Electrical District No. 8 of Maricopa County - APS	26,656	26,656	-	-	10,076	10,076	-	-	16,580	16,580	-	-
2023	WECC		Francis E. Warren Air Force Base	1,352	1,352	-	-	511	511	-	-	841	841	-	-
2023	WECC		Georgia-Pacific Gypsum, LLC	1,689	1,689	-	-	639	639	-	-	1,051	1,051	-	-
2023	WECC		Grand Valley Power	17,336	17,336	-	-	6,553	6,553	-	-	10,783	10,783	-	-
2023	WECC		Harquahala Valley Power Districts - APS	5,267	5,267	-	-	1,991	1,991	-	-	3,276	3,276	-	-
2023	WECC		Healy Cross Energy	60,037	60,037	-	-	22,694	22,694	-	-	37,343	37,343	-	-
2023	WECC		HR Nevada LLC (Hard Rock)	4,663	4,663	-	-	1,763	1,763	-	-	2,900	2,900	-	-
2023	WECC		Idaho Power Company	1,119,067	1,119,067	-	-	423,014	423,014	-	-	696,054	696,054	-	-
2023	WECC		Imperial Irrigation District	249,887	249,887	-	-	94,459	94,459	-	-	155,428	155,428	-	-
2023	WECC		Jicarilla Apache Nation Power Authority	1,685	1,685	-	-	637	637	-	-	1,048	1,048	-	-
2023	WECC		Kaiser Aluminum Fabricated Products LLC	20,783	20,783	-	-	7,856	7,856	-	-	12,927	12,927	-	-
2023	WECC		Kil Canyon Electric Inc	20,896	20,896	-	-	7,899	7,899	-	-	12,997	12,997	-	-
2023	WECC		Las Vegas Valley Water District	7,331	7,331	-	-	2,771	2,771	-	-	4,560	4,560	-	-
2023	WECC		Los Angeles Department of Water and Power	1,594,710	1,594,710	-	-	602,809	602,809	-	-	991,901	991,901	-	-
2023	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	3,393	3,393	-	-	1,283	1,283	-	-	2,111	2,111	-	-
2023	WECC		McMullen Valley Water Conservation & Drainage District - APS	9,814	9,814	-	-	3,740	3,740	-	-	6,104	6,104	-	-
2023	WECC		Mered Irrigation District	3,143	3,143	-	-	12,894	12,894	-	-	21,217	21,217	-	-
2023	WECC		MGM Resorts Design and Development	47,148	47,148	-	-	17,822	17,822	-	-	29,326	29,326	-	-
2023	WECC		Modesto Irrigation District	176,567	176,567	-	-	66,743	66,743	-	-	109,824	109,824	-	-
2023	WECC		Montana-Dakota Utilities Co.	1,215	1,215	-	-	459	459	-	-	756	756	-	-
2023	WECC		MT Wheeler Power	40,043	40,043	-	-	15,136	15,136	-	-	24,906	24,906	-	-
2023	WECC		Municipal Energy Agency of Nebraska - PSCD	13,279	13,279	-	-	5,019	5,019	-	-	8,259	8,259	-	-
2023	WECC		Municipal Energy Agency of Nebraska - WACM	42,185	42,185	-	-	15,946	15,946	-	-	26,239	26,239	-	-
2023	WECC		Navajo Tribal Utility Authority - APS	1,684	1,684	-	-	636	636	-	-	1,047	1,047	-	-
2023	WECC		Navajo Tribal Utility Authority - PNM	14,320	14,320	-	-	5,413	5,413	-	-	8,907	8,907	-	-
2023	WECC		Navajo Tribal Utility Authority - WACM	21,310	21,310	-	-	8,055	8,055	-	-	13,255	13,255	-	-
2023	WECC		Nebraska Public Power Marketing	249	249	-	-	94	94	-	-	155	155	-	-
2023	WECC		Neadies Public Utilities Authority	4,029	4,029	-	-	1,523	1,523	-	-	2,506	2,506	-	-
2023	WECC		Nevada Gold Mines (Newmont)	71,878	71,878	-	-	27,170	27,170	-	-	44,708	44,708	-	-
2023	WECC		Nevada Power Company dba NV Energy	2,048,924	2,048,924	-	-	774,504	774,504	-	-	1,274,419	1,274,419	-	-
2023	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC	672,624	672,624	-	-	254,256	254,256	-	-	418,369	418,369	-	-
2023	WECC		NorthWestern Corp. dba NorthWestern Energy, LLC - WAUW	18,868	18,868	-	-	7,132	7,132	-	-	11,736	11,736	-	-
2023	WECC		Onagano PUD	43,075	43,075	-	-	16,282	16,282	-	-	26,792	26,792	-	-
2023	WECC		Owens Power District No. 5	28,432	28,432	-	-	10,744	10,744	-	-	17,678	17,678	-	-
2023	WECC		PacifiCorp East	3,454,061	3,454,061	-	-	1,305,654	1,305,654	-	-	2,148,407	2,148,407	-	-
2023	WECC		PacifiCorp - IPC	148	148	-	-	56	56	-	-	92	92	-	-
2023	WECC		PacifiCorp - Portland General	213	213	-	-	80	80	-	-	132	132	-	-
2023	WECC		PacifiCorp - WACM	7,											

Data Year	Regional Entity	NERC ID	Entity	Total ERO Assessments (NERC, RE & WRAB Costs)*				Total NERC Assessments*				Total Regional Entity Assessments (Including WRAB Assessments)*			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	WECC		PUD No. 1 of Douglas County	97,141	97,141	-	-	36,720	36,720	-	-	60,421	60,421	-	-
2023	WECC		PUD No. 2 of Grant County	397,073	397,073	-	-	150,096	150,096	-	-	246,977	246,977	-	-
2023	WECC		PUD No. 2 of Grant County - Avista	6,145	6,145	-	-	2,323	2,323	-	-	3,822	3,822	-	-
2023	WECC		Pueblo of Acoma Utility Authority	1,283	1,283	-	-	485	485	-	-	798	798	-	-
2023	WECC		Puget Sound Energy, Inc.	1,634,705	1,634,705	-	-	617,927	617,927	-	-	1,016,777	1,016,777	-	-
2023	WECC		Raton Public Service	2,922	2,922	-	-	1,105	1,105	-	-	1,818	1,818	-	-
2023	WECC		Reno City Center	549	549	-	-	208	208	-	-	342	342	-	-
2023	WECC		Roosevelt Irrigation District - APS	2,711	2,711	-	-	1,025	1,025	-	-	1,687	1,687	-	-
2023	WECC		Sacramento Municipal Utility District	719,183	719,183	-	-	271,855	271,855	-	-	447,328	447,328	-	-
2023	WECC		Sahara Las Vegas	1,941	1,941	-	-	734	734	-	-	1,207	1,207	-	-
2023	WECC		Salt River Project	2,226,697	2,226,697	-	-	841,704	841,704	-	-	1,384,993	1,384,993	-	-
2023	WECC		Seattle City Light	639,967	639,967	-	-	241,911	241,911	-	-	398,056	398,056	-	-
2023	WECC		Shell Energy North America	11,160	11,160	-	-	4,218	4,218	-	-	6,941	6,941	-	-
2023	WECC		Silver State Energy Association	42,090	42,090	-	-	15,910	15,910	-	-	26,180	26,180	-	-
2023	WECC		Southern Nevada Water Authority	8,217	8,217	-	-	3,106	3,106	-	-	5,111	5,111	-	-
2023	WECC		Switch-North	20,475	20,475	-	-	7,740	7,740	-	-	12,735	12,735	-	-
2023	WECC		Switch-South	51,460	51,460	-	-	19,433	19,433	-	-	31,977	31,977	-	-
2023	WECC		The Incorporated County of Los Alamos	41,217	41,217	-	-	15,580	15,580	-	-	25,637	25,637	-	-
2023	WECC		Tohono O'odham Utility Authority	4,187	4,187	-	-	1,583	1,583	-	-	2,604	2,604	-	-
2023	WECC		Tonopah Irrigation District - APS	2,563	2,563	-	-	969	969	-	-	1,594	1,594	-	-
2023	WECC		Town of Fredonia - WALC	142	142	-	-	54	54	-	-	89	89	-	-
2023	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - PSCD	130,503	130,503	-	-	49,331	49,331	-	-	81,172	81,172	-	-
2023	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - WIACM	532,201	532,201	-	-	197,395	197,395	-	-	324,806	324,806	-	-
2023	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	173,151	173,151	-	-	65,452	65,452	-	-	107,699	107,699	-	-
2023	WECC		Truckee Donner Public Utility District	11,701	11,701	-	-	4,423	4,423	-	-	7,278	7,278	-	-
2023	WECC		Tucson Electric Power Company	985,548	985,548	-	-	372,542	372,542	-	-	613,005	613,005	-	-
2023	WECC		Turlock Irrigation District	151,680	151,680	-	-	57,336	57,336	-	-	94,344	94,344	-	-
2023	WECC		U.S. Army Yuma Proving Ground	149	149	-	-	56	56	-	-	93	93	-	-
2023	WECC		United Power, Inc.	166,959	166,959	-	-	63,112	63,112	-	-	103,848	103,848	-	-
2023	WECC		US Dept of Energy - Kirtland AFB	31,439	31,439	-	-	11,884	11,884	-	-	19,555	19,555	-	-
2023	WECC		Wellton-Mohawk Irrigation & Drainage District	571	571	-	-	216	216	-	-	355	355	-	-
2023	WECC		Western Area Power - Loveland, CO - PSCO	4,308	4,308	-	-	1,629	1,629	-	-	2,680	2,680	-	-
2023	WECC		Western Area Power - Loveland, CO - WACM	100,855	100,855	-	-	38,124	38,124	-	-	62,731	62,731	-	-
2023	WECC		Western Area Power Administration - CRSP	89,626	89,626	-	-	33,879	33,879	-	-	55,747	55,747	-	-
2023	WECC		Western Area Power Administration - Sierra Nevada Region	107,493	107,493	-	-	40,633	40,633	-	-	66,860	66,860	-	-
2023	WECC		Western Area Power Administration-Desert Southwest Region - WALC	73,705	73,705	-	-	27,861	27,861	-	-	45,844	45,844	-	-
2023	WECC		Western Area Power Administration-Upper Great Plains Region	25,393	25,393	-	-	9,599	9,599	-	-	15,794	15,794	-	-
2023	WECC		Western Area Power Administration-Upper Great Plains Region - NorthWestern	511	511	-	-	193	193	-	-	318	318	-	-
2023	WECC		Wynn Las Vegas	11,558	11,558	-	-	4,369	4,369	-	-	7,189	7,189	-	-
2023	WECC		Yampa Valley Electric Association	36,953	36,953	-	-	13,968	13,968	-	-	22,984	22,984	-	-
			<b>TOTAL WECC</b>	<b>54,804,818</b>	<b>48,344,028</b>	<b>6,460,789</b>	<b>-</b>	<b>21,034,336</b>	<b>18,274,310</b>	<b>2,760,026</b>	<b>-</b>	<b>33,770,482</b>	<b>30,069,719</b>	<b>3,700,763</b>	<b>-</b>
			<b>TOTAL ERO</b>	<b>271,864,347</b>	<b>244,935,708</b>	<b>26,928,638</b>	<b>-</b>	<b>109,370,185</b>	<b>98,534,574</b>	<b>10,835,610</b>	<b>-</b>	<b>162,494,162</b>	<b>146,401,134</b>	<b>16,093,028</b>	<b>-</b>
<b>Current Year NEL Summary by Regional Entity</b>															
2023	MRO			37,498,993	33,832,221	3,656,772	-	12,254,790	11,014,601	1,240,190	-	25,234,203	22,621,621	2,612,582	-
2023	NPCC			37,214,359	30,603,282	16,611,077	-	13,121,528	6,386,133	6,835,395	-	24,092,831	14,317,549	9,775,282	-
2023	RF			49,079,528	49,079,528	-	-	20,491,916	20,491,916	-	-	28,587,612	28,587,612	-	-
2023	SERC			63,336,852	63,336,852	-	-	31,789,237	31,789,237	-	-	31,547,615	31,547,615	-	-
2023	Texas RE			29,939,797	29,939,797	-	-	10,678,378	10,678,378	-	-	19,261,419	19,261,419	-	-
2023	WECC			54,804,818	48,344,028	6,460,789	-	21,034,336	18,274,310	2,760,026	-	33,770,482	30,069,719	3,700,763	-
			<b>Total</b>	<b>271,864,347</b>	<b>244,935,708</b>	<b>26,928,638</b>	<b>-</b>	<b>109,370,185</b>	<b>98,534,574</b>	<b>10,835,610</b>	<b>-</b>	<b>162,494,162</b>	<b>146,401,134</b>	<b>16,093,028</b>	<b>-</b>

\*WECC entities: See Appendix 2-C and 2-D

Data Year	Regional Entity	NERC ID	Entity	Total NERC Assessments			NERC NEL Assessments			Penalty Sanctions			NERC Compliance Credits			NERC Additional Assessment			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	MRO	C-1217	Manitoba Hydro	624,087	-	624,087	-	612,515	-	612,515	-	-	-	11,573	-	11,573	-	-	-
2023	MRO	C-1235	SaskPower	616,102	-	616,102	-	604,678	-	604,678	-	-	-	11,425	-	11,425	-	-	-
2023	MRO	C-1707	AEP-VENCO	17,400	-	17,400	-	17,078	-	17,078	-	-	-	323	-	323	-	-	-
2023	MRO	C-1195	Alliant Energy (AIE- WPL & ALTW IPL)	684,399	-	684,399	-	674,708	-	674,708	-	-	-	12,691	-	12,691	-	-	-
2023	MRO	C-1246	American Electric Power Service Corporation	886,945	-	886,945	-	870,488	-	870,488	-	-	-	16,447	-	16,447	-	-	-
2023	MRO	C-1196	Ames Municipal Electric System	18,429	-	18,429	-	18,088	-	18,088	-	-	-	342	-	342	-	-	-
2023	MRO	C-1986	Arkansas Electric Cooperative Corporation (AECC)	111,621	-	111,621	-	109,551	-	109,551	-	-	-	2,070	-	2,070	-	-	-
2023	MRO	C-1604	Atlantic Municipal Utilities (AMU)	3,617	-	3,617	-	3,550	-	3,550	-	-	-	67	-	67	-	-	-
2023	MRO	C-1199	Basin Electric Power Cooperative (BEPCC)	649,234	-	649,234	-	637,195	-	637,195	-	-	-	12,039	-	12,039	-	-	-
2023	MRO	C-1247	Board of Public Utilities (Kansas City, KS) (BPU)	55,545	-	55,545	-	55,545	-	55,545	-	-	-	1,049	-	1,049	-	-	-
2023	MRO	C-1620	Board of Public Utilities City of M'Pherson, KS (M'PHER)	26,710	-	26,710	-	26,215	-	26,215	-	-	-	495	-	495	-	-	-
2023	MRO	C-1647	Carthage Water and Light	6,784	-	6,784	-	6,658	-	6,658	-	-	-	126	-	126	-	-	-
2023	MRO	C-1200	Cedar Falls Utilities (CFU)	15,246	-	15,246	-	14,951	-	14,951	-	-	-	283	-	283	-	-	-
2023	MRO	C-1201	Central Iowa Power Cooperative (CIPCO)	72,298	-	72,298	-	70,957	-	70,957	-	-	-	1,341	-	1,341	-	-	-
2023	MRO	C-1477	Central Minnesota Municipal Power Agency (CMMPA)	12,407	-	12,407	-	12,177	-	12,177	-	-	-	230	-	230	-	-	-
2023	MRO	C-1469	Central Valley Electric Cooperative (CVEC)	22,390	-	22,390	-	21,975	-	21,975	-	-	-	415	-	415	-	-	-
2023	MRO	C-2056	City of Beattie	3,996	-	3,996	-	3,922	-	3,922	-	-	-	74	-	74	-	-	-
2023	MRO	C-1556	City of Bentonville (BENVILL)	17,396	-	17,396	-	17,073	-	17,073	-	-	-	323	-	323	-	-	-
2023	MRO	C-1713	City of Bloomer (Bloomer Electric & Water Co.)	1,552	-	1,552	-	1,523	-	1,523	-	-	-	29	-	29	-	-	-
2023	MRO	C-1703	City of Chanute (CHANUTEKS)	11,932	-	11,932	-	11,711	-	11,711	-	-	-	221	-	221	-	-	-
2023	MRO	C-1203	City of Escanaba (EME)	3,095	-	3,095	-	3,038	-	3,038	-	-	-	57	-	57	-	-	-
2023	MRO	C-1719	City of Kasota	93	-	93	-	91	-	91	-	-	-	2	-	2	-	-	-
2023	MRO	C-2032	City of Lubbock (Lubbock Power and Light)	14,133	-	14,133	-	13,871	-	13,871	-	-	-	262	-	262	-	-	-
2023	MRO	C-1709	City of Nixa	4,336	-	4,336	-	4,256	-	4,256	-	-	-	80	-	80	-	-	-
2023	MRO	C-2057	City of South Sioux City, NE	4,737	-	4,737	-	4,649	-	4,649	-	-	-	88	-	88	-	-	-
2023	MRO	C-1722	City of Spooner	754	-	754	-	740	-	740	-	-	-	14	-	14	-	-	-
2023	MRO	C-2052	City of Superior NE	1,140	-	1,140	-	1,119	-	1,119	-	-	-	21	-	21	-	-	-
2023	MRO	C-2053	City of Wakefield, NE	1,152	-	1,152	-	1,130	-	1,130	-	-	-	21	-	21	-	-	-
2023	MRO	C-2054	City of Wayne, NE	1,670	-	1,670	-	1,639	-	1,639	-	-	-	31	-	31	-	-	-
2023	MRO	C-1436	City Utilities of Springfield, MO (SPRMM)	78,324	-	78,324	-	76,983	-	76,983	-	-	-	1,463	-	1,463	-	-	-
2023	MRO	C-1204	Corn Belt Power Cooperative (CBPC)	47,882	-	47,882	-	46,994	-	46,994	-	-	-	888	-	888	-	-	-
2023	MRO	C-1710	Dahlberg Electric Company	2,923	-	2,923	-	2,869	-	2,869	-	-	-	54	-	54	-	-	-
2023	MRO	C-1207	Dahlberg Power Cooperative (DPC)	14,476	-	14,476	-	13,852	-	13,852	-	-	-	2,623	-	2,623	-	-	-
2023	MRO	C-1437	East Texas Electric Cooperative, Inc. (ETEC)	25,458	-	25,458	-	24,865	-	24,865	-	-	-	472	-	472	-	-	-
2023	MRO	C-1716	Eldridge Electric and Water Utilities	997	-	997	-	979	-	979	-	-	-	18	-	18	-	-	-
2023	MRO	C-1250	Empire District Electric Co.	121,760	-	121,760	-	119,502	-	119,502	-	-	-	2,258	-	2,258	-	-	-
2023	MRO	C-1205	City of Falls City, NE	1,314	-	1,314	-	1,290	-	1,290	-	-	-	24	-	24	-	-	-
2023	MRO	C-1470	Farmers Electric Cooperative, Inc. of New Mexico (FARMCOOPNM)	8,287	-	8,287	-	8,134	-	8,134	-	-	-	154	-	154	-	-	-
2023	MRO	C-1206	Freemont Department of Utilities (City of)	12,055	-	12,055	-	11,831	-	11,831	-	-	-	224	-	224	-	-	-
2023	MRO	C-1208	Genesee Municipal Utilities	1,624	-	1,624	-	1,594	-	1,594	-	-	-	30	-	30	-	-	-
2023	MRO	C-1438	Golden Spread Electric Cooperative, Inc (GSECI)	161,905	-	161,905	-	158,903	-	158,903	-	-	-	3,002	-	3,002	-	-	-
2023	MRO	C-1209	City of Grand Island, NE	18,263	-	18,263	-	17,924	-	17,924	-	-	-	339	-	339	-	-	-
2023	MRO	C-1251	Grand River Dam Authority (GRDA)	173,148	-	173,148	-	169,937	-	169,937	-	-	-	3,211	-	3,211	-	-	-
2023	MRO	C-1717	Great Lakes Utilities	35,790	-	35,790	-	35,126	-	35,126	-	-	-	664	-	664	-	-	-
2023	MRO	C-1210	Great River Energy (GRE)	322,718	-	322,718	-	316,734	-	316,734	-	-	-	5,984	-	5,984	-	-	-
2023	MRO	C-1606	Harlan Municipal Utilities	395	-	395	-	388	-	388	-	-	-	7	-	7	-	-	-
2023	MRO	C-1211	Hastings Utilities (HAST)	10,290	-	10,290	-	10,090	-	10,090	-	-	-	191	-	191	-	-	-
2023	MRO	C-1212	Heartland Consumers Power District (HCPD)	12,653	-	12,653	-	12,419	-	12,419	-	-	-	235	-	235	-	-	-
2023	MRO	C-1213	Hutchinson Utilities Commission (HUCH)	6,543	-	6,543	-	6,422	-	6,422	-	-	-	121	-	121	-	-	-
2023	MRO	C-1248	Independence Power & Light (Independence, MO) (INON)	24,457	-	24,457	-	24,003	-	24,003	-	-	-	454	-	454	-	-	-
2023	MRO	C-1252	Evergy Metro, Inc.	375,087	-	375,087	-	368,132	-	368,132	-	-	-	6,955	-	6,955	-	-	-
2023	MRO	C-1439	Kansas Electric Power Cooperative (KEPC)	49,098	-	49,098	-	48,187	-	48,187	-	-	-	910	-	910	-	-	-
2023	MRO	C-1440	Kansas Municipal Energy Agency (KMEA)	40,152	-	40,152	-	39,448	-	39,448	-	-	-	705	-	705	-	-	-
2023	MRO	C-1637	KPF Energy	19,461	-	19,461	-	19,100	-	19,100	-	-	-	361	-	361	-	-	-
2023	MRO	C-1598	Evergy Missouri West, Inc.	217,365	-	217,365	-	213,334	-	213,334	-	-	-	4,031	-	4,031	-	-	-
2023	MRO	C-2038	Kennett Board of Public Works	2,822	-	2,822	-	2,770	-	2,770	-	-	-	52	-	52	-	-	-
2023	MRO	C-1472	Lex County Electric Cooperative (LCEC)	11,257	-	11,257	-	10,877	-	10,877	-	-	-	380	-	380	-	-	-
2023	MRO	C-1215	Lincoln Electric System (LES)	78,308	-	78,308	-	76,856	-	76,856	-	-	-	1,452	-	1,452	-	-	-
2023	MRO	C-1216	Madison, Gas and Electric (MGE)	79,150	-	79,150	-	77,683	-	77,683	-	-	-	1,468	-	1,468	-	-	-
2023	MRO	C-2039	Malden Board of Public Works	1,173	-	1,173	-	1,151	-	1,151	-	-	-	22	-	22	-	-	-
2023	MRO	C-1220	Mid-American Energy Company (MEC)	741,316	-	741,316	-	727,569	-	727,569	-	-	-	13,747	-	13,747	-	-	-
2023	MRO	C-1441	Midwest Energy, Inc (MIDW)	43,801	-	43,801	-	42,988	-	42,988	-	-	-	812	-	812	-	-	-
2023	MRO	C-1224	Minnesota Municipal Power Agency (MMPA) Avant Energy Inc is Agent	48,133	-	48,133	-	47,240	-	47,240	-	-	-	893	-	893	-	-	-
2023	MRO	C-1221	Minnesota Power (MP)	286,388	-	286,388	-	281,078	-	281,078	-	-	-	5,311	-	5,311	-	-	-
2023	MRO	C-1222	Minnesota Power Cooperative, Inc. (MPC)	94,366	-	94,366	-	92,616	-	92,616	-	-	-	1,750	-	1,750	-	-	-
2023	MRO	C-1223	Missouri Joint Municipal Electricity Utility	10,789	-	10,789	-	10,589	-	10,589	-	-	-	200	-	200	-	-	-
2023	MRO	C-1223	Missouri River Energy Services	67,305	-	67,305	-	66,057	-	66,057	-	-	-	1,248	-	1,248	-	-	-
2023	MRO	C-1226	Montana-Dakota Utilities Co. (MDU)	99,706	-	99,706	-	97,857	-	97,857	-	-	-	1,849	-	1,849	-	-	-
2023	MRO	C-1607	Montezuma Municipal Light & Power	537	-	537	-	527	-	527	-	-	-	10	-	10			

Data Year	Regional Entity	NERC ID	Entity	Total NERC Assessments				NERC NEL Assessments				Penalty Sanctions		NERC Compliance Credits				NERC Additional Assessment			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	RF	C-1124	Constellation New Energy (MECS-CONS)	47,823	47,823	-	-	46,938	46,938	-	-	-	-	-	-	837	837	-	-	-	-
2023	RF	C-1123	Constellation New Energy (MECS-DET)	52,902	52,902	-	-	51,921	51,921	-	-	-	-	-	-	981	981	-	-	-	-
2023	RF	C-1126	Consumers Energy Company	779,211	779,211	-	-	764,762	764,762	-	-	-	-	-	-	14,449	14,449	-	-	-	-
2023	RF	C-1128	DTE Electric Company	1,117,834	1,117,834	-	-	1,097,100	1,097,100	-	-	-	-	-	-	20,739	20,739	-	-	-	-
2023	RF	C-1166	Duke Energy Indiana	639,839	639,839	-	-	627,974	627,974	-	-	-	-	-	-	11,865	11,865	-	-	-	-
2023	RF	C-1135	Ferdinand Municipal Light & Water	1,121	1,121	-	-	1,100	1,100	-	-	-	-	-	-	21	21	-	-	-	-
2023	RF	C-1646	Energy Harbor LLC (MECS-CONS)	11,929	11,929	-	-	11,708	11,708	-	-	-	-	-	-	221	221	-	-	-	-
2023	RF	C-1549	Energy Harbor LLC (MECS-DET)	3,022	3,022	-	-	2,966	2,966	-	-	-	-	-	-	56	56	-	-	-	-
2023	RF	C-1145	Hoosier Energy	184,375	184,375	-	-	180,556	180,556	-	-	-	-	-	-	3,819	3,819	-	-	-	-
2023	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	69,606	69,606	-	-	68,316	68,316	-	-	-	-	-	-	1,291	1,291	-	-	-	-
2023	RF	C-1485	Indiana Municipal Power Agency (NPS/CO)	8,669	8,669	-	-	8,509	8,509	-	-	-	-	-	-	161	161	-	-	-	-
2023	RF	C-1486	Indiana Municipal Power Agency (SIG)	13,141	13,141	-	-	12,897	12,897	-	-	-	-	-	-	244	244	-	-	-	-
2023	RF	C-1149	Indianapolis Power & Light Co.	313,058	313,058	-	-	307,253	307,253	-	-	-	-	-	-	5,805	5,805	-	-	-	-
2023	RF	C-0250	Logansport Municipal Utility (LHMU)	9,550	9,550	-	-	9,377	9,377	-	-	-	-	-	-	177	177	-	-	-	-
2023	RF	C-1646	Constellation New Energy (DMU)	7,285	7,285	-	-	7,150	7,150	-	-	-	-	-	-	135	135	-	-	-	-
2023	RF	C-1614	Just Energy	30	30	-	-	30	30	-	-	-	-	-	-	1	1	-	-	-	-
2023	RF	C-1154	Michigan Public Power Agency	89,107	89,107	-	-	87,454	87,454	-	-	-	-	-	-	1,652	1,652	-	-	-	-
2023	RF	C-1155	Michigan South Central Power Agency	18,234	18,234	-	-	17,896	17,896	-	-	-	-	-	-	338	338	-	-	-	-
2023	RF	C-1163	Northern Michigan Public Service Co.	367,148	367,148	-	-	360,340	360,340	-	-	-	-	-	-	6,808	6,808	-	-	-	-
2023	RF	C-1164	Ontonagon County Rural Electrification Assoc.	692	692	-	-	679	679	-	-	-	-	-	-	13	13	-	-	-	-
2023	RF	C-1265	PMI Interconnection, LLC	15,399,897	15,399,897	-	-	15,114,325	15,114,325	-	-	-	-	-	-	285,568	285,568	-	-	-	-
2023	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	8,310	8,310	-	-	8,156	8,156	-	-	-	-	-	-	154	154	-	-	-	-
2023	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	14,587	14,587	-	-	14,317	14,317	-	-	-	-	-	-	270	270	-	-	-	-
2023	RF	C-1176	Direct Energy	288	288	-	-	283	283	-	-	-	-	-	-	5	5	-	-	-	-
2023	RF	C-1174	Direct Energy	20,477	20,477	-	-	20,097	20,097	-	-	-	-	-	-	380	380	-	-	-	-
2023	RF	C-1581	Spartan Renewable Energy	3,268	3,268	-	-	3,208	3,208	-	-	-	-	-	-	61	61	-	-	-	-
2023	RF	C-1985	Spartan Renewable Energy (MI UP)	1,732	1,732	-	-	1,699	1,699	-	-	-	-	-	-	32	32	-	-	-	-
2023	RF	C-1180	Thambu Electric Cooperative	4,775	4,775	-	-	4,687	4,687	-	-	-	-	-	-	89	89	-	-	-	-
2023	RF	C-2074	Union City Michigan	379	379	-	-	372	372	-	-	-	-	-	-	7	7	-	-	-	-
2023	RF	C-2027	Upper Michigan Energy Resources	45,602	45,602	-	-	44,756	44,756	-	-	-	-	-	-	846	846	-	-	-	-
2023	RF	C-1181	Vectra, a CenterPoint Energy Company	111,484	111,484	-	-	109,417	109,417	-	-	-	-	-	-	2,067	2,067	-	-	-	-
2023	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	77,102	77,102	-	-	75,673	75,673	-	-	-	-	-	-	1,430	1,430	-	-	-	-
2023	RF	C-1488	Wabash Valley Power Alliance (NPS/CO)	43,265	43,265	-	-	42,463	42,463	-	-	-	-	-	-	802	802	-	-	-	-
2023	RF	C-1185	Wisconsin Electric Power Co.	569,697	569,697	-	-	555,133	555,133	-	-	-	-	-	-	14,564	14,564	-	-	-	-
2023	RF	C-2041	Wisconsin Public Service Co.	278,243	278,243	-	-	273,083	273,083	-	-	-	-	-	-	5,160	5,160	-	-	-	-
2023	RF	C-1189	Wolverine Power Marketing Cooperative	16,192	16,192	-	-	15,891	15,891	-	-	-	-	-	-	300	300	-	-	-	-
2023	RF	C-1191	Wolverine Power Supply Cooperative	68,886	68,886	-	-	67,608	67,608	-	-	-	-	-	-	1,277	1,277	-	-	-	-
2023	RF	C-1190	Wolverine Power Marketing Cooperative (MECS-DET)	20,045	20,045	-	-	19,674	19,674	-	-	-	-	-	-	372	372	-	-	-	-
<b>TOTAL RELIABILITYFIRST</b>				<b>20,451,916</b>	<b>20,451,916</b>			<b>20,111,924</b>	<b>20,111,924</b>						<b>379,992</b>	<b>379,992</b>					
2023	SERC	C-1267	Alabama Municipal Electric Authority	83,711	83,711	-	-	82,158	82,158	-	-	-	-	-	-	1,552	1,552	-	-	-	-
2023	SERC	C-1268	Alabama Power Company	1,282,683	1,282,683	-	-	1,258,898	1,258,898	-	-	-	-	-	-	23,785	23,785	-	-	-	-
2023	SERC	C-1269	Ameren - Illinois	932,452	932,452	-	-	915,161	915,161	-	-	-	-	-	-	17,291	17,291	-	-	-	-
2023	SERC	C-1271	Ameren - Missouri	835,504	835,504	-	-	820,011	820,011	-	-	-	-	-	-	15,493	15,493	-	-	-	-
2023	SERC	C-1273	Associated Electric Cooperative Inc.	555,692	555,692	-	-	545,388	545,388	-	-	-	-	-	-	10,304	10,304	-	-	-	-
2023	SERC	C-1582	Beauregard Electric Cooperative, Inc.	36,993	36,993	-	-	36,307	36,307	-	-	-	-	-	-	686	686	-	-	-	-
2023	SERC	C-1462	Bertone Utility District	7,386	7,386	-	-	7,249	7,249	-	-	-	-	-	-	137	137	-	-	-	-
2023	SERC	C-1274	Big Rivers Electric Corporation	94,014	94,014	-	-	92,271	92,271	-	-	-	-	-	-	1,743	1,743	-	-	-	-
2023	SERC	C-1275	Black Warrior EMC	9,375	9,375	-	-	9,201	9,201	-	-	-	-	-	-	174	174	-	-	-	-
2023	SERC	C-1276	Blue Ridge EMC	27,673	27,673	-	-	27,160	27,160	-	-	-	-	-	-	513	513	-	-	-	-
2023	SERC	C-1628	Brass Electric Power Cooperative, Inc.	15,095	15,095	-	-	15,095	15,095	-	-	-	-	-	-	297	297	-	-	-	-
2023	SERC	C-1463	Canton, MS	2,622	2,622	-	-	2,573	2,573	-	-	-	-	-	-	49	49	-	-	-	-
2023	SERC	C-1277	Central Electric Power Cooperative, Inc.	471,338	471,338	-	-	462,597	462,597	-	-	-	-	-	-	8,740	8,740	-	-	-	-
2023	SERC	C-1667	Century Aluminum - Hawesville	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	SERC	C-1668	Century Aluminum - Sebe	79,833	79,833	-	-	78,352	78,352	-	-	-	-	-	-	1,480	1,480	-	-	-	-
2023	SERC	C-1278	City of Blountstown FL	777	777	-	-	763	763	-	-	-	-	-	-	14	14	-	-	-	-
2023	SERC	C-1279	City of Camden SC	4,588	4,588	-	-	4,503	4,503	-	-	-	-	-	-	85	85	-	-	-	-
2023	SERC	C-1280	City of Collins MS	1,138	1,138	-	-	1,117	1,117	-	-	-	-	-	-	21	21	-	-	-	-
2023	SERC	C-1281	City of Columbia MO	28,246	28,246	-	-	27,722	27,722	-	-	-	-	-	-	524	524	-	-	-	-
2023	SERC	C-1282	City of Conway AR (Conway Corporation)	22,367	22,367	-	-	21,952	21,952	-	-	-	-	-	-	415	415	-	-	-	-
2023	SERC	C-1284	City of Egreenville AL	1,322	1,322	-	-	1,298	1,298	-	-	-	-	-	-	25	25	-	-	-	-
2023	SERC	C-1285	City of Hampton GA	898	898	-	-	881	881	-	-	-	-	-	-	17	17	-	-	-	-
2023	SERC	C-1286	City of Hartford AL	713	713	-	-	700	700	-	-	-	-	-	-	13	13	-	-	-	-
2023	SERC	C-1287	City of Henderson (KY) Municipal Power & Light	12,660	12,660	-	-	12,426	12,426	-	-	-	-	-	-	235	235	-	-	-	-
2023	SERC	C-1288	City of North Little Rock AR (DINL)	22,818	22,818	-	-	22,395	22,395	-	-	-	-	-	-	423	423	-	-	-	-
2023	SERC	C-1289	City of Orangeburg SC Department of Public Utilities	17,875	17,875	-	-	17,544	17,544	-	-	-	-	-	-	331					







Data Year	Regional Entity	NERC ID	Entity	Total Regional Entity Assessments (Including WRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		WRAB Assessments				WRAB Additional Assessment			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	MRO	C-1217	Manitoba Hydro	1,316,715	-	1,316,715	-	1,316,715	-	1,316,715	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1235	SaskPower	1,299,868	-	1,299,868	-	1,299,868	-	1,299,868	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1707	AEP-VEMCO	35,730	35,730	-	-	36,712	36,712	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1195	Alliant Energy (ALTE - WFL & ALTW (PL))	1,405,361	-	1,405,361	-	1,443,962	-	1,443,962	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1246	American Electric Power Service Corporation	1,821,272	-	1,821,272	-	1,871,298	-	1,871,298	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1196	Ames Municipal Electric System	37,843	37,843	-	-	38,883	38,883	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1986	Arkansas Electric Cooperative Corporation (AECC)	229,205	-	229,205	-	235,501	-	235,501	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1604	Atlantic Municipal Utilities (AMU)	7,426	7,426	-	-	7,630	7,630	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1199	Bain Electric Power Cooperative (BPC)	1,333,132	-	1,333,132	-	1,369,770	-	1,369,770	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1247	Board of Public Utilities (Kansas City, KS) (BPU)	116,212	-	116,212	-	119,405	-	119,405	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1620	Board of Public Utilities City of McPherson, KS (MCPHER)	54,847	54,847	-	-	56,354	56,354	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1647	Carhage Water and Light	13,931	13,931	-	-	14,314	14,314	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1200	Cedar Falls Utilities (CFU)	31,286	31,286	-	-	32,145	32,145	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1201	Central Iowa Power Cooperative (CIPC)	148,459	-	148,459	-	152,536	-	152,536	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1477	Central Minnesota Municipal Power Agency (CMMPA)	25,476	-	25,476	-	26,176	-	26,176	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1469	Central Valley Electric Cooperative (CVEC)	45,976	-	45,976	-	47,239	-	47,239	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2056	City of Beatrice	8,205	8,205	-	-	8,431	8,431	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1550	City of Bentonville (BENTVILL)	35,721	35,721	-	-	36,702	36,702	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1713	City of Bloomer (Bloomer Electric & Water Co.)	3,187	3,187	-	-	3,274	3,274	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1703	City of Chanute (CHANUTEKS)	24,502	-	24,502	-	25,175	-	25,175	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1203	City of Escanaba (EME)	6,356	6,356	-	-	6,530	6,530	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1719	City of Kasota	191	191	-	-	196	196	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2032	City of Lubbock (Lubbock Power and Light)	29,021	29,021	-	-	29,819	29,819	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1709	City of New	8,904	-	8,904	-	9,148	-	9,148	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2057	City of South Sioux City, NE	9,727	9,727	-	-	9,994	9,994	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1722	City of Spooner	1,548	1,548	-	-	1,591	1,591	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2052	City of Superior NE	2,342	2,342	-	-	2,406	2,406	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2053	City of Wakefield, NE	2,365	2,365	-	-	2,430	2,430	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2054	City of Wayne, NE	3,428	-	3,428	-	3,522	-	3,522	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1436	City Utilities of Springfield, MO (SPBM)	160,854	-	160,854	-	165,272	-	165,272	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1204	Corn Belt Power Cooperative (CBPC)	98,321	-	98,321	-	101,022	-	101,022	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1710	Dahlberg Electric Company	6,002	6,002	-	-	6,167	6,167	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1207	Dairyland Power Cooperative (DPC)	290,509	-	290,509	-	298,488	-	298,488	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1473	East Texas Electric Cooperative, Inc. (ETEC)	52,246	-	52,246	-	53,712	-	53,712	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1716	Eldridge Electric and Water Utilities	2,048	-	2,048	-	2,104	-	2,104	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1250	Empire District Electric Co.	250,024	-	250,024	-	256,892	-	256,892	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1205	City of Falls City, NE	2,698	2,698	-	-	2,772	2,772	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1470	Farmers Electric Cooperative, Inc. of New Mexico (FARMCOOPNM)	17,018	-	17,018	-	17,485	-	17,485	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1205	Fremont Department of Utilities (City of)	24,754	-	24,754	-	25,434	-	25,434	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1208	Geneseo Municipal Utilities	3,334	-	3,334	-	3,426	-	3,426	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1438	Golden Spread Electric Cooperative, Inc. (GSCE)	332,460	-	332,460	-	341,592	-	341,592	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1209	City of Grand Island, NE	37,501	37,501	-	-	38,531	38,531	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1251	Grand River Dam Authority (GRDA)	355,546	-	355,546	-	365,312	-	365,312	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1717	Great Lakes Utilities	73,492	-	73,492	-	75,510	-	75,510	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1210	Great River Energy (GRE)	662,677	-	662,677	-	680,879	-	680,879	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1606	Harlan Municipal Utilities	812	812	-	-	834	834	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1211	Hastings Utilities (HAST)	21,129	-	21,129	-	21,710	-	21,710	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1212	Heartland Consumers Power District (HCPD)	25,983	-	25,983	-	26,696	-	26,696	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1213	Hutchinson Utilities Commission (HUCM)	13,436	-	13,436	-	13,805	-	13,805	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1248	Independence Power & Light (Independence, MO) (INON)	50,220	-	50,220	-	51,600	-	51,600	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1252	Energy Metro, Inc.	770,212	-	770,212	-	791,368	-	791,368	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1439	Kansas Electric Power Cooperative (KEPC)	100,818	-	100,818	-	103,587	-	103,587	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1440	Kansas Municipal Energy Agency (KMEA)	82,530	-	82,530	-	84,797	-	84,797	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1637	KOP Energy	39,961	-	39,961	-	41,059	-	41,059	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1598	Energy Missouri West, Inc.	446,342	-	446,342	-	458,602	-	458,602	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2038	Kennett Board of Public Works	5,795	5,795	-	-	5,954	5,954	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1472	Lea County Electric Cooperative (LCEC)	64,184	-	64,184	-	65,946	-	65,946	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1215	Lincoln Electric System (LES)	160,800	-	160,800	-	165,217	-	165,217	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1216	Madison, Gas and Electric (MGE)	162,529	-	162,529	-	166,993	-	166,993	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2039	Malden Board of Public Works	2,409	2,409	-	-	2,475	2,475	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1220	MidAmerican Energy Company (MEC)	1,522,234	-	1,522,234	-	1,564,046	-	1,564,046	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1441	Midwest Energy, Inc. (MIDW)	89,941	-	89,941	-	92,412	-	92,412	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1224	Minnesota Municipal Power Agency (MMPA) Avant Energy Inc is Agent	98,836	-	98,836	-	101,551	-	101,551	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1221	Minnesota Power (MP)	588,076	-	588,076	-	604,229	-	604,229	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1222	Minnkota Power Cooperative, Inc. (MPC)	193,772	-	193,772	-	199,095	-	199,095	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1987	Missouri Joint Municipal Electric Utility	22,154	22,154	-	-	22,763	22,763	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1223	Missouri River Energy Services	138,206	-	138,206	-	142,002	-	142,002	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1226	Montana-Dakota Utilities Co. (MDU)	204,739	-	204,739	-	210,363	-	210,363	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1607	Montzuma Municipal Light & Power	1,102	1,102	-	-	1,132	1,132	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2051	Moose Lake Water & Light Commission	1,712	1,712	-	-	1,759	1,759	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1227	Municipal Energy Agency of Nebraska (MEAN)	48,249	-	48,249	-	49,574	-	49,574	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1228	Muscatine Power and Water (MPW)	44,094	-	44,094	-	45,305	-	45,305	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1229	Nebraska City Utilities	5,914	5,914	-	-	6,076	6,076	-	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1230	Nebraska Public Power District (NPPD)	677,422	-	677,422	-	696,020	-	696,020	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1711	North Central Power Company	2,058	-	2,058	-	2,114	-	2,114	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-2055	Northeast Power	18,672	-	18,672	-	19,185	-	19,185	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1442	Northeast Texas Electric Cooperative, Inc. (NTEC)	165,790	-	165,790	-	170,344	-	170,344	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1231	NorthWestern Energy (NWE)	84,872	-	84,872	-	87,203	-	87,203	-	-	-	-	-	-	-	-	-	-	
2023	MRO	C-1712	NorthWestern Wisconsin Electric Company	162,529	-	162,529	-	166,993	-	166,993	-	-	-	-							

Data Year	Regional Entity	NERC ID	Entity	Total Regional Entity Assessments (Including WRAB Assessments)				Regional Entity NEL Assessments				Penalty Sanctions - US Only		WRAB Assessments				WRAB Additional Assessment			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	NPCC	C-1336	New England	6,256,530	6,256,530	-	-	1,787,823	1,787,823	-	-	(219,130)	(219,130)	-	-	-	-	-	-	-	
2023	NPCC	C-1339	New York	8,060,619	8,060,619	-	-	2,291,541	2,291,541	-	-	(280,870)	(280,870)	-	-	-	-	-	-		
2023	NPCC	C-1337	Ontario	3,231,628	-	3,231,628	-	2,136,969	-	2,136,969	-	-	-	-	-	-	-	-	-		
2023	NPCC	C-1341	Quebec	5,427,219	-	5,427,219	-	3,002,955	-	3,002,955	-	-	-	-	-	-	-	-	-		
2023	NPCC	C-1371	Hydro Quebec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2023	NPCC	C-1571	Ridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2023	NPCC	C-1705	New Brunswick	718,435	-	718,435	-	228,422	-	228,422	-	-	-	-	-	-	-	-	-		
2023	NPCC	C-1340	Nova Scotia	398,400	-	398,400	-	175,376	-	175,376	-	-	-	-	-	-	-	-	-		
<b>TOTAL NPCC</b>				<b>24,092,831</b>	<b>14,317,149</b>	<b>9,775,682</b>	<b>-</b>	<b>9,623,086</b>	<b>4,079,364</b>	<b>5,543,722</b>	<b>-</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
2023	RF	C-1102	Cannelton Utilities	413	413	-	-	452	452	-	-	(39)	(39)	-	-	-	-	-	-		
2023	RF	C-1105	City of Crowell	14,461	14,461	-	-	1,600	1,600	-	-	(138)	(138)	-	-	-	-	-	-		
2023	RF	C-1490	City of Lansing	68,592	68,592	-	-	75,089	75,089	-	-	(6,497)	(6,497)	-	-	-	-	-	-		
2023	RF	C-1120	Cloverland Electric Cooperative	25,629	25,629	-	-	28,056	28,056	-	-	(2,428)	(2,428)	-	-	-	-	-	-		
2023	RF	C-1122	CMS ERM Michigan LLC	5,899	5,899	-	-	6,457	6,457	-	-	(559)	(559)	-	-	-	-	-	-		
2023	RF	C-1124	Constellation New Energy (MECS-CONS)	66,716	66,716	-	-	73,035	73,035	-	-	(6,320)	(6,320)	-	-	-	-	-	-		
2023	RF	C-1123	Constellation New Energy (MECS-DET)	73,802	73,802	-	-	80,793	80,793	-	-	(6,991)	(6,991)	-	-	-	-	-	-		
2023	RF	C-1126	Consumers Energy Company	1,087,052	1,087,052	-	-	1,190,022	1,190,022	-	-	(102,969)	(102,969)	-	-	-	-	-	-		
2023	RF	C-1128	DTE Electric Company	1,559,455	1,559,455	-	-	1,707,171	1,707,171	-	-	(147,717)	(147,717)	-	-	-	-	-	-		
2023	RF	C-1166	Duke Energy Indiana	892,618	892,618	-	-	977,170	977,170	-	-	(84,552)	(84,552)	-	-	-	-	-	-		
2023	RF	C-1135	Ferdinand Municipal Light & Water	1,564	1,564	-	-	1,712	1,712	-	-	(148)	(148)	-	-	-	-	-	-		
2023	RF	C-1644	Energy Harbor LLC (MECS-CONS)	16,642	16,642	-	-	18,218	18,218	-	-	(1,576)	(1,576)	-	-	-	-	-	-		
2023	RF	C-1549	Energy Harbor LLC (MECS-DET)	4,216	4,216	-	-	4,616	4,616	-	-	(399)	(399)	-	-	-	-	-	-		
2023	RF	C-1145	Hoosier Energy	257,216	257,216	-	-	281,580	281,580	-	-	(24,364)	(24,364)	-	-	-	-	-	-		
2023	RF	C-1148	Indiana Municipal Power Agency (DUKE CIN)	97,105	97,105	-	-	106,304	106,304	-	-	(9,198)	(9,198)	-	-	-	-	-	-		
2023	RF	C-1485	Indiana Municipal Power Agency (NIPSCO)	12,094	12,094	-	-	13,240	13,240	-	-	(1,146)	(1,146)	-	-	-	-	-	-		
2023	RF	C-1486	Indiana Municipal Power Agency (SGE)	18,332	18,332	-	-	20,069	20,069	-	-	(1,736)	(1,736)	-	-	-	-	-	-		
2023	RF	C-1149	Indianapolis Power & Light Co.	436,737	436,737	-	-	478,106	478,106	-	-	(41,369)	(41,369)	-	-	-	-	-	-		
2023	RF	C-2050	Logansport Municipal Utility (LMU)	13,323	13,323	-	-	14,585	14,585	-	-	(1,262)	(1,262)	-	-	-	-	-	-		
2023	RF	C-1666	Constellation New Energy (MIUP)	10,163	10,163	-	-	11,125	11,125	-	-	(963)	(963)	-	-	-	-	-	-		
2023	RF	C-1614	Just Energy	42	42	-	-	46	46	-	-	(4)	(4)	-	-	-	-	-	-		
2023	RF	C-1154	Michigan Public Power Agency	124,210	124,210	-	-	136,085	136,085	-	-	(11,775)	(11,775)	-	-	-	-	-	-		
2023	RF	C-1155	Michigan South Central Power Agency	25,438	25,438	-	-	27,848	27,848	-	-	(2,410)	(2,410)	-	-	-	-	-	-		
2023	RF	C-1163	Northern Indiana Public Service Co.	512,196	512,196	-	-	560,713	560,713	-	-	(48,517)	(48,517)	-	-	-	-	-	-		
2023	RF	C-1164	Ontonagon County Rural Electrification Assoc.	966	966	-	-	1,057	1,057	-	-	(91)	(91)	-	-	-	-	-	-		
2023	RF	C-1265	PJM Interconnection, LLC	21,483,900	21,483,900	-	-	23,518,924	23,518,924	-	-	(2,035,024)	(2,035,024)	-	-	-	-	-	-		
2023	RF	C-1172	Calpine Energy Solutions, LLC (MECS-CONS)	11,593	11,593	-	-	12,691	12,691	-	-	(1,098)	(1,098)	-	-	-	-	-	-		
2023	RF	C-1171	Calpine Energy Solutions, LLC (MECS-DET)	20,350	20,350	-	-	22,278	22,278	-	-	(1,928)	(1,928)	-	-	-	-	-	-		
2023	RF	C-1176	Direct Energy	402	402	-	-	441	441	-	-	(38)	(38)	-	-	-	-	-	-		
2023	RF	C-1174	Direct Energy	28,567	28,567	-	-	31,273	31,273	-	-	(2,706)	(2,706)	-	-	-	-	-	-		
2023	RF	C-1581	Spartan Renewable Energy	4,560	4,560	-	-	4,992	4,992	-	-	(432)	(432)	-	-	-	-	-	-		
2023	RF	C-1585	Spartan Renewable Energy (MI UP)	2,416	2,416	-	-	2,644	2,644	-	-	(229)	(229)	-	-	-	-	-	-		
2023	RF	C-1180	Thumb Electric Cooperative	6,662	6,662	-	-	7,293	7,293	-	-	(631)	(631)	-	-	-	-	-	-		
2023	RF	C-2074	Union City Michigan	529	529	-	-	579	579	-	-	(50)	(50)	-	-	-	-	-	-		
2023	RF	C-2027	Upper Michigan Energy Resources	63,618	63,618	-	-	69,644	69,644	-	-	(6,026)	(6,026)	-	-	-	-	-	-		
2023	RF	C-1181	Vectren, a CenterPoint Energy Company	155,528	155,528	-	-	170,260	170,260	-	-	(14,732)	(14,732)	-	-	-	-	-	-		
2023	RF	C-1184	Wabash Valley Power Alliance (DUKE CIN)	107,563	107,563	-	-	117,752	117,752	-	-	(10,189)	(10,189)	-	-	-	-	-	-		
2023	RF	C-1488	Wabash Valley Power Alliance (NIPSCO)	60,357	60,357	-	-	66,075	66,075	-	-	(5,717)	(5,717)	-	-	-	-	-	-		
2023	RF	C-1185	Wisconsin Electric Power Co.	794,765	794,765	-	-	870,048	870,048	-	-	(75,283)	(75,283)	-	-	-	-	-	-		
2023	RF	C-2041	Wisconsin Public Service Co.	388,168	388,168	-	-	424,936	424,936	-	-	(36,768)	(36,768)	-	-	-	-	-	-		
2023	RF	C-1189	Wolverine Power Marketing Cooperative	22,588	22,588	-	-	24,728	24,728	-	-	(2,140)	(2,140)	-	-	-	-	-	-		
2023	RF	C-1191	Wolverine Power Supply Cooperative	96,100	96,100	-	-	105,203	105,203	-	-	(9,103)	(9,103)	-	-	-	-	-	-		
2023	RF	C-1190	Wolverine Power Marketing Cooperative (MECS-DET)	27,965	27,965	-	-	30,613	30,613	-	-	(2,649)	(2,649)	-	-	-	-	-	-		
<b>TOTAL RELIABILITYFIRST</b>				<b>28,587,612</b>	<b>28,587,612</b>	<b>-</b>	<b>-</b>	<b>31,295,522</b>	<b>31,295,522</b>	<b>-</b>	<b>-</b>	<b>(2,707,910)</b>	<b>(2,707,910)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
2023	SERC	C-1267	Alabama Municipal Electric Authority	83,074	83,074	-	-	90,901	90,901	-	-	(7,826)	(7,826)	-	-	-	-	-	-		
2023	SERC	C-1265	Alabama Power Company	1,272,934	1,272,934	-	-	1,392,855	1,392,855	-	-	(119,921)	(119,921)	-	-	-	-	-	-		
2023	SERC	C-1269	Ameren - Illinois	925,365	925,365	-	-	1,012,541	1,012,541	-	-	(87,177)	(87,177)	-	-	-	-	-	-		
2023	SERC	C-1271	Ameren - Missouri	829,153	829,153	-	-	907,266	907,266	-	-	(78,113)	(78,113)	-	-	-	-	-	-		
2023	SERC	C-1273	Associated Electric Cooperative Inc.	551,468	551,468	-	-	603,421	603,421	-	-	(51,953)	(51,953)	-	-	-	-	-	-		
2023	SERC	C-1582	Beauregard Electric Cooperative, Inc.	36,712	36,712	-	-	40,170	40,170	-	-	(3,459)	(3,459)	-	-	-	-	-	-		
2023	SERC	C-1460	Benton Utility Cooperative	7,280	7,280	-	-	8,020	8,020	-	-	(740)	(740)	-	-	-	-	-	-		
2023	SERC	C-1274	Big Rivers Electric Corporation	93,299	93,299	-	-	102,089	102,089	-	-	(8,790)	(8,790)	-	-	-	-	-	-		
2023	SERC	C-1275	Black Warrior EMC	9,304	9,304	-	-	10,180	10,180	-	-	(876)	(876)	-	-	-	-	-	-		
2023	SERC	C-1276	Blue Ridge EMC	27,462	27,462	-	-	30,050	30,050	-	-	(2,587)	(2,587)	-	-	-	-	-	-		
2023	SERC	C-1628	Brazos Electric Power Cooperative, Inc.	15,873	15,873	-	-	17,369	17,369	-	-	(1,495)	(1,495)	-	-	-	-	-	-		
2023	SERC	C-1463	Canton, MS	2,602	2,602	-	-	2,847	2,847	-	-	(245)	(245)	-	-	-	-	-	-		
2023	SERC	C-1277	Central Electric Power Cooperative Inc.	467,755	467,755	-	-	511,821	511,821	-	-	(44,066)	(44,066)	-	-	-	-	-	-		
2023	SERC	C-1667	Century Aluminum - Hawesville	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2023	SERC	C-1668	Century Aluminum - Seabee	79,226	79,226	-	-														



Data Year	Regional Entity	NERC ID	Entity	Total Regional Entity Assessments (Including WIRAB Assessments)*				Regional Entity NEL Assessments				Penalty Sanctions - US Only		WIRAB Assessments*				WIRAB Additional Assessment*			
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	Total	US	Canada	Mexico
2023	WECC		Basin Electric Power Cooperative - NorthWestern	36,472	36,472	-	-	34,240	34,240	-	-	(5)	(5)	782	782	-	-	40	40	-	-
2023	WECC		Basin Electric Power Cooperative - WACM	97,347	97,347	-	-	91,390	91,390	-	-	(14)	(14)	2,088	2,088	-	-	108	108	-	-
2023	WECC		Basin Electric Power Cooperative - WAUW	6,033	6,033	-	-	5,664	5,664	-	-	(1)	(1)	129	129	-	-	7	7	-	-
2023	WECC		Beartooth Electric Cooperative	3,507	3,507	-	-	3,293	3,293	-	-	(1)	(1)	75	75	-	-	4	4	-	-
2023	WECC		Big Horn County Electric Cooperative	2,882	2,882	-	-	2,705	2,705	-	-	(0)	(0)	62	62	-	-	3	3	-	-
2023	WECC		Black Hills Energy Colorado Electric	80,367	80,367	-	-	75,448	75,448	-	-	(12)	(12)	1,724	1,724	-	-	89	89	-	-
2023	WECC		Black Hills Power/Cheyenne Light Fuel & Power	197,003	197,003	-	-	184,947	184,947	-	-	(29)	(29)	4,226	4,226	-	-	219	219	-	-
2023	WECC		Black Hills State University South Dakota	685	685	-	-	644	644	-	-	(0)	(0)	15	15	-	-	1	1	-	-
2023	WECC		Bonneville Power Administration - Transmission	2,382,454	2,382,454	-	-	2,236,656	2,236,656	-	-	(489)	(489)	51,105	51,105	-	-	2,643	2,643	-	-
2023	WECC		Bonneville Power Administration - Power Services	273,220	273,220	-	-	256,500	256,500	-	-	(40)	(40)	5,861	5,861	-	-	303	303	-	-
2023	WECC		Bonneville Power Administration - Hydro	8,130	8,130	-	-	7,633	7,633	-	-	(1)	(1)	174	174	-	-	9	9	-	-
2023	WECC		Buckeye Water Conservation and Drainage District - APS	686	686	-	-	644	644	-	-	(0)	(0)	15	15	-	-	1	1	-	-
2023	WECC		Bureau of Reclamation (Desalter) - c/o DSW EMMO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	WECC		Bureau of Reclamation (Wellfield)	523	523	-	-	491	491	-	-	(0)	(0)	11	11	-	-	1	1	-	-
2023	WECC		Burlington	1,310	1,310	-	-	1,230	1,230	-	-	(0)	(0)	28	28	-	-	1	1	-	-
2023	WECC		Caesars Entertainment LLC/North	1,557	1,557	-	-	1,461	1,461	-	-	(0)	(0)	33	33	-	-	2	2	-	-
2023	WECC		Caesars Entertainment LLC/South	19,867	19,867	-	-	18,651	18,651	-	-	(3)	(3)	426	426	-	-	22	22	-	-
2023	WECC		California Independent System Operator	8,682,098	8,682,098	-	-	8,150,785	8,150,785	-	-	(1,270)	(1,270)	186,237	186,237	-	-	9,632	9,632	-	-
2023	WECC		Calpine Energy Solutions, LLC (Noble Americas)	71,711	71,711	-	-	67,323	67,323	-	-	(10)	(10)	1,538	1,538	-	-	80	80	-	-
2023	WECC		Central Arizona Water Conservation District - WALC	42,176	42,176	-	-	39,355	39,355	-	-	(6)	(6)	905	905	-	-	47	47	-	-
2023	WECC		Cirrus Circus Las Vegas	2,027	2,027	-	-	1,903	1,903	-	-	(0)	(0)	43	43	-	-	2	2	-	-
2023	WECC		City of Astec Electric Dept. - WACM	1,497	1,497	-	-	1,405	1,405	-	-	(0)	(0)	32	32	-	-	2	2	-	-
2023	WECC		City of Fallon	3,803	3,803	-	-	3,571	3,571	-	-	(1)	(1)	82	82	-	-	4	4	-	-
2023	WECC		City of Farmington	37,300	37,300	-	-	35,617	35,617	-	-	(5)	(5)	800	800	-	-	41	41	-	-
2023	WECC		City of Gallup	8,021	8,021	-	-	7,530	7,530	-	-	(1)	(1)	172	172	-	-	9	9	-	-
2023	WECC		City of Henderson	1,653	1,653	-	-	1,551	1,551	-	-	(0)	(0)	35	35	-	-	2	2	-	-
2023	WECC		City of Las Vegas	1,850	1,850	-	-	1,736	1,736	-	-	(0)	(0)	40	40	-	-	2	2	-	-
2023	WECC		City of Mesa	10,845	10,845	-	-	10,181	10,181	-	-	(2)	(2)	233	233	-	-	12	12	-	-
2023	WECC		City of North Las Vegas	836	836	-	-	784	784	-	-	(0)	(0)	18	18	-	-	1	1	-	-
2023	WECC		City of Page	3,712	3,712	-	-	3,485	3,485	-	-	(1)	(1)	80	80	-	-	4	4	-	-
2023	WECC		City of Redding	31,475	31,475	-	-	29,549	29,549	-	-	(5)	(5)	675	675	-	-	35	35	-	-
2023	WECC		City of Roseville	48,830	48,830	-	-	45,842	45,842	-	-	(7)	(7)	1,047	1,047	-	-	54	54	-	-
2023	WECC		City of Tacoma DBA Tacoma Power	199,946	199,946	-	-	187,710	187,710	-	-	(29)	(29)	4,289	4,289	-	-	222	222	-	-
2023	WECC		City of Williams	2,103	2,103	-	-	1,974	1,974	-	-	(0)	(0)	45	45	-	-	2	2	-	-
2023	WECC		Clark County Water Reclamation District	3,322	3,322	-	-	3,119	3,119	-	-	(0)	(0)	71	71	-	-	4	4	-	-
2023	WECC		Colorado River Agency-Bureau of Indian Affairs	1,462	1,462	-	-	1,373	1,373	-	-	(0)	(0)	31	31	-	-	2	2	-	-
2023	WECC		Colorado River Commission of Nevada	5,350	5,350	-	-	5,023	5,023	-	-	(1)	(1)	115	115	-	-	6	6	-	-
2023	WECC		Colorado Springs Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	WECC		Colorado Springs Utilities - WACM	201,277	201,277	-	-	188,960	188,960	-	-	(29)	(29)	4,318	4,318	-	-	223	223	-	-
2023	WECC		Constellation	12,678	12,678	-	-	11,902	11,902	-	-	(2)	(2)	272	272	-	-	14	14	-	-
2023	WECC		Intermountain Rural Electric Association (IORE)	94,743	94,743	-	-	88,945	88,945	-	-	(14)	(14)	2,032	2,032	-	-	105	105	-	-
2023	WECC		Delta-Montrose Electric Association	25,409	25,409	-	-	23,854	23,854	-	-	(4)	(4)	545	545	-	-	28	28	-	-
2023	WECC		Deseret Generation & Transmission Cooperative - WACM	4,616	4,616	-	-	4,334	4,334	-	-	(1)	(1)	99	99	-	-	5	5	-	-
2023	WECC		Douglas Palisades / PUD No. 1 of DC	842	842	-	-	790	790	-	-	(0)	(0)	18	18	-	-	1	1	-	-
2023	WECC		DEW Holdings Tenant, dba Rio Las Vegas	300	300	-	-	300	300	-	-	(0)	(0)	7	7	-	-	0	0	-	-
2023	WECC		El Paso Electric Company	377,779	377,779	-	-	354,660	354,660	-	-	(55)	(55)	8,104	8,104	-	-	419	419	-	-
2023	WECC		Electrical District #2	9,640	9,640	-	-	9,050	9,050	-	-	(1)	(1)	207	207	-	-	11	11	-	-
2023	WECC		Electrical District #2 - Coolidge Generating Station	337	337	-	-	317	317	-	-	(0)	(0)	7	7	-	-	0	0	-	-
2023	WECC		Electrical District No. 6 of Pinal County - APS	4	4	-	-	4	4	-	-	(0)	(0)	0	0	-	-	0	0	-	-
2023	WECC		Electrical District No. 7 of Maricopa County - APS	1,561	1,561	-	-	1,466	1,466	-	-	(0)	(0)	33	33	-	-	1	1	-	-
2023	WECC		Electrical District No. 8 of Maricopa County - APS	16,580	16,580	-	-	15,565	15,565	-	-	(2)	(2)	356	356	-	-	18	18	-	-
2023	WECC		Francis E. Warren Air Force Base	841	841	-	-	789	789	-	-	(0)	(0)	18	18	-	-	1	1	-	-
2023	WECC		Georgia-Pacific Gypsum, LLC	1,051	1,051	-	-	986	986	-	-	(0)	(0)	23	23	-	-	1	1	-	-
2023	WECC		Grand Valley Power	10,783	10,783	-	-	10,123	10,123	-	-	(2)	(2)	231	231	-	-	12	12	-	-
2023	WECC		Hanquah Valley Power Districts - APS	3,276	3,276	-	-	3,076	3,076	-	-	(0)	(0)	70	70	-	-	4	4	-	-
2023	WECC		Holy Cross Energy	37,343	37,343	-	-	35,058	35,058	-	-	(5)	(5)	801	801	-	-	41	41	-	-
2023	WECC		HR Nevada LLC (Hard Rock)	2,900	2,900	-	-	2,723	2,723	-	-	(0)	(0)	62	62	-	-	3	3	-	-
2023	WECC		Idaho Power Company	696,054	696,054	-	-	653,458	653,458	-	-	(102)	(102)	14,931	14,931	-	-	772	772	-	-
2023	WECC		Imperial Irrigation District	155,428	155,428	-	-	145,917	145,917	-	-	(23)	(23)	3,334	3,334	-	-	172	172	-	-
2023	WECC		Juvenile Apache Nation Power Authority	1,048	1,048	-	-	984	984	-	-	(0)	(0)	22	22	-	-	0	0	-	-
2023	WECC		Kaiser Aluminum Fabricated Products LLC	12,927	12,927	-	-	12,136	12,136	-	-	(2)	(2)	277	277	-	-	14	14	-	-
2023	WECC		KR Carson Electric Inc	12,997	12,997	-	-	12,202	12,202	-	-	(2)	(2)	279	279	-	-	14	14	-	-
2023	WECC		Las Vegas Valley Water District	4,560	4,560	-	-	4,281	4,281	-	-	(1)	(1)	98	98	-	-	5	5	-	-
2023	WECC		Los Angeles Department of Water and Power	991,901	991,901	-	-	931,200	931,200	-	-	(45)	(45)	21,277	21,277	-	-	1,100	1,100	-	-
2023	WECC		Maricopa County Municipal Water Conservation Dist No. 1 - APS	2,111	2,111	-	-	1,981	1,981	-	-	(0)	(0)	45	45	-	-	2	2	-	-
2023	WECC		McMullen Valley Water Conservation & Drainage District - APS	6,104																	

Data Year	Regional Entity	NERC ID	Entity	Total Regional Entity Assessments (Including WIRAB Assessments)*				Regional Entity NEL Assessments				Penalty Sanctions - US Only		WIRAB Assessments*				WIRAB Additional Assessment*				
				Total	US	Canada	Mexico	Total	US	Canada	Mexico	Total	US	Total	US	Canada	Mexico	Total	US	Canada	Mexico	
2023	WECC		Sacramento Municipal Utility District	447,328	447,328	-	-	419,953	419,953	-	-	(65)	(65)	9,595	9,595	-	-	496	496	-	-	
2023	WECC		Sahara Las Vegas	1,207	1,207	-	-	1,133	1,133	-	-	(0)	(0)	26	26	-	-	1	1	-	-	
2023	WECC		Salt River Project	1,384,993	1,384,993	-	-	1,300,237	1,300,237	-	-	(203)	(203)	29,709	29,709	-	-	1,537	1,537	-	-	
2023	WECC		Seattle City Light	398,056	398,056	-	-	373,697	373,697	-	-	(58)	(58)	8,539	8,539	-	-	442	442	-	-	
2023	WECC		Shel Energy North America	6,941	6,941	-	-	6,516	6,516	-	-	(1)	(1)	149	149	-	-	8	8	-	-	
2023	WECC		Silver State Energy Association	26,180	26,180	-	-	24,578	24,578	-	-	(4)	(4)	562	562	-	-	29	29	-	-	
2023	WECC		Southern Nevada Water Authority	5,111	5,111	-	-	4,798	4,798	-	-	(1)	(1)	110	110	-	-	6	6	-	-	
2023	WECC		Switch-North	12,735	12,735	-	-	11,956	11,956	-	-	(2)	(2)	273	273	-	-	14	14	-	-	
2023	WECC		Switch-South	31,977	31,977	-	-	30,020	30,020	-	-	(5)	(5)	686	686	-	-	35	35	-	-	
2023	WECC		The Incorporated County of Los Alamos	25,637	25,637	-	-	24,068	24,068	-	-	(4)	(4)	550	550	-	-	28	28	-	-	
2023	WECC		Tahono O'odham Utility Authority	2,604	2,604	-	-	2,445	2,445	-	-	(0)	(0)	56	56	-	-	3	3	-	-	
2023	WECC		Topopah Irrigation District - APS	1,594	1,594	-	-	1,497	1,497	-	-	(0)	(0)	34	34	-	-	2	2	-	-	
2023	WECC		Town of Fredonia - WALC	89	89	-	-	83	83	-	-	(0)	(0)	2	2	-	-	0	0	-	-	
2023	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - PSCO	81,172	81,172	-	-	76,204	76,204	-	-	(12)	(12)	1,741	1,741	-	-	90	90	-	-	
2023	WECC		Tri-State Generation & Transmission Assoc. Inc - Reliability - WACM	324,806	324,806	-	-	304,029	304,029	-	-	(48)	(48)	6,967	6,967	-	-	360	360	-	-	
2023	WECC		Tri-State Generation & Transmission Association, Inc. - PNM	107,699	107,699	-	-	101,108	101,108	-	-	(16)	(16)	2,310	2,310	-	-	119	119	-	-	
2023	WECC		Truckee Donner Public Utility District	7,278	7,278	-	-	6,832	6,832	-	-	(1)	(1)	156	156	-	-	8	8	-	-	
2023	WECC		Tucson Electric Power Company	613,005	613,005	-	-	575,492	575,492	-	-	(90)	(90)	13,149	13,149	-	-	680	680	-	-	
2023	WECC		Turlock Irrigation District	94,344	94,344	-	-	88,571	88,571	-	-	(14)	(14)	2,024	2,024	-	-	105	105	-	-	
2023	WECC		U.S. Army Yuma Proving Ground	93	93	-	-	87	87	-	-	(0)	(0)	2	2	-	-	0	0	-	-	
2023	WECC		United Power, Inc	103,848	103,848	-	-	97,493	97,493	-	-	(15)	(15)	2,228	2,228	-	-	115	115	-	-	
2023	WECC		US Dept of Energy - Kirtland AFB	19,555	19,555	-	-	18,358	18,358	-	-	(3)	(3)	419	419	-	-	22	22	-	-	
2023	WECC		Wellton-Mohawk Irrigation & Drainage District	355	355	-	-	333	333	-	-	(0)	(0)	8	8	-	-	0	0	-	-	
2023	WECC		Western Area Power - Loveland, CO - PSCO	2,680	2,680	-	-	2,516	2,516	-	-	(0)	(0)	57	57	-	-	3	3	-	-	
2023	WECC		Western Area Power - Loveland, CO - WACM	62,731	62,731	-	-	58,892	58,892	-	-	(9)	(9)	1,346	1,346	-	-	70	70	-	-	
2023	WECC		Western Area Power Administration - CRSP	55,747	55,747	-	-	52,335	52,335	-	-	(8)	(8)	1,196	1,196	-	-	62	62	-	-	
2023	WECC		Western Area Power Administration - Sierra Nevada Region	66,860	66,860	-	-	62,768	62,768	-	-	(10)	(10)	1,434	1,434	-	-	74	74	-	-	
2023	WECC		Western Area Power Administration-Desert Southwest Region - WALC	45,844	45,844	-	-	43,038	43,038	-	-	(7)	(7)	983	983	-	-	51	51	-	-	
2023	WECC		Western Area Power Administration-Upper Great Plains Region	15,794	15,794	-	-	14,828	14,828	-	-	(2)	(2)	339	339	-	-	18	18	-	-	
2023	WECC		Western Area Power Administration-Upper Great Plains Region - NorthWestern	318	318	-	-	298	298	-	-	(0)	(0)	7	7	-	-	0	0	-	-	
2023	WECC		Wynn Las Vegas	7,189	7,189	-	-	6,749	6,749	-	-	(1)	(1)	154	154	-	-	8	8	-	-	
2023	WECC		Yampa Valley Electric Association	22,984	22,984	-	-	21,578	21,578	-	-	(3)	(3)	493	493	-	-	25	25	-	-	
<b>TOTAL WECC</b>				<b>33,770,482</b>	<b>30,069,719</b>	<b>3,700,763</b>	<b>-</b>	<b>33,020,400</b>	<b>28,229,561</b>	<b>4,790,839</b>	<b>-</b>	<b>(4,400)</b>	<b>(4,400)</b>	<b>754,482</b>	<b>645,016</b>	<b>109,466</b>	<b>-</b>	<b>-</b>	<b>39,021</b>	<b>33,360</b>	<b>5,661</b>	<b>-</b>
<b>TOTAL ERO</b>				<b>162,494,162</b>	<b>146,401,134</b>	<b>16,093,028</b>	<b>-</b>	<b>153,913,998</b>	<b>140,962,855</b>	<b>12,951,143</b>	<b>-</b>	<b>(7,144,063)</b>	<b>(7,144,063)</b>	<b>754,482</b>	<b>645,016</b>	<b>109,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Year NEL Summary by Regional Entity</b>																						
2023	MRO			25,234,203	22,617,621	2,616,582	-	25,855,453	23,238,871	2,616,582	-	(621,250)	(621,250)	-	-	-	-	-	-	-	-	
2023	NPCC			24,092,831	14,317,149	9,775,682	-	9,623,086	4,079,364	5,543,722	-	(500,000)	(500,000)	-	-	-	-	-	-	-	-	
2023	RF			28,587,612	28,587,612	-	-	31,295,522	31,295,522	-	-	(2,707,910)	(2,707,910)	-	-	-	-	-	-	-	-	
2023	SENC			31,547,615	31,547,615	-	-	34,519,655	34,519,655	-	-	(2,972,040)	(2,972,040)	-	-	-	-	-	-	-	-	
2023	Texas RE			19,261,419	19,261,419	-	-	19,599,882	19,599,882	-	-	(338,463)	(338,463)	-	-	-	-	-	-	-	-	
2023	WECC			33,770,482	30,069,719	3,700,763	-	33,020,400	28,229,561	4,790,839	-	(4,400)	(4,400)	754,482	645,016	109,466	-	-	-	-	-	
<b>Total</b>				<b>162,494,162</b>	<b>146,401,134</b>	<b>16,093,028</b>	<b>-</b>	<b>153,913,998</b>	<b>140,962,855</b>	<b>12,951,143</b>	<b>-</b>	<b>(7,144,063)</b>	<b>(7,144,063)</b>	<b>754,482</b>	<b>645,016</b>	<b>109,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*WECC entities: Assessment revenue shown on the NERC and WIRAB 2025 Business Plan and Budget Statement of Activities reflects only the required assessment to fund the NERC and WIRAB 2025 budgets. Consistent with Rules of Procedures Sections 1106(5) and 1106(8), this assessment schedule also reflects an additional assessment for WECC entities to reallocate unpaid assessment balances from Mexico, totaling \$945,444 for NERC and \$39,021 for WIRAB. This reallocation of outstanding Mexico assessments is being reported by NERC and WIRAB as a reduction to assessment revenue that is offset by the additional assessment amounts. See page 11 of the NERC 2025 Business Plan and Budget for additional information.

**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 3**

**MIDWEST RELIABILITY ORGANIZATION**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**



# Midwest Reliability Organization

2025 Business Plan and Budget

**Approved by MRO Board of Directors: June 20, 2024**



**MIDWEST  
RELIABILITY  
ORGANIZATION**

Public

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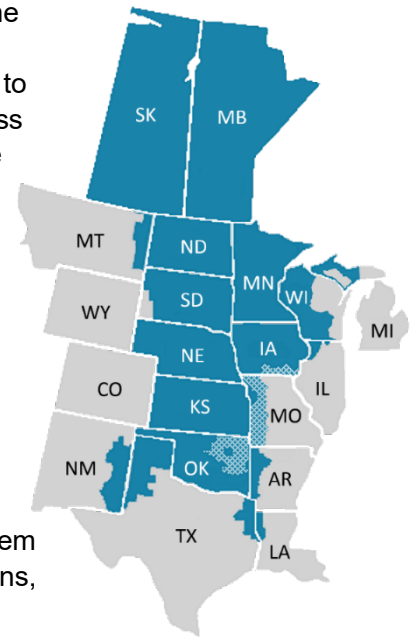


## PREFACE

Midwest Reliability Organization (MRO) is dedicated to its vision of **a highly reliable and secure North American bulk power system**. To ensure reliability of the bulk power system in the United States, Congress passed the Energy Policy Act of 2005, creating a new regulatory organization called the Electric Reliability Organization (ERO) to establish mandatory Reliability Standards and monitor and enforce compliance with those standards on those who own, operate or use the interconnected power grid.

In 2006, the Federal Energy Regulatory Commission (FERC) approved<sup>1</sup> the North American Electric Reliability Corporation (NERC) as the ERO under section 215(e)(4) of the Federal Power Act. NERC delegates<sup>2</sup> its authority to monitor and enforce compliance to six Regional Entities<sup>3</sup> established across North America, including MRO. Recognizing the international nature of the grid, NERC as the ERO, along with MRO, established similar arrangements with provincial authorities in Canada. Together, NERC and the Regional Entities are known as the ERO Enterprise.

The MRO region spans the provinces of Saskatchewan and Manitoba, and all or parts of sixteen states, including: Arkansas, Illinois, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin. The region includes approximately 245 organizations that participate in the production and delivery of electric power, including municipal utilities, cooperatives, investor-owned utilities, transmission system operators, federal power marketing agencies, Canadian Crown Corporations, and independent power producers.



MRO's primary responsibilities include:

- Participate in and help to develop reliability standards that serve to mitigate risk to reliability and security of the North American bulk power system.
- Monitor and enforce compliance with mandatory reliability standards by entities who use, own or operate the regional grid.
- Conduct assessments of the bulk power grid's ability to meet projected electricity demand within the region.
- Assess regional system events and share lessons learned and best practices with industry participants.

<sup>1</sup> 16 U.S.C. 824 o (e)(4)

<sup>2</sup> Order Conditionally Approving Revised Pro Forma Delegation Agreement and Revised Delegation Agreements with Regional Entities, 173 FERC ¶61,277 (December 2020).

<sup>3</sup> 16 U.S.C. § 824o(a)(7)



Additionally, MRO creates open forums for stakeholder experts in the region to discuss important topics related to reducing both reliability and security risks and improving reliable operations of the bulk power system.



## INTRODUCTION

### Overview

#### **Midwest Reliability Organization**

MRO is a Delaware nonprofit corporation that is a cross-border Regional Entity operating under a delegation agreement (Delegation Agreement) with NERC and in accordance with the MRO Bylaws. MRO's current Delegation Agreement was approved by FERC pursuant to FERC's authority under the FPA and is effective through December 31, 2025.

MRO achieves its vision of a highly reliable and secure North American bulk power system through a shared mission with the ERO Enterprise to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system. MRO is unique in that it uses the theory and principles of High Reliability Organizations<sup>4</sup> as a framework for supporting reliable operations of the bulk power system within its geographic footprint. MRO promotes Highly Effective Reliability Organizations® (or HEROs) that implement high standards of operational excellence to avoid catastrophic events in an environment where accidents are expected due to complexity and risk. Working closely with registered entities (those companies that own, operate or use the interconnected power grid) and subject matter experts in the region, MRO continually identifies and assesses risks to reliability and security of the regional bulk power system.

This business plan and budget (BPB) supports the ERO Enterprise strategic roadmap, which was developed collaboratively by leadership teams across the ERO Enterprise. Region-specific activities to support the direction of the ERO Enterprise to address risk will be reflected in MRO's 2025-2027 three-year strategic plan, which will be published in the fourth quarter of 2024.

#### **Membership and Governance**

MRO membership consists of members and adjunct members. Membership is free of charge and enables industry participation on organizational groups and the board of directors. As of April 2024, MRO had 102 members, eleven of which are non-voting, adjunct members. Each voting member organization belongs to one of seven industry sectors:

- Transmission System Operator
- Generator and/or Power Marketer
- Investor Owned Utility
- Cooperative
- Municipal Utility
- Federal Power Marketing Agency
- Canadian Utility

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<sup>4</sup> <https://www.mro.net/wp-content/uploads/2022/07/Five-Principles-of-High-Reliability-Organizations.pdf>



MRO's Board of Directors is a hybrid board consisting of a combination of independent and balanced stakeholder board members. There are 17 stakeholder directors elected by members from the seven industry sectors, plus four independent directors and two regional directors elected by all members. Pursuant to MRO's Bylaws, no two industry sectors can control a vote. The board has adopted procedures to ensure it carries out its responsibilities free of conflicts of interest.

The board has three committees that provide functional oversight of MRO's operations:

- Finance and Audit Committee (FAC)
- Governance and Personnel Committee (GPC)
- Organizational Group Oversight Committee (OGOC)

The board has established three stakeholder-led advisory councils:

- Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC)
- Reliability Advisory Council (RAC)
- Security Advisory Council (SAC)

Industry subject matter experts from member companies serve on the advisory councils and assist with identifying risks to the reliability and security of the regional bulk power system, developing mitigation strategies, and expanding outreach efforts to help registered entities become more aware of and reduce risk to their individual systems. In addition to producing educational materials for the region in the form of newsletter articles and webinars, each of the advisory councils sponsors one major outreach conference annually. The advisory councils also contribute to the development of MRO's annual Regional Risk Assessment (RRA).

Each advisory council may have subgroups that it oversees. All organizational group charters are published on MRO's website. Board-approved [Policy and Procedure 3: Establishment, Responsibilities, and Procedures of Organizational Groups and MRO Sponsored Representatives on NERC Organizational Groups](#) sets out the processes for the organizational groups and MRO sponsored NERC representatives. Three active subgroups include the NERC Standards Review Forum (NSRF), which meets weekly to discuss ongoing NERC Standards projects, the Protective Relay Subgroup (PRS), which focuses on protection system misoperations and power system events in the region, and the SAC Threat Forum (SACTF), which is a weekly secured mechanism for MRO and Electricity-Information Sharing and Analysis Center (E-ISAC) staff to discuss timely threat information with the electric industry.

The advisory councils also work with staff and the board's OGOC to interface with NERC technical committees to increase awareness of NERC activities to reduce risk and avoid duplication of efforts. MRO sponsors staff from member companies to participate in NERC technical committee meetings that are focused on risks most material to the MRO region. These representatives report back to one of the advisory councils and are assigned a staff member to assist with these efforts.



Pursuant to [Policy and Procedure 2: Expense Reimbursement](#), organizational group members and NERC representatives are reimbursed for travel costs associated with MRO and NERC organizational group participation.





## 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.

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 organizations are working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations has 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 NERC's 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 identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's BPB may reference how activities support each of the strategic focus areas.

Since risks to reliability and security are fluid and often reflect 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.

## **MRO Strategic and Operational Planning**

### **Key Strategic Goals and Supporting Activities**

MRO's President and CEO established a three-year strategic plan for MRO staff in 2022 through 2024. The strategic priorities in the plan support MRO's vision and mission and the *ERO Enterprise Long-Term Strategy*. They are forward-looking and serve to guide the key objectives and support activities found within MRO's Strategic Plan<sup>5</sup>.

#### ***Priority 1: People***

Ensure that MRO remains an innovative, resilient, and high performing organization with an increased emphasis on leadership development and culture. The future of MRO relies upon developing the next generation of leaders that will continue to advance the organization's vision and mission. Improving staff training, creating career advancement and development opportunities, focusing on soft skills (in addition to technical competency), and fostering a culture of diversity, equity and inclusion are objectives in this area.

#### ***Priority 2: Processes***

Drive operational excellence throughout MRO in all processes and procedures, while emphasizing effectiveness and efficiency. Amazing results can be achieved through a mindset of continuous improvement and the ability to imagine an invented future. Leveraging the skills of futuristic thinkers at MRO, across the ERO, and within industry, is critical to addressing complex and evolving risk. Planning for the future must be integrated with delegated responsibilities and MRO's public trust obligation to be an effective and efficient regulator, and to use funding wisely.

#### ***Priority 3: Partnerships***

Develop a nimble, adaptive, and collaborative culture that allows MRO to carry out its mission as a trusted and valued member of the ERO Enterprise. The electricity industry is facing numerous dynamic challenges that require forward-thinking insight and analysis to develop and support initiatives that ensure a highly reliable and secure bulk power system into the future. Increased coordination across all industry stakeholders, as well as other critical infrastructure sectors, is critical to MRO's success.

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<sup>5</sup> MRO is due to renew its 3-year strategic plan in 2024. Strategic priorities identified in the new plan will be in support of the ERO Enterprise Long-Term Strategy. Details of the plan are to be determined.



## 2025 BUSINESS PLAN AND BUDGET OVERVIEW

### Budget and Funding Requirements

In connection with the current delegation agreement to ensure the delegated functions have reasonable funding, NERC funds MRO with the monies necessary to carry out its activities as per the agreement. A formula is devised that allocates charges among the load-serving entities within the boundaries served by MRO, based on net energy for load (NEL). MRO's total NEL is 514,164,004 MWH: US NEL 463,368,204 MWH; Canada NEL 50,795,800 MWH<sup>6</sup>

MRO provides NERC with a board approved annual operating budget on or before June 30 of each year. MRO used shared ERO Enterprise-wide assumptions, internal strategic assumptions, and corporate risk assumptions in developing this 2025 Business Plan and Budget (BPB). Prior to obtaining final approval from its board of directors, MRO seeks NERC input and review of the annual BPB, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

MRO's 2025 total budget (\$26.7M) increased by 7.5 percent from the 2024 total budget (\$24.9M). The 2025 statutory assessment (\$25.2M) represents a 7 percent increase from the 2024 assessment. Significant draws of MRO's reserve balance were used to offset prior years' variances between the budgeted expenditures and assessments, where increased budget costs and fewer reserves resulted in higher assessments. MRO proposes to use \$1.5M of its remaining assessment stabilization reserves to manage the variance between the budgeted expenditures and assessments in 2025. See the [Reserve Analysis Table](#) for details.

The following are major drivers of budget expense changes in the 2025 BPB compared to the 2024 budget.

#### **Personnel – 12.8% increase**

Full-Time Equivalent (FTE) increased by three in the 2025 BPB to eighty-three. An evaluation of MRO's personnel resources identified the need for additional staff in the Reliability Analysis Department to support the priorities related to stakeholder outreach and the Interregional Transfer Capability Study. The allocation of FTEs is represented in table 4. An explanation of the FTE variances is included in the Personnel Analysis and Expenses section.

Salaries increased in the 2025 BPB due to a compensation study that was implemented in 2024 of all staff positions. The study included an evaluation of the current job market and competition for talent and resulted in changes to MRO's pay philosophy. The 2025 BPB salary percentages reflect the combination of new salary bases with a salary increase of 3 percent and an additional 2 percent allotted for promotions and market adjustments.

The average health care premium cost per employee in the 2025 BPB was calculated based on assumptions provided by MRO's benefit provider, which reflected an increase over what was budgeted in 2024. The proposed increase in FTEs also impacts 2025 health care premium costs. The per employee cost is applied to each department based on the number of FTEs.

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<sup>6</sup> NEL totals were reported in June 2023 for the 2024 Business Plan and Budget (BPB). NEL totals for the purpose of the 2025 BPB will be available June 2024.



**Meetings and Travel – 5.0% decrease**

MRO will host most outreach and training events that support the strategic plan at its Saint Paul office in 2025, with the exception of one off-site conference planned in the southern area of MRO's regional footprint. Prior years' actual costs, along with emerging trends related to use of virtual technology, slightly reduced travel for MRO staff and members in the 2025 BPB.

**Operating Expenses – 5.5% decrease**

The Reliability Analysis Department will implement a newly identified ERO-wide software contract in 2025, resulting in an increase in consultant and contract support.

Other 2025 BPB operating expenses are decreasing as a result of MRO's continued hybrid work environment and reduced facility maintenance and office supply costs.

**Fixed Assets – 51.6% decrease**

Three four-year cyclical asset replacements were completed in 2024 resulting in a decrease in Capital Asset Expenditures in the 2025 BPB.



**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital  
2024 Budget & Projection, and 2025 Budget**

**STATUTORY**

	2024 Budget	2024 Projection	Variance		Variance	
			2024 Budget v 2024 Projection Over(Under)	2025 Budget	2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
<b>Funding</b>						
<b>ERO Funding</b>						
NERC Assessments	\$ 23,583,367	\$ 23,583,367	\$ -	\$ 25,234,203	\$ 1,650,836	7.0%
Penalties Released*	118,607	118,607	-	621,250	502,643	
Interest & Investment Income	419	419	-	15,600	15,181	
<b>Total Funding (A)</b>	<b>\$ 23,702,393</b>	<b>\$ 23,702,393</b>	<b>\$ -</b>	<b>\$ 25,871,053</b>	<b>\$ 2,168,659</b>	<b>9.1%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 14,236,654	\$ 14,236,654	\$ -	\$ 16,663,420	\$ 2,426,766	
Payroll Taxes	940,730	940,730	-	1,057,570	116,840	
Benefits	1,653,189	1,653,189	-	1,744,112	90,923	
Retirement Costs	2,525,303	2,525,303	-	2,365,061	(160,242)	
<b>Total Personnel Expenses</b>	<b>\$ 19,355,876</b>	<b>\$ 19,355,876</b>	<b>\$ -</b>	<b>\$ 21,830,163</b>	<b>\$ 2,474,287</b>	<b>12.8%</b>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 200,000	\$ 200,000	\$ -	\$ 182,275	\$ (17,725)	
Travel	512,925	512,925	-	494,711	(18,214)	
<b>Total Meeting Expenses</b>	<b>\$ 712,925</b>	<b>\$ 712,925</b>	<b>\$ -</b>	<b>\$ 676,986</b>	<b>\$ (35,939)</b>	<b>-5.0%</b>
<b>Operating Expenses, excluding Depreciation</b>						
Consultants & Contracts	\$ 1,150,498	\$ 1,150,498	\$ -	\$ 1,196,080	\$ 45,582	
Office Rent	1,171,880	1,171,880	-	1,136,000	(35,880)	
Office Costs	1,244,266	1,244,266	-	1,043,805	(200,462)	
Professional Services	581,000	581,000	-	545,300	(35,700)	
Miscellaneous	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 4,147,644</b>	<b>\$ 4,147,644</b>	<b>\$ -</b>	<b>\$ 3,921,185</b>	<b>\$ (226,460)</b>	<b>-5.5%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 24,216,445</b>	<b>\$ 24,216,445</b>	<b>\$ -</b>	<b>\$ 26,428,333</b>	<b>\$ 2,211,888</b>	<b>9.1%</b>
<b>Change in Net Assets (=A - B)</b>	<b>\$ (514,052)</b>	<b>\$ (514,052)</b>	<b>\$ -</b>	<b>\$ (557,281)</b>	<b>\$ (43,229)</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>668,000</b>	<b>668,000</b>	<b>-</b>	<b>323,000</b>	<b>(345,000)</b>	<b>-52%</b>
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ 24,884,445</b>	<b>\$ 24,884,445</b>	<b>\$ -</b>	<b>\$ 26,751,333</b>	<b>\$ 1,866,888</b>	<b>7.5%</b>
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ (1,182,052)</b>	<b>\$ (1,182,052)</b>	<b>\$ -</b>	<b>\$ (880,281)</b>	<b>\$ 301,771</b>	
<b>FTEs</b>	<b>80.00</b>	<b>80.00</b>	<b>-</b>	<b>83.00</b>	<b>3.00</b>	<b>-</b>

Table 1: Statement of Activities



## 2025 Program Area Budgets

The following table shows 2025 versus 2024 budget comparison by program area. The amounts reflect all direct departmental costs, including fixed asset expenditures, as well as indirect costs incurred for Administrative Services (formerly called Administrative Programs), which are allocated to the statutory program departments based on the ratio of each department's budgeted FTEs to total budgeted statutory FTEs. [See Administrative Services section](#) for discussion on this allocation method.

### 2025 versus 2024 Total Budget by Program

Base Operating Budget	Budget	Budget	Variance	
	2024	2025	2025 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 67,514	\$ 77,433	\$ 9,919	14.7%
Compliance Enforcement	16,206,382	16,633,515	427,133	2.6%
Reliability Analysis, Organization Registration and Certification	5,479,694	6,911,276	1,431,582	26.1%
Training and Education	1,920,488	1,885,437	(35,051)	-1.8%
Situation Awareness and Infrastructure Security	1,210,366	1,243,672	33,306	2.8%
<b>Total</b>	<b>\$ 24,884,445</b>	<b>\$ 26,751,333</b>	<b>\$ 1,866,888</b>	<b>7.5%</b>

Table 2: Budget by Program

### Major Budget Drivers by Program Area

The 2025 budget for each program area is increasing over 2024, except for Training and Education. The increases are primarily due to a combination of the following: (1) assumptions related to personnel, particularly increases in FTEs (see personnel analysis table below), which may also result in higher allocations of indirect and fixed asset costs from the Administrative Services departments; and (2) costs related to capital expenditures, which are allocated to the statutory program departments. In many departments, these increases are offset by decreases in spending in other areas. Details on the statutory program and Administrative Services budgets are available in the 2025 Program Area and Department Detail section.

The following is a summary of major budget drivers by statutory program.

#### Reliability Standards

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#); inter-departmental allocation of existing FTEs to this program area increased (see personnel analysis table).
- **Indirect Expenses** – Increase in FTEs in this area resulted in an increase in expenses for Administrative Services allocated to each statutory program based on the number of FTEs.



### Compliance Monitoring and Enforcement Program (CMEP)

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#).
- **Contractors and Consultants** – Decrease in costs related to administration and external support of Align and the ERO SEL.
- **Office costs** – Reclassification of employee-related expenditures to personnel costs.
- **Indirect Expenses** – Increase in expenses for Administrative Services allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Decreased allocation due to reduction in overall capital expenditures.

### Reliability Analysis and Organization Registration and Certification

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#), including an increase of FTEs (see personnel analysis table).
- **Meeting Expenses** – An increase in meetings and both staff and member travel is expected because of new energy assessment work.
- **Consultants and Software Contracts** – Increase in work related to energy assessments and further transfer capability studies.
- **Indirect Expenses** – The Increase in FTEs in this area resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.
- **Fixed Assets** – Decreased allocation due to reduction in overall capital expenditures.

### Situation Awareness and Infrastructure Security

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#).
- **Indirect Expenses** – The increase in inter-departmental allocation of FTEs in this area has resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.

### Training and Education

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#).
- **Meeting Expenses** – No co-hosted conferences planned in 2025.





- **Indirect Expenses** – The increase in inter-departmental allocation of FTEs in this area has resulted in an increase in expenses for Administrative Services that are allocated to each statutory program based on number of FTEs.

### Administrative Services

	Administrative Services (in whole dollars)		
	Direct Expenses and Fixed Assets		
	2024 Budget	2025 Budget	Increase (Decrease)
General and Administrative	\$3,417,244	\$3,549,836	\$132,592
Legal	\$687,028	\$676,865	-\$10,163
Information Technology	\$3,500,772	\$3,234,235	-\$266,537
Human Resources	\$726,633	\$820,202	\$93,569
Finance and Accounting	\$1,307,313	\$1,519,606	\$212,293
<b>Total Administrative Services</b>	<b>\$9,638,989</b>	<b>\$9,800,743</b>	<b>\$161,754</b>

Table 3: Budget by Administrative Service Area

- **Personnel** – Assumptions related to the personnel major budget driver explained under [budget and funding requirements](#), including the net result of allocating existing staff time to the work of corporate administration (see personnel analysis table).
- **Contractors and Consultants** – The increase is due to additional support needs that benefit the entire MRO organization.
- **Office Costs** – An increase in staff training, ongoing staff certifications, and other professional development is expected in 2025.
- **Fixed Assets** – Replacement of end-of-life technology assets completed in prior year.
- **Professional Services** – Includes increase in independent board director fees.



## 2025 Personnel Analysis and Expenses

The following table presents a 2025 versus 2024 comparison of budgeted FTEs by department. Also see the [MRO Staff Organization Chart](#).

FTEs	Budget 2024	Budget 2025	Variance from 2024 Budget	
Reliability Standards	0.16	0.18	0.02	12.5%
Compliance Monitoring	19.10	19.00	(0.10)	-0.5%
Compliance Risk Assessment and Mitigation	16.30	16.28	(0.02)	-0.1%
Compliance Enforcement	3.47	3.50	0.03	0.9%
Training and Education	4.56	5.00	0.44	9.6%
Reliability Analysis and Organization Registration and Certification	12.91	15.51	2.60	20.1%
Situation Awareness and Infrastructure Security	2.87	2.92	0.05	1.7%
Administrative Services	20.63	20.61	(0.02)	-0.1%
<b>Total FTEs</b>	<b>80.00</b>	<b>83.00</b>	<b>3.00</b>	<b>3.8%</b>

Table 4: Personnel Analysis

MRO is adding three new positions in 2025 to support the strategic areas of focus, resulting in a total increase of three FTEs in 2025 from 2024. The FTE table above reflects the additions as well as the following department FTE reallocations:

- Training and Education - FTEs are the net result of allocating existing staff time to the work of outreach.
- Reliability Analysis and Organization Registration and Certification – Two FTEs are being added in response to new work with energy assessments and transfer capability studies, and one FTE is dedicated to external affairs. One half of an FTE from an existing staff in Reliability Analysis is allocated as support to Training and Education.



Personnel Expenses	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
<b>Total Salaries</b>	\$ 14,236,654	\$ 16,663,420	\$ 2,426,766	17.0%
<b>Total Payroll Taxes</b>	940,730	1,057,570	116,840	12.4%
<b>Total Benefits</b>	1,653,189	1,744,112	90,923	5.5%
<b>Total Retirement</b>	2,525,303	2,365,061	(160,242)	-6.3%
<b>Total Personnel Costs</b>	<b>\$ 19,355,876</b>	<b>\$ 21,830,163</b>	<b>\$ 2,474,287</b>	<b>12.8%</b>
<b>FTEs</b>	80.00	83.00	3.00	3.8%
<b>Cost per FTE</b>				
Salaries	177,958	\$ 200,764	22,806	12.8%
Payroll Taxes	11,759	12,742	983	8.4%
Benefits	20,665	21,013	349	1.7%
Retirement	31,566	28,495	(3,072)	-9.7%
<b>Total Cost per FTE</b>	<b>\$ 241,948</b>	<b>\$ 263,014</b>	<b>\$ 21,066</b>	<b>8.7%</b>

Table 5: Personnel Expenses

The increase in overall personnel costs is primarily related to the addition of 3 FTEs, as well as the salary and benefit increase assumptions for existing staff discussed in the Personnel section under [budget and funding requirements](#).



## Consultants and Contracts

Consultants	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
<b>Consultants</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	35,000	50,000	15,000	43%
Reliability Analysis and Organization Registration and Certificati	-	60,000	60,000	
Training and Education	50,550	7,500	(43,050)	-85%
Situation Awareness and Infrastructure Security	10,000	10,000	-	0%
General and Administrative	130,000	30,000	(100,000)	-77%
Legal	-	-	-	
Information Technology	175,200	151,200	(24,000)	-14%
Human Resources	-	-	-	
Accounting and Finance	-	11,000	11,000	
<b>Consultants Total</b>	<b>\$ 400,750</b>	<b>\$ 319,700</b>	<b>\$ (81,050)</b>	<b>-20%</b>

Contracts	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
<b>Contracts</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement	40,000	-	(40,000)	-100%
Reliability Analysis and Organization Registration and Certificati	56,000	58,800	2,800	5%
Training and Education	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
General and Administrative	-	-	-	
Legal	-	-	-	
Information Technology	541,648	697,130	155,482	29%
Human Resources	107,100	115,200	8,100	8%
Accounting and Finance	5,000	5,250	250	5%
<b>Contracts Total</b>	<b>\$ 749,748</b>	<b>\$ 876,380</b>	<b>\$ 126,632</b>	<b>17%</b>

Table 6: Consultants and Contracts by Program Area

Significant variances to Consultants and Contracts expenses include:

- **Compliance Monitoring and Enforcement Program** – Discontinuing the use of WebCDMS and cancellation of that contract.
- **Reliability Analysis and Organization Registration and Certification** – Consulting is increasing due to support needed for energy assessment work.
- **General and Administrative** – Discontinued use of external organizational consulting.
- **Information Technology** – Addition of software contracts for new technology tools.



## Fixed Assets

Fixed Assets	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
Computer Equipment	668,000	283,000	(385,000)	-57.6%
Capitalized Software	-	-	-	
Furniture and Equipment	-	-	-	
Leasehold Improvements	-	40,000	40,000	
<b>Total Change in Fixed Assets</b>	<b>\$ 668,000</b>	<b>\$ 323,000</b>	<b>\$ (345,000)</b>	<b>-51.6%</b>

Table 7: Fixed Assets

Significant variances in Fixed Asset Additions include:

- **Computer and Software CapEx** – Decreasing due to (1) the one-time purchase of end-of-life assets in 2024, and (2) extending the life of computer assets.
- **Leasehold Improvements Assets** – The increase in leasehold assets is related to the one-time reorganization of office space to accommodate the implementation of a Flex Forward office space strategy that allows for additional staff to be accommodated within existing office space.



## Outside Funding

Outside Funding Breakdown By Program (Excluding Penalty Sanction)	Budget 2024	Budget 2025	Variance 2025 Budget v 2024 Budget
<b>Reliability Standards</b>			
Interest Income	\$ -	\$ 45	\$ 45
Other	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 45</b>	<b>\$ 45</b>
<b>Compliance Monitoring, Enforcement</b>			
Interest Income	\$ -	\$ 9,696	\$ 9,696
Other	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 9,696</b>	<b>\$ 9,696</b>
<b>Reliability Analysis, Organization Registration and Certification</b>			
Interest Income	\$ -	\$ 3,878	\$ 3,878
Other	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 3,878</b>	<b>\$ 3,878</b>
<b>Training and Education</b>			
Interest Income	\$ -	\$ 1,250	\$ 1,250
Other	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,250</b>	<b>\$ 1,250</b>
<b>Situation Awareness and Infrastructure Security</b>			
Interest Income	\$ -	\$ 730	\$ 730
Other	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 730</b>	<b>\$ 730</b>
<b>General and Administrative</b>			
Interest Income	\$ 419	\$ -	\$ (419)
Other	-	-	-
<b>Total</b>	<b>\$ 419</b>	<b>\$ -</b>	<b>\$ (419)</b>
<b>Total Outside Funding</b>	<b>\$ 419</b>	<b>\$ 15,600</b>	<b>\$ 15,181</b>

Table 8: Outside Funding

Significant increases to Outside Funding include:

- **Interest and Investment Income** – Recognition of interest earned on penalty funds held in an interest-bearing investment account over 12 months.



## Reserve Analysis

Reserve Analysis 2023-2025				
	Total Reserves	Working Capital Reserves	30-Day Reserves	Assessment Stabilization Reserves (ASR)
Beginning January 1, 2023	7,186,361	437,890	1,669,530	5,078,941
Plus: Penalty Sanctions	467,997			467,997
Plus: Release from ASR	299,097	299,097.00		
Plus: 2023 Assessments	20,507,276	20,507,276		
Adjustment for targeted 30-day reserves		(254,009)	254,009	
Less: 2023 Actual Expenditures	(20,982,512)	(20,982,512)		
<b>Final Reserves December 31, 2023</b>	<b>7,478,219</b>	<b>7,742</b>	<b>1,923,539</b>	<b>5,546,938</b>
Beginning January 1, 2024	7,478,219	7,742	1,923,539	5,546,938
Plus: Penalty Sanctions	636,850	119,026		517,824
Plus: Release from ASR	324,829	1,182,052		(857,223)
Plus: 2024 Assessments	23,583,367	23,583,367		
Adjustment for targeted reserves up to \$1M		923,539	(923,539)	
Less: 2024 Projected Expenditures	(24,884,445)	(24,884,445)		
<b>Projected Reserves December 31, 2024</b>	<b>7,138,819</b>	<b>931,281</b>	<b>1,000,000</b>	<b>5,207,539</b>
Beginning January 1, 2025	7,138,819	931,281	1,000,000	5,207,539
Plus: Penalty Sanctions	-	636,850		(636,850)
Plus: Release from ASR	-	880,281		(880,281)
Plus: 2025 Assessments	25,234,203	25,234,203		
Adjustment for targeted reserves up to \$1M		-		
Less: 2025 Projected Expenditures	(26,751,333)	(26,751,333)		
<b>Projected Reserves December 31, 2025</b>	<b>5,621,689</b>	<b>931,281</b>	<b>1,000,000</b>	<b>3,690,408</b>

Table 9: Reserve Analysis

MRO is projecting a total reserve budget of \$5.6M across all categories of reserves at the end of 2025. This is a decrease of \$1.5M (21%) from the total reserve amounts budgeted for the end of 2024 in the 2024 BPB. The reserve categories are as follows:

- **Working Capital** – The balance of assessments less expenditures.
- **30-Day Reserves** – Additional funds for unanticipated contingencies. MRO’s policy requires a target of 30 days of the company’s total expense and fixed asset budget, except as otherwise approved by the board, not to exceed \$1M.
- **Assessment Stabilization Reserve (ASR)** – This fund was established with surplus assessment dollars collected by SPP RE and then transferred to MRO following SPP RE dissolution. Today, this reserve retains the balance of said surplus, excess working capital and received penalties from U.S. entities. A portion of this reserve is released to offset assessments. In the 12 months ending June 30, 2024, MRO has collected and is proposing<sup>7</sup> to deposit \$395K of penalty funds into the ASR. MRO is recommending the release of \$1.5M from the ASR to offset 2025 assessments, and the ASR is projected to have a balance of \$3.7M at the end of 2025. Pursuant to §1107.4 of the NERC ROP, MRO requests that the Commission approve an exception to the requirement of ROP.

<sup>7</sup> With NERC and FERC approval, penalty sanctions are added to the ASR and released to offset assessments in future years.



§1107.2 that Penalties collected during the 12 months ended June 30 be used to reduce assessments in the following year, to allow MRO to implement the proposed ASR transactions.

## 2026 and 2027 Projections

Statement of Activities, Fixed Assets Expenditures and Change in Working Capital								
2026 through 2027 Projections								
	2025	2026	\$ Change	% Change	2027	\$ Change	% Change	
	Budget	Projections	25 v 26	25 v 26	Projection	26 v 27	26 v 27	
<b>Funding</b>								
<b>ERO Funding</b>								
NERC Assessments	\$ 25,234,203	\$ 27,252,939	\$ 2,018,736	8.00%	\$ 29,160,645	\$ 1,907,706	7.00%	
Penalty Reserves	636,850	-	(636,850)	-100.00%	-	-	-	
Membership Dues	-	-	-	-	-	-	-	
Testing Fees	-	-	-	-	-	-	-	
Services & Software	-	-	-	-	-	-	-	
Workshop Fees & Miscellaneous	-	-	-	-	-	-	-	
Interest & Investment Income	-	-	-	-	-	-	-	
<b>Total Funding (A)</b>	<b>\$ 25,871,053</b>	<b>\$ 27,252,939</b>	<b>\$ 1,381,887</b>	<b>5.3%</b>	<b>\$ 29,160,645</b>	<b>\$ 1,907,706</b>	<b>7.0%</b>	
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	\$ 16,663,420	\$ 18,339,760	\$ 1,676,340	10.1%	\$ 19,698,736	\$ 1,358,976	7.4%	
Payroll Taxes	1,057,570	1,163,962	106,392	10.1%	1,250,211	86,250	7.4%	
Benefits	1,744,112	1,919,569	175,458	10.1%	2,061,810	142,240	7.4%	
Retirement Costs	2,365,061	2,602,987	237,925	10.1%	2,795,868	192,881	7.4%	
<b>Total Personnel Expenses</b>	<b>\$ 21,830,163</b>	<b>\$ 24,026,277</b>	<b>\$ 2,196,114</b>	<b>10.1%</b>	<b>\$ 25,806,625</b>	<b>\$ 1,780,347</b>	<b>7.4%</b>	
<b>Meeting Expenses</b>								
Meetings & Conference Calls	\$ 182,275	\$ 191,389	\$ 9,114	5.0%	\$ 200,958	\$ 9,569	5.0%	
Travel	494,711	519,447	24,736	5.0%	545,419	25,972	5.0%	
<b>Total Meeting Expenses</b>	<b>\$ 676,986</b>	<b>\$ 710,835</b>	<b>\$ 33,849</b>	<b>5.0%</b>	<b>\$ 746,377</b>	<b>\$ 35,542</b>	<b>5.0%</b>	
<b>Operating Expenses, excluding Depreciation</b>								
Consultants & Contracts	\$ 1,196,080	\$ 1,130,296	(65,784)	-5.5%	\$ 1,186,810	\$ 56,515	5.0%	
Office Rent	1,136,000	1,192,800	56,800	5.0%	1,252,440	59,640	5.0%	
Office Costs	1,043,805	1,095,995	52,190	5.0%	1,150,794	54,800	5.0%	
Professional Services	545,300	569,839	24,539	4.5%	595,823	25,985	4.6%	
Miscellaneous	-	-	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 3,921,185</b>	<b>\$ 3,988,929</b>	<b>\$ 67,744</b>	<b>1.7%</b>	<b>\$ 4,185,868</b>	<b>\$ 196,939</b>	<b>4.9%</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	
<b>Total Expenses (B)</b>	<b>\$ 26,428,333</b>	<b>\$ 28,726,042</b>	<b>\$ 2,297,708</b>	<b>8.7%</b>	<b>\$ 30,738,870</b>	<b>\$ 2,012,828</b>	<b>7.0%</b>	
<b>Change in Net Assets (=A - B)</b>	<b>\$ (557,281)</b>	<b>\$ (1,473,102)</b>	<b>\$ (915,821)</b>	<b>164.3%</b>	<b>\$ (1,578,224)</b>	<b>\$ (105,122)</b>	<b>7.1%</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 323,000</b>	<b>\$ 250,000</b>	<b>\$ (73,000)</b>	<b>-22.6%</b>	<b>\$ 250,000</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ 26,751,333</b>	<b>\$ 28,976,042</b>	<b>\$ 2,224,708</b>	<b>8.3%</b>	<b>\$ 30,988,870</b>	<b>\$ 2,012,828</b>	<b>6.9%</b>	
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ (880,281)</b>	<b>\$ (1,723,102)</b>			<b>\$ (1,828,224)</b>	<b>\$ -</b>		
FTEs	83.00	87.00	4.00		89.00	2.00		

Table 10: 2026 and 2027 Budget Projections

The current projection for 2026 estimates a budget increase of \$2.2M (8.3%) and assessment increase of \$2.0M (8.0%) over 2025. This includes the following key assumptions in support of the strategic areas of focus:

- FTE increase of 4
- Salary increase of 10.1% (impacted by increase in FTE)
- Weighted average meeting and operational increase of 5.0%





- Continued technology investments
- Reserve release of \$1.7M, comprised of the following:
  - \$1.7M from the ASR to reduce impact from resources hired in 2026

The projection for 2026 is preliminary and will be further refined during the next budget cycle. The anticipated 2026 increase is driven primarily by personnel (including the addition of 4 FTEs) and continued technology investments for infrastructure, software applications, and security.

The projection for 2027 is preliminary and will be further refined during the 2026 budget year. The anticipated 2027 increase is driven primarily by personnel (including the addition of 2 FTEs) and continued technology investments for infrastructure, software applications, and security.



## 2025 PROGRAM AREA AND DEPARTMENT DETAIL

### Reliability Standards

#### Purpose and Scope

MRO's efforts related to NERC Reliability Standards support NERC's stakeholder-driven processes to develop and maintain risk-responsive Reliability Standards by providing feedback into the standards process, conducting outreach during standards development, and providing clarity to industry on enforceable standards and requirements. MRO's CMEP Advisory Council and its subgroups develop Standard Application Guides (SAGs), comment on NERC standard projects, participate in standards development, and maintain MRO's Regional Reliability Standards Process Manual as required by the Delegation Agreement.

#### 2025 Areas of Focus

Key areas of focus for the Reliability Standards program include:

- Developing a more agile standard setting 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 inverter-based resources, distributed energy resources, energy management, and fuel management.
- Addressing FERC directives, orders, or special reports.
- Revising the Standards Process Manual to allow for a more agile standards development process.

The Statement of Activities for this program area is shown below. See [Reliability Standards Major Budget Drivers](#) for explanation of significant variances.



### Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget and 2025 Budget

		STANDARDS			
		2024	2025	Variance	2025 Budget
		Budget	Budget	v 2024 Budget	Variance
				Over(Under)	
<b>Funding</b>					
<b>ERO Funding</b>					
	NERC Assessments	\$ 67,193	\$ 75,595	\$ 8,402	
	Penalties Released	320	1,792	1,473	
	Interest	1	45	44	
	<b>Total Funding (A)</b>	<b>\$ 67,514</b>	<b>\$ 77,433</b>	<b>\$ 9,919</b>	<b>14.7%</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
	Salaries	\$ 30,922	\$ 37,629	\$ 6,707	
	Payroll Taxes	2,040	2,468	427	
	Benefits	3,313	3,794	481	
	Retirement Costs	5,262	5,266	4	
	<b>Total Personnel Expenses</b>	<b>\$ 41,537</b>	<b>\$ 49,157</b>	<b>\$ 7,619</b>	<b>18.3%</b>
<b>Meeting Expenses</b>					
	Meetings	\$ -	\$ -	\$ -	
	Travel	-	-	-	
	<b>Total Meeting Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses</b>					
	Consultants & Contracts	\$ -	\$ -	\$ -	
	Office Rent	-	-	-	
	Office Costs	-	-	-	
	Professional Services	-	-	-	
	Miscellaneous	-	-	-	
	<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>					
		\$ -	\$ -	\$ -	
	<b>Indirect Expenses</b>	<b>\$ 24,176</b>	<b>\$ 27,344</b>	<b>\$ 3,168</b>	<b>13.1%</b>
	<b>Total Expenses (B)</b>	<b>\$ 65,714</b>	<b>\$ 76,501</b>	<b>\$ 10,787</b>	<b>16.4%</b>
	<b>Change in Net Assets (=A - B)</b>	<b>\$ 1,800</b>	<b>\$ 932</b>	<b>\$ (868)</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>					
		<b>1,800</b>	<b>932</b>	<b>(868)</b>	
	<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ 67,514</b>	<b>\$ 77,433</b>	<b>\$ 9,919</b>	<b>14.7%</b>
	<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
	FTEs	0.16	0.18	0.02	

Table 11: Reliability Standards Budget Detail



## Compliance Monitoring and Enforcement

### Purpose and Scope

MRO's Compliance Monitoring and Enforcement Program (CMEP) work is performed by three departments: Compliance Monitoring, Risk Assessment and Mitigation (RAM), and Enforcement, creating an effective "check and balance" for making decisions about noncompliance and enforcement. MRO's RAM Department develops Inherent Risk Assessments (IRAs) for registered entities to describe the risk each entity poses to the bulk power system by the nature of the facilities the entity owns and operates. This information is used to provide a ranking of requirements for monitoring an entity based on risk.

The Compliance Monitoring Department uses IRAs as input when developing Compliance Oversight Plans (COPs). COPs are registered entity-specific and inform the scope and timing of oversight activities for each registered entity based on the risk the entity poses to reliability and security of the regional bulk power system. A variety of discovery and compliance monitoring methods are used, including spot checks, audits, self-certifications, Periodic Data Submittals (PDS), and self-reports.

Following identification of a proposed noncompliance, RAM conducts a risk assessment of the possible violation and evaluates and monitors related mitigation efforts. The Enforcement Department independently reviews and processes noncompliances and violations using risk-based disposition methods, including any penalty determinations. Enforcement also analyzes the registered entity's compliance history and culture of compliance that are used as inputs to the COP completed by the Compliance Monitoring Department.

All three of the CMEP departments are responsible for supporting and facilitating the work of the CMEP Advisory Council and its subgroups. Additionally, CMEP staff support ERO collaboration group activities that align MRO's CMEP program, including associated tools, with that of the other Regional Entities and NERC.

The 2025 BPB anticipates that staff will perform CMEP activities for approximately 245 registered entities. The Compliance Monitoring Department will conduct approximately 14 audits and will also contribute to audits of registered entities that participate in coordinated oversight where MRO is the Affected Regional Entity. In addition to the activities described above, the Enforcement Department will review registered entity participation in the ERO Enterprise Self-Logging Program.

### Impact on Resource Needs

In addition to regular oversight work, the CMEP departments will dedicate resources to support the continued implementation of ERO Enterprise Tools and the activities of the ERO Enterprise collaboration groups. These initiatives improve the effectiveness of MRO activities and better define the expectations of CMEP staff.

### 2025 Areas of Focus

Key areas of focus for the Compliance Monitoring, RAM, and Enforcement departments include:

- Continuing efforts to address facility ratings and demonstrate the importance of implementing strong internal controls.
- Continuing to evaluate supply chain effectiveness and provide and analyze quarterly metrics on compliance data to inform emerging risks and Registration activities.



- Enhancing outreach to stakeholder/policy organizations and leverage the work of others.
- Continuing efforts to align risk determinations using a risk-based approach to processing noncompliance.
- Providing and analyzing quarterly metrics on enforcement data.
- Working to ensure continued support for the success of Align and the ERO Secure Evidence Locker (SEL); ensuring meaningful oversight activities; and continuing efforts to streamline risk-based CMEP activities.

The Statement of Activities for this program area is shown below. See [CMEP Major Budget Drivers](#) for explanation of significant variances.



## Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget and 2025 Budget

### COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ 16,128,455	\$ 16,237,666	\$ 109,211	
Penalties Released	77,653	386,153	308,500	
Interest	274	9,696	9,422	
<b>Total Funding (A)</b>	<b>\$ 16,206,382</b>	<b>\$ 16,633,515</b>	<b>\$ 427,133</b>	<b>2.6%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 6,930,750	\$ 7,728,094	\$ 797,344	
Payroll Taxes	476,081	515,057	38,976	
Benefits	804,920	817,361	12,441	
Retirement Costs	1,230,571	1,103,473	(127,098)	
<b>Total Personnel Expenses</b>	<b>\$ 9,442,321</b>	<b>\$ 10,163,985</b>	<b>\$ 721,664</b>	<b>7.6%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 15,000	\$ 11,250	\$ (3,750)	
Travel	167,600	174,000	6,400	
<b>Total Meeting Expenses</b>	<b>\$ 182,600</b>	<b>\$ 185,250</b>	<b>\$ 2,650</b>	<b>1.5%</b>
<b>Operating Expenses</b>				
Consultants & Contracts	\$ 75,000	\$ 50,000	\$ (25,000)	
Office Rent	-	-	-	
Office Costs	195,740	142,393	(53,347)	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 270,740</b>	<b>\$ 192,393</b>	<b>\$ (78,347)</b>	<b>-28.9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Indirect Expenses</b>	<b>\$ 5,873,376</b>	<b>\$ 5,891,119</b>	<b>\$ 17,742</b>	<b>0.3%</b>
<b>Total Expenses (B)</b>	<b>\$ 15,769,037</b>	<b>\$ 16,432,747</b>	<b>\$ 663,709</b>	<b>4.2%</b>
<b>Change in Net Assets (=A - B)</b>	<b>\$ 437,345</b>	<b>\$ 200,768</b>	<b>\$ (236,576)</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>437,345</b>	<b>200,768</b>	<b>(236,576)</b>	
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ 16,206,382</b>	<b>\$ 16,633,515</b>	<b>\$ 427,133</b>	<b>2.6%</b>
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTEs</b>	<b>38.87</b>	<b>38.78</b>	<b>(0.09)</b>	<b>-</b>

Table 12: CMEP Budget Detail



## Reliability Analysis and Organization Registration and Certification

The Reliability Analysis program identifies, prioritizes, and enables activities to reduce known and emerging risks to the BPS. Three primary groups at MRO are focused on this program: (1) Reliability Assessments; (2) Event and Performance Analysis; (3) Organization Registration and Certification.

### **Purpose and Scope**

#### *Reliability Assessments*

MRO's Reliability Analysis Department conducts assessments of the grid's ability to meet electric power demand within the region during specific time periods, which may indicate the need to develop and implement targeted interventions based on reliability risk. Reliability Analysis staff participate in the Eastern Interconnection Reliability Assessment Group (ERAG), which facilitates data collection and development of power flow and dynamics simulation models for the Eastern Interconnection. Reliability Analysis also supports MRO's Reliability Advisory Council, the Protective Relay Subgroup, and related ERO Enterprise activities. On June 3, 2023, President Biden signed the Fiscal Responsibility Act that included a mandate for NERC and the Regional Entities to conduct an Interregional Transfer Capability Study (ITCS) to be filed with FERC by December 2, 2024. MRO will use this work to transition into annually performing Energy Assessments for the MRO Region as part of a bigger ERO Energy Assessment Strategy.

#### *Event and Performance Analysis*

Reliability Analysis staff performs event analysis and performance analysis in support of related NERC program areas. This work includes:

- Analyses of large-scale BPS outages, disturbances, and near misses to determine root causes and lessons learned.
- Quarterly review of operational data submissions to assess system performance.
- The availability of electric generation and transmission equipment through various NERC reporting systems, such as Transmission Availability Data Systems (TADS), Generating Availability Data Systems (GADS), and Misoperation Information Data Analysis Systems (MIDAS).

#### *Organization Registration and Certification*

The Organization Registration and Certification Program (ORCP) registers all users, owners, and operators of the bulk power system in MRO's regional footprint as required by NERC. The program includes ensuring applicable registered entities (Reliability Coordinators, Balancing Authorities, and Transmission Operators) are able to perform associated tasks. All entities registered for any reliability function are required to comply with mandatory NERC Reliability Standards.

### **Impact on Resource Needs**

One resource allocated to the ITCS in 2024 will continue to work in 2025 to conduct in-depth transmission analytics that will be incorporated into future reliability assessments. This is in addition to the two FTEs and the one-time costs identified in this 2025 BPB for consultants, meetings, and technology related to this work.



## **2025 Areas of Focus**

Key areas of focus for Reliability Analysis and Organization Registration and Certification include:

- Assuring the reliable and secure integration of BPS-connected inverter-based resources and DER, including the analysis of grid disturbances, 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 adapt 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 processes, tools, and products to measure and improve bulk electric system resilience for widespread long-term extreme temperature and weather events, including the development of a systematic collection of load loss outage and recovery data.
- Assessing impacts from federal and state regulations (e.g., market, environmental) on the reliability and resilience of the BPS.
- 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 capabilities.
- Tuning alignment activities of cross-functional project collaboration through data analysis and disturbance reporting flexibility and agility.
- Reinforcing fundamental practices and advocacy of enhanced reliability practices through joint reliability partnership activities with stakeholders and the ERO Enterprise.





**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital  
2024 Budget and 2025 Budget**

**RELIABILITY ANALYSIS and ORGANIZATION REGISTRATION and CERTIFICATION**

	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>Variance 2025 Budget v 2024 Budget Over(Under)</u>	<u>2025 Budget Variance</u>
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ 5,453,812	\$ 6,752,957	\$ 1,299,145	
Penalties Released	25,791	154,441	128,650	
Interest	91	3,878	3,787	
<b>Total Funding (A)</b>	<u>\$ 5,479,694</u>	<u>\$ 6,911,276</u>	<u>\$ 1,431,582</u>	<u>26.1%</u>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 2,331,409	\$ 3,216,649	\$ 885,240	
Payroll Taxes	159,883	213,030	53,147	
Benefits	263,889	321,633	57,744	
Retirement Costs	406,036	444,874	38,837	
<b>Total Personnel Expenses</b>	<u>\$ 3,161,217</u>	<u>\$ 4,196,185</u>	<u>\$ 1,034,969</u>	<u>32.7%</u>
<b>Meeting Expenses</b>				
Meetings	\$ 8,000	\$ 9,000	\$ 1,000	
Travel	107,600	124,000	16,400	
<b>Total Meeting Expenses</b>	<u>\$ 115,600</u>	<u>\$ 133,000</u>	<u>\$ 17,400</u>	<u>15.1%</u>
<b>Operating Expenses</b>				
Consultants & Contracts	\$ 56,000	\$ 118,800	\$ 62,800	
Office Rent	-	-	-	
Office Costs	50,880	26,850	(24,030)	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses</b>	<u>\$ 106,880</u>	<u>\$ 145,650</u>	<u>\$ 38,770</u>	<u>36.3%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Indirect Expenses</b>	<u>\$ 1,950,741</u>	<u>\$ 2,356,144</u>	<u>\$ 405,403</u>	<u>20.8%</u>
<b>Total Expenses (B)</b>	<u>\$ 5,334,437</u>	<u>\$ 6,830,979</u>	<u>\$ 1,496,542</u>	<u>28.1%</u>
<b>Change in Net Assets (=A - B)</b>	<u>\$ 145,257</u>	<u>\$ 80,297</u>	<u>\$ (64,960)</u>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	145,257	80,297	(64,960)	
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	\$ 5,479,694	\$ 6,911,276	\$ 1,431,582	26.1%
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
FTEs	12.91	15.51	2.60	

Table 13: Reliability Analysis Organization Registration and Certification Budget Detail



## Situation Awareness and Infrastructure Security

### Purpose and Scope

MRO monitors present conditions and emerging threats to reliability and security of the regional bulk power system and provides leadership coordination, technical expertise, and assistance to industry and government partners as necessary. MRO's Reliability Analysis and Critical Infrastructure Security Departments support these efforts.

### *Situation Awareness*

The Reliability Analysis Department determines which entities may be more susceptible to a specific risk based on responses to NERC Alerts. The department that takes the lead is determined by the focus of the NERC Alert (reliability or security focused). NERC Alerts are used to effectively disseminate information to the electricity industry regarding reliability or security and at times require review of responses by MRO staff depending on the request. The Situational Awareness team works with stakeholders to identify known and emerging risks to reliability and security, assist industry in mitigating those risks, and promote a culture of continuous improvement across MRO's region. MRO also receives daily reports from the E-ISAC and Reliability Coordinators in the region and works closely with these entities during security or extreme weather events that can have a significant impact.

### *Infrastructure Security*

The Critical Infrastructure Security Department supports the efforts of the MRO Security Advisory Committee (SAC) and its subgroup, the SAC Threat Forum. These organizational groups assess and help to mitigate and reduce cyber, physical, and operational risks to the bulk power system through a variety of outreach mechanisms. The department also develops and maintains strong connections with other industry security groups like the E-ISAC and federal security agencies and serves as an expert resource to MRO's IT Department.

The Critical Infrastructure Security Program focuses on activities to promote the identification, assessment, mitigation, and communication of cyber, physical, and operational risks to the security of the North American bulk power system. In addition, the department leads MRO emergency exercises and administers emergency management and business continuity initiatives for MRO, the ERO Enterprise, and the region.

### 2025 Areas of Focus

Key areas of focus for Situation Awareness and Infrastructure Security include:

- 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 RAC, and SAC to advance the security posture of the industry.
- Reviewing and curating grid reliability and security intelligence information applicable to the region ad-hoc and during weekly regional threat calls, with participation from the E-ISAC.



- Maturing capability to conduct threat hunts for malicious technology and adversaries on Information Technology (IT) and Operational Technology (OT) platforms.
- Support and participate in Cyber Risk Information Sharing Program (CRISP) program and briefings.
- Plan and execute regional activities surrounding the biennial GridEx exercise and annual MRO Reliability and Security Conference.

The Statement of Activities for this program area is shown below. See [Situation Awareness and Infrastructure Security Major Budget Drivers](#) for explanation of significant variances.



## Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2024 Budget and 2025 Budget

### SITUATION AWARENESS and INFRASTRUCTURE SECURITY

	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ 1,204,612	\$ 1,213,866	\$ 9,254	
Penalties Released	5,734	29,076	23,342	
Interest	20	730	710	
<b>Total Funding (A)</b>	<b>\$ 1,210,366</b>	<b>\$ 1,243,672</b>	<b>\$ 33,306</b>	<b>2.8%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 496,688	\$ 548,022	\$ 51,333	
Payroll Taxes	31,586	34,330	2,745	
Benefits	59,432	61,544	2,113	
Retirement Costs	89,623	80,303	(9,320)	
<b>Total Personnel Expenses</b>	<b>\$ 677,329</b>	<b>\$ 724,199</b>	<b>\$ 46,871</b>	<b>6.9%</b>
<b>Meeting Expenses</b>				
Meetings	\$ -	\$ -	\$ -	
Travel	40,500	38,000	(2,500)	
<b>Total Meeting Expenses</b>	<b>\$ 40,500</b>	<b>\$ 38,000</b>	<b>\$ (2,500)</b>	<b>-6.2%</b>
<b>Operating Expenses</b>				
Consultants & Contracts	\$ 10,000	\$ 10,000	\$ -	
Office Rent	-	-	-	
Office Costs	16,580	12,775	(3,805)	
Professional Services	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 26,580</b>	<b>\$ 22,775</b>	<b>\$ (3,805)</b>	<b>-14.3%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Indirect Expenses</b>	<b>\$ 433,666</b>	<b>\$ 443,581</b>	<b>\$ 9,915</b>	<b>2.3%</b>
<b>Total Expenses (B)</b>	<b>\$ 1,178,075</b>	<b>\$ 1,228,555</b>	<b>\$ 50,481</b>	<b>4.3%</b>
<b>Change in Net Assets (=A - B)</b>	<b>\$ 32,292</b>	<b>\$ 15,117</b>	<b>\$ (17,175)</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>32,292</b>	<b>15,117</b>	<b>(17,175)</b>	
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ 1,210,366</b>	<b>\$ 1,243,672</b>	<b>\$ 33,306</b>	<b>2.8%</b>
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
 FTEs	 2.87	 2.92	 0.05	 -

Table 14: Situational Awareness and Infrastructure Security Budget Detail



## Training and Education

### Purpose and Scope

MRO is committed to its mission “to identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations® (HEROs).” This is accomplished in part by providing outreach to industry on the implementation of the CMEP, the application of NERC Reliability Standards, and sharing information and best practices related to reliability and security of the bulk power system in MRO’s regional footprint. The Outreach Program provides training and education to registered entities through various channels like newsletter articles, publications, conferences, webinars, roundtable events, videos, and social media, as well as presentation opportunities at other industry events. Raising awareness of risk and providing lessons learned and best practices to mitigate or reduce risk directly supports MRO’s strategic plan and other ERO Enterprise initiatives.

### *External Affairs*

In addition, in partnership with NERC and the other Regional Entities, MRO has expanded outreach to include engagement with state and provincial regulators to educate and inform key decision and policy makers of risks to reliability and security of the bulk power system within MRO’s regional footprint. There is an increased need for greater coordination with state and provincial regulatory agencies as the lines between electricity generation and distribution intersect with the addition of behind the meter, renewable resources. This coordination has increased workload for MRO staff resources that assist with these efforts. This outreach includes virtual and in-person interactions with both Canadian and U.S. local regulatory agencies to share information about the ERO Enterprise and important work to assess and mitigate risk to the North American bulk power system.

### 2025 Areas of Focus

Key areas of focus for Outreach include support related to:

- Support of internal and external meetings including stakeholder and MRO hosted.
- Outreach events and webinars, including the annual CMEP, Reliability, and Security Conferences and preparation and participation for GridEx.
- Continuing to enhance state outreach and engagement, including further developed outreach for ERO Enterprise assessments and reports, and expanding collaboration efforts with the National Association of Regulatory Utility Commissioners and government partners.

MRO continues to offer a hybrid approach to educational events that includes both in-person and virtual opportunities for participation – offering a “best of both worlds” experience for attendees. Providing this hybrid approach allows MRO to expand its audience and reach and enables industry stakeholders to participate in a way that works best for them. MRO has adapted to this hybrid outreach approach without adding any costs to outreach participants. All of MRO’s events are offered free of charge and virtual participation has the added benefit of eliminating travel costs for participants. While this hybrid format provides significant benefit to industry, it does increase the amount of time and effort required to host outreach events. MRO continues to monitor resource needs in this area and does not anticipate additional resources in 2025 related to training events.



**Statement of Activities, Fixed Assets Expenditures and Change in Working Capital**  
**2024 Budget and 2025 Budget**  
**TRAINING and EDUCATION**

	2024 Budget	2025 Budget	Variance	
			v 2024 Budget Over(Under)	2025 Budget Variance
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ 1,911,347	\$ 1,834,399	\$ (76,947)	
Penalties Released	9,110	49,788	40,678	
Interest	32	1,250	1,218	
<b>Total Funding (A)</b>	<b>\$ 1,920,488</b>	<b>\$ 1,885,437</b>	<b>\$ (35,051)</b>	<b>-1.8%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 627,888	\$ 664,283	\$ 36,394	
Payroll Taxes	45,854	47,672	1,818	
Benefits	94,428	105,384	10,956	
Retirement Costs	129,141	114,973	(14,168)	
<b>Total Personnel Expenses</b>	<b>\$ 897,312</b>	<b>\$ 932,312</b>	<b>\$ 35,001</b>	<b>3.9%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 125,000	\$ 100,000	\$ (25,000)	
Travel	60,225	45,250	(14,975)	
<b>Total Meeting Expenses</b>	<b>\$ 185,225</b>	<b>\$ 145,250</b>	<b>\$ (39,975)</b>	<b>-21.6%</b>
<b>Operating Expenses</b>				
Consultants & Contracts	\$ 50,550	\$ 7,500	\$ (43,050)	
Office Rent	-	-	-	
Office Costs	32,065	14,933	(17,132)	
Professional Services	15,000	-	(15,000)	
Miscellaneous	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 97,615</b>	<b>\$ 22,433</b>	<b>\$ (75,182)</b>	<b>-77%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Indirect Expenses</b>	<b>\$ 689,030</b>	<b>\$ 759,556</b>	<b>\$ 70,526</b>	<b>10.2%</b>
<b>Total Expenses (B)</b>	<b>\$ 1,869,182</b>	<b>\$ 1,859,552</b>	<b>\$ (9,630)</b>	<b>-0.5%</b>
<b>Change in Net Assets (=A - B)</b>	<b>\$ 51,307</b>	<b>\$ 25,886</b>	<b>\$ (25,421)</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>51,307</b>	<b>25,886</b>	<b>(25,421)</b>	
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ 1,920,488</b>	<b>\$ 1,885,437</b>	<b>\$ (35,051)</b>	<b>-1.8%</b>
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0</b>	
<b>FTEs</b>	<b>4.56</b>	<b>5.00</b>	<b>0.44</b>	<b>-</b>

Table 15: Training and Education Budget Detail



## Administrative Services

### Scope and Functional Description

MRO's Administrative Services area comprises the business and administrative functions of the organization, including legal and regulatory, communications, information technology, human resources, finance and accounting, and general expenses. Costs incurred for these services are allocated as an indirect expense across MRO's other program areas.

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

All expenses for the Administrative Services programs, referred to as indirect expenses, are allocated to the delegated program areas based on the respective number of FTEs.

### Funding Sources

The expenses related to the indirect program areas are being allocated entirely to the direct programs. Therefore, indirect program areas have no ERO assessment revenue. However, allocation of the reserves as an offset to assessments is reflected as a reduction.

### 2025 Areas of Focus

Key areas of focus for Administrative Services include:

- Elevating 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.
- Leadership development, new hire orientation, and confidential information training.
- 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 automation and controls across the HR and Finance & Accounting areas.



## **General and Administrative**

The General and Administrative Department is led by MRO's President and CEO. The department ensures that there is appropriate attention to the execution of MRO's strategic priorities and the day-to-day operations and risk management of the corporation, board governance, policies and procedures, proper record-keeping, and related responsibilities under applicable regulations, as well as MRO's Delegation Agreement with NERC.

Some of the external pressures that impact this budget area include escalating cyber security threats and vulnerabilities to the corporation, increased security requirements related to the handling and storage of corporate and external data, the need for greater coordination of emergency response and crisis communications across the ERO Enterprise and expanded Regional Entity oversight from NERC.

## **Legal**

MRO's Legal function provides advice to the board, the President and CEO, and staff on legal matters affecting MRO. This department is also responsible for supporting and facilitating the work of the MRO Governance and Personnel Committee, which is responsible for oversight of MRO's governance, board, and personnel matters. Corporate records for the board and organizational groups are maintained in this area. MRO may use external specialized legal resources on an as-needed basis.

## **Information Technology**

MRO's Information Technology (IT) function is responsible for providing and supporting the technology tools and resources that staff use to perform delegated functions and other work.

As part of this function, the IT Department is also responsible for managing and securing the IT infrastructure and assets of the company. This includes providing ways for the company to preserve and protect the confidentiality, integrity, and availability of company data, and responding in a timely manner to the ever-evolving cyber threats faced by the organization. Using a risk-based approach, tailored to the company's unique IT environment and associated risks and threats, this includes designing, implementing, and maintaining internal controls and processes to protect the organization.

As the complexity of the security risks and tools utilized to meet the organization's needs continues to evolve, this function at times also utilizes highly specialized external technical resources. Their use allows MRO to be more agile and ultimately respond timelier and at a deeper technical and security level when necessary.

## **Human Resources**

The Human Resources function designs, plans, and implements employee-related policies and procedures in adherence with applicable federal and state laws. The Human Resource Department facilitates recruiting and retention efforts, employee benefits, payroll, employee engagement initiatives, and tasks associated with employee life cycle activities, including onboarding, training, and professional development. The department engages in Diversity, Equity, and Inclusion (DEI) initiatives within the organization alongside the staff-led DEI Committee and works closely with the ERO Enterprise on similar efforts. Additionally, the department undertakes and supports important initiatives directed by the board's Governance and Personnel Committee.

MRO has developed a People First Philosophy and culture that supports talent management and MRO's four keys to sustainable success: connection, curiosity, commitment, and competency. Training initiatives





and opportunities for employee collaboration are planned throughout the year to create peer-to-peer mentorship and information and knowledge sharing, theme-focused learning, and dedicated team building. MRO continues to review and enhance its employee engagement and culture enrichment activities to positively impact all stages of the employee life cycle from candidate identification, the onboarding experience of new employees, as well as the overall corporate culture to be an “employer of choice” that attracts and retains qualified staff.

### **Finance and Accounting**

The Finance and Accounting function directs the overall financial planning and accounting practices of the organization, oversees treasury, budget, tax, and audit activities, as well as the financial and accounting system controls and standards. This department is responsible for supporting and facilitating the work of the MRO Finance and Audit Committee, which is responsible for oversight of MRO’s financial health and to monitor the component parts of the financial audit process and the integrity of financial reporting. Also, this program manages the organization’s corporate risk program which assesses and mitigates key corporate risks. Identified corporate risks are prioritized and then incorporated into the strategic planning process as an opportunity to proactively address risks. This program reports the overall outcome of MRO’s annual financial and corporate risk activities to the MRO Board of Directors. Additionally, staff within this function supports ERO collaboration group activities that align MRO’s Finance and Corporate Risk program, including associated tools, with that of the other Regional Entities and NERC.

### ***Internal Oversight***

The Internal Oversight team performs the coordination and facilitation of responding to external oversight and audit requests. The primary objective of internal oversight is to ensure that external data requests are organized and recorded in response to external oversight activities and audits. MRO staff have a primary point of contact and liaison with NERC/FERC staff as well as administrative support to ensure a timely response.

### ***Corporate Risk Management***

The Corporate Risk Management (CRM) area focuses on corporate financial, operational, legal, regulatory, and compliance risks. In coordination with Internal Oversight, CRM also conducts dynamic enterprise risk management, which is based on the Committee of Sponsoring Organization of the Treadway Commission (COSO) 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.

### **Communications**

The Communications Department promotes consistency of messaging on various ERO-wide initiatives, maintains crisis and strategic communications plans, creates and supports internal and external communications strategies, helps to raise awareness of risk through a variety of communication mediums, and provides a wide range of communications support across the organization. These efforts support MRO’s vision, mission and strategic plan.

The Statement of Activities for Administrative Services is shown below. See [Administrative Service Major Budget Drivers](#) for explanation of significant variances.



Statement of Activities, Fixed Assets Expenditures and Change in Working Capital				
2024 Budget and 2025 Budget				
ADMINISTRATIVE SERVICES				
	2024	2025	Variance	
	Budget	Budget	2025 Budget v 2024 Budget Over(Under)	2025 Budget Variance
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ (1,182,052)	\$ (880,281)	\$ 301,771	
Penalties Released	-	-	-	
<b>Total Funding (A)</b>	<b>\$ (1,182,052)</b>	<b>\$ (880,281)</b>	<b>\$ 301,771</b>	<b>-26%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 3,818,997	\$ 4,468,743	\$ 649,746	
Payroll Taxes	225,287	245,014	19,727	
Benefits	427,206	434,394	7,188	
Retirement Costs	664,670	616,172	(48,498)	
<b>Total Personnel Expenses</b>	<b>\$ 5,136,160</b>	<b>\$ 5,764,324</b>	<b>\$ 628,164</b>	<b>12.2%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 52,000	\$ 62,025	\$ 10,025	
Travel	137,000	113,461	(23,539)	
<b>Total Meeting Expenses</b>	<b>\$ 189,000</b>	<b>\$ 175,486</b>	<b>\$ (13,514)</b>	<b>-7.2%</b>
<b>Operating Expenses</b>				
Consultants & Contracts	\$ 958,948	\$ 1,009,780	\$ 50,832	
Office Rent	1,171,880	1,136,000	(35,880)	
Office Costs	949,001	846,854	(102,148)	
Professional Services	566,000	545,300	(20,700)	
Miscellaneous	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 3,645,829</b>	<b>\$ 3,537,934</b>	<b>\$ (107,896)</b>	<b>-3.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Indirect Expenses</b>	<b>\$ (8,970,989)</b>	<b>\$ (9,477,743)</b>	<b>\$ (506,754)</b>	<b>5.6%</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Change in Net Assets (=A - B)</b>	<b>\$ (1,182,052)</b>	<b>\$ (880,281)</b>	<b>\$ 301,771</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Computer & Software CapEx	668,000	283,000	(385,000)	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	-	-	
Leasehold Improvements	-	40,000	40,000	
Allocation of Fixed Assets	(668,000)	(323,000)	345,000	
<b>Inc(Dec) in Fixed Assets ( C )</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>TOTAL CHANGE IN RESERVES (=A-B-C)</b>	<b>\$ (1,182,052)</b>	<b>\$ (880,281)</b>	<b>\$ 301,771</b>	<b>-26%</b>
<b>FTEs</b>	<b>20.63</b>	<b>20.61</b>	<b>(0.02)</b>	

Table 16: Administrative Services Budget Detail



## NON-STATUTORY ACTIVITY

MRO has no non-statutory activities.



# ORGANIZATION CHART

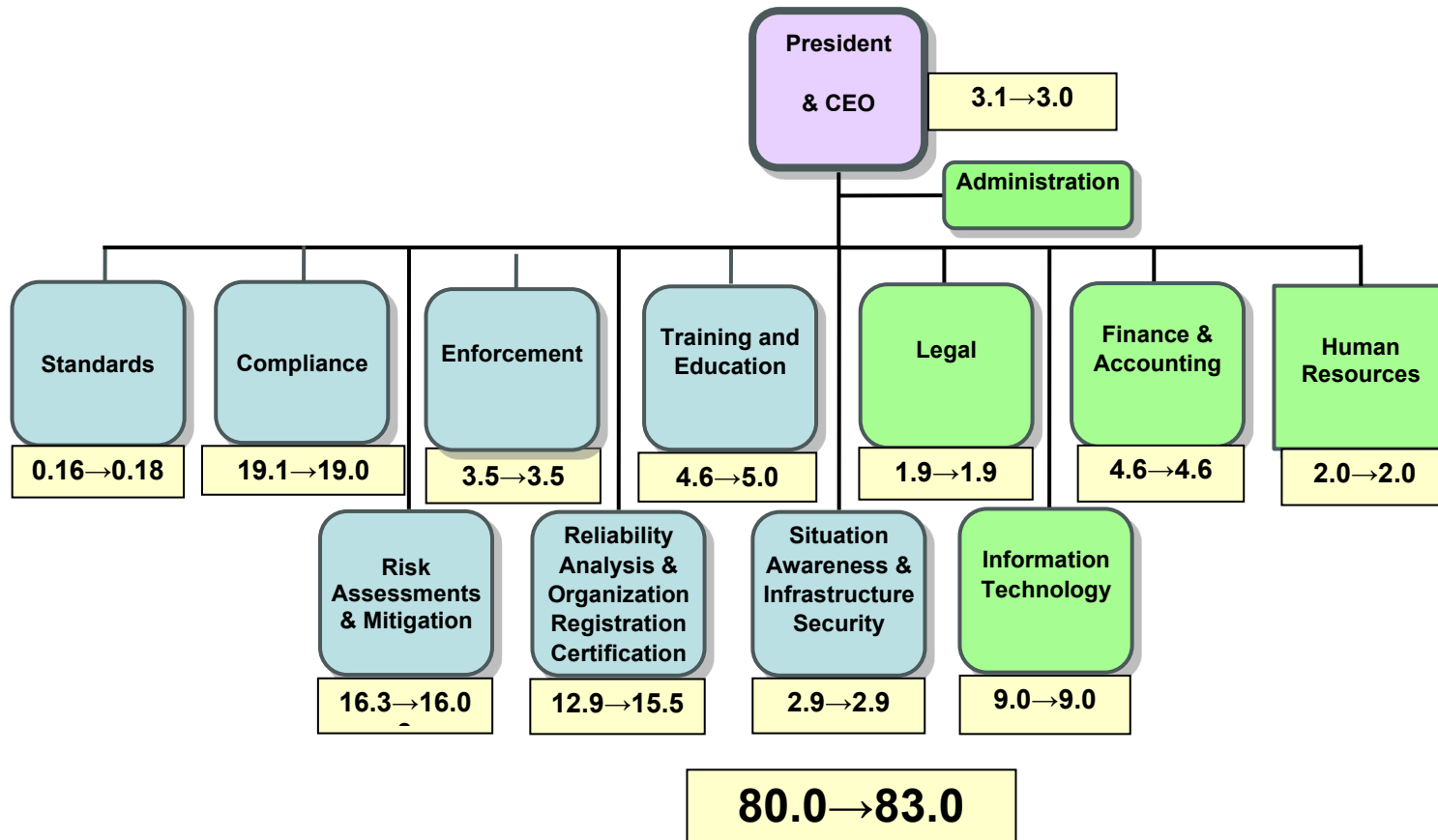


Figure 1: 2024 to 2025 Full Time Equivalent (FTE) Comparison Organization Chart

# CONSOLIDATED STATEMENT OF ACTIVITIES BY PROGRAM

Statement of Activities and Capital Expenditures by Program 2025 Business Plan and Budget	Functions in Delegation Agreement											
	Statutory Total	Reliability Standards (Section 300)	Compliance (Section 400)	Reliability Analysis and Organization Registration and Certification (Section 800 & 500)	Training and Education (Section 600&900)	Situation Awareness and Infrastructure Security (Section 1000)	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
<b>Funding</b>												
<b>ERO Funding</b>												
NERC Assessments	25,234,203	75,595	16,237,666	6,752,957	1,834,399	1,213,866		(880,281)				
Assessment Stabilization Adjustment	621,250	1,792	386,153	154,441	49,788	29,076						
Membership Dues	-											
Testing Fees	-											
Services & Software	-											
Workshops & Miscellaneous Revenue	-											
Interest & Investment Income	15,600	45	9,696	3,878	1,250	730						
<b>Total Funding (A)</b>	<b>25,871,053</b>	<b>77,433</b>	<b>16,633,515</b>	<b>6,911,276</b>	<b>1,885,437</b>	<b>1,243,672</b>		<b>(880,281)</b>				
<b>Expenses</b>												
<b>Personnel Expenses</b>												
Salaries	16,663,420	37,629	7,728,094	3,216,649	664,283	548,022	-	1,467,759	473,411	1,334,554	354,277	838,742
Payroll Taxes	1,057,570	2,468	515,057	213,030	47,672	34,300	-	50,662	24,105	95,313	23,972	50,963
Benefits	1,744,112	3,794	817,361	321,633	105,384	61,544	-	63,652	40,046	189,903	43,208	97,586
Retirement Costs	2,365,061	5,266	1,103,473	444,874	114,973	80,303	-	157,113	61,855	218,486	53,873	124,846
<b>Total Personnel Expenses</b>	<b>21,830,163</b>	<b>49,157</b>	<b>10,163,985</b>	<b>4,196,185</b>	<b>932,312</b>	<b>724,199</b>		<b>1,739,186</b>	<b>599,417</b>	<b>1,838,255</b>	<b>475,330</b>	<b>1,112,137</b>
<b>Meeting Expenses</b>												
Meetings	182,275	-	11,250	9,000	100,000	-	-	60,000	525	-	-	1,500
Travel	494,711	-	174,000	124,000	45,250	38,000	-	80,000	7,500	9,000	2,000	14,961
<b>Total Meeting Expenses</b>	<b>676,986</b>	<b>-</b>	<b>185,250</b>	<b>133,000</b>	<b>145,250</b>	<b>38,000</b>		<b>140,000</b>	<b>8,025</b>	<b>9,000</b>	<b>2,000</b>	<b>16,461</b>
<b>Operating Expenses</b>												
Consultants & Contracts	1,196,080	-	50,000	118,800	7,500	10,000	-	30,000	-	848,330	115,200	16,250
Office Rent	1,136,000	-	-	-	-	-	-	1,136,000	-	-	-	-
Office Costs	1,043,805	-	142,393	26,850	14,933	12,775	-	93,650	19,423	255,650	227,673	250,458
Professional Services	545,300	-	-	-	-	-	-	411,000	50,000	-	-	84,300
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>3,921,185</b>	<b>-</b>	<b>192,393</b>	<b>145,650</b>	<b>22,433</b>	<b>22,775</b>		<b>1,670,650</b>	<b>69,423</b>	<b>1,103,980</b>	<b>342,873</b>	<b>351,008</b>
<b>Total Direct Expenses</b>	<b>26,428,333</b>	<b>49,157</b>	<b>10,541,628</b>	<b>4,474,835</b>	<b>1,099,995</b>	<b>784,974</b>		<b>3,549,836</b>	<b>676,865</b>	<b>2,951,235</b>	<b>820,202</b>	<b>1,479,606</b>
<b>Indirect Expenses</b>												
	-	27,344	5,891,119	2,356,144	759,556	443,581	-	(3,549,836)	(676,865)	(2,951,235)	(820,202)	(1,479,606)
<b>Other Non-Operating Expenses</b>												
	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses (B)</b>	<b>26,428,333</b>	<b>76,501</b>	<b>16,432,747</b>	<b>6,830,979</b>	<b>1,859,552</b>	<b>1,228,555</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(557,281)</b>	<b>932</b>	<b>200,768</b>	<b>80,297</b>	<b>25,886</b>	<b>15,117</b>		<b>(880,281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fixed Assets</b>												
Allocation of Fixed Assets	-	932	200,768	80,297	25,886	15,117	-	-	(283,000)	-	-	(40,000)
<b>Inc(Dec) in Fixed Assets (C)</b>	<b>323,000</b>	<b>932</b>	<b>200,768</b>	<b>80,297</b>	<b>25,886</b>	<b>15,117</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGET (Total Expenses plus Fixed Asset Additions =B + C)</b>	<b>26,751,333</b>	<b>77,433</b>	<b>16,633,515</b>	<b>6,911,276</b>	<b>1,885,437</b>	<b>1,243,672</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A- B-C)</b>	<b>(880,281)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>		<b>(880,281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FTEs</b>	<b>83.00</b>	<b>0.18</b>	<b>38.78</b>	<b>15.51</b>	<b>5.00</b>	<b>2.92</b>		<b>3.02</b>	<b>1.90</b>	<b>9.01</b>	<b>2.05</b>	<b>4.63</b>

## ACRONYMS

This section lists acronyms in this document.

Acronym	Definition
ASR	Assessment Stabilization Reserve
BES	Bulk Electric System
BPS	Bulk Power System
CMEP	Compliance Monitoring and Enforcement Program
CMEPAC	Compliance Monitoring and Enforcement Program Advisory Council
COP	Compliance Oversight Plan
DADS	Demand Response Availability Data System
E-ISAC	Electricity Information Sharing and Analysis Center
ERAG	Eastern Interconnection Reliability Assessment Group
ERO	Electric Reliability Organization
FAC	Finance and Audit Committee
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FTE	Full-Time Equivalent
GAAP	Generally Accepted Accounting Principles
GADS	Generating Availability Data System
GPC	Governance & Personnel Committee
HERO	Highly Effective Reliability Organization
HRO	Highly Reliable Organization
IRA	Inherent Risk Assessment
IT	Information Technology



MRO	Midwest Reliability Organization
NEL	Net-Energy-for-Load
NERC	North American Electric Reliability Corporation
OGOC	Organizational Group Oversight Committee
RAC	Reliability Advisory Council
RAM	Risk Assessment and Mitigation
RE	Regional Entity
RISC	Reliability Issues Steering Committee
SAC	Security Advisory Council
SAG	Standard Application Guide
SOA	Statement of Activities
TADS	Transmission Availability Data System



**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 4**

**NORTHEAST POWER COORDINATING COUNCIL, INC.**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**





**Northeast Power Coordinating Council, Inc.  
(NPCC)**

**2025 Business Plan and Budget**

**Approved by  
NPCC Board of Directors  
at its June 18, 2025 Meeting**

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# Introduction

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## Organizational Overview

[Northeast Power Coordinating Council, Inc. \(NPCC\)](#) is a 501(c)(6) not-for-profit corporation in the state of New York responsible for promoting and improving the reliability of the international, interconnected bulk power systems in Northeastern North America through (i) the development of Regional Reliability Standards and compliance assessment and enforcement of continent-wide and Regional Reliability Standards, (ii) coordination of system planning, design and operations, and assessment of reliability (collectively, Regional Entity activities), and (iii) the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria (collectively, Criteria Services activities). NPCC provides the functions and services for Northeastern North America of a cross-border Regional Entity through a Regional Entity division, as well as Regionally-specific Criteria Services for Northeastern North America through a Criteria Services division.

The NPCC Region covers nearly 1.2 million square miles and is populated by more than 56 million people. NPCC includes seven states (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) and four Canadian provinces (New Brunswick, Nova Scotia, Ontario, and Québec). From a net energy for load perspective, NPCC is approximately 43% U.S. and 57% Canadian; while approximately 65% of Canadian net energy for load is within the NPCC Region.

Effective January 1, 2021, NPCC executed an Amended and Restated Regional Delegation Agreement with the North American Electric Reliability Corporation (NERC or Electric Reliability Organization (“ERO”)) that delegates to NPCC certain responsibilities and authorities of a cross-border Regional Entity as defined by Section 215 of the Federal Power Act in the U.S. In addition, NPCC has executed [Memoranda of Understanding \(MOU\) or Agreement](#) with Canadian provincial regulatory and/or governmental authorities in Ontario, Québec, New Brunswick, and Nova Scotia.

NPCC meets all requirements of Section 215 of the Federal Power Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Federal Energy Regulatory Commission (FERC) necessary to qualify for delegation. This Amended and Restated Regional Delegation Agreement incorporates the benefits of the NPCC and NERC mutual experience and lessons learned while operating under the predecessor agreement regarding NPCC U.S. and thereby provides for efficient and effective execution of respective responsibilities in a transparent manner pursuant to Section 215 and ERO Regulations.

## Membership and Governance

### Members

NPCC monitors approximately 237 registered entities and some 496 functions for compliance with mandatory NERC Reliability Standards. Not all registered entities are members of NPCC.

Currently, NPCC has 103 members in two categories, Full and General. Full Members of NPCC are subject to compliance with regionally-specific more stringent reliability criteria that are associated with bulk power system design, planning, operations, and maintenance. Organizations such as independent system operators (ISOs), transmission companies, entities that perform the Balancing Authority (BA) function, and state or sub-regional reliability councils are expected to be Full Members. General Membership is open to any person or entity that has an interest in the reliable operation of the Northeastern North American bulk power system.

### Board of Directors

Since January 1, 2012, NPCC has been governed by a Board of Directors consisting of seven stakeholder voting sectors consisting of a maximum of two directors per sector, an independent sector consisting of two independent directors, an independent Board Chair with voting rights to preclude board deadlocks, and the President and CEO. No two sectors can control and no one sector can block action. The voting sectors on the NPCC Board of Directors include:

Sector 1) Transmission Owners

Sector 2) Reliability Coordinators

Sector 3) Transmission Dependent Utilities, Distribution Companies, Load Serving Entities

Sector 4) Generator Owners

Sector 5) Marketers, Brokers, and Aggregators

Sector 6) State and Provincial Regulatory and/or Governmental Authorities

Sector 7) Sub-Regional Reliability Councils, Customers, Other Regional Entities, and Interested Entities

Sector 8) Independent

There are four Board committees that advise Directors on finance, pension, governance, compensation, and human resource matters consistent with their approved charters.

- Finance and Audit Committee (FAC)
- Pension Committee (PC)
- Corporate Governance and Nominating Committee (CGNC)
- Management Development and Compensation Committee (MDCC)

The Amended and Restated Bylaws establish NPCC's independence from users, owners, and operators of the bulk power system through the enhanced governance structure while providing fair stakeholder representation in the election of the Board of Directors and officers. The members, from each of the seven stakeholder voting sectors, vote to elect directors in their respective sector. The Amended and Restated Bylaws establish criteria for board service for both stakeholder and independent directors. Independent Directors are drawn from diverse backgrounds and possess a broad range of industry expertise, perspectives, experiences, skill sets and knowledge to contribute to the effective functioning of a hybrid board structure.

Compliance activities are governed in the U.S. by the Amended and Restated Regional Delegation Agreement between NERC and NPCC, delegating portions of NERC's authority as the ERO to NPCC. NPCC compliance activities in Canada are governed by individual provincial MOU or

Agreement with New Brunswick, Nova Scotia, Ontario, and Québec, providing the unique parameters for compliance and enforcement activities.

### **Regional Entity Division Functional Scope**

NPCC's Regional Entity division functions in support of the ERO include:

- Active participation in the development and revision of North American Reliability Standards for the Bulk Electric System (BES), and as needed development of Regional Reliability Standards and Variances applicable within the NPCC footprint.
- Monitoring and enforcement of approved Reliability Standards, including the registration of responsible entities, and as needed certification of such entities.
- Facilitate the reliable deployment of DER and VER.
- Assessing gas-electric interdependencies, as well as other common mode failure and single points of disruption scenarios involving communications, water, and other interdependent critical infrastructure sectors.
- Assessment of the present and future reliability of the BPS.
- Operational coordination and situation awareness support.
- Event analysis and identification of lessons learned to enhance reliability.
- Effective training and education of reliability personnel.
- Participating in reliability and security activities that enhance resilience of the BPS.
- Coordinate NPCC and NERC activities with local State and Provincial Regulators to facilitate meeting decarbonization goals.

## 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 bulk power system (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.

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 was established in 2019, 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; and
- Support innovation, initiatives, and the sharing of best-practices across the ERO Enterprise.



Building upon these commitments, the ERO Enterprise is now engaging 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 Group.

## Strategic and Business Planning

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### 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 Regions, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership came together to revise the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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 (E-ISAC)-based security capability;
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business Plan and Budget may reference how activities support each of the strategic focus areas.



## **Regional Entity Strategic Planning**

### **2025 Strategic Focus Areas**

Significant changes in resource mix (some due to regulatory and/or legislative initiatives related to de-carbonization), a proliferation of fast-acting digital protection and control technologies, increased integration of distributed energy resources (DER) and variable energy resources (VER), integration of inverter-based resources (IBR), increased system load due to electrification, and the retirement of fossil fired dispatchable generation are rapidly changing the reliability assurance landscape. The proliferation of DER creates jurisdictional challenges as the line blurs at the system interfaces between distribution, sub-transmission, and bulk power transmission which will affect the coordination of system planning, design, and operations. Additionally, aspects of both cyber and physical security are critical and central concerns in maintaining a reliable BPS. These changes in the electricity industry ecosystem have introduced new risks into the reliability equation and have impacted how NPCC measures BPS reliability moving forward. This will require NPCC to adapt in order to remain an effective provider of Regional Entity and Criteria Services reliability activities and functions while maintaining a culture that is transparent, objective, and effective.

As a result of the Board's September 2023 Strategic Session, the three previously identified major emerging reliability challenges remain and a fourth focus area has been added to capture staffing challenges."

- I. Enhancing System Resilience and Assuring Energy Sufficiency
- II. Reliably Integrating the Resources (DER, IBR, and VER) Brought Forward by Societal De-carbonization Objectives
- III. Addressing Cyber and Physical Threats
- IV. Attracting and Retaining Talented Staff

## 2025 Business Plan and Budget Overview

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### Funding and Budget Summary

#### Total NPCC Resource Requirements

NPCC proposes a 2025 total budget of \$26,904,257. This represents an increase of \$3,671,647 or 15.8% over the 2024 budget. The proposed 2025 funding requirement will be satisfied by a Regional Entity division assessment of \$24,092,831 and Criteria Services division membership fees of \$982,668 for a total of \$25,075,499. The total NPCC assessments and membership fees represent an increase of \$3,421,444 or 15.8% compared to the 2024 total assessments and membership fees. The following sections provide additional detail regarding the Regional Entity division. For more information regarding the Criteria Services division see [Criteria Services Division Activities](#).

#### Regional Entity Resource Requirements

The proposed 2025 Regional Entity division budget of \$25,685,104 represents an increase of \$3,598,338 or 16.3% over the 2024 budget. The proposed Regional Entity assessment of \$24,092,831 represents an increase of \$3,358,769 or 16.2% over the 2024 assessment. Assessments are allocated between US \$14,317,150 or 59% and Canada \$9,775,681 or 41%. The proposed assessment includes the release of \$903,656 of reserves and \$500,000 of penalties to offset US assessments.

The following targeted budget changes allow NPCC to accomplish the specific objectives outlined in the 2025 Business Plan and Budget (dollars are stated as an increase in the 2025 budget compared to the 2024 budget).

#### Major Drivers

- **Personnel** expenses increase of \$2,524,894 associated with the addition of 9 full time employees (FTEs). A budgeted 5.5% average salary increase due to a highly competitive recruiting and retention environment (includes 4.0% - 4.5% average merit increase plus market adjustments related to 2024 compensation study), and a projected 8% increase in medical premiums. The 2025 Budget includes the full year employment cost associated with FTEs onboarded throughout 2024. Additional FTEs are required for NPCC to address increasing workload and increasing complexity of initiatives. Changes in staffing by program area are addressed in the [Personnel Analysis](#) table on the following page and in subsequent program area sections.
- **Meetings & Travel** expenses increase of \$441,182 due to a measured return to meeting in-person, inflation, and a greater number of employees. Some meetings will continue to be held in virtual or hybrid format to contain costs and to allow for greater access through remote participation. Increase is partially offset by cost savings from efficiencies gained by streamlining on-site compliance engagement procedures over recent years to complete more work remotely reducing the required number of staff on-site and the duration of time spent on-site.
- **Consultants & Contracts** increase of \$310,000 related to an increase in contracts to perform reliability studies due to an anticipated increase in complexity and volume of the studies.

- **Professional Services** increase of \$281,500 primarily associated with exploring the transition to a more balanced hybrid Board structure by increasing the number of independent directors.

# Regional Entity Statement of Activities and Variance Explanations

Statement of Activities and Capital Expenditures □						
REGIONAL ENTITY DIVISION						
	2024 Budget	2024 Projection	Variance 2024 Projection v 2024 Budget Over(Under)	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	Variance %
<b>Funding</b>						
<b>ERO Funding</b>						
ERO Assessments	\$20,734,062	\$20,734,062	\$ -	\$24,092,831	\$ 3,358,769	
Penalty Sanctions <sup>(1)</sup>	400,000	400,000	-	500,000	100,000	
<b>Total ERO Funding</b>	<b>\$21,134,062</b>	<b>\$21,134,062</b>	<b>\$ -</b>	<b>\$24,592,831</b>	<b>\$ 3,458,769</b>	<b>16.4%</b>
Membership Dues	-	-	-	-	-	
Testing Fees	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Misc Revenue	27,500	47,500	20,000	60,625	33,125	
Interest & Investment Income	47,337	400,000	352,663	127,992	80,655	
<b>Total Funding (A)</b>	<b>\$21,208,899</b>	<b>\$21,581,562</b>	<b>\$ 372,663</b>	<b>\$24,781,448</b>	<b>\$ 3,572,549</b>	<b>16.6%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$12,456,749	\$12,456,749	\$ -	\$14,428,204	\$ 1,971,455	
Payroll Taxes	886,163	886,163	-	1,019,783	133,620	
Benefits	3,198,026	3,198,026	-	3,391,801	193,775	
Retirement Costs	1,293,505	1,293,505	-	1,519,549	226,043	
<b>Total Personnel Expenses</b>	<b>\$17,834,444</b>	<b>\$17,834,444</b>	<b>\$ -</b>	<b>\$20,359,338</b>	<b>\$ 2,524,894</b>	<b>14.2%</b>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 313,300	\$ 313,300	\$ -	\$ 519,832	\$ 206,532	
Travel	678,650	678,650	-	913,300	234,650	
<b>Total Meeting Expenses</b>	<b>\$ 991,950</b>	<b>\$ 991,950</b>	<b>\$ -</b>	<b>\$ 1,433,132</b>	<b>\$ 441,182</b>	<b>44.5%</b>
<b>Operating Expenses, excluding Depreciation</b>						
Consultants & Contracts	\$ 900,000	\$ 900,000	\$ -	\$ 1,210,000	\$ 310,000	
Office Rent	420,110	420,110	-	431,000	10,890	
Office Costs	1,216,463	1,096,463	(120,000)	1,318,728	102,265	
Professional Services	945,500	945,500	-	1,227,000	281,500	
Computer & Equipment Leases	-	-	-	-	-	
Miscellaneous	30,000	30,000	-	30,000	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 3,512,073</b>	<b>\$ 3,392,073</b>	<b>\$ (120,000)</b>	<b>\$ 4,216,728</b>	<b>\$ 704,655</b>	<b>20.8%</b>
<b>Total Direct Expenses</b>	<b>\$22,338,467</b>	<b>\$22,218,467</b>	<b>\$ (120,000)</b>	<b>\$26,009,198</b>	<b>\$ 3,670,731</b>	<b>16.5%</b>
<b>Indirect Expenses</b>	<b>\$ (414,900)</b>	<b>\$ (414,900)</b>	<b>\$ -</b>	<b>\$ (394,694)</b>	<b>\$ 20,207</b>	<b>-4.9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$21,923,566</b>	<b>\$21,803,566</b>	<b>\$ (120,000)</b>	<b>\$25,614,504</b>	<b>\$ 3,690,938</b>	<b>16.9%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (714,667)</b>	<b>\$ (222,004)</b>	<b>\$ 492,663</b>	<b>\$ (833,056)</b>	<b>\$ (118,389)</b>	<b>53.3%</b>
<b>Fixed Asset Additions ( C )</b>	<b>\$ 163,200</b>	<b>163,200</b>	<b>-</b>	<b>\$ 70,600</b>	<b>\$ (92,600)</b>	<b>-56.7%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$22,086,766</b>	<b>\$21,966,766</b>	<b>\$ (120,000)</b>	<b>\$25,685,104</b>	<b>\$ 3,598,338</b>	<b>16.4%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (877,867)</b>	<b>\$ (385,204)</b>	<b>\$ 492,663</b>	<b>\$ (903,656)</b>	<b>\$ (518,452)</b>	<b>134.6%</b>
<b>FTES</b>	<b>68.10</b>	<b>68.10</b>	<b>0.00</b>	<b>77.20</b>	<b>9.10</b>	<b>13%</b>

\$500,000 of penalties released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the NPCC Board of Directors, NERC and FERC.  
<sup>(1)</sup> Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

<sup>(2)</sup> 2024 Projections reflect expectations based on the first quarter statement of activities. It is anticipated that projections could change throughout 2024 and would be reflected in each subsequent quarter's statement of activities.

## 2025 Program Area Budgets – Major Budget Drivers

Program	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ 869,423	\$ 1,372,058	\$ 502,635	57.8%
Compliance Monitoring and Enforcement and Organization Registration and Certification	\$ 12,985,016	\$ 15,084,666	\$ 2,099,650	16.2%
Reliability Assessments and Performance Analysis	\$ 4,934,243	\$ 5,572,263	\$ 638,020	12.9%
Training, Education and Operator Certification	\$ 168,097	\$ 201,566	\$ 33,469	19.9%
Situation Awareness and Infrastructure Security	\$ 3,129,988	\$ 3,454,550	\$ 324,563	10.4%
Total	\$ 22,086,766	\$ 25,685,104	\$ 3,598,338	16.3%

*This chart does not include allocation of working capital requirements among the program areas.*

A summary of major budget increase drivers by statutory program is provided below.

### Reliability Standards

- **Personnel** expenses increase of 1.10 FTE to support Reliability Standards program area activities to address increasing Standards Development projects.

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

- **Personnel** expenses increase of 6 FTEs to enhance CORC's capacity to effectively execute its remit of BPS risk-reduction, while also managing the additional workload associated with IBR registration, compliance monitoring and enforcement.

### Reliability Assessment and Performance Analysis

- **Personnel** expenses increase of 1 FTE to support Reliability Assessment and Performance Analysis data analysis needs.
- **Consultants & Contracts** increase of \$215,000 related to an increase in contracts to perform reliability studies due to an anticipated increase in complexity and volume of the studies.

### Training, Education, and Operator Certification Program

- **Meetings & Travel** expenses increase of \$32,164 primarily related to inflation and the return to hosting NPCC's Physical and Cyber Security Workshop in-person.

### Situation Awareness and Infrastructure Security

- **Consultants & Contracts** increase of \$155,000 related to an increase in contracts to support Situation Awareness and Infrastructure Security activities.

## Administrative Services

Administrative Services Program Resources						
(in whole dollars)						
	Direct Expenses			FTEs		
	2024 Budget	2025 Budget	Increase (Decrease)	2024 Budget	2025 Budget	Increase (Decrease)
Technical Committees and Members Forum	\$ 183,438	\$ 192,884	\$ 9,445	0.50	0.50	0.00
General and Administrative	\$ 2,777,351	\$ 3,000,901	\$ 223,550	2.00	2.00	0.00
Legal and Regulatory	\$ 856,724	\$ 1,001,463	\$ 144,738	2.25	2.25	0.00
Information Technology	\$ 2,805,151	\$ 3,188,968	\$ 383,817	6.80	7.80	1.00
Human Resources	\$ 333,171	\$ 410,616	\$ 77,445	2.00	2.00	0.00
Finance and Accounting	\$ 997,478	\$ 1,078,849	\$ 81,371	3.00	3.00	0.00
<b>Total Administrative Services<sup>1</sup></b>	<b>\$ 7,953,314</b>	<b>\$ 8,873,680</b>	<b>\$ 920,366</b>	<b>16.55</b>	<b>17.55</b>	<b>1.00</b>

NPCC's 2025 Administrative Services Direct Expenses and Fixed Assets total \$8,873,680 of which \$394,694 is allocated to NPCC's Criteria Services division, which is a non-statutory function. As a result of the allocation to the Criteria Services division, the Administrative Expenditures included in the 2025 statutory budget are \$8,478,987 which is an increase of \$940,573 from the 2024 budget of \$7,538,414.

- **Personnel** expenses increase of 1 FTE in Information Technology to maintain effective security operations based on the volume and complexity of security alerts.
- **Consultants & Contracts** decrease of \$65,000 due to no comprehensive compensation study planned for 2025.
- **Office Costs** increase of \$100,665 stems from investments in IT infrastructure and data management tools. While IT needs continue to increase, staff has negotiated lower software contracts and license renewals to partially offset increasing IT costs.
- **Professional Services** increase of \$281,500 primarily associated with exploring the transition to a more balanced hybrid Board structure by increasing the number of independent directors.

### Personnel Analysis and Expenses

Total FTEs by Program Area	2024 Budget	2025 Budget Direct FTES	2025 Budget Shared FTES	2025 Budget Total FTES	Change from 2024 Budget
<b>REGIONAL ENTITY DIVISION</b>					
<b>Operational Programs</b>					
Reliability Standards	2.30	1.10	2.30	3.40	1.10
Compliance Monitoring and Enforcement and Organization Registration and Certification	32.75	38.75	0.00	38.75	6.00
Training, Education, and Operator Certification	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	9.30	9.70	0.60	10.30	1.00
Situation Awareness and Infrastructure Security	7.10	7.10	0.00	7.10	0.00
<b>Total FTEs Operational Programs</b>	<b>51.55</b>	<b>56.75</b>	<b>2.90</b>	<b>59.65</b>	<b>8.10</b>
<b>Administrative Programs</b>					
Technical Committees and Member Forums	0.50	0.00	0.00	0.50	0.00
General and Administrative	2.00	2.00	0.00	2.00	0.00
Information Technology	6.80	7.80	0.00	7.80	1.00
Legal and Regulatory	2.25	2.25	0.00	2.25	0.00
Human Resources	2.00	2.00	0.00	2.00	0.00
Accounting and Finance	3.00	3.00	0.00	3.00	0.00
<b>Total FTEs Administrative Programs</b>	<b>16.55</b>	<b>17.05</b>	<b>0.00</b>	<b>17.55</b>	<b>1.00</b>
<b>Total FTEs</b>	<b>68.10</b>	<b>73.80</b>	<b>2.90</b>	<b>77.20</b>	<b>9.10</b>

\*A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

Personnel Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
Total Salaries	\$ 12,456,749	\$ 14,428,204	\$ 1,971,455	15.8%
Total Payroll Taxes	\$ 886,163	\$ 1,019,783	\$ 133,620	15.1%
Total Benefits	\$ 3,198,026	\$ 3,391,801	\$ 193,775	6.1%
Total Retirement	\$ 1,293,505	\$ 1,519,549	\$ 226,043	17.5%
<b>Total</b>	<b>\$ 17,834,444</b>	<b>\$ 20,359,338</b>	<b>\$ 2,524,894</b>	<b>14.2%</b>
<b>FTEs</b>	<b>68.10</b>	<b>77.20</b>	<b>9.10</b>	<b>13.4%</b>
<b>Cost per FTE</b>				
Salaries	\$ 182,918	\$ 186,894	\$ 3,975	2.2%
Payroll Taxes	\$ 13,013	\$ 13,210	\$ 197	1.5%
Benefits	\$ 46,961	\$ 43,935	\$ (3,025)	-6.4%
Retirement	\$ 18,994	\$ 19,683	\$ 689	3.6%
<b>Total Cost per FTE</b>	<b>\$ 261,886</b>	<b>\$ 263,722</b>	<b>\$ 1,836</b>	<b>0.7%</b>

### Explanation of Significant Variances – 2024 Budget versus 2025 Budget

Variance explanations can be found in the [Major Drivers](#) and [Major Budget Drivers—Program Areas Section](#).

### Consultants and Contracts

Consultants & Contracts	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ -	\$ 15,000	\$ 15,000	-
Compliance Enforcement and Organization Registration and Certification	\$ 10,000	\$ -	\$ (10,000)	-100.0%
Reliability Assessment and Performance Analysis	\$ 700,000	\$ 915,000	\$ 215,000	30.7%
Training and Education	\$ -	\$ -	\$ -	-
Situation Awareness and Infrastructure Security	\$ 35,000	\$ 190,000	\$ 155,000	442.9%
Member Forums	\$ -	\$ -	\$ -	-
General and Administrative	\$ 155,000	\$ 90,000	\$ (65,000)	-41.9%
Legal and Regulatory	\$ -	\$ -	\$ -	-
Information Technology	\$ -	\$ -	\$ -	-
Human Resources	\$ -	\$ -	\$ -	-
Accounting and Finance	\$ -	\$ -	\$ -	-
<b>Total Consultants and Contracts</b>	<b>\$ 900,000</b>	<b>\$ 1,210,000</b>	<b>\$ 310,000</b>	<b>34.4%</b>

### Explanation of Significant Variances – 2024 Budget versus 2025 Budget

Variance explanations can be found in the [Major Drivers](#) and [Major Budget Drivers—Program Areas Section](#).

**Fixed Assets**

<b>Fixed Asset Additions</b>	<b>Budget 2024</b>	<b>Budget 2025</b>	<b>Variance \$</b>	<b>Variance %</b>
Equipment CapEx	\$ 134,400	\$ 41,800	\$ (92,600)	-68.9%
Computer & Software CapEx	\$ 28,800	\$ 28,800	\$ -	0.0%
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	-
Leasehold Improvements	\$ -	\$ -	\$ -	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	-
<b>Total Fixed Asset Additions</b>	<b>\$ 163,200</b>	<b>\$ 70,600</b>	<b>\$ (92,600)</b>	<b>-56.7%</b>

**Explanation of Significant Variances – 2024 Budget versus 2025 Budget**

- No major equipment replacement scheduled in 2025.



## Regional Entity Reserve Analysis

Working Capital and Operating Reserve Analysis 2024-2025				
REGIONAL ENTITY DIVISION				
	Total Reserve	Working Capital	Operating Reserve	Assessment Stabilization
<b>Beginning Total Reserve, December 31, 2023</b>	8,785,020	5,307,176	1,766,941	1,710,903 <sup>4</sup>
Plus: 2024 ERO Funding (from LSEs or designees)	21,134,062	21,134,062		
Plus: 2024 Other funding sources	447,500	447,500		
Plus: Penalties collected	0			0
Approved 2024 Penalties released to offset U.S. assessments	0	400,000		(400,000)
Less: 2024 Projected expenses & capital expenditures	(21,966,766)	(21,966,766)		
<b>Projected Total Reserve, December 31, 2024</b>	<b>8,399,816</b>	<b>5,321,972</b>	<b>1,766,941</b>	<b>1,310,903</b>
<b>Desired Total Reserve, December 31, 2025</b>	<b>6,996,160</b>	4,130,449 <sup>1</sup>	2,054,808 <sup>2</sup>	810,903
Less: Projected Total Reserve, December 31, 2024	(8,399,816)	(5,321,972)	(1,766,941)	(1,310,903)
<b>Increase(decrease) in assessments to achieve desired Total Reserve</b>	<b>(1,403,656)</b>	<b>(1,191,523)</b>	<b>287,867</b>	<b>(500,000)</b>
2025 Expenses and Capital Expenditures	25,685,104			
Less: Penalty Sanctions (Applied to U.S. Only) <sup>3</sup>	(500,000)			
Less: Other Funding Sources	(188,617)			
Adjustment to Operating Reserve to achieve desired Total Reserve balance <sup>2</sup>	287,867			
Adjustment to Working Capital to achieve desired Total Reserve balance <sup>1</sup>	(1,191,523)			
<b>2025 Assessment</b>	<b>24,092,831</b>			

<sup>1</sup> Working Capital within a range from 8% to 25% of Budget. \$4,130,449 represents 16% of the 2025 budget of \$25,685,104

<sup>2</sup> Operating Reserve equal to 8% of Budget. \$2,054,808 represents 8% of the 2025 budget of \$25,685,104

<sup>3</sup> Represents amount applied to reduce 2025 assessments. Balance of collections July 1, 2023 through June 30, 2024 retained for assessment stabilization purposes.

<sup>4</sup> Assessment Stabilization Reserve balance was \$1,071,903 at June 30, 2023. Penalty Sanctions totaling \$639,000 were collected July 1, 2023 through December 31, 2023.

### Explanation of Changes in Reserves

There was a revision to the existing Working Capital and Operating Reserve Policy in 2023 which changed utilization approval thresholds from dollar amounts to percentages of total budget. There was no change to the Working Capital and Operating Reserve target range. NPCC maintains an Assessment Stabilization Reserve (ASR) separate from the Working Capital and Operating Reserve. The purpose of the ASR is to enable penalty funds to be released in multiple budget years to avoid large fluctuations in assessments. NERC Rules of Procedure Section 1107.2 specifies that penalty funds received by NPCC during the 12 months ended June 30<sup>th</sup> are to be used in the subsequent budget year to offset assessments. Pursuant to Section 1107.4, exceptions or alternatives to this provision are allowed if approved by NERC and FERC. Therefore, pursuant to Section 1107.4, NERC and NPCC request that the Commission approve an exception to the requirement of Section 1107.2 that all penalties collected during the 12 months ended the previous June 30 be used to reduce NPCC's assessments in the following year, in order to allow NPCC to (i) deposit the \$639,000 of penalties collected during the 12 months ended June 30, 2024 into the ASR, and (ii) use \$500,000 of the penalty funds in the ASR to reduce its 2025 assessment. In future years, NPCC will specify the amount of penalty funds to be released and the amount of penalty funds to be retained to offset assessments in future years within its Business Plan and Budget to be approved annually by NPCC's Board of Directors, NERC, and FERC.

## Three-Year Budget Projections

### Statement of Activities and Capital Expenditures 2025 Budget & Projected 2026 and 2027 Budgets

	2025 Budget	2026 Projection	\$ Change 25 v 26	% Change 25 v 26	2027 Projection	\$ Change 26 v 27	% Change 26 v 27
<b>Funding</b>							
<b>ERO Funding</b>							
ERO Assessments	\$ 24,092,831	\$ 28,236,955	\$ 4,144,124	17.2%	\$ 30,001,464	\$ 1,764,509	5.9%
Penalties Released	500,000	300,000	(200,000)	-40.0%	300,000	-	0.0%
<b>Total ERO Funding</b>	<b>\$ 24,592,831</b>	<b>\$ 28,536,955</b>	<b>\$ 3,944,124</b>	<b>16.0%</b>	<b>\$ 30,301,464</b>	<b>\$ 1,764,509</b>	<b>5.8%</b>
Membership Dues	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-
Workshops & Miscellaneous	60,625	60,625	-	0.0%	60,625	-	0.0%
Interest & Investment Income	127,992	128,000	8	0.0%	128,000	-	0.0%
<b>Total Funding (A)</b>	<b>\$ 24,781,448</b>	<b>\$ 28,725,580</b>	<b>\$ 3,944,132</b>	<b>15.9%</b>	<b>\$ 30,490,089</b>	<b>\$ 1,764,509</b>	<b>6.1%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 14,428,204	\$ 16,295,332	\$ 1,867,128	12.9%	\$ 17,227,146	\$ 931,813	5.7%
Payroll Taxes	1,019,783	1,157,762	137,978	13.5%	1,251,227	93,466	8.1%
Benefits	3,391,801	3,850,981	459,180	13.5%	4,162,040	311,059	8.1%
Retirement Costs	1,519,549	1,719,503	199,955	13.2%	1,854,674	135,170	7.9%
<b>Total Personnel Expenses</b>	<b>\$ 20,359,338</b>	<b>\$ 23,023,579</b>	<b>\$ 2,664,242</b>	<b>13.1%</b>	<b>\$ 24,495,087</b>	<b>\$ 1,471,508</b>	<b>6.4%</b>
<b>Meeting Expenses</b>							
Meetings & Conference Calls	\$ 519,832	\$ 585,427	\$ 65,595	12.6%	\$ 652,990	\$ 67,563	11.5%
Travel	913,300	1,010,699	97,399	10.7%	1,111,020	100,321	9.9%
<b>Total Meeting Expenses</b>	<b>\$ 1,433,132</b>	<b>\$ 1,596,126</b>	<b>\$ 162,994</b>	<b>11.4%</b>	<b>\$ 1,764,010</b>	<b>\$ 167,884</b>	<b>10.5%</b>
<b>Operating Expenses</b>							
Consultants & Contracts	\$ 1,210,000	1,234,200	24,200	2.0%	1,333,884	\$ 99,684	8.1%
Office Rent	431,000	439,620	8,620	2.0%	448,412	8,792	2.0%
Office Costs	1,318,728	1,445,103	126,375	9.6%	1,574,005	128,902	8.9%
Professional Services	1,227,000	1,489,540	262,540	21.4%	1,519,331	29,791	2.0%
Miscellaneous	30,000	30,000	-	0.0%	30,000	-	0.0%
<b>Total Operating Expenses</b>	<b>\$ 4,216,728</b>	<b>\$ 4,638,463</b>	<b>\$ 421,735</b>	<b>10.0%</b>	<b>\$ 4,905,632</b>	<b>\$ 267,169</b>	<b>5.8%</b>
<b>Total Direct Expenses</b>	<b>\$ 26,009,198</b>	<b>\$ 29,258,168</b>	<b>\$ 3,248,970</b>	<b>12.5%</b>	<b>\$ 31,164,729</b>	<b>\$ 1,906,561</b>	<b>6.5%</b>
<b>Indirect Expenses</b>	<b>\$ (394,694)</b>	<b>\$ (402,588)</b>	<b>\$ (7,894)</b>	<b>2.0%</b>	<b>\$ (410,639)</b>	<b>\$ (8,052)</b>	<b>2.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 25,614,504</b>	<b>\$ 28,855,580</b>	<b>\$ 3,241,076</b>	<b>12.7%</b>	<b>\$ 30,754,089</b>	<b>\$ 1,898,509</b>	<b>6.6%</b>
<b>Change in Assets</b>	<b>\$ (833,056)</b>	<b>\$ (130,000)</b>	<b>\$ 703,056</b>	<b>-84.4%</b>	<b>\$ (264,000)</b>	<b>\$ (134,000)</b>	<b>103.1%</b>
<b>Fixed Assets Additions (C)</b>	<b>\$ 70,600</b>	<b>\$ 170,000</b>	<b>\$ 99,400</b>	<b>140.8%</b>	<b>\$ 36,000</b>	<b>\$ (134,000)</b>	<b>-78.8%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 25,685,104</b>	<b>\$ 29,025,580</b>	<b>\$ 3,340,476</b>	<b>13.0%</b>	<b>\$ 30,790,089</b>	<b>\$ 1,764,509</b>	<b>6.1%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (903,656)</b>	<b>\$ (300,000)</b>	<b>\$ 603,656</b>	<b>-66.8%</b>	<b>\$ (300,000)</b>	<b>\$ -</b>	<b>0.0%</b>
<b>FTEs</b>	77.20	80.20	3	3.9%	82.20	2	2.5%

## Key Assumptions

### 2026

- Increase of 3 FTEs (1 CORC, 2 IT) and full year cost of employment for FTEs onboarded throughout 2025.
- 4% average merit increase
- Meetings & travel expenses are expected to continue to increase in 2026.
- Office costs increase due to IT initiatives including website enhancements, license expansions related to FTE headcount, and AI initiatives.
- Professional services increase primarily associated with exploring the transition to a more balanced hybrid Board structure by increasing the number of independent directors.
- Increase in fixed asset additions due to laptop replacements scheduled for 2026.

2027

- Increase of 2 FTEs (1 CORC, 1 IT)
- 4% average merit increase.
- Meetings & travel expenses are expected to continue to increase in 2027.
- Consultants & contracts increase due to compensation study scheduled for 2027.
- Office costs increase due to IT initiatives including license expansions related to FTE headcount and AI initiatives.
- Decrease in fixed asset additions due to no major equipment replacements scheduled for 2027.

## Regional Entity Assessment Analysis

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In the area of assessments there are distinct funding mechanisms as outlined in the following table. For the Regional Entity division, NERC will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario, and Québec) based upon 2023 proportional Net Energy for Load (NEL) and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July, and October. For funding associated with the Criteria Services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2023 NEL within the Region. Non-ISO/BAA Full Members will be assessed no membership fee.

### NPCC Cost Allocation Methodology

The accompanying table provides information regarding cost allocation for both the Regional Entity division and the Criteria Services division of NPCC, including the details associated with the funding of the Compliance Program within the RE division. For purposes of determining assessments to support NPCC's resource requirements, costs are allocated among the ISOs/BAAs within NPCC as the designees for the LSEs in New York, New England, Ontario, Québec, New Brunswick, and Nova Scotia.

To reflect and respect the international membership and nature of NPCC, any sub-Regional reliability assessment costs in response to U.S. only regulatory initiatives will be considered for allocation to U.S. only ISOs/BAAs consistent with NERC Rules of Procedure Section 1102. Additionally, the compliance responsibilities and authorities within the U.S., and the specific compliance responsibilities within each of the Canadian provinces within NPCC, and the attendant costs of portions of the compliance program differ among the areas within the Regional Entity. Within the U.S. portion of NPCC all costs attributable to delegated (statutory) functions performed by NPCC, including all compliance functions, are assessed based on a NEL allocation. Within the Canadian portion of NPCC those costs attributable to compliance functions performed by NPCC on behalf of provincial governmental and/or regulatory authorities are allocated consistent with the unique MOUs or Agreements that have been entered into for those provinces. To address these different compliance regimes, NPCC developed a composite cost allocation methodology that allocates U.S. only reliability assessment and compliance costs on a fair and equitable basis within the Regional Entity.

As an initial step of that methodology, the NEL for each of the BAAs and their relative percentage to the NPCC total NEL is calculated for the most recent year for which data is available, the second previous year. To establish the RE division funding requirements for each BAA on a NEL basis for all programs except for Compliance, the proposed expenses and fixed assets of all other programs are calculated and the adjustment for the RE division cash reserve requirement is identified. Penalty funds received from NPCC registered entities within the U.S. are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs. Consistent with each of the Canadian provincial MOUs and Agreements, all penalty funds resulting from compliance actions within Canada, if any, would remain within the applicable province. The total budgeted fees for NPCC workshop participation are indicated as a credit, with the resultant addition being the RE division assessment, without the compliance program costs, calculated on a NEL basis.

In accordance with the NPCC Amended and Restated Bylaws the Criteria Services (CS) division proposed expenses and fixed assets of all programs are calculated and the adjustment for the

CS division cash reserve requirement is identified, with the resultant addition being the CS division funding requirement and assessment, calculated on a NEL basis.

For costs associated with the RE division compliance program, NPCC's allocation methodology has been enhanced to better stabilize assessments. NPCC applies a rolling seven-year compliance cost average to total compliance program expenses for the current budget year. For each of the seven years, costs attributed to CORC Fundamentals (CF), are allocated between the BAAs in the United States and Canada on a NEL basis.

Audits and Investigations (AI) related costs are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an audit-based methodology. The audit-based methodology incorporates relative costs based on categories of compliance audits which are reflective of their size and complexity, as well as the differing compliance program implementation models that are utilized in NPCC due to the international nature of the Regional Entity. The portion allocated to the U.S. BAAs in NPCC is calculated using the audit-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL.

Mitigation and Enforcement (ME) related costs are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an enforcement activity-based methodology. Based on historical data, NPCC reviewed each BAAs percentage of violations, mitigation plans and settlement agreements to determine each BAA's total average percentage of enforcement activities. The portion allocated to the U.S. BAA's in NPCC is calculated using the enforcement activity-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL.

The seven-year average allocation percentage of total combined compliance costs for each BAA is then applied to the total compliance program expenses for the current budget year to mitigate fluctuations in assessments from year to year.

Penalty funds received from NPCC registered entities within the U.S. are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs, and then added to the total compliance program expenses and fixed assets to yield a total compliance program assessment.

The CORC actual vs budget variance from the most recent year for which audited financials are available is broken out from the rest of the Adjustment to Cash Reserve and assigned to the CORC program allocation of costs. Within Québec these costs are funded directly by the regulator, therefore, the assignment of program area variances needs to respect those specific circumstances.

Finally, the total RE division funding requirements and assessments by BAA are tabulated and the total funding requirements and assessments for NPCC, both the RE and CS divisions, are combined.

Regional Entity and Criteria Services Funding Allocation Table

NPCC 2025 Regional Entity (RE) and Criteria Services (CS) Divisional Funding Information

A-1	B-1	B-1a	C-1	C-1a	D-1	E-1	F-1	G-1	H-1	I-1	J-1	K-1	L-1	M-1	N-1	O-1
NPCC Balancing Authorities (LSE Designees)	2023 Net Energy for Load (MWh)	2023 NPCC US NEL (MWh)	2023 NEL % of NPCC Total	2023 NEL % of NPCC U.S.	Associated with U.S. Only Reliability Study <sup>1</sup>	2025 <sup>2</sup> NPCC RE Division Expenses & Fixed Assets Minus CORC and U.S. Only	Adjustment to RE Division Cash Reserve Requirement Less CORC Assigned	2025 <sup>2</sup> NPCC RE Division Funding Requirement Minus CORC Program	Penalty Monies Applied to RE Division Minus CORC Program	Budgeted Workshop Fees and Interest Income	2025 <sup>2</sup> NPCC RE Division Assessment Minus CORC (G-1 plus F-1)	2025 NPCC CS Division Expenses Minus Interest Income	2025 CS Division Adjustment to Cash Reserve Requirement	2025 NPCC CS Division Funding Requirement (K-1 plus L-1)	2025 CS Division Budgeted Interest Income	2025 NPCC CS Division Member Fees (M-1 plus N-1)
New England	114,726	114,726	18.578%	43.826%	TBD	1,969,401	-146,535	1,822,866	-76,778	-55,042	1,711,045	226,501	-42,819	183,681	-1,116	182,565
New York	147,050	147,050	23.813%	56.174%	TBD	2,524,279	-187,821	2,336,457	-98,410	-44,915	2,193,132	290,317	-54,883	235,434	-1,431	234,003
Ontario	137,131	137,131	22.207%			2,354,003	-175,152	2,178,851	0	-41,886	2,136,965	270,734	-51,181	219,552	-1,334	218,218
Quebec	192,702	192,702	31.206%			3,307,947	-246,131	3,061,816	0	-58,859	3,002,956	380,446	-71,922	308,524	-1,875	306,650
New Brunswick	14,658	14,658	2.374%			251,621	-18,722	232,899	0	-4,477	228,422	28,939	-5,471	23,468	-143	23,325
Nova Scotia	11,254	11,254	1.822%			193,188	-14,374	178,813	0	-3,437	175,376	22,218	-4,200	18,018	-109	17,909
<b>Total</b>	617,521	261,776	100.000%	100.000%	\$0	\$10,600,438	-\$788,736	\$9,811,702	-\$175,189	-\$188,617	\$9,447,897	\$1,219,155	-\$230,477	\$988,678	-\$6,008	\$982,670

A-2	B-2	C-2	D-2	E-2	F-2	G-2	H-2	I-2	J-2
NPCC Balancing Authorities (LSE Designees)	7 Year Average CORC Costs Allocation <sup>3</sup>	2025 Total CORC Program Expenses & Fixed Assets	2025 Assigned CORC Program vs Budget Variance	2025 Applied to CORC Program	2025 Total CORC Program Assessment (C-2 plus D-2 plus E-2)	2025 RE Division Total Funding Requirement (G-1 plus G-2)	2025 RE Division Total Assessment (H-1 plus H-2)	2025 NPCC Total Funding Requirement (I-1 plus I-2)	2025 NPCC Total Assessment & Member Fees (J-1 plus J-2)
New England	31.32%	4,724,127	-36,290	-142,352	4,545,485	6,510,703	6,256,531	6,694,385	6,439,096
New York	40.12%	6,096,764	-46,816	-182,459	5,867,488	8,336,405	8,080,619	8,621,838	8,294,622
Ontario	7.32%	1,104,000	-9,341	0	1,094,659	3,273,510	3,231,625	3,493,063	3,449,843
Quebec	16.19%	2,441,571	-17,307	0	2,424,265	5,486,081	5,427,221	5,794,605	5,733,871
New Brunswick	3.27%	493,388	-3,375	0	490,013	722,912	718,433	746,380	741,760
Nova Scotia	1.49%	224,816	-1,792	0	223,024	401,837	398,400	419,856	416,309
<b>Total</b>	100.000%	\$15,084,666	-\$114,920	-\$324,811	\$14,644,934	\$24,781,448	\$24,092,831	\$25,770,126	\$25,075,501

1. Any sub-regional reliability assessment costs in response to U.S. only regulatory initiatives will be considered for allocation to U.S. only BAs consistent with NERC Rules of Procedure section 1102.

2. Consistent with NERC's Policy on Allocation of Certain Compliance and Enforcement Costs, the NPCC Board approved Allocation Methodologies for Certain NPCC Compliance Program Area Costs Assessed to Non-U.S. Entities.

3. Total CORC Program Costs are allocated based on a seven-year average allocation percentage. CORC Program Fundamentals expenses are allocated each year using the Regional NEL based methodology. Audit and investigation expenses attributable to Canadian NPCC BAs are allocated annually utilizing an audit based methodology. The portion attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a and C-1a. Audit based allocation uses Compliance Register Data requirements as of May 1, 2024. Mitigation and Enforcement expenses are allocated annually utilizing an enforcement activity based methodology for Canadian NPCC BAs. The portion attributable to U.S. NPCC is allocated between the New York and New England balancing authority areas based on their respective net energy for load (NEL) as shown in Columns B-1a and C-1a. The average allocation of total compliance costs over the prior seven years is then applied to the total compliance program costs for the current budget year in order to mitigate fluctuations in assessments.

## **Regional Entity Program Goals and Statements of Activities**

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### **Reliability Standards Program**

#### **Program Scope and Functional Description**

The NPCC Reliability Standards Program Area supports the NERC Reliability Standards Program and aids in the development of NPCC regionally specific Reliability Standards, NPCC regional Variances to NERC Reliability Standards.

The NPCC Reliability Standards Program conducts a five-year review of the NPCC Regional Reliability Standard (PRC-006-NPCC-2). These reviews may result in revisions to the Standard, retirement of the Standard, or a finding that no changes are required.

NPCC supports the development of NPCC regional Variances to NERC Reliability Standards when it is necessary to address NPCC regionally specific physical differences in the BPS or a NPCC northeastern North American specific reliability issue.

NPCC's 2024 - 2027 Strategic Plan ensures alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the NPCC and ERO Enterprise long-term strategies.

#### **2025 Goals and Key Deliverables**

- Participate in the annual development and revision of the NERC's three-year Reliability Standards Development Plan (RSDP) through review, commenting, and other Reliability Standards Committee (RSC) activities.
- Participate in the NERC Standards Committee activities, as a representative for NPCC Regional stakeholders to advance strategic initiatives, to measure the effectiveness and quality of standards, support ERO efforts to address outstanding FERC Directives, and provide input in the prioritization of standards development projects.
- Participate in the ERO Standards Feedback Loop project. The scope of this project includes developing effective feedback mechanisms and processes, along with increasing the visibility of the ERO's aspirations. This project will challenge the status quo of how work with the ERO will be conducted.
- Support any further development of cost effectiveness principles, processes, and pilots. Continue to provide insights to NERC, based on NPCC experiences, regarding strategy for developing cost effectiveness analysis for standards and identify opportunities to mitigate implementation costs for the draft standards and provide comments on cost effective alternative requirements.
- Participate in the NERC Standards Efficiency Review Project to retire standard requirements that are duplicative, administrative and add no additional benefit to the reliable operation of the BPS and revise NERC process to ensure efficiency and effectiveness of standards development.
- Conduct thorough reviews of all NERC standards under development or revision by leveraging existing NPCC Task Forces and subject matter experts and coordinate NPCC comments for Northeastern North America.
- Participate in the Periodic Review Standing Team's grading efforts and coordinate and represent the Regional and interregional input.
- . Develop a list of any unaddressed reliability issues to inform and allow the Members to cast a ballot based on Regional concerns. This will continue to enhance the efficiency of the ERO standards development projects.

- Review and identify issues and concerns raised in FERC Notice of Proposed Rulemakings (NOPRs) and Notice of Inquiries (NOIs) for all standards related issues as appropriate.
- Monitor the NERC RISC and the Reliability and Security Technical Committee (RSTC) activities as they identify emerging risks, develop recommended actions to mitigate such risks, and endorse Standards Authorization Requests (SARs) to initiate standards development. Provide a Regional point of contact for all potential reliability related risks and gaps within the Northeast or as noted by NPCC's stakeholders (e.g., impact of DERs on BPS planning, operations, and design).
- Participate in and provide support to critical standards projects, such as Cold Weather Standard revisions, Energy Assurance, CIP, Supply Chain, and changes to standards driven by inverter-based resources.
- Conduct reviews of Regional Standards as necessitated by the revision and approval of any associated Continent-wide NERC reliability standards or further reliability related need.
- Conduct the development of any Québec Interconnection-Wide variances to NERC continent-wide standards using the NPCC Reliability Standards Development Process.
- Conduct ongoing DER/VER Forum activities to collaborate with industry stakeholders and identify both opportunities and challenges to enhancing reliability through education, and guidance, particularly for the interconnection of utility scale DER on the Distribution System and large VER installations on the Transmission system.
- Maintain and revise the NPCC DER/VER Guidance document as necessary to promote consistency across the NPCC footprint where appropriate.
- In conjunction with the Reliability Coordinating Committee (RCC), review any DER/VER impacts identified by stakeholders and develop an approach to promote awareness and resolution of any issues.
- Collaborate through outreach with State and Provincial regulatory staff to identify areas where NPCC can support local decarbonization goals.
- Identify opportunities and processes for cost effectiveness analysis activities to determine the need to revise a standard during the Enhanced Periodic Review or Standards Grading activities.

The Statement of Activities for this program area is shown below. See [Reliability Standards Major Budget Drivers](#) for explanation of significant variances.



**Reliability Standards Statement of Activities**

**Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget**

**Reliability Standards**

	2024 Budget	2025 Budget	Variance (\$)	Variance %
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$ 851,576	\$ 1,343,559	\$ 491,982	
Penalty Sanctions	17,847	28,500	10,653	
<b>Total ERO Funding</b>	<b>\$ 869,423</b>	<b>\$ 1,372,058</b>	<b>\$ 502,635</b>	<b>58%</b>
Membership Dues	-	-	-	
Testing Fees	-	-	-	
Services & Software	-	-	-	
Workshops & Misc Revenue	-	-	-	
Interest & Investment Income	-	-	-	
<b>Total Funding (A)</b>	<b>\$ 869,423</b>	<b>\$ 1,372,058</b>	<b>\$ 502,635</b>	<b>58%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 324,313	\$ 550,301	\$ 225,988	
Payroll Taxes	25,604	44,694	19,089	
Benefits	93,031	169,296	76,265	
Retirement Costs	28,534	52,880	24,346	
<b>Total Personnel Expenses</b>	<b>\$ 471,483</b>	<b>\$ 817,171</b>	<b>\$ 345,689</b>	<b>73%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 9,000	\$ 592	\$ (8,408)	
Travel	50,000	53,400	3,400	
<b>Total Meeting Expenses</b>	<b>\$ 59,000</b>	<b>\$ 53,992</b>	<b>\$ (5,008)</b>	<b>-8%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ 15,000	\$ 15,000	
Office Rent	-	-	-	
Office Costs	2,600	2,600	-	
Professional Services	-	-	-	
Computer & Equipment Leases	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 2,600</b>	<b>\$ 17,600</b>	<b>\$ 15,000</b>	<b>577%</b>
<b>Total Direct Expenses</b>	<b>\$ 533,083</b>	<b>\$ 888,763</b>	<b>\$ 355,681</b>	<b>67%</b>
<b>Indirect Expenses</b>	<b>\$ 329,059</b>	<b>\$ 479,271</b>	<b>\$ 150,212</b>	<b>46%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 862,142</b>	<b>\$ 1,368,034</b>	<b>\$ 505,893</b>	<b>59%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 7,281</b>	<b>\$ 4,024</b>	<b>\$ (3,257)</b>	<b>-45%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	<b>7,281</b>	<b>4,024</b>	<b>(3,257)</b>	<b>-45%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 869,423</b>	<b>\$ 1,372,058</b>	<b>\$ 502,635</b>	<b>58%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTES</b>	<b>2.30</b>	<b>3.40</b>	<b>1.10</b>	<b>48%</b>

## 2025 Key Assumptions

The Reliability Standards Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2024 - 2027 Strategic Plan, and the Regional Standards Committee Work Plan for calendar year 2024 – 2025.

There have been several standards development opportunities identified by FERC, industry, and NERC committees to improve cold weather operations, cyber security, supply chain, data gathering, and modeling of inverter-based resources (IBR). It is, therefore, expected that the industry and NERC committees will be submitting multiple Standard Authorization Requests (SARs) to address these and other known risks including energy assurance, and resilience for extreme weather.

- NERC recently submitted a comprehensive Work Plan to FERC to address directives from FERC Order 901. The Work Plan explains how NERC will develop standard development projects consistent with the timelines specified in the Order, with full implementation of the revised standards by 2030. The revised standards will be submitted to FERC in tranches over a three-year period beginning on November 4, 2024, with subsequent tranches submitted by November 4 of 2025 and 2026. The NPCC Regional Standards Committee and NPCC Staff will facilitate review of these projects.
- To support the expected increase in standard development projects, NERC has categorized existing projects as High, Medium, or Low Priority, allowing NERC to focus its resources strategically to address the growing number of IBR related development projects that are subject to FERC directives and deadlines.
- Continent-wide reliability standard development projects will also be driven by the recommendations of the Standards Efficiency Review project, and Standards Grading activities which conduct periodic reviews on existing ERO Reliability Standards to improve their content and quality based on Compliance Monitoring and Enforcement feedback.
- NPCC’s Regional Reliability Standards development activity is expected to remain at a stable level, driven by requests that the Regional Entity will receive or reliability issues that are identified and not under consideration by NERC. These include periodic review of NPCC’s Regional Standard PRC-006-NPCC-2, Variances to NERC Reliability Standards to address reliability concerns or to recognize the unique topology and reliability considerations of the Northeast (i.e., Québec’s recognition as an asynchronous interconnection within NPCC’s footprint).
- The number of NERC and Regional standards interpretations is expected to remain low. Compliance Implementation Guidance documents, which provide approaches to being compliant with NERC Reliability Standards may be developed using NPCC’s open process and other industry vetting practices. These guidance documents are currently being developed by industry and the Standard Drafting Teams, and the number of requests may increase. The NPCC Reliability Standards Program will assist and facilitate support of these activities.
- Consistent with the NERC Rules of Procedure Sections 312 and 313, as continent-wide standards continue to evolve, NPCC Regional Standards and Criteria will continually be reviewed to ensure they augment but do not add redundancy to the NERC Reliability Standards.
- NPCC outreach activities in support of industry decarbonization will continue with anticipated outreach sessions with State and Provincial Regulators in addition to multiple DER/VER Forums.

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

### **Program Scope and Functional Description**

The NPCC Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CORC) Program Area operates in accordance with NPCC's filed and approved Regional Delegation Agreement, the NERC Rules of Procedure (ROP), and individual Canadian Provincial MOUs and/or Agreements. The program supports Compliance Monitoring and Enforcement (Section 400 of the ROP) and Organization Registration and Certification (Section 500 of the ROP), the ERO Enterprise Long-Term Strategy, and aligns with NPCC Board of Director goals and strategies. NPCC CORC strives to be a credible authority that is independent, objective, and fair while promoting a culture of reliability excellence by performing risk-informed registration, entity risk assessment, compliance monitoring, noncompliance risk assessment, mitigation, and enforcement activities.

The CORC Program Area scope includes:

- Identification, registration, and certification of entities that are required to comply with the NERC Reliability Standards and approved Regional Reliability Standards.
- Implementation of the risk-based NERC Compliance Monitoring and Enforcement Program (CMEP) in the U.S., including the compliance monitoring, mitigation assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards.
- Pursuant to the relevant MOUs, the implementation of the risk-based NERC CMEP in Nova Scotia and Ontario, including the assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards effective in those jurisdictions.
- Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP), including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards effective in Québec.
- Implementation of the New Brunswick Compliance Monitoring and Enforcement Program (NBCMEP) in New Brunswick, including the compliance monitoring, assessment and enforcement recommendations of the NERC Reliability Standards and Regional Reliability Standards effective in New Brunswick.

The CORC Program Area scope is sub-divided into three sub-program areas: Compliance Fundamentals (CF); Compliance Audits and Investigations (AI); and Compliance Mitigation and Enforcement (ME).

### ***Compliance Fundamentals***

The CF sub-program area is responsible for registration, certification, entity inherent risk assessments, and compliance oversight plan activities, in addition to general compliance activities that may span across sub-program areas.

- Collaborates across the ERO through participation in the Risk Performance and Monitoring Group (RPMG), Organization Registration and Certification Group (ORCG), and the development of the annual ERO CMEP staff workshop.
- Identifies and registers the BES owners, operators, and users that are required to comply with the NERC and Regional Reliability Standards.
- Conducts Certifications and Certification Reviews in accordance with the NERC Rules of Procedure.
- Leads or assists with the development of the annual CMEP implementation plans (ERO Enterprise, New Brunswick, Québec).

- Implements the ERO Enterprise registration tool (CORES-Centralized Organization Registration ERO System) and the ERO Enterprise CMEP data application (Align).
- Responds to any complaints submitted to NPCC.
- Maintains any NPCC specific compliance tools or programs needed.
- Performs outreach, sends relevant communications, and conducts two stakeholder compliance workshops on an annual basis.
- Assesses compliance trends and conducts additional outreach, training, and education to support Reliability Standards implementation.
- Conducts Inherent Risk Assessments (IRAs) on registered entities.
- Develops Compliance Oversight Plans (COPs) for registered entities.

### ***Compliance Audits and Investigations***

The AI sub-program area is responsible for conducting all risk-based compliance monitoring activities.

- Conducts NPCC compliance monitoring activities, including audits, spot checks, and guided self-certifications.
- Incorporates the results of entity IRA, COP, and performance data into its compliance monitoring process.
- Assesses the maturity of the entity's internal controls and sustainability of the entity processes during compliance engagements.
- Engages the entity on the maturity of their internal compliance program.
- Issues audit reports and spot check reports.
- Provides guided self-certification result letters.
- Implements and maintains the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions process.
- Maintains the Periodic Data Submittal process and reviews submittals.
- Collaborates across the ERO through participation in the Risk Performance and Monitoring Group (RPMG), Operations and Planning Compliance Task Force (OPCTF), CIP Compliance Task Force (CCTF), Manual Task Force (MTF), and the development of the annual ERO CMEP staff workshop.
- Leads or assists with the development of the annual CMEP implementation plans (ERO Enterprise, New Brunswick, Québec).

### ***Compliance Mitigation and Enforcement***

The ME sub-program area is responsible for enforcement activities in accordance with risk-based approaches and conducting technical assessments of registered entities' plans and activities to mitigate noncompliance. Depending on the jurisdiction, ME either makes official recommendations to the appropriate regulatory authority or assists and coordinates with NERC to make such official recommendations.

- Determines the relevant facts and circumstances necessary to assess each noncompliance.
- Evaluates and assigns a risk level to each noncompliance.
- Advises on the mitigation required to prevent recurrence of the issue.
- Evaluates and approves the mitigation activities or Mitigation Plan(s) for each noncompliance.
- Assesses the relevant compliance history for each noncompliance.
- Determines the disposition method for each noncompliance.
- Conducts settlement negotiations.
- Calculates penalty and non-penalty sanctions in a consistent manner.

## 2025 Business Plan and Budget      Regional Entity Program Goals and Statements of Activities

- Files noncompliance closings with NERC/FERC and applicable Canadian governmental and/or provincial Regulatory authorities.
- Evaluates registered entities for participation in the Self-Logging Program.
- Collaborates across the ERO through participation in the Enforcement Group (EG) and the development of the annual ERO CMEP staff workshop.

### **2025 Key Assumptions**

- The CORC Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, and the strategic reliability focus areas identified within the NPCC 2024 - 2027 Strategic Plan.
- The 2025 Business Plan projects the same number of enforcement processing activities as the 2024 Business Plan, however, the complexity of processing noncompliance is expected to continue to increase as entities' compliance history grows and technology continues to evolve and advance.

### **2025 Goals and Key Deliverables**

- Conduct scheduled compliance monitoring and enforcement activities pursuant to the 2025 Implementation Plans.
- Continue applying risk-based approaches for CMEP, registration, and certification activities.
- Identify potential issues related to NERC Reliability Standards and Regional Reliability Standards as a result of compliance monitoring, enforcement, and event analysis activities.
- Continue to implement compliance responsibilities in Canada based on the unique regulatory structure specific to each provincial and/or governmental jurisdiction.
- Evaluate and enhance monitoring, violation processing, risk-assessment, registration and certification program for sufficiency and effectiveness.
- Collaborate within the ERO Enterprise to implement Align and the Secure Evidence Locker (SEL) for NPCC staff to:
  - Use Align/SEL and allowed legacy processes for Release 1, Release 2, Release 3, and Release 4.
  - Support the testing, training, and rollout of future fixes and enhancements.
- Provide education and outreach to the registered entities on all CMEP, registration, and certification topics, including the development and implementation of the ERO Enterprise Registration tool (CORES – Centralized Organization Registration ERO System) and the Align/SEL CMEP data application.
- Conduct one in-person compliance workshop and virtual compliance webinars.
- Develop annual activity reports for CMEP (New Brunswick) and QCMEP (Québec).
- Develop and/or provide input on various 2025 CMEP Implementation Plans (ERO Enterprise, Québec, New Brunswick).
- Attend training necessary and/or beneficial to performing duties (Registration, Certification, Entity Risk Assessment, assessment of internal controls, Monitoring, and Enforcement activities).
- Assure that NPCC staff is appropriately assigned to conduct Certification and Auditing activities.
- Provide detailed responses to oversight activities performed by NERC, FERC, and other relevant authorities.
- Continue to perform and update IRAs and COPs for registered entities as needed.
- Continue to assess and document internal controls during monitoring engagements.

## 2025 Business Plan and Budget      Regional Entity Program Goals and Statements of Activities

- Conduct 2025 compliance engagement schedule based on budget, risk to the BPS, and number of registered entities.
- Continue to perform comprehensive enforcement activities to determine the relevant facts and circumstances necessary for each noncompliance, assess the risk, and evaluate the mitigation activities or Mitigation Plan. Determine the disposition method in accordance with established risk-based approaches (Compliance Exceptions, FFTs, Simplified Identification Correction Method (Québec), Settlements, etc.).
- Track the progress and verify the completion of each Mitigation Plan.
- As necessary, represent NPCC during any enforcement hearings before the NPCC Hearing Body, the NERC Hearing Body, the Régie, or the New Brunswick Energy & Utilities Board.
- Evaluate registered entities internal compliance programs to determine participation in the Self-Logging Program.
- Analyze noncompliance trends and associated risks to develop guidance to registered entities in support of a culture of reliability.
- Perform outreach (e.g., webinars, workshops) to educate entities on determining noncompliance root causes, techniques for noncompliance assessment, communications associated with self-reporting, and guidance on the development of mitigation activities that will prevent recurrence.
- Assess evolving cybersecurity risks for opportunities to provide entity guidance.

The Statement of Activities for this program area is shown below. See [Compliance Monitoring and Enforcement and Organization Registration and Certification Program Major Budget Drivers](#) for explanation of significant variances.

**Compliance Monitoring and Enforcement Statement of Activities**

**Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget**

**Compliance Monitoring and Enforcement and Organization Registration and Certification**

	2024 Budget	2025 Budget	Variance (\$)	Variance %
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$11,857,483	\$ 14,644,934	\$ 2,787,451	
Penalty Sanctions	254,122	324,811	70,689	
<b>Total ERO Funding</b>	<b>\$12,111,606</b>	<b>\$ 14,969,746</b>	<b>\$ 2,858,140</b>	<b>24%</b>
Membership Dues	-	-	-	
Testing Fees	-	-	-	
Services & Software	-	-	-	
Workshops & Misc Revenue	-	-	-	
Interest & Investment Income	-	-	-	
<b>Total Funding (A)</b>	<b>\$12,111,606</b>	<b>\$ 14,969,746</b>	<b>\$ 2,858,140</b>	<b>24%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,559,186	\$ 6,553,205	\$ 994,019	
Payroll Taxes	424,280	497,543	73,262	
Benefits	1,375,117	1,486,808	111,691	
Retirement Costs	569,187	676,472	107,285	
<b>Total Personnel Expenses</b>	<b>\$ 7,927,770</b>	<b>\$ 9,214,027</b>	<b>\$ 1,286,257</b>	<b>16%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 4,000	\$ 17,646	\$ 13,646	
Travel	225,550	318,350	92,800	
<b>Total Meeting Expenses</b>	<b>\$ 229,550</b>	<b>\$ 335,996</b>	<b>\$ 106,446</b>	<b>46%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 10,000	\$ -	\$ (10,000)	
Office Rent	-	-	-	
Office Costs	28,500	26,500	(2,000)	
Professional Services	-	-	-	
Computer & Equipment Leases	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 38,500</b>	<b>\$ 26,500</b>	<b>\$ (12,000)</b>	<b>-31%</b>
<b>Total Direct Expenses</b>	<b>\$ 8,195,820</b>	<b>\$ 9,576,523</b>	<b>\$ 1,380,703</b>	<b>17%</b>
<b>Indirect Expenses</b>	<b>\$ 4,685,514</b>	<b>\$ 5,462,280</b>	<b>\$ 776,765</b>	<b>17%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$12,881,334</b>	<b>\$ 15,038,802</b>	<b>\$ 2,157,469</b>	<b>17%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (769,728)</b>	<b>\$ (69,057)</b>	<b>\$ 700,671</b>	<b>-91%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	<b>103,682</b>	<b>45,863</b>	<b>(57,818)</b>	<b>-56%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$12,985,016</b>	<b>\$ 15,084,666</b>	<b>\$ 2,099,650</b>	<b>16%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (873,410)</b>	<b>\$ (114,920)</b>	<b>\$ 758,490</b>	<b>-87%</b>
<b>FTES</b>	<b>32.75</b>	<b>38.75</b>	<b>6.00</b>	<b>18%</b>

## **Reliability Assessment and Performance Analysis Program**

### **Program Scope and Functional Description**

The NPCC Reliability Assessments and Performance Analysis (RAPA) Program Area independently analyzes, assesses, and reports on the reliability and adequacy of the BPS within the NPCC footprint. The program aids in the identification and assesses risks across the region. The RAPA program activities include: the performance of resource and transmission assessment studies; special analyses and investigations; and the collection and dissemination of data, lessons learned, and other information. The RAPA program provides resources, case studies and data input for the technical analyses, and support of the many risk-based activities. The program also facilitates five technical stakeholder task forces and associated working groups.

### **2025 Key Assumptions**

The RAPA program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2024 - 2027 Strategic Plan, and the Reliability Coordinating Committee Work Plan for calendar year 2024 - 2025.

Additionally, NPCC acts collectively and collaboratively through the Eastern Interconnection Reliability Assessment Group (ERAG) to focus on the reliability assessments of the Eastern Interconnection to identify and address potential reliability issues.

### **2025 Goals and Key Deliverables**

- Assessments of Reliability Performance
  - Load, Capacity, Energy, Fuels & Transmission Report (LCEF&T Report): Represent data submitted by NPCC to NERC as part of the annual EIA-411 filing. U.S. data is forwarded by NERC to the U.S. Energy Information Administration (EIA). Data for planned generating unit additions and changes is considered confidential information by the EIA, NERC and NPCC. This report presents actual and ten-year projections for load, capacity, energy, fuel, transmission line construction and transformer additions in the NPCC footprint.
  - NPCC Summer Reliability Assessment: Focuses on the assessment of reliability within the NPCC footprint for the Summer Operating Period.
  - NPCC Winter Reliability Assessment: Focuses on the assessment of reliability within the NPCC footprint for the Winter Operating Period.
  - NPCC Tie Benefits Report: Verifies that the current levels of interconnection benefits assumed in each Area's resource adequacy studies are reasonable and do not overstate the amount of interconnection assistance available.
  - NPCC Review of Resource Adequacy: Review for each NPCC Area in accordance with the requirements specified in the NPCC Regional Reliability Reference Directory # 1, Design and Operation of the BPS.
  - NPCC Probabilistic Assessment: Provides the NPCC probabilistic reliability metric results specified by NERC for the corresponding LTRA.
  - Collect NPCC data and contribute to the production of assessment reports for the NERC long-term, seasonal, and special assessments.
  - Provide NPCC regionally specific technical support for the ERO Enterprise expanded and enhanced system studies and analyses, as needed.
  - Collaborative through ERAG in performance of Eastern Interconnection assessment studies and proposed Canadian-related interregional transmission capability studies.
  - Update of power-flow and dynamic base cases that represent the BPS within the NPCC footprint for the ERAG Multiregional Modeling Working Group (MMWG).



- Facilitate the ERAG Acceptable Model Working Group (AMWG) that is responsible for the development and maintenance of an acceptable model list for the Eastern Interconnection dynamic base cases.
- Reporting Requirements
  - Collect, verify, and validate NPCC regionally specific data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS), Demand Response Availability Data System (DADS), Misoperation Information Data Analysis System (MIDAS), and Geomagnetic Disturbance Data System (GMD).
- Other Requirements and Activities
  - Support risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry.
  - Facilitate a peer review process to analyze protective relay misoperation information and track corrective action plans, as reported in the NERC MIDAS system, via the NPCC SP-7 Working Group on Protection Systems Misoperation Review.
  - NPCC has a leadership role in the System Planning Impacts from DER Working Group and actively participates in NERC committees, subcommittees, task forces, and other technical groups, such as the ERO Reliability Assessment and Performance Analysis Steering Group, Inverter-Based Resource Performance Subcommittee, Reliability Assessment Subcommittee, Electric Gas Working Group, Energy Reliability Assessment Working Group, Performance Analysis Subcommittee, Probabilistic Assessment Working Group, ERO Analytical Community of Excellence (ERO ACE) and associated subgroups including the MIDAS User Group, TADS User Group, and GADS User Group.
  - Continue to support stakeholder participation and interaction through various NPCC technical groups, including the RCC, Task Force on Coordination of Operations, Task Force on Coordination of Planning, Task Force on Infrastructure Security & Technology, Task Force on System Protection, Task Force on System Studies and the associated working groups and sub-teams.
  - Work in collaboration with the industry and governmental organization such as the U.S. Department of Energy (DOE), National Laboratories, Institute of Electrical and Electronics Engineers (IEEE), Electric Power Research Institute (EPRI), Energy Systems Integration Group (ESIG) and Conseil International des Grands Réseaux Electriques (CIGRE).

The Statement of Activities for this program area is shown below. See [Reliability Assessment and Performance Analysis Major Budget Drivers](#) for explanation of significant variances.

## Reliability Assessment and Performance Analysis Program Statement of Activities

### Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget Reliability Assessment and Performance Analysis

	2024 Budget	2025 Budget	Variance (\$)	Variance %
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$ 4,862,080	\$ 5,485,926	\$ 623,846	
Penalty Sanctions	72,163	86,337	14,174	
<b>Total ERO Funding</b>	<b>\$ 4,934,243</b>	<b>\$ 5,572,263</b>	<b>\$ 638,020</b>	<b>13%</b>
Membership Dues	-	-	-	
Testing Fees	-	-	-	
Services & Software	-	-	-	
Workshops & Misc Revenue	-	-	-	
Interest & Investment Income	-	-	-	
<b>Total Funding (A)</b>	<b>\$ 4,934,243</b>	<b>\$ 5,572,263</b>	<b>\$ 638,020</b>	<b>13%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,817,734	\$ 2,011,805	\$ 194,071	
Payroll Taxes	128,446	140,467	12,020	
Benefits	479,572	490,722	11,150	
Retirement Costs	185,405	213,667	28,262	
<b>Total Personnel Expenses</b>	<b>\$ 2,611,157</b>	<b>\$ 2,856,661</b>	<b>\$ 245,504</b>	<b>9%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 45,000	\$ 70,802	\$ 25,802	
Travel	205,000	250,100	45,100	
<b>Total Meeting Expenses</b>	<b>\$ 250,000</b>	<b>\$ 320,902</b>	<b>\$ 70,902</b>	<b>28%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 700,000	\$ 915,000	\$ 215,000	
Office Rent	-	-	-	
Office Costs	13,100	15,600	2,500	
Professional Services	-	-	-	
Computer & Equipment Leases	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 713,100</b>	<b>\$ 930,600</b>	<b>\$ 217,500</b>	<b>31%</b>
<b>Total Direct Expenses</b>	<b>\$ 3,574,257</b>	<b>\$ 4,108,163</b>	<b>\$ 533,906</b>	<b>15%</b>
<b>Indirect Expenses</b>	<b>\$ 1,330,543</b>	<b>\$ 1,451,909</b>	<b>\$ 121,366</b>	<b>9%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 4,904,800</b>	<b>\$ 5,560,072</b>	<b>\$ 655,272</b>	<b>13%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 29,442</b>	<b>\$ 12,191</b>	<b>\$ (17,252)</b>	<b>-59%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	<b>29,442</b>	<b>12,191</b>	<b>(17,252)</b>	<b>-59%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 4,934,243</b>	<b>\$ 5,572,263</b>	<b>\$ 638,020</b>	<b>13%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTES</b>	<b>9.30</b>	<b>10.30</b>	<b>1.00</b>	<b>11%</b>

## **Training, Education, and Operator Certification Program**

### **Program Scope and Functional Description**

The NPCC Training, Education, and Operator Certification (TEC) Program Area supports NERC Rules of Procedure Section 900 and other training, education, and outreach activities. The program provides:

- Education and training necessary to understand and operate the BPS.
- Outreach, education, and training on Reliability Standards, compliance topics and improvement of compliance and reliability assurance programs.

The TEC program establishes and coordinates training for system operators relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. The target audience of the System Operator training program is BPS operating personnel, including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel.

In addition to the semiannual System Operators (SO) seminars, NPCC will conduct one hybrid format Compliance and Reliability conference in 2025 for NPCC Stakeholders, for the express purpose of providing the most current and applicable information related to the development of NERC and Regional Reliability Standards and the implementation of the CMEP. The workshops include targeted/topical breakout classroom sessions and presentations on current industry related activities to provide for the most efficient exchange of information between NPCC Compliance and Standards staff and the NPCC Stakeholders.

To supplement the SO seminars and Standards and Compliance workshops, NPCC may develop webinars on specific topics pertinent to issues related to system operations, compliance program implementation, standards development, cyber or physical security threats and mitigation practices or technical issues.

Additionally, NPCC staff will support future ERO Enterprise human performance engagements in a capacity determined by the RAPA SG as the ERO Enterprise considers how best to address its role in human performance engagement from a regulatory, reliability and resourcing perspective.

### **2025 Key Assumptions**

The TEC Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy and the strategic reliability focus areas identified within the NPCC 2024 - 2027 Strategic Plan.

- Build appropriate outreach, training, and education to registered entities through NERC and the Regional Entities to reduce the occurrence of known risks to reliability.
- Nurture relationships with key industry trade associations, as well as those associations representing technology, affiliated sectors, and end users to understand context and leverage their experience and reach.
- Collaborate effectively with other organizations that share the ERO Enterprise's reliability and security mission and seek and work with representatives of academia, other critical infrastructures, and international experts to broaden the ERO Enterprise's collective knowledge and awareness of current and unknown risks and strategies to address them.
- Provide the Regional perspective and support with appropriate NPCC Training and Education staff participation on selected NERC groups, including any future ERO Enterprise human performance engagements, as determined by RAPA SG.

### **2025 Goals and Key Deliverables**

- Conduct the 2025 Spring and Fall NPCC SO seminars.

- Continue collaboration and sharing of the intended RC/BA approaches, experiences, and materials to task identification and training development.
- As needed, enhance the NPCC repository of training resources and learning verification activities addressing fundamental power system topics, training methods and operation procedure training exercises, which may be shared as elements of operator training in compliance with NERC Standards PER-003 “Operating Personnel Credentials” and PER-005 “Operations Personnel Training.”
- Develop virtual operational training webinars that focus on specific topics pertinent to compliance program implementation, standards development, or technical issues.
- Conduct one hybrid format Compliance and Reliability conference addressing the development of NERC and Regional Reliability Standards and CMEP implementation.
- Support RAPA SG activities in redevelopment of the approach to future risk mitigating activities related to human performance.
- Monitor and support activities of the Personnel Certification Governance Committee and associated sub-groups and collaborate with the NPCC CO-2 Operations Training WG and other NPCC Members’ training personnel on the activities related to the reliable operation of the BPS.

NPCC staff training, and development is incorporated within each respective program area.

The Statement of Activities for this program area is shown below. See [Training, Education, and Operator Certification Program Major Budget Drivers](#) for explanation of significant variances.

**Training, Education, and Operator Certification Program Statement of Activities**

**Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget**

**Training, Education, and Operator Certification**

	2024 Budget	2025 Budget	Variance (\$)	Variance %
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$ 139,821	\$ 140,103	\$ 282	
Penalty Sanctions	776	838	62	
<b>Total ERO Funding</b>	<b>\$ 140,597</b>	<b>\$ 140,941</b>	<b>\$ 344</b>	<b>0%</b>
Membership Dues	-	-	-	
Testing Fees	-	-	-	
Services & Software	-	-	-	
Workshops & Misc Revenue	27,500	60,625	33,125	
Interest & Investment Income	-	-	-	
<b>Total Funding (A)</b>	<b>\$ 168,097</b>	<b>\$ 201,566</b>	<b>\$ 33,469</b>	<b>20%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 23,158	\$ 24,440	\$ 1,283	
Payroll Taxes	1,460	1,547	86	
Benefits	4,554	4,774	220	
Retirement Costs	2,451	2,577	126	
<b>Total Personnel Expenses</b>	<b>\$ 31,623</b>	<b>\$ 33,338</b>	<b>\$ 1,715</b>	<b>5%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 106,100	\$ 138,164	\$ 32,064	
Travel	15,500	15,600	100	
<b>Total Meeting Expenses</b>	<b>\$ 121,600</b>	<b>\$ 153,764</b>	<b>\$ 32,164</b>	<b>26%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	-	
Office Costs	250	250	-	
Professional Services	-	-	-	
Computer & Equipment Leases	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 250</b>	<b>\$ 250</b>	<b>\$ -</b>	<b>0%</b>
<b>Total Direct Expenses</b>	<b>\$ 153,473</b>	<b>\$ 187,352</b>	<b>\$ 33,878</b>	<b>22%</b>
<b>Indirect Expenses</b>	<b>\$ 14,307</b>	<b>\$ 14,096</b>	<b>\$ (211)</b>	<b>-1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 167,780</b>	<b>\$ 201,448</b>	<b>\$ 33,668</b>	<b>20%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 317</b>	<b>\$ 118</b>	<b>\$ (198)</b>	<b>-63%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	<b>317</b>	<b>118</b>	<b>(198)</b>	<b>-63%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 168,097</b>	<b>\$ 201,566</b>	<b>\$ 33,469</b>	<b>20%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTES</b>	<b>0.10</b>	<b>0.10</b>	<b>0.00</b>	<b>0%</b>

## **Situation Awareness and Infrastructure Security Program**

### **Program Scope and Functional Description**

The Situation Awareness and Infrastructure Security (SAIS) Program Area activities are performed in accordance with the NERC Rules of Procedure Section 1000 and applicable sub-sections of Section 800. The SAIS program is a combination of near real-time awareness of conditions on the BPS with the programs necessary to increase the physical and cyber security of the electricity infrastructure, including the operation and maintenance of tools and other support services for the benefit of RCs and the system operators within the registered entities. When an event does occur, it is critical to provide a forum for active coordination of reliability and operation among the NPCC RC areas and neighboring NERC Regions. Further, NPCC's role is to gain and maintain situation awareness and understanding of system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS and to use an event as a learning opportunity to enhance the reliability, resilience, and security of the interconnected BPS through the lessons learned, which can be gleaned from such an event.

NPCC's Event Analysis Program resides within the SAIS Program Area and supports the overall goal of promoting the reliability of the BPS in Northeastern North America and the entire North American grid.

NPCC's critical infrastructure security objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology (TFIST) and its Working Groups, and include, but are not limited to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Reliability and Security Technical Committee (RSTC) and its subgroups; and
- Representing and advocating NPCC's position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security.

NPCC's Security Outreach program will support ERO Enterprise activities aimed at addressing known and emerging security (both cyber and physical) risks to strengthen and enhance industry security posture through active participation and engagement in the ERO Enterprise and industry activities, in partnership with government and law enforcement agencies.

### **2025 Key Assumptions**

The SAIS program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2024 - 2027 Strategic Plan, and the Reliability Coordinating Committee Work Plan for calendar year 2024 - 2025.

- Use the full suite of tools, activities, and resources for risk mitigation to provide guidance to industry as to how to mitigate emerging risks, evaluating the effectiveness of such approaches.
- Maintain SA of operations within the region and support NERC and FERC's efforts for situation awareness of near real-time system conditions.
- Continue to promote, implement, and manage ERO Event Analysis Process (EAP) and Cause Coding process as part of the ERO Event Analysis Program, including collection and review of disturbance reports, review and analysis of applicable, qualifying events, and development of lessons learned and cause coding of events.
- Collaborate on and support joint activities with FERC and NERC staff and other Regional staff on analysis of known and emerging risks, analysis of major events, and follow-up projects/studies based on the findings and recommendations.

- Strengthen the analysis of cyber impacts on the BPS and mitigate impacts of cyberattacks. Enhance industry's ability to develop approaches to pre-position the system when under attack and explore recovery strategies.
- Leverage information and cross-sector collaboration with other critical infrastructures that share elements of the ERO Enterprise's reliability and security mission to facilitate cross-sector information sharing and threat analysis to broaden the ERO Enterprise's collective knowledge and awareness of current and emerging risks and strategies to address them and communicate these to industry for awareness and mitigation.
- Build/enhance appropriate outreach, training, and education to registered entities through NERC and the Regional Entities to reduce the occurrence of known risks to reliability.
- Ensure the E-ISAC Long-Term Strategic Plan is executed such that the E-ISAC is viewed by industry as meeting its needs as one of its key trusted sources of security information.
- Strengthen proactive outreach, communications, relationships, and intelligence sharing with key regulatory, legislative, and policy bodies, as well as government agencies across North America (U.S. and Canada).
- Nurture relationships with key industry trade associations, as well as those associations representing technology, affiliated sectors, and end users to understand context and leverage their experience and reach.
- Collaborate with technical stakeholder groups to support development of recommendations and risk mitigating activities based on events and identified reliability and security risks.
- Support GridEx-related planning and distributed play activities.
- Provide Regional perspective and support through active participation in appropriate NERC and ERO groups and activities.
- Support DOE-led effort on the development of the North American Energy Resilience Model (NAERM) in collaboration with the National Labs, the industry, and the ERO Enterprise.

## **2025 Goals and Key Deliverables**

### ***Situation Awareness 2025 Goals and Key Deliverables***

- Monitor the operational status of the BPS and coordinate normal and pre-emergency communication, awareness, and assistance in addition to the same during an emergency among the RCs within the NPCC footprint.
- Prepare daily reports and conduct daily and weekly conference calls with NPCC and neighboring RCs (MISO and PJM) to serve as a complement to the NPCC Emergency Preparedness Conference Call.
- Coordination and communication with the NERC Bulk Power System Awareness group in preparation for and during ongoing significant events in the NPCC footprint.
- Monitor the status of the BPS through the NERC Situational Awareness-FERC, NERC, Regions version 3 (SAFNrv3) tool and support efforts and work to develop and enhance the use of SAFNR and other tools to further support NPCC and ERO SA.
- Coordinate inter-regional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system.
- Review and implementation of applicable recommendations and lessons learned from the prior planning and distributed play activities in preparation for and participation in the GridEx VIII wide-area exercise.
- Participation in the ERO Enterprise-wide SA and EA activities, including NERC SA and EA Oversight Plan specified goals and deliverables in support of the activities to identify, prioritize, and assure effective and efficient mitigation of risk to the reliability and security of the North American BPS, including such activities as:

- NERC Bulk Power Situational Awareness calls.
- Participation in the ERO Enterprise Crisis Action Plan (CAP) tabletop exercises and enhancements to the CAP processes.
- Participation in the ERO Enterprise CAP activations.
- Support implementation and activities of NPCC’s Emergency Communications Plan.
- Provide the Regional perspective through NPCC staff support of the NERC Reliability and Security Technical Committee and participation on the key related NERC Subcommittees, Task Forces and Working Groups, including the Event Analysis Subcommittee and the ERO EA and SA Collaboration Groups.
- Participate in and support, as appropriate, periodic ERO Enterprise SA activities (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts, Winter Collaboration Group, etc.).
- Continue to promote, implement, and manage ERO Event Analysis Process (EAP) and Cause Coding process as part of the ERO Event Analysis Program, including collection and review of disturbance reports, review and analysis of applicable, qualifying events, development of lessons learned and cause coding of events.
- Work directly with applicable NPCC Task Forces and Working Groups to provide an in-depth assessment of Lessons Learned unique to the NPCC Members and NPCC Criteria and development of Regional Insights, as applicable.

***Infrastructure Security 2025 Goals and Deliverables***

- Provide physical and cyber security outreach and education services to registered entities.
- Monitor the Homeland Security Information Network (HSIN), E-ISAC, NERC Alerts, Canadian Information Sharing and North American Transmission Forum and share information with appropriate asset owners/operators.
- Remain current on all governmental agencies’ applicable security recommendations and requirements, and other applicable security and reliability recommendations, and ensure the RCC and its committees are appropriately informed.
- Provide support and technical input for TFIST and associated Working Groups related to the BPS risks as identified by the NERC Reliability Issues Steering Committee; support, discuss and coordinate activities and approaches identified in the recommendations for mitigating security risks.
- Support NERC GridEx VIII planning and distributed play activities and after-action survey and report development.
- Review infrastructure security & technologies and provide recommendations to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards.
- Sponsor periodic workshop presentations to address timely issues and update NPCC entities associated with infrastructure security and technology.
- Provide education, awareness, and support for Cross Sector coordination in Entity agreements and response plans with focus upon Telecommunications, Water and Natural Gas, including monitoring and sharing with the E-ISAC.
- Support ERO Enterprise and industry security initiative and enhance coordination and collaboration with the ERO, E-ISAC, other NERC Regions and U.S. and Canadian applicable authorities.
- Support Physical Security Working Group activities aimed at promoting the exchange of information regarding approaches to physical security that will enhance the reliability and resiliency of the BPS and further address any physical security threats that could challenge efficient operation of the BPS. The Physical Security Working Group will also support the TFIST’s work on issues related to physical security.



2025 Business Plan and Budget      Regional Entity Program Goals and Statements of Activities

- Through the Telecommunications Working Group, promote and enhance the reliability of the Interconnected Power System in Northeastern North America by assessing adequacy and resilience of organizations' voice communications, and development of recommendations for mitigation of identified risks and sharing of industry best practices.
- Provide a forum for NPCC members, NPCC Task Forces and Working Groups to identify and discuss cyber security issues and practices related to the BPS, including BES cyber security topics that span one or more Task Force or Working Group.

The Statement of Activities for this program area is shown below. See [Situation Awareness and Infrastructure Security Major Budget Drivers](#) for explanation of significant variances.

**Situation Awareness and Infrastructure Security Program Statement of Activities**

**Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget**  
**Situation Awareness and Infrastructure Security**

	2024 Budget	2025 Budget	Variance (\$)	Variance %
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$ 3,074,895	\$ 3,395,036	\$ 320,141	
Penalty Sanctions	55,092	59,514	4,422	
<b>Total ERO Funding</b>	<b>\$ 3,129,988</b>	<b>\$ 3,454,550</b>	<b>\$ 324,563</b>	<b>10%</b>
Membership Dues	-	-	-	
Testing Fees	-	-	-	
Services & Software	-	-	-	
Workshops & Misc Revenue	-	-	-	
Interest & Investment Income	-	-	-	
<b>Total Funding (A)</b>	<b>\$ 3,129,988</b>	<b>\$ 3,454,550</b>	<b>\$ 324,563</b>	<b>10%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,337,197	\$ 1,422,378	\$ 85,181	
Payroll Taxes	97,484	103,350	5,866	
Benefits	353,897	393,430	39,533	
Retirement Costs	133,441	152,954	19,513	
<b>Total Personnel Expenses</b>	<b>\$ 1,922,019</b>	<b>\$ 2,072,112</b>	<b>\$ 150,092</b>	<b>8%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 20,000	\$ 26,305	\$ 6,305	
Travel	110,000	151,100	41,100	
<b>Total Meeting Expenses</b>	<b>\$ 130,000</b>	<b>\$ 177,405</b>	<b>\$ 47,405</b>	<b>36%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 35,000	\$ 190,000	\$ 155,000	443%
Office Rent	-	-	-	
Office Costs	4,700	5,800	1,100	
Professional Services	-	-	-	
Computer & Equipment Leases	-	-	-	
Miscellaneous	-	-	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 39,700</b>	<b>\$ 195,800</b>	<b>\$ 156,100</b>	<b>393%</b>
<b>Total Direct Expenses</b>	<b>\$ 2,091,719</b>	<b>\$ 2,445,316</b>	<b>\$ 353,597</b>	<b>17%</b>
<b>Indirect Expenses</b>	<b>\$ 1,015,791</b>	<b>\$ 1,000,831</b>	<b>\$ (14,960)</b>	<b>-1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 3,107,510</b>	<b>\$ 3,446,147</b>	<b>\$ 338,637</b>	<b>11%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 22,478</b>	<b>\$ 8,403</b>	<b>\$ (14,074)</b>	<b>-63%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	<b>22,478</b>	<b>8,403</b>	<b>(14,074)</b>	<b>-63%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 3,129,988</b>	<b>\$ 3,454,550</b>	<b>\$ 324,563</b>	<b>10%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>FTES</b>	<b>7.10</b>	<b>7.10</b>	<b>0.00</b>	<b>0%</b>

## **Administrative Services**

### **Program Scope and Functional Description**

Administrative Services support the previously identified five program areas:

- Reliability Standards;
- Compliance Monitoring and Enforcement Organization Registration and Certification;
- Training, Education, and Operator Certification;
- Reliability Assessment and Performance Analysis; and
- Situation Awareness and Infrastructure Security.

Administrative Services:

- Technical Committees and Members' Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

### **Methodology for Allocation of Administrative Services Expenses to Programs**

NPCC's total overhead expenses, such as office rent and office costs, will be charged to Administrative Services and then reallocated proportionately based on FTE to the program's as Indirect Expenses. Where applicable, operating expenses are accounted for within the related program's budget. If an expense cannot be attributed to a specific program, it is included in Administrative Services.

## Technical Committees and Member Forums

### ***Program Scope and Functional Description***

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. NPCC stakeholders are the source of subject matter expertise in the industry. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high-level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC and NERC to identify and discuss emerging reliability issues related to the NPCC Region.

### ***2025 Key Assumptions***

- NPCC's standing committee and subgroup structure for effective stakeholder involvement will continue in 2025.
- NPCC will continue to utilize methods to encourage active involvement in its Regional programs.
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.

### ***2025 Goals and Key Deliverables***

- In 2025 NPCC will provide opportunities for NPCC Members to meet high level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior NERC and NPCC executives to discuss topics related to the Strategic Focus Areas identified within the NPCC 2024 - 2027 Strategic Plan: Enhancing System Resilience and Assuring Energy Sufficiency; Reliably Integrating the Resources (DER, IBR, and VER) Brought Forward by Societal De-carbonization Objectives; and Addressing Cyber and Physical Threats.
- The objective of the NPCC Public Information Committee is to disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and to coordinate public information activities with the NPCC Region, ERO Enterprise, and NERC media relations. Anticipated activities include, but are not limited to:
  - Media releases for NPCC Reliability Assessments.
  - Preparing other NPCC media releases and statements as needed.
  - Responding to media inquiries (and coordinating responses).
  - Participating in the ERO Communications Group's 2025 Work Plan activities, including:
    - Information sharing/education of key audiences/stakeholders to further the ERO Enterprise's mission;
    - Coordination/planning for outreach communications and media relations;
    - Consistent/coordinated outreach to support public and regulatory confidence of ERO Enterprise and its activities; and
    - Coordination with the ERO Enterprise Crisis Action Plan related media activities.
  - Periodic update of NPCC's Emergency Communications Plan (A Guide for Media Communications During Emergencies).
  - Media Planning associated with NERC's Grid Security Exercise (GridEX VIII).

## **General and Administrative**

### ***Program Scope and Functional Description***

The NPCC general and administrative function provides executive management of the corporation, enterprise risk management, management of NPCC office, and other administrative support programs.

NPCC total overhead expenses, such as office rent and office costs, will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

### ***2025 Key Assumptions***

The 2025 Key Assumptions for the NPCC General and Administrative function are as follows:

- NPCC will emphasize effective execution, efficiency, and transparency with a strong culture of continuous improvement and program readiness.
- NPCC will facilitate reliability-enhancing activities.
- NPCC will continue its outreach and communication with stakeholders to promote effective reduction of risk to the BPS.

The General and Administrative Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy and the ERO Enterprise Operating Plan. ERO Enterprise strategic and operational objectives are considered in the development and maintenance of the NPCC Strategic Plan on an annual basis.

### ***2025 Goals and Key Deliverables***

The NPCC General and Administrative function will support the following goals:

- Continue high-quality performance of delegated functions while maintaining an appropriate resource requirement; and
- Provide pertinent and timely information to stakeholders to improve efficiency of interactions with NPCC staff.
- Manage interface with NERC enterprise-wide internal audit initiatives

## **Legal and Regulatory**

### ***Program Scope and Functional Description***

The Legal and Regulatory program area is responsible for providing legal and regulatory advice to the Chief Executive Officer, Board, and staff on matters that affect NPCC. This includes drafting, reviewing, and maintaining NPCC's contracts, policies and procedures, and governance documents. It includes identifying and evaluating corporate, operational, strategic, and reputational risks and ensuring legal and regulatory compliance with applicable laws, orders, rules, and regulations. It also includes oversight of outside counsel, as necessary, which may review complex matters for legal sufficiency and provide independent legal advice and guidance on certain employment and Human Resource related matters.

The Legal and Regulatory program area is also responsible for Corporate Secretary function activities such as preparing Board materials and minutes, facilitating, and conducting Board training, and ensuring that meetings of the Board of Directors and Committees adhere to the NPCC Amended and Restated Bylaws and other relevant governing documents.

The Legal and Regulatory program area also provides oversight to the ME subprogram area of CORC. This includes overseeing settlements, contested enforcement matters, and enforcement submissions or filings with FERC and other Canadian regulatory agencies.

### **2025 Key Assumptions**

The 2025 Key Assumptions for the NPCC Legal and Regulatory function are as follows:

- NPCC will continue to support NPCC’s governance structure by supporting the Board and Board committees, facilitating the selection of stakeholder and independent directors, and drafting and obtaining approval of any necessary modifications to Bylaws and other corresponding governance changes.
- NPCC will continue to support the processing of enforcement actions through the development or oversight of settlement agreements and Notices of Penalty, leading settlement negotiations with the registered entities, discussing resolutions with NERC, obtaining approvals from the NERC Board of Trustees Compliance Committee, and with FERC;
- NPCC will continue to enhance its strategic engagement with policy makers and regulators in the states and provinces in the NPCC footprint to educate on what NPCC does in the areas of reliability and security, NERC and regional assessments, and reports.
- NPCC will proactively engage with NERC, FERC, and other regulatory agencies to help ensure NPCC’s continued recognition as a Regional Entity.

### **2025 Goals and Key Deliverables**

The 2025 Goals and Key Deliverables for the NPCC Legal and Regulatory function are as follows:

- Work with Enforcement to support processing enforcement actions, including the documentation of settlement agreements and Notices of Penalty, through the filing process at FERC;
- Support NPCC’s corporate governance needs;
- Support NPCC’s corporate legal needs; and
- Work with NERC and other Regions on obtaining renewal of NPCC’s Regional Delegation Agreement with NERC.

## **Information Technology**

### **Program Scope and Functional Description**

The Information Technology (IT) department manages the installation, maintenance, and security control configuration of NPCC information assets and network infrastructure. The department enforces the NPCC Cybersecurity and Data Protection Program through continuous oversight and monitoring of the network and operating systems and assists the program areas by providing them the functionality needed to meet their goals, objectives, and deliverables. Additionally, the IT department performs threat detection and incident response by integrating robust threat detection mechanisms and implementing effective incident response protocols, to safeguard NPCC’s assets and reputation.

NPCC partners with the ERO to implement, operate and maintain software tools supporting common enterprise-wide operations and leverages ERO solutions which have been approved by the ERO Executive Committee (ERO EC), which is comprised of the senior leadership of NERC and each of the Regional Entities. NERC and the Regional Entities are committed to working collaboratively to improve operational efficiency, minimize duplication of effort, and gain efficiencies by deploying common solutions from approved vendors.

The NERC information technology budget does not supplant NPCC’s need for IT expenditures for cybersecurity, Regional projects, and internal region-specific IT support needs.

**2025 Key Assumptions**

NPCC's budget assumes the availability of enterprise software tools as described in NERC's business plan and budget. If implementation of these software applications is delayed or otherwise not available as planned, NPCC could incur additional costs to implement ERO Enterprise-wide programs pending the availability of these applications. The 2025 plan considers the following regional assumptions:

- NPCC staff will have seamless access to the ERO Align and Secure Evidence Locker.
- NPCC IT will support the implementation of the ERO Analytical Community of Excellence (ERO ACE) program for the Reliability Services Program Areas.
- NPCC will actively participate in designing, planning, and implementing ERO Centralized Applications.
- Cybersecurity landscape will continue to evolve and require enhanced security tools and measures to strengthen NPCC's security posture and governance activities.
- NPCC's cloud infrastructure will be maintained and optimized.
- NPCC will utilize secure third-party hosting centers for its website and network.
- NPCC will leverage IT consulting services for project-based work to augment staff skill sets instead of increasing headcount for the support of NPCC's website and cloud network environments.
- NPCC will adhere to equipment replacement cycles (computers every three years, servers every four years, network equipment every five years).
- NPCC will collaborate with ERO to conduct a third-party Cybersecurity Benchmark assessment.
- NPCC will deploy artificial intelligence tools to boost staff and ERO capabilities.
- NPCC will actively support the ERO's Enterprise 3-Year Cybersecurity and Long-Term Strategy initiatives.

**2025 Goals and Key Deliverables**

The IT department responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems. IT goals include, but are not limited to:

- Evaluate NPCC's existing security controls and align them with industry-standard security frameworks.
- Enhance NPCC's incident response capabilities and strengthen security controls.
- Strengthen NPCC's internal Security Awareness Program through education and training on social media, phishing, and other vulnerabilities that pose threats to NPCC systems.
- Establish a robust Insider Threat Mitigation Program that includes proactive monitoring, early intervention, and reporting mechanisms to deter, detect, and mitigate risks posed by insiders.
- Develop in-house expertise, by obtaining industry recognized training and certifications to reduce the reliance on external vendors for system knowledge.
- Enhance NPCC's secure communication capabilities.
- NPCC IT support of the ERO Analytical Community of Excellence (ERO ACE) program for the Reliability Services Program Areas.
- Assist the SAIS Program Area in delivering educational webinars, security bulletins, and outreach to NPCC members.
- Improve NPCC's infrastructure by upgrading various hardware components and equipment as they reach end of life.

## **Human Resources**

### ***Program Scope and Functional Description***

NPCC constructed an exceptional team of highly qualified employees to carry out their day-to-day activities in the Human Resources Management (HRM) function. A critical responsibility of Human Resources (HR) is to build a healthy work environment and motivate its employees at each step to promote the company's goals to ensure the organization's success. Human Resources designs, implements and enforces policies and procedures, strategic planning, succession planning, knowledge transfer, and training and development. In addition, HR is responsible for managing the employee life cycle (i.e., recruiting, hiring, onboarding, training, and terminations), employee relations, performance management, compensation and benefits, Human Resources Information Systems (HRIS), and HR data and analytics tools all in adherence to applicable federal, state, and local laws.

### ***2025 Key Assumptions***

The Human Resources area will maintain its scope of operations from 2024. An increased number of employees drives the organization's recruitment needs, resulting in an increased workload.

### ***2025 Goals and Key Deliverables***

- Represent NPCC on the ERO People Culture and Strategy Group (PCSG) and participate in the ERO group activities to increase collaboration, transparency, and efficiency.
- Enhance employee recruiting and retention policies and practices.
- Increase the effectiveness of performance management processes.
- Amplify employee engagement activities, events, and voluntary employee resource groups.
- Manage rising benefits costs and establish competitive programs.



## **Finance and Accounting**

### ***Program Scope and Functional Description***

The Accounting and Finance program directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare its unaudited statements of activities and financial statements for quarterly reviews. Independent audits have consistently identified this system as a best practice.

### ***2025 Key Assumptions***

The Accounting and Finance program area will maintain its scope of operations from 2024.

### ***2025 Goals and Key Deliverables***

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements:

- Participate in ERO Finance Group activities to increase collaboration and efficiency
- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method of accounting for consistency with NERC in methodology
- Alignment of changes in budget and changes in aggregate assessment
- Cash Management
- Budget development using the NERC budget template format
- Forecasts and projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the programs
- Payroll and expense administration
- Preparation of unaudited quarterly financial variance reports
- IRS reporting
- Annual independent audit of financial statements

**Administrative Services Statement of Activities**

**Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget**  
**ADMINISTRATIVE SERVICES**

	2024 Budget	2025 Budget	Variance (\$)	Variance %
<b>Funding</b>				
<b>ERO Funding</b>				
ERO Assessments	\$ (51,794)	\$ (916,728)	\$ (864,934)	
Penalty Sanctions	-	-	-	
<b>Total ERO Funding</b>	<b>\$ (51,794)</b>	<b>\$ (916,728)</b>	<b>\$ (864,934)</b>	<b>1670%</b>
Membership Dues	-	-	-	
Testing Fees	-	-	-	
Services & Software	-	-	-	
Workshops & Misc Revenue	-	-	-	
Interest & Investment Income	47,337	127,992	80,655	
<b>Total Funding (A)</b>	<b>\$ (4,457)</b>	<b>\$ (788,736)</b>	<b>\$ (784,279)</b>	<b>17597%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 3,395,162	\$ 3,866,075	\$ 470,913	
Payroll Taxes	208,888	232,184	23,296	
Benefits	891,855	846,772	(45,084)	
Retirement Costs	374,487	420,998	46,511	
<b>Total Personnel Expenses</b>	<b>\$ 4,870,392</b>	<b>\$ 5,366,029</b>	<b>\$ 495,637</b>	<b>10%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 129,200	\$ 266,324	\$ 137,124	
Travel	72,600	124,750	52,150	
<b>Total Meeting Expenses</b>	<b>\$ 201,800</b>	<b>\$ 391,074</b>	<b>\$ 189,274</b>	<b>94%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 155,000	\$ 90,000	\$ (65,000)	
Office Rent	420,110	431,000	10,890	
Office Costs	1,167,313	1,267,978	100,665	
Professional Services	945,500	1,227,000	281,500	
Computer & Equipment Leases	-	-	-	
Miscellaneous	30,000	30,000	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 2,717,923</b>	<b>\$ 3,045,978</b>	<b>\$ 328,055</b>	<b>12%</b>
<b>Total Direct Expenses</b>	<b>\$ 7,790,114</b>	<b>\$ 8,803,080</b>	<b>\$ 1,012,966</b>	<b>13%</b>
<b>Indirect Expenses</b>	<b>\$ (7,790,114)</b>	<b>\$ (8,803,080)</b>	<b>\$ (1,012,966)</b>	<b>13%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>0%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (4,457)</b>	<b>\$ (788,736)</b>	<b>\$ (784,279)</b>	<b>17597%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	-	-	-	
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ -</b>	<b>0%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (4,457)</b>	<b>\$ (788,736)</b>	<b>\$ (784,279)</b>	<b>17597%</b>
<b>FTES</b>	<b>16.55</b>	<b>17.55</b>	<b>1.00</b>	<b>6%</b>

The Statement of Activities for the General and Administrative Service program area is shown above. See [Administrative Services Major Budget Drivers](#) for explanation of significant variances.

## Criteria Services Division Activities

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### NPCC Regionally-Specific Criteria Services Overview

NPCC Criteria Services division activities are based on the development, maintenance (including retirement), and promulgation of new or revised Regionally specific, more stringent reliability criteria and supporting guideline or procedural documents. The requirements in NPCC Reliability Criteria apply only to those facilities defined as NPCC BPS elements through the performance-based methodology identified in the NPCC Document A-10, "Classification of Bulk Power System Elements."

In accordance with the NERC Rules of Procedure Section 313, Regional Entities may develop Regional Criteria necessary to implement, augment, or facilitate compliance with NERC Reliability Standards. Regional Criteria may also include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

NPCC's Directories contain Regional Criteria which consists of requirements which provide an enhanced level of reliability to the NPCC defined BPS. The criteria impose more stringent requirements than those which appear in the NERC Reliability Standards. The Regional Criteria may also be utilized to address issues not within the scope or jurisdiction of FERC as outlined in Section 215 of the Federal Power Act, such as resource adequacy. Regional Criteria may also address Canadian Provincial reliability issues, and may include specific operating or planning parameters, guides, agreements, protocols, or other documents used to enhance the reliability of the BPS in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or Regional Variances, and therefore are not enforceable under the authority delegated by NERC pursuant to delegation agreements.

On a periodic basis and as NERC Reliability Standards are revised or new standards are developed, NPCC performs reviews of any associated Regional Criteria for possible impact (e.g., continued need or revision). During the criteria review process NPCC's Task Forces review not only the incremental reliability benefit, but also the cost effectiveness of the criteria. In addition, as NERC Reliability Standards are enhanced, revised, and ultimately approved by the FERC some requirements of the NPCC Regional Criteria may become unnecessary in the U.S. portion of NPCC. In these situations, it is important that the criteria remain in place until such time as all NPCC's Canadian Provincial regulators adopt the NERC Reliability Standard to ensure no reliability gaps exist.

For 2025 and beyond, the potential reliability impacts of increased penetration of (DER, IBR and large amounts of VER e.g., offshore wind) along with the associated changing fuel mixes within the NPCC footprint, warrant consideration. The Criteria Services division staff, in conjunction with the NPCC Task Forces and Working Groups have a unique opportunity to conduct reviews of these issues and develop criteria, guidelines, and procedural documents for Regionally specific, more stringent requirements for DER, IBR and VER. Participation of the entities responsible for the DER, IBR and VER in the development of reliability documents will become more important in the future as penetration levels increase. Outreach, collaboration, and coordination of topics related to DER, IBR and VER will enable NPCC to develop guidance allowing more effective integration of these resources.

Increasing resilience of the BPS through alternative approaches to standards development using potential NPCC Regional Criteria, guidelines, and whitepapers will also be continually reviewed by NPCC's body of subject matter experts.

NPCC Criteria Services continually prioritizes the revision of its reliability criteria based on potential emerging risks associated with increased deployment of decarbonized resources.

### **Membership**

Full members, in accordance with NPCC's Amended and Restated Bylaws, are subject to compliance with Regionally specific criteria and receive criteria-related services from the Criteria Services division.

Full Members, aside from those who perform the BA function, are not assessed an annual membership fee. Those that perform BA functions are assessed and remit a proportional NEL share of expenses for Criteria Services. NPCC would also directly assign Criteria Service division costs to a BAA or entity, where significant costs are incurred for that BAA. The funding for NPCC's Criteria Services division is approved by the NPCC Board of Directors.

Under its Criteria Services Program area, NPCC will identify for membership, those entities involved in emerging technologies to assure that those entities which have an impact on BPS reliability are included in appropriate NPCC activities.

### **Criteria Services Division**

#### **Program Scope and Functional Description**

NPCC's Criteria Services Division leads the development of Regional Criteria that are necessary to implement, to augment, or to comply with NERC Reliability Standards, but which are not Reliability Standards. NPCC's Regional Criteria also address reliability issues not within the scope of Reliability Standards, such as resource adequacy.

NPCC's regionally-specific more stringent reliability Criteria apply to Full Members of NPCC that own or operate generation or transmission facilities for which faults or disturbances can have a significant adverse impact outside of the local area and which are identified utilizing a reliability impact-based methodology. The Criteria are documented in the NPCC Directories and, in some cases, the legacy "A" documents. The NPCC Document "A-10," Classification of Bulk Power System Elements", describes the process used to determine which generation and transmission facilities must meet the Criteria.

NPCC's Criteria Services Division leads the development and implementation of the Criteria Compliance and Enforcement Program. This includes facilitating the monitoring of compliance with the Regional Criteria and the reporting of non-compliance with the Regional Criteria. This is done through the development of process documents and procedures to ensure Full Members have the means to monitor and report noncompliance with the Regional Criteria.

## Strategic and Business Planning

### 2025 Key Assumptions

The Criteria Services division activities are expected to remain stable throughout 2025.

### 2025 Goals and Objectives

- Continue the development and maintenance of a set of NPCC Directories which augment or add specificity to the NERC Reliability Standards, and which clearly delineate the more stringent NPCC criteria requirements. The more stringent NPCC Regional criteria provide consistency and operational clarity while providing more robust defense in-depth, results based, criteria requirements to ensure NPCC BPS reliability.
- Review the criteria found in the NPCC Directories on a triennial basis to ensure no redundancies or inconsistencies exist.
- Retire Directories and/or criteria which have been overtaken by improved NERC standards.
- Identify opportunities to develop criteria, procedures, or guideline documents to address emerging risks associated with DER, IBR, VER and energy storage.
- Identify opportunities to address enhancements in BES resilience with NPCC processes and documentation.
- Continually review the need to file revised and updated more stringent requirements with the New York State Department of Public Service and Canadian Provinces as applicable.
- The Criteria Services division and the CCEP Working Group (a sub-group of the Compliance Committee) will work with the various Task Forces to develop Criteria Compliance Reporting Forms for any additional NPCC Directories to ensure that the more stringent or Regionally-specific Criteria is being met.
- The Criteria Services division and the CCEP Working Group will work with the Task Force on Coordination of Operation (TFCO), Task Force on Coordination Planning (TFCP), Task Force on System Studies (TFSS), and Task Force on System Protection (TFSP) to review criteria within each specific NPCC Directory to identify and develop them into specific reporting forms for approval.
- Continually review impact of BES definition on Directory and criteria content and compliance reporting.
- Continually review potential impacts of Sector or NPCC organizational changes on the Directories and criteria by performing a review of enforcement and arbitration processes as needed.
- Assist Legal with preparation of revised Directories for regulatory filings with the individual Provinces in accordance with their respective MOUs and/or Agreements, as well as the State of New York Public Service Commission.
- Facilitate any requested clarifications for NPCC criteria with the necessary subject matter experts and identify any other potential opportunities for clarifications of the Criteria.

### NPCC Reliability Directories Maintenance and Development

The NPCC Regional Reliability Directories were developed to demonstrate that the NPCC more stringent criteria augment, add specificity, or address issues not covered in the NERC Reliability Standards as mandated by the NERC Rules of Procedure. The conversion of NPCC's reliability criteria into Directories was undertaken to remove any redundancies with the NERC or NPCC Regional Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements.

In 2025, work will continue with the maintenance, revision, or potential retirement of individual Directories to address any actual or anticipated redundancies with new or modified NERC or NPCC Reliability Standards. The ongoing review and maintenance of the Directories will require Task Force and Criteria Services staff to support this effort and to serve as subject matter experts. NPCC will conduct internal reviews of all draft standards against Regional criteria and utilize subject matter experts to identify reliability and compliance related concerns. NPCC will file the revised NPCC Directories and notifications of retirements of Directories with the Canadian governmental and/or provincial Regulatory authorities within the NPCC footprint as needed, in accordance with established provincial procedures and agreements executed with NPCC.

Additionally, as NERC Reliability Standards are developed, associated Directories will be reviewed for continued need. This review will identify the incremental reliability enhancement the Directory's criteria will yield, determine if the enhancement is sufficient to warrant retention and if so, are there any potential cost-effective alternatives that may exist to achieve that enhanced level of reliability.

## **NPCC Operations and Planning Directories**

The following Directories are expected to remain active for 2025.

### **Directory No.1, Design and Operation of the Bulk Power System**

This Directory documents NPCC's Regionally specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC TPL, BAL, IRO, INT, MOD, TOP, PRC, and VAR standards. A review to revise this Directory has been ongoing to incorporate potential revisions due to DER and VER and other emerging risks. Additionally, a Roadmap to inform future revisions of Directory No. 1 has been posted on the NPCC website and will guide an anticipated review in 2025.

### **Directory No.2, Emergency Operations**

This Directory documents NPCC's Regionally specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC EOP and TOP standards. The NPCC Task Force on Coordination of Operation is currently reviewing this Directory with an anticipated completion in 2024.

### **Directory No. 4, System Protection Criteria**

This Directory documents NPCC's Regionally specific, more stringent system protection criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The Task Force on System Protection will review this Directory in 2024 and will consider recommendations for incorporating the provisions of IEEE-2800 into the criteria contained in a Whitepaper developed to provide guidance to the Task Forces during Directory reviews. The Task Force on System Protection will also consider two clarification requests on the criteria within Directory No. 4.

### **Directory No.5, Reserve**

This Directory documents NPCC's Regionally specific, more stringent criteria, and demonstrates coordination and consistency with all the existing applicable NERC BAL, INT, and IRO standards. The NPCC Task Force on Coordination of Operation is currently reviewing this Directory with an anticipated completion in 2024.

### **Directory No. 6, Reserve Sharing Groups**

This Directory provides the requirements for NPCC Balancing Authorities to participate in a Reserve Sharing Group. The NPCC Task Force on Coordination of Operation is currently reviewing this Directory with an anticipated completion date in 2024.

### **Directory No.7, Special Protection Systems**

This Directory documents NPCC's Regionally specific, more stringent criteria for application and approval of RAS. The NPCC Task Force on System Protection reviewed and revised the document in 2020 to ensure consistency with the Remedial Action Scheme PRC-012 standard. The Task Force on Coordination of Planning will review this Directory in 2024.

### **Directory No.8, System Restoration**

This Directory documents NPCC's Regionally specific, more stringent criteria which each applicable entity must plan for and perform power system restoration following a major or a total blackout and demonstrates coordination and consistency with applicable NERC EOP standards. The NPCC Task Force on Coordination of Operation initiated a review and revision of this Directory in 2021. Recommendations for incorporating the provisions of IEEE-2800 into the criteria are contained in a Whitepaper developed to provide guidance to the Task Forces during

Directory reviews. These recommendations will consider the changing resource mix and the impact on entity restoration plans.

Directory No.11, Disturbance Monitoring Equipment

This Directory documents NPCC's Regionally specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC PRC standards. The NPCC Task Force on System Protection developed Directory No. 11 to facilitate the retirement of the NPCC Regional Standard PRC-002-NPCC-1.



## Criteria Services Goals and Statements of Activities

### NPCC Criteria Compliance and Enforcement Program (CCEP)

The CCEP monitors Full Members of NPCC for compliance on a subset of the regionally specific NPCC Criteria that are unique to the NPCC BPS. In 2025, there will be aspects of the Criteria monitored as part of the annual CCEP Implementation Plan.

Through NPCC Staff oversight, the stakeholder Compliance Committee (CC) supports the annual implementation of the CCEP via the CCEP-1 NPCC Criteria Compliance and Enforcement Program (CCEP) Process Document. A sub-group of CC members develops the annual CCEP Implementation Plan for approval by the full CC and acceptance by the RCC. The full CC reviews the returned certification forms, and NPCC staff develops an annual assessment report that summarizes the certification results where any recommendations on non-compliances are then presented to the RCC.

Upon RCC acceptance, instances of noncompliance result in a summary notification from the CC Chair to the Compliance Executive of the offending Full Member and to the NPCC President and CEO.

Please see the CCEP section of the [NPCC website](#) for more information.

### Criteria Services Funding Sources

The proposed 2025 Criteria Services budget of \$1,219,153 represents an increase of \$73,309 or 6.4% over the 2024 budget. The proposed Criteria Services membership fees of \$982,668 represents an increase of \$62,676 or 6.8% over the 2024 membership fees. Increase in membership fees is greater than increase in budget due to lower utilization of reserves to offset membership fees in 2025 than in 2024.

### Major Drivers

- **Personnel** expenses increase of \$100,998 is associated with a budgeted 5.5% average salary increase due to a highly competitive recruiting and retention environment (includes 4.0% - 4.5% average merit increase plus market adjustments related to 2024 compensation study), and a projected 8% increase in medical premiums.

## Criteria Service Statement of Activities

Statement of Activities and Capital Expenditures					
CRITERIA SERVICES DIVISION					
	2024 Budget	2024 Projection	2025 Budget	Variance \$	Variance %
<b>Funding</b>					
<b>ERO Funding</b>					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	
Penalty Sanctions	-	-	-	-	
<b>Total ERO Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Membership Dues	919,992	919,992	982,668	62,676	
Testing Fees	-	-	-	-	
Services & Software	-	-	-	-	
Workshops & Misc Revenue	-	-	-	-	
Interest & Investment Income	2,663	20,000	6,008	3,345	
<b>Total Funding (A)</b>	<b>\$ 922,655</b>	<b>\$ 939,992</b>	<b>\$ 988,676</b>	<b>\$ 66,021</b>	<b>7%</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 473,354	\$ 473,354	\$ 539,483	\$ 66,129	
Payroll Taxes	34,534	34,534	39,662	5,128	
Benefits	90,941	90,941	108,836	17,895	
Retirement Costs	43,614	43,614	55,460	11,846	
<b>Total Personnel Expenses</b>	<b>\$ 642,443</b>	<b>\$ 642,443</b>	<b>\$ 743,441</b>	<b>\$ 100,998</b>	<b>16%</b>
<b>Meeting Expenses</b>					
Meetings	\$ 6,600	\$ 6,600	\$ 11,718	\$ 5,118	
Travel	42,000	42,000	48,800	6,800	
<b>Total Meeting Expenses</b>	<b>\$ 48,600</b>	<b>\$ 48,600</b>	<b>\$ 60,518</b>	<b>\$ 11,918</b>	<b>25%</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 30,000	\$ 30,000	\$ 15,000	\$ (15,000)	
Office Rent	-	-	-	-	
Office Costs	3,100	3,100	2,100	(1,000)	
Professional Services	-	-	-	-	
Computer & Equipment Leases	-	-	-	-	
Miscellaneous	-	-	-	-	
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 33,100</b>	<b>\$ 33,100</b>	<b>\$ 17,100</b>	<b>\$ (16,000)</b>	<b>-48%</b>
<b>Total Direct Expenses</b>	<b>\$ 724,143</b>	<b>\$ 724,143</b>	<b>\$ 821,059</b>	<b>\$ 96,916</b>	<b>13%</b>
<b>Indirect Expenses</b>	<b>\$ 414,900</b>	<b>\$ 414,900</b>	<b>\$ 394,694</b>	<b>\$ (20,207)</b>	<b>-5%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 1,139,044</b>	<b>\$ 1,139,044</b>	<b>\$ 1,215,753</b>	<b>\$ 76,709</b>	<b>7%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (216,389)</b>	<b>\$ (199,052)</b>	<b>\$ (227,077)</b>	<b>\$ (10,688)</b>	
<b>Fixed Asset Additions, excluding Right of Use Assets ( C )</b>	<b>6,800</b>	<b>6,800</b>	<b>3,400</b>	<b>(3,400)</b>	<b>-50%</b>
<b>TOTAL BUDGET (=B+C)</b>	<b>\$ 1,145,844</b>	<b>\$ 1,145,844</b>	<b>\$ 1,219,153</b>	<b>\$ 73,309</b>	<b>6%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (223,189)</b>	<b>\$ (205,852)</b>	<b>\$ (230,477)</b>	<b>\$ (7,288)</b>	<b>3%</b>
<b>FTES</b>	<b>2.90</b>	<b>2.90</b>	<b>2.80</b>	<b>0.10</b>	<b>3%</b>

## Personnel Analysis

Total FTEs by Program Area	2024 Budget	2025 Budget Direct FTES	2025 Budget Shared FTES	2025 Budget Total FTES	Change from 2024 Budget
<b>CRITERIA SERVICES DIVISION</b>					
Criteria Services	2.90	0.00	2.80	2.80	-0.10
<b>Total FTEs Criteria Services Division</b>	<b>2.90</b>	<b>0.00</b>	<b>2.80</b>	<b>2.80</b>	<b>-0.10</b>

<sup>1</sup>A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.

### Criteria Services Reserve Analysis

Working Capital and Operating Reserve Analysis 2024-2025			
CRITERIA SERVICES DIVISION			
	Total Reserve	Working Capital	Operating Reserve
<b>Beginning Total Reserve, December 31, 2023</b>	645,214	553,546	91,668
2024 Non-Statutory Funding (from members)	919,992	919,992	
Plus: 2024 Other funding sources	20,000	20,000	
Less: 2024 Projected expenses & fixed asset additions	(1,145,844)	(1,145,844)	
Remaining Business Continuity Reserves released into Working Capital	0		
<b>Projected Total Reserve, December 31, 2024</b>	<b>439,362</b>	<b>347,695</b>	<b>91,668</b>
<b>Desired Total Reserve, December 31, 2025</b>	<b>208,886</b>	111,353 <sup>1</sup>	97,532 <sup>2</sup>
Less: Projected Total Reserve, December 31, 2024	(439,362)	(347,695)	(91,668)
<b>Increase(decrease) in assessments to achieve desired Total Reserve</b>	<b>(230,477)</b>	<b>(236,342)</b>	<b>5,865</b>
2025 Funding requirement for expenses and fixed asset additions	1,219,155		
Less: Other Funding Sources	(6,008)		
Adjustment to Operating Reserve to achieve desired Total Reserve balance <sup>2</sup>	5,865		
Adjustment to Working Capital to achieve desired Total Reserve balance <sup>1</sup>	(236,342)		
<b>2025 Funding and reserve requirement</b>	<b>982,670</b>		

<sup>1</sup> Working Capital must be within a range from 8% to 25% of Budget. \$111,353 represents 9% of the 2025 budget of \$1,219,155.

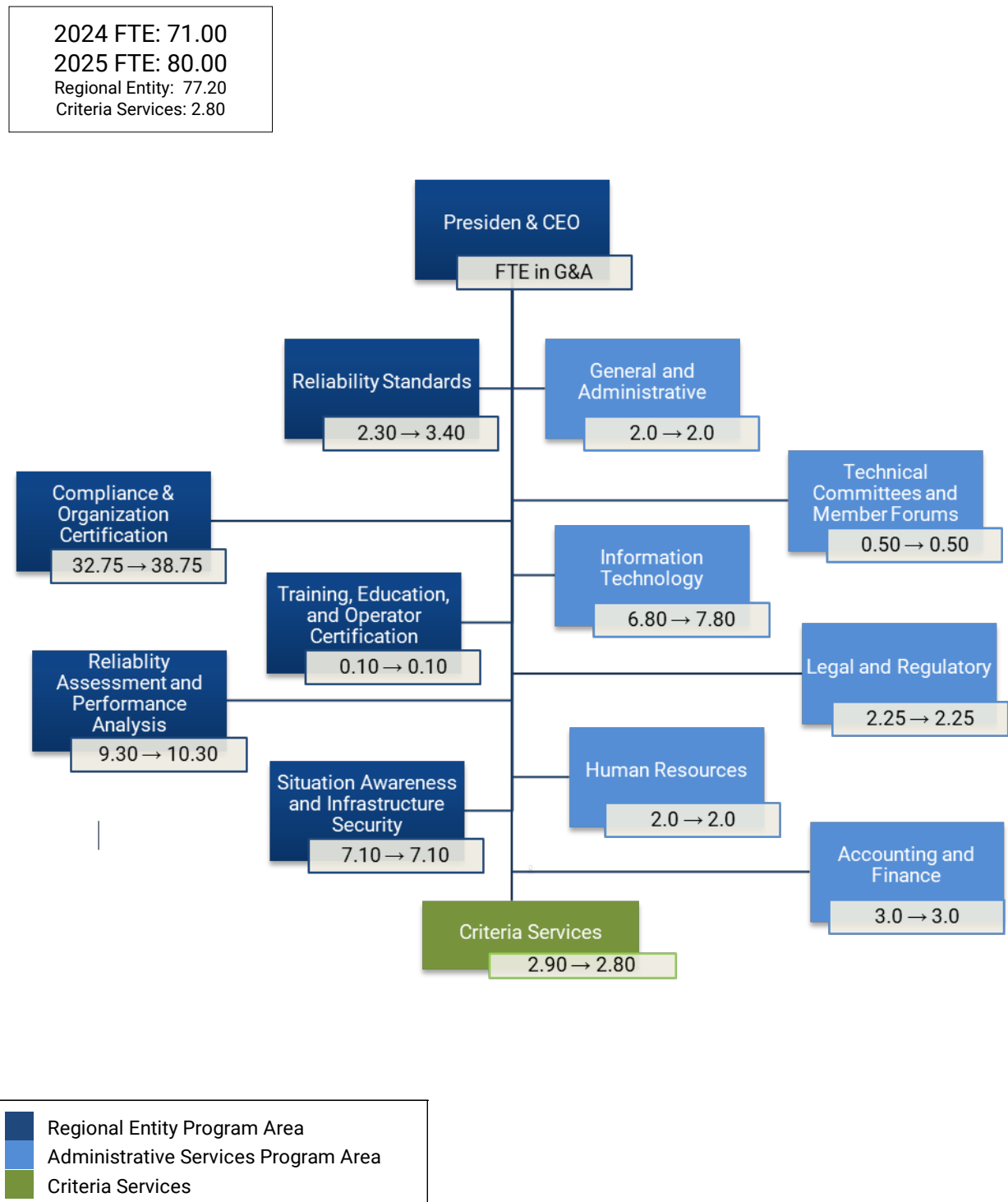
<sup>2</sup> Operating Reserve must equal 8% of Budget. \$97,532 represents 8% of the 2025 budget of \$1,219,155.

### Explanation of Changes in Reserve Policy from Prior Year

There was a revision to the existing Working Capital and Operating Reserve Policy in 2023 which changed utilization approval thresholds from dollar amounts to percentages of total budget. There was no change to the Working Capital and Operating Reserve target range.

# Appendix A - NPCC Organizational Chart

## Changes in Budgeted FTE by Program Area



## Appendix B - Acronyms

Acronym	Definition
AI	Audits and Investigations
AMWG	Acceptable Model Working Group
ASR	Assessment Stabilization Reserve
BA	Balancing Authority
BAA	Balancing Authority Area
BEP	BES Exception Process
BES	Bulk Electric System
BPS	Bulk Power System
CAP	Crisis Action Plan
CC	Compliance Committee
CCEP	Criteria Compliance and Enforcement Program
CDAA	CMEP Data Administration Application
CEH	Continuing Education Hour
CF	CORC Fundamentals
CGNC	Corporate Governance and Nominating Committee
CIGRE	Conseil International des Grands Réseaux Electriques (Council on Large Electric Systems)
CMEP	Compliance Monitoring and Enforcement Program
COP	Compliance Oversight Plan
CORC	Compliance Monitoring and Enforcement and Organization Registration and Certification Program
CORES	Centralized Organization Registration ERO System
CUG	Consortium Users Group
DADSWG	Demand Response Availability Data System Working Group
DER	Distributed Energy Resources
DHS	Department of Homeland Security
DOE	Department of Energy
EAP	ERO Event Analysis Process
EG	Enforcement Group
EIA	Energy Info Admin
EIC	Evaluation of Internal Controls
E-ISAC	Electricity Information Sharing and Analysis Center
EPHPIS	Electric Power Human Performance Improvement Symposium
ERAG	Eastern Interconnection Reliability Assessment Group
ERO	Electric Reliability Organization
EROACE	Electric Reliability Organization Analytical Community of Excellence
EROEC	Electric Reliability Organization Executive Committee
ESIG	Energy Systems Integration Group
FAC	Finance and Audit Committee
FERC	Federal Energy Regulatory Commission
FFT	Find, Fix, Track and Report
FTE	Full Time Employee
GADSWG	Generating Availability Data System Working Group
GMD	Geomagnetic Disturbance
HQCMÉ	Hydro-Québec Contrôle des mouvements d'énergie
HSIN	Homeland Security Information Network
IEEE	Institute of Electrical and Electronics Engineers
IESO	Independent Electricity System Operator
IRA	Inherent Risk Assessment
IRPTF	Inverter-Based Resource Performance Task Force
ISO	Independent System Operator
LCEF&T	Load Capacity Energy Fuels & Transmission Report
LMTF	Load Modeling Task Force
LSE	Load Serving Entity
MACD	Market Assessment and Compliance Division
MDCC	Management Development and Compensation Committee
ME	Mitigation and Enforcement
MIDASWG	Misoperation Information Data Analysis System Working Group
MMWG	Multi-Regional Modeling Working Group
MOU	Memorandum of Understanding
MST	Manual Task Force
NAERM	North American Energy Resilience Model
NAESB	North American Energy Standards Board
NATF	North American Transmission Forum
NBEUB	New Brunswick Energy and Utilities Board
NBMG	Node Breaker Modeling Group

Acronym	Definition
NCCIC	National Cybersecurity and Communications Integration Center
NEL	Net Energy for Load
NERC	North American Electric Reliability Corporation
NLH	Newfoundland and Labrador Hydro
NOI	Notice of Inquiry
NOPR	Notice of Proposed Rulemaking
NPCC	Northeast Power Coordinating Council, Inc.
NSPI	Nova Scotia Power Incorporated
NSUARB	Nova Scotia Utility and Review Board
OEB	Ontario Energy Board
ORCG	Organization Registration and Certification Group
PAS	Performance Analysis Subcommittee
PAWG	Probabilistic Assessment Working Group
PC	Pension Committee
PJM	Pennsylvania-Jersey-Maryland Interconnection LLC., Regional Transmission Organization
PPMVTf	Power Plant Model Verification Task Force
PSWG	Physical Security Working Group
QCMEP	Québec Reliability Standards Compliance Monitoring and Enforcement Program
RAPA	Reliability Assessment and Performance Analysis
RAPA-SG	ERO RAPA Steering Group
RAS	Reliability Assessment Subcommittee
RAS	Remedial Action Scheme
RC	Reliability Coordinator
RCC	Reliability Coordinating Committee
RPMG	Risk Performance and Monitoring Group
RISC	Reliability Issues Steering Committee
RSC	Regional Standards Committee
RSDP	Reliability Standards Development Plan
RSTC	Reliability and Security Technical Committee
RTWG	Reliability Training Working Group
RTO	Regional Transmission Organization
SAFNR	Situational Awareness-FERC, NERC, Regions
SAIS	Situation Awareness and Infrastructure Security
SAMS	System Analysis and Modeling Subcommittee
SAR	Standards Authorization Request
SCPS	Standards Committee Process Subcommittee
SDT	Standards Drafting Team
SEL	Secure Evidence Locker
SPCS	System Protection and Control Subcommittee
SMS	Synchronized Measurement Subcommittee
SO	System Operator
SPIDERWG	System Planning Impacts from Distributed Energy Resources Working Group
SPS	Special Protection Systems
TAD	Transmission Availability Data System
TADSWG	Transmission Availability Data System Working Group
TFCO	Task Force on Coordination of Operation
TFCP	Task Force on Coordination of Planning
TFE	Technical Feasibility Exception
TFIST	Task Force on Infrastructure Security and Technology
TFSP	Task Force on System Protection
TFSS	Task Force on System Studies
UFLS	Underfrequency Load Shedding
VER	Variable Energy Resources

**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 5**

**RELIABILITYFIRST CORPORATION**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**



**RELIABILITY FIRST**



**ReliabilityFirst Corporation  
2025 Business Plan and Budget**

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# Introduction

## ReliabilityFirst Organizational Overview

ReliabilityFirst (abbreviated RF) is one of six regional organizations responsible for ensuring the reliability and security of the North American Bulk Electric System. Under the authority of the North American Reliability Electric Corporation (NERC) and the Federal Energy Regulatory Commission (FERC), we audit utility companies on mandated standards related to cybersecurity, vegetation management near vital power lines, preparation for extreme weather and more.

We also promote the reliability and security of the electric grid through outreach and training to these companies on best practices and conduct our own analysis and projections related to resource planning and more, serving as an independent source state bodies call on for input on energy policy decisions.

We work in tandem with the North American Electric Reliability Corporation (NERC) and the five other regions, MRO, NPCC, SERC, Texas RE and WECC toward this shared mission. This system was born out of the Energy Policy Act of 2005, which followed the 2003 Northeast Blackout.

RF is responsible for promoting and improving the reliability, security and resiliency of the Bulk Electric System (BES) in all or portions of Delaware, New Jersey, Pennsylvania, Maryland, Virginia, Illinois, Wisconsin, Indiana, Ohio, Michigan, Kentucky, West Virginia, Tennessee, and the District of Columbia. As a Regional Entity, RF performs key reliability functions delegated to it by NERC.



## Our Mission and Values

Our mission is to ensure that the electric grid is reliable and secure – not only for today but also for tomorrow. Our team identifies and prioritizes risks facing the electric grid and then determines mitigation strategies to work with utility companies to address these risks, both proactively and through enforcement of the mandated standards. We also develop and deploy communication and outreach strategies to drive awareness and further ensure risk resolution.

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**Our mission:** To serve the public good and support health and safety through preserving and enhancing the reliability, security and resilience of the grid.

**Our people:** To foster a respectful, collaborative environment where employees can be and feel like the best version of themselves.

**Our transparency:** To be open and honest about what we are trying to accomplish, and why, to foster productive dialogue.

**Our fairness:** To be reasonable and consistent.

**Our accountability:** To act with integrity, take pride in our work and responsibility for our actions, and deliver exceptional results.

**Our creativity:** To encourage and reward innovative ideas and approaches.

## **Membership and Governance**

### **Members**

RF has an open and voluntary membership policy that permits participation of all industry stakeholders through their designated representatives. There are six (6) Industry Sectors: Suppliers, Transmission Companies, Regional Transmission Organizations (RTOs), Small Load Serving Entities (LSEs), Medium LSEs, and Large LSEs. Membership allows registered entities participate in committees, subcommittees and working groups with RF and their peers to share best practices and lessons learned, receive valuable training, workshops, newsletters and other communications, and to vote in elections for open board directors seats.

RF's foundation has been and continues to be the broad, active participation of volunteer technical and policy experts representing electricity industry stakeholders within the Region who are committed to the reliability, security, and resiliency of the BES. RF believes that partnering with industry expert resources, combined with a competent and independent RF staff, provides a cost-effective approach that is consistent with the industry self-regulatory model envisioned by Congress in the Energy Policy Act of 2005.

### **Board of Directors**

RF is governed by a hybrid, independent, and balanced stakeholder Board that consists of 16 Directors. The board consists of eleven (11) industry stakeholder directors elected by the Industry Sectors. In addition, RF has four (4) independent directors from outside the industry to bring a different perspective and balance to the board. RF's President and CEO also serves on the board as a non-voting member. This diverse mix of stakeholder and independent directors allows the Board to focus on the most important and significant risks to reliability in the RF footprint.

The Board has the following committees, each led by one of the independent board directors, and report directly to the Board.

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- **Talent and Compensation** – Provides oversight on behalf of the Board over RF’s organizational and staffing needs, employee compensation, independent board directors compensation, DEI efforts and other matters related to human resources.
  - **Risk and Compliance** – Provides oversight on behalf of the Board over RF’s compliance monitoring and enforcement programs, identification of regional risks, and other matters related to risk to reliability and security of the grid.
  - **Finance and Audit** – Provides oversight on behalf of the Board to RF on the business plan and budgeting process, overall financial health, internal controls and other financial matters.
  - **Nominating and Governance** – Provides oversight on behalf of the Board to RF to the organization’s Bylaws and policies and is the committee responsible for identifying, vetting and recommending candidates for Board Officers and committee positions for Board approval.

## **Statutory Functional Scope**

RF performs the following statutory functions to further its mission and in accordance with its FERC approved Delegation Agreement with NERC:

- Active participation in the development and revision of North American Reliability Standards for the Bulk Electric System (BES), and as needed development of Regional Reliability Standards and Variances applicable within the RF footprint.
- Monitoring and enforcement of approved Reliability Standards, including the registration of responsible entities, and as needed certification of such entities.
- Assessment of the present and future reliability, resiliency, security, and risks of the BPS.
- Promoting situational awareness and the protection of critical infrastructure.
- Event analysis and identification of lessons learned to enhance reliability.
- Provides training, education and outreach to stakeholders in support of its performance of delegated functions. Participating in reliability and security activities that enhance resilience of the BPS.

## **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 bulk power system (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 conducts its work 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.

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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 has worked to further leverage resources, and enhance communication and collaboration to ensure grid reliability, resilience and security. The ERO Enterprise committed to the following declarations:

- 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; and
- Support innovation, initiatives, and the sharing of best practices across the ERO Enterprise.



Building upon these commitments, the ERO Enterprise is now engaging 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.

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# **Strategic & Business Planning**





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## Strategic and Business Planning

### 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 Regions, and the different corporate and governance responsibilities of each entity.

ERO Enterprise leadership came together to revise the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees (Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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 (E-ISAC)-based security capability.
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

Since that time, the ERO Enterprise has refined specific Work Plan Priorities, notably in the areas of Energy, Security, Agility, and Sustainability; and is finalizing its response to four critical challenges to overcome in order to position the ERO Enterprise for continued success in the implementation of its brilliant model for the foreseeable future.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business Plan and Budget may reference how activities support each of the strategic focus areas.

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.

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## ReliabilityFirst Strategic Planning

### 2025 Strategic Focus Areas

The strategic plan is the culmination of a collaborative planning process. It captures our progress over the last fifteen (15) years since our inception, maintains the strong core of our prior strategic plan, but also accounts for the changing nature of our work and the grid. This iteration highlights a few of the many relevant factors we considered as we look to the future, and it sets forth streamlined objectives to ensure that RF remains positioned to ensure the reliability, security and resilience of the grid.

- **Be an excellent regulator** – RF must consistently demonstrate accountability, transparency and efficiency through our model within the ERO. We will commit resources to collaboration and security by implementing best in class security plans and practices to safeguard all data and information in our possession. We will also build deep knowledge of our entities and use it to serve our footprint so that we can help educate and serve as an independent resource to our stakeholders.
- **Cultivate a talented and engaged workforce** – Our employees are the heart of what we do, and we are committed to recruiting, retaining, and training the right people for the right roles. We will ensure our talent stays on top of this changing industry and skills are developed to adapt to these changing needs. We are also committed to further enhancing and promoting diversity, equity and inclusion as we believe a diverse workforce where employees feel they can be their authentic selves is one that is most successful. Lastly, we will prioritize our positive workplace culture making RF a workplace of choice.
- **Harness knowledge to creatively and comprehensively address risks to the grid** – We commit to quickly deploying communications to mitigate risk based on our data and perspective. We will develop targeted outreach strategies so that we are reaching a variety of stakeholders in meaningful ways. We pledge to enhance our value as an independent resource and broaden our reach by engaging with state legislatures, public utility commissions and more to utilize our independent voice.

RF's Operating Plan articulates key deliverables that ensure the day-to-day operations match the objectives laid out in the Strategic Plan:

#### **Be an Excellent Regulator**

- Manage all compliance monitoring activities in a risk-based, fair, and consistent manner, affording all entities appropriate due process using tools available to ensure thorough and collaborative compliance audits consistently with all Regions.
- Assist in the development of the risk based annual CMEP implementation Plan which helps guide oversight actions and identifies common risks and reliability issues.
- Provide outreach to industry identifying themes, trends, emerging risks, and best practices associated with noncompliance issues, including identifying opportunities to share key takeaways with industry stakeholders, helping ensure the reduction of risk to BPS reliability.

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### **Cultivate a Talented and Engaged Workforce**

- Attract, develop and retain highly skilled and engaged staff; diversify employment recruiting channels.
- Promote employee engagement and empowerment; provide opportunities for staff to engage with each other for collaboration and community in our hybrid work environment.
- Mature succession plan process and continue to develop the future leaders within RF who have been identified within the plan.

### **Harness Knowledge to Creatively and Comprehensively Address Risks to the Grid**

- Issue announcements, newsletters, and reports on key compliance, reliability, risk identification and mitigation, security, state policies, and resilience issues facing RF and the industry.
- Communicate key risks and risk mitigation strategies, plus lessons learned including outreach on winterization.
- Host targeted webinars including the open stakeholder calls (Technical Talk with RF) covering topics related to compliance, reliability, security, resilience, and enforcement.

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# **2025 Business Plan and Budget Overview**



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## 2025 Business Plan and Budget Overview

### Funding and Budget Summary

This Business Plan and Budget reflects RF's best estimate of the costs it will incur in carrying out its delegated functions in support of the ERO in 2025. Overall, the RF 2025 budget of \$33,373,022 increased 6.5% over the 2024 budget of \$31,324,535. The 2025 assessment of \$28,587,612 represents a 6% increase over the 2024 assessment of \$26,959,272. RF used collected penalties and a portion of its reserves to limit the assessment increase. RF's proposed 2025 assessment was reduced by the release of \$1,977,500 from its Working Capital Reserve, and \$2,707,910 from penalties released. (Refer to Working Capital and Operating Reserve Analysis for more information).

RF's NEL for 2023 was 853,353,182 MWh. This number is down slightly (3.83%) from 2022 mostly due to milder weather than expected in some areas, assets that left the market, and switching to renewables.

RF believes that in 2025, it will continue to realize material efficiencies that will allow the organization to effectively perform its mission and deliver value by reducing risks to the reliability and security of the grid. RF will also continue to perform its essential mission at a cost that balances the longstanding traditions of affordable and reliable electricity across RF's footprint.

The following budget changes allow RF to accomplish the specific objectives outlined in the 2025 Business Plan and Budget (BP&B).

### Major Budget Drivers

For comparison below, dollars are stated as an increase from the 2024 budget compared to the 2025 budget:

- **Personnel** – RF will be adding three additional full-time employees (FTE) to the organization in the following program areas: RAPA, Training and Education and Compliance Monitoring. These additional FTEs will help support the goals and deliverables set forth by the program areas.
- **Computer Service and Maintenance** – To support the software requirements for the necessary NERC energy studies, an investment in both hardware and software is needed for the tools on RF's engineering teams. Additionally, as RF explores ways to scale and drive efficiency through generative AI, an investment in tools will be explored for future gains in productivity.
- **Contractors and Consultants** – RF's security team continues to move towards a standards-based holistic approach to security. As such we are investing in tools for important benchmarking comparisons, security trends and analyses, AI business enablement ideas, and access to subject matter experts for conversations on specific vendors and technologies.
- **Office Costs** – As part of the NERC required energy assessment studies that our engineering teams will do, an investment in hardware and software for the tools needed for the studies will be made.

# Statement of Activities and Variance Explanations

## 2024 Budget and 2025 Budget Comparisons

Statement of Activities and Capital Expenditures						
2024 Budget & Projection and 2025 Budget						
STATUTORY						
	2024 Budget	2024 Projection	Variance 2024 Projection v 2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>						
<b>ReliabilityFirst Funding</b>						
ERO Assessments	\$ 26,959,272	\$ 26,959,272	\$ -	\$ 28,587,612	\$ 1,628,340	6.0%
Penalties Released	1,473,348	1,474,585	1,237	2,707,910	1,234,562	83.8%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 28,432,620</b>	<b>\$ 28,433,857</b>	<b>\$ 1,237</b>	<b>\$ 31,295,522</b>	<b>\$ 2,862,902</b>	<b>10.1%</b>
Membership Dues	\$ -	\$ -	\$ -	\$ -	\$ -	-
Federal Grants	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-
Workshops	-	-	-	-	-	-
Interest and Investment Income	50,000	250,000	200,000	100,000	50,000	100.0%
Miscellaneous Income	-	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 28,482,620</b>	<b>\$ 28,683,857</b>	<b>\$ 201,237</b>	<b>\$ 31,395,522</b>	<b>\$ 2,912,902</b>	<b>10.2%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 19,495,381	\$ 19,495,381	\$ -	\$ 20,909,475	\$ 1,414,094	7.3%
Payroll Taxes	1,232,095	1,232,095	-	1,345,325	113,230	9.2%
Benefits	2,985,469	2,856,821	(128,648)	3,013,614	28,145	0.9%
Retirement Costs	3,145,630	3,469,538	323,908	3,371,307	225,677	7.2%
<b>Total Personnel Expenses</b>	<b>\$ 26,858,575</b>	<b>\$ 27,053,835</b>	<b>\$ 195,260</b>	<b>\$ 28,639,721</b>	<b>\$ 1,781,146</b>	<b>6.6%</b>
<b>Meeting Expenses</b>						
Meetings	\$ 432,855	\$ 392,855	\$ (40,000)	\$ 427,408	\$ (5,447)	-1.3%
Conference Calls	-	40,000	40,000	13,000	13,000	-
Travel	648,100	648,100	-	648,107	7	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 1,080,955</b>	<b>\$ 1,080,955</b>	<b>\$ -</b>	<b>\$ 1,088,515</b>	<b>\$ 7,560</b>	<b>0.7%</b>
<b>Operating Expenses, excluding Depreciation</b>						
Contractors & Consultants	\$ 553,700	\$ 553,700	\$ 0	\$ 653,970	\$ 100,270	18.1%
Office Rent	852,751	719,667	(133,084)	716,000	(136,751)	-16.0%
Office Costs	1,011,134	1,011,134	-	1,357,755	346,621	34.3%
Professional Services	741,816	741,816	-	761,365	19,549	2.6%
Miscellaneous	48,704	48,704	-	65,696	16,992	34.9%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 3,208,105</b>	<b>\$ 3,075,021</b>	<b>\$ (133,084)</b>	<b>\$ 3,554,786</b>	<b>\$ 346,681</b>	<b>10.8%</b>
<b>Total Direct Expenses</b>	<b>\$ 31,147,635</b>	<b>\$ 31,209,811</b>	<b>\$ 62,176</b>	<b>\$ 33,283,022</b>	<b>\$ 2,135,387</b>	<b>6.9%</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 31,147,635</b>	<b>\$ 31,209,811</b>	<b>\$ 62,176</b>	<b>\$ 33,283,022</b>	<b>\$ 2,135,387</b>	<b>6.9%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ (2,665,015)</b>	<b>\$ (2,525,954)</b>	<b>\$ 139,061</b>	<b>\$ (1,887,500)</b>	<b>\$ 777,515</b>	<b>-29.2%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 176,900</b>	<b>\$ 176,900</b>	<b>\$ -</b>	<b>\$ 90,000</b>	<b>\$ (86,900)</b>	<b>-49.1%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 31,324,535</b>	<b>\$ 31,386,711</b>	<b>\$ 62,176</b>	<b>\$ 33,373,022</b>	<b>\$ 2,048,487</b>	<b>6.5%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ (2,841,915)</b>	<b>\$ (2,702,854)</b>	<b>\$ 139,061</b>	<b>\$ (1,977,500)</b>	<b>\$ 864,415</b>	<b>-30.4%</b>
FTEs	98.00	96.54	(1.46)	101.00	3.00	3.1%

\*Penalties released reflect the designated amount of funds released to offset U.S. assessments. Actual penalties invoiced are reported in the audited financial statements as an increase in net assets in accordance with Generally Accepted Accounting Principles (GAAP).

**Table 1: Statement of Activities and Capital Expenditures**

## Major Budget Drivers - Program Areas

Program			Variance 2025	
	2024 Budget	2025 Budget	Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	0.0%
Reliability and Risk	8,440,353	8,239,247	(201,106)	-2.4%
Compliance Monitoring and Enforcement	14,886,639	15,817,272	930,633	6.3%
Reliability Assessments and Performance Analysis	3,440,199	3,942,804	502,605	14.6%
Training, Education, and Outreach	2,412,111	3,188,953	776,842	32.2%
Situation Awareness and Infrastructure Security	2,145,232	2,184,745	39,513	1.8%
<b>Total</b>	<b>\$ 31,324,535</b>	<b>\$ 33,373,022</b>	<b>\$ 2,048,487</b>	<b>6.5%</b>

**Table 2: Major Budget Drivers – Program Areas**

### Compliance Monitoring and Enforcement

- **Personnel** – Increase of 1 FTE to support the administrative work of Align and the SEL. This role would centralize all existing work being done today to one person for accountability and organization. This role would also assist with keeping the compliance monitoring team in compliance on required training and follow up on standards development.

### Reliability Assessment and Performance Analysis

- **Personnel** - Increase of 1 FTE to support additional analyses, studies and modeling associated with Inverter Based Resources, new energy studies and interregional transfer capability studies.
- **Computer Service and Maintenance** – An increase in new software for the required NERC energy studies for the engineering team to complete this work with the tools needed.

### Training, Education and Outreach

- **Personnel** – The increased volume of engagements and policies that are changing in the state outreach program is resulting in the addition of 1 FTE being added to Training, Education and Outreach. This role would assist the External Affairs team in staying abreast of state policy changes, forming relationships with key stakeholders and developing messaging for our outreach efforts. Additionally, ReliabilityFirst is repurposing an FTE from Reliability and Risk to Training, Education, and Outreach.

## Major Budget Drivers - Administrative Services

Administrative Services	Direct Expenses and Fixed Assets			FTEs		Variance 2025 Budget v 2024 Budget
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	2024 Budget	2025 Budget	
General and Administrative*	\$ 3,979,158	\$ 4,060,605	\$ 81,447	6.00	6.00	0.00
Legal and Regulatory	1,389,298	1,439,496	50,199	4.00	4.00	0.00
Information Technology	2,748,829	2,954,142	205,312	9.00	9.00	0.00
Human Resources	1,341,294	1,582,825	241,531	4.00	4.00	0.00
Finance and Accounting	990,920	1,016,965	26,045	3.00	3.00	0.00
<b>Total Administrative Services</b>	<b>\$ 10,449,499</b>	<b>\$ 11,054,033</b>	<b>\$ 604,534</b>	<b>26.00</b>	<b>26.00</b>	<b>0.00</b>

\* General and Administrative includes the CEO, Executive Assistant, Chief Security Officer, and RF's Security staff members

**Table 3 – Major Budget Drivers - Administrative Services**

### Administrative Services

- **Personnel** – No changes to FTEs in Administrative Services in 2025. Developing a formal intern program to offset some workload, develop community relationships, and talent pipeline.
- **Computer Software and Maintenance** - Investment in tools for important benchmarking comparisons, security trends and analyses, AI business enablement ideas, and access to subject matter experts for conversations on specific vendors and technologies. Additional investment in generative AI tools, security infrastructure and software.



## Personnel Analysis and Expenses

Total FTEs by Program Area	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget
<b>STATUTORY</b>			
<b>Operational Programs</b>			
Reliability Standards	0.00	0.00	0.00
Reliability and Risk	19.00	18.00	-1.00
Compliance Monitoring and Enforcement	37.00	38.00	1.00
Reliability Assessment and Performance Analysis	7.00	8.00	1.00
Training, Education, and Outreach	4.00	6.00	2.00
Situation Awareness and Infrastructure Security	5.00	5.00	0.00
<b>Total FTEs Operational Programs</b>	<b>72.00</b>	<b>75.00</b>	<b>3.00</b>
<b>Administrative Programs</b>			
General and Administrative	6.00	6.00	0.00
Legal and Regulatory Affairs	4.00	4.00	0.00
Information Technology	9.00	9.00	0.00
Human Resources	4.00	4.00	0.00
Finance and Accounting	3.00	3.00	0.00
<b>Total FTEs Administrative Programs</b>	<b>26.00</b>	<b>26.00</b>	<b>0.00</b>
<b>Total FTEs</b>	<b>98.00</b>	<b>101.00</b>	<b>3.00</b>

**Table 4: Personnel Analysis and Expenses – Total FTE by Program Area**

Personnel Expenses			Variance 2025 Budget v 2024	
	2024 Budget	2025 Budget	Budget	Variance %
<b>Total Salaries</b>	\$ 19,495,380	\$ 20,909,475	\$ 1,414,095	7.3%
<b>Total Payroll Taxes</b>	\$ 1,232,095	\$ 1,345,325	\$ 113,230	9.2%
<b>Total Benefits</b>	\$ 2,985,469	\$ 3,013,614	\$ 28,144	0.9%
<b>Total Retirement</b>	\$ 3,145,630	\$ 3,371,307	\$ 225,677	7.2%
<b>Total Personnel Costs</b>	\$ 26,858,575	\$ 28,639,721	\$ 1,781,146	6.6%
<b>FTEs</b>	<b>98.00</b>	<b>101.00</b>	<b>3.00</b>	<b>3.1%</b>
<b>Cost per FTE</b>				
Salaries	\$ 198,932	\$ 207,025	\$ 8,092	4.1%
Payroll Taxes	12,572	13,320	748	5.9%
Benefits	30,464	29,838	(626)	-2.1%
Retirement	32,098	33,379	1,281	4.0%
<b>Total Cost per FTE</b>	\$ 274,067	\$ 283,562	\$ 9,494	3.5%

**Table 5: Personnel Analysis and Expenses – Personnel Expenses**

**Explanation of Significant Variances – 2025 Budget versus 2024 Budget**

- The overall increase in **Personnel Expenses** is due to the addition of three new FTEs and a 4% general wage increase. More information can be found in the Major Budget Drivers – Budget Overview
- Additional increase tied to retirement benefits for incentive compensation.

## Contractors and Consultants

Contractors & Consultants			Variance 2025 Budget v 2024	
	2024 Budget	2025 Budget	Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	-
Reliability and Risk	24,000	19,000	(5,000)	-20.8%
Compliance Monitoring and Enforcement	-	-	-	-
Reliability Assessment and Performance Analysis	150,062	113,600	(36,462)	-24.3%
Training and Education	34,000	34,000	-	0.0%
Situation Awareness and Infrastructure Security	-	-	-	-
Administrative Services	345,638	487,370	141,732	41.0%
<b>Total Contractors &amp; Consultants</b>	<b>\$ 553,700</b>	<b>\$ 653,970</b>	<b>\$ 100,270</b>	<b>18.1%</b>

**Table 6: Contractors and Consultants**

### Explanation of Significant Variances – 2025 Budget versus 2024 Budget

- An investment in tools for important benchmarking comparisons, security trends and analyses, AI business enablement ideas, and access to subject matter experts for conversations on specific vendors and technologies.

## Fixed Assets

Fixed Assets			Variance 2025 Budget v 2024	
	2024 Budget	2025 Budget	Budget	Variance %
Computer Hardware	\$ 110,000	\$ 90,000	\$ (20,000)	-18.2%
Computer Software	63,000	-	(63,000)	-100.0%
Furniture & Fixtures	3,900	-	(3,900)	-100.0%
Leasehold Improvements	-	-	-	-
<b>Total Fixed Assets</b>	<b>\$ 176,900</b>	<b>\$ 90,000</b>	<b>\$ (86,900)</b>	<b>-49.1%</b>

**Table 7: Fixed Assets**

### Explanation of Significant Variances – 2024 Budget versus 2025 Budget

- Overall computer hardware and software costs decrease as a result of a cloud-first technology strategy and conversion to cloud-based solutions.

## Working Capital and Operating Reserve Analysis

Working Capital and Operating Reserve Analysis 2024 - 2025				
STATUTORY				
	Total	Working Capital and Working Capital Reserve	Unreleased Penalties	Operating Reserve
Beginning Working Capital Per Audit, December 31, 2023	\$ 12,656,573			
Less: Adjustment for Future Long-Term Liabilities	\$ -			
Beginning Reserve Balances, January 1, 2024	\$ 12,656,573	\$ 7,896,728	\$ 3,759,845	\$ 1,000,000
Plus: Penalty Funds Released from Restriction January 1, 2024	\$ -	\$ 1,474,585	\$ (1,474,585)	
Plus: Penalty Sanctions Received January 1 - June 30, 2024	\$ 452,650		\$ 452,650	
Less: Penalty Sanctions Placed in Assessment Stabilization Reserve	\$ (30,000)		\$ (30,000)	
Plus: 2024 ReliabilityFirst Funding (from LSEs or designees)	\$ 26,959,272	\$ 26,959,272		
Plus: 2024 Other funding sources	\$ 250,000	\$ 250,000		
Less: 2024 Projected expenses & capital expenditures	\$ (31,386,711)	\$ (31,386,711)		
<b>Projected Working Capital and Operating Reserves, December 31, 2024</b>	<b>\$ 8,901,784</b>	<b>\$ 5,193,874</b>	<b>\$ 2,707,910</b>	<b>\$ 1,000,000</b>
Targeted Working Capital and Operating Reserves, December 31, 2025 <sup>2</sup>	\$ 4,216,374	\$ 3,216,374		\$ 1,000,000
Less: Projected Working Capital and Operating Reserves, December 31, 2024	\$ (8,901,784)	\$ (5,193,874)	\$ (2,707,910)	\$ (1,000,000)
<b>Total Adjustments to Reserves</b>	<b>\$ (4,685,410)</b>	<b>\$ (1,977,500)</b>	<b>\$ (2,707,910)</b>	<b>\$ -</b>
2025 Expenses and Capital Expenditures	\$ 33,373,022			
Less: Penalty Sanctions <sup>1</sup>	\$ (2,707,910)			
Less: Other Funding Sources	\$ (100,000)			
Adjustment to Achieve Reserve Balances	\$ (1,977,500)			
<b>2025 ReliabilityFirst Assessment</b>	<b>\$ 28,587,611</b>			

<sup>1</sup> Represents penalty sanctions collected from July 1, 2023 to June 30, 2024.

<sup>2</sup> The Operating and Working Capital Reserves were approved by the ReliabilityFirst Board of Directors on May 2, 2024.

**Table 8: Working Capital and Operating Reserve Analysis – Statutory**

### Explanation of the Working Capital Reserve

Historically, the working capital reserve has consisted of the amount necessary to satisfy projected cash flow needs for daily operations. To manage assessments more effectively over a three-to-five-year period, the working capital reserve was initially increased in amount such that additional funds were available to achieve stabilization of future assessments. For 2025, the working capital reserve is being decreased by \$1,977,500 to meet the Board-approved target reserve of approximately \$3,216,374 on December 31, 2025. The Targeted Working Capital balance of \$3,216,374 will be used to stabilize assessments in future years.

### Explanation of the Operating Reserve

The amount of the operating reserve is determined and recommended for approval by the Board of Directors during the annual budget process. On March 25, 2024, the RF Board approved a \$1,000,000 operating reserve, which is consistent with RF's policy, is the same amount budgeted in the 2024 Business Plan and Budget and is believed to be appropriate for any unbudgeted and unexpected expenditures of the organization.

## Penalty Sanctions

Pursuant to the NERC ROP Section 1107.4, RF is requesting an exception to NERC ROP 1107.2. All funds from financial Penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1. Specifically, RF is requesting an exception in order to place \$30,000 of Penalty sanctions received between July 1, 2023 and June 30, 2024, into the Assessment Stabilization Reserve, and to release \$2,707,910 from the Assessment Stabilization Reserve to offset 2025 RF Assessments.

## Assessment Allocation Method

Penalty Sanctions Received Between July 1, 2023 and June 30, 2024	
Collected July 1, 2023 to December 31, 2023	\$ 2,285,260
Collected January 1, 2024 to June 30, 2024	452,650
<b>Subtotal</b>	<b>\$ 2,737,910</b>
Amount placed into Assessment Stabilization Reserve	(30,000)
<b>Total</b>	<b>\$ 2,707,910</b>

**Table 9: Allocation Method**

## Allocation Method

Penalty monies received have been allocated based upon the number of FTEs to the following direct programs to reduce assessments:

- Reliability and Risk Analysis.
- Compliance Monitoring and Enforcement.
- Reliability Assessments and Performance Analysis.
- Training, Education, and Outreach; and
- Situational Awareness.

## Three Year Projections

Statement of Activities and Capital Expenditures 2026 and 2027 Projections							
	2025	2026	25 v 26	25 v 26	2027	26 v 27	26 v 27
	Budget	High Projection	\$ Change	% Change	High Projection	\$ Change	% Change
<b>Funding</b>							
<b>ReliabilityFirst Funding</b>							
ERO Assessments	\$ 28,587,612	\$ 31,446,373	\$ 2,858,761	10.0%	\$ 34,591,011	\$ 3,144,637	10.0%
Penalty Sanctions	2,707,910	2,900,000	192,090	7.1%	2,900,000	-	0.0%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 31,295,522</b>	<b>\$ 34,346,373</b>	<b>\$ 3,050,851</b>	<b>9.7%</b>	<b>\$ 37,491,011</b>	<b>\$ 3,144,637</b>	<b>9.2%</b>
Membership Dues	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Federal Grants	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-
Interest and Investment Income	100,000	100,000	-	0.0%	100,000	-	0.0%
Miscellaneous Income	-	-	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 31,395,522</b>	<b>\$ 34,446,373</b>	<b>\$ 3,050,851</b>	<b>9.7%</b>	<b>\$ 37,591,011</b>	<b>\$ 3,144,637</b>	<b>9.1%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 20,909,475	\$ 22,684,927	\$ 1,775,452	8.5%	\$ 24,350,009	\$ 1,665,082	7.3%
Payroll Taxes	1,345,325	1,460,128	114,803	8.5%	1,566,797	106,669	7.3%
Benefits	3,013,614	3,385,300	371,686	12.3%	3,810,464	425,164	12.6%
Retirement Costs	3,371,307	3,659,214	287,907	8.5%	3,927,271	268,058	7.3%
<b>Total Personnel Expenses</b>	<b>\$ 28,639,721</b>	<b>\$ 31,189,569</b>	<b>\$ 2,549,848</b>	<b>8.9%</b>	<b>\$ 33,654,542</b>	<b>\$ 2,464,973</b>	<b>7.9%</b>
<b>Meeting Expenses</b>							
Meetings	\$ 427,408	\$ 457,327	\$ 29,919	7.0%	\$ 489,339	\$ 32,013	7.0%
Conference Calls	13,000	13,260	260	2.0%	13,525	265	2.0%
Travel	648,107	693,474	45,367	7.0%	742,018	48,543	7.0%
<b>Total Meeting Expenses</b>	<b>\$ 1,088,515</b>	<b>\$ 1,164,061</b>	<b>\$ 75,546</b>	<b>6.9%</b>	<b>\$ 1,244,882</b>	<b>\$ 80,821</b>	<b>6.9%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Contractors & Consultants	\$ 653,970	\$ 699,748	\$ 45,778	7.0%	\$ 748,730	\$ 48,982	7.0%
Office Rent	716,000	730,320	14,320	2.0%	744,926	14,606	2.0%
Office Costs	1,357,755	1,452,798	95,043	7.0%	1,554,494	101,696	7.0%
Professional Services	761,365	807,047	45,682	6.0%	855,470	48,423	6.0%
Miscellaneous	65,696	70,295	4,599	7.0%	75,215	4,921	7.0%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 3,554,786</b>	<b>\$ 3,760,207</b>	<b>\$ 205,421</b>	<b>5.8%</b>	<b>\$ 3,978,835</b>	<b>\$ 218,628</b>	<b>5.8%</b>
<b>Total Direct Expenses</b>	<b>\$ 33,283,022</b>	<b>\$ 36,113,837</b>	<b>\$ 2,830,815</b>	<b>8.5%</b>	<b>\$ 38,878,259</b>	<b>\$ 2,764,422</b>	<b>7.7%</b>
Indirect Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
<b>Total Expenses (B)</b>	<b>\$ 33,283,022</b>	<b>\$ 36,113,837</b>	<b>\$ 2,830,815</b>	<b>8.5%</b>	<b>\$ 38,878,259</b>	<b>\$ 2,764,422</b>	<b>7.7%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ (1,887,500)</b>	<b>\$ (1,667,464)</b>	<b>\$ 220,036</b>	<b>-11.7%</b>	<b>\$ (1,287,249)</b>	<b>\$ 380,215</b>	<b>-22.8%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 90,000</b>	<b>\$ 95,400</b>	<b>\$ 5,400</b>	<b>6.0%</b>	<b>\$ 101,124</b>	<b>\$ 5,724</b>	<b>6.0%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 33,373,022</b>	<b>\$ 36,209,237</b>	<b>\$ 2,836,215</b>	<b>8.5%</b>	<b>\$ 38,979,383</b>	<b>\$ 2,770,146</b>	<b>7.7%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ (1,977,500)</b>	<b>\$ (1,762,864)</b>	<b>\$ 214,636</b>	<b>-10.9%</b>	<b>\$ (1,388,373)</b>	<b>\$ 374,491</b>	<b>-21.2%</b>
<b>FTEs</b>	<b>101.00</b>	<b>106.00</b>	<b>5.00</b>	<b>5.0%</b>	<b>110.00</b>	<b>4.00</b>	<b>3.8%</b>

**Table 10: Three-Year Budget Projections**

## Explanation of 2026 and 2027 Budget Projections

RF forecasts a low and high budget projection for each subsequent year when doing the two-year forecast. The biggest driver of each range is the FTEs needed for the budget year as personnel comprise most of our budget costs. Other major differences are outlined below.

The following is a breakdown of the projected budget range increases for 2026:

### Low projection 5.6%

Budget Assumptions:

- 3\* FTEs
- 4% Merit increase
- 6% increase in medical premiums
- 2% increase each in meeting and travel
- 6% increase in office costs includes computer hardware/software

\*FTEs include

- Engineer in RAPA
- Process Coordinator
- Marketing and Communications Specialist

### High projection 8.5%

Budget Assumptions:

- 5\*\* FTEs total
- 5% Merit increase – 1% used for pay band adjustments based on compensation study completed in 2025
- 10% increase in medical premiums
- 7% increase each in meeting and travel
- 7% increase in office costs includes computer hardware/software

\*\*FTEs include

- Business Analyst in Data Analytics
- CMEP

The following is a breakdown of the projected budget range increases for 2027<sup>1</sup>:

### **Low projection 3.3%**

Budget Assumptions:

- No FTEs
- 3% Merit increase
- 6% increase in medical premiums
- 2% increase each in meeting and travel
- 6% increase in office costs includes computer hardware/software

### **High projection 7.7%**

Budget Assumptions:

- 4\* FTEs total
- 4% Merit increase
- 10% increase in medical premiums
- 7% increase each in meeting and travel
- 7% increase in office costs includes computer hardware/software

\*FTEs include

- CIP Auditor
- O&P Auditor
- Enforcement Attorney
- RAM

Notes:

<sup>1</sup>2027 projections % increases/(decreases) are compared to the 2026 high projection.



**Regional Entity Goals and Statement of Activities**

# Regional Entity Statutory Program Goals and Statements of Activities

## Reliability Standards Program

Reliability Standards Program				Variance 2025 Budget v 2024 Budget
	2024 Budget	2025 Budget		
<b>Total FTEs</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>
Direct Expenses	\$ -	\$ -		\$ -
Indirect Expenses	\$ -	\$ -		\$ -
Inc(Dec) in Fixed Assets	\$ -	\$ -		\$ -
<b>Total Funding Requirement</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>

Table 11: Reliability Standards Program

### Program Scope and Functional Description

ReliabilityFirst provides input to the NERC Reliability Standards development process to help ensure the Standards adequately mitigate the risks they are intended to address, particularly those risks facing the RF footprint, as well as help identify, evaluate and promote the amendment of Reliability Standards to ensure their efficiency, efficacy and appropriateness. RF may develop Regional Reliability Standards as necessary. Regional Reliability Standards must be developed in accordance with the RF Reliability Standards Development Procedure and must be more stringent than a NERC Reliability Standard, addressing a regional matter that the NERC Reliability Standard does not, or a regional difference necessitated by a physical difference in the BES.

To date, RF has developed one FERC approved Regional Standard (Planning Resource Adequacy Analysis, Assessment and Documentation standard BAL-502-RF-03, approved by FERC on October 16, 2017) and has no current plans to develop any additional Regional Standards in 2025.

RF may also develop regional criteria, which relate to good utility practices used to enhance the reliability of the BES and may augment Reliability Standards. Regional criteria are not Reliability Standards, and therefore are not enforceable. Regional criteria are developed in accordance with the RF Reliability Standards Development Procedure. RF has no current plans to develop regional criteria in 2025.

### 2025 Key Assumptions

The Reliability Standards Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy.

RF previously reallocated the resources and expenses associated with the Reliability Standards Program to the Reliability and Risk Analysis and Compliance Monitoring Programs, due to decreased activity in the Reliability Standards Program. If any Reliability Standard or regional

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criteria needs to be developed, resources will be temporarily redeployed from the existing Reliability and Risk Analysis, Compliance Monitoring and other Program Areas.

### **2025 Key Deliverables**

- Review and provide feedback on potential reliability, security, resiliency, or efficiency concerns associated with existing NERC Reliability Standards and Reliability Standard Audit Worksheets and those under development.
- Although none are anticipated, submit to NERC, and subsequently file with FERC any new Regional Reliability Standards or regionals criteria that:
  - may be needed to support revised NERC Reliability Standards or address issues not covered within scope of a NERC Reliability Standard; or
  - may address reliability gaps not currently covered by NERC Reliability Standards.
- With the required 5-year review of the RF Planning Resource Adequacy Analysis, Assessment, and Documentation Regional Standard (BAL-502-RF-03) commencing in late 2023, there is a potential for this Regional Standard to go through the RF Standard Development Process if modifications are required.
- Support the ERO Enterprise as needed to develop, modify, and conduct periodic reviews of Reliability Standards to ensure Standards are written clearly and structured properly for existing and emerging risks.

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

### **Program Scope and Functional Description**

The purpose of the Compliance Monitoring and Enforcement program (CMEP) is to ensure that all compliance monitoring, risk assessment, mitigation, and enforcement activities are risk-based, reliability-focused, and adhere to the requirements of the NERC Rules of Procedure and the Amended and Restated Delegation Agreement between NERC and RF to accomplish this objective, RF has divided CMEP into two areas: (1) Reliability and Risk Analysis and (2) Compliance Monitoring and Enforcement.

### **Reliability and Risk Analysis**

The Reliability and Risk Analysis area is further broken down into the following three subgroups: Risk Analysis and Mitigation, Reliability Analysis and Entity Engagement.

#### **Risk Analysis and Mitigation (RAM)**

- Performs Inherent Risk Assessments which identify risks impacting an entity as well as risk-harm analysis of potential non-compliances.
- Compliance Oversight Plans which create a plan to monitor the entity's compliance with selected NERC Reliability Standards.
- Registers applicable owners, operators and users of the Bulk Power System (BPS) for compliance with Reliability Standards.
- Reviews and approves the registered entity's mitigating activities to ensure the registered entity performs the actions necessary to correct the noncompliance and prevent recurrence to protect BPS reliability.

#### **Reliability Analysis**

- Develops, maintains, and grows the RF Data Warehouse for information storage and retrieval.
- Creates advanced analytics and reporting to support the activities of other CMEP areas and drive insight and business decisions by providing data visualizations.
- Performs quantitative assessments of data models, using statistical tools and technical analysis to help identify risk to the grid.

#### **Entity Engagement**

- Assists stakeholders in improving compliance programs and organizational reliability, risk identification and mitigation, security, and resilience.
- Works closely with entities assisting stakeholders in achieving operational excellence, and improvements in organizational culture and overall program maturity.
- Certifies applicable entities.

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- Executes winterization program to assist entities with preparation for extreme weather conditions.

## **2025 Key Assumptions**

The 2025 key assumptions for the Reliability and Risk group are as follows:

- The volume and complexity of registrations will increase based on the changing resource mix and modification to the registration criteria to include non-BES Inverter Based Resources.
- Investment in new business intelligence tools to support cloud migration of the data warehouse, generative AI, and enhanced dashboards will result in greater visibility to risks to the grid.
- Entity Engagement anticipates an increase in travel due to the need for additional Assist Visits, outreach, and training to help mature and enhance registered entity programs based on the development of new and modified Standards that tackle changing risks in our footprint (e.g., winterization, supply chain, virtualization and cloud computing).
- RAM, Entity Engagement and Reliability Analysis will continue to receive training to remain subject matter experts in their field of expertise and provide leadership and guidance to the industry.
- Anticipation of an increase in certification reviews based on FERC order 881 as well as entities more frequently making changes to their Energy Management Systems.

## **2025 Key Deliverables**

- Process all registration requests in a timely manner and identify and implement process improvements to streamline and drive efficiency.
- Process BES Exception Requests and participate on NERC-Led Review Panels as requested.
- Support development and integration of advanced analytical capabilities for identifying and determining reliability risks and conducting various risk assessments (i.e., Regional Risk Assessments, Inherent Risk Assessments/Compliance Oversight Plans, Risk-Harm Assessments, and explorative Probabilistic Risk Assessment).
- Support ERO Enterprise-wide data collection (e.g., Periodic Data Submittals) and analysis efforts.
- Lead/Participate in the annual Winter Preparedness program designed to help ensure the readiness of generating units to perform during extreme cold weather.
- Perform and develop Inherent Risk Assessments/Compliance Oversight Plans of entities in alignment with the ERO Guide for Compliance Monitoring, to identify inherent risks of an entity and develop a plan to monitor the entity's compliance with selected NERC Reliability Standards based on their inherent risk and performance.
- Conduct risk-harm assessments and develop associated risk statements for all possible noncompliances to assess the real or potential risk posed by each noncompliance and inform the proper enforcement and mitigation action(s).
- Review and verify completion of mitigation plan activities to return entities to compliance and prevent reoccurrence.

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- Review of self-logged noncompliances to assess their associated risk determinations and mitigating activities.
  - Facilitate the administration of the RF Regional Standards Development Process for any potential Regional Standards revisions.
  - Conduct Certification reviews and readiness evaluations of Registered Entities.
  - Perform Assist Visits and Extended Assist Visits to mitigate risk.

## Reliability and Risk Budget Detail

Statement of Activities and Capital Expenditures				
2024 Budget and 2025 Budget				
Reliability and Risk				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>				
<b>ReliabilityFirst Funding</b>				
ERO Assessments	\$ 8,038,358	\$ 7,565,349	\$ (473,009)	-5.9%
Penalties Released	388,800	649,898	261,098	67.2%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 8,427,158</b>	<b>\$ 8,215,247</b>	<b>\$ (211,911)</b>	<b>-2.5%</b>
Membership Dues	\$ -	\$ -	\$ -	-
Interest & Investment Income	13,194	24,000	10,806	81.9%
Miscellaneous Income	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 8,440,353</b>	<b>\$ 8,239,247</b>	<b>\$ (201,106)</b>	<b>-2.4%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 4,015,462	\$ 3,919,351	\$ (96,110)	-2.4%
Payroll Taxes	251,941	252,397	456	0.2%
Benefits	495,208	493,347	(1,861)	-0.4%
Retirement Costs	630,976	623,255	(7,721)	-1.2%
<b>Total Personnel Expenses</b>	<b>\$ 5,393,587</b>	<b>\$ 5,288,351</b>	<b>\$ (105,235)</b>	<b>-2.0%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 10,593	\$ 14,400	\$ 3,808	35.9%
Conference Calls	-	-	-	-
Travel	129,097	129,102	6	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 139,689</b>	<b>\$ 143,502</b>	<b>\$ 3,813</b>	<b>2.7%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ 24,000	\$ 19,000	\$ (5,000)	-20.8%
Office Rent	-	-	-	-
Office Costs	124,570	113,326	(11,244)	-9.0%
Professional Services	-	-	-	-
Miscellaneous	1,000	500	(500)	-50.0%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 149,570</b>	<b>\$ 132,826</b>	<b>\$ (16,744)</b>	<b>-11.2%</b>
<b>Total Direct Expenses</b>	<b>\$ 5,682,846</b>	<b>\$ 5,564,679</b>	<b>\$ (118,166)</b>	<b>-2.1%</b>
<b>Indirect Expenses</b>	<b>\$ 2,710,825</b>	<b>\$ 2,652,968</b>	<b>\$ (57,857)</b>	<b>-2.1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 8,393,671</b>	<b>\$ 8,217,647</b>	<b>\$ (176,024)</b>	<b>-2.1%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 46,682</b>	<b>\$ 21,600</b>	<b>\$ (25,082)</b>	<b>-53.7%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 46,682</b>	<b>\$ 21,600</b>	<b>\$ (25,082)</b>	<b>-53.7%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 8,440,353</b>	<b>\$ 8,239,247</b>	<b>\$ (201,106)</b>	<b>-2.4%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>FTEs</b>	<b>19.00</b>	<b>18.00</b>	<b>(1.00)</b>	<b>-5.3%</b>

Table 12: Statement of Activities and Capital Expenditures for Reliability and Risk

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## Compliance Monitoring

### Program Scope and Functional Description

The Compliance Monitoring group monitors compliance to the NERC Reliability Standards (Reliability Standards) across RF's registered owners, operators, and users of the BES through a variety of risk-based activities. These monitoring activities are key to reliability, security and resiliency, as they ensure that entities have effective controls in place and are following the requirements of the Reliability Standards. These activities include:

- Using a risk-based monitoring approach to conduct RF compliance monitoring activities, including compliance audits, spot checks, self-certifications, compliance investigations
- Assessing entity internal controls and evaluating system events from a reliability, security, and compliance perspective to identify and ensure mitigation of potential risks.
- Assisting in the review, approval and verification of mitigation plans for noncompliances identified during compliance monitoring activities.
- Managing Technical Feasibility Exceptions.
- Serving as subject matter experts and technical resources for both RF and throughout the ERO.

### 2025 Key Assumptions

The 2025 key assumptions for the Compliance Monitoring group are as follows:

- Use a risk-based approach to assure reliability by monitoring compliance to the Reliability Standards through CMEP processes (e.g., Audits, Spot Checks, Self-Certifications). This approach allows for more frequent engagements with entities that pose a higher risk to the grid while remaining compliant with the NERC Rules of Procedure.
- Continue performing more frequent in-depth touch points across our footprint. The more frequent touch points reduce the scope of an individual engagement but adds to the overhead of managing a larger number of engagements throughout the year.
- Continue to train staff so they remain skilled experts in their field of expertise and provide credible, skilled, competent, and respected compliance monitoring staff.
- Continue to partner with NERC utilizing Align and the SEL for RF CMEP Activities while developing and prioritizing system enhancements.
- Compliance monitoring has found value in doing field visits during compliance activities in helping to understand and identify risks. An increase in travel is expected; the team uses a hybrid approach to their audit model to mitigate this cost when possible.

### 2025 Key Deliverables

- Manage all compliance monitoring activities in a risk-based, fair, and consistent manner, affording all entities appropriate due process using tools available to ensure thorough and collaborative compliance audits consistently with all Regions.
- Conduct thorough and objective assessments of entity's internal controls to understand their risks in meeting regulatory requirements and commitment to sound governance practices.



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- Keep abreast of new and emerging technologies and maintain professional certifications for compliance monitoring staff to remain subject matter experts in their field; Ensure all auditors receive adequate training, meeting all NERC auditor training requirements.
  - Identify and implement efficiencies in compliance monitoring processes through continued auditor training, development and enhancement of auditor tools, and continuous improvements.
  - Utilizing a risk-based approach, identify which of the various Compliance Monitoring methods will be employed based upon the focused risk and/or Entity being monitored.
  - Assist in the development of the risk-based annual CMEP Implementation Plan which helps guide oversight actions and identifies common risks and reliability issues.
  - Support the ERO Enterprise with the planned improvements of Align and the SEL to continue to drive efficiency through the development of the enhancements.

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## Enforcement

### Program Scope and Functional Description

The Enforcement group performs RF's delegated function to enforce compliance with the Reliability Standards. This effort involves ensuring that the selected resolution and disposition method for any noncompliance is consistent with the risk posed by the noncompliance; is adequately supported by the record; and promotes desired entity behaviors to enhance reliability. Some key enforcement functions include:

- Transparent, consistent, and efficient disposition of noncompliance matters.
- Educating entity stakeholders to help understand potential noncompliance trends and themes that may be early indicators of programmatic or systemic challenges.
- Work collaboratively with FERC, NERC, Region and industry to shape risk-based, effective enforcement policies that drive desired entity behavior.

### 2025 Key Assumptions

The 2025 key assumptions for the Enforcement group are as follows:

- The trend for increased number of non-compliances over the last 12-24 months will remain steady due to the implementation or modification of new standards.
- Enforcement staff will continue to process noncompliances in a timely and fair manner resolving each with appropriate dispositions based on risk, compliance history and other factors.
- Enforcement staff will stay abreast of industry trends and training will be provided to ensure staff maintain their licenses and stay current in their field of expertise.
- RF will frequently serve as the lead Region for MRREs and will continue to support other Regions when RF is the affected Region. The disposition of MRRE non-compliances takes additional time to coordinate dispositions, review mitigation, and negotiate acceptable solutions with affected Regions.
- Enforcement staff will work with FERC, NERC, the other Regions, and the industry to shape effective and risk-based enforcement policies that drive desired behavior and ensure consistency.

### 2025 Key Deliverables

- Continue to focus on resolving enforcement actions in a thoughtful, risk-based, reliability focused manner while ensuring that decisions are repeatable, and consistent with NERC directives and FERC orders, rules, and regulations.
- Increase efficiency, through process improvements, in dispositioning enforcement actions and preparing related documentation.
- Work with NERC and the other Regions to shape a well-reasoned Enforcement philosophy that results in risk-based, uniform, repeatable, transparent, and reliability-focused approaches.
- Continue to process and reduce backlog of aging violations, achieving an average age of open inventory that does not exceed 12 months.

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- Draft and negotiate with entities, as applicable, all necessary disposition documents in a timely, fair and consistent manner.
  - Ensure all requisite notices are timely issued and provide post-filing support and advocacy with NERC and FERC.
  - Provide outreach to industry identifying themes, trends, emerging risks, and best practices associated with noncompliance issues, including identifying opportunities to share key takeaways with industry stakeholders, helping ensure the reduction of risk to BPS reliability.
  - Mature Enforcement processes to proactively identify noncompliance risks and emerging violation trends to reduce the likelihood of higher risk violations before they occur, and, when appropriate, hold registered entities accountable for higher risk violations with monetary and/or non-monetary penalties commensurate with the risk posed to the security and reliability of the BPS.

## Compliance Monitoring and Enforcement Budget Detail

Statement of Activities and Capital Expenditures				
2024 Budget and 2025 Budget				
Compliance Monitoring and Enforcement				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>				
<b>ReliabilityFirst Funding</b>				
ERO Assessments	\$ 14,103,808	\$ 14,394,598	\$ 290,790	2.1%
Penalties Released	757,137	1,372,008	614,871	81.2%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 14,860,945</b>	<b>\$ 15,766,606</b>	<b>\$ 905,661</b>	<b>6.1%</b>
Membership Dues	\$ -	\$ -	\$ -	-
Interest & Investment Income	25,694	50,667	24,973	97.2%
Miscellaneous Income	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 14,886,639</b>	<b>\$ 15,817,272</b>	<b>\$ 930,633</b>	<b>6.3%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 6,640,158	\$ 7,197,322	\$ 557,164	8.4%
Payroll Taxes	440,928	484,716	43,788	9.9%
Benefits	1,058,592	1,036,754	(21,839)	-2.1%
Retirement Costs	1,035,995	1,141,097	105,102	10.1%
<b>Total Personnel Expenses</b>	<b>\$ 9,175,673</b>	<b>\$ 9,859,888</b>	<b>\$ 684,215</b>	<b>7.5%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 11,834	\$ 14,100	\$ 2,266	19.1%
Conference Calls	-	-	-	-
Travel	226,036	226,033	(3)	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 237,870</b>	<b>\$ 240,133</b>	<b>\$ 2,263</b>	<b>1.0%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ -	\$ -	\$ -	-
Office Rent	-	-	-	-
Office Costs	93,815	61,541	(32,274)	-34.4%
Professional Services	-	-	-	-
Miscellaneous	9,400	9,400	-	0.0%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 103,215</b>	<b>\$ 70,941</b>	<b>\$ (32,274)</b>	<b>-31.3%</b>
<b>Total Direct Expenses</b>	<b>\$ 9,516,758</b>	<b>\$ 10,170,962</b>	<b>\$ 654,205</b>	<b>6.9%</b>
<b>Indirect Expenses</b>	<b>\$ 5,278,974</b>	<b>\$ 5,600,710</b>	<b>\$ 321,736</b>	<b>6.1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 14,795,732</b>	<b>\$ 15,771,672</b>	<b>\$ 975,940</b>	<b>6.6%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 90,907</b>	<b>\$ 45,600</b>	<b>\$ (45,307)</b>	<b>-49.8%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 90,907</b>	<b>\$ 45,600</b>	<b>\$ (45,307)</b>	<b>-49.8%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 14,886,639</b>	<b>\$ 15,817,272</b>	<b>\$ 930,633</b>	<b>6.3%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
FTEs	37.00	38.00	1.00	2.7%

**Table 13: Statement of Activities and Capital Expenditures for Compliance Monitoring and Enforcement**

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# Reliability Assessment and Performance Analysis Program

## Program Scope and Functional Description

RF's Engineering and System Performance (ESP) group executes the Reliability Assessment and Performance Analysis (RAPA) program within RF. This program helps identify and assess risks across the region, and its deliverables are a major contributor to the risk-based efforts of the entire organization. Key functions include:

- Independently analyze, assess, and report on the reliability and adequacy of the BES within the RF footprint.
- Monitor and execute the performance of resource and transmission assessment studies; special analyses and investigations as warranted; and the collection and dissemination of data, lessons learned, and other information.
- Provide resources and data input for the technical analyses and support of the risk-based activities throughout the organization acting as subject matter experts.
- Facilitate four of the stakeholder advisory and technical committees and several other industry discussion groups.

## 2025 Key Assumptions

The key assumptions for the RAPA program are as follows:

- RF will continue to support NERC's RAPA program to collect and analyze reliability data, perform engineering studies, develop reliability assessments, and report on the reliability of the BPS.
- RF will support the ERO Enterprise in the identification and mitigation of significant reliability risks that are known today, as well as the identification and assessment of emerging and accelerating risks.
- RF will continue to support its integrated risk management initiatives to promote awareness and discuss strategies for risk mitigation.
- RF will support the bi-annual interregional transfer capability study to help analyze the effects to reliability and risk to the grid. Additionally, the energy assessments as required by NERC will be performed by RF .

## 2025 Key Deliverables

- Continue to perform seasonal (summer and winter) risk analyses of the projected resource adequacy for PJM Interconnection, LLC (PJM) and Midcontinent Independent System Operator (MISO), the two Regional Transmission Organizations (RTO) that operate within RF's footprint.
- Continue to perform seasonal near-term and extreme transmission power-flow analysis assessments and produce reports on the transmission assessment scope and results.
- Provide technical support for the ERO Enterprise's expanded and enhanced system studies and help perform analyses as needed.

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- Work with neighboring Regional Entities within the Eastern Interconnection Reliability Assessment Group (ERAG) to perform Eastern Interconnection assessment studies and produce reports.
  - Support risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry. Continue to participate and expand the work being performed in the Eastern Interconnection Reliability Assessment Group (ERAG) and the Multiregional Modeling Working Group (MMWG).
  - Analyze protective relay misoperation information and track corrective action plans, as reported in the NERC MIDAS system. Facilitate a peer review process of this data via the RF Protection Subcommittee.
  - Continue to support and increase stakeholder participation and interaction through various regional technical groups, including the Reliability Committee (a technical advisory body to the RF Board of Directors) and its subcommittees (i.e., Protection Subcommittee, Transmission Performance Subcommittee, Generation Subcommittee) and task forces. Facilitate several industry groups aimed toward continuous improvement and excellence.
  - Provide Registered Entities with tailored training and interaction through recurring workshops, including human performance workshop.
  - Provide knowledge, techniques, and data input in support of RF's risk-based activities, including the Inherent Risk Assessments and Regional Risk Assessment efforts, as well as supporting state outreach activities.
  - Complete interregional transfer capability studies for the RF Region, including recommendations that would strengthen the reliability of the rapidly evolving BPS and develop energy studies to help identify areas of risk for the changing grid.

## Reliability Assessment and Performance Analysis Program Budget Detail

Statement of Activities and Capital Expenditures				
2024 Budget and 2025 Budget				
Reliability Assessment and Performance Analysis				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>				
<b>ReliabilityFirst Funding</b>				
ERO Assessments	\$ 3,292,096	\$ 3,643,293	\$ 351,197	10.7%
Penalties Released	143,242	288,844	145,602	101.6%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 3,435,338</b>	<b>\$ 3,932,137</b>	<b>\$ 496,799</b>	<b>14.5%</b>
Membership Dues	\$ -	\$ -	\$ -	-
Interest & Investment Income	4,861	10,667	5,805	119.4%
Miscellaneous Income	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 3,440,199</b>	<b>\$ 3,942,804</b>	<b>\$ 502,604</b>	<b>14.6%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,573,274	\$ 1,742,538	\$ 169,264	10.8%
Payroll Taxes	96,030	112,946	16,916	17.6%
Benefits	201,301	222,915	21,614	10.7%
Retirement Costs	250,380	275,476	25,096	10.0%
<b>Total Personnel Expenses</b>	<b>\$ 2,120,984</b>	<b>\$ 2,353,874</b>	<b>\$ 232,890</b>	<b>11.0%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 7,155	\$ 7,800	\$ 645	9.0%
Conference Calls	-	-	-	-
Travel	84,875	84,876	1	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 92,030</b>	<b>\$ 92,676</b>	<b>\$ 646</b>	<b>0.7%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ 150,062	\$ 113,600	\$ (36,462)	-24.3%
Office Rent	-	-	-	-
Office Costs	61,199	193,957	132,758	216.9%
Professional Services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 211,261</b>	<b>\$ 307,557</b>	<b>\$ 96,296</b>	<b>45.6%</b>
<b>Total Direct Expenses</b>	<b>\$ 2,424,276</b>	<b>\$ 2,754,107</b>	<b>\$ 329,831</b>	<b>13.6%</b>
<b>Indirect Expenses</b>	<b>\$ 998,725</b>	<b>\$ 1,179,097</b>	<b>\$ 180,372</b>	<b>18.1%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 3,423,001</b>	<b>\$ 3,933,204</b>	<b>\$ 510,203</b>	<b>14.9%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 17,199</b>	<b>\$ 9,600</b>	<b>\$ (7,599)</b>	<b>-44.2%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 17,199</b>	<b>\$ 9,600</b>	<b>\$ (7,599)</b>	<b>-44.2%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 3,440,199</b>	<b>\$ 3,942,804</b>	<b>\$ 502,604</b>	<b>14.6%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
FTEs	7.00	8.00	1.00	14.3%

**Table 14: Statement of Activities and Capital Expenditures for Reliability Assessment and Performance Analysis**

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## **Training, Education, and Outreach**

### **Program Scope and Functional Description**

The RF Training, Education and Outreach Program is designed for flexible participation, adding value at all levels within organizations, with state policy makers and across the ERO. These programs provide communication, education and training necessary to obtain essential knowledge of BPS operations, reliability, and security. Programs are offered in a variety of venues, formats and channels to ensure those wanting to participate have options available to them for easy access.

The Training and Education area primarily focuses on providing information to industry stakeholders through webinars, newsletters, workshops and other forums. Information is shared through lessons learned, identifying trends, and common themes. The focus for these sessions is on grid reliability and security, ranging from compliance and internal controls to protection systems and human performance.

The Outreach areas target audience is with state legislators, public utility commissioners, energy offices, and governors' offices to provide expertise and answer questions, and shine a light on emerging reliability and security risks. RF strives to be an objective resource for our state stakeholders on reliability issues as they evaluate and implement energy policies. As a regulator of the electric utility industry, with experts in power system engineering, control room operations, planning, and cyber and physical security, RF acts as an independent, credible resource for state policy makers to rely upon. Information is shared through webinars, newsletters, meetings and testimonies.

RF does not provide system operator certification training, as it would be duplicative with that offered by the Regional Transmission Organizations within the Region.

### **2025 Key Assumptions**

The key assumptions for the RF Training, Education and Outreach programs are as follows:

- RF continues to broaden its reach through State Outreach efforts. As this program continues to grow, we anticipate more hearings, testimonies, commenting on policy, meetings with states, and participation on regulatory panels which will result in additional travel and training for these stakeholders.
- Through innovation, RF will explore generative AI tools to identify ways in which these tools can help streamline work activities and drive efficiency across teams.
- RF continues to enhance internal and external training tools, processes, and outreach offerings such as workshops, webinars, and resources on the newly designed website to address new and modified NERC standards, risks associated with energy assurance, IBRs, and new cybersecurity risks.
- External training and outreach will be a critical focus area to help Registered Entities comply with new registration requirements and changes to NERC standards.



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## 2025 Key Deliverables

- Continue education and assistance efforts to help all stakeholders achieve improvement and excellence in compliance, reliability, risk identification, security, and resilience.
- Facilitate training and continuous improvement of staff skillsets to assess stakeholder compliance and operational programs, culture, and maturity.
- Provide outreach to state policy makers within the region as an independent, unbiased source of information.
- Assist NERC with the coordination, planning, delivery, and management of training and outreach activities across the ERO Enterprise in concert with Region-specific training and outreach activities.
- Issue announcements, newsletters, and reports on key compliance, reliability, risk identification and mitigation, security, state policies, and resilience issues facing RF and the industry.
- Communicate key risks and risk mitigation strategies, plus lessons learned including outreach on winterization.
- Host targeted webinars including the open stakeholder calls (Technical Talk with RF) covering topics related to compliance, reliability, security, resilience, and enforcement.
- Post educational materials on the RF public website on pertinent reliability, risk, security, continuous improvement and resilience topics.
- Develop capabilities for on-demand and virtual training opportunities on relevant reliability, risk, security, continuous improvement and resilience topics.
- Facilitate stakeholder engagement through groups such as the Compliance Users Group (CUG) and Critical Infrastructure Protection Committee (CIPC).
- Continue workshops and outreach engagements to allow for information exchange between RF and its stakeholders.

## Training, Education, and Outreach Program Budget Detail

Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget Training, Education, and Outreach Program				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>				
<b>ReliabilityFirst Funding</b>				
ERO Assessments	\$ 2,327,481	\$ 2,964,320	\$ 636,840	27.4%
Penalties Released	81,853	216,633	134,780	164.7%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 2,409,333</b>	<b>\$ 3,180,953</b>	<b>\$ 771,620</b>	<b>32.0%</b>
Membership Dues	\$ -	\$ -	\$ -	-
Interest & Investment Income	2,778	8,000	5,222	188.0%
Miscellaneous Income	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 2,412,111</b>	<b>\$ 3,188,953</b>	<b>\$ 776,842</b>	<b>32.2%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,070,545	\$ 1,428,606	\$ 358,061	33.4%
Payroll Taxes	64,975	92,466	27,491	42.3%
Benefits	162,641	193,310	30,669	18.9%
Retirement Costs	171,287	224,234	52,947	30.9%
<b>Total Personnel Expenses</b>	<b>\$ 1,469,448</b>	<b>\$ 1,938,616</b>	<b>\$ 469,168</b>	<b>31.9%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 224,471	\$ 212,200	\$ (12,271)	-5.5%
Conference Calls	-	-	-	-
Travel	42,080	42,084	5	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 266,551</b>	<b>\$ 254,284</b>	<b>\$ (12,267)</b>	<b>-4.6%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ 34,000	\$ 34,000	\$ -	0.0%
Office Rent	-	-	-	-
Office Costs	61,085	70,031	8,946	14.6%
Professional Services	-	-	-	-
Miscellaneous	500	500	1	0.1%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 95,585</b>	<b>\$ 104,531</b>	<b>\$ 8,946</b>	<b>9.4%</b>
<b>Total Direct Expenses</b>	<b>\$ 1,831,583</b>	<b>\$ 2,297,431</b>	<b>\$ 465,848</b>	<b>25.4%</b>
<b>Indirect Expenses</b>	<b>\$ 570,700</b>	<b>\$ 884,323</b>	<b>\$ 313,623</b>	<b>55.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 2,402,283</b>	<b>\$ 3,181,753</b>	<b>\$ 779,470</b>	<b>32.4%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 9,828</b>	<b>\$ 7,200</b>	<b>\$ (2,628)</b>	<b>-26.7%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 9,828</b>	<b>\$ 7,200</b>	<b>\$ (2,628)</b>	<b>-26.7%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 2,412,111</b>	<b>\$ 3,188,953</b>	<b>\$ 776,842</b>	<b>32.2%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
FTEs	4.00	6.00	2.00	50.0%

Table 15: Statement of Activities and Capital Expenditures for Training, Education, and Outreach

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## Situational Awareness Program

### Program Scope and Functional Description

The RF Operational Analysis & Awareness (OAA) department focuses on Event Analysis, Situational Awareness, Threat Intelligence, and operational RF and ERO initiatives. These activities support Registered Entities and RF staff in understanding potential threats to the electricity sector, maintaining an awareness of conditions on the BES, and identifying potential and emerging threats to the BES. Key functions include:

- Performing event analysis for system disturbances and events by analyzing the root causes of system events, completing event analysis reports, and communicating the resulting information and lessons learned to the industry; and
- Monitoring present conditions on and emerging threats to the BES.

### 2025 Key Assumptions

The key assumptions for the RF Situational Awareness program are as follows:

- Support the ERO Enterprise in the identification and mitigation of significant reliability risks, as well as the analysis of root cause of events that pose risk to the grid.
- Continue to support innovative and continuous improvement initiatives to drive efficiencies, effectiveness and risk informed decision making.
- Continue to support external collaboration with industry, other stakeholders, and the ERO Enterprise community to share lessons learned, best practices, and recommendations from event analysis.
- Continue to review, track, and trend reliability events to support the ERO Enterprise's goal of fewer, less severe events in the RF Region.

### 2025 Key Deliverables

- Provide information on cyber and physical security, and operational related issues by being a conduit from agencies like E-ISAC, U.S. Department of Homeland Security and others.
- Help develop messaging and sharing information on events or suspected events posing potential threats to the electricity sector with these agencies.
- Continue to monitor the health of the grid using a variety of tools and techniques, collaborating with the ERO Enterprise and industry experts to share best practices, lessons learned, analysis results and tooling success.
- Evolve and facilitate the RF Threat Intelligence Program by collecting and analyzing data, leveraging the Analytic Services program to better identify and quantify emerging threats to the BES and providing additional input to RF staff, stakeholders and internally for various initiatives and projects.
- Engage in and contribute to ERO biennial GridEx and annual GridSecCon activities.

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- Collect, validate, review, and analyze data for system events and disturbances in a timely manner ensuring root causes, corrective actions, lessons learned, and recommendations are identified and shared across the ERO Enterprise and the industry.
  - Monitor and evaluate cyber and physical related threats, events, and vulnerabilities for information sharing with internal and external stakeholders.
  - Provide technical subject matter expertise and support for regional outreach activities, and other initiatives as identified within RF and/or the ERO.

## Situational Awareness Program Budget Detail

Statement of Activities and Capital Expenditures				
2024 Budget and 2025 Budget				
Situation Awareness and Infrastructure Security				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>				
<b>ReliabilityFirst Funding</b>				
ERO Assessments	\$ 2,039,444	\$ 1,997,551	\$ (41,893)	-2.1%
Penalties Released	102,316	180,527	78,211	76.4%
<b>Total ReliabilityFirst Funding</b>	<b>\$ 2,141,760</b>	<b>\$ 2,178,079</b>	<b>\$ 36,319</b>	<b>1.7%</b>
Membership Dues	\$ -	\$ -	\$ -	-
Interest & Investment Income	3,472	6,667	3,195	92.0%
Miscellaneous Income	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 2,145,232</b>	<b>\$ 2,184,745</b>	<b>\$ 39,513</b>	<b>1.8%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 909,818	\$ 966,255	\$ 56,437	6.2%
Payroll Taxes	62,447	66,724	4,277	6.8%
Benefits	168,763	141,850	(26,913)	-15.9%
Retirement Costs	145,123	153,284	8,161	5.6%
<b>Total Personnel Expenses</b>	<b>\$ 1,286,151</b>	<b>\$ 1,328,113</b>	<b>\$ 41,962</b>	<b>3.3%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 3,211	\$ 3,500	\$ 289	9.0%
Conference Calls	-	-	-	-
Travel	44,671	44,676	5	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 47,882</b>	<b>\$ 48,176</b>	<b>\$ 294</b>	<b>0.6%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ -	\$ -	\$ -	-
Office Rent	-	-	-	-
Office Costs	85,540	65,521	(20,019)	-23.4%
Professional Services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 85,540</b>	<b>\$ 65,521</b>	<b>\$ (20,019)</b>	<b>-23.4%</b>
<b>Total Direct Expenses</b>	<b>\$ 1,419,573</b>	<b>\$ 1,441,810</b>	<b>\$ 22,237</b>	<b>1.6%</b>
<b>Indirect Expenses</b>	<b>\$ 713,375</b>	<b>\$ 736,936</b>	<b>\$ 23,561</b>	<b>3.3%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 2,132,948</b>	<b>\$ 2,178,745</b>	<b>\$ 45,798</b>	<b>2.1%</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ 12,285</b>	<b>\$ 6,000</b>	<b>\$ (6,285)</b>	<b>-51.2%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 12,285</b>	<b>\$ 6,000</b>	<b>\$ (6,285)</b>	<b>-51.2%</b>
<b>Total Budget (= B + C)</b>	<b>\$ 2,145,232</b>	<b>\$ 2,184,745</b>	<b>\$ 39,513</b>	<b>1.8%</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
FTEs	5.00	5.00	-	0.0%

Table 16: Statement of Activities and Capital Expenditures for Situational Awareness

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## **Administrative Services**

### **Program Scope and Functional Description**

RF's Administrative Services program includes the budget for all business and administrative functions of the organization:

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

### **Methodology for Allocation of Administrative Services Expenses to Programs**

Where applicable, Operating Expenses are accounted for within the related department's budget. If an expense cannot be specifically associated to a department, it is included in one of the Administrative Services programs. All expenses for the Administrative Services Programs, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides improved financial perspective for the direct program areas.

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## General and Administrative

### Program Scope and Functional Description

The General and Administrative Department consists of the President and CEO, Chief Security Officer (CSO), a Senior Executive Assistant, and three security personnel. Responsibilities include leadership, oversight, and management of all RF Corporation's activities, interacting with the Board of Directors and other Regional Entity Management Groups, and managing relationships with governmental agencies, regulators, members, stakeholders, and other industry organizations. The office of the CSO is responsible for the overall security governance of the organization. The CSO and his team (Security Governance) meet this duty by creating and maintaining all security policies, performing security awareness training, and implementing incident response and disaster recovery planning.

### 2025 Key Assumptions

They key assumptions for Security Governance are as follows:

- Security Governance team is increasingly moving towards a standards-based holistic approach to security utilizing tools for important benchmarking comparisons, security trends and analyses.
- Maintain recurring third-party security assessment activities to uncover undetected vulnerabilities, measure security control effectiveness, gauge security maturity, and ultimately reduce risk to the enterprise.
- Continue to support the security outreach efforts to the members in our region, looking for opportunities to enhance relationships and outreach efforts with tabletop exercises and simulation activities.

### 2025 Key Deliverables

- Conduct annual active cyber vulnerability assessment.
- Maintain and test Incident Response Plan.
- Coordinate with the Information Technology department on the monitoring of and alerting on security events occurring on RF networks and devices.
- Execute statewide tabletop drills and smaller regional exercises to test stakeholders' responsiveness to a cyber or physical security event.
- Coordinate with the RF President & CEO and the Board of Directors on the maturity of the RF security program and the residual risk to the organization after security controls.

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## Legal and Regulatory Affairs

### Program Scope and Functional Description

RF maintains in-house legal staff and hires outside legal consultants, as needed. These legal resources provide the following services:

- Serves as an advisor to the President and CEO and the Board of Directors and acts as the Corporate Secretary.
- Ensures legal and regulatory compliance with all applicable laws, orders, rules and regulations.
- Provides legal support to all areas of the organization.
- Drafts, reviews and maintains the corporations' contracts, policies and procedures and governance documents.
- Manages communication to FERC/NERC and State regulatory agencies on issues relating to RF and/or the performance of its delegated functions.
- Supports internal and external audits of the corporation and oversees all regulatory filings and interactions.

### 2025 Key Assumptions

The Legal and Regulatory Affairs Program incorporates the regional specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy. There are no additional assumptions unique to the Legal and Regulatory Affairs Program.

### 2025 Key Deliverables

- Support all legal and regulatory needs of the corporation.
- Provide legal support to all other departments of the corporation to ensure that those departments and their activities are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.
- Provide legal support to make all necessary regulatory filings with FERC, NERC, and any other applicable regulatory body or agency, as well as support NERC in its efforts to do the same.
- Support internal and external audits of the corporation.
- Draft, review, and maintain the corporation's contracts, policies and procedures, and governance documents.
- Support external communications to industry, states, FERC, NERC and other government agencies.
- Provide legal support and perform the Corporate Secretary function for the Board of Directors and support the corporate governance needs of the organization.



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## Information Technology

### Program Scope and Functional Description

The Information Technology (IT) department supports the organization by provides users with cost-effective information technology tools and delivers technologies to assist the departments in meeting their goals, objectives, and deliverables. The IT department has enlisted a cloud first strategy and continues to migrate on-premises solutions to cloud infrastructure. They manage controls, systems, program and tools to maintain a robust security posture that minimizes RF's cybersecurity risks. The Information Technology team includes the following functions:

- IT and Infrastructure Operations
- Security Operations

RF supports the ERO Enterprise's efforts to implement, operate, and maintain software tools supporting common enterprise-wide IT operations. RF is committed to working collaboratively with NERC and the other Regions to minimize duplication of effort and investments and improve operational efficiency. This collaboration continues to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting combined NERC and Regional Entity operations.

NERC's business plan and budget will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity approved enterprise-wide applications. Funding for these applications will be subject to the budget and funding limits set forth in NERC's approved business plan and budget. If implementation of these applications is delayed or otherwise not available as planned, RF could incur additional costs to conduct operations pending the availability of these applications. RF assumes agreed upon ERO Enterprise applications will be available and has only included appropriate funding for applications and supporting systems necessary to satisfy its business needs that are not within the mutually agreed upon scope of the ERO Enterprise wide applications funded by NERC.

The IT and Infrastructure Operations function supports the organization through the design and maintenance for all of RF's computer and network infrastructure, support of computer hardware and software and project management of technology related projects.

The Security Operations function is responsible for implementing and improving all cyber and physical security controls to minimize risk. They work hand in hand with the Chief Security Officer and Security team to be the boots on the ground within IT implementing the tools and technology needed to keep RF protected. They provide the necessary services to ensure efficient and effective controls are in place to protect the confidentiality, integrity and availability of RF's IT infrastructure, business critical assets and data.

### 2025 Key Assumptions

The IT Program incorporates specific strategic and operating objectives utilizing a cloud first approach to technology. IT also helps support the ERO objectives for building and implementing

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centralized enterprise applications and implementation of controls and processes to provide like protections to the identified ERO security risks, respectively. The IT Program includes the following regional assumptions:

- Utilize Continuous improvement to maintain and advance the security posture across the corporation-wide data infrastructure and remediate any vulnerability to protect sensitive data.
- Maintain lower fixed asset costs (infrastructure servers) by continuing operations of virtualization technologies and/or cloud solutions, therefore minimizing operating and replacement costs.
- Maintain a stringent level of control of the Access Management Process that governs physical and electronic access to resources that contain sensitive corporate data.
- Continue to improve departmental processes and efficiencies and conduct training exercises for implemented technologies to maintain proficiency.
- Maintain a multi-layered security protection and monitoring environment governed by established controls, processes, and security awareness activities.
- Continue close collaboration with Corporate Security to ensure that planned objectives are prioritized and desired results are purposely implemented.

## **2025 Key Deliverables**

- Identify and implement process improvements for manual tasks associated with the IT core work and prioritized business projects to drive efficiency through the business.
- Identify and implement key business processes to incorporate machine learning and AI capabilities.
- Continue the enhancements in the development, integration, and expansion of databases and applications into a unified corporation-wide Information Management System.
- Maintain and mature database architecture to support Data Warehousing and Analytics efforts to move to the cloud and allow for improved risk analysis and decision-making for customers.
- Improve cyber and physical security controls to defend against emerging threats.
- Maintain and mature Information Technology and Security National Institute of Standards and Technology (NIST) Cybersecurity framework and strategy.
- Guide and implement ERO initiatives of developing, testing, and deploying collaboration solutions. Continue to look for opportunities to implement the common processes and/or solutions across the ERO Enterprise to achieve shared cost savings and efficiencies.

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## Human Resources

### Program Scope and Functional Description

RF realizes that talented, engaged employees are its greatest assets, and that recruiting, nurturing, developing, and retaining that talent is one of its most important tasks. The HR department is responsible for a variety of essential functions:

- Strategic alignment of the organization's mission, values, strategic plan and organizational design, organizational analysis and succession planning, coaching and leadership development, and driving change management practices for improving organizational performance.
- Attraction and retention of a diverse and talented workforce and employee development through performance management and individual, departmental, and organizational training.
- Employee engagement through creating a work environment of inclusion where all employees feel valued, appreciated, and free to be their authentic selves.
- Corporate policy and procedure development and adherence measures, and compliance with state and federal employment law to reduce liability as well as compensation and benefits administration.

### 2025 Key Assumptions

The Human Resources Program has the following 2025 key assumptions:

- RF will continue to provide competitive compensation and benefits packages.
- RF will ensure training for staff on industry trending topics to stay ahead of the fast-paced changing grid and that subject matter experts will maintain elevated professional credentials to remain a leader in the industry.
- RF will provide an annual merit salary increase. The salary expense budget for all program areas reflects this assumption.

### 2025 Key Deliverables

- Attract, develop and retain highly skilled and engaged staff; diversify employment recruiting channels.
- Promote employee engagement and empowerment; provide opportunities for staff to engage with each other for collaboration and community in our hybrid work environment.
- Mature succession plan process and continue to develop the future leaders within RF who have been identified within the plan.
- Refresh compensation and benefit studies to ensure organization and industry competitiveness.
- Develop robust intern program to build talent pipeline and community visibility.

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## Finance and Accounting

### Program Scope and Functional Description

The Finance and Accounting department plays an important role in providing essential financial services to RF, including accounting, forecasting, budgeting, analytical and treasury functions.

Key responsibilities include:

- Developing the annual BP&B and ongoing analysis of actual-to-budget expenditures to ensure alignment with organizational objectives and financial sustainability.
- Reviewing, maturing, and establishing accounting policies, procedures, and internal controls, in accordance with GAAP, to adapt to the evolving business environment and needs.
- Preparing monthly, quarterly, and annual financial statements.
- Overseeing external audits of RF's financials or retirement accounts and ensures all required filings are completed timely.
- Managing accounts payables, accounts receivables and fixed assets.
- Working with the ERO to develop common accounting practices throughout NERC and the Regions.
- Maintaining banking relationships, managing cashflow and retirement and corporate investment activities.
- Performing the Corporate Treasury function.

### 2025 Key Assumptions

The 2025 key assumptions for the Finance and Accounting function are as follows:

- Current accounting systems and controls are effective.
- There are no major changes in applicable accounting regulations.

### 2025 Key Deliverables

- Provide timely, accurate, and relevant reporting and financial analysis to RF's leadership team, Board of Directors, FAC, NERC and stakeholders.
- Identify opportunities to create efficiencies through new processes or procedure; maximize accounting and budgeting technology currently in use.
- Collaborate with the ERO Finance Group (EROFG) to develop best practices and commonality within accounting, budgeting and financial reporting.
- Ensure RF has effective financial controls and exercises fiscal responsibility.

## Administrative Services Budget Detail

Statement of Activities and Capital Expenditures 2024 Budget and 2025 Budget				
Administrative Services				
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
<b>Funding</b>				
<b>ReliabilityFirst Funding</b>				
ERO Assessments	\$ (2,841,915)	\$ (1,977,500)	\$ 864,415	-30.4%
Penalties Released	-	-	-	-
<b>Total ReliabilityFirst Funding</b>	<b>\$ (2,841,915)</b>	<b>\$ (1,977,500)</b>	<b>\$ 864,415</b>	<b>-30.4%</b>
Membership Dues	\$ -	\$ -	\$ -	-
Interest & Investment Income	-	-	-	-
Miscellaneous Income	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ (2,841,915)</b>	<b>\$ (1,977,500)</b>	<b>\$ 864,415</b>	<b>-30.4%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,286,124	\$ 5,655,403	\$ 369,279	7.0%
Payroll Taxes	315,774	336,076	20,301	6.4%
Benefits	898,964	925,438	26,474	2.9%
Retirement Costs	911,870	953,962	42,092	4.6%
<b>Total Personnel Expenses</b>	<b>\$ 7,412,732</b>	<b>\$ 7,870,879</b>	<b>\$ 458,147</b>	<b>6.2%</b>
<b>Meeting Expenses</b>				
Meetings	\$ 175,591	\$ 175,408	\$ (183)	-0.1%
Conference Calls	-	13,000	13,000	-
Travel	121,342	121,336	(6)	0.0%
<b>Total Meeting Expenses</b>	<b>\$ 296,933</b>	<b>\$ 309,744</b>	<b>\$ 12,811</b>	<b>4.3%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Contractors & Consultants	\$ 345,638	\$ 487,370	\$ 141,732	41.0%
Office Rent	852,751	716,000	(136,751)	-16.0%
Office Costs	584,926	853,379	268,453	45.9%
Professional Services	741,816	761,365	19,549	2.6%
Miscellaneous	37,804	55,296	17,492	46.3%
<b>Total Operating Expenses, excluding Depreciation</b>	<b>\$ 2,562,934</b>	<b>\$ 2,873,410</b>	<b>\$ 310,476</b>	<b>12.1%</b>
<b>Total Direct Expenses</b>	<b>\$ 10,272,599</b>	<b>\$ 11,054,033</b>	<b>\$ 781,434</b>	<b>7.6%</b>
<b>Indirect Expenses</b>	<b>\$ (10,272,599)</b>	<b>\$ (11,054,033)</b>	<b>\$ (781,434)</b>	<b>7.6%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Change in Net Assets (= A - B)</b>	<b>\$ (2,841,915)</b>	<b>\$ (1,977,500)</b>	<b>\$ 864,415</b>	<b>-30.4%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Budget (= B + C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Change in Working Capital (= A - B - C)</b>	<b>\$ (2,841,915)</b>	<b>\$ (1,977,500)</b>	<b>\$ 864,415</b>	<b>-30.4%</b>
FTEs	26.00	26.00	-	0.0%

Table 17: Statement of Activities and Capital Expenditures for Administrative Services

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## Office Rent

Office Rent	2024 Budget		2025 Budget		Variance 2025 Budget v 2024 Budget	Variance %
Office Rent	\$	722,191	\$	580,000	\$ (142,191)	-19.7%
Data Center Rent		70,560		76,000	5,440	7.7%
Utilities		60,000		60,000	-	0.0%
<b>Total Office Rent</b>	<b>\$</b>	<b>852,751</b>	<b>\$</b>	<b>716,000</b>	<b>\$ (136,751)</b>	<b>-16.0%</b>

**Table 18: Office Rent**

### **Explanation of Significant Variances – 2024 Budget versus 2025 Budget**

- **Office Rent** decreased to reflect actual rent expense recognized.

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## **Non-Statutory Activities**

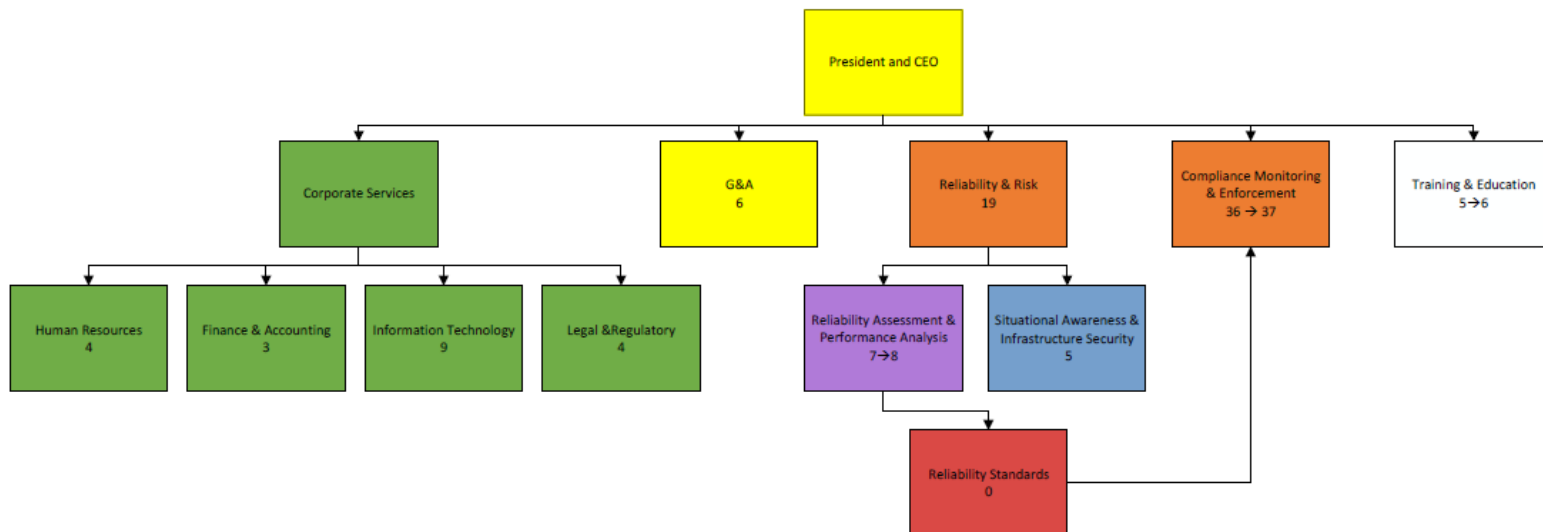
This section is not applicable as RF does not perform non-statutory activities.

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## Appendix A: 2024 – 2025 Organization Chart

Appendix A: 2024 – 2025 Organization Chart





**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 6**

**SERC RELIABILITY CORPORATION**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**



**SERC Reliability Corporation  
2025 Business Plan and Budget**

**FINAL  
June 12, 2024**

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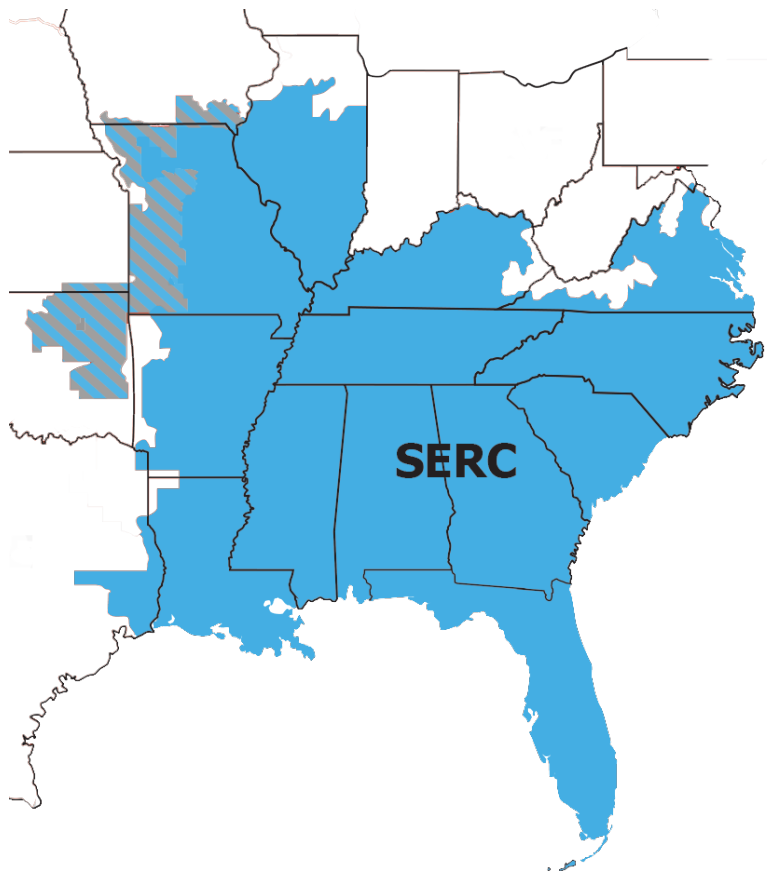
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# Section A Introduction

## 2025 Business Plan and Budget

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## Introduction

### Organizational Overview

SERC is a non-profit corporation dedicated to ensuring the effective and efficient reduction of risks to the reliability and security of the bulk power system (BPS) across 16 central and southeastern states. Covering an expansive area of approximately 650,000 square miles, the SERC Region serves a growing population exceeding 91 million. Currently, electric systems within the SERC Region provide approximately 29% of the net energy for load (NEL) in North America, approximately 33% of the NEL in the United States, and 40% of the NEL in the Eastern Interconnection.

At the core of SERC's mission is a risk-based approach that harmonizes with and bolsters the mission of the North American Electric Reliability Corporation (NERC) and the broader Electric Reliability Organization (ERO) Enterprise. To realize this mission, SERC maintains a diverse team of experts spanning various disciplines, uniquely equipped to navigate the intricate, evolving, and dynamic challenges inherent in managing the grid. Collaborating with distinguished individuals from both the power industry and the federal government, the SERC team cultivates essential partnerships, enriching our work with informed insights, pragmatism, responsiveness, and significant impact.

SERC has developed four cultural attributes that help guide its conduct and help ensure it is best positioned to achieve its mission and further support the ERO Enterprise Long-Term Strategy Focus Areas and the ERO Enterprise Operating Plan.

- ❖ At SERC, every individual is a **LEADER** across every level of our organization. We are trustworthy, principled, inclusive, and respectful. We strive to create value that reduces risk to reliability and security. Leading means having a positive vision and actively building support for executing it.
- ❖ At SERC, we are **COLLABORATIVE** both internally and externally. We partner and engage in focused communication within and across our organization, with our stakeholders, the ERO Enterprise, and the Federal Energy Regulatory Commission (FERC) to drive meaningful action. We leverage our diverse experiences, skills, knowledge, and tools to ensure the effective reductions of risk to reliability and security.
- ❖ At SERC, we strive to be **EXPERTS** that are sought after for our credibility, objectivity, and discipline. We understand our strengths and opportunities and pursue continuous learning and improvement. We value intellectual curiosity, innovation, and creativity.
- ❖ At SERC, we take action to execute our risk-based mission by demonstrating **PURPOSEFUL** proactive initiative, intentionality, and resourcefulness in anticipation of current and future challenges and opportunities. We strategically plan and pursue activities that deliver value with intended results.

### VISION

A highly reliable and secure bulk power system

### MISSION

To assure effective and efficient reduction of risks to the reliability and security of the bulk power system

### CULTURAL ATTRIBUTES

- ❖ Leader
- ❖ Collaborative
- ❖ Expert
- ❖ Purposeful

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## Membership and Governance

Membership in SERC is voluntary and free of charge. SERC member companies (Members) meet at least annually to elect Independent Directors and Sector Directors and conduct other such business as may come before the meeting. Additionally, Members approve amendments to Bylaws as recommended by the SERC Board of Directors (Board) and advise the Board with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the organization.

SERC's governance structure allows for participation from a diverse mix of stakeholders while also ensuring independent decision-making. SERC is governed by a balanced, hybrid Board consisting of 18 Directors comprised of a combination of stakeholder representatives from SERC member companies (i.e., Sector Directors) and independent representatives (i.e., Independent Directors) that add independent balance, perspective, and expertise. This combination of stakeholder and Independent Directors allows the Board to focus on the most important and significant risks to reliability in the SERC footprint.

The Board currently has the following committees, which report directly to the Board:

- **Risk Committee:** Provides oversight on behalf of the Board over several risk-based activities undertaken by SERC, including the identification and management of Regional risks, especially by SERC's Technical Committees; the organization's Enterprise Risk Management framework; and other critical organization and Regional risk-based activities. The committee also periodically reports these risk oversight findings to the Board.
- **Human Resources and Compensation Committee (HRCC):** Provides oversight on behalf of the Board over SERC's organization and staffing needs, employee compensation, and other matters related to human resources.
- **Finance and Audit Committee (FAC):** Provides oversight on behalf of the Board to SERC on the organization's finances and internal controls.
- **Nominating and Governance Committee:** Identifies, vets, and recommends candidates for Board Officer and committee positions for approval by the Board. This committee is also responsible for providing oversight to SERC on the organization's Bylaws and other governing policies and procedures.

## Statutory Functional Scope

SERC performs the following statutory functions in furtherance of its mission and in accordance with its FERC approved Delegation Agreement with NERC:

- Analyzes events to identify lessons learned that will improve reliability;
- Proposes and helps develop NERC Reliability Standards and Regional Reliability Standards;
- Monitors compliance with and enforces approved mandatory Reliability Standards;
- Registers and certifies responsible entities under the reliability compliance program;
- Assesses the past, present, and future risk profile of the BPS to ensure grid reliability, adequacy, and security; and
- Provides training, education, and outreach to stakeholders, as it deems necessary, in support of its performance of delegated functions.

## ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which comprises 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.

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 was established in 2019, 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; and
- Support innovation, initiatives, and the sharing of best practices across the ERO Enterprise.



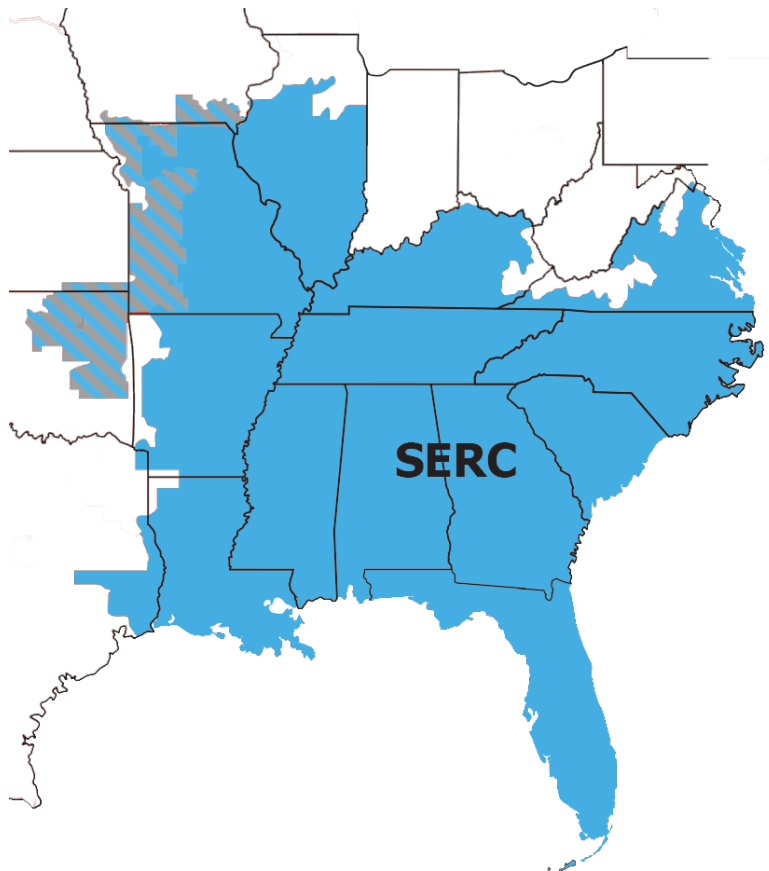
Building upon these commitments, the ERO Enterprise continues to engage in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.

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## Section B Strategic and Business Planning

### 2025 Business Plan and Budget

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## Strategic and Business Planning

### 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 Regions, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership came together to revise the *ERO Enterprise Long-Term Strategy* as part of an effort to streamline its strategic and operational documents and ensure alignment with the BPS risks currently identified by the NERC Reliability Issues Steering Committee (RISC). This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

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

Since that time, the ERO Enterprise has refined specific Work Plan Priorities, notably in the areas of Energy, Security, Agility, and Sustainability; and is finalizing its response to four critical challenges to overcome in order to position the ERO Enterprise for continued success in the implementation of its brilliant model for the foreseeable future.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business Plan and Budget may reference how activities support each of the strategic focus areas.

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 Strategic Focus Areas

SERC's Strategic Planning Process considers common themes throughout the industry, evaluates SERC's strengths and areas for improvement, and identifies risk priorities to develop SERC's Strategic Focus Areas.

SERC's strategic focus centers on three principles:

- SERC must be a **Credible and Trusted Expert** organization for its stakeholders, one that is truly risk-based. SERC strives for excellence in risk awareness and reduction and providing policymakers and regulators with unbiased expert information to inform their decision making.
- SERC must be a respected **Leader in Reliability and Security** across the industry. This is accomplished through innovation, collaboration, and meaningful relationships.
- SERC must be a **Highly Desirable Place to Work** through our Culture and Purpose. SERC fosters a culture of trust, teamwork, diversity and inclusion, and continuous improvement; and our work at every level is deeply tied to furthering our essential mission.



SERC's Operating Plan articulates key deliverables that ensure the day-to-day operations match the objectives laid out in the Strategic Plan:

### Credible and Trusted Expert

- Continue strengthening SERC's security posture by enhancing existing controls.
- Refine the Data Management Program to demonstrate data is treated at the organizational level as critical for successful performance of SERC's mission.
- Provide credentialed training opportunities to industry stakeholders.
- Review effectiveness of the Align Tool and related controls and processes.

### Leader in Reliability and Security

- Evaluate the effectiveness of state and regulatory agency outreach program strategies.
- Strengthen partnerships with other critical infrastructure industries and other industry experts to solve emerging challenges impacting the electric grid.
- Identify efficiencies and effectiveness enhancement opportunities within SERC and within the ERO Enterprise.

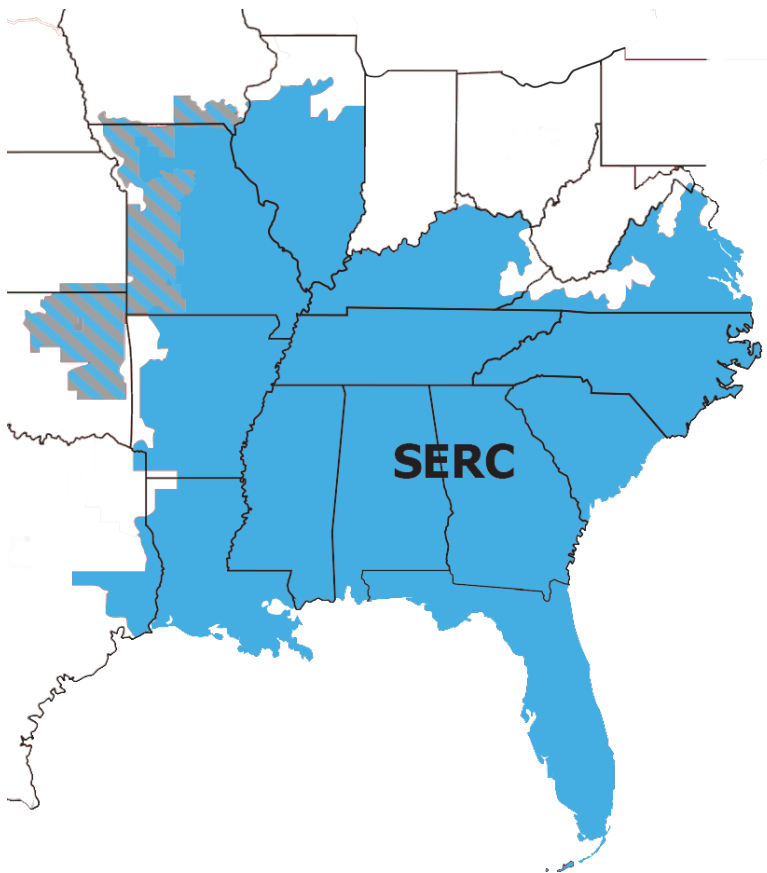
### Highly Desirable Place to Work

- Foster engagement among employees in a collaborative and respectful environment by embodying our cultural attributes.
- Continue implementation and refinement of the Corporate Responsibilities Framework to highlight SERC's environmental and social responsibilities.

## Section C 2025 Business Plan and Budget Overview

### 2025 Business Plan and Budget

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## 2025 Business Plan and Budget Overview

### Funding and Budget Summary

SERC proposes to increase its operating budget in 2025 from \$31,999,954 to \$35,351,088 an increase of \$3,351,134 or 10.5%.

SERC's proposed 2025 assessment was reduced by the release of \$461,433 from its Working Capital Reserve, and \$2,972,040 from its Assessment Stabilization Reserve (refer to Working Capital and Assessment Stabilization Reserve Analysis for more information). The total assessment of \$31,547,615 represents an increase of 9.8%, or \$2,809,928 from the 2024 assessment.

SERC's NEL for 2022 was 1,348,729,586. The 2023 NEL number is not current available and will be provided in the final draft of the 2025 BP&B.

SERC believes that in 2025, it will continue to realize material efficiencies that will allow the organization to effectively perform its mission and deliver value by reducing risks to the reliability and security of the grid. SERC will also continue to perform its essential mission at a cost that balances the longstanding traditions of affordable and reliable electricity across SERC's footprint.

The following targeted budget changes allow SERC to accomplish the specific objectives outlined in the *2025 Business Plan and Budget* (BP&B) (dollars are stated as an increase in the 2025 budget compared to the 2024 budget).

### Major Budget Drivers

- **Staffing changes proposed for 2025** – In alignment with SERC's strategic objectives, the targeted staffing level for 2025 is set at 115 Full-Time Equivalents (FTEs), representing a total increase of four FTEs compared to the 2024 budget. These additional personnel are deemed essential to address three key priorities:
  - **Managing Influx of New Inverter Based Resources (IBR) Registrants:** With a significant influx of new IBR registrants anticipated, additional staffing is imperative to effectively administer registration, training, and outreach programs to monitoring and reliability assurance activities. A large number of new generator and generator operator registrants will have significant impacts felt throughout many SERC programs, initiatives, and oversight activities.
  - **Enhancing Strategic Engagement with State Policymakers and Regulators:** Recognizing the critical importance of proactive engagement, particularly with state policymakers and regulators, additional staff resources will facilitate enhanced strategic dialogue. This proactive approach aims to address emerging opportunities and risks stemming from state policy decisions, thereby fostering collaboration and alignment across the region.
  - **Enabling Reliability Studies and Assessments:** Given the dynamic and evolving nature of the grid, it is imperative for SERC to conduct necessary and relevant reliability studies and assessments. The proposed increase in staffing will bolster SERC's capacity to perform these essential functions, ensuring the continued reliability and security of the bulk power system.
- **Cost increase for maintaining staff budgeted in 2025** – The net increase in Personnel Expenses of \$3,061,150 compared to 2024 is driven by the addition of 4 FTEs, a reduction in the budgeted staff vacancy rate, Board approved merit increases, and increasing employee benefit costs. A 2% vacancy rate has been applied to all

Personnel Expenses which is a decrease from the 5% vacancy rate in the 2024 budget, reflecting sustained success in hiring and retaining talent.

- **Meetings and Travel** – An increase of \$153,942 reflects a combination of inflation and incremental travel related to the addition of non-BES Inverter Based Resources, including registration and training, and increased engagement with state policymakers and regulators.
- **Consultants and Contracts** – SERC anticipates an increase in consultants and contracts of \$14,350 as planned office relocation expenses are partially offset by biannual cyber security projects not occurring in 2025.
- **Office Rent** – SERC will realize a \$489,733 increase in rent expense as a new office lease takes effect and operations move to a new corporate location.
- **Office Costs** – A decrease of \$72,096 is due primarily to biannual Cyber Security projects and onetime Reliability Assessment and Performance Analysis Program (RAPA) software purchases in 2024.
- **Fixed Assets** – The overall decrease of \$330,000 is due to leasehold improvements and the purchase of high-performance servers budgeted in 2024.

## 2025 Business Plan and Budget Overview

## 2024 Budget and 2025 Budget Comparisons

## 2024 Budget and 2025 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2024 Budget and 2025 Budget					
STATUTORY					
	2024 Budget	2024 Projection	Variance 2024 Budget v 2024 Projection Over(Under)	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>					
<b>Statutory Funding</b>					
SERC Assessments	\$ 28,737,687	\$ 28,737,687	\$ -	\$ 31,547,615	\$ 2,809,928
Penalties Released*	2,896,449	2,896,449	-	2,972,040	75,591
<b>Total Statutory Funding</b>	<b>\$ 31,634,136</b>	<b>\$ 31,634,136</b>	<b>\$ -</b>	<b>\$ 34,519,655</b>	<b>\$ 2,885,519</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops & Miscellaneous	177,500	147,822	(29,678)	199,999	22,499
Interest	106,000	510,178	404,178	170,001	64,001
<b>Total Funding (A)</b>	<b>\$ 31,917,636</b>	<b>\$ 32,292,136</b>	<b>\$ 374,500</b>	<b>\$ 34,889,655</b>	<b>\$ 2,972,019</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 19,642,715	\$ 19,686,432	\$ 43,717	\$ 22,041,566	\$ 2,398,851
Payroll Taxes	1,175,624	1,208,152	32,528	1,319,535	143,911
Benefits	2,236,235	2,073,187	(163,048)	2,420,585	184,350
Retirement Costs	2,495,864	2,535,077	39,213	2,829,902	334,038
<b>Total Personnel Expenses</b>	<b>\$ 25,550,438</b>	<b>\$ 25,502,848</b>	<b>\$ (47,590)</b>	<b>\$ 28,611,588</b>	<b>\$ 3,061,150</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 462,883	\$ 409,162	\$ (53,721)	\$ 449,700	\$ (13,183)
Travel	947,770	925,286	(22,484)	1,114,895	167,125
<b>Total Meeting Expenses</b>	<b>\$ 1,410,653</b>	<b>\$ 1,334,448</b>	<b>\$ (76,205)</b>	<b>\$ 1,564,595</b>	<b>\$ 153,942</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 1,155,750	\$ 971,395	\$ (184,355)	\$ 1,170,100	\$ 14,350
Office Rent	855,067	969,816	114,749	1,344,800	489,733
Office Costs	1,790,576	1,695,843	(94,733)	1,718,480	(72,096)
Professional Services	547,470	546,650	(820)	581,525	34,055
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 4,348,863</b>	<b>\$ 4,183,704</b>	<b>\$ (165,159)</b>	<b>\$ 4,814,905</b>	<b>\$ 466,042</b>
<b>Total Direct Expenses</b>	<b>\$ 31,309,954</b>	<b>\$ 31,021,000</b>	<b>\$ (288,954)</b>	<b>\$ 34,991,088</b>	<b>\$ 3,681,134</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 31,309,954</b>	<b>\$ 31,021,000</b>	<b>\$ (288,954)</b>	<b>\$ 34,991,088</b>	<b>\$ 3,681,134</b>
<b>Change in Assets</b>	<b>\$ 607,682</b>	<b>\$ 1,271,136</b>	<b>\$ 663,454</b>	<b>\$ (101,433)</b>	<b>\$ (709,115)</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 690,000</b>	<b>\$ 1,120,000</b>	<b>\$ 430,000</b>	<b>\$ 360,000</b>	<b>\$ (330,000)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 31,999,954</b>	<b>\$ 32,141,000</b>	<b>\$ 141,046</b>	<b>\$ 35,351,088</b>	<b>\$ 3,351,134</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (82,318)</b>	<b>\$ 151,136</b>	<b>\$ 233,454</b>	<b>\$ (461,433)</b>	<b>\$ (379,115)</b>
<b>FTEs</b>	111.0	111.0	-	115.0	4.0

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

**Table 1: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital (2024 Budget and 2025 Budget)**

## Major Budget Drivers – Program Areas

Program	Budget 2024	Budget 2025	Variance 2024 Budget v 2025 Budget	Variance %
Reliability Standards	\$ 251,018	\$ 256,685	\$ 5,667	2.3%
Compliance Monitoring and Enforcement; Organization Registration and Certification	22,267,186	22,689,156	421,970	1.9%
Reliability Assessment and Performance Analysis	4,575,530	4,630,500	54,970	1.2%
Training, Education and Stakeholder Outreach	3,553,803	6,427,623	2,873,820	80.9%
Situation Awareness and Infrastructure Security	1,352,418	1,347,124	(5,294)	(0.4%)
<b>Total</b>	<b>\$ 31,999,955</b>	<b>\$ 35,351,088</b>	<b>\$ 3,351,133</b>	<b>10.5%</b>
<b>Working Capital Reserve</b>	<b>(82,318)</b>	<b>(461,433)</b>	<b>(379,115)</b>	
<b>Total Funding</b>	<b>31,917,637</b>	<b>34,889,655</b>	<b>2,972,018</b>	<b>9.3%</b>

This chart does not include an allocation of working capital requirements among the program areas.

**Table 2: Major Budget Drivers - Program Areas**

### Compliance Monitoring and Enforcement; Organization Registration and Certification

- Increase in personnel to support registration and certification of Inverter Based Resources is partially offset by reduced allocation of indirect expenses.

### Reliability Assessment and Performance Analysis

- Increase of 1 FTE to support additional analyses, studies and modeling associated with Inverter Based Resources is partially offset by reduced allocation of indirect expenses.

### Training, Education and Stakeholder Outreach

- **Personnel** – The evolving grid and in particular the anticipated significant increase of newly registered Inverter Based Resources is driving an increase of 4.8 FTEs (2 new FTEs and 2.8 FTEs repurposed from other departments).: Recognizing the critical importance of proactive engagement, particularly with state policymakers and regulators, additional staff resources will facilitate enhanced strategic dialogue. This proactive approach aims to address emerging opportunities and risks stemming from state policy decisions, thereby fostering collaboration and alignment across the region. In addition, while SERC's training, education and stakeholder outreach programs for existing entities continue to mature, there will be additional focus on new registered Inverter Based Resources.
- **Meetings & Travel** – The costs associated with Security Operator Conferences have been reallocated from RAPA to Training, aligning them more closely with the relevant

work areas. The increase in travel expenses reflects both inflation and additional travel needs related to the incorporation of non-Bulk Electric System (BES) Inverter Based Resources, including registration and training, as well as heightened engagement with state policymakers and regulators.

- **Fixed Assets** - The budget reflects an overall decrease in fixed assets. The bulk of the 2024 fixed asset spend stems from the need to address critical deficiencies in our current website infrastructure. The lack of technical support for the existing website heightens security risks and diminishes functionality. Additionally, the outdated nature of our website underscores the necessity for a modernization effort to enhance its static appearance. To overcome these challenges, the upgrade project will migrate our website hosting to a top-tier cloud provider. This strategic transition is poised to not only bolster security but also revamp the functionality and aesthetic appeal of our website. The execution of this project will entail collaboration with a third-party developer to convert the existing code and transition the infrastructure. Through this initiative, we aim to strengthen our online presence, streamline internal operations, and enrich the user experience for stakeholders across the board.
- **Indirect Expense Allocation** – Corporate Services are allocated to program areas based on FTEs. The increase in FTEs in this program area has significantly increased its proportionate share of indirect expenses.

## Corporate Services

Corporate Services (in whole dollars)						
Direct Expenses and Fixed Assets						
	2024 Budget	2025 Budget	Increase (Decrease)	FTEs 2024 Budget	FTEs 2025 Budget	Increase (Decrease)
Technical Committees and Member Forums	\$ 1,194,019	\$ 1,311,359	\$ 117,340	3.90	3.90	-
General and Administrative	\$ 4,895,877	\$ 5,200,975	\$ 305,098	8.65	6.90	(1.75)
Legal and Regulatory	\$ 1,594,263	\$ 1,667,784	\$ 73,521	2.90	2.30	(0.60)
Analytics & Information Technology	\$ 5,113,584	\$ 5,233,853	\$ 120,269	18.30	18.30	-
Human Resources	\$ 1,150,158	\$ 1,279,119	\$ 128,961	3.00	3.00	-
Accounting and Finance	\$ 535,409	\$ 589,177	\$ 53,768	3.00	3.00	-
Total Corporate Services	\$ 14,483,310	\$ 15,282,267	\$ 798,957	39.75	37.40	(2.35)

**Table 3: Corporate Services Direct Expenses and Fixed Assets**

**Personnel** – A combined decrease of 2.35 FTEs in G&A and Legal and Regulatory

Decrease of 1.75 FTE in G&A from the repurposing of roles within the organization. Specifically, a former Meeting Planner position has been repurposed for Training, Education, and Stakeholder Outreach for State Outreach. Additionally, half of an FTE has been reallocated to Compliance Monitoring and Enforcement.

Decrease of 0.60 FTE in Legal and Regulatory resulting from re-allocation of current staff to support strategic effort to focus on entity requested training and state outreach efforts.



## Personnel Analysis and Expenses

Total FTEs by Program Area	Budget 2024	Budget 2025	Increase (Decrease)
<b>STATUTORY</b>			
<b>Operational Programs</b>			
Reliability Standards	0.50	0.50	0.00
Compliance Monitoring and Enforcement; Organization Registration and Certification	50.45	51.00	0.55
Reliability Assessment and Performance Analysis	8.30	9.30	1.00
Training, Education and Stakeholder Outreach	9.00	13.80	4.80
Situation Awareness and Infrastructure Security	3.00	3.00	0.00
<b>Total FTEs Operational Programs</b>	<b>71.25</b>	<b>77.60</b>	<b>6.35</b>
<b>Corporate Services</b>			
Technical Committees and Member Forums	3.90	3.90	0.00
General & Administrative	8.65	6.90	(1.75)
Legal and Regulatory	2.90	2.30	(0.60)
Analytics & Information Technology	18.30	18.30	0.00
Human Resources	3.00	3.00	0.00
Finance and Accounting	3.00	3.00	0.00
<b>Total FTEs Corporate Services</b>	<b>39.75</b>	<b>37.40</b>	<b>(2.35)</b>
<b>Total FTEs</b>	<b>111.00</b>	<b>115.00</b>	<b>4.00</b>

**Table 4: Personnel Analysis and Expenses - Total FTEs by Program Area**

Personnel Expenses	Budget 2024	Budget 2025	Variance	
			2024 Budget v 2025 Budget	Variance %
<b>Total Salaries</b>	\$ 19,642,715	\$ 22,041,566	\$ 2,398,851	12.2%
<b>Total Payroll Taxes</b>	\$ 1,175,624	\$ 1,319,535	\$ 143,911	12.2%
<b>Total Benefits</b>	\$ 2,236,235	\$ 2,420,586	\$ 184,351	8.2%
<b>Total Retirement</b>	\$ 2,495,864	\$ 2,829,902	\$ 334,038	13.4%
<b>Total Personnel Costs</b>	<b>\$ 25,550,438</b>	<b>\$ 28,611,589</b>	<b>\$ 3,061,151</b>	<b>12.0%</b>
<b>FTEs</b>	<b>111.0</b>	<b>115.0</b>	<b>4.0</b>	<b>3.6%</b>
<b>Cost per FTE</b>				
Salaries	\$ 176,961	\$ 191,666	\$ 14,704	8.3%
Payroll Taxes	10,591	11,474	883	8.3%
Benefits	20,146	21,049	902	4.5%
Retirement	22,485	24,608	2,123	9.4%
<b>Total Cost per FTE</b>	<b>\$ 230,184</b>	<b>\$ 248,796</b>	<b>\$ 18,612</b>	<b>8.1%</b>

**Table 5: Personnel Analysis and Expenses - Personnel Expenses**

### Explanation of Significant Personnel Variances – 2025 Budget versus 2024 Budget

- Increase in total personnel expenses resulting from 4 additional FTEs. More information can be found in the Major Budget Drivers—Budget Overview.
- The budgeted vacancy rate has been reduced from 5% to 2%, reflecting improved staff hiring and retention rates.
- The budget includes a Board-approved merit increase, and an estimated 10% increase in medical premiums.

## Consultants and Contractors

Consultants and Contracts	Budget		Variance	
	2024	2025	2024 Budget v 2025 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	258,000	263,850	5,850	2.3%
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	897,750	906,250	8,500	0.9%
<b>Total Consultants and Contracts</b>	<b>\$ 1,155,750</b>	<b>\$ 1,170,100</b>	<b>\$ 14,350</b>	<b>1.2%</b>

**Table 6: Consultants and Contracts**

## Explanation of Significant Variances – 2025 Budget versus 2024 Budget

- A modest rise in expenses is anticipated due to an expected increase in service fees for consulting services in 2025.

## Fixed Assets

Fixed Assets	Budget		Variance	
	2024	2025	2024 Budget v 2025 Budget	Variance %
Computer & Software CapEx	\$ -	\$ 200,000	\$ 200,000	
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	440,000	160,000	(280,000)	(63.6%)
Leasehold Improvements	250,000	-	(250,000)	(100.0%)
	<b>\$ 690,000</b>	<b>\$ 360,000</b>	<b>\$ (330,000)</b>	<b>(47.8%)</b>

**Table 7: Fixed Assets**

## Explanation of Significant Variances – 2025 Budget versus 2024 Budget

- An overall decrease of \$330,000 is due to one-time capitalized purchases in 2024 for leasehold improvements and high-performance servers needed to support RAPA modeling and studies.

**2025 Business Plan and Budget Overview Working Capital and Assessment Stabilization Reserve Analysis**
**Working Capital and Assessment Stabilization Reserve Analysis**

Reserve Analysis			
STATUTORY			
	Total Reserves	Working Capital Reserve	Assessment Stabilization Reserve <sup>1</sup>
<b>Beginning Reserves, January 1, 2024</b>	<b>\$ 13,084,551</b>	<b>\$ 2,431,362</b>	<b>\$ 10,653,189</b>
Plus: 2024 Funding (from Load-Serving Entities (LSE) or designees)	\$ 28,737,687	\$ 28,737,687	\$ -
Plus: 2024 Other funding sources	658,000	658,000	-
Penalties released from Assessment Stabilization Reserve in 2024	-	2,896,449	(2,896,449)
Penalty Sanctions January 1 - June 30, 2024	515,300	-	515,300
Less: 2024 Projected expenses & capital expenditures	(32,141,000)	(32,141,000)	-
<b>Projected Reserves, December 31, 2024</b>	<b>\$ 10,854,538</b>	<b>\$ 2,582,498</b>	<b>\$ 8,272,040</b>
Targeted Reserve, December 31, 2025	\$ 7,421,065	\$ 2,121,065	\$ 5,300,000
Less: Projected Reserves, December 31, 2024	(10,854,538)	(2,582,498)	(8,272,040)
<b>Increase/(decrease) to 2025 Assessments</b>	<b>\$ (3,433,473)</b>	<b>\$ (461,433)</b>	<b>\$ (2,972,040)</b>
2025 Expenses and Capital Expenditures	\$ 35,351,088		
Less: Penalties released from Assessment Stabilization Reserve	(2,972,040)		
Adjustment to achieve targeted Working Capital Reserve	(461,433)		
Less: Other funding sources	(370,000)		
<b>2025 SERC Assessment</b>	<b>\$ 31,547,615</b>		

<sup>1</sup> Penalty sanctions are added to the Assessment Stabilization Reserve upon approval of the enforcement action by FERC, and released to offset future assessments, as approved by SERC's Board of Directors.

**Table 8: Reserve Analysis - Statutory**
**Explanation of the Working Capital Reserve**

In accordance with SERC's Cash Reserves Policy approved by the Board on June 26, 2019, the organization maintains a Working Capital Reserve. This reserve is designed to address both daily operational cash flow needs and unexpected contingencies that were not foreseen at the time the BP&B (Business Plan and Budget) was prepared. The policy stipulates a working capital target of up to 10% of the annual budget.

For the 2025 BP&B, SERC has targeted a Working Capital Reserve of \$2,121,065. To align with this target, SERC has reduced its 2025 ERO Assessments by \$461,433. This adjustment ensures that the Working Capital Reserve is maintained at the targeted level, facilitating financial stability and readiness to address unforeseen circumstances while fulfilling operational requirements effectively.

**Explanation of the Assessment Stabilization Reserve**

Pursuant to SERC's Cash Reserves Policy, SERC maintains an Assessment Stabilization Reserve to mitigate annual assessment volatility. With NERC and FERC approval, Penalty sanctions are added to the reserve, and released to offset assessments in future years. SERC is requesting to place \$472,040 of Penalty sanctions received between July 1, 2023 and June

30, 2024, into the Assessment Stabilization Reserve, and to release \$2,972,040 from the Assessment Stabilization Reserve to offset 2025 SERC Assessments.

### **Penalty Sanctions**

Pursuant to the NERC ROP Section 1107.4, SERC is requesting an exception to NERC ROP 1107.2. *All funds from financial Penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1.* Specifically, SERC is requesting an exception in order to place \$472,040 of Penalty sanctions received between July 1, 2023 and June 30, 2024, into the Assessment Stabilization Reserve, and to release \$2,972,040 from the Assessment Stabilization Reserve to offset 2025 SERC Assessments.

**Allocation Method:** Penalty sanctions released to offset 2025 assessments have been allocated to the following statutory programs to reduce assessments: Reliability Standards; Compliance Monitoring and Enforcement; RAPA; Training, Education and Stakeholder Outreach; and Situation Awareness and Infrastructure Security (SAIS). Penalty sanctions are allocated based upon the number of FTEs in the program divided by the aggregate total FTEs in the programs receiving the allocation.

## 2025 Business Plan and Budget Overview

## Three-Year Budget Projections

## Three-Year Budget Projections

Statement of Activities and Capital Expenditures							
2025 Budget & Projected 2026 and 2027 Budgets							
Statutory							
	2025	2026	\$ Change	% Change	2027	\$ Change	% Change
	Budget	Projection	25 v 26	25 v 26	Projection	26 v 27	26 v 27
<b>Funding</b>							
<b>Statutory Funding</b>							
SERC Assessments	\$ 31,547,615	\$ 34,072,802	\$ 2,525,187	8.0%	\$ 36,404,725	\$ 2,331,924	6.8%
Penalties Released*	2,972,040	2,500,000	(472,040)	(15.9%)	1,750,000	(750,000)	(30.0%)
<b>Total Statutory Funding</b>	<b>\$ 34,519,655</b>	<b>\$ 36,572,802</b>	<b>\$ 2,053,147</b>	<b>5.9%</b>	<b>\$ 38,154,725</b>	<b>\$ 1,581,924</b>	<b>4.3%</b>
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
Workshops & Miscellaneous	200,000	200,000	-	0.0%	200,000	-	0.0%
Interest	170,001	100,000	(70,001)	(41.2%)	100,000	-	0.0%
<b>Total Funding (A)</b>	<b>\$ 34,889,656</b>	<b>\$ 36,872,802</b>	<b>\$ 1,983,146</b>	<b>5.7%</b>	<b>\$ 38,454,725</b>	<b>\$ 1,581,924</b>	<b>4.3%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 22,041,566	\$ 23,108,125	\$ 1,066,559	4.8%	\$ 24,164,409	\$ 1,056,284	4.6%
Payroll Taxes	1,319,535	1,383,385	63,850	4.8%	1,446,620	63,235	4.6%
Benefits	2,420,585	2,542,714	122,129	5.0%	2,669,850	127,136	5.0%
Retirement Costs	2,829,902	2,966,837	136,935	4.8%	3,102,453	135,616	4.6%
<b>Total Personnel Expenses</b>	<b>\$ 28,611,588</b>	<b>\$ 30,001,061</b>	<b>\$ 1,389,473</b>	<b>4.9%</b>	<b>\$ 31,383,332</b>	<b>\$ 1,382,271</b>	<b>4.6%</b>
<b>Meeting Expenses</b>							
Meetings & Conference Calls	\$ 449,700	\$ 503,191	\$ 53,491	11.9%	\$ 493,287	\$ (9,904)	(2.0%)
Travel	1,114,895	1,148,342	33,447	3.0%	1,182,792	34,450	3.0%
<b>Total Meeting Expenses</b>	<b>\$ 1,564,595</b>	<b>\$ 1,651,533</b>	<b>\$ 86,938</b>	<b>5.6%</b>	<b>\$ 1,676,079</b>	<b>\$ 24,546</b>	<b>1.5%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 1,170,100	1,251,203	\$ 81,103	6.9%	1,388,739	\$ 137,536	11.0%
Office Rent	1,344,800	1,285,000	(59,800)	(4.4%)	1,295,000	10,000	0.8%
Office Costs	1,718,480	1,820,034	101,554	5.9%	1,924,635	104,601	5.7%
Professional Services	581,525	598,971	17,446	3.0%	616,940	17,969	3.0%
Miscellaneous	-	-	-		-	-	
<b>Total Operating Expenses</b>	<b>\$ 4,814,905</b>	<b>\$ 4,955,208</b>	<b>\$ 140,303</b>	<b>2.9%</b>	<b>\$ 5,225,314</b>	<b>\$ 270,106</b>	<b>5.5%</b>
<b>Total Direct Expenses</b>	<b>\$ 34,991,088</b>	<b>\$ 36,607,802</b>	<b>\$ 1,616,714</b>	<b>4.6%</b>	<b>\$ 38,284,725</b>	<b>\$ 1,676,924</b>	<b>4.6%</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 34,991,088</b>	<b>\$ 36,607,802</b>	<b>\$ 1,616,714</b>	<b>4.6%</b>	<b>\$ 38,284,725</b>	<b>\$ 1,676,924</b>	<b>4.6%</b>
<b>Change in Assets</b>	<b>\$ (101,432)</b>	<b>\$ 265,000</b>	<b>\$ 366,432</b>	<b>(361.3%)</b>	<b>\$ 170,000</b>	<b>\$ (95,000)</b>	<b>(35.8%)</b>
<b>Fixed Assets</b>							
Computer & Software CapEx	200,000	-	(200,000)	(100.0%)	-	-	
Furniture & Fixtures CapEx	-	100,000	100,000		-	(100,000)	(100.0%)
Equipment CapEx	160,000	165,000	5,000	3.1%	170,000	5,000	3.0%
Leasehold Improvements	-	-	-		-	-	
Allocation of Fixed Assets	-	-	-		-	-	
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 360,000</b>	<b>\$ 265,000</b>	<b>\$ (95,000)</b>	<b>(26.4%)</b>	<b>\$ 170,000</b>	<b>\$ (95,000)</b>	<b>(35.8%)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 35,351,088</b>	<b>\$ 36,872,802</b>	<b>\$ 1,521,714</b>	<b>4.3%</b>	<b>\$ 38,454,725</b>	<b>\$ 1,581,924</b>	<b>4.3%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (461,432)</b>	<b>\$ -</b>	<b>\$ 461,432</b>	<b>(100.0%)</b>	<b>\$ -</b>	<b>\$ -</b>	
FTEs	115.0	115.0 - 117	0.0 - 2.0		116.0 - 119.0	0.0 - 2.0	

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

Table 9: Three-Year Budget Projections

## Explanation of 2026 and 2027 Budget Projections

### Personnel Expenses

- Expense includes 0 to 2 additional FTEs in both 2026 and 2027 with a total increase of 1 to 3 over the two years
- Annual increase in insurance premiums
- A continuation of a 2% vacancy rate

### Meeting Expenses

- Meetings and travel costs include expenses for SERC to host an ERO Grid Security Conference in 2026 and inflationary increases in 2026 and 2027.

### Operating Expenses

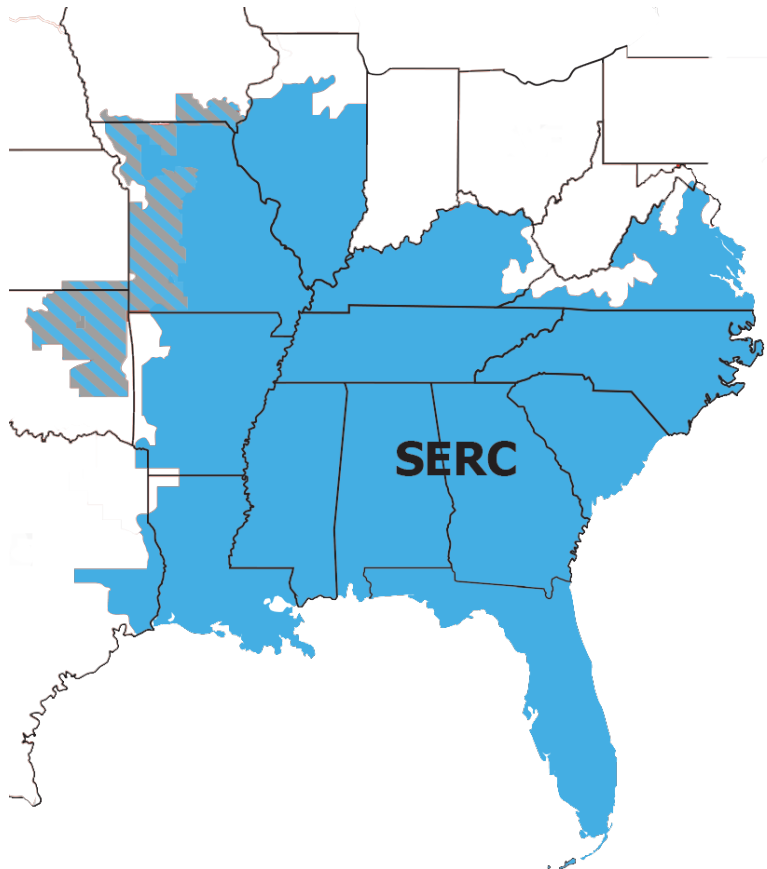
- Consultants & Contracts includes provisions for anticipated IT and Security projects.
- Office rent decrease in 2026 is due to additional expense incurred in 2025 associated with GAAP accounting of new office lease.
- Professional services include 3% inflationary increases in both 2026 and 2027.
- Office costs are increasing due to incremental software needs and inflationary increases of existing software licenses.

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## Section D Regional Entity Goals and Statements of Activities

### 2025 Business Plan and Budget

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# Regional Entity Statutory Program Goals and Statements of Activities

## Reliability Standards Program

### Program Scope and Functional Description

SERC may develop Regional Reliability Standards to establish threshold requirements for assuring the planning and operation of the Bulk Electric System (BES). Per the SERC Reliability Standards Development Procedure, SERC develops and maintains its Regional Reliability Standards to minimize the risks of cascading failures and avoid damage to major equipment. These Standards must be more stringent than a NERC Reliability Standard or address a Regional difference or a physical difference in the BES.

SERC may also develop Regional criteria and guidelines. Regional criteria and guidelines are clear, timely, and effective in mitigating risks to the reliability and security of the Bulk Power System in the SERC footprint and support the use of good utility practices to enhance reliability, consider cost-effectiveness/impact, and may augment Reliability Standards. Regional criteria and guidelines are not Reliability Standards, and therefore are not enforceable. SERC develops its Regional criteria and guidelines following the Organization and Procedures Manual for SERC Technical Committees.

### 2025 Key Assumptions

The 2025 key assumptions for the Reliability Standards program are as follows:

- SERC expects the overall volume of NERC Reliability Standard changes to increase with the anticipated changes in the area of inverter-based resources, and extreme cold weather as several new standards are in the process of being developed and existing standards are being modified.
- SERC resources will support any SERC Regional Standards development and will maintain visibility into the activities of the NERC Reliability Standards.
- SERC anticipates that Regional criteria and guideline development will continue as needed to support reliability and security.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the SERC Reliability Standards program are as follows:

- Manage the SERC Technical Committee documents per the approved 2025 Review Work Plan;
- Support the ERO Enterprise as needed to develop, modify, and conduct periodic reviews of Reliability Standards to ensure Standards are written clearly and structured properly for existing and emerging risks; and
- Provide information to SERC staff and stakeholders on upcoming Standards changes or implementation dates to ensure awareness and preparedness.

The Statement of Activities for this program area is shown below.



Public

## Reliability Standards Statement of Activity

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget			
RELIABILITY STANDARDS			
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>			
<b>Statutory Funding</b>			
SERC Assessments	\$ 229,081	\$ 232,877	\$ 3,796
Penalties Released	20,326	19,150	(1,176)
<b>Total Statutory Funding</b>	<b>\$ 249,407</b>	<b>\$ 252,027</b>	<b>\$ 2,620</b>
Membership Fees	-	-	-
Services & Software	-	-	-
Workshops & Miscellaneous	221	213	(8)
Interest	744	1,095	351
<b>Total Funding (A)</b>	<b>\$ 250,372</b>	<b>\$ 253,335</b>	<b>\$ 2,963</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 112,831	\$ 120,454	\$ 7,623
Payroll Taxes	6,770	7,227	457
Benefits	10,378	9,406	(972)
Retirement Costs	14,200	15,299	1,099
<b>Total Personnel Expenses</b>	<b>\$ 144,179</b>	<b>\$ 152,386</b>	<b>\$ 8,207</b>
<b>Meeting Expenses</b>			
Meetings & Conference Calls	-	-	-
Travel	2,500	4,800	2,300
<b>Total Meeting Expenses</b>	<b>\$ 2,500</b>	<b>\$ 4,800</b>	<b>\$ 2,300</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	-	-	-
Office Rent	-	-	-
Office Costs	-	-	-
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 146,679</b>	<b>\$ 157,186</b>	<b>\$ 10,507</b>
<b>Indirect Expenses</b>	<b>\$ 101,637</b>	<b>\$ 98,468</b>	<b>\$ (3,169)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 248,316</b>	<b>\$ 255,654</b>	<b>\$ 7,338</b>
<b>Change in Assets</b>	<b>\$ 2,056</b>	<b>\$ (2,319)</b>	<b>\$ (4,375)</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 2,702</b>	<b>\$ 1,031</b>	<b>\$ (1,671)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 251,018</b>	<b>\$ 256,685</b>	<b>\$ 5,667</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (646)</b>	<b>\$ (3,350)</b>	<b>\$ (2,704)</b>
FTEs	0.50	0.50	-

Table 10: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital for Reliability Standards

## **Compliance Monitoring and Enforcement; Organization Registration and Certification Program**

### **Program Scope and Functional Description**

The purpose of the Compliance Monitoring and Enforcement program is to ensure that all compliance monitoring, risk assessment, mitigation, and enforcement activities are risk-based, reliability-focused, and adhere to the requirements of the NERC Rules of Procedure and the Amended and Restated Delegation Agreement between NERC and SERC. To accomplish this objective, SERC has divided its Compliance Monitoring and Enforcement program into five areas: Organization Registration and Certification, Compliance Monitoring, Risk Assessment and Mitigation, Risk Awareness and Oversight, and Enforcement.

### **Organization Registration and Certification**

- Registers applicable owners, operators, and users of the Bulk Power System (BPS) for compliance with Reliability Standards; and
- Certifies applicable entities.

### **Compliance Monitoring**

- Uses a risk-based monitoring approach to conduct SERC compliance monitoring activities (e.g., compliance audits, spot checks, self-certifications, compliance investigations);
- Reviews entity internal controls during monitoring engagements;
- Implements the process for Periodic Data Submittals (PDS); and
- Implements the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions (TFEs) process.

### **Risk Assessment and Mitigation (RAM)**

- Serves as the technical point of contact for all noncompliance issues identified through one of the discovery methods (e.g., self-report, self-log, compliance audit, self-certification, spot check);
- Performs risk-harm assessments on noncompliance issues, which include determining the scope and root cause of the noncompliance, and the potential and actual risk or harm to BPS reliability;
- Reviews and approves the registered entity's mitigating activities to ensure the registered entity performs the actions necessary to correct the noncompliance and prevent recurrence to protect BPS reliability;
- Administers the SERC Regional self-logging program; and
- Performs Compliance Evaluations, when required, on events reported by registered entities.

### **Risk Awareness and Oversight (RAO)**

- Conducts registered entity Inherent Risk Assessments;

- Develops and implements registered entity Compliance Oversight Plans (COPs);
- Provides registered entities an outreach opportunity to better understand the risk information in their COP Report;
- Performs internal control program maturity assessments on registered entities' compliance programs as requested by the registered entities; and
- Maintains an awareness of emerging and escalating risks, which may affect entities or groups of entities in the aggregate and incorporates mitigation strategies into various other SERC programs such as training, outreach, communication, and Technical Committee engagements.

### **Enforcement**

The SERC Enforcement team resolves all noncompliance issues associated with NERC Reliability Standards and/or SERC Regional Reliability Standards and imposes monetary and/or non-monetary penalties and sanctions, as appropriate. Utilizing themes, trends, and patterns identified through Enforcement processes, the Enforcement team reduces risks and enhances security of the bulk power system through:

- Transparent, consistent, and efficient disposition of noncompliance matters;
- Collaborative engagement with the ERO, registered entities, and government bodies, and;
- Agile use of regulatory tools to encourage risk reduction and deter future violations.

### **2025 Key Assumptions**

#### **Compliance Monitoring, RAM, and RAO**

The 2025 key assumptions for Compliance Monitoring, RAM, and RAO are as follows:

- The Compliance Monitoring team incorporates a purposeful risk-based approach into audit planning and execution. This risk-based approach generally results in more frequent engagements with entities that pose a higher risk to the grid.
- The Compliance Monitoring team uses a hybrid approach for spot check and audits (i.e., combination of virtual and onsite).
- Compliance Monitoring uses self-certifications primarily for monitoring engagements for lower-risk entities as well as monitoring specific risks that impact the SERC Region as a whole.
- The number of incoming issues, whether through audit findings or self-reports, will remain relatively consistent with trends over the past 12 to 24 months.
- RAM will prioritize and process Potential non-Compliances based on risk posed to the BPS.
- RAM will experience no significant increase in travel for processing Potential non-Compliances.
- As subject matter experts, the Compliance Monitoring, RAM, and RAO staff will continue to receive training on Reliability Standards, current and emerging risks, internal controls,

and enhanced audit practices. Additionally, staff will pursue and maintain professional credentials to further enhance their knowledge of risk-based CMEP principles.

### **Organization Registration and Certification**

The 2025 key assumptions for the Organization Registration and Certification program area are as follows:

- The volume of registration additions is expected to increase as a result of the changing resource mix and the modification to the registry criteria to include non-BES Inverter Based Resources.
- SERC Certification staff will continue to collaborate with NERC and implement the NERC Rules of Procedure (ROP) certification process to assess a registered entity's capability for performing its registered function(s). SERC expects the volume of certification engagements to increase.
- The number of Joint Registration Organization (JRO), Coordinated Functional Registration (CFR), and the Multi-Regional Registered Entity (MRRE) may increase as registered entities better delineate shared responsibilities and promote efficiency and effectiveness in compliance.

### **Enforcement**

The 2025 key assumptions for the SERC Enforcement program area are as follows:

- The number of incoming noncompliances, whether through audit findings or self-reports, will remain relatively consistent with trends over the past 12 to 24 months.
- Enforcement processes noncompliances in a timely and fair manner;
- Enforcement resolves noncompliances with appropriate dispositions based on risk, compliance history, and other factors;
- Enforcement shares general trends, themes, and takeaways from its noncompliance processes to help prevent future noncompliance issues and reduce the likelihood of future violations;
- Enforcement ensures consistent application of its processes and procedures and conducts periodic training to Enforcement staff; and
- Enhanced Enforcement engagement with FERC, NERC, Regions and entities will proactively identify reliability risks and solutions that reduce the likelihood of potential noncompliance issues becoming a violation pattern.

### **2025 Goals and Key Deliverables**

#### **Compliance Monitoring, Risk Awareness & Oversight, and Risk Assessment and Mitigation**

The 2025 goals and key deliverables for Compliance Monitoring, RAO, and RAM are as follows:

- Plan, prepare, and conduct risk-based Compliance Monitoring engagements pursuant to the NERC Rules of Procedure. Compliance Monitoring engagements for 2025 will consist of audits, spot checks, and self-certifications. As the RAO team completes or refreshes registered entities' Inherent Risk Assessments (IRAs) and Compliance Oversight Plans (COPs), the 2025 Compliance Monitoring schedule may change, with additional engagements added;
- Continue to process and reduce backlog inventory, achieving an average age of open inventory that does not exceed 12 months;

- Develop a strategy to follow up on and utilize Audit identified Areas-of-Concern (and Recommendations) for opportunities to reduce risk;
- Facilitate efficient and collaborative transitions to new and revised Standards through continued ERO Enterprise-wide collaboration;
- Conduct thorough and objective assessments of entity’s internal controls to understand their risks in meeting regulatory requirements and commitment to sound governance practices.
- Evaluate the compliance monitoring, violation/noncompliance processing, risk assessment, and registration and certification activities for sufficiency and effectiveness, and modify the activities, as needed;
- Collaborate with the ERO Enterprise to develop common and consistent CMEP processes, information systems, and methods among Regions;
- Refine and implement risk-based compliance monitoring and enforcement by focusing on serious risk violations to improve the effectiveness of SERC operations, and reducing unnecessary costs of compliance on registered entities while ensuring the achievement of reliability objectives;
- Ensure timely mitigation of all violations/noncompliance to restore compliance and prevent recurrence, thereby maintaining the reliability of the BPS;
- Continue collaboration between RAM, Compliance Monitoring, Enforcement, RAO, Advanced Analytics, and IT departments to develop effective tools to quickly identify and share with stakeholders themes, trends, and emerging risks associated with their noncompliance;
- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS earlier in the processing timeline, and use that information to craft more robust and comprehensive Mitigation strategies;
- Develop mature violation/noncompliance processing management tools and training based on risk-based techniques to improve the efficiency, transparency, consistency, quality, and timeliness of violation/noncompliance processing;
- Apply a consistent ERO-wide approach in the process of completing registered entity Inherent Risk Assessments (IRA) and Compliance Oversight Plans (COP), while continuing to provide entities with an outreach opportunity to better understand their risk category from the COP Report;
- Mature RAO’s role as a centralized risk hub for identifying, evaluating, and responding to emerging and escalating risks (largely leveraging SERC’s cross-functional Risk Trend Review Team for this) to ensure SERC is effectively deploying its resources toward risk mitigation;
- Continue an active role in maturing the ERO Enterprise-wide Align and Secure Evidence Locker (SEL); and
- Continue to support the training requirements necessary to meet the criteria set forth by the ERO Auditor Manual and Handbook. SERC will ensure that:
  - Compliance Monitoring staff and other personnel, as necessary, understand Compliance implementation guidance documents and risk-based principles;
  - A process exists to evaluate audit team performance; and

- Training exists that addresses initial and continuing training for capability and development.

### **Organization Registration and Certification**

The 2025 goals and key deliverables for Organization Registration and Certification are as follows:

- Continue to identify generation owners and operators of non-BES IBRs in the SERC Region.
- Ensure that SERC provides NERC timely and accurate information about changes in registrations;
- Conduct certification activities as required; and
- Leverage NERC oversight activities to enhance Registration and Certification processes and procedures.

### **Enforcement**

The 2025 goals and key deliverables for the Enforcement program area are as follows:

- Continue managing Enforcement activities in an unbiased, fair, and consistent manner to ensure due process for all registered entities;
- Continue collaborating with the RAM team in achieving an average age of open inventory that does not exceed 12 months;
- Continue ensuring consistent application of enforcement processing and conduct periodic training to Enforcement staff;
- Continue utilizing process efficiencies to improve and enhance enforcement processing effectiveness;
- Mature Enforcement processes to proactively identify noncompliance risks and emerging violation trends to reduce the likelihood of higher risk violations before they occur, and, when appropriate, hold registered entities accountable for higher risk violations with monetary and/or non-monetary penalties commensurate with the risk posed to the security and reliability of the BPS;
- Expand internal focus on identifying themes, trends, emerging risks, and best practices associated with noncompliance issues, including identifying opportunities to share key takeaways with industry stakeholders, helping ensure the reduction of risk to BPS reliability.
- Initiate new programming in collaboration with RAM, Advanced Analytics, RAO, Outreach and Training, and Reliability Assurance to share themes, trends, and takeaways from Enforcement processes with entities, the broader ERO Regions, and FERC;
- Utilize agile regulatory tools to help message desirable behavior and actions via monetary and/or non-monetary penalties, self-reporting, continued engagement and cooperation during enforcement processing, maintaining a strong Internal Compliance Program, voluntary and prompt mitigation to reduce risk, taking ownership of undesired behavior by admitting to violations, and resolving violations through a settlement agreement;
- Continue collaborating with the RAM, Advanced Analytics, and IT departments to develop and enhance process efficiency tools, leveraging new technologies, to quickly

identify themes, trends, emerging risks, and best practices associated with their noncompliance;

- Enhance cross-regional collaboration and engagement with the ERO Enterprise and FERC on enforcement policy initiatives and guidance that increases efficiency and consistency in processing noncompliances; and
- Continue an active role in the identification of enhancements to the ERO Enterprise-wide Align and SEL to increase the value and usability of Align and SEL.

The Statement of Activities for this program area is shown below. See Compliance Monitoring and Enforcement and Organization Registration and Certification Program Major Budget Drivers for an explanation of significant variances.

## Compliance Monitoring, Enforcement, and Organization Registration and Certification Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital			
2024 Budget and 2025 Budget			
COMPLIANCE MONITORING AND ENFORCEMENT; ORGANIZATION REGISTRATION AND CERTIFICATION			
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>			
<b>Statutory Funding</b>			
SERC Assessments	\$ 20,050,654	\$ 20,306,308	\$ 255,654
Penalties Released	2,050,889	1,953,274	(97,615)
<b>Total Statutory Funding</b>	<b>\$ 22,101,543</b>	<b>\$ 22,259,582</b>	<b>\$ 158,039</b>
Membership Fees	\$ -	\$ -	\$ -
Services & Software	-	-	-
Workshops & Miscellaneous	33,304	21,688	(11,616)
Interest	75,056	111,728	36,672
<b>Total Funding (A)</b>	<b>\$ 22,209,903</b>	<b>\$ 22,392,998</b>	<b>\$ 183,095</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 8,658,245	\$ 9,298,194	\$ 639,949
Payroll Taxes	519,495	557,894	38,399
Benefits	865,658	915,792	50,134
Retirement Costs	1,091,616	1,182,804	91,188
<b>Total Personnel Expenses</b>	<b>\$ 11,135,014</b>	<b>\$ 11,954,684</b>	<b>\$ 819,670</b>
<b>Meeting Expenses</b>			
Meetings & Conference Calls	\$ 15,790	\$ 14,860	\$ (930)
Travel	530,075	533,100	3,025
<b>Total Meeting Expenses</b>	<b>\$ 545,865</b>	<b>\$ 547,960</b>	<b>\$ 2,095</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	58,500	37,600	(20,900)
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 58,500</b>	<b>\$ 37,600</b>	<b>\$ (20,900)</b>
<b>Total Direct Expenses</b>	<b>\$ 11,739,379</b>	<b>\$ 12,540,244</b>	<b>\$ 800,865</b>
<b>Indirect Expenses</b>	<b>\$ 10,255,200</b>	<b>\$ 10,043,758</b>	<b>\$ (211,442)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 21,994,579</b>	<b>\$ 22,584,002</b>	<b>\$ 589,423</b>
<b>Change in Assets</b>	<b>\$ 215,324</b>	<b>\$ (191,004)</b>	<b>\$ (406,328)</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 272,607</b>	<b>\$ 105,154</b>	<b>\$ (167,453)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 22,267,186</b>	<b>\$ 22,689,156</b>	<b>\$ 421,970</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (57,283)</b>	<b>\$ (296,158)</b>	<b>\$ (238,875)</b>
FTEs	50.45	51.00	0.55

**Table 11: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital for Compliance Monitoring, Enforcement, and Organization Registration and Certification**



## Reliability Assessment and Performance Analysis Program

### Program Scope and Functional Description

SERC's Reliability Assessments and Performance Analysis (RAPA) program provides the overall assessment of reliability and security of the BPS for the SERC Region for seasonal and long-term time periods. The RAPA function identifies reliability risks to the BPS in the SERC footprint for integrated risk analysis. The program supports SERC's mission by identifying and prioritizing risks to reliability and security, analyzing performance, and maintaining a focus on activities to mitigate risk. This is a delegated function that SERC performs.

SERC conducts independent reliability assessments of the BPS within the SERC Region supported by model building, engineering studies, and analysis of the results. The assessment program uses data collected from SERC registered entities along with other external data sources, such as the NERC Transmission Availability Data System (TADS), Generating Availability Data Systems (GADS), Mis-operations Information Data Analysis System (MIDAS), EIA 860, and EIA 930, among other sources to perform both future reliability assessments and historic performance analyses.

SERC evaluates the overall reliability, performance, and adequacy of the SERC Region and reports its results to NERC, and in some cases, to the public. SERC's work supports NERC's obligation to perform continent-wide analysis of the interconnected North American BPS.

### 2025 Key Assumptions

The 2025 key assumptions for the SERC RAPA program are as follows:

- SERC will continue to support NERC's RAPA program to collect and analyze reliability data, perform engineering studies, develop reliability assessments, and report on the reliability of the BPS.
- SERC will support the ERO Enterprise in the identification and mitigation of significant reliability risks that are known today, as well as the identification and assessment of emerging and accelerating risks.
- SERC will continue to support its role per the Eastern Interconnection Regional Entity Assessments and Model Building Agreement, developed within the Eastern Interconnection Reliability Assessment Group (ERAG).
- SERC will continue to support its integrated risk management initiatives to promote awareness and discuss strategies for risk mitigation.
- As a key part of assessing risk, SERC will evaluate generator winterization and freeze protection measures. This is an important element in determining overall reliability and preparedness for operating in extreme weather conditions.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the RAPA program will support the following goals:

- Support NERC Reliability Assessments, Performance Analysis, and System Analysis programs;
- Support Regional analysis that contributes to NERC reliability analysis efforts, SERC reliability risk discussions, and performance analysis efforts;
- Submit timely and quality data, studies, and assessments to support SERC and NERC seasonal and long-term reliability assessments;

- Continue to support ongoing improvements to SERC and ERAG Eastern Interconnection planning model development, to produce assessments, and analyses that shine the light on significant risks to the BPS;
- Provide support to the SERC and NERC committees and initiatives related to reliability assessments, and performance analysis;
- Continue to support entity outreach efforts to promote reliability risk-related discussions;
- Utilize advanced probabilistic methods to perform resource adequacy studies and sensitivities to support the assessment of resource adequacy for the SERC Region.
- Continue Regional improvements of the probabilistic model, and focus on scenarios to study based on inputs from the Engineering Committee and subgroups, SERC's Board of Directors, and applicable government authorities;
- Perform energy assessments for the SERC Region and highlight the risk of energy deficiency by evaluating hourly resources and demand;
- Complete interregional transfer capability studies for the SERC Region, including recommendations that would strengthen the reliability of the rapidly evolving BPS;
- Complete annual FERC Form 715 submittals on behalf of SERC registered entities; and
- Continue NERC and Regional coordination to improve processes and information sharing.

The Statement of Activities for this program area is shown below. See Reliability Assessment and Performance Analysis Major Budget Drivers for an explanation of significant variances.

## Reliability Assessment and Performance Analysis Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital			
2024 Budget and 2025 Budget			
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS			
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>			
<b>Statutory Funding</b>			
SERC Assessments	\$ 4,210,332	\$ 4,189,545	\$ (20,787)
Penalties Released	337,411	356,185	18,774
<b>Total Statutory Funding</b>	<b>\$ 4,547,743</b>	<b>\$ 4,545,730</b>	<b>\$ (2,013)</b>
Membership Fees	-	-	-
Services & Software	-	-	-
Workshops & Miscellaneous	3,669	3,955	286
Interest	12,348	20,374	8,026
<b>Total Funding (A)</b>	<b>\$ 4,563,760</b>	<b>\$ 4,570,059</b>	<b>\$ 6,299</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 1,452,228	\$ 1,758,668	\$ 306,440
Payroll Taxes	87,134	105,524	18,390
Benefits	140,478	156,354	15,876
Retirement Costs	183,098	223,720	40,622
<b>Total Personnel Expenses</b>	<b>\$ 1,862,938</b>	<b>\$ 2,244,266</b>	<b>\$ 381,328</b>
<b>Meeting Expenses</b>			
Meetings & Conference Calls	\$ 170,000	\$ 25,000	\$ (145,000)
Travel	69,680	119,700	50,020
<b>Total Meeting Expenses</b>	<b>\$ 239,680</b>	<b>\$ 144,700</b>	<b>\$ (94,980)</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ 258,000	\$ 263,850	\$ 5,850
Office Rent	-	-	-
Office Costs	177,884	127,000	(50,884)
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 435,884</b>	<b>\$ 390,850</b>	<b>\$ (45,034)</b>
<b>Total Direct Expenses</b>	<b>\$ 2,538,502</b>	<b>\$ 2,779,816</b>	<b>\$ 241,314</b>
<b>Indirect Expenses</b>	<b>\$ 1,687,179</b>	<b>\$ 1,831,509</b>	<b>\$ 144,330</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 4,225,681</b>	<b>\$ 4,611,325</b>	<b>\$ 385,644</b>
<b>Change in Assets</b>	<b>\$ 338,079</b>	<b>\$ (41,266)</b>	<b>\$ (379,345)</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 349,849</b>	<b>\$ 19,175</b>	<b>\$ (330,674)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 4,575,530</b>	<b>\$ 4,630,500</b>	<b>\$ 54,970</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (11,770)</b>	<b>\$ (60,441)</b>	<b>\$ (48,671)</b>
FTEs	8.30	9.30	1.00

**Table 12: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital for Reliability Assessment and Performance Analysis**

## Training, Education, and Stakeholder Outreach

### Program Scope and Functional Description

The SERC Training, Education, and Stakeholder Outreach programs provide communication, education, and training necessary to obtain essential knowledge of BPS operations, reliability, and security. These programs collectively provide risk-based outreach options to stakeholders in the SERC Region and beyond. These options offer easy access to information, coaching, training, and educational opportunities through several formats, tools, and venues.

SERC Training, Education, and Stakeholder Outreach programs have annual scheduled events and targeted efforts focused on current and emerging risks to the reliability and security of the Region. Additionally, Training and Education programs support continuing education of NERC Certified System Operators, security and compliance professionals, trainers, and other critical subject matter experts, including accreditation and credentials support. These efforts are centralized and efficient through a “gold standard” learning portal that delivers easy access and reporting for users.

Stakeholder Outreach is a voluntary program that offers targeted information, coaching, assistance, and training to requesting registered entities, and is focused on internal controls, best practices, and risk mitigation.

The State and Regulatory Outreach program works with external stakeholders, including Federal, state, and local regulatory agencies, administrative bodies, and legislative policymakers, to effectuate and enhance the work of RAPA by ensuring effective communications, education opportunities, and timely dialogue on critical reliability and security matters. Outreach efforts focus on the timely production and distribution of high-quality analyses addressing reliability and security topics of interest and importance to decision-makers and policymakers throughout the SERC footprint.

### 2025 Key Assumptions

The 2025 key assumptions for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- SERC will continue to partner with other industry experts to solve emerging challenges and support ERO Enterprise initiatives that expand risk-based, focused programs and committees. Achieving this goal will require structured training and outreach.
- SERC will support the ERO Enterprise goal to mitigate known and emerging risks by providing timely and valuable outreach and training events to stakeholders. Additionally, the Stakeholder Outreach program provides guidance and coaching to entities on effective mitigation of identified and emerging risks.
- SERC will need increased training, education, and Stakeholder Outreach efforts due to the increase of Inverter Based Resources being added to the SERC Region.
- SERC will expand accreditation and support for credential training for operating, security, and compliance personnel at SERC and in the Region, with a focus on enhancing skills that promote effective operation, reliability, and security of the BPS.
- SERC will educate utility personnel regarding changes to NERC Reliability Standards, ERO Enterprise procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.
- SERC will increase targeted outreach and remote (e-learning) training efforts that promote BPS reliability, security, and risk mitigation across its footprint.

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- SERC will expand its centralized training and education capabilities through a “gold standard” learning management system.
- SERC will upgrade its website to offer streamlined functionality and access to all of SERC Outreach and training products and services with adequate security controls.
- SERC will expand its outreach efforts to educate state regulators on risks to the reliability and security of the bulk power system within SERC’s footprint.
- Targeted and intentional outreach to state regulators will be expanded to include in-person (and virtual) interactions with SERC-state regulatory agencies, including dedicated focus on the role of the ERO Enterprise and the value it brings to the bulk power system, as well as ways SERC and other Regions proactively assess and mitigate risks to the bulk power system. Information sharing and increased coordination with states is essential to better understanding opportunities and risks from state policy decisions, including resource adequacy, intermittent resources, and distribution-interconnected resources that may impact the bulk power system.

## 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the SERC Training, Education, and Stakeholder Outreach programs are as follows:

- Develop and deliver required and critical training to enhance technical knowledge, skills, and abilities for all SERC staff and participating stakeholders.
- Develop and deliver four accredited System Operator Conferences that promote BPS reliability by assuring the competence of real-time operating personnel through continuing education on power system operating topics.
- Develop and deliver eight accredited Physical Security Workshops that promote BPS security by assuring the competence of stakeholder security personnel and support industry credentials.
- Develop and deliver risk-based security and reliability seminars or webinars to BPS system operators, operating support personnel, compliance personnel, security personnel, and training personnel to raise awareness and provide training on identified and emerging reliability, security, and compliance threats.
- Provide guidance and expectations of new or revised Reliability Standards and related procedures and programs, as well as changes in observed performance.
- Develop and deliver to internal and external stakeholders, timely and effective technical training and credential support that promotes the mission of SERC and the ERO Enterprise;
- Provide targeted outreach that communicates, trains, and supports mitigation of current and emerging threats to the BPS;
- Enhance the efficiency and effectiveness of SERC learning management systems and credential support programs to expand accreditation and credentials support capabilities;
- Expand outreach and training capabilities to support the influx of inverter-based resources;
- Maintain and continue to cultivate effective relationships and lead interactions with the ERO Enterprise; federal and state regulators; policy and decision makers; federal, state, and local government agencies and administrative bodies; national labs and educational institutions; and the broader reliability and security community; and

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Enhance strategic engagement with states by building relationships with policymakers and regulators in each of the 16 states in the SERC footprint to educate on what SERC does in the areas of reliability and security, NERC and Regional assessments, and reports.

The Statement of Activities for this program area is shown below. See Training, Education, and Stakeholder Outreach Program Major Budget Drivers for explanation of significant variances.

## Training, Education, and Stakeholder Outreach Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital			
2024 Budget and 2025 Budget			
TRAINING AND OUTREACH			
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>			
<b>Statutory Funding</b>			
SERC Assessments	\$ 3,026,426	\$ 5,612,091	\$ 2,585,665
Penalties Released	365,867	528,533	162,666
<b>Total Statutory Funding</b>	<b>\$ 3,392,293</b>	<b>\$ 6,140,624</b>	<b>\$ 2,748,331</b>
Membership Fees	-	-	-
Services & Software	-	-	-
Workshops & Miscellaneous	138,979	172,868	33,889
Interest	13,389	30,232	16,843
<b>Total Funding (A)</b>	<b>\$ 3,544,661</b>	<b>\$ 6,343,724</b>	<b>\$ 2,799,063</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 1,219,984	\$ 2,437,003	\$ 1,217,019
Payroll Taxes	73,199	146,224	73,025
Benefits	135,046	258,210	123,164
Retirement Costs	153,806	310,034	156,228
<b>Total Personnel Expenses</b>	<b>\$ 1,582,035</b>	<b>\$ 3,151,471</b>	<b>\$ 1,569,436</b>
<b>Meeting Expenses</b>			
Meetings & Conference Calls	\$ 8,483	\$ 138,400	\$ 129,917
Travel	82,965	157,995	75,030
<b>Total Meeting Expenses</b>	<b>\$ 91,448</b>	<b>\$ 296,395</b>	<b>\$ 204,947</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	-	-	-
Office Rent	-	-	-
Office Costs	2,217	33,580	31,363
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 2,217</b>	<b>\$ 33,580</b>	<b>\$ 31,363</b>
<b>Total Direct Expenses</b>	<b>\$ 1,675,700</b>	<b>\$ 3,481,446</b>	<b>\$ 1,805,746</b>
<b>Indirect Expenses</b>	<b>\$ 1,829,471</b>	<b>\$ 2,717,723</b>	<b>\$ 888,252</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 3,505,171</b>	<b>\$ 6,199,169</b>	<b>\$ 2,693,998</b>
<b>Change in Assets</b>	<b>\$ 39,490</b>	<b>\$ 144,555</b>	<b>\$ 105,065</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 48,632</b>	<b>\$ 228,454</b>	<b>\$ 179,822</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 3,553,803</b>	<b>\$ 6,427,623</b>	<b>\$ 2,873,820</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (9,142)</b>	<b>\$ (83,899)</b>	<b>\$ (74,757)</b>
FTEs	9.00	13.80	4.80

**Table 13: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital for Training, Education, and Stakeholder Outreach**

## Situational Awareness and Infrastructure Security Program

### Program Scope and Functional Description

The SERC Situational Awareness and Infrastructure Security (SAIS) program identifies and analyzes events and conditions that present risk to the BPS. This is accomplished by monitoring sources of information and maintaining communications with stakeholders, NERC, and other organizations. SERC analyzes significant BPS events and develops lessons learned to educate stakeholders on risks and vulnerabilities that could recur elsewhere within the BPS.

### 2025 Key Assumptions

The 2025 key assumptions for the SERC SAIS program are as follows:

- SERC will support the ERO Enterprise in the identification and mitigation of significant reliability risks, as well as the identification and assessment of conditions that indicate emerging risks.
- SERC will continue to work with NERC's Electricity Information Sharing and Analysis Center (E-ISAC) and SERC registered entities to identify opportunities for improving information sharing on cyber and physical security related events, threats, and vulnerabilities to improve reliability within the BPS.
- SERC will continue to support and enhance outreach efforts that communicate risk-based insights, lessons learned, best practices, and recommendations from SAIS events.
- SERC will continue to review, track, and trend reliability events to support the ERO Enterprise's goal of fewer, less severe events in the SERC Region.
- SERC will share risk-based mitigating measures and other BPS improvements with SERC entities and the ERO Enterprise to improve reliability on the BPS.
- SERC will continue to work with other Regional SAIS groups to identify conditions or best practices that improve reliability within the BPS.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the SERC SAIS program are as follows:

- Continue to increase the utilization of data collection tools and data analysis to provide oversight of the BPS to gain knowledge and improve situation awareness and events analysis of the BPS in the SERC Region;
- Evaluate events information to identify risk trends and benchmarking efforts;
- Increase outreach efforts to communicate ongoing situation awareness of risk to the BPS in the SERC Region, with emphasis on events that have historically impacted the SERC footprint (extreme weather, security threats, emergency incident response triggers, historical trends);
- Collaborate with stakeholders and NERC to develop NERC Lessons Learned publications that support outreach efforts and encourage stakeholder participation in the Events Analysis Program;
- Facilitate and support post-event analysis in collaboration and coordination with NERC and applicable governmental agencies;
- Identify and prioritize risks based on reliability impacts, assessments, projected resources, and emerging issues; and



- Monitor and evaluate cyber and physical related threats, events, and vulnerabilities for information sharing with internal and external stakeholders.

The Statement of Activities for this program area is shown below.

## Situational Awareness and Infrastructure Security Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital			
2024 Budget and 2025 Budget			
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY			
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>			
<b>Statutory Funding</b>			
SERC Assessments	\$ 1,221,194	\$ 1,206,794	\$ (14,400)
Penalties Released	121,956	114,898	(7,058)
<b>Total Statutory Funding</b>	<b>\$ 1,343,150</b>	<b>\$ 1,321,692</b>	<b>\$ (21,458)</b>
Membership Fees	-	-	-
Services & Software	-	-	-
Workshops & Miscellaneous	1,326	1,276	(50)
Interest	4,463	6,572	2,109
<b>Total Funding (A)</b>	<b>\$ 1,348,939</b>	<b>\$ 1,329,540</b>	<b>\$ (19,399)</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 552,554	\$ 569,350	\$ 16,796
Payroll Taxes	33,153	34,161	1,008
Benefits	49,269	52,437	3,168
Retirement Costs	69,629	72,402	2,773
<b>Total Personnel Expenses</b>	<b>\$ 704,605</b>	<b>\$ 728,350</b>	<b>\$ 23,745</b>
<b>Meeting Expenses</b>			
Meetings & Conference Calls	-	-	-
Travel	20,700	20,700	-
<b>Total Meeting Expenses</b>	<b>\$ 20,700</b>	<b>\$ 20,700</b>	<b>\$ -</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	-	-	-
Office Rent	-	-	-
Office Costs	1,079	1,079	-
Professional Services	-	-	-
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,079</b>	<b>\$ 1,079</b>	<b>\$ -</b>
<b>Total Direct Expenses</b>	<b>\$ 726,384</b>	<b>\$ 750,129</b>	<b>\$ 23,745</b>
<b>Indirect Expenses</b>	<b>\$ 609,824</b>	<b>\$ 590,809</b>	<b>\$ (19,015)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 1,336,208</b>	<b>\$ 1,340,938</b>	<b>\$ 4,730</b>
<b>Change in Assets</b>	<b>\$ 12,731</b>	<b>\$ (11,398)</b>	<b>\$ (24,129)</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 16,210</b>	<b>\$ 6,186</b>	<b>\$ (10,024)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 1,352,418</b>	<b>\$ 1,347,124</b>	<b>\$ (5,294)</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (3,479)</b>	<b>\$ (17,584)</b>	<b>\$ (14,105)</b>
FTEs	3.00	3.00	-

**Table 14: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital for Situational Awareness and Infrastructure Security**

## Corporate Services

### Program Scope and Functional Description

SERC's Corporate Services program includes the budget for all business and administrative functions of the organization:

- Technical Committees and Member Forums
- General and Administrative
- Legal and Regulatory
- Information Technology (IT), Security and Analytics
- Human Resources
- Finance and Accounting

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

Expenses related to indirect programs are allocated proportionally to the direct programs for 2025 based on the number of FTEs in those programs.

Where applicable, Operating Expenses are accounted for within the related department's budget. If an expense cannot be attributed to a specific department, it is included in one of the Corporate Services programs. All expenses for the Corporate Services program, referred to as indirect expenses, are allocated proportionately based on FTE count to the direct programs. This allocation provides an improved financial perspective for the direct program areas.

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## Technical Committees and Member Forums

### Program Scope and Functional Description

The Technical Committees and Member Forums programs provide a vehicle by which SERC engages reliability expertise within the Region through the active participation of industry volunteers. The forum structure provides a platform for stakeholders to collectively reduce risks associated with planning, operations, and critical infrastructure protection.

The success of SERC's Technical Committees and Member Forums depends on the active and direct participation of its members to collectively solve technical challenges facing the grid. The forums are also a source of expertise in the industry to identify, prioritize and mitigate current and emerging risk to the BPS.

### 2025 Key Assumptions

The 2025 key assumptions for the SERC Technical Committees and Member Forums programs are as follows:

- SERC will continue its Technical Committee and subgroup structure for effective stakeholder involvement in 2025.
- SERC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.
- SERC's Reliability Risk Working Group (RRWG) will continue to identify and educate SERC staff and Regional members about the reliability risks to the BPS in the SERC Region from engineering, operations, and physical and cyber security perspectives.
- SERC will continue to partner with its members as volunteer technical resources to support the Region's mission and initiatives. As needs change, SERC will assess committee structure to continue to meet the needs of our members.
- SERC Technical Committees and Member Forums programs will manage committee work according to the *Organization and Procedures Manual for SERC Technical Committees*.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the SERC Technical Committees and Member Forums programs are as follows:

- Convene regular meetings of the standing committees and their subordinate groups, as necessary;
- Communicate to the Board and SERC staff on issues pertaining to operation, planning, and engineering of the BPS, and the advancement of the physical and cyber security of the BPS;
- Provide a forum for representatives to share experience and discuss issues of operations, planning and engineering, and physical and cyber security;
- Perform special projects at the request of the Board;
- Review the measurement of performance relative to Reliability Standards and performance measures (e.g., GADS, TADS, Mis-operations, etc.) to determine the risk level within the SERC Region;
- Review activities within the SERC Region that affect reliability and adequacy, as necessary, to meet Reliability Standards and other reliability initiatives;
- Perform technical functions through the assignment of specific tasks to subordinate groups to address current and emerging risks;

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- Coordinate the content for System Operator Conferences for SERC members through the SERC System Operator Working Group (SOWG);
  - Provide key inputs from the SERC RRWG for the CMEP Implementation Plan;
  - Coordinate the Generator Working Group (GWG) and engage SERC members to develop best practices for issues related to generation; and
  - Support development of SERC and NERC seasonal and long-term reliability assessments.

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## General and Administrative

### Program Scope and Functional Description

The SERC General and Administrative function provides executive management and oversight of the corporation. Responsibilities include interacting with the Board and performing the Corporate Treasurer function. Responsibilities also include strategic planning, project management, enterprise risk management, continuous improvement, and program readiness (an internal audit function).

The department ensures execution of the SERC strategic priorities and the day-to-day management of the corporation.

### 2025 Key Assumptions

The 2025 key assumptions for the SERC General and Administrative function are as follows:

- SERC will emphasize effective execution, efficiency, and transparency with a strong culture of continuous improvement and program readiness.
- SERC will facilitate reliability-enhancing activities.
- SERC will engage with its Board of Directors to solicit input for the strategic direction of the organization.
- SERC will hold itself accountable for the execution of deliverables captured through a multi-year Operating Plan and a portfolio of high-level projects managed through a Project Management Organization.

The General and Administrative Program incorporates the Regional-specific strategic and operating objectives set forth in the ERO Enterprise Long Term Strategy and the ERO Enterprise Operating Plan. ERO Enterprise strategic and operational objectives are considered in the development and maintenance of the SERC Strategic Plan on an annual basis.

### 2025 Goals and Key Deliverables

The SERC General and Administrative function will support the following goals:

- Continue high-quality performance of delegated functions while maintaining an appropriate resource requirement;
- Maintain a robust set of Key Performance Indicators and department-specific operational metrics to manage the health of SERC programs and promote continuous improvement;
- Identify Corporate Strategic Initiatives that advance the strategic focus of the SERC Organization and position the company for success through multi-dimensional and impactful projects;
- Identify value propositions for strategic activities, and communicate these to SERC Stakeholders and SERC Staff; and
- Manage interface with NERC enterprise-wide internal audit initiatives.

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## Legal and Regulatory

### Program Scope and Functional Description

SERC maintains in-house legal staff and hires outside legal consultants, as needed. These legal resources provide the following services:

- Provide legal advice to the Chief Executive Office, Board, and staff on legal and regulatory matters that affect SERC and the Electric Reliability Organization;
- Reconcile and determine SERC's legal position on all legal matters;
- Draft and review items filed with governmental agencies for legal sufficiency;
- Support SERC's corporate governance function, including facilitating implementation of governance changes to transition the Board into a more strategic oversight body and providing input on matters for the Board's consideration;
- Review contracts and corporate documents;
- Ensure continuing recognition of SERC as a Regional Entity;
- Negotiate and author necessary changes to SERC's governing documents, including the SERC Bylaws and Regional Delegation Agreement with NERC;
- Provide input and obtain regulatory approvals, as needed, on governance changes and for new and revised Regional Reliability Standards;
- Review legal documents, including Notices of Penalty and settlement agreements, required to be filed with FERC. Provide legal support for contested enforcement actions and other assistance;
- Provide legal counsel during compliance and enforcement proceedings and support the approval process of enforcement filings before FERC;
- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders;
- Assist in the development of and ensure proper administration of SERC corporate policies and procedures; and
- Manage relationships with SERC's outside counsel.

### 2025 Key Assumptions

The 2025 key assumptions for the SERC Legal and Regulatory function are as follows:

- SERC will continue to support SERC's governance structure by supporting the Board and Board committees, facilitating the selection of stakeholder and independent directors, and drafting and obtaining approval of any necessary modifications to Bylaws and other corresponding governance changes.
- SERC will continue to support the processing of enforcement actions through the development of settlement agreements and Notices of Penalty, leading settlement negotiations with the registered entities, discussing resolutions with NERC, and obtaining approvals from FERC.
- SERC will proactively engage with NERC and FERC to help ensure SERC's continued recognition as a Regional Entity.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the SERC Legal and Regulatory function are as follows:

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- Work with Enforcement to support processing enforcement actions, including the documentation of settlement agreements and Notices of Penalty, through the filing process at FERC;
  - Support SERC's corporate governance needs;
  - Support SERC's corporate legal needs; and
  - Work with NERC and other Regions on obtaining renewal of SERC's Regional Delegation Agreement with NERC.



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## Information Technology, Security, and Analytics and Data Management

### Program Scope and Functional Description

SERC's Information Technology (IT), Security, and Analytics and Data Management departments are implementing and integrating maturity model frameworks to increase the effectiveness and efficiency of SERC's security, technology, and data management. Increased maturity in these areas will provide security and risk mitigation, increase technology innovation, support data collection and accuracy, and improve data-driven decisions and insights across SERC. The IT, Security, and Analytics and Data Management programs include the following functions:

- IT Operations
- Analytics and Data Management
- Security Operations

The Information Technology (IT) strategy includes providing users with cost-effective information technology tools and proactively delivers technologies that assist SERC departments in meeting their goals, objectives, and deliverables. The IT department minimizes the outsourcing of critical services including designing and maintaining SERC's network infrastructure as well as identifying risks in technical contracts by collaborating with Legal and Security. The department provides the necessary technical services in the following categories to ensure efficient and effective performance of all corporate functions:

- Infrastructure Maintenance (Data Center Management - Local/Remote)
- Hosting of Public and Multiple Secure Portal Websites
- Voice, Web, and Video Conferencing
- Vulnerability Management
- Mobile Device Management
- Wireless Network Management
- Audio/Video Management
- Document Management
- Email Management
- Help Desk Support
- Telecommuter Support
- Application Support and Development
- Data Warehousing Management
- Database Administration
- Cloud Tenant Management

The IT function offers computer and network services, including design and maintenance for the SERC computer and network infrastructure, as well as project and vendor management for all current and future technology-related contracts. The IT program executes and maintains the following functions:

- Improve Technology Service Delivery through implementing Information Technology Infrastructure Library's (ITIL) Information Technology Service Management (ITSM) Framework;

- 
- Ensure protection, integrity, and availability of SERC systems, services, and data owned by SERC or provided by registered entities;
  - Provide onsite and remote end user support and services to conduct SERC business;
  - Provide SERC users with Align and the Secure Evidence Locker support;
  - Provide project management and deployment of technical solutions;
  - Provide Meeting and Audio-Visual Support; and
  - Partner with SERC to build community, trust, and add value in support of the mission and vision.

The Analytics and Data Management department leverages data and information as a strategic asset critical to SERC's continued success, providing internal and external stakeholders access to high quality data that supports meaningful analysis of risk within the SERC Region and the ERO Enterprise. Analytics executes the following functions:

- Management of quality data that is usable, accurate, complete, and maintained throughout its lifecycle;
- Evaluation of data to determine risks;
- Analysis, visualization and reporting of data and results;
- Integration of machine learning techniques and AI to enhance data analysis capabilities;
- Provide expertise in AI risk and risk mitigation strategies to support SERC, the ERO Enterprise, and SERC Stakeholders;
- Promote strong data governance and data management activities across the ERO Enterprise;
- Development, maintenance, and provision to SERC Staff data literacy, classification, and handling training; and
- Calculation of key performance indicators and operations metrics for SERC.

SERC's Security Operations will continue to implement and manage cost effective controls that enhance the company's security posture and minimize risk. The department provides the necessary services that ensure efficient and effective controls are in place to protect the confidentiality, integrity, and availability of SERC's IT infrastructure, business critical assets, and data. This is done by collaborating with IT and executing the following functions:

- Access Control and Identity Management;
- Business Impact Analysis;
- Business Continuity and Disaster Recovery;
- Incident Response Planning;
- Information Security Protection and Monitoring;
- Risk Management Analysis;
- Security Assessments;
- Security Awareness and Training;
- Supply Chain Management;
- Monitoring, evaluating, and reporting control deficiencies and recommendations on a periodic basis; and

- Partnering with ERO Information Technology Security Group (ITSG) on implementing common security solutions and governance frameworks.

SERC supports the ERO Enterprise's efforts to implement, operate, and maintain software tools supporting common enterprise-wide IT operations. SERC is committed to working collaboratively with NERC and the other Regions to minimize duplication of effort and investments and improve operational efficiency. This collaboration continues to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting combined NERC and Regional Entity operations.

SERC supports the NERC Project Management Office (PMO) in its efforts to provide technology tools across the ERO Enterprise. SERC's budget assumes the availability of new and existing technology tools from the PMO and other sources. If the required technology tools are not available as planned, SERC could incur additional costs to ensure fulfillment of its core responsibilities.

NERC's BP&B will include ongoing funding support for the development, operation, and maintenance of NERC and Regional Entity-approved enterprise applications. Enterprise application funding in any given year will be subject to the budget and funding limits set forth in NERC's approved BP&B.

### **2025 Key Assumptions**

The 2025 key assumptions for the Analytics, Information Technology, and Security program are as follows:

- SERC will continue to evaluate and consider shared ERO services and partnerships.
- SERC will continue to purchase and maintain a hardware and software lifecycle necessary to conduct business.
- SERC will continue utilizing secure third-party hosting centers.
- SERC will continue to support the ERO's Cybersecurity Strategy objectives and initiatives.
- SERC will continue to assess, enhance, and strengthen SERC's security posture.

### **2025 Goals and Key Deliverables**

The 2025 goals and deliverables for the Analytics, Information Technology, and Security program are as follows:

- Improve the capabilities of SERC's Business Intelligence Center (BIC) to incorporate machine learning and AI capabilities;
- Maintain and improve the capabilities of SERC's member portal for contact/entity administration, data collection, and technical committee management.
- Support the improvement of the Align application tool and Secure Evidence Locker (SEL);
- Maintain modern Information Technology infrastructure per lifecycle management;
- Maintain and mature Information Technology and Security National Institute of Standards and Technology (NIST) Cybersecurity framework and strategy;
- Maintain maturity of the SERC Data Management framework;
- Improve cyber and physical security controls to defend against emerging threats;
- Guide and implement new ERO-sponsored Security and Information Technology collaboration efforts; and

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- Create secure capabilities to share data, analytical tools, and products with external audiences.

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## Human Resources

### Program Scope and Functional Description

The SERC Human Resources function provides the organization with structure and the ability to meet business needs through managing our most valuable resources—our employees. The Human Resources department is responsible for a variety of essential functions:

- Strategic resource and succession planning across all areas of the organization;
- Recruitment and retention of highly skilled talent, employee relations, performance management, training and professional development, and employee engagement;
- Compliance with state and federal employment laws to minimize organizational liability;
- Analysis and administration of competitive compensation and total rewards programs; and
- Administration of payroll, employee benefits, and Human Resource Information Systems.

### 2025 Key Assumptions

The 2025 key assumptions for the Human Resources function are as follows:

- A 2% vacancy rate has been applied to Personnel Expenses.
- SERC will continue to provide competitive compensation and benefits packages.
- SERC will ensure that subject matter experts attain and maintain elevated professional credentials to remain a leader in the industry.
- SERC will provide an annual merit salary increase. The salary expense budget for all program areas reflects this assumption.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the Human Resources department are as follows:

- Lead efforts to minimize turnover and ensure SERC is a highly desirable place to work, due to our culture and the importance of our work;
- Promote employee engagement and empowerment;
- Attract, develop, and retain highly skilled and engaged staff;
- Refresh compensation and benefit studies to ensure organization and industry competitiveness;
- Create growth, training, and development opportunities for staff;
- Promote a diverse and inclusive workplace;
- Continue to develop and implement SERC's Corporate Responsibility initiatives; and
- Ensure succession planning remains current and relevant.

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## Finance and Accounting

### Program Scope and Functional Description

The SERC Finance and Accounting department plays a pivotal role in providing essential financial services to SERC, encompassing accounting, analytical, and treasury functions. Key responsibilities include:

- Development of BP&B: The department leads the development of SERC's BP&B and conducts ongoing financial analysis to monitor expenditures and forecasts, ensuring alignment with organizational objectives and financial sustainability.
- Prepare monthly, quarterly, and annual financial statements;
- Review and refine accounting policies, regular review and refinement of accounting policies, procedures, and internal fiscal controls are conducted to adapt to the evolving business environment and maintain financial integrity;
- Coordinate with external auditors to ensure timely completion of the annual audit;
- Prepare and file required federal and state tax returns;
- Maintain banking relationships and manage cash flow and investments;
- Support the ERO's funding process by annually collecting NEL data as mandated by FERC;
- Work with the ERO Finance Working Group to provide consistent reporting throughout NERC and the Regions; and
- Manage accounts payable, accounts receivable, and fixed assets.

### 2025 Key Assumptions

The 2025 key assumptions for the Finance and Accounting function are as follows:

- Current accounting systems and controls are effective.
- There are no major changes in applicable accounting regulations.

### 2025 Goals and Key Deliverables

The 2025 goals and key deliverables for the SERC Finance and Accounting department are as follows:

- Allocate financial resources in a manner that best promotes the security and reduction of risk to the BPS;
- Identify and prioritize opportunities, and create efficiency through new processes, procedures, and technology;
- Provide timely, relevant, and accurate reporting and financial analysis to SERC management, the FAC, and the Board; and
- Ensure SERC has effective financial controls and exercises fiscal prudence.

The Statement of Activities for the Corporate Services program area is shown below.

## Corporate Services Program Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital			
2024 Budget and 2025 Budget			
CORPORATE SERVICES			
	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget Inc(Dec)
<b>Funding</b>			
<b>Statutory Funding</b>			
SERC Assessments	\$ -	\$ -	\$ -
Penalties Released	-	-	-
<b>Total Statutory Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Membership Fees	\$ -	\$ -	\$ -
Services & Software	-	-	-
Workshops & Miscellaneous	-	-	-
Interest	-	-	-
<b>Total Funding (A)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 7,646,873	\$ 7,857,897	\$ 211,024
Payroll Taxes	455,873	468,505	12,632
Benefits	1,035,406	1,028,386	(7,020)
Retirement Costs	983,515	1,025,643	42,128
<b>Total Personnel Expenses</b>	<b>\$ 10,121,667</b>	<b>\$ 10,380,431</b>	<b>\$ 258,764</b>
<b>Meeting Expenses</b>			
Meetings & Conference Calls	\$ 268,610	\$ 271,440	\$ 2,830
Travel	241,850	278,600	36,750
<b>Total Meeting Expenses</b>	<b>\$ 510,460</b>	<b>\$ 550,040</b>	<b>\$ 39,580</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ 897,750	\$ 906,250	\$ 8,500
Office Rent	855,067	1,344,800	489,733
Office Costs	1,550,896	1,519,221	(31,675)
Professional Services	547,470	581,525	34,055
Miscellaneous	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,851,183</b>	<b>\$ 4,351,796</b>	<b>\$ 500,613</b>
<b>Total Direct Expenses</b>	<b>\$ 14,483,310</b>	<b>\$ 15,282,267</b>	<b>\$ 798,957</b>
<b>Indirect Expenses</b>	<b>\$ (14,483,310)</b>	<b>\$ (15,282,267)</b>	<b>\$ (798,957)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
FTEs	39.75	37.40	(2.35)

**Table 15: Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital for Corporate Services**

## Office Rent

Office Rent	Budget 2024	Budget 2025	Variance	
			2024 Budget v 2025 Budget	Variance %
Office Rent	\$ 855,067	\$ 1,344,800	\$ 489,733	57.3%
Utilities	-	-	-	0.0%
Maintenance	-	-	-	0.0%
<b>Total Office Rent</b>	<b>\$ 855,067</b>	<b>\$ 1,344,800</b>	<b>\$ 489,733</b>	<b>57.3%</b>

Table 16: Office Rent

## Explanation of Significant Variances – 2025 Budget versus 2024 Budget

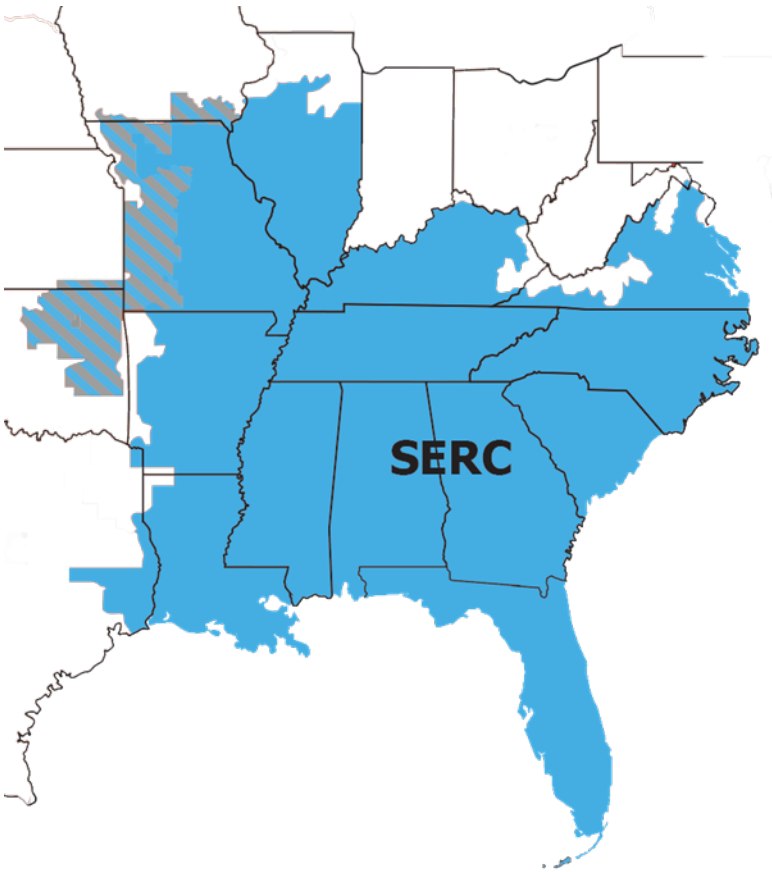
SERC will realize a \$489,733 increase in rent expense as a new office lease takes effect and operations move to a new corporate location.



# Section E Non-Statutory Activities

## 2025 Business Plan and Budget

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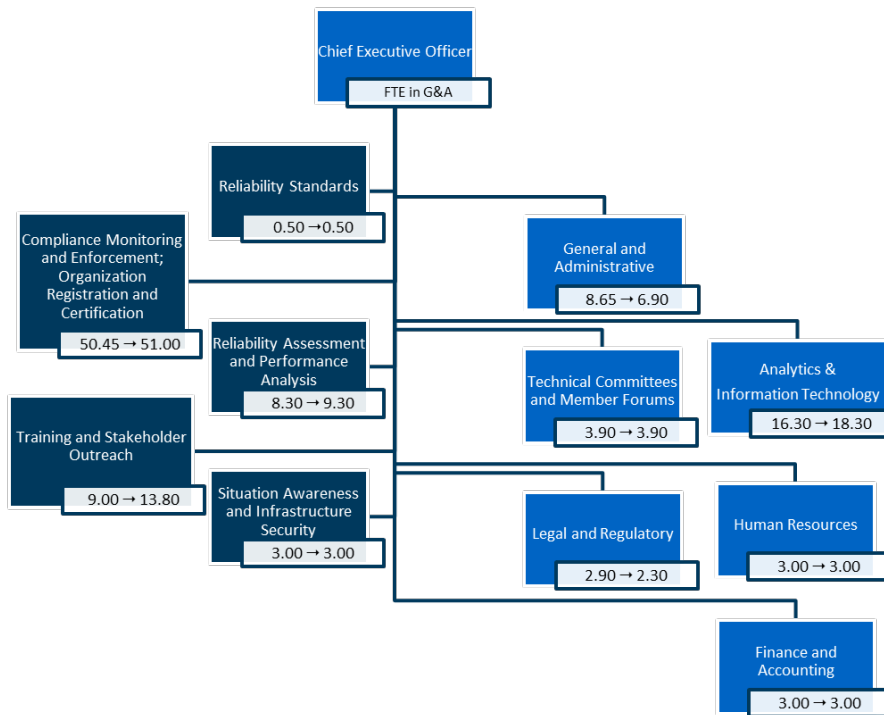
## Non-Statutory Activities

### 2025 Non-Statutory Business Plan and Budget

At present, SERC does not provide any non-statutory functions; therefore, Section E is not applicable at this time. However, SERC may in the future consider providing non-statutory functions from time to time, as appropriate and as permitted by its Board and applicable statutes and regulations.

## Appendix A: Organization Chart

The SERC Organization chart shown here compares 2024 and 2025 SERC personnel counts.



2024 FTE: 111.00  
2025 FTE: 115.00

■ Statutory Program Area  
■ Corporate Services Program Area

Figure 1: SERC Organization Chart

## Appendix B: Index of Figures and Tables

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**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 7**

**TEXAS RELIABILITY ENTITY**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**



# TEXAS RE

**Texas Reliability Entity, Inc.**

**2025 Business Plan and Budget**

**Approved by Texas RE Board of Directors**

**Date: May 15, 2024**

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## **Introduction**

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### **Organizational Overview**

Texas Reliability Entity, Inc. (Texas RE) is a Texas non-profit corporation that is the Regional Entity for the Electric Reliability Council of Texas, Inc. (ERCOT) region, pursuant to its Amended and Restated Delegation Agreement (Delegation Agreement) with North American Electric Reliability Corporation (NERC) effective January 1, 2021. Texas RE ensures the reliability of the ERCOT region bulk-power system (BPS).

The ERCOT region is the geographic area located within the state of Texas that operates under the jurisdiction of the Public Utility Commission of Texas (PUCT) and is not synchronously interconnected with any electric utilities operating outside of Texas. The ERCOT region includes approximately 90 percent of Texas load and 75 percent of the Texas land area.

### **Membership and Governance**

#### **Membership**

Texas RE has the following six membership sectors under its Bylaws:

- System Coordination and Planning
- Transmission and Distribution
- Cooperative Utility
- Municipal Utility
- Generation
- Load-Serving and Marketing

Membership in Texas RE is voluntary and open to any entity that is a user, owner, or operator in the ERCOT region BPS that registers with Texas RE as a member and complies with the Texas RE Bylaws (Bylaws) requirements. There is no charge for membership with Texas RE. Any person or entity that has a direct and material interest in the BPS has a right to participate in the Texas RE Standards Development Process, even if not a Texas RE member.

Texas RE has one stakeholder committee, the Member Representatives Committee (MRC). The MRC includes representatives from members in each of the six membership sectors and provides advice and recommendations to the Texas RE Board (Board) on administrative, financial, reliability-related, or any other matters, through its elected Chair and Vice Chair, who also serve as Affiliated Directors on Texas RE's Board. In addition, the MRC facilitates the Regional Standards Development Process, and coordinates the development of Regional Standards and variances with the development of continent-wide standards. A subcommittee of the MRC—the NERC Standards Review Forum (NSRF)—monitors, reviews, and discusses NERC (continent-wide) Reliability Standards under development and Reliability Standards interpretation requests.



## Board of Directors

Texas RE is governed by a hybrid Board of Directors (Board), comprised of the following nine individuals:

- The Texas RE President and Chief Executive Officer (CEO)
- Four Independent Directors (elected by membership)
- Two Affiliated Directors (the Chair and Vice Chair of the MRC)
- Chairman of the PUCT (or another PUCT Commissioner designated by the Chairman) as an *ex officio* non-voting member
- Texas Public Counsel, from the Texas Office of Public Utility Counsel, as an *ex officio* non-voting member

The Board's primary role is to oversee the management of Texas RE, including assuring that Texas RE meets its requirements under the Bylaws and Delegation Agreement, and appointing a CEO to manage and be responsible for the day-to-day on-going activities of Texas RE.

## Statutory Functional Scope

In accordance with its Delegation Agreement with NERC and in compliance with the NERC Rules of Procedure (NERC ROP), Texas RE performs the following statutory (or delegated) functions:

- Participation in the development of NERC Reliability Standards, or modifications thereof, and facilitation of developing needed Regional Standards or variances through Texas RE's Standards Development Process.
- Identification and registration of Responsible Entities with NERC and, as needed, certification of such entities within the ERCOT region.
- Monitoring and enforcement of compliance with approved NERC Reliability Standards and Regional Standards, in accordance with the NERC ROP, in the ERCOT region.
- Analysis and assessment of system events and disturbances.
- Assessment of the present and future reliability, adequacy, and security of the BPS.
- Promotion of effective training and education of personnel.
- Promotion of situation awareness and the protection of critical infrastructure.

## Funding

Texas RE's annual Business Plan and Budget (BP&B) is subject to review and approval by NERC and FERC and once approved, Texas RE's annual funding is provided primarily through NERC, by assessments to load-serving entities within the ERCOT region. These assessments are allocated on a net energy-for-load (NEL) basis. Total NEL for 2023 is 444,684,012 megawatt hours.

## **ERO Enterprise Model**

The vision of the Electric Reliability Organization (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 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.

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 was established in 2019, 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 now engaging 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 Long-Term Strategy

NERC and the Regional Entities are continually refining their individual and collective operating and governance practices to 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 Regions, and the different corporate and governance responsibilities of each Regional Entity.

In 2019, ERO Enterprise leadership came together to revise the ERO Enterprise Long-Term Strategy as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees (NERC Board) on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, 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 (E-ISAC)-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 identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate.

Texas RE's corporate goals further complement and align with Texas RE's mission to ensure a highly reliable and secure bulk power system in the Electric Reliability Council of Texas (ERCOT) Interconnection, while ensuring Texas RE meets the common commitments shared across the ERO Enterprise. Program area narratives in Texas RE's Business Plan and Budget may reference how activities support each of the ERO Enterprise's strategic focus areas. They may also reference the activities supporting Texas RE's specific corporate goals and focus areas that are themselves informed by the ERO Enterprise's strategic focus areas and Texas RE's overall corporate mission.

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.

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

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In developing the Texas RE 2025 Business Plan and Budget, Texas RE reflects the collaborative development of the ERO Enterprise Long-Term Strategy. Texas RE also seeks input from its MRC and posts the budget online for comment. Prior to obtaining final approval from its Board, Texas RE seeks NERC input and a review of its annual Regional Entity Business Plan and Budget, including coordination of program requirements and any related key initiatives for the ERO Enterprise.

Texas RE proposes to increase its operating budget in 2025 from \$19,107,925 to \$20,244,882, an increase of \$1,136,959, or six percent.

Texas RE's proposed 2025 assessment of \$19,261,419 represents an increase of 3.1 percent, or \$580,406 from the 2024 assessment. Texas RE is releasing \$338,463 of penalty reserves and \$570,000 of assessment stabilization reserves to offset assessments. More information is included in the [Reserve Analysis](#) table.

### **Major Drivers/Key Assumptions**

- **Personnel** – Expense increase in the amount of \$1,191,507 (8.1 percent).
  - Addition of two full-time employees (FTEs) and a budgeted 4 percent merit and market adjustment pool. One additional FTE is required in Operations & Planning (O&P) Compliance to address increasing workloads and complexity of initiatives. One additional FTE is required in Information Technology (IT) to mature the IT Department, promote sustainability, and to support functions consistent with sound governance models. Staffing changes are discussed in more detail in “Major Budget Drivers – Program Area Budgets” below and in subsequent program area sections.
  - Projected 10 percent increase over current actual rates for medical insurance premiums.
- **Meeting and Travel** – Expense increase in the amount of \$57,429 (12.3 percent).
  - Growth in the number and type of registered entities, along with the addition of new standards in key risk areas requires an increase in compliance oversight obligations, including site visits requiring travel. Expectations by NERC and FERC for new entity outreach also require an increase in travel.
  - Enhanced production for a hybrid annual workshop will increase meeting expenses.
- **Operating Expenses** – Expense decrease in the amount of \$111,978 (-2.9 percent).
  - Office Facilities – A decrease in rent and office maintenance costs over the 2024 Budget is to better align estimated costs with expenses experienced in new office space. The 2024 Budget was prepared before moving into new office space and expenses were estimates.

- Technology Investments – An increase in office costs includes expenses for an Enterprise Risk Management Tool and Energy Assessment Software.
- Contracts and Consultants – Increase is related to consulting expenses needed to meet ERO needs for an enhanced reliability assessment process that provides a systemic evaluation of resources' ability to deliver energy and meet demand across a range of assessment periods and scenarios.
- Professional Services – Increase is related to higher cost of insurance, financial audit fees, and legal and breach counsel services.

<b>Statement of Activities and Fixed Asset Additions</b>				
<b>2024 Budget and 2025 Budgets</b>				
STATUTORY				
	2024	2025	Variance 2024 Budget v 2025 Budget Over(Under)	
	Budget	Budget		
<b>Funding</b>				
<b>ERO Funding</b>				
NERC Assessments	\$ 18,681,013	\$ 19,261,419	\$ 580,406	3.1%
Penalties Released*	426,912	338,463	(88,449)	-20.7%
<b>Total NERC Funding</b>	<u>\$ 19,107,925</u>	<u>\$ 19,599,882</u>	<u>\$ 491,957</u>	<u>2.6%</u>
Interest	50,000	125,000	75,000	150.0%
<b>Total Funding (A)</b>	<u>\$ 19,157,925</u>	<u>\$ 19,724,882</u>	<u>\$ 566,957</u>	<u>3.0%</u>
<b>Personnel Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 10,642,011	\$ 11,591,928	\$ 949,918	8.9%
Payroll Taxes	723,373	777,854	54,481	7.5%
Benefits	1,904,575	1,969,451	64,876	3.4%
Retirement Costs	1,520,920	1,643,152	122,232	8.0%
<b>Total Personnel Expenses</b>	<u>\$ 14,790,879</u>	<u>\$ 15,982,386</u>	<u>\$ 1,191,507</u>	<u>8.1%</u>
<b>Meeting &amp; Travel Expenses</b>				
Meetings	\$ 85,900	\$ 120,900	\$ 35,000	40.7%
Travel	381,150	403,579	22,429	5.9%
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 467,050</u>	<u>\$ 524,479</u>	<u>\$ 57,429</u>	<u>12.3%</u>
<b>Operating Expenses, Excluding Depreciation</b>				
Consultants & Contracts	\$ 393,500	\$ 437,500	\$ 44,000	11.2%
Office Rent	2,045,702	1,751,692	(294,009)	-14.4%
Office Costs	735,619	811,325	75,706	10.3%
Professional Services	675,175	737,500	62,325	9.2%
<b>Total Operating Expenses</b>	<u>\$ 3,849,996</u>	<u>\$ 3,738,017</u>	<u>\$ (111,978)</u>	<u>-2.9%</u>
<b>Total Direct Expenses</b>	<u>\$ 19,107,925</u>	<u>\$ 20,244,882</u>	<u>\$ 1,136,959</u>	<u>6.0%</u>
<b>Indirect Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ 19,107,925</u>	<u>\$ 20,244,882</u>	<u>\$ 1,136,959</u>	<u>6.0%</u>
<b>Change in Net Assets (A - B)</b>	<u>\$ 50,000</u>	<u>\$ (520,000)</u>	<u>\$ (570,000)</u>	<u>-1140.0%</u>
<b>Fixed Assets, excluding Right of Use Assets ( C )</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>-</u>	<u>0.0%</u>
<b>TOTAL BUDGET (B + C)</b>	<u>\$ 19,157,925</u>	<u>\$ 20,294,882</u>	<u>\$ 1,136,959</u>	<u>5.9%</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ (570,000)</u>	<u>\$ -</u>	
<b>FTEs</b>	70.0	72.0	2.0	

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

## Major Budget Drivers - Program Area Budgets

Base Operating Budget			Variance	
	2024 Budget	2025 Budget	2025 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 429,172	\$ 455,755	\$ 26,583	6.2%
Compliance Enforcement and Organization Registration	15,136,737	15,390,892	254,155	1.7%
Reliability Assessments and Performance Analysis	2,792,883	3,601,486	808,603	29.0%
Training and Education	799,133	846,749	47,616	6.0%
<b>Total by Program</b>	<b>\$ 19,157,925</b>	<b>\$ 20,294,882</b>	<b>\$ 1,136,957</b>	<b>5.9%</b>

### Reliability Standards

- **Personnel** – The number of FTEs and operating costs are consistent with the 2024 Budget.

### Compliance Monitoring and Enforcement (CMEP)

- **Personnel** – The total number of FTEs in CMEP will decrease by one FTE. This reflects the addition of one FTE in the O&P Compliance department to address growth in the number and type of registered entities that are driving increased compliance oversight obligations in the O&P program area. New standards in key risk areas like Inverter-Based Resources (IBR) performance, winterization, and transmission planning for extreme events will also increase the workload, as will increasing expectations by NERC and FERC for new entity outreach. The CMEP FTE number is reduced by a transfer of one FTE from CMEP to RAPA to create Texas RE's Chief Engineer and Director, Reliability Outreach position in 2024 to support entity engagement and state outreach. Additionally, an FTE, previously in Enforcement, is transferred to Legal and Regulatory in the 2025 Budget to support Texas RE's enhanced Enterprise Risk Management program.
- **Meeting and Travel Expenses** – An increase in oversight engagement expectations, along with travel expenses for a new FTE is increasing travel expenses.

### Reliability Assessment and Performance Analysis (RAPA)

- **Personnel** – The total number of FTEs in RAPA has increased by one FTE. This increase is from the transfer of one FTE from CMEP to RAPA to create Texas RE's Chief Engineer and Director, Reliability Outreach position in 2024 to support entity engagement and state outreach.
- **Consultants and Contracts** – New software tools and associated consulting support are needed to address ERO needs for an enhanced reliability assessment process that



provides a systemic evaluation of resources' ability to deliver energy and meet demand across a range of assessment periods and scenarios.

### Training and Education

- **Personnel** – The number of FTEs and operating costs is consistent with the 2024 Budget.

## Major Budget Drivers - Administrative Services Budget

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

Texas RE allocates its Administrative Services expenses to the functional/direct areas proportionately based on FTE count. Each direct activity receives a pro-rata allocation of expense based on its FTEs compared to total direct program FTEs.

	Administrative Services					
	Direct Expenses & Fixed Assets			FTEs		
	2024 Budget	2025 Budget	Inc (Dec)	2024 Budget	2025 Budget	Inc (Dec)
General and Administrative	4,890,541	4,889,544	(997)	4.00	4.00	-
Legal and Regulatory	739,470	1,018,648	279,178	2.75	3.75	1.00 *
Information Technology	2,145,787	2,566,398	420,611	7.00	8.00	1.00
Human Resources	112,570	219,710	107,140	-	-	-
Finance and Accounting	607,161	655,755	48,594	3.00	3.00	-
<b>Total Administrative Services</b>	<b>8,495,529</b>	<b>9,350,054</b>	<b>854,526</b>	<b>16.75</b>	<b>18.75</b>	<b>2.00 *</b>

\*One FTE was transferred from CMEP to Legal and Regulatory to support Texas RE's enhanced Enterprise Risk Management Program. This transfer did not change the total FTEs for the organization as a whole.

### General and Administrative

- **Office rent and maintenance** – Office maintenance expenses are decreasing by \$294,012 (-14.4 percent) because estimates for the 2025 BP&B are based on expenses experienced in new offices. The 2024 Budget was prepared before Texas RE moved into new office space and expenses were estimated.
- **Professional fees** – Insurance costs are increasing by \$30,000 (6 percent).
- **Benefits** – Education Reimbursements and Training expenses are increasing by \$25,000 each, or 125 percent and 147 percent, respectively.

### Legal and Regulatory

- **Personnel** – The number of FTEs in Legal and Regulatory will increase by one FTE. One FTE, previously in Enforcement, is transferred to Legal and Regulatory in the 2025 Budget to support the Enterprise Risk Management program. Total FTEs for the organization did not change with this transfer, although it increased the Legal and Regulatory Personnel Budget.
- **Professional Fees** – Legal Fees are increasing by \$10,000 (25 percent) for legislative support and breach counsel services.

### Information Technology

- **Personnel** – The number of FTEs in Information Technology will increase by one FTE. The additional FTE is for the continued need to support a multi-year effort to mature the IT Security Department, promote sustainability, and to support full segregation of IT and security functions consistent with sound governance models.
- **Office Costs** – Investments in Enterprise Risk Management Software and Energy Assessment Software will increase office costs, enabling Texas RE to meet NERC expectations for implementation of a robust Enterprise Risk Management Program and to meet the ERO's need for an enhanced reliability assessment process.

### Human Resources

- **Consultants and Contracts** – Increase of \$90,000 (120 percent) is related to leadership training and coaching scheduled for 2025.

## Personnel Analysis and Expenses

Personnel	2024 Budget	2025 Budget	Variance	
			2025 Budget v 2024 Budget	Variance %
<b>STATUTORY</b>				
Salaries	\$ 10,642,011	\$ 11,591,928	\$ 949,918	8.9%
Payroll Taxes	723,373	777,854	54,481	7.5%
Benefits	1,904,575	1,969,451	64,876	3.4%
Retirement	1,520,920	1,643,152	122,232	8.0%
<b>Total</b>	<b>\$ 14,790,879</b>	<b>\$ 15,982,386</b>	<b>\$ 1,191,507</b>	<b>8.1%</b>

<b>FTEs</b>	<b>70.00</b>	<b>72.00</b>	<b>2</b>	<b>2.9%</b>
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### Cost per FTE

Salaries	\$ 152,029	\$ 165,599	\$ 13,570	8.9%
Payroll Taxes	10,334	11,112	778	7.5%
Benefits	27,208	28,135	927	3.4%
Retirement	21,727	23,474	1,746	8.0%

<b>Total</b>	<b>\$ 211,298</b>	<b>\$ 228,320</b>	<b>\$ 17,022</b>	<b>8.1%</b>
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Total FTEs by Program Area	2024 Budget	Direct FTEs 2025 Budget	Shared FTEs 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	1.25	1.25	-	1.25	-
Compliance and Organization Registration and Certification	42.75	41.75	-	41.75	(1.00) *
Training and Education	2.25	2.25	-	2.25	-
Reliability Assessment and Performance Analysis	7.00	8.00	-	8.00	1.00 *
<b>Total FTEs Operational Programs</b>	<b>53.25</b>	<b>53.25</b>	<b>-</b>	<b>53.25</b>	<b>-</b>
<b>Administrative Programs</b>					
General & Administrative	4.00	4.00	-	4.00	-
Legal and Regulatory	2.75	3.75	-	3.75	1.00 *
Information Technology	7.00	8.00	-	8.00	1.00
Human Resources	-	-	-	-	-
Finance and Accounting	3.00	3.00	-	3.00	-
<b>Total FTEs Administrative Programs</b>	<b>16.75</b>	<b>18.75</b>	<b>-</b>	<b>18.75</b>	<b>2.00</b>
<b>Total FTEs</b>	<b>70.00</b>	<b>72.00</b>	<b>-</b>	<b>72.00</b>	<b>2.00</b>

\*Although one FTE position was added in CMEP, in 2024 one FTE was transferred from CMEP to RAPA to create a Chief Engineer and Director position and one FTE was transferred from CMEP to Legal and Regulatory to support Texas RE's enhanced Enterprise Risk Management Program.

### Personnel: Significant Variances – 2024 Budget vs 2025 Budget

- Addition of two FTEs – More details can be found in the [Major Budget Drivers – Program Area Budgets](#).
  - One FTE in CMEP – O&P Compliance Auditor
  - One FTE in IT Security
- Budgeted 4 percent merit and market adjustment pool.
- Estimated medical insurance premium increase of 10 percent. Medical Insurance did not increase as projected in 2024; however, medical insurance expense is projected to increase 10 percent over 2024 cost.

### Contractors and Consulting Expenses

Consultants and Contracts	2024 Budget	2025 Budget	Variance 2025 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	0.0%
Compliance and Organization Registration and Certification	-	-	-	0.0%
Reliability Assessment and Performance Analysis	-	75,000	75,000	100.0%
Training and Education	-	-	-	0.0%
General and Administrative	101,000	80,000	(21,000)	-20.8%
Legal and Regulatory	2,500	2,500	-	0.0%
Information Technology	215,000	115,000	(100,000)	-46.5%
Human Resources	75,000	165,000	90,000	120.0%
Accounting and Finance	-	-	-	0.0%
<b>Consultants Total</b>	<b>\$ 393,500</b>	<b>\$ 437,500</b>	<b>\$ 44,000</b>	<b>11.2%</b>

### Contractors and Consulting Expenses: Significant Variances – 2024 Budget vs 2025 Budget

- **RAPA** – Increase is to meet ERO needs for an enhanced reliability assessment process that provides a systematic evaluation of resources' ability to deliver energy and meet demand across a range of assessment periods and scenarios. The biennial probabilistic energy assessment will be performed every year beginning 2024. Initial outlays for software tools, support, and training will be needed in 2025 to meet the new ERO energy assessment requirements for full implementation in 2026.
- **Information technology** – Decrease is because of a realignment of what was previously IT Managed Services, which has been replaced with software subscription services and are better aligned under software expense in the Office Costs category.
- **Human Resources** – Increase is for leadership training and coaching scheduled for 2025.

## Fixed Asset Additions

Fixed Assets	2024		2025		Variance		
	Budget		Budget		2025 Budget v 2024 Budget	Variance %	
Depreciation	\$	-	\$	-	\$	-	0.0%
Computer & Software CapEx		-		-		-	0.0%
Furniture & Fixtures CapEx		-		-		-	0.0%
Equipment CapEx		50,000		50,000		-	0.0%
Leasehold Improvements		-		-		-	0.0%
<b>Total Fixed Assets</b>	<b>\$</b>	<b>50,000</b>	<b>\$</b>	<b>50,000</b>	<b>\$</b>	<b>-</b>	<b>0.0%</b>

### Significant Variances – 2024 Budget versus 2025 Budget

- Fixed asset additions are expected to be routine equipment replacements consistent with the 2024 Budget.

## Reserve Analysis

Working Capital Reserve Analysis 2024-2025				
STATUTORY				
	Total Reserves	Contingency Reserve	Working Capital and Assessment Stabilization	Unreleased Penalties
<b>Beginning Reserves, January 1, 2024</b>	\$ 5,705,091	\$ 2,000,000	\$ 3,278,179	\$ 426,912
Plus: 2024 Funding (from LSEs or designees)	18,681,013	-	18,681,013	-
Plus: 2024 Other funding sources	50,000	-	50,000	-
Released from Assessment Stabilization & Contingency	-	-	-	-
Penalties Released in 2024	-	-	426,912	(426,912)
Penalty Sanctions Received July 1, 2023 - June 30, 2024	338,463	-	-	338,463
Less: 2024 Projected expenses & capital expenditures	(19,157,925)	-	(19,157,925)	-
<b>Projected Reserves, December 31, 2024</b>	<b>\$ 5,616,642</b>	<b>\$ 2,000,000</b>	<b>\$ 3,278,179</b>	<b>\$ 338,463</b>
<b>Desired Reserves, December 31, 2025</b>				
Target Reserve December 31, 2025	\$ 4,708,179	\$ 2,000,000	\$ 2,708,179	\$ -
Minus: Projected Reserves, December 31, 2024	(5,616,642)	(2,000,000)	(3,278,179)	(338,463)
<b>Incr(decr) in funding requirement to achieve Reserve</b>	<b>\$ (908,463)</b>	<b>\$ -</b>	<b>\$ (570,000)</b>	<b>\$ (338,463)</b>
2025 Expenses and Capital Expenditures	\$ 20,294,882			
Less: Other Funding Sources	(125,000)			
Adjustment to achieve targeted working capital	-			
Reserves released from Assessment Stabilization	(570,000)			
Penalty Sanctions Released	(338,463)			
<b>2025 NERC Assessment to Texas RE</b>	<b>19,261,419</b>			

### Explanation of Reserves

Texas RE has a Board approved Working Capital and Operating Reserve Policy, which requires Texas RE to retain a \$2,000,000 cash reserve (or an amount as adjusted by the Board, or as required by regulators). This reserve is a contingency reserve which can only be used with Board approval.

Penalty monies received between July 1, 2022 and June 30, 2023, in the amount of \$426,911 are to be used to offset assessments in the 2024 Budget, as documented in the NERC Policy – *ACCOUNTING FINANCIAL STATEMENT AND BUDGETARY TREATMENT OF PENALTIES IMPOSED AND RECEIVED FOR VIOLATIONS OF RELIABILITY STANDARD*. Penalty monies received from July 1, 2023 to June 30, 2024, in the amount of \$338,464 will be used to offset assessments in the 2025 Budget.

Assessment Stabilization Reserves in the amount of \$570,000 will be used to offset assessments in the 2025 Budget.

## Three-Year Budget Projections

### Statement of Activities, Fixed Assets Expenditures and Change in Working Capital 2025 Budget & Projected 2026 and 2027 Budgets

	2025 Budget	2026 Projection	% Change 26 v 25	2027 Projection	% Change 27 v 26
<b>Funding</b>					
ERO Funding	\$ 19,261,419	\$ 21,706,527	12.7%	\$ 23,023,244	6.1%
Fines & Penalties	338,463	-	-100.0%	-	0.0%
Interest	125,000	115,000	-8.0%	100,000	-13.0%
<b>Total Revenue</b>	<b>\$ 19,724,882</b>	<b>\$ 21,821,527</b>	<b>10.6%</b>	<b>\$ 23,123,244</b>	<b>6.0%</b>
<b>Personnel Expenses</b>					
Salaries	\$ 11,591,928	\$ 12,435,605	7.3%	\$ 13,113,030	5.4%
Payroll Taxes	777,854	834,467	7.3%	879,925	5.4%
Benefits	1,969,451	2,271,996	15.4%	2,569,596	13.1%
Retirement Cost	1,643,152	1,763,978	7.4%	1,860,637	5.5%
<b>Total Personnel</b>	<b>\$ 15,982,386</b>	<b>\$ 17,306,047</b>	<b>8.3%</b>	<b>\$ 18,423,188</b>	<b>6.5%</b>
<b>Meeting &amp; Travel Expenses</b>					
Meeting Expense	\$ 120,900	\$ 125,736	4.0%	\$ 130,765	4.0%
Travel	403,579	419,722	4.0%	436,511	4.0%
<b>Total Meetings &amp; Travel</b>	<b>\$ 524,479</b>	<b>\$ 545,458</b>	<b>4.0%</b>	<b>\$ 567,276</b>	<b>4.0%</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 437,500	\$ 480,000	9.7%	\$ 524,200	9.2%
Office Rent & Maintenance	1,751,692	1,804,243	3.0%	1,858,371	3.0%
Office Costs	811,325	843,778	4.0%	877,529	4.0%
Professional Services	737,500	767,000	4.0%	797,680	4.0%
<b>Total Operating Expenses</b>	<b>\$ 3,738,017</b>	<b>\$ 3,895,021</b>	<b>4.2%</b>	<b>\$ 4,057,780</b>	<b>4.2%</b>
<b>Fixed Assets</b>	<b>\$ 50,000</b>	<b>\$ 75,000</b>	<b>50.0%</b>	<b>\$ 75,000</b>	<b>0.0%</b>
<b>TOTAL BUDGET</b>	<b>\$ 20,294,882</b>	<b>\$ 21,821,527</b>	<b>7.5%</b>	<b>\$ 23,123,244</b>	<b>6.0%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (570,000)</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>	<b>0.0%</b>

#### Major budget drivers in 2026 and 2027 are as follows:

- The addition of three FTEs in 2026 and two FTEs in 2027.
- Merit and market adjustment pool increases of 4 percent and health insurance benefit increases of 10 percent.

- Increased Consulting expenses to assist with full implementation of an enhanced reliability assessment process that provides a more systematic evaluation of resources' ability to deliver energy and meet demand across a range of assessment periods and scenarios.
- Increase in capital expenditure for Furniture and Equipment is for new FTEs.



## **2025 Statutory Program Detail**

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### **Reliability Standards**

#### **Program Scope and Functional Description**

Texas RE's Reliability Standards Program supports the NERC Reliability Standards Program as well as facilitates the development of regional standards and variances, in accordance with the Texas RE Regional Standards Development Process (RSDP). Texas RE standards staff coordinates and publicly posts information regarding the activities of the Texas RE MRC's standards development activities, the NERC Standards Review Forum (NSRF), and all regional standard drafting teams (SDTs).

The RSDP, Texas RE's FERC-approved process for developing Regional Standards, is open to all individuals and organizations that are directly and materially affected by the ERCOT region BPS, with no undue financial barriers and regardless of Texas RE membership status. Texas RE's RSDP provides for fair and due process by providing sufficient public notice of the intent to develop a Regional Standard. The RSDP includes an appeal process and an interpretation process. Texas RE standards staff assists NERC as needed with obtaining NERC Board approval and subsequent filing(s) with FERC and other regulatory authorities, as appropriate, including developing the record necessary to support approval.

The Texas RE standards staff supports and participates in the NERC Standards Committee and other NERC activities relating to standards development. Texas RE regularly comments and votes on proposed NERC Reliability Standards and revisions from its perspective as the Compliance Enforcement Authority, based on recommendations and input from subject matter experts employed by Texas RE.

Additionally, this program area supports and facilitates standards activities of the Texas RE MRC and the NSRF. The MRC is a stakeholder committee that oversees the execution of the Texas RE Standards Development Process. The NSRF provides a regional stakeholder forum for education and discussion of NERC Reliability Standards activities, both regional and continent-wide.

Texas RE Standards staff provides education and advice to other Texas RE departments regarding issues relating to standards, including applicability and interpretation of requirements in accordance with NERC processes.

#### **2025 Key Assumptions**

- Continent-wide NERC Reliability Standards projects will consist primarily of new Standards Authorization Requests and existing projects mainly stemming from FERC directives, covering both Critical Infrastructure Protection (CIP) and Operations and Planning standards. These activities will require the allocation of technical resources

from several internal NERC departments (e.g., Reliability Assessment and Performance Analysis (RAPA), Reliability Risk Management (RRM), Compliance Analysis and Certification (CAC), and Compliance Assurance) and support from across the ERO Enterprise.

- Regional Standards development activity will be driven by requests the Regional Entity may receive or reliability issues the Regional Entity may identify. Although Regional Standards development activity is expected to remain low, Texas RE Regional Standard BAL-001-TRE-2 is subject to periodic review and revision under the Texas RE Regional Standard development process, and additional technical resources may be required in support of region-specific activities in connection with this standard.
- In coordination with SDTs and consistent with current approaches, Regional Entities may support outreach during standards development. Additionally, following FERC approval, Regions will assist the transition of standards to compliance monitoring and enforcement, supporting industry and auditor training, or providing information about the standard's intent.
- The number of interpretations is expected to remain low. However, guidance requests associated with the implementation of standards may increase.

### **2025 Goals and Deliverables**

- Provide input on and facilitate industry review of new and existing NERC Reliability Standards.
- Provide input and feedback for new and existing NERC Reliability Standards using compliance monitoring experience as a basis.
- Support stakeholder awareness of standards development through engagement and support of the NSRF.
- Support NERC's standards development process review and provide information to stakeholders to promote awareness.
- Provide guidance and outreach on approved NERC Reliability Standards and Regional Standards.
- Develop, as needed, regional variances or Regional Standards to address specific reliability risks and evaluate the need for existing Regional Standards.
- Review existing Regional Standards to determine if any could be incorporated as a regional variance to a continent-wide NERC Reliability Standard.

### **Major Budget Drivers**

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

<b>Statement of Activities and Fixed Asset Additions</b>			
<b>2024 Budget and 2025 Budgets</b>			
<b>RELIABILITY STANDARDS</b>			
	<b>2024</b>	<b>2025</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	<b>2025 Budget v 2024 Budget Over(Under)</b>
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 438,521	\$ 452,146	\$ 13,625
Penalties Released	10,021	7,945	(2,076)
<b>Total NERC Funding</b>	<b>\$ 448,542</b>	<b>\$ 460,091</b>	<b>\$ 11,549</b>
Interest	1,174	2,934	1,760
<b>Total Funding</b>	<b>\$ 449,716</b>	<b>\$ 463,025</b>	<b>\$ 13,309</b>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 154,150	\$ 161,280	\$ 7,130
Payroll Taxes	11,878	12,418	540
Benefits	35,737	35,002	(735)
Retirement Costs	22,266	23,295	1,029
<b>Total Personnel Expenses</b>	<b>\$ 224,031</b>	<b>\$ 231,995</b>	<b>\$ 7,964</b>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ -	\$ -	\$ -
Travel	4,275	4,275	-
<b>Total Meeting &amp; Travel Expenses</b>	<b>\$ 4,275</b>	<b>\$ 4,275</b>	<b>\$ -</b>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	1,440	-	(1,440)
Professional Services	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,440</b>	<b>\$ -</b>	<b>\$ (1,440)</b>
<b>Total Direct Expenses</b>	<b>\$ 229,746</b>	<b>\$ 236,270</b>	<b>\$ 6,524</b>
<b>Indirect Expenses</b>	<b>\$ 198,252</b>	<b>\$ 218,311</b>	<b>\$ 20,059</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses</b>	<b>\$ 427,998</b>	<b>\$ 454,581</b>	<b>\$ 26,583</b>
<b>Change in Assets</b>	<b>\$ 21,718</b>	<b>\$ 8,444</b>	<b>\$ (13,274)</b>
<b>Fixed Assets, excluding Right of Use Assets ( C )</b>	<b>\$ 1,174</b>	<b>\$ 1,174</b>	<b>(0)</b>
<b>TOTAL BUDGET</b>	<b>\$ 429,172</b>	<b>\$ 455,755</b>	<b>\$ 26,583</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ 20,544</b>	<b>\$ 7,270</b>	<b>\$ (13,274)</b>
<b>FTEs</b>	1.25	1.25	-

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

### **Program Scope and Functional Description**

Texas RE's Compliance Monitoring and Enforcement and Organization Registration and Certification Program includes the key activities of registering (and where required, certifying) Responsible Entities, monitoring and assessing compliance with the NERC Reliability Standards and Regional Standards, and enforcing and ensuring mitigation of violations of standards in accordance with the NERC Rules of Procedure (ROP). The 2025 Business Plan & Budget anticipates that Texas RE will perform CMEP activities for approximately 393 registered entities, an increase of approximately 24 registered entities from 2024.

### **CMEP**

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

The increase in the number and type of registered entities will require Texas RE to appropriately allocate current resources and judiciously augment overall staffing levels to address critical emerging risks associated with resource mix changes. These include proactively focusing on key risk elements such as generator winterization and inverter-based resource performance, including site visits to select generation resources. Texas RE is therefore focusing on enhancing its O&P Compliance department to implement appropriate risk-based compliance activities and elevate targeted outreach efforts.

### **Registration and Certification**

Texas RE's Registration and Certification department focuses on identifying and registering Bulk Electric System (BES) owners, operators, and users. Core activities include maintaining accurate, up-to-date registration information through the Centralized Organization Registration ERO System (CORES), registering entities responsible for compliance, and aiding entity personnel's access to and training on ERO systems and processes. In addition, Texas RE

periodically certifies that entities performing the functions of Reliability Coordinator, Balancing Authority, and Transmission Operator have and maintain the tools, processes, and training to meet applicable Reliability Standards requirements.

Given current growth in new generation and energy storage, Texas RE anticipates a significant number of entities may be added or removed in the Region's portion of the NERC registry, or significantly changed through mergers and acquisitions, in the coming year. Additionally, Registration work will focus on identifying non-registered IBR and preparing those IBR to register by 2026 in accordance with FERC directives. This work will include gathering data to determine registration eligibility, outreach about the registration process and maintaining compliance, and processing the changes. Regarding certification activities, Texas RE anticipates two or three engagements in 2025, consistent with past years.

### **2025 Key Assumptions**

- Continued need to address growth of registered entities and ensure appropriate, risk-based monitoring and engagement activities.
- Increased activity around the development of IRAs and COPs for current and new registered entities and the need to review and refresh IRAs and COPs in response to risk triggers.
- Continued need to implement a risk-based focus in all standards, compliance monitoring, and enforcement programs.
- Ongoing need to strengthen engagement across the reliability and security ecosystem in North America with a particular focus on outreach to newly registered entities and on key risk focus areas such as grid transformation and extreme events.
- Increased activity in terms of generator site visits to monitor compliance with key winterization and facility rating reliability standards.
- Due to the significant changes to the generation fuel mix in the ERCOT Interconnection, the volume of registration changes is expected to continue to increase.

### **2025 Goals and Key Deliverables**

The 2025 goals and deliverables for the CMEP and Registration and Certification program areas are as follows:

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

- Continue stakeholder outreach for new and enhanced NERC Reliability Standards to minimize reliability and security risks and encourage consideration of ERCOT regional differences.
- Continue to enhance cyber and physical security outreach beyond CMEP activities to share security information, best practices, mitigation strategies, and lessons learned focused on cyber and physical security risks and mitigation of the risks.
- Continue outreach efforts to new registered entities and new Primary Compliance Contacts by conducting one-on-one touchpoints to discuss reliability and security issues and share best practices.

- Continue targeted outreach for winterization and extreme weather events.
- Continue to enhance IRA and COP processes and continue targeted outreach to stakeholders for awareness.
- Continue to enhance the risk-based approach and internal control assessment to compliance monitoring processes.
- Continue to actively engage in the enhancement and full utilization of Align and Secure Evidence Locker (SEL) to ensure CMEP processes are efficient, effective, secure, and consistent for staff and stakeholders.
- Continue to identify current and emerging risks to security and reliability affecting the ERCOT Interconnection.
- Support the ERO's Inverter-Based Resource Strategy and provide outreach to industry on developments to ensure awareness.
- Identify and develop monitoring approaches focusing on emerging risks such as Inverter-Based Resources, Distributed Energy Resources (DER), storage, and demand side resources.
- Continue collaboration with government and state authorities on cyber and physical security issues.
- Promote and encourage effective collaboration and engagement with the Board, industry, regulators, and stakeholders.
- Expand ERO Enterprise stakeholder engagement to ensure the right subject matter experts participate to resolve issues in a timely and cost-effective manner.
- Proactively participate and collaborate in ERO working groups to efficiently and effectively work with the ERO Enterprise.
- Enhance and further coordinate CIP and O&P physical walkthroughs during Compliance Audits for physical security, facility ratings, and cold weather preparedness.
- Ensure Texas RE is appropriately staffed and managed to maximize stakeholder value, maintain independence, and perform all delegated responsibilities. Promote communication, motivation, team building, and workforce development within Texas RE.

### **Enforcement**

- Review, validate, and process or dismiss all possible violations in a timely fashion using the Align and SEL systems.
- Undertake enforcement activities in accordance with established risk-based approaches.
- Manage all settlements and contested cases to completion, as efficiently as possible.
- Coordinate appropriate engineering, other subject matter experts, and legal resources for the processing of alleged violations, including all settlements, appeals, and contested cases.
- Use targeted, aggressive enforcement for the violations posing the most risk to BPS reliability.
- Conduct technical assessments of registered entities' plans and activities to mitigate noncompliance.

- Support streamlined mechanisms implemented to expedite possible violations that pose a lesser reliability risk to the BPS.
- Improve the consistency and timeliness of all compliance and enforcement data tracking to enable review and reporting for compliance and enforcement staff, management, the Board, NERC, and stakeholders.
- Promote timeliness and transparency of compliance results, including those efforts associated with meeting the caseload index, average violation aging, and mitigation aging metrics.
- Assure timely mitigation of all violations, assess all mitigating activities and mitigation plans for effectiveness and reasonableness of implementation, tracking completion of accepted plans to closure, and verifying completion of mitigation plans.
- Collaborate within the ERO to ensure consistency and efficiency in processing possible violations.

### **Registration and Certification**

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

### **Major Budget Drivers**

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

<b>Statement of Activities and Fixed Asset Additions</b>			
<b>2024 Budget and 2025 Budgets</b>			
<b>COMPLIANCE MONITORING, ENFORCEMENT and ORGANIZATION REGISTRATION and CERTIFICATION</b>			
	2024	2025	Variance 2025 Budget v 2024 Budget Over(Under)
	<u>Budget</u>	<u>Budget</u>	<u>Over(Under)</u>
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 14,997,433	\$ 15,101,676	\$ 104,243
Penalties Released	342,732	265,368	(77,364)
<b>Total NERC Funding</b>	<u>\$ 15,340,164</u>	<u>\$ 15,367,044</u>	<u>\$ 26,879</u>
Interest	40,141	98,005	57,864
<b>Total Funding</b>	<u>\$ 15,380,305</u>	<u>\$ 15,465,048</u>	<u>\$ 84,742</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 5,783,866	\$ 5,652,280	\$ (131,586)
Payroll Taxes	428,670	421,431	(7,239)
Benefits	1,107,774	1,009,556	(98,218)
Retirement Costs	833,634	813,243	(20,391)
<b>Total Personnel Expenses</b>	<u>\$ 8,153,944</u>	<u>\$ 7,896,509</u>	<u>\$ (257,435)</u>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ -	\$ -	\$ -
Travel	140,400	156,439	16,039
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 140,400</u>	<u>\$ 156,439</u>	<u>\$ 16,039</u>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	22,040	7,150	(14,890)
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 22,040</u>	<u>\$ 7,150</u>	<u>\$ (14,890)</u>
<b>Total Direct Expenses</b>	<u>\$ 8,316,384</u>	<u>\$ 8,060,098</u>	<u>\$ (256,287)</u>
<b>Indirect Expenses</b>	<u>\$ 6,780,213</u>	<u>\$ 7,291,592</u>	<u>\$ 511,379</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ 15,096,597</u>	<u>\$ 15,351,690</u>	<u>\$ 255,092</u>
<b>Change in Net Assets</b>	<u>\$ 283,708</u>	<u>\$ 113,358</u>	<u>\$ (170,350)</u>
<b>Fixed Assets, excluding Right of Use Assets</b>	<u>\$ 40,141</u>	<u>\$ 39,202</u>	<u>\$ (939)</u>
<b>TOTAL BUDGET</b>	<u>\$ 15,136,738</u>	<u>\$ 15,390,892</u>	<u>\$ 254,153</u>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<u>\$ 243,567</u>	<u>\$ 74,156</u>	<u>\$ (169,411)</u>
FTEs	42.75	41.75	(1.00)



## Reliability Assessment and Performance Analysis Program

### Program Scope and Functional Description

Texas RE's RAPA Program supports assessment of system adequacy and operating reliability of the BPS in the ERCOT region, both existing and planned, as well as review of system disturbances in the ERCOT region. In addition to these assessments and analyses, Texas RE collaborates with NERC, the Regions and stakeholders in ongoing work to evaluate system performance, measure progress in improving current reliability and track leading indicators of future reliability. This program requires validation and analysis of data collected from registered entities, which is used in measurement of ongoing reliability performance of generation, transmission, and overall system response. RAPA also identifies risks and analyzes key grid transformation issues that may affect reliability, such as market practices, government actions, technology developments, high-impact low frequency (HILF) events, and grid transformation. Event analyses will determine causative factors for system disturbances and lessons learned upon recovering from them. Texas RE will disseminate these insights to industry and seek broader collaboration among stakeholders to identify and reduce threats to reliability.

RAPA also includes Situation Awareness (SA) and Infrastructure Security. Situation Awareness is closely tied to initial event notifications and review, performed as part of the Event Analysis Process in the RAPA Program, while Texas RE's Infrastructure Security effort is handled primarily by Information Technology (IT) staff and CIP resources within CMEP.

Texas RE anticipates that the scope of the RAPA program will continue to increase to address continuing resource mix trends. In particular, Texas RE anticipates increasing probabilistic assessments and energy availability analyses as part of its support for long-term and seasonal assessment activities.

### 2025 Assumptions

- Increased resource needs stemming from the growth in new registrants and the changing resource mix.
- Increased focus on enhancing reliability assessments to include assessments of energy availability and expanded use of probabilistic methods to identify potential energy shortfalls, including the need for new software tools and consulting support for these enhancements.
- Continued ERCOT and regional stakeholder support is expected in regional activities that meet ERO schedules for the proposed energy and other reliability assessments, including Interconnection study case model building activities and ERO technical groups.
- Access to ERCOT data and applications continues as in the past, along with cooperation and coordination with ERCOT and registered entity technical experts for analysis of operations and trends.
- Travel and meeting expenses are targeted to increase modestly over 2024 levels given increased in-person gatherings and projects in 2024, as well as activities supporting enhanced entity engagement through the 2024 creation of Texas RE's Chief Engineer

and Director, Reliability Outreach position, although web conferencing will continue for a significant portion of such meetings.

## **2025 Goals and Key Deliverables**

- Provide independent review of regional data and assist NERC in overall development of the annual long-term, summer and winter reliability assessments, support enhanced use of probabilistic analysis and consideration of extreme condition scenarios for the development of ERO energy assessments.
- Support NERC-wide modeling improvement efforts, particularly those related to dynamic loads, inverter-based resources, DER, and generator model validation.
- Serve as the Interconnection model designee associated with MOD-032 and MOD-033 Reliability Standards and provide outreach with stakeholders to integrate annual fidelity and quality tests into Interconnection study-case development processes.
- Participate in ERO technical working groups under the NERC Reliability and Security Technical Committee (RSTC) and contribute to development of Reliability Guidelines and Technical Reference documents. Provide follow-up on guideline effectiveness with stakeholder outreach, especially for related ERCOT technical groups. Encourage stakeholder participation in NERC RSTC subgroups.
- Provide Section 1600 data collection support and analysis to meet NERC Performance Analysis initiatives or FERC requests. Support the continued rollout of additional data collection for wind, solar, and battery systems. Work closely with Registration to assist new stakeholder personnel on system access, reporting instructions and training.
- Perform analysis and support NERC's annual State of Reliability report along with Region-specific annual reports and quarterly reviews. Support NERC Reliability Standards development and provide related outreach. Evaluate existing and proposed regional criteria and processes for reliability concerns and possible gaps.
- Continue efforts to enhance mutual support between CMEP, RAPA, and Registration to further overall ERO workplan priorities, especially those aiming to mitigate risks associated with inverter-based resources and extreme conditions.
- Promote data analytics leveraging PowerBI and PIVision tools with the Risk Assessment team and the ERO's analytics collaboration group.
- Implement the NERC event analysis and cause-coding process, expecting a similar volume of events as prior years, estimated at 12 Category 1 (minor). Review and trend approximately 80 lesser system events, such as remedial action scheme mis-operations, communications issues, and frequency disturbances.
- Support application of the BES Definition, Registration criteria and associated processes through technical review of Registration requests. Roughly ten requests with significant review are expected, possibly including support of the BES Exception process and materiality panels for other Regions.
- Promote NERC RISC identification and prioritization of BPS reliability risks and incorporate into RAPA activities and projects, focusing on likely impacts within the Region and means to mitigate them.

- Provide content for workshops, webinars, and other outreach to disseminate recommendations, lessons learned, best practices, trends, and observations from RAPA activities. Conduct focused reviews with registered entities or ERCOT stakeholder groups on topics such as protection system mis-operations, model usage and validation, generator winter preparation or equipment performance.
- Support Texas RE cross-departmental use of software applications and data from ERCOT ISO, NERC, and other sources for analysis needs. Provide regional coordination to maintain the Situation Awareness for FERC, NERC and the Regional Entities (SAFNR) tool, along with internal real-time visualization tools.
- Provide Situational Awareness during extreme conditions, major system events and ERO Crisis Action Plan drills. Manage NERC Alerts within the Region, anticipating four alerts, with two alerts expected to require extensive response coordination.
- Continue to enhance engagement and coordination with the Public Utility Commission of Texas on reliability program priorities in support of Texas RE's state outreach framework.

### **Major Budget Drivers**

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

<b>Statement of Activities and Fixed Asset Additions</b>			
<b>2024 Budget and 2025 Budgets</b>			
<b>RELIABILITY ASSESSMENTS and PERFORMANCE ANALYSIS</b>			
	<b>2024</b>	<b>2025</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	<b>2025 Budget</b>
			<b>v 2024 Budget</b>
			<b>Over(Under)</b>
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 2,455,720	\$ 2,893,734	\$ 438,014
Penalties Released	56,120	50,849	(5,271)
<b>Total NERC Funding</b>	<u>\$ 2,511,840</u>	<u>\$ 2,944,583</u>	<u>\$ 432,743</u>
Interest	6,573	18,779	12,206
<b>Total Funding</b>	<u>\$ 2,518,413</u>	<u>\$ 2,963,363</u>	<u>\$ 444,950</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 1,145,345	\$ 1,489,063	\$ 343,718
Payroll Taxes	81,886	102,022	20,136
Benefits	182,978	217,027	34,049
Retirement Costs	165,261	214,461	49,200
<b>Total Personnel Expenses</b>	<u>\$ 1,575,470</u>	<u>\$ 2,022,573</u>	<u>\$ 447,103</u>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ -	\$ -	\$ -
Travel	89,550	97,960	8,410
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 89,550</u>	<u>\$ 97,960</u>	<u>\$ 8,410</u>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ 75,000	\$ 75,000
Office Rent	-	-	-
Office Costs	11,080	1,250	(9,830)
Professional Services	-	-	-
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 11,080</u>	<u>\$ 76,250</u>	<u>\$ 65,170</u>
<b>Total Direct Expenses</b>	<u>\$ 1,676,100</u>	<u>\$ 2,196,783</u>	<u>\$ 520,683</u>
<b>Indirect Expenses</b>	<u>\$ 1,110,210</u>	<u>\$ 1,397,191</u>	<u>\$ 286,981</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ 2,786,310</u>	<u>\$ 3,593,974</u>	<u>\$ 807,664</u>
<b>Change in Net Assets</b>	<u>\$ (267,897)</u>	<u>\$ (630,611)</u>	<u>\$ (362,714)</u>
<b>Fixed Assets, excluding Right of Use Assets</b>	<u>\$ 6,573</u>	<u>\$ 7,512</u>	<u>\$ 939</u>
<b>TOTAL BUDGET</b>	<u>\$ 2,792,883</u>	<u>\$ 3,601,486</u>	<u>\$ 808,603</u>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<u>\$ (274,470)</u>	<u>\$ (638,123)</u>	<u>\$ (363,653)</u>
<b>FTEs</b>	<b>7.00</b>	<b>8.00</b>	<b>1.00</b>

## Training and Education

### Program Scope and Functional Description

Texas RE's Training and Education Program provides education and training primarily focused on implementation of the CMEP (including processes and expectations), application of NERC and Regional Reliability Standards, lessons learned from event analyses, and other related information pertinent to system reliability and compliance. Texas RE subject matter experts from other programs provide expertise for educational materials, meetings, and workshops. Texas RE also supports ERO-wide initiatives such as GridSecCon (including co-hosting on a rotational basis among the Regions) and other events. In addition, Texas RE hosts the Winter Weatherization Workshop.

Texas RE will continue to coordinate Spring and Fall Standards, Security, and Reliability workshops, Reliability 101 and 201, security-based CIP workshops, and other education and sharing meetings and webinars, including Talk with Texas RE, in 2025. The purpose of these workshops, meetings, and webinars is to provide standards, compliance, and procedural information and expectations, share lessons learned and best practices, obtain feedback from stakeholders, and provide sharing opportunities for registered entities and other stakeholders. Texas RE will use cost-effective additional education mechanisms such as webinars, newsletters, and conference calls, and will coordinate presentations by Texas RE subject matter experts at other ERO Enterprise and external industry meetings.

### 2025 Key Assumptions

- Host a similar number of training and outreach events as in prior years.
- Share best practices concerning generator plant winter readiness.
- Provide continued guidance on the implementation of the Risk-Based CMEP, including Inherent Risk Assessments, Compliance Oversight Plans, and Internal Control Reviews
- Identify and communicate common themes and root causes of Reliability Standard violations.
- Deliver internal and stakeholder training related to the implementation of the new releases of Align and the Secure Evidence Locker platforms.
- Support the ERO goal to mitigate known and emerging risks by providing timely and valuable outreach and training events to stakeholders. Additionally, the stakeholder outreach program provides guidance and coaching to entities on effective mitigation of identified and emerging risks.
- Educate registered entities regarding changes to NERC Reliability Standards, ERO procedures, and programs that detect, monitor, report, correct, and prevent recurrence of issues with risk, reliability, security, and compliance.
- Increase targeted outreach efforts that promote BPS reliability, security, and risk mitigation across its footprint, particularly focusing on augmenting its existing new entity outreach efforts.

**2025 Goals and Key Deliverables**

- Communicate and maintain effective relationships with industry, regulators, and stakeholders.
- Promote stakeholder engagement in Texas RE and the ERO Enterprise, including attending training opportunities.
- Develop technical materials for and present Standards, Security, and Reliability workshops for registered entities.
- Present additional workshops, webinars, meetings, and other industry outreach, including Talk with Texas RE meetings to support CMEP implementation and any new or modified NERC Reliability Standards, procedures, or programs.
- Create and publish newsletters that disseminate lessons learned for registered entities and include useful updates regarding Reliability Standards revisions and interpretations, other reliability or compliance-related information, as well as Texas RE and NERC activities.
- Maintain and continually enhance the Texas RE website.
- Develop an Annual Report summarizing Texas RE's accomplishments during the prior year.
- Coordinate with and provide Texas RE subject matter experts as a resource for ERCOT regional stakeholder training and NERC compliance and reliability working groups.
- Provide a mechanism for workshop, webinar, and meeting participants and other stakeholders to provide feedback and suggestions to be used to enhance future workshops, webinars, and meetings.
- Explore opportunities to improve training for stakeholders and keep Texas RE's content and delivery mediums relevant.

**Major Budget Drivers**

[See page 11-13 of the 2025 Business Plan and Budget Overview for discussion]

Statement of Activities and Fixed Asset Additions			
2024 Budget and 2025 Budgets			
TRAINING AND EDUCATION			
	2024	2025	Variance
	Budget	Budget	2025 Budget v 2024 Budget Over(Under)
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ 789,339	\$ 813,863	\$ 24,524
Penalties Released	18,039	14,301	(3,738)
<b>Total NERC Funding</b>	<u>\$ 807,378</u>	<u>\$ 828,164</u>	<u>\$ 20,786</u>
Interest	2,113	5,282	3,169
<b>Total Funding</b>	<u>\$ 809,491</u>	<u>\$ 833,446</u>	<u>\$ 23,955</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 278,244	\$ 296,953	\$ 18,709
Payroll Taxes	19,422	20,045	623
Benefits	45,219	36,791	(8,428)
Retirement Costs	39,627	41,613	1,986
<b>Total Personnel Expenses</b>	<u>\$ 382,512</u>	<u>\$ 395,401</u>	<u>\$ 12,889</u>
<b>Meeting &amp; Travel Expenses</b>			
Meetings & Conference Calls	\$ 44,500	\$ 44,500	\$ -
Travel	4,575	4,575	-
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 49,075</u>	<u>\$ 49,075</u>	<u>\$ -</u>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ -	\$ -	\$ -
Office Rent	-	-	-
Office Costs	5,580	2,700	(2,880)
Professional Services	3,000	4,500	1,500
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 8,580</u>	<u>\$ 7,200</u>	<u>\$ (1,380)</u>
<b>Total Direct Expenses</b>	<u>\$ 440,167</u>	<u>\$ 451,676</u>	<u>\$ 11,509</u>
<b>Indirect Expenses</b>	<u>\$ 356,853</u>	<u>\$ 392,960</u>	<u>\$ 36,107</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ 797,020</u>	<u>\$ 844,636</u>	<u>\$ 47,616</u>
<b>Change in Net Assets</b>	<u>\$ 12,470</u>	<u>\$ (11,192)</u>	<u>\$ (23,662)</u>
<b>Fixed Assets, excluding Right of Use Assets</b>	<u>\$ 2,113</u>	<u>\$ 2,113</u>	<u>\$ (0)</u>
<b>TOTAL BUDGET</b>	<u>\$ 799,133</u>	<u>\$ 846,749</u>	<u>\$ 47,616</u>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<u>\$ 10,358</u>	<u>\$ (13,303)</u>	<u>\$ (23,661)</u>
<b>FTEs</b>	<b>2.25</b>	<b>2.25</b>	<b>-</b>

## **Administrative Services**

### **Scope and Functional Description**

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

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

### **General and Administrative**

This Program includes the President and CEO, the Vice President and Chief Operating Officer (COO), the personnel costs for the HR Department, and the compensation and expenses of the Texas RE Board. The President and CEO carries out the general affairs of Texas RE, including administrative and corporate facilities support. The President and CEO reports to the Board and is responsible for leading, overseeing and managing the activities of Texas RE, managing relationships with NERC, FERC, registered entities, and other stakeholders, and for making final decisions with respect to non-contested enforcement actions. The President performs a leadership role in coordinating and facilitating the activities of all Texas RE programs. The Vice President and COO reports to the CEO and acts on behalf of the CEO in his absence. Personnel expenses for Human Resources (HR) are included in General and Administrative (G&A). The benefits expenses in G&A include tuition reimbursement, training and classes, and relocation costs.

### **Major Budget Drivers**

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

### **Legal and Regulatory**

The Legal and Regulatory group provides legal advice, counsel, and governmental and external relations support to Texas RE management, Board, and employees, on all legal and regulatory matters affecting the organization. The Legal and Regulatory group also oversees (1) corporate membership enrollment, meetings, and voting; (2) Board and committee meetings, minutes, support, training, and other activities; (3) corporate documents, contracts, and transactions; (4) governmental, regulatory relations, and communications; (5) the work of any outside legal counsel; and (6) the prosecution of any contested enforcement matters.

### **2025 Key Assumptions**

- Texas RE will maintain the scope of its current operations.



- Texas RE will continue the implementation of the enterprise risk management program.
- Activities of the Legal and Regulatory program will be consistent with current levels.

## **2025 Key Deliverables and Goals**

- Provide timely, useful legal advice to the CEO, the Board, and all Program areas, and provide annual employee and Board ethics and antitrust compliance training.
- Effectively communicate information to the Board, Texas RE members, and registered entities.
- Oversee membership registration, membership voting and meetings, and maintain an accurate roster of members.
- Maintain effective relationships and communications with NERC, FERC, PUCT, and other state and federal representatives, and timely file all documents required by NERC or FERC.
- Negotiate contracts and review corporate documents.
- Update and maintain corporate policies and procedures.
- Oversee the prosecution and any appeal of contested enforcement or disputed registration matters.
- Negotiate and author necessary changes to Texas RE's governing documents, including the Texas RE Bylaws and Regional Delegation Agreement with NERC.
- Provide input and obtain regulatory approvals, as needed, on governance changes and for new and revised Regional Reliability Standards.
- Interface with the appropriate authorities regarding responses/filings to related governmental/regulatory directives/orders.
- Provide legal review of communication and outreach to Texas RE's stakeholders, the general public, and media.
- Support the internal and external audits of the corporation and oversee all regulatory filings and interactions.
- Manage relationships with Texas RE's outside counsel, including breach counsel.
- Provide legal support and perform the Corporate Secretary function (the Vice President and General Counsel serves as the corporation's Corporate Secretary), such as preparing Board materials and minutes, facilitating, and conducting Board training, and ensuring that Director elections, Board of Directors and Committee meetings, and Meetings of Members adhere to the Texas RE Bylaws and other relevant governing documents.
- Provide legal support to all other departments of the corporation to ensure that those departments and their activities are consistent with NERC directives, FERC orders, rules, and regulations, and other applicable law.
- Support the enterprise risk management function.

## **Major Budget Drivers**

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

## **Information Technology**

Texas RE's Information Technology (IT) and physical and cyber security program provides IT and security support to Texas RE, including the following: hardware, systems, software, and applications support; physical and electronic and security, data center operations, IT and security-related vendor management; strategy, planning, development, and deployment of enterprise systems and applications, including training and planning for improvement and efficiency of business processes and operations.

Texas RE supports the ERO efforts to implement, operate, and maintain software tools supporting common enterprise-wide operations that have been approved by the ERO Executive Committee (ERO EC), which is comprised of the senior leadership of NERC and each of the Regional Entities. Texas RE's budget assumes the availability of enterprise software tools as described in NERC's Business Plan and Budget. If implementation of these software applications is delayed or otherwise not available as planned Texas RE could incur additional costs to conduct operations pending these applications' availability. The NERC information technology budget does not supplant Texas RE's need for IT expenditures for specific regional projects and internal region-specific IT support needs. Texas RE's 2025 Business Plan and Budget assumes agreed-upon ERO Enterprise applications will be available and includes Texas RE costs for internal region-specific support needs.

NERC and the Regional Entities are committed to working collaboratively to minimize duplication of effort and investments and improve operational efficiency. This collaboration continues to refine existing strategies, governance, and procurement practices applicable to the development, operation, and maintenance of enterprise architecture, software, and data systems supporting combined NERC and Regional Entity operations.

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

### **2025 Key Assumptions**

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

## 2025 Goals and Key Deliverables

- Continue to mature Texas RE's cybersecurity governance model and implement appropriate enhancements.
- Provide IT and security support to all Texas RE's operations, including IT and security; infrastructure; service support; service design and delivery; service transition; and hardware and network security in a secure and efficient manner, with the following strategy:
  - Continue to develop knowledge of systems through training and experience to reduce the reliance on external vendors.
  - Continue to use third-party security services to evaluate and test Texas RE's security posture, while fostering maturity in Texas RE's IT and Security internal controls program and security posture.
  - Continue to maintain the appropriate number of employees to oversee the strategy, policies and procedures, service, and performance, budget, and vendor management. Cross-train employees to serve as backups and mentors to each other.
  - Continue to outsource IT and security services that are not within the core competencies, and augment employees with temporary contractors as needed to meet business requirements while developing knowledge of systems through training and experience to reduce the reliance on external vendors.
- Develop automated processes and workflows using third-party platforms to increase consistency, efficiency, and assist users in business processes. Assist business staff with enhancement requests and other IT-related project requirements and prioritize and oversee all IT or security-related projects.
- Coordinate and share best practices with other Regional Entities and NERC to drive towards implementation of Security Principles for the ERO Enterprise adopted by the ERO EC.
- Participate in the design, planning and implementation of ERO Centralized Applications.
- Continue the Security Awareness Program that addresses, through education and training, social media vulnerabilities that pose threats to Texas RE systems.
- Train and support Texas RE staff on software and applications.
- Continue to develop and test failover and disaster recovery methods for all Texas RE systems.

## Major Budget Drivers

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

## **Human Resources**

The Texas RE Human Resources (HR) program area is responsible for the delivery of all HR functions, including recruitment, staffing, compensation, benefits, health and safety, employee relations, performance management, and employee training and development. HR maintains Human Resources Information System products and ensures compliance with all federal and state requirements.

### **2025 Key Assumptions**

- Provide competitive compensation and benefits.
- Ensure that Texas RE maintains a skilled, qualified workforce.
- Maintain appropriate salaries and benefits based on industry data.

### **2025 Goals and Key Deliverables**

- Recruit highly skilled employees.
- Review and update employee handbook and policies and procedures, as needed.
- Review and manage employee benefit plans.
- Review Texas RE compensation strategy in concert with executive management team to ensure Texas RE remains a competitive employer in its industry.

Personnel expenses are reported under G&A.

### **Major Budget Drivers**

[See pages 11-13 of the 2025 Business Plan and Budget Overview for discussion]

## **Finance and Accounting**

The Finance and Accounting function provides all accounting services and financial analysis for Texas RE. Texas RE Finance and Accounting personnel are responsible for general accounting and reporting, budget preparation and reporting, cash management, and tax filing.

### **2025 Key Assumptions**

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

### **2025 Goals and Key Deliverables**

- Work with all Regional Entities to provide consistency in budget submittals to NERC and FERC.

- Provide improved reporting and financial analysis to the Texas RE CEO, Senior Management, and the Texas RE Board.
- Ensure strong internal controls designed to protect the assets of Texas RE and ensure accurate financial reporting.
- Identify and implement efficiencies in the financial processes.
- Ensure that Texas RE receives an unqualified opinion on the audit of its financial statements.
- The budgeted number of FTEs for Finance and Accounting will remain constant in 2025.

<b>Statement of Activities and Fixed Asset Additions</b>			
<b>2024 Budget and 2025 Budgets</b>			
<b>ADMINISTRATIVE SERVICES</b>			
	<b>2024</b>	<b>2025</b>	<b>Variance</b>
	<b>Budget</b>	<b>Budget</b>	<b>2025 Budget v 2024 Budget Over(Under)</b>
<b>Funding</b>			
<b>ERO Funding</b>			
NERC Assessments	\$ -	\$ -	\$ -
Penalties Released	-	-	-
<b>Total NERC Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest	-	-	-
<b>Total Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>			
<b>Personnel Expenses</b>			
Salaries	\$ 3,280,405	\$ 3,992,352	\$ 711,947
Payroll Taxes	181,516	221,939	40,423
Benefits	532,867	671,076	138,209
Retirement Costs	460,132	550,540	90,408
<b>Total Personnel Expenses</b>	<u>\$ 4,454,920</u>	<u>\$ 5,435,907</u>	<u>\$ 980,987</u>
<b>Meeting and Travel Expenses</b>			
Meetings & Conference Calls	\$ 41,400	\$ 76,400	\$ 35,000
Travel	142,350	140,330	(2,020)
<b>Total Meeting &amp; Travel Expenses</b>	<u>\$ 183,750</u>	<u>\$ 216,730</u>	<u>\$ 32,980</u>
<b>Operating Expenses, excluding Depreciation</b>			
Consultants & Contracts	\$ 393,500	\$ 362,500	\$ (31,000)
Office Rent	2,045,704	1,751,692	(294,012)
Office Costs	695,479	800,225	104,746
Professional Services	672,175	733,000	60,825
Miscellaneous	-	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 3,806,858</u>	<u>\$ 3,647,417</u>	<u>\$ (159,441)</u>
<b>Total Direct Expenses</b>	<u>\$ 8,445,528</u>	<u>\$ 9,300,054</u>	<u>\$ 854,526</u>
<b>Indirect Expenses</b>	<u>\$ (8,445,528)</u>	<u>\$ (9,300,054)</u>	<u>\$ (854,526)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets</b>			
Equipment CapEx	50,000	50,000	-
Allocation of Fixed Assets	(50,000)	(50,000)	-
<b>Fixed Assets, excluding Right of Use Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL BUDGET</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FTEs</b>	<b>16.75</b>	<b>\$ 18.75</b>	<b>2.00</b>

**Non-Statutory Activities**

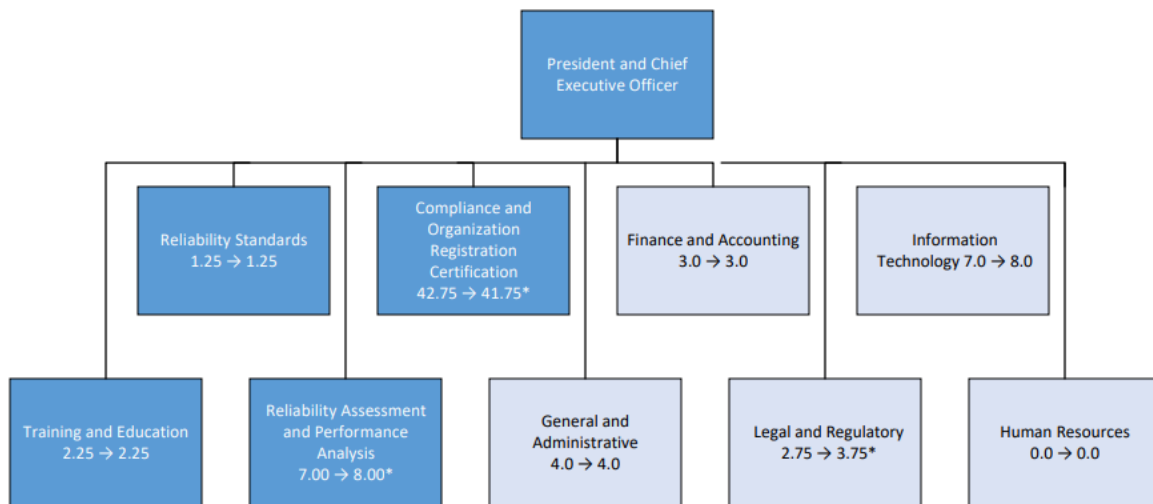
Texas RE has no Non-Statutory activities.

## Additional Information

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### Organizational Chart

2025 Texas RE Organization Chart



Statutory Program Area

Administrative Services Program Area

Arrow indicates number of FTEs from 2024 to 2025.

\*Although one FTE position was added in CMEP, in 2024 one FTE was transferred from CMEP to RAPA to create a Chief Engineer and Director position and one FTE was transferred from CMEP to Legal and Regulatory to support Texas RE's enhanced Enterprise Risk Management Program.



## Consolidated Statement of Activities

Funding	Statutory Total	Reliability Standards	CMEP	RAPA	Training and Education	Situation Awareness & Infrastructure Security	Committee and Member Forums	General and Administrative	Legal and Regulatory	Information Technology	Human Resources	Accounting and Finance
<b>ERO Funding</b>												
NERC Assessments	\$ 19,261,419	\$ 452,146	\$ 15,101,676	\$ 2,893,734	\$ 813,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	338,463	7,945	265,368	50,849	14,301	-	-	-	-	-	-	-
<b>Total NERC Funding</b>	<b>\$ 19,599,882</b>	<b>\$ 460,091</b>	<b>\$ 15,367,044</b>	<b>\$ 2,944,583</b>	<b>\$ 828,164</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Interest	125,000	2,934	98,005	18,779	5,282	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>\$ 19,724,882</b>	<b>\$ 463,025</b>	<b>\$ 15,465,048</b>	<b>\$ 2,963,363</b>	<b>\$ 833,446</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenses</b>												
<b>Personnel Expenses</b>												
Salaries	\$ 11,591,928	\$ 161,280	\$ 5,652,280	\$ 1,489,063	\$ 296,953	\$ -	\$ -	\$ 1,725,949	\$ 694,360	\$ 1,155,146	\$ -	\$ 416,897
Payroll Taxes	777,854	12,418	421,431	102,022	20,045	-	-	63,202	43,227	86,804	-	28,707
Benefits	1,969,451	35,002	1,009,556	217,027	36,791	-	-	220,417	114,897	270,371	-	65,391
Retirement Costs	1,643,152	23,295	813,243	214,461	41,613	-	-	226,339	98,514	166,278	-	59,409
<b>Total Personnel Expenses</b>	<b>\$ 15,982,386</b>	<b>\$ 231,995</b>	<b>\$ 7,896,509</b>	<b>\$ 2,022,573</b>	<b>\$ 395,401</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,235,906</b>	<b>\$ 950,998</b>	<b>\$ 1,678,598</b>	<b>\$ -</b>	<b>\$ 570,405</b>
<b>Meeting Expenses</b>												
Meetings & Conference Calls	\$ 120,900	\$ -	\$ -	\$ -	\$ 44,500	\$ -	\$ -	\$ 30,000	\$ -	\$ 11,400	\$ 35,000	\$ -
Travel	403,579	4,275	156,439	97,960	4,575	-	-	96,395	12,000	9,950	7,585	14,400
<b>Total Meeting Expenses</b>	<b>\$ 524,479</b>	<b>\$ 4,275</b>	<b>\$ 156,439</b>	<b>\$ 97,960</b>	<b>\$ 49,075</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 126,395</b>	<b>\$ 12,000</b>	<b>\$ 21,350</b>	<b>\$ 42,585</b>	<b>\$ 14,400</b>
<b>Operating Expenses, excluding Depreciation</b>												
Consultants & Contracts	\$ 437,500	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ 80,000	\$ 2,500	\$ 115,000	\$ 165,000	\$ -
Office Rent	1,751,692	-	-	-	-	-	-	1,751,692	-	-	-	-
Office Costs	811,325	-	7,150	1,250	2,700	-	-	103,550	3,150	681,450	11,125	950
Professional Services	737,500	-	-	-	4,500	-	-	542,000	50,000	70,000	1,000	70,000
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 3,738,017</b>	<b>\$ -</b>	<b>\$ 7,150</b>	<b>\$ 76,250</b>	<b>\$ 7,200</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,477,242</b>	<b>\$ 55,650</b>	<b>\$ 866,450</b>	<b>\$ 177,125</b>	<b>\$ 70,950</b>
<b>Total Direct Expenses</b>	<b>\$ 20,244,880</b>	<b>\$ 236,270</b>	<b>\$ 8,060,098</b>	<b>\$ 2,196,783</b>	<b>\$ 451,676</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,839,544</b>	<b>\$ 1,018,648</b>	<b>\$ 2,566,398</b>	<b>\$ 219,710</b>	<b>\$ 655,755</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ 218,311</b>	<b>\$ 7,291,592</b>	<b>\$ 1,397,191</b>	<b>\$ 392,960</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,839,544)</b>	<b>\$ (1,018,648)</b>	<b>\$ (2,566,398)</b>	<b>\$ (219,710)</b>	<b>\$ (655,755)</b>
<b>Total Expenses</b>	<b>\$ 20,244,880</b>	<b>\$ 454,581</b>	<b>\$ 15,351,690</b>	<b>\$ 3,593,974</b>	<b>\$ 844,636</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Assets</b>	<b>\$ (519,998)</b>	<b>\$ 8,444</b>	<b>\$ 113,358</b>	<b>\$ (630,611)</b>	<b>\$ (11,191)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fixed Assets, excluding Right of Use Assets</b>	<b>\$ 50,000</b>	<b>\$ 1,174</b>	<b>\$ 39,202</b>	<b>\$ 7,512</b>	<b>\$ 2,113</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL BUDGET</b>	<b>\$ 20,294,882</b>	<b>\$ 455,755</b>	<b>\$ 15,390,892</b>	<b>\$ 3,601,486</b>	<b>\$ 846,749</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL CHANGE IN WORKING CAPITAL</b>	<b>\$ (570,000)</b>	<b>\$ 7,270</b>	<b>\$ 74,156</b>	<b>\$ (638,123)</b>	<b>\$ (13,303)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FTEs</b>	<b>72.00</b>	<b>1.25</b>	<b>41.75</b>	<b>8.00</b>	<b>2.25</b>	<b>-</b>	<b>-</b>	<b>4.00</b>	<b>3.75</b>	<b>8.00</b>	<b>-</b>	<b>3.00</b>

**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 8**

**WESTERN ELECTRICITY COORDINATING COUNCIL**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**



**WECC**

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**2025 Business Plan and Budget**

Approved by: WECC Board of Directors

Date: June 12, 2024

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## Introduction

TOTAL RESOURCES (in whole dollars)				
	2025 Budget	U.S.	Canada	Mexico
Statutory FTEs <sup>*</sup>	175.0			
Non-statutory FTEs	13.0			
<b>Total FTEs</b>	188.0			
Statutory Budget	\$ 39,325,357			
Non-Statutory Budget	\$ 3,693,352			
<b>Total Expenses</b>	\$ 43,018,710			
<b>Statutory Assessments</b>	\$ 33,016,000	28,225,159	4,790,841	-
<b>Non-Statutory Fees</b>	\$ 3,259,875	2,613,626	615,475	30,774
NEL**	850,783,074	727,345,301	123,437,773	-
NEL%	100.0%	85.5%	14.5%	0.0%

\*An FTE is defined as a full-time equivalent employee.

\*\*NEL is defined as Net Energy for Load.

## Organizational Overview

WECC is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's bulk power system (BPS), while carrying out the responsibilities of the Regional Entity. WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and according to its bylaws. WECC executes its mission informed and assisted by working with a broad community of stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

The Western Interconnection is a geographic area in which the use and generation of electricity are synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC delivers on its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity registration and certification, compliance risk assessment, and audits and investigations;
- Informed actions, practices, and decisions of industry participants, regulators, and policymakers through strategic engagement regarding system modeling and information



sharing, reliability assessments, performance analysis, situation awareness, and event analysis; and

- Targeted training, outreach, and dialogue to build relationships that foster a culture of reliability and security throughout the West.

Three principles guide WECC's business philosophy:

*Independence*—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

*Perspective*—We are uniquely situated, with an interconnection-wide view, to develop comprehensive and influential work products for the benefit of reliability and security.

*Partnership*—We collaborate with, learn from, and inform industry leaders and technical experts, and decision-makers at the state, provincial, and national levels, to reduce risks to reliability and security.

WECC is evolving to better serve stakeholders by:

- Increasing our leadership through strategic partnerships, proactive and deliberate engagements, and technical competence and credibility;
- Building strong and constructive relationships with NERC and our regional partners, members, and stakeholders;
- Implementing risk-based concepts to provide consistency for industry, and increased flexibility within a rule-based, regulatory framework;
- Encouraging forward-looking reliability and security by assessing and advising industry on the design and implementation of effective internal controls; and
- Identifying and mitigating known and emerging risks to the reliability and security of the Western Interconnection.

## Membership and Governance

WECC has 332 members<sup>1</sup> divided into the following five Membership Classes:

1. Large Transmission Owners;
2. Small Transmission Owners;
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection;
4. End users and entities that represent the interests of end users; and
5. Representatives of state and provincial governments.

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<sup>1</sup> As of July 15, 2024.



WECC membership is open to any person or entity that has an interest in the reliable and secure operation of the Western Interconnection BPS. WECC membership is not required for participation in the WECC Standards Development process.<sup>2</sup>

WECC is governed by a Board of Directors (Board), composed of nine independent Directors elected by the WECC membership, and WECC's president and CEO as appointed by the Board. The nine Directors are compensated by WECC for their governance and oversight.

Four governance committees provide functional oversight of WECC operations:

- Finance and Audit Committee (FAC);
- Governance Committee (GC);
- Human Resources and Compensation Committee (HRCC); and
- Nominating Committee (NC).

Under the direction of the Board, other committees provide technical advice and policy recommendations to the Board:

- Joint Guidance Committee (JGC);
- Member Advisory Committee (MAC);
- Reliability Assessment Committee (RAC);
- Reliability Risk Committee (RRC); and
- WECC Standards Committee (WSC).

## 2025 Strategic Goals

The electric industry is undergoing profound changes, especially in the West. WECC's role continues to be the voice of reliability and security. WECC works closely with its diverse breadth of stakeholders to build trust, promote transparency, set priorities, and enhance the reliability and security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to the Western Interconnection's reliability and security are acute or less understood (e.g., the risk is unique to the Western Interconnection) or for which WECC and its stakeholders (including its technical committees) can make a significant contribution to Western BPS reliability and security. Enhancing our strategic engagement allows WECC to thoughtfully and intentionally interact with stakeholders to ensure WECC's work is targeted and valuable.

WECC's Board-approved [Long-Term Strategy](#) builds on the foundation established by the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Described more fully below, the ERO Enterprise Long-Term Strategy is representative of continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term focus areas

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<sup>2</sup> Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards (RRS). See WECC's Reliability Standards Development Procedures.





to address the reliability and security needs of the Western Interconnection while supporting reliability and security across North America. These two strategy documents, coupled with the ERO Enterprise-driven program areas, will guide the work of WECC in 2025 and beyond.

Additionally, the Board approved the following [WECC Reliability Risk Priorities \(RRP\)](#) at its June 2024 meeting. These risk priorities guide both committee and program-area work plans. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan.

### **Reliability Risk Priorities**

The WECC RRP approved in 2024 are further described below.

#### *Aridification and Associated Natural Events*

Aridification is the gradual, permanent change of a region to a drier climate. Aridification is a long-term process with a timespan well beyond our current planning horizons; however, natural events associated with aridification have a more immediate and tangible effect. Drought, heat events, and increased wildfire activity challenge the planning and operation of the system in the West. While changes in climate are experienced across the continent, the changes associated with aridification are particular to and highly concentrated in the West.

#### *Impact of Inverter-based Resources*

Inverter-based resources (IBR) include wind turbines, solar photovoltaic, and battery energy storage systems. IBRs are facilities connected to the bulk power system that convert DC electricity from renewable sources into AC electricity, which allows power to flow into the grid. Over the next decade, entities in the West plan to add more than 100 GW of IBRs to the system to meet demand under clean and green energy policies.

#### *Lack of Coordinated Resource and Transmission Planning*

Historically, transmission planning and resource planning have occurred separately. While some entities combine the two types of planning, this is not the case on regional or interconnection-wide levels. Recent events and analyses have highlighted the need to coordinate resource and transmission planning on an interconnection-wide basis. As the heat wave in August 2020 and the Bootleg Fire in 2021 demonstrated, under certain circumstances, the ability to move power can be as limiting as the availability of that power.

#### *Modeling Quality and Input Validation*

Modeling is the process of building computer models of energy systems to analyze and better understand them. Studying how assets on the grid will respond to disturbances or other changes (e.g., demand growth) helps prevent reliability issues on the bulk power system. With



rapid changes occurring on the system, up-to-date, accurate models and data are critical to planning and operating the system.

### *Potential effects of energy policies in the West*

The West is a patchwork of different, sometimes contradicting, energy policies that address topics such as energy efficiency, clean energy, transportation, building codes, and protection of legacy generation types. These policies drive changes to the operation and planning of the bulk power system and can create an environment that introduces risk to the reliability and resilience of that system. In aggregate, these policies create a varied and complex tapestry that may introduce additional risks to the power system in the West.

### **ERO Enterprise**

In 2019, the ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC) identified BPS risks. The WECC Board acknowledged this strategy on December 4, 2019, as a valuable input to the WECC strategic planning process and recognized it as a beneficial collaboration by NERC and the Regional Entities. The ERO Long-Term Strategy served as the foundational input for developing WECC's Long-Term Strategy.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss program area goals and activities to ensure they align with the long-term strategy and that business processes and operations harmonize across the ERO Enterprise where appropriate. WECC acknowledges and supports the long-term strategy as well as the work products specific to WECC that are described in each statutory program, discussed in [Statutory Programs](#).

The ERO Enterprise strives for process consistency when appropriate while recognizing that each Regional Entity addresses reliability in unique ways. The ERO Enterprise model allows Regional Entities to locally address these unique reliability risks and challenges using innovative and distinctive approaches. The ERO Enterprise recognizes that, as the electric industry ecosystem is rapidly evolving, the ERO programs and practices must continue to transform to meet the future needs of reliability and security.



NERC and the Regional Entities coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have similar responsibilities within the ERO Enterprise model:

- Providing input to the overall development of each ERO program area;
- Providing training and development to meet ERO qualifications; and
- Ensuring delegated responsibilities are completed.

Regional Entities also have an obligation to meet professional standards of independence and objectivity and provide the best available expertise to address regional risks. This way of working is represented by this visual.



## 2025 Statutory Budget Overview

Over the last decade, the risks to reliability and security increased in complexity and velocity. The rapid pace of change, the introduction of new technologies and the retirement of traditional resources, the challenges to resource adequacy, and more frequent and geographically widespread extreme weather events, coupled with the increasing demand for and reliance on electricity, as well as the continued electrification of the economy, have intensified the need for a reliable, secure, and resilient BPS. The 2025 Business Plan and Budget assumes that all these challenges will continue, as will the ongoing transition to the post-pandemic new normal, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.

### Budget and Funding Summary

WECC's proposed 2025 statutory budget is \$39,325,000, a \$3,921,000 (11.1%) increase from the 2024 statutory budget. WECC's proposed statutory assessment is \$33,016,000, an \$8,016,000 (32.1%) increase over the 2024 statutory assessment. Major drivers of the increase in budgeted expenditures are outlined below. The assessment increase is attributed in part to the increase in budget and also to a reduction in penalties available to offset assessments from \$10.1 million in 2024 to \$4,400 in 2025. 2025 funding includes the use of working capital reserves of \$3,101,000, Peak Donation reserves of \$1,500,000, and \$1,704,000 of other income.

### Major Budget Drivers

#### Personnel Expenses

- Seven new full-time equivalents (FTE) to support increasing demands on the organization:
  - One FTE is added in Organization Registration and Certification due to increasing registrations;
  - Three FTE are added in Compliance Monitoring and Enforcement in response to different and new types of work, to build improved depth and breadth of skillsets, to address enforcement inventory, and in response to the downstream increase of all related work from new registrants;
  - One FTE is added in Reliability Assessment and Performance Analysis to enhance EMT modeling capabilities;
  - One FTE is added in Training and Outreach to focus on and keep up with policy issues as they develop, so we know how to best respond to policy decisions that may have an impact on reliability; and
  - One FTE is added in IT to provide cloud security expertise due to continual increases in cloud-based applications.
- 3% merit and 1% equity pools;
- Refinement of payroll tax and benefits enrollment rates and premiums; and



- Labor float assumption changes based on actual turnover and vacancy rates.

### Meeting Expenses

- Additional travel due to the distributed workforce;
- Inflationary impacts on airfare and hotel rates;
- Increases in FTEs contributes to increased travel costs; and
- Increases in on-site requirements for oversight activities.

### Operating Expenses

- Consulting increases due to a transmission planning project performed in conjunction with WPP and WestTEC, which will be funded with Peak Reliability donation funds.

## Peak Reliability Donation

Peak Reliability (Peak) ceased all Reliability Coordinator (RC) operations in December 2019 and dissolved as a corporate entity in December 2020. After review and approval by the Board, WECC entered into a donation holdback agreement with Peak before its dissolution. Per the agreement, Peak donated \$4,127,000 of its remaining funds to WECC. Of the total amount, \$3,827,000 will be used to fund projects focused on the reliability and security of the BPS in the Western Interconnection. This portion was recorded as a statutory donation. Additionally, Peak requested WECC hold \$300,000 for a period of five years to pay any Peak bills that may be presented following Peak's formal closure on December 31, 2020. This amount was recorded as a non-statutory liability. The statutory amount is currently included in WECC's reserves, which are further detailed in the [Overview of Changes in Reserves](#). Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. One major transmission-related project is being explored for inclusion in the 2025 BP&B.

Following stakeholder feedback and confirmation of the independence of the work and content of the work product, WECC proposes to use a total of \$2.2 million over three budget years to further the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is a response to a widely recognized concern that current transmission planning frameworks in the West do not result in the identification of sufficient transmission solutions to support the reliability of the future energy grid. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide a range of transmission benefits to stakeholders throughout the West. WECC's investment of Peak reserve funds would help finance the analytical work being conducted by an independent third party. The project duration is March, 2024 through February, 2026.



WECC proposes to use \$1,500,000 from the Peak Reliability Donation reserve to fund this project in 2025. Approximately \$500,000 of the reserve will be used to fund a portion of this project in 2024, and \$200,000 will be budgeted in 2026 for the remainder of the project.

Future projects will be identified in the relevant annual BP&B using a similar stakeholder outreach approach. For projects not anticipated in the annual BP&B and expected to total more than \$500,000, WECC will seek approval from FERC via separate, one-time filings.



## 2024 Statutory Budget and Projection and 2025 Budget

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital  
2024 Budget & Projection, and 2025 Budget

STATUTORY

	2024 Budget	2024 Projection	Variance 2024 Budget v 2024 Projection Over(Under)	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>						
<b>Statutory Funding</b>						
WECC Assessments	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 33,016,000	\$ 8,016,000	32.06%
Penalties Released <sup>1</sup>	10,137,948	10,137,948	\$ -	4,400	\$ (10,133,548)	-99.96%
<b>Total Statutory Funding</b>	<b>\$ 35,137,948</b>	<b>\$ 35,137,948</b>	<b>\$ -</b>	<b>\$ 33,020,400</b>	<b>\$ (2,117,548)</b>	<b>-6.03%</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	475,250	\$ 538,189	\$ 62,939.00	703,541	\$ 228,291	48.04%
Interest	600,000	\$ 1,537,726	\$ 937,726.00	1,000,000	\$ 400,000	66.67%
<b>Total Revenue (A)</b>	<b>\$ 36,213,198</b>	<b>\$ 37,213,863</b>	<b>\$ 1,000,665</b>	<b>\$ 34,723,941</b>	<b>\$ (1,489,257)</b>	<b>-4.11%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 22,648,808	\$ 23,261,282	\$ 612,474.00	\$ 24,449,956	\$ 1,801,148	7.95%
Payroll Taxes	1,436,739	\$ 1,635,298	\$ 198,559.00	1,536,792	\$ 100,053	6.96%
Benefits	2,770,166	\$ 2,618,111	\$ (152,055.00)	2,934,023	\$ 163,857	5.92%
Retirement Costs	2,040,273	\$ 2,025,460	\$ (14,813.00)	2,200,566	\$ 160,293	7.86%
<b>Total Personnel Expenses</b>	<b>\$ 28,895,986</b>	<b>\$ 29,540,151</b>	<b>\$ 644,165</b>	<b>\$ 31,121,337</b>	<b>\$ 2,225,351</b>	<b>7.70%</b>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 604,764	\$ 507,165	\$ (97,599.00)	\$ 635,316	\$ 30,552	5.05%
Travel	749,170	\$ 684,637	\$ (64,533.00)	1,062,145	\$ 312,975	41.78%
<b>Total Meeting Expenses</b>	<b>\$ 1,353,934</b>	<b>\$ 1,191,802</b>	<b>\$ (162,132)</b>	<b>\$ 1,697,461</b>	<b>\$ 343,527</b>	<b>25.37%</b>
<b>Operating Expenses, excluding Depreciation</b>						
Consultants & Contracts	\$ 728,900	\$ 2,103,709	\$ 1,374,809.00	\$ 1,897,400	\$ 1,168,500	160.31%
Office Rent	1,327,202	\$ 1,316,634	\$ (10,568.00)	1,328,263	\$ 1,061	0.08%
Office Costs	2,691,307	\$ 2,622,912	\$ (68,395.49)	2,949,356	\$ 258,049	9.59%
Professional Services	1,261,211	\$ 1,238,299	\$ (22,912.00)	1,327,700	\$ 66,489	5.27%
Miscellaneous	-	\$ -	\$ -	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 6,008,620</b>	<b>\$ 7,281,554</b>	<b>\$ 1,272,934</b>	<b>\$ 7,502,719</b>	<b>\$ 1,494,099</b>	<b>24.87%</b>
<b>Total Direct Expenses</b>	<b>\$ 36,258,540</b>	<b>\$ 38,013,507</b>	<b>\$ 1,754,967</b>	<b>\$ 40,321,517</b>	<b>\$ 4,062,977</b>	<b>11.21%</b>
<b>Indirect Expenses</b>	<b>\$ (980,785)</b>	<b>\$ (954,257)</b>	<b>\$ 26,528</b>	<b>\$ (1,146,873)</b>	<b>\$ (166,088)</b>	<b>16.93%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 35,277,755</b>	<b>\$ 37,059,250</b>	<b>\$ 1,781,495</b>	<b>\$ 39,174,644</b>	<b>\$ 3,896,889</b>	<b>11.05%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 935,443</b>	<b>\$ 154,613</b>	<b>\$ (780,830)</b>	<b>\$ (4,450,703)</b>	<b>\$ (5,386,146)</b>	<b>-575.79%</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 127,040</b>	<b>\$ 118,727</b>	<b>\$ -</b>	<b>\$ 150,713</b>	<b>\$ 23,673</b>	<b>18.63%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 35,404,795</b>	<b>\$ 37,177,977</b>	<b>\$ 1,781,495</b>	<b>\$ 39,325,357</b>	<b>\$ 3,920,562</b>	<b>11.07%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 808,403</b>	<b>\$ 35,886</b>	<b>\$ (780,830)</b>	<b>\$ (4,601,416)</b>	<b>\$ (5,409,819)</b>	<b>-669.20%</b>
FTEs	168.00	168.00	-	175.00	7.00	4.17%
HC	168.00	171.00	3.00	175.00	7.00	4.17%

<sup>1</sup> Represents the amount released from working capital reserves to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).



## Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or before June 30, 2024, will be used to offset assessments in the 2025 WECC budget.

WECC received \$19,919,000 in penalty monies between July 1, 2021, and June 30, 2022. Of this amount, WECC obtained FERC approval through the 2023 Business Plan and Budget process to release \$11,219,000 in penalty monies to offset 2023 assessments, with the remaining unreleased penalties of \$8,700,000 to be used to offset and stabilize assessments in 2024.

WECC collected \$4,400 in penalty monies between July 1, 2023, and June 30, 2024 to offset assessments for 2025. Penalty collections between 2024 and 2025 have decreased over \$10 million, which is a major contributor to the increase in assessments in 2025.

**Allocation Method:** Penalty monies collected and released to offset assessments are allocated to the following Statutory Programs:

- Reliability Standards;
- Compliance Monitoring and Enforcement and Organization Registration and Certification;
- Reliability Assessment and Performance Analysis;
- Training and Outreach; and
- Situation Awareness and Infrastructure Security.

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.





## Major Budget Drivers—Statutory Programs

Program Area	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ 877,746	\$ 954,606	\$ 76,860	8.76%
Compliance Monitoring and Enforcement and Organization Registration and Certification	19,593,217	21,348,588	1,755,371	8.96%
Reliability Assessment and Performance Analysis	11,598,010	13,294,184	1,696,174	14.62%
Training and Outreach	2,755,239	3,132,745	377,506	13.70%
Situation Awareness and Infrastructure Security	580,583	595,234	14,651	2.52%
<b>Total*</b>	<b>\$ 35,404,795</b>	<b>\$ 39,325,357</b>	<b>\$ 3,920,562</b>	<b>11.07%</b>

\*includes allocated Corporate Services costs

### Reliability Standards

#### Personnel Expenses

- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

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

#### Personnel Expenses

- Four new FTEs are added to the Compliance Monitoring and Enforcement (CMEP) and Organization Registration and Certification budget in 2025.
  - One Enforcement Engineer will help develop and increase bench strength, reduce the open enforcement inventory backlog, and help with workload due to increases in the self-logging program.
  - One Enforcement Attorney will help develop and increase bench strength, reduce the open enforcement inventory backlog, and help with workload due to increases in the self-logging program.
  - One Compliance Program Coordinator will support workload associated with increased registrations and increased demands and expectations of the CMEP area.
  - One Registration and Certification Manager will manage the registration and certification staff as a standalone team within the oversight planning group, reflective of the increasing workload in this area.



- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

#### *Meeting Expenses*

- Travel increases due to increases in FTE, increases in on-site oversight activities, like physical security audits, increases in the number of Registered Entities, and a distributed workforce.

#### *Office Costs*

- Software licensing costs increase due to new data management and security software and price escalations for existing software licensing renewals.

### **Reliability Assessment and Performance Analysis**

#### *Personnel Expenses*

- One FTE is added to the Reliability Assessment and Performance Analysis (RAPA) program area. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. Enhanced models, specifically for understanding the behavior of inverter-based resources, will become increasingly important to ensure continued BPS reliability. One engineer is added to provide electromagnetic transient (EMT) expertise to WECC's modeling function.
- One FTE is transferred from RAPA to Corporate Services. This project coordinator's focus has evolved to provide project management support to the entire organization.
- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

#### *Consultants and contracts*

- Consulting increases due to a transmission planning project performed in conjunction with WPP and WestTEC, which will be funded with Peak Reliability donation funds.

### **Training and Outreach**

#### *Personnel Expenses*

- One FTE is added to Training and Outreach to focus on and keep up with policy issues as they develop to help WECC respond to policy drivers and connect with policy-makers on impacts to reliability.
- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.



*Meeting Expenses*

- Meeting costs increase due to inflationary impacts on hotel food and beverage, audiovisual, and room rental rates.

**Situation Awareness and Infrastructure Security**

*Personnel Expenses*

- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

**Corporate Services**

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2024 Budget	2025 Budget	Increase (Decrease)	FTEs 2024 Budget	FTEs 2025 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,703,604	\$ 6,110,050	\$ 406,446	18.00	19.00	1.00
Legal and Regulatory	\$ 1,077,139	\$ 1,142,835	\$ 65,696	3.50	3.50	-
Information Technology	\$ 3,836,034	\$ 3,810,520	\$ (25,514)	12.00	13.00	1.00
Human Resources	\$ 1,212,919	\$ 1,219,717	\$ 6,798	4.00	4.00	-
Accounting and Finance	\$ 657,274	\$ 718,535	\$ 61,261	3.00	3.00	-
<b>Total Corporate Services*</b>	<b>\$ 12,486,970</b>	<b>\$ 13,001,657</b>	<b>\$ 514,687</b>	<b>40.50</b>	<b>42.50</b>	<b>2.00</b>

\*WECC’s 2025 Corporate Services budget (expenses plus fixed assets) is \$13,001,657 of which \$1,161,660 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2025 statutory budget are \$11,839,997, which is a \$345,000 increase from the 2024 budget.

*Personnel Expenses*

- One FTE is transferred to General and Administrative from RAPA. This project coordinator’s focus has evolved to provide project management support to the entire organization.
- One FTE is added in Information Technology to provide expertise in cloud security due to the growing number of cloud-based applications being deployed across the organization.
- A budgeted 3% merit pool, 1% equity adjustment pool, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

*Office Costs*

- Board Director retainers increase, and an additional Board Committee will exist in 2025 to oversee WECC’s Structure and Governance Review mandated by Section 4.9 of the bylaws. This review occurs at least every five years.



## Personnel—Overview of FTEs and Expenses

Over the last several years, many events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, cybersecurity breaches, and physical security attacks on substations, to name a few. What used to be considered low probability events have become more frequent and continue to come at an unprecedented pace and complexity. Work associated with these increasing demands is seen in WECC’s two primary operational areas: CMEP and RAPA. In both program areas, WECC needs additional specific expertise and resources to effectively work with stakeholders, manage the increasing workload, and minimize risks to the reliability and security of the Western Interconnection. Enhancing our stakeholder interaction, facilitation and outreach will ensure that reliability remains paramount in the discussions with our wide range of stakeholders as the Interconnection transforms to meet policy objectives. As a result, in the 2025 budget, WECC is adding seven statutory FTEs (with an additional two FTEs in its non-statutory program for a total of nine FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

Total FTEs by Program Area	Budget 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	73.00	77.00	-	77.00	4.00
Reliability Assessment and Performance Analysis	41.00	41.00	-	41.00	-
Training and Outreach	8.50	9.50	-	9.50	1.00
Situation Awareness and Infrastructure Security	2.00	2.00	-	2.00	-
<b>Total FTEs Operational Programs</b>	<b>127.50</b>	<b>132.50</b>	<b>-</b>	<b>132.50</b>	<b>5.00</b>
<b>Corporate Services</b>					
Technical Committees and Member Forums	-	-	-	-	-
General and Administrative	18.00	19.00	-	19.00	1.00
Legal and Regulatory	3.50	3.50	-	3.50	-
Information Technology	12.00	13.00	-	13.00	1.00
Human Resources	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	-	3.00	-
<b>Total FTEs Corporate Services</b>	<b>40.50</b>	<b>42.50</b>	<b>-</b>	<b>42.50</b>	<b>2.00</b>
<b>Total FTEs</b>	<b>168.00</b>	<b>175.00</b>	<b>-</b>	<b>175.00</b>	<b>7.00</b>

\* A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.



Personnel Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
<b>Salaries</b>				
Salaries	\$ 22,648,811	\$ 24,449,956	\$ 1,801,145	8.0%
Employment Agency Fees	-	-	-	
Temporary Office Services	-	-	-	
<b>Total Salaries</b>	<b>\$ 22,648,811</b>	<b>\$ 24,449,956</b>	<b>\$ 1,801,145</b>	<b>8.0%</b>
<b>Total Payroll Taxes</b>	<b>\$ 1,436,740</b>	<b>\$ 1,536,793</b>	<b>\$ 100,053</b>	<b>7.0%</b>
<b>Benefits</b>				
Workers Compensation	\$ 19,800	\$ 19,800	\$ -	0.0%
Medical Insurance	2,465,138	2,591,317	126,179	5.1%
Life-LTD-STD Insurance	114,795	122,759	7,964	6.9%
Education	145,437	172,151	26,714	18.4%
Relocation	-	-	-	
Other	24,996	28,000	3,004	12.0%
<b>Total Benefits</b>	<b>\$ 2,770,166</b>	<b>\$ 2,934,027</b>	<b>\$ 163,861</b>	<b>5.9%</b>
<b>Retirement</b>				
Discretionary 401(k) Contribution	\$ 2,010,272	\$ 2,170,566	\$ 160,294	8.0%
Retirement Administration Fees	30,000	30,000	-	
<b>Total Retirement</b>	<b>\$ 2,040,272</b>	<b>\$ 2,200,566</b>	<b>\$ 160,294</b>	<b>7.9%</b>
<b>Total Personnel Costs</b>	<b>\$ 28,895,989</b>	<b>\$ 31,121,342</b>	<b>\$ 2,225,353</b>	<b>7.7%</b>
<b>FTEs</b>	<b>168.0</b>	<b>175.0</b>	<b>7.0</b>	<b>4.2%</b>
<b>Cost per FTE</b>				
Salaries	\$ 134,814	\$ 139,714	\$ 4,900	3.6%
Payroll Taxes	8,552	8,782	230	2.7%
Benefits	16,489	16,766	277	1.7%
Retirement	12,144	12,575	430	3.5%
<b>Total Cost per FTE</b>	<b>\$ 172,000</b>	<b>\$ 177,836</b>	<b>\$ 5,836</b>	<b>3.4%</b>

**Explanation of Significant Variances**

- FTEs increase by seven. More detailed information is presented in [Major Budget Drivers—Statutory Programs](#).
- Merit pool of 3%.
- Equity adjustment pool of 1%.
- Labor float assumptions based on turnover and vacancy rates.
- Insurance premium increases.
- Benefits enrollment rate refinement.



## Meeting Expenses

Meeting & Conference Call Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	59,228	38,676	(20,552)	(34.7%)
Training and Outreach	470,133	525,720	55,587	11.8%
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	75,403	70,920	(4,483)	(5.9%)
<b>Total Meeting Expenses</b>	<b>\$ 604,764</b>	<b>\$ 635,316</b>	<b>\$ 30,552</b>	<b>5.1%</b>

Travel Expenses	Budget 2024	Budget 2025	Variance \$	Variance %
Reliability Standards	\$ 11,315	\$ 21,236	\$ 9,921	87.7%
Compliance Monitoring and Enforcement and Organization Registration and Certification	323,430	606,370	282,940	87.5%
Reliability Assessment and Performance Analysis	215,878	197,585	(18,293)	(8.5%)
Training and Outreach	32,540	46,080	13,540	41.6%
Situation Awareness and Infrastructure Security	17,470	19,250	1,780	10.2%
Corporate Services	148,537	171,624	23,087	15.5%
<b>Total Travel Expenses</b>	<b>\$ 749,170</b>	<b>\$ 1,062,145</b>	<b>\$ 312,975</b>	<b>41.8%</b>

### Explanation of Significant Variances

#### *Compliance Monitoring and Enforcement and Organization Registration and Certification*

- Travel increases due to an increase in FTE, increased on-site oversight activities in 2025, particularly related to physical security, increasing number of registered entities, and a distributed workforce model. While the increase between 2024 and 2025 is a large year-over-year change, the 2025 budget for travel is lower than pre-pandemic travel expenses.

#### *Training and Outreach*

- Meetings increase due to inflationary impacts on hotel rates for food and beverage, audio visual, and space rental for training and outreach events.
- Travel increases due to increases in outreach activities and inflationary impacts on airfare and hotel rates.



*Corporate Services*

- Travel increases due to increases in outreach activities and inflationary impacts on airfare and hotel rates.

**Consultants and Contracts**

Consultants	Budget 2024	Budget 2025	Variance \$	Variance %
<b>Consultants</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	36,000	12,000	(24,000)	(66.7%)
Reliability Assessment and Performance Analysis	133,400	1,608,400	1,475,000	1,105.7%
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	559,500	277,000	(282,500)	(50.5%)
<b>Consultants Total</b>	<b>\$ 728,900</b>	<b>\$ 1,897,400</b>	<b>\$ 1,168,500</b>	<b>160.3%</b>

Contracts	Budget 2024	Budget 2025	Variance \$	Variance %
<b>Contracts</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	-	-	-	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Consulting and Contracts</b>	<b>\$ 728,900</b>	<b>\$ 1,897,400</b>	<b>\$ 1,168,500</b>	<b>160.3%</b>

**Explanation of Significant Variances**

*Reliability Assessment and Performance Analysis*

- Consulting increases to further the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is a response to a widely recognized concern that current transmission planning frameworks in the West do not result in the identification of sufficient transmission solutions to support the reliability of the future energy grid. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide a range of transmission benefits to stakeholders throughout the West. WECC proposes to use \$1,500,000 from the Peak Reliability Donation reserve to fund this project in 2025. WECC’s investment of Peak reserve funds would help finance the analytical work being conducted by an independent third party. The project duration is March, 2024 through February, 2026.



*Corporate Services*

- Consulting decreases due to the higher cost and number of one-time IT consulting projects in 2024 (SharePoint cloud migration, Microsoft Dynamics CRM cloud migration, security upgrades, and a dynamic data reporting tool) compared to 2025 (intranet upgrade, data integrations, and data management).





## Overview of Changes in Reserves

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
<b>Beginning Reserve, January 1, 2024</b>	\$ 25,658,712	\$ 12,062,711	\$ 10,137,948	\$ 3,458,053
Plus: 2024 Funding (from Load-Serving Entities (LSE) or designees)	25,000,000	25,000,000	-	-
Plus: Penalties released	-	10,137,948	(10,137,948)	-
Plus: Penalties received	4,400	-	4,400	-
Plus: 2024 Other funding sources	2,075,915	2,075,915	-	-
Less: 2024 Projected expenses & capital expenditures	(37,177,977)	(36,427,977)	-	(750,000)
<b>Projected Reserve (Deficit), December 31, 2024</b>	<b>\$ 15,561,050</b>	<b>\$ 12,848,597</b>	<b>\$ 4,400</b>	<b>\$ 2,708,053</b>
Plus: 2025 Funding (from Load-Serving Entities (LSE) or designees)	33,016,000	33,016,000	-	-
Plus: Penalties released	-	4,400	(4,400)	-
Plus: 2025 Other funding sources	1,703,541	1,703,541	-	-
Less: 2025 Projected expenses & capital expenditures	(39,325,357)	(37,825,357)	-	(1,500,000)
<b>2025 Increase(Decrease) in Reserve</b>	<b>\$ (4,605,816)</b>	<b>(3,101,416)</b>	<b>\$ (4,400)</b>	<b>\$ (1,500,000)</b>
<b>Projected Reserve, December 31, 2025</b>	<b>\$ 10,955,234</b>	<b>\$ 9,747,181</b>	<b>\$ -</b>	<b>\$ 1,208,053</b>
2025 Expenses and Capital Expenditures	39,325,357			
Less: Penalties Released	(4,400)			
Less: Other Funding Sources	(1,703,541)			
Change to Working Capital & Peak Reliability Donation Reserves	(4,601,416)			
<b>2025 WECC Assessment</b>	<b>\$ 33,016,000</b>			

WECC's Board has approved a Working Capital Reserve balance equal to one to three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy.

In 2025, reserves are being used to fund a portion of the budget. \$3,101,000 of working capital reserves are funding normal operations and \$1,500,000 of the Peak Reliability Donation reserves are funding the WPP/WestTEC transmission planning project.

WECC received \$4,400 in penalty sanctions between July 1, 2023, and June 30, 2024. Each budget year, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, WECC proposes to release penalty sanctions collected during the applicable period to offset assessments in the Business Plan and Budget.



### Three-Year Budget Projections

Statement of Activities and Capital Expenditures 2025 Budget & Projected 2026 and 2027 Budgets							
	Statutory				2027 Projection	\$ Change 26 v 27	% Change 26 v 27
	2025 Budget	2026 Projection	\$ Change 25 v 26	% Change 25 v 26			
<b>Revenue</b>							
<b>Statutory Funding</b>							
WECC Assessments	\$33,016,000	\$35,657,280	\$ 2,641,280	8.0%	\$38,509,862	\$ 2,852,582	8.0%
Penalties Released	4,400	-	(4,400)	(100.0%)	-	-	
<b>Total Statutory Funding</b>	<b>\$33,020,400</b>	<b>\$35,657,280</b>	<b>\$ 2,636,880</b>	<b>8.0%</b>	<b>\$38,509,862</b>	<b>\$ 2,852,582</b>	<b>8.0%</b>
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
Workshops & Miscellaneous	703,541	730,166	26,625	3.8%	758,122	27,956	3.8%
Interest	1,000,000	750,000	(250,000)	(25.0%)	750,000	-	0.0%
<b>Total Revenue (A)</b>	<b>\$34,723,941</b>	<b>\$37,137,446</b>	<b>\$ 2,413,505</b>	<b>7.0%</b>	<b>\$40,017,984</b>	<b>\$ 2,880,538</b>	<b>7.8%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$24,449,956	\$26,153,052	\$ 1,703,096	7.0%	\$27,323,818	\$ 1,170,766	4.5%
Payroll Taxes	1,536,792	1,652,632	115,840	7.5%	1,676,474	23,842	1.4%
Benefits	2,934,023	3,244,709	310,686	10.6%	3,321,158	76,449	2.4%
Retirement Costs	2,200,566	2,358,719	158,153	7.2%	2,385,442	26,723	1.1%
<b>Total Personnel Expenses</b>	<b>\$31,121,337</b>	<b>\$33,409,112</b>	<b>\$ 2,287,775</b>	<b>7.4%</b>	<b>\$34,706,892</b>	<b>\$ 1,297,780</b>	<b>3.9%</b>
<b>Meeting Expenses</b>							
Meetings & Conference Calls	\$ 635,316	\$ 716,795	\$ 81,479	12.8%	\$ 744,395	\$ 27,600	3.9%
Travel	1,062,145	1,219,484	157,339	14.8%	1,257,711	38,227	3.1%
<b>Total Meeting Expenses</b>	<b>\$ 1,697,461</b>	<b>\$ 1,936,279</b>	<b>\$ 238,818</b>	<b>14.1%</b>	<b>\$ 2,002,106</b>	<b>\$ 65,827</b>	<b>3.4%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 1,897,400	\$ 738,500	\$ (1,158,900)	(61.1%)	\$ 493,500	\$ (245,000)	(33.2%)
Office Rent	1,328,263	1,364,094	35,831	2.7%	1,404,567	40,473	3.0%
Office Costs	2,949,356	2,952,970	3,614	0.1%	3,137,120	184,150	6.2%
Professional Services	1,327,700	1,375,105	47,405	3.6%	1,451,710	76,605	5.6%
Miscellaneous	-	-	-		-	-	
<b>Total Operating Expenses</b>	<b>\$ 7,502,719</b>	<b>\$ 6,430,669</b>	<b>\$ (1,072,050)</b>	<b>(14.3%)</b>	<b>\$ 6,486,897</b>	<b>\$ 56,228</b>	<b>0.9%</b>
<b>Total Direct Expenses</b>	<b>\$40,321,517</b>	<b>\$41,776,060</b>	<b>\$ 1,454,543</b>	<b>3.6%</b>	<b>\$43,195,895</b>	<b>\$ 1,419,835</b>	<b>3.4%</b>
<b>Indirect Expenses</b>	<b>\$ (1,146,873)</b>	<b>\$ (1,187,014)</b>	<b>\$ (40,141)</b>	<b>3.5%</b>	<b>\$ (1,234,494)</b>	<b>\$ (47,481)</b>	<b>4.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$39,174,644</b>	<b>\$40,589,046</b>	<b>\$ 1,414,401</b>	<b>3.6%</b>	<b>\$41,961,401</b>	<b>\$ 1,372,354</b>	<b>3.4%</b>
<b>Change in Assets</b>	<b>\$ (4,450,703)</b>	<b>\$ (3,451,600)</b>	<b>\$ 999,104</b>	<b>(22.4%)</b>	<b>\$ (1,943,417)</b>	<b>\$ 1,508,184</b>	<b>(43.7%)</b>
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 150,713</b>	<b>\$ 150,000</b>	<b>\$ (713)</b>	<b>(0.5%)</b>	<b>\$ 160,000</b>	<b>\$ 10,000</b>	<b>6.7%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$39,325,357</b>	<b>\$40,739,046</b>	<b>\$ 1,413,688</b>	<b>3.6%</b>	<b>\$42,121,401</b>	<b>\$ 1,382,354</b>	<b>3.4%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>(4,601,416)</b>	<b>(3,601,600)</b>	<b>999,817</b>	<b>(21.7%)</b>	<b>\$ (2,103,417)</b>	<b>\$ 1,498,184</b>	<b>(41.6%)</b>
FTEs	175.00	180.00	5.00	2.9%	184.00	4.00	2.2%
HC	175.00	180.00	5.00	2.9%	184.00	4.00	2.2%

In the 2024 Business Plan and Budget process, WECC fine-tuned its resource planning efforts by creating a more robust process for workforce planning and analysis for the current budget and two future years' projections. During the 2025 budget cycle, the planning process for tools and systems is being refined along with the development of the two future years' projections, in general.





# Statutory Programs

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**Goals, Budget Assumptions, and Statements of Activities**



## Statutory Programs—Goals, Budget Assumptions, and Statements of Activities

### Reliability Standards Program

#### Program Scope, Purpose, and Impact

The Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WSC to aid the development of RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria to ensure the BES operates reliably.

The Reliability Standards Program deliverables include a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criterion. These reviews can result in revisions to the document, retirement of the document if no longer needed for reliability, or a finding that no changes are necessary.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address complex Western reliability issues. The variances are required by a physical difference in the BPS or instances in which Western stakeholders want more stringent performance requirements. WECC will only develop an RRS, rather than a variance, when no NERC Reliability Standard exists to address a reliability issue.

In most instances a continent-wide standard addresses reliability risks because the physics of the electric grid are the same everywhere, but in a few instances a regional variance or Regional Reliability Standard is necessary to address risks that are based on the specific geographic conditions in the region.

Regional Criteria may be necessary to implement, augment, or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

NERC recently rated all of their Standards projects as High, Medium, or Low priority. High priority projects are expected to be completed in 2024. Several of these projects are related to inverter-based resources and their potential impact on the Bulk Electric System. Medium and Low priority projects are expected to be completed in 2025 or 2026.

#### 2025 Key Budget Assumptions

- The number of RRS projects will remain low, with most focusing on the potential retirement of existing RRSs—due to the subject matter being included in NERC Reliability Standards—and



necessary revisions identified during the five-year review. It is possible, but not likely, that regulatory directives could result in RRS projects.

- Much of the work needed to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by stakeholders.
- Stakeholder volunteers will continue to staff most NERC Standards drafting teams.
- WECC employees may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices has resulted in several new or modified NERC Reliability Standards and could potentially result in new or revised RRSs, or Regional Variances to NERC Reliability Standards.
- WECC supports, and will participate in, the enhanced periodic reviews of NERC Reliability Standards and the NERC Standards Grading effort, when appropriate. WECC standards staff, as well as other subject matter experts, will participate in the grading process.

### 2025 Goals and Deliverables

- Ensure Western viewpoints are represented and incorporated in the development of NERC Reliability Standards, regional standards, and regional variances to NERC Reliability Standards by encouraging Western participation on standards drafting teams and commenting on standards under development.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Ensure the development of RRSs and Regional Criteria is performed according to the most recent WECC Reliability Standards Development Procedures.
- Review existing RRSs to determine candidates for a Regional Variance to a NERC Reliability Standard and, if found, coordinate with NERC to address the change during NERC's periodic review.
- Review existing RRSs and Regional Criteria to improve their content and quality.
- Evaluate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.

## Reliability Standards Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital  
2024 Budget and 2025 Budget

## RELIABILITY STANDARDS

	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 645,130	\$ 816,294	\$ 171,164	26.53%
Penalties Released	238,540	100	\$ (238,440)	-99.96%
<b>Total Statutory Funding</b>	<u>\$ 883,670</u>	<u>\$ 816,394</u>	<u>\$ (67,276)</u>	<u>-7.61%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	3,873	\$ 3,873	
Interest	14,118	22,642	\$ 8,524	60.38%
<b>Total Revenue (A)</b>	<u>\$ 897,788</u>	<u>\$ 842,909</u>	<u>\$ (54,879)</u>	<u>-6.11%</u>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 479,911	\$ 537,566	\$ 57,655	12.01%
Payroll Taxes	30,188	33,324	\$ 3,136	10.39%
Benefits	40,466	43,605	\$ 3,139	7.76%
Retirement Costs	42,482	47,843	\$ 5,361	12.62%
<b>Total Personnel Expenses</b>	<u>\$ 593,047</u>	<u>\$ 662,338</u>	<u>\$ 69,291</u>	<u>11.68%</u>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	11,315	21,236	\$ 9,921	87.68%
<b>Total Meeting Expenses</b>	<u>\$ 11,315</u>	<u>\$ 21,236</u>	<u>\$ 9,921</u>	<u>87.68%</u>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	2,907	2,957	\$ 50	1.72%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<u>\$ 2,907</u>	<u>\$ 2,957</u>	<u>\$ 50</u>	<u>1.72%</u>
<b>Total Direct Expenses</b>	<u>\$ 607,269</u>	<u>\$ 686,531</u>	<u>\$ 79,262</u>	<u>13.05%</u>
<b>Indirect Expenses</b>	<u>\$ 267,487</u>	<u>\$ 264,663</u>	<u>\$ (2,824)</u>	<u>-1.06%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ 874,756</u>	<u>\$ 951,194</u>	<u>\$ 76,438</u>	<u>8.74%</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ 23,032</u>	<u>\$ (108,285)</u>	<u>\$ (131,317)</u>	<u>-570.15%</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 2,990</u>	<u>\$ 3,412</u>	<u>\$ 422</u>	<u>14.11%</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 877,746</u>	<u>\$ 954,606</u>	<u>\$ 76,860</u>	<u>8.76%</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ 20,042</u>	<u>\$ (111,697)</u>	<u>\$ (131,739)</u>	<u>-657.31%</u>
FTEs	3.00	3.00	-	0.00%
HC	3.00	3.00	-	0.00%



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

### Program Scope, Purpose, and Impact

The reliability and security of the BPS is the central focus of WECC's mission. The Reliability and Security Oversight department is integral to maintaining that focus and works with a growing number of Registered Entities in the Western Interconnection to promote a strong culture of reliability and security by focusing on known and emerging risks. Program area staff, who are independent of all users, owners, and operators of the BPS, ensure that Registered Entities mitigate risks to the BPS by implementing the NERC Organization Registration and Certification Program (ORCP) and the CMEP. Staff monitors and enforces the NERC Reliability Standards across 453<sup>3</sup> registered owners, operators, and users of the BPS through a variety of risk-based activities, delivering consistent, impartial, and meaningful, real-time feedback to the entities.

To accomplish its objectives, the program is divided into five main areas:

- Organization Registration and Certification;
- Oversight Planning;
- Entity Monitoring;
- Enforcement and Mitigation; and
- Program Analysis and Administration.

Staff will perform delegated activities, consistent with ERO Enterprise guidance, including:

- Regional Risk Assessments;
- Compliance Oversight Plans (COP) and Inherent Risk Assessments (IRA);
- Organization Registration and Certification;
- Mitigation plan review, acceptance, and verification;
- Potential noncompliance reviews to assess extent of condition, root cause, and risk to BPS;
- Processing and disposition of entity self-logging and other minimal-risk issues;
- Enforcement of moderate- and serious-risk noncompliance through established risk-based approaches;
- Periodic Data Submittal review and validation;
- Internal Compliance Program assessments;
- Internal Controls Program reviews;
- Entity monitoring including, audits, spot-checks, self-certifications, investigations, and assessments of complaints; and
- BES Exception Requests.

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<sup>3</sup> As of February 22, 2024.



## Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada, and a portion of Baja California Norte, Mexico, are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA) and the British Columbia Utilities Commission (BCUC) under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection. Mexico is not currently participating in WECC and Western Interconnection-related activities<sup>4</sup>.

### 2025 Key Budget Assumptions

- In accordance with FERC's Order on inverter-based resources and integration of renewable resources and related energy storage devices in the Western Interconnection, WECC expects significant increases in registration requests.
- All Inherent Risk Assessment/Compliance Oversight Plans activities are aligned around identifying, prioritizing, and addressing risks to the Western Interconnection. With trends in registration requests, the changing reliability and security landscape, and risk mitigation strategies, workloads of all program areas of the Reliability Security and Oversight department will increase under the risk-based framework.
- For non-U.S. jurisdictions, compliance will continue monitoring activities according to the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities. In accordance with the NERC Rules of Procedure, Appendix 5A, WECC staff continues to participate in NERC-led Registration Review Panels.
- WECC fully supports ERO Enterprise efforts and activities to evaluate business practices, tools, consistency, implementation, and guidance within the risk-based CMEP. Staff will provide feedback to the ERO Enterprise on emerging and existing risks, with an emphasis on standards development, standards modification, monitoring approaches, enforcement considerations, and potential gaps.
- Legal fees related to any hearing that may arise are not budgeted and will be funded through working capital reserves. Costs related to hearing officers and procedures will be funded by NERC.
- WECC will continue to support development, design, testing, training, and implementation of ERO Enterprise-wide maintenance and enhancement of the risk-based CMEP practices and tools. Specifically, WECC staff resources will be allocated to these activities for ERO Enterprise Align tool, and the Secure Evidence Locker (SEL).

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<sup>4</sup> WECC has historically entered into an annual agreement with CRE; at the time of this filing, the regulatory environment in Mexico remains uncertain. WECC is monitoring this situation, while using other means to monitor the reliability of the Mexican portion of the BPS, and is engaging with the appropriate Mexican authorities regarding the drafting of a new agreement.





- With the development of new or modified Reliability Standards that tackle changing risks in the Western Interconnection, WECC anticipates the need for additional outreach, training and monitoring to help enhance registered entity programs.
- Travel for monitoring activities within the Western Interconnection will focus on areas where on-site tours or interviews will add value, and travel prioritization will include enhanced focus on physical security and cold weather preparedness assessments.
- webCDMS is maintained for Canadian entities.

## 2025 Goals and Deliverables

- Enhance CMEP oversight strategies focused on a holistic approach to enhance the efficiency and effectiveness of the ERO Enterprise Risk-Based Framework and enhance Compliance Oversight Plan processes and provide a targeted approach for monitoring and outreach.
- Continue to enhance and improve processing times to reduce backlog and inventory statistics.
- Work with the ERO Enterprise and industry on development and deployment of effective internal controls and internal controls programs to monitor, detect, correct, and report to prevent deficiencies in compliance, reliability, and security.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Consult with the international compliance enforcement authorities to determine which elements of the risk based CMEP could provide value and should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or develop COPs for international entities.
- Provide continued outreach and training on the Align tool to staff and Registered Entities.
- Participate in ERO Enterprise collaboration groups to continue to build effective relationships and ensure ORCP and CMEP consistency, where applicable and appropriate, across Regional Entities.
- Complete audits and spot-checks for 31 Registered Entities that include an on-site component. Schedule additional monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) based on BPS risk.
- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS sooner in the processing timeline, and use that information to craft more robust and comprehensive mitigation strategies.
- Ensure that WECC provides NERC with timely and accurate information about changes in registrations.

Compliance Monitoring and Enforcement Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital  
2024 Budget and 2025 Budget

COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION

	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 13,892,589	\$ 18,167,528	\$ 4,274,939	30.77%
Penalties Released	5,804,472	2,557	\$ (5,801,915)	-99.96%
<b>Total Statutory Funding</b>	<b>\$ 19,697,061</b>	<b>\$ 18,170,085</b>	<b>\$ (1,526,976)</b>	<b>-7.75%</b>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	99,397	\$ 99,397	
Interest	343,529	581,132	\$ 237,603	69.17%
<b>Total Revenue (A)</b>	<b>\$ 20,040,590</b>	<b>\$ 18,850,614</b>	<b>\$ (1,189,976)</b>	<b>-5.94%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 9,910,169	\$ 10,754,742	\$ 844,573	8.52%
Payroll Taxes	639,015	688,366	\$ 49,351	7.72%
Benefits	1,012,416	1,136,519	\$ 124,103	12.26%
Retirement Costs	879,599	954,003	\$ 74,404	8.46%
<b>Total Personnel Expenses</b>	<b>\$ 12,441,199</b>	<b>\$ 13,533,630</b>	<b>\$ 1,092,431</b>	<b>8.78%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	323,430	606,370	\$ 282,940	87.48%
<b>Total Meeting Expenses</b>	<b>\$ 323,430</b>	<b>\$ 606,370</b>	<b>\$ 282,940</b>	<b>87.48%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 36,000	\$ 12,000	\$ (24,000)	-66.67%
Office Rent	-	-	\$ -	
Office Costs	211,009	315,986	\$ 104,977	49.75%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 247,009</b>	<b>\$ 327,986</b>	<b>\$ 80,977</b>	<b>32.78%</b>
<b>Total Direct Expenses</b>	<b>\$ 13,011,638</b>	<b>\$ 14,467,986</b>	<b>\$ 1,456,348</b>	<b>11.19%</b>
<b>Indirect Expenses</b>	<b>\$ 6,508,843</b>	<b>\$ 6,793,018</b>	<b>\$ 284,175</b>	<b>4.37%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 19,520,481</b>	<b>\$ 21,261,004</b>	<b>\$ 1,740,523</b>	<b>8.92%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 520,109</b>	<b>\$ (2,410,390)</b>	<b>\$ (2,930,499)</b>	<b>-563.44%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 72,736</b>	<b>\$ 87,584</b>	<b>\$ 14,848</b>	<b>20.41%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 19,593,217</b>	<b>\$ 21,348,588</b>	<b>\$ 1,755,371</b>	<b>8.96%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 447,373</b>	<b>\$ (2,497,974)</b>	<b>\$ (2,945,347)</b>	<b>-658.36%</b>
FTEs	73.00	77.00	4.00	5.48%
HC	73.00	77.00	4.00	5.48%



## Reliability Assessment and Performance Analysis Program

### Program Scope, Purpose, and Impact

As the West continues to face ever-growing and complex threats to the reliability and security of the BPS, it is essential that WECC staff and stakeholders collaborate to develop strategies to identify and mitigate these risks. RAPA staff, in conjunction with the technical committees, conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. Additionally, staff compiles and distributes data and information used by WECC and its stakeholders to help with regional and local planning efforts. These integrated assessment and planning activities enhance the West's overall ability to assess and mitigate potential reliability and security risks in the Western Interconnection.

To accomplish its objectives, the program is organized into four departments:

1. The **Operations Analysis Department** is responsible for three primary functional areas—Event Analysis, Performance Analysis, and Situation Awareness and Infrastructure Security (SAIS), whose budget is outlined in the SAIS Program. The department analyzes system conditions and events that affect or may affect the reliable operation of the BPS and analyzes the historical operation and performance of the Western Interconnection. The department's activities ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions affecting BPS reliability. The analyses are used to assess interconnection-wide risks and vulnerabilities. The information produced helps identify best practices and mitigate potential risks.
2. The **Risk Analysis and Data Services Department performs** two main functions. The first, Risk Analysis, assesses interconnection-wide risks and vulnerabilities at the regional and entity levels. Using information gathered throughout the organization, and in coordination with the technical committees, the department identifies and tracks mitigation activities related to interconnection-wide risks. The second, Data Services, develops meaningful approaches to analyze and visualize information and data for consumption by the entire RAPA program area. The department collects various types of data such as NERC TADS, GADS, MIDAS and supports WECC's performance analysis obligations. Data Services specializes in data visualization used in reports, dashboards, and maps to help convey reliability risks to a wide stakeholder base.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms, timeframes, and tools. These assessments are performed in close coordination with NERC, WECC's technical committees, and other stakeholders. Assessments include, but are not limited to, historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability analysis, and transmission utilization. Analysis is performed on a variety of future (up to 20



years out) scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC's RRP's and other risks that may affect the reliability of the BPS.

4. The **Reliability Modeling Department** produces and distributes power system models of the Western Interconnection for use both within WECC and by stakeholders to perform reliability assessments. WECC is the NERC-designated, interconnection-wide model builder under the MOD-032 Reliability Standard. The department collects and distributes model data in a variety of formats and across multiple software tools.

The RAPA Program supports NERC's RAPA activities through targeted data gathering and participation in the Summer, Winter, Long-Term Reliability, and special assessments. The program also provides a technical advisory role in studies led by organizations such as national labs, universities, and the Department of Energy.

### 2025 Key Budget Assumptions

- Staff and technical committee assessment work will focus on understanding and mitigating the potential risks associated with the WECC RRP's approved by the Board in June 2024.
- Staff will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- Staff will continue to participate in many external meetings concerning the reliability, security, and resiliency of the BES.
- Staff will focus on expanding resource adequacy studies and assessments of regional resource adequacy programs and increase stakeholder outreach.
- There will be a focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- Regional Risk Assessment results provide input on focus areas in the ERO CMEP Implementation Plan.
- Staff will continue to explore opportunities and implement new activities to provide value in transmission planning.
- The ERO Enterprise will identify ways to incorporate transfer capability analysis into ongoing reliability assessments.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with inverter-based resources and extreme natural events will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies and events.
- Staff will support various NERC reliability assessments and perform additional independent reliability assessments.



## 2025 Goals and Deliverables

- Work with technical committees to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC RRP.
- Ensure high precision of information and models used to assess the reliability of the BPS.
- Use advanced tools, techniques, and industry subject matter experts to identify system performance trends and vulnerabilities.
- Hold reliability and security risk forums.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items.
- Deliver high-quality and influential work products focused on the WECC RRP.
- Continue the three-year planning cycle with the JGC to align staff and technical committee work plans in support of the WECC RRP.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP and is refreshed annually.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.
- Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations and transmission/resource planning.
- Facilitate production cost, dynamic model, electromagnetic transient (EMT), and power flow tool development, focusing on new technology resources and concepts like energy storage and dynamic line ratings.
- Implement technology solutions for enhanced data collection, validation, and storage.
- Support Reliability Standards drafting activities by providing subject matter expertise to appropriate Standards Drafting Teams.
- Promote reliability of the future transmission system in the Western Interconnection by supporting the WestTEC effort.
- Successfully carry out all other RAPA delegated responsibilities.



Reliability Assessment and Performance Analysis Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital  
2024 Budget and 2025 Budget

RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS

	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 8,409,843	\$ 11,374,924	\$ 2,965,081	35.26%
Penalties Released	3,260,046	1,362	\$ (3,258,684)	-99.96%
<b>Total Statutory Funding</b>	<b>\$ 11,669,889</b>	<b>\$ 11,376,286</b>	<b>\$ (293,603)</b>	<b>-2.52%</b>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	52,926	\$ 52,926	
Interest	192,941	309,434	\$ 116,493	60.38%
<b>Total Revenue (A)</b>	<b>\$ 11,862,830</b>	<b>\$ 11,738,646</b>	<b>\$ (124,184)</b>	<b>-1.05%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,548,711	\$ 5,816,351	\$ 267,640	4.82%
Payroll Taxes	355,291	368,322	\$ 13,031	3.67%
Benefits	589,838	589,810	\$ (28)	0.00%
Retirement Costs	493,293	516,630	\$ 23,337	4.73%
<b>Total Personnel Expenses</b>	<b>\$ 6,987,133</b>	<b>\$ 7,291,113</b>	<b>\$ 303,980</b>	<b>4.35%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 59,228	\$ 38,676	\$ (20,552)	-34.70%
Travel	215,878	197,585	\$ (18,293)	-8.47%
<b>Total Meeting Expenses</b>	<b>\$ 275,106</b>	<b>\$ 236,261</b>	<b>\$ (38,845)</b>	<b>-14.12%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 133,400	\$ 1,608,400	\$ 1,475,000	1105.70%
Office Rent	-	-	\$ -	
Office Costs	505,867	494,713	\$ (11,154)	-2.20%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 639,267</b>	<b>\$ 2,103,113</b>	<b>\$ 1,463,846</b>	<b>228.99%</b>
<b>Total Direct Expenses</b>	<b>\$ 7,901,506</b>	<b>\$ 9,630,487</b>	<b>\$ 1,728,981</b>	<b>21.88%</b>
<b>Indirect Expenses</b>	<b>\$ 3,655,652</b>	<b>\$ 3,617,061</b>	<b>\$ (38,591)</b>	<b>-1.06%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 11,557,158</b>	<b>\$ 13,247,548</b>	<b>\$ 1,690,390</b>	<b>14.63%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 305,672</b>	<b>\$ (1,508,902)</b>	<b>\$ (1,814,574)</b>	<b>-593.63%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 40,852</b>	<b>\$ 46,636</b>	<b>\$ 5,784</b>	<b>14.16%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 11,598,010</b>	<b>\$ 13,294,184</b>	<b>\$ 1,696,174</b>	<b>14.62%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 264,820</b>	<b>\$ (1,555,538)</b>	<b>\$ (1,820,358)</b>	<b>-687.39%</b>
FTEs	41.00	41.00	-	0.00%
HC	41.00	41.00	-	0.00%



## Training and Outreach Program

### Program Scope, Purpose, and Impact

The Training and Outreach Program informs, educates, and interacts directly with stakeholders on a range of topics including Reliability Standards, risk assessments, reliability planning and performance analysis, seasonal preparedness, the impact of policy on reliability, grid operations and security.

This program is comprised of two of the three departments that make up the Strategic Engagement group—Training and Outreach and External Affairs. Both departments work with external stakeholders to facilitate and enhance the work of CMEP and RAPA by ensuring effective communications, education opportunities, and timely dialogue on critical reliability and security matters. Strategic Engagement also focuses on the timely production and distribution of high-quality analyses addressing reliability and security topics of interest and importance to decision-makers throughout the Western Interconnection. An understanding of the dynamics within the Western Interconnection through engagement with WECC's stakeholders is essential to effectively address reliability and security risks.

### 2025 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues.
- Two Reliability and Security Workshops will be held in-person at off-site locations.
- One Grid Fundamentals course will be held in-person at the WECC office.
- Virtual Training and Outreach formats will be used where appropriate.
- WECC will increase partnerships and collaboration with the ERO Enterprise where appropriate to expand stakeholder participation and to share subject matter expertise.
- Eventbrite fees for meeting registrations are anticipated to increase.
- WECC will co-host the 2025 Grid Security Conference with NERC.

### 2025 Goals and Deliverables

- Maintain and continue to cultivate effective relationships with industry groups, WECC technical committees, ERO Enterprise, federal, state, and provincial regulators, policy- and decision-makers, national labs and educational institutions, and the broader reliability and security community.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the reliability and security of the BPS.
- Increase inclusion of stakeholder perspectives and opportunities for collaboration into the product development process.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy and RRP.





- Continue to refine stakeholder engagement and outreach plans.
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
- Increase utilization of digitally dynamic products to improve stakeholder outreach and education.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver Reliability & Security Oversight Monthly Update to educate and collaborate with stakeholders on various oversight activities.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.
- Continue to promote and facilitate three Grid Fundamentals courses to teach people who are new to the industry how the electric power system works, how it is managed, and how to better understand reliability issues.
- Deliver two Reliability & Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection. Specific topics include:
  - Lessons learned and process improvement for implementation of risk-based concepts;
  - Enforcement trends and statistics; and
  - Information on audit approach for standards.
- Provide opportunities for further education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
  - Current and future transmission planning studies throughout the Western Interconnection;
  - Reliability planning tools and modeling capabilities, including base case and production cost model studies;
  - Contingency studies and analyses;
  - Scenario planning and regulatory issues and trends; and
  - Event analysis.



Training and Outreach Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget and 2025 Budget				
TRAINING AND OUTREACH				
	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 1,627,037	\$ 2,149,410	\$ 522,373	32.11%
Penalties Released	675,863	315	\$ (675,548)	-99.95%
<b>Total Statutory Funding</b>	<b>\$ 2,302,900</b>	<b>\$ 2,149,725</b>	<b>\$ (153,175)</b>	<b>-6.65%</b>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	475,250	544,763	\$ 69,513	14.63%
Interest	40,000	71,698	\$ 31,698	79.25%
<b>Total Revenue (A)</b>	<b>\$ 2,818,150</b>	<b>\$ 2,766,186</b>	<b>\$ (51,964)</b>	<b>-1.84%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,145,832	\$ 1,310,264	\$ 164,432	14.35%
Payroll Taxes	71,219	80,854	\$ 9,635	13.53%
Benefits	123,107	136,291	\$ 13,184	10.71%
Retirement Costs	101,715	116,505	\$ 14,790	14.54%
<b>Total Personnel Expenses</b>	<b>\$ 1,441,873</b>	<b>\$ 1,643,914</b>	<b>\$ 202,041</b>	<b>14.01%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 470,133	\$ 525,720	\$ 55,587	11.82%
Travel	32,540	46,080	\$ 13,540	41.61%
<b>Total Meeting Expenses</b>	<b>\$ 502,673</b>	<b>\$ 571,800</b>	<b>\$ 69,127</b>	<b>13.75%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	44,345	68,125	\$ 23,780	53.62%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 44,345</b>	<b>\$ 68,125</b>	<b>\$ 23,780</b>	<b>53.62%</b>
<b>Total Direct Expenses</b>	<b>\$ 1,988,891</b>	<b>\$ 2,283,839</b>	<b>\$ 294,948</b>	<b>14.83%</b>
<b>Indirect Expenses</b>	<b>\$ 757,879</b>	<b>\$ 838,100</b>	<b>\$ 80,221</b>	<b>10.58%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 2,746,770</b>	<b>\$ 3,121,939</b>	<b>\$ 375,169</b>	<b>13.66%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ 71,380</b>	<b>\$ (355,753)</b>	<b>\$ (427,133)</b>	<b>-598.39%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 8,469</b>	<b>\$ 10,806</b>	<b>\$ 2,337</b>	<b>27.59%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 2,755,239</b>	<b>\$ 3,132,745</b>	<b>\$ 377,506</b>	<b>13.70%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ 62,911</b>	<b>\$ (366,559)</b>	<b>\$ (429,470)</b>	<b>-682.66%</b>
FTEs	8.50	9.50	1.00	11.76%
HC	8.00	9.00	1.00	12.50%



## Situation Awareness and Infrastructure Security Program

### Program Scope, Purpose, and Impact

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness of conditions and potential risks to the reliability and security of the BPS in the Western Interconnection. WECC has access to limited near-real-time data through the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, the Plant Information (PI) system, and the University of Tennessee Frequency Monitoring NETwork (FNET), as well as messaging systems used by the RCs notifying the SA team when there has been an outage to a line or generation source.

The SAIS Program works to understand system and security issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC identifies patterns and trends that will help build a stronger and more resilient system. Staff responds to events by providing coordination, assistance, and communication with the RCs, stakeholders, and NERC SAIS personnel. SAIS work also supports event analysis capabilities.

### 2025 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid digitizes and evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Forums, and other stakeholder groups to focus on security outreach and education.
- WECC will support NERC and FERC's efforts for situation awareness of current system conditions.
- WECC will maximize sharing of reliability and security data, within agreed parameters, and insights from Events Analysis, including near misses, to enhance understanding of reliability and security issues, promote operational excellence, promptly share best practices and lessons learned, and engage third-party experts to expand capabilities and resources applied to critical reliability and security issues.
- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

### 2025 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items.
- Monitor system events, collect information, and coordinate prompt distribution of updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.



- Coordinate the communication of critical information in daily NERC SAIS meetings and the NERC Crisis Action Plan meetings.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR, the PI system, and other tools to further support SAIS.
- Improve reliability readiness by participating in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts).
- Promote rapid and appropriate sharing of situation awareness information to support critical infrastructure security.
- Enhance engagement with Western stakeholders to improve the coordination and sharing of appropriate security information.

## Situation Awareness and Infrastructure Security Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital  
2024 Budget and 2025 Budget

## SITUATION AWARENESS AND INFRASTRUCTURE SECURITY

	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 425,401	\$ 507,844	\$ 82,443	19.38%
Penalties Released	159,027	66	\$ (158,961)	-99.96%
<b>Total Statutory Funding</b>	<u>\$ 584,428</u>	<u>\$ 507,910</u>	<u>\$ (76,518)</u>	<u>-13.09%</u>
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	2,582	\$ 2,582	
Interest	9,412	15,094	\$ 5,682	60.37%
<b>Total Revenue (A)</b>	<u>\$ 593,840</u>	<u>\$ 525,586</u>	<u>\$ (68,254)</u>	<u>-11.49%</u>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 302,007	\$ 314,546	\$ 12,539	4.15%
Payroll Taxes	19,875	20,700	\$ 825	4.15%
Benefits	31,235	30,426	\$ (809)	-2.59%
Retirement Costs	26,879	27,995	\$ 1,116	4.15%
<b>Total Personnel Expenses</b>	<u>\$ 379,996</u>	<u>\$ 393,667</u>	<u>\$ 13,671</u>	<u>3.60%</u>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	17,470	19,250	\$ 1,780	10.19%
<b>Total Meeting Expenses</b>	<u>\$ 17,470</u>	<u>\$ 19,250</u>	<u>\$ 1,780</u>	<u>10.19%</u>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	2,800	3,600	\$ 800	28.57%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<u>\$ 2,800</u>	<u>\$ 3,600</u>	<u>\$ 800</u>	<u>28.57%</u>
<b>Total Direct Expenses</b>	<u>\$ 400,266</u>	<u>\$ 416,517</u>	<u>\$ 16,251</u>	<u>4.06%</u>
<b>Indirect Expenses</b>	<u>\$ 178,324</u>	<u>\$ 176,442</u>	<u>\$ (1,882)</u>	<u>-1.06%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ 578,590</u>	<u>\$ 592,959</u>	<u>\$ 14,369</u>	<u>2.48%</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ 15,250</u>	<u>\$ (67,373)</u>	<u>\$ (82,623)</u>	<u>-541.79%</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 1,993</u>	<u>\$ 2,275</u>	<u>\$ 282</u>	<u>14.15%</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 580,583</u>	<u>\$ 595,234</u>	<u>\$ 14,651</u>	<u>2.52%</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ 13,257</u>	<u>\$ (69,648)</u>	<u>\$ (82,905)</u>	<u>-625.37%</u>
FTEs	2.00	2.00	-	0.00%
HC	2.00	2.00	-	0.00%



## Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2024 Budget	2025 Budget	Increase (Decrease)	FTEs 2024 Budget	FTEs 2025 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,703,604	\$ 6,110,050	\$ 406,446	18.00	19.00	1.00
Legal and Regulatory	\$ 1,077,139	\$ 1,142,835	\$ 65,696	3.50	3.50	-
Information Technology	\$ 3,836,034	\$ 3,810,520	\$ (25,514)	12.00	13.00	1.00
Human Resources	\$ 1,212,919	\$ 1,219,717	\$ 6,798	4.00	4.00	-
Accounting and Finance	\$ 657,274	\$ 718,535	\$ 61,261	3.00	3.00	-
<b>Total Corporate Services*</b>	<b>\$ 12,486,970</b>	<b>\$ 13,001,657</b>	<b>\$ 514,687</b>	<b>40.50</b>	<b>42.50</b>	<b>2.00</b>

\*WECC's 2025 Corporate Services budget (expenses plus fixed assets) is \$13,001,657 of which \$1,161,660 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2025 statutory budget are \$11,839,997, which is a \$345,000 increase from the 2024 budget.

### Program Scope, Purpose, and Impact

Corporate Services encompasses the following areas and includes all business and administrative functions of the organization:

- Technical Committees and Member Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

These support functions are foundational for the existence and successful operation of the organization. Corporate Services also provides executive leadership, corporate communications, and administrative and technical support for staff, committees, members, and stakeholders.

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

Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



## Technical Committees and Member Forums

### Program Scope, Purpose, and Impact

WECC undertook technical committee restructuring efforts in 2021 and 2022 to streamline the committee structure and governance and optimize stakeholder engagement. As a result, this budget was merged into the RAPA Program, beginning in 2024, where most of the committee work is facilitated.

## General and Administrative

### Program Scope, Purpose, and Impact

The General and Administrative Program provides executive leadership; enterprise security; communications; project management, and administrative support for staff, committees, and members to ensure successful business operations, consistency of service delivery, and high-quality customer service for internal and external stakeholders; as well as logistics support for the office and meeting facilities. In addition, this program accounts for indirect costs like Office Rent that benefit multiple functional areas.

### 2025 Key Budget Assumptions

- WECC staff will provide the same level of meetings and meeting support as 2024 for the Board of Directors and Board Committees.
- Salt Lake City is the Board-approved location for the 2025 Annual Meeting.
- Board Directors will be compensated according to the 2025 Board compensation structure, and compensation is expected to increase.

### 2025 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide strong executive leadership and strategic guidance for WECC's activities, and ensure WECC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide excellent support and logistics coordination for the Board and Board committees.
- Identify opportunities for efficiencies and increased effectiveness of meetings and stakeholder services teams.
- Enhance internal and external communications.
- Improve WECC's security posture and programs.



## Legal and Regulatory

### Program Scope, Purpose, and Impact

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. This program is also responsible for enterprise risk management: identifying particular events or circumstances relevant to the organization, assessing their likelihood and their magnitude of impact, determining a response strategy, and monitoring risk status over time. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with Legal and Regulatory. WECC's broad scope of activities requires significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law, and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

### 2025 Key Budget Assumptions

- The scope of current Legal operations will be maintained.
- Reliance on outside legal counsel is minimal.
- Business insurance premiums increase by a modest amount.

### 2025 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

## Information Technology

### Program Scope, Purpose, and Impact

The Information Technology (IT) Program provides enterprise and desktop systems, applications, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation - including end-user training, and operational support for hardware, software, database, system administration, network, data center and cloud operations, email, and telephony. IT implements new technology solutions using staff and external service providers to improve the security, effectiveness, and efficiency of business processes and operations. IT provides resources and tools to enable the organization to meet evolving requirements in support of its mission and delegated responsibilities. System and operational enhancements enable higher levels of security



and enhanced business capabilities for our hybrid workforce, including evolving cloud-based services and tools.

### 2025 Key Budget Assumptions

- WECC will increase security capabilities with more access controls and enhanced threat monitoring, detection, and reporting tools due to the ever-changing cybersecurity landscape.
- Internal and external penetration tests on the network and systems will be performed annually.
- IT will select, implement, and train users on a more robust organization-wide data reporting tool for increased data visualization, analytical, and reporting capabilities.
- Consultants will be used for project-based work to augment staff skill sets.
- IT will continue to drive long-term leveled costs by obtaining subscription services for software and infrastructure when practical.
- To retain vendor support and to reduce unplanned outages, desktop computer equipment will be replaced every four years, servers every five years, and network equipment every seven to 10 years.
- IT will continue to work collaboratively to share and make the most of the knowledge across the ERO Enterprise, minimize duplication of effort and investments, and improve operational efficiency, in support of the ERO Enterprise IT Strategy.
- One security analyst is added to provide cloud-focused security analysis, reporting, coordination, and support as more business tools and functions migrate to cloud-based services and integrate artificial intelligence with services and technology.

### 2025 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide enhanced enterprise data management and reporting tools and communication capabilities.
- Create centralized database service, automated workflow processes, network and traffic monitoring, and other tools to organize a growing volume of electronic data.
- Enhance the capabilities, performance, and security controls for mobile device use and remote workers.
- Continuously improve WECC's security program and posture due to the critical nature of some of WECC's data and evolving cybersecurity risks.
- Provide increased business intelligence and reporting tools to the enterprise.





## Human Resources

### Program Scope, Purpose, and Impact

The Human Resources (HR) Program is responsible for the delivery of all HR functions to ensure WECC is viewed as an employer of choice with highly skilled, collaborative, and engaged employees who are committed to WECC's mission. Responsibilities include recruitment, compensation, benefits, safety, health and wellness, employee relations, personal and professional development, succession planning, knowledge transfer, and leadership and employee engagement. HR also maintains employee-data systems and ensures compliance with employment-related federal and state requirements.

### 2025 Key Budget Assumptions

- Total WECC headcount increases by 9 FTEs in 2025.
- WECC's current benefit levels are maintained, with an anticipated premium increase to adjust for claims escalation and market increases.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific focus will be on supporting and enhancing interactions and relationships with a distributed workforce.
- Management development and training will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- NERC's Learning Management System and LinkedIn Learning are used as training resources for employees.
- A new human resources information system (HRIS) to be implemented in 2025.

### 2025 Goals and Deliverables

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Target national markets for most positions, allowing WECC to hire from a larger and more diverse candidate pool of highly skilled talent.
- Enhance all facets of the employee experience to achieve lower levels of turnover.
- Minimize employee skills gaps through the identification of critical technical skills, knowledge assessment criteria, and competency-based career pathing with a focus on targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct training on interpersonal skills; harassment prevention; and diversity, equity, and inclusion (DE&I) for all employees and managers.



- Deliver a comprehensive yet affordable benefits package to retain current employees and attract prospective employees while managing costs.
- Expand recruiting efforts through college campus outreach, WECC and industry trainings and meetings, social media platforms, and employee referral programs.

## **Finance and Accounting**

### **Program Scope, Purpose, and Impact**

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting. The program reports financial results in a timely and effective manner to help departments recognize and seize opportunities for improvement in current and future activities. Accounting works with stakeholders and provides outreach to help increase understanding of annual budget requests.

### **2025 Key Budget Assumptions**

- Interest rates remain stable and investment income is conservatively budgeted.
- Bank and investment fees increase.
- Current accounting systems and controls are effective.
- A new HRIS to be implemented in 2025.

### **2025 Goals and Deliverables**

- Continuously improve accounting processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide regular financial education to the management team and budget managers.
- Identify and implement efficiencies in financial processes and increase the effectiveness of budgeting and financial reporting.
- Help departments effectively manage resources and operate within approved budgets.
- Ensure effective financial controls are in place, including routine monitoring of spending compared to budget.
- Provide quality reporting and financial analysis to managers, executives, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.



## Corporate Services Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital  
2024 Budget and 2025 Budget

## CORPORATE SERVICES

	2024 Budget	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	\$ -	
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Membership Fees	\$ -	\$ -	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	-	-	\$ -	
<b>Total Revenue (A)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,262,178	\$ 5,716,487	\$ 454,309	8.63%
Payroll Taxes	321,151	345,226	\$ 24,075	7.50%
Benefits	973,104	997,372	\$ 24,268	2.49%
Retirement Costs	496,305	537,590	\$ 41,285	8.32%
<b>Total Personnel Expenses</b>	<u>\$ 7,052,738</u>	<u>\$ 7,596,675</u>	<u>\$ 543,937</u>	<u>7.71%</u>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 75,403	\$ 70,920	\$ (4,483)	-5.95%
Travel	148,537	171,624	\$ 23,087	15.54%
<b>Total Meeting Expenses</b>	<u>\$ 223,940</u>	<u>\$ 242,544</u>	<u>\$ 18,604</u>	<u>8.31%</u>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 559,500	\$ 277,000	\$ (282,500)	-50.49%
Office Rent	1,327,202	1,328,263	\$ 1,061	0.08%
Office Costs	1,924,379	2,063,975	\$ 139,596	7.25%
Professional Services	1,261,211	1,327,700	\$ 66,489	5.27%
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<u>\$ 5,072,292</u>	<u>\$ 4,996,938</u>	<u>\$ (75,354)</u>	<u>-1.49%</u>
<b>Total Direct Expenses</b>	<u>\$ 12,348,970</u>	<u>\$ 12,836,157</u>	<u>\$ 487,187</u>	<u>3.95%</u>
<b>Indirect Expenses</b>	<u>\$ (12,348,970)</u>	<u>\$ (12,836,157)</u>	<u>\$ (487,187)</u>	<u>3.95%</u>
<b>Other Non-Operating Expenses</b>	\$ -	\$ -	\$ -	
<b>Total Expenses (B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Change in Net Assets (=A-B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>TOTAL BUDGET (B+C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
FTEs	40.50	42.50	2.00	4.94%
HC	41.00	43.00	2.00	4.88%





# Non-Statutory Program

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**Goals, Budget Assumptions, and Statements of Activities**

## 2025 Non-Statutory Budget Overview

Over the last decade, the use of renewable energy and the need to have reliable, credible information for compliance and voluntary renewable usage has increased. States and provinces across the continent are increasing both the amount of renewable energy they are requiring and how they count this energy for compliance. Current and proposed legislation around the West anticipates the increased use of renewable energy through the end of the decade. The Western Renewable Energy Generation Information System (WREGIS) budget assumes that increased renewable energy penetration will require increased resources from WREGIS.

### Budget and Funding Summary

WECC's proposed 2025 non-statutory budget is \$3,693,000 a \$438,000 (13.5%) increase from the 2024 non-statutory budget. Non-statutory funding, derived predominantly from activity-based fees, is budgeted at \$3,260,000, a \$328,000 (11.2%) increase from 2024.

### Major Budget Drivers

#### Funding Sources

- Membership Fees increase due to an anticipated increase in program participation and expansions of some programs.
- Interest increases due to anticipated rates of return on investments.

#### Personnel Expenses

- Two FTE are added due to program growth, program expansion, and new fuel type tracking requirements, which are all being driven by state renewable portfolio standards targets in the coming years.
- 3% merit and 1% equity pools.
- Refinement of payroll tax and benefits enrollment rates and premiums.
- Labor float assumption changes based on actual turnover and vacancy rates.

#### Meeting Expenses

- Travel increases due to increased on-site audit activities to assist program participants with training and compliance.

#### Indirect Expenses

- Indirect Expenses increase due to two new FTEs added in this program and an increase in Corporate Services expenses. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



WREGIS Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2024 Budget & Projection, and 2025 Budget						
NON-STATUTORY						
	2024 Budget	2024 Projection	Variance 2024 Budget v 2024 Projection Over(Under)	2025 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>						
<b>Statutory Funding</b>						
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	
Penalties Released	-	-	\$ -	-	\$ -	
<b>Total Statutory Funding</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Membership Fees	\$ 2,857,000	\$ 2,953,999	\$ 96,999.00	3,077,375	\$ 220,375	7.71%
Workshops & Miscellaneous	2,500	\$ (9,224)	\$ (11,724.00)	2,500	\$ -	0.00%
Interest	72,000	\$ 324,587	\$252,587.00	180,000	\$ 108,000	150.00%
<b>Total Revenue (A)</b>	<b>\$ 2,931,500</b>	<b>\$ 3,269,362</b>	<b>\$ 337,862</b>	<b>\$ 3,259,875</b>	<b>\$ 328,375</b>	<b>11.20%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 958,109	\$ 943,851	\$ (14,258.00)	\$ 1,139,845	\$ 181,736	18.97%
Payroll Taxes	61,639	\$ 68,830	\$ 7,191.00	72,898	\$ 11,259	18.27%
Benefits	144,047	\$ 120,665	\$ (23,382.00)	174,656	\$ 30,609	21.25%
Retirement Costs	85,154	\$ 84,448	\$ (706.00)	101,295	\$ 16,141	18.96%
<b>Total Personnel Expenses</b>	<b>\$ 1,248,949</b>	<b>\$ 1,217,794</b>	<b>\$ (31,155)</b>	<b>\$ 1,488,694</b>	<b>\$ 239,745</b>	<b>19.20%</b>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 4,200	\$ 2,100	\$ (2,100.00)	\$ 5,200	\$ 1,000	23.81%
Travel	25,880	\$ 22,237	\$ (3,643.00)	46,830	\$ 20,950	80.95%
<b>Total Meeting Expenses</b>	<b>\$ 30,080</b>	<b>\$ 24,337</b>	<b>\$ (5,743)</b>	<b>\$ 52,030</b>	<b>\$ 21,950</b>	<b>72.97%</b>
<b>Operating Expenses, excluding Depreciation</b>						
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	
Office Rent	-	\$ -	\$ -	-	\$ -	
Office Costs	984,423	\$ 985,751	\$ 1,328.00	990,968	\$ 6,545	0.66%
Professional Services	-	\$ -	\$ -	-	\$ -	
Miscellaneous	-	\$ -	\$ -	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 984,423</b>	<b>\$ 985,751</b>	<b>\$ 1,328</b>	<b>\$ 990,968</b>	<b>\$ 6,545</b>	<b>0.66%</b>
<b>Total Direct Expenses</b>	<b>\$ 2,263,452</b>	<b>\$ 2,227,882</b>	<b>\$ (35,570)</b>	<b>\$ 2,531,692</b>	<b>\$ 268,240</b>	<b>11.85%</b>
<b>Indirect Expenses</b>	<b>\$ 980,785</b>	<b>\$ 954,258</b>	<b>\$ (26,527)</b>	<b>\$ 1,146,873</b>	<b>\$ 166,088</b>	<b>16.93%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 3,244,237</b>	<b>\$ 3,182,140</b>	<b>\$ (62,097)</b>	<b>\$ 3,678,565</b>	<b>\$ 434,328</b>	<b>13.39%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (312,737)</b>	<b>\$ 87,222</b>	<b>\$ 399,959</b>	<b>\$ (418,690)</b>	<b>\$ (105,953)</b>	<b>33.88%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 10,960</b>	<b>\$ -</b>	<b>\$ (10,960)</b>	<b>\$ 14,787</b>	<b>\$ 3,827</b>	<b>34.92%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 3,255,197</b>	<b>\$ 3,182,140</b>	<b>\$ (73,057)</b>	<b>\$ 3,693,352</b>	<b>\$ 438,155</b>	<b>13.46%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$ (323,697)</b>	<b>\$ 87,222</b>	<b>\$ 410,919</b>	<b>\$ (433,477)</b>	<b>\$ (109,780)</b>	<b>33.91%</b>
FTEs	11.00	11.00	-	13.00	2.00	18.18%
HC	11.00	11.00	-	13.00	2.00	18.18%



**Personnel—Overview of FTEs and Expenses**

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
<b>NON-STATUTORY</b>					
<b>Operational Programs</b>					
Total FTEs Operational Programs	-	-	-	-	-
<b>Administrative Programs</b>					
WREGIS	11.00	13.00	-	13.00	2.00
Total FTEs Administrative Programs	11.00	13.00	-	13.00	2.00
Total FTEs	11.00	13.00	-	13.00	2.00

**Overview of Changes in Reserves**

**Working Capital Reserve Analysis**  
**NON-STATUTORY**

<b>Beginning Reserve (Deficit), January 1, 2024</b>	Total \$ 6,796,749
Plus: 2024 Funding	3,269,362
Less: 2024 Projected expenses & capital expenditures	(3,182,140)
<b>Projected Working Capital Reserve (Deficit), December 31, 2024</b>	<b>\$ 6,883,971</b>
Plus: 2025 Funding	3,259,875
Less: 2025 Projected expenses & capital expenditures	(3,693,352)
<b>Projected Working Capital Reserve, December 31, 2025</b>	<b>\$ 6,450,494</b>



## Non-Statutory Program—Goals and Budget Assumptions

### WREGIS

#### Program Scope, Purpose, and Impact

WREGIS is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed by the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants for more than three years.

The program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by two committees: the Stakeholder Advisory Committee, which is open to all interested participants, and the WREGIS Committee, which is open to members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, a portion of WECC's overhead costs is allocated to the program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: the information system software and administrative operations. Staff coordinates with the software contractor and performs all the administrative tasks, including:

- Registering customers and generation units;
- Training users;
- Providing customer service and help desk services;
- Supporting participating programs by facilitating cooperation and research into ongoing issues and sharing documentation with participants;
- Auditing generation and other data; and
- Managing the budgeting, billing, and financial reporting.

#### 2025 Key Budget Assumptions

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by Generator and General Organizations and are based on size (generation capacity) and organization type. Transaction fees are paid by General Organizations. WREGIS also charges fees for ad hoc reporting and e-Tag-related data services.

- Transaction fees are based on organization type.
  - Approximately 4% of revenues are based on annual fees.





- Approximately 92% of revenues are based on transaction fees, which may depend on factors like weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
- Approximately 4% of revenues are attributable to fees for specific, requested functions like tracking e-Tags.
- Revenues vary from year to year, so WREGIS reserves are held to allow for normal operations or special large-scale improvements.
- The new software is a cloud-based software as a service product and all costs, including upgrades, maintenance and licenses are built into the monthly fee.
- Interest rates will continue to increase.
- Travel for training and audits will increase after a reduction caused by the COVID-19 pandemic.
- Two analysts are added due to program growth, increasing customer audit requirements, and software needs.

### 2025 Goals and Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Maintain compliance with the participating state and provincial programs, and voluntary programs.
- Register program participants.
- Refine and improve data collection to ensure high-quality data.
- Perform four customer audits each for Qualified Reporting Entities and REC holding customers.
- Deliver two in-person customer training sessions and quarterly virtual customer training sessions.
- Deliver one in-person and two virtual Qualified Reporting Entity training sessions.





# Appendix

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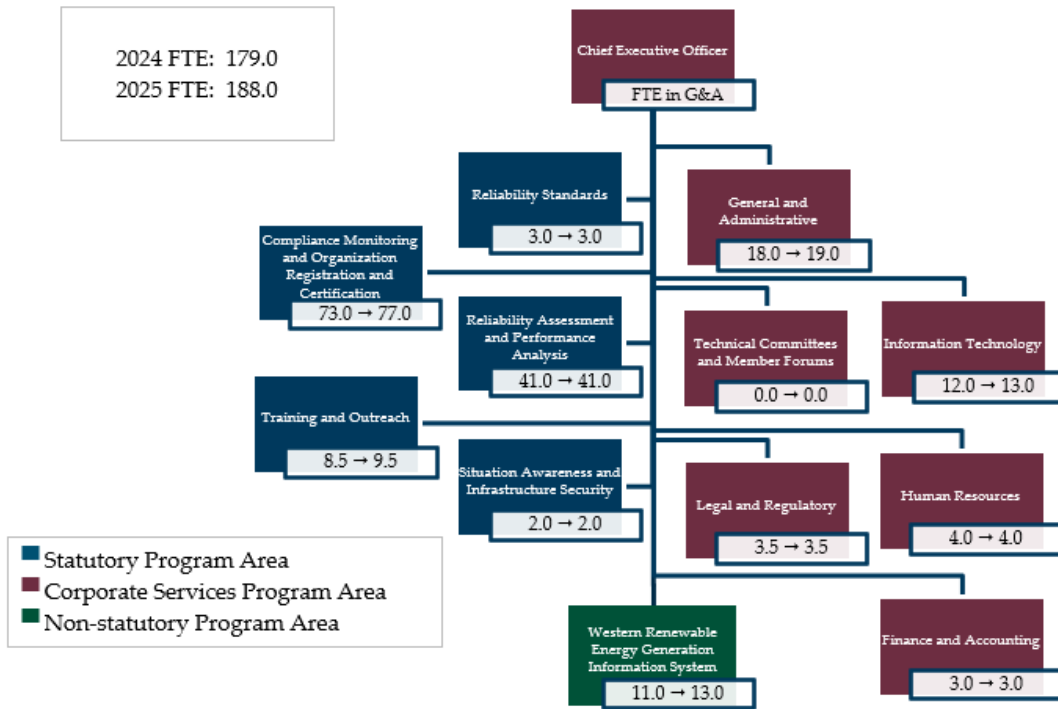
**Additional Information**

Appendix A—2025 Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions						Non-Statutory Functions		
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
<b>Revenue</b>												
<b>Statutory Funding</b>												
WECC Assessments	\$ 33,016,000	\$ 33,016,000	\$ -	\$ 33,016,000	\$ 816,294	\$ 18,167,528	\$ 11,374,924	\$ 2,149,410	\$ 507,844	\$ -	\$ -	\$ -
Penalties Released	4,400	4,400	-	4,400	100	2,557	1,362	315	66	-	-	-
<b>Total Statutory Funding</b>	<b>\$ 33,020,400</b>	<b>\$ 33,020,400</b>	<b>\$ -</b>	<b>\$ 33,020,400</b>	<b>\$ 816,394</b>	<b>\$ 18,170,085</b>	<b>\$ 11,376,286</b>	<b>\$ 2,149,725</b>	<b>\$ 507,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Non-statutory Funding</b>												
Workshops & Miscellaneous	\$ 706,041	\$ 703,541	\$ 2,500	\$ 703,541	\$ 3,873	\$ 99,397	\$ 52,926	\$ 544,763	\$ 2,582	\$ -	\$ 2,500	\$ 2,500
Interest	1,180,000	1,000,000	180,000	1,000,000	22,642	581,132	309,434	71,698	15,094	-	180,000	180,000
<b>Total Revenue (A)</b>	<b>\$ 37,983,816</b>	<b>\$ 34,723,941</b>	<b>\$ 3,259,875</b>	<b>\$ 34,723,941</b>	<b>\$ 842,909</b>	<b>\$ 18,850,614</b>	<b>\$ 11,738,646</b>	<b>\$ 2,766,186</b>	<b>\$ 525,586</b>	<b>\$ -</b>	<b>\$ 3,259,875</b>	<b>\$ 3,259,875</b>
<b>Expenses</b>												
<b>Personnel Expenses</b>												
Salaries	\$ 25,589,801	\$ 24,449,956	\$ 1,139,845	\$ 24,449,956	\$ 537,566	\$ 10,754,742	\$ 5,816,351	\$ 1,310,264	\$ 314,546	\$ 5,716,487	\$ 1,139,845	\$ 1,139,845
Payroll Taxes	1,609,690	1,536,792	72,898	1,536,792	33,324	688,366	368,322	80,854	20,700	345,226	72,898	72,898
Benefits	3,108,679	2,934,023	174,656	2,934,023	43,605	1,136,519	589,810	136,291	30,426	997,372	174,656	174,656
Retirement Costs	2,301,861	2,200,566	101,295	2,200,566	47,843	954,003	516,630	116,505	27,995	537,590	101,295	101,295
<b>Total Personnel Expenses</b>	<b>\$ 32,610,031</b>	<b>\$ 31,121,337</b>	<b>\$ 1,488,694</b>	<b>\$ 31,121,337</b>	<b>\$ 662,338</b>	<b>\$ 13,533,630</b>	<b>\$ 7,291,113</b>	<b>\$ 1,643,914</b>	<b>\$ 393,667</b>	<b>\$ 7,596,675</b>	<b>\$ 1,488,694</b>	<b>\$ 1,488,694</b>
<b>Meeting Expenses</b>												
Meetings & Conference Calls	\$ 640,516	\$ 635,316	\$ 5,200	\$ 635,316	\$ -	\$ -	\$ 38,676	\$ 525,720	\$ -	\$ 70,920	\$ 5,200	\$ 5,200
Travel	1,108,975	1,062,145	46,830	1,062,145	21,236	606,370	197,585	46,080	19,250	171,624	46,830	46,830
<b>Total Meeting Expenses</b>	<b>\$ 1,749,491</b>	<b>\$ 1,697,461</b>	<b>\$ 52,030</b>	<b>\$ 1,697,461</b>	<b>\$ 21,236</b>	<b>\$ 606,370</b>	<b>\$ 236,261</b>	<b>\$ 571,800</b>	<b>\$ 19,250</b>	<b>\$ 242,544</b>	<b>\$ 52,030</b>	<b>\$ 52,030</b>
<b>Operating Expenses, excluding Depreciation</b>												
Consultants & Contracts	\$ 1,897,400	\$ 1,897,400	\$ -	\$ 1,897,400	\$ -	\$ 12,000	\$ 1,608,400	\$ -	\$ -	\$ 277,000	\$ -	\$ -
Office Rent	1,328,263	1,328,263	-	1,328,263	-	-	-	-	-	1,328,263	-	-
Office Costs	3,940,324	2,949,356	990,968	2,949,356	2,957	315,986	494,713	68,125	3,600	2,063,975	990,968	990,968
Professional Services	1,327,700	1,327,700	-	1,327,700	-	-	-	-	-	1,327,700	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 8,493,687</b>	<b>\$ 7,502,719</b>	<b>\$ 990,968</b>	<b>\$ 7,502,719</b>	<b>\$ 2,957</b>	<b>\$ 327,986</b>	<b>\$ 2,103,113</b>	<b>\$ 68,125</b>	<b>\$ 3,600</b>	<b>\$ 4,996,938</b>	<b>\$ 990,968</b>	<b>\$ 990,968</b>
<b>Total Direct Expenses</b>	<b>\$ 42,853,209</b>	<b>\$ 40,321,517</b>	<b>\$ 2,531,692</b>	<b>\$ 40,321,517</b>	<b>\$ 686,531</b>	<b>\$ 14,467,986</b>	<b>\$ 9,630,487</b>	<b>\$ 2,283,839</b>	<b>\$ 416,517</b>	<b>\$ 12,836,157</b>	<b>\$ 2,531,692</b>	<b>\$ 2,531,692</b>
<b>Indirect Expenses</b>	<b>\$ -</b>	<b>\$ (1,146,873)</b>	<b>\$ 1,146,873</b>	<b>\$ (1,146,873)</b>	<b>\$ 264,663</b>	<b>\$ 6,793,018</b>	<b>\$ 3,617,061</b>	<b>\$ 838,100</b>	<b>\$ 176,442</b>	<b>\$ (12,836,157)</b>	<b>\$ 1,146,873</b>	<b>\$ 1,146,873</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 42,853,209</b>	<b>\$ 39,174,644</b>	<b>\$ 3,678,565</b>	<b>\$ 39,174,644</b>	<b>\$ 951,194</b>	<b>\$ 21,261,004</b>	<b>\$ 13,247,548</b>	<b>\$ 3,121,939</b>	<b>\$ 592,959</b>	<b>\$ -</b>	<b>\$ 3,678,565</b>	<b>\$ 3,678,565</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (4,869,393)</b>	<b>\$ (4,450,703)</b>	<b>\$ (418,690)</b>	<b>\$ (4,450,703)</b>	<b>\$ (108,285)</b>	<b>\$ (2,410,390)</b>	<b>\$ (1,508,902)</b>	<b>\$ (355,753)</b>	<b>\$ (67,373)</b>	<b>\$ -</b>	<b>\$ (418,690)</b>	<b>\$ (418,690)</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>												
	\$ 165,500	\$ 150,713	\$ 14,787	\$ 150,713	\$ 3,412	\$ 87,584	\$ 46,636	\$ 10,806	\$ 2,275	\$ -	\$ 14,787	\$ 14,787
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 43,018,709</b>	<b>\$ 39,325,357</b>	<b>\$ 3,693,352</b>	<b>\$ 39,325,357</b>	<b>\$ 954,606</b>	<b>\$ 21,348,588</b>	<b>\$ 13,294,184</b>	<b>\$ 3,132,745</b>	<b>\$ 595,234</b>	<b>\$ -</b>	<b>\$ 3,693,352</b>	<b>\$ 3,693,352</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (5,034,893)</b>	<b>\$ (4,601,416)</b>	<b>\$ (433,477)</b>	<b>\$ (4,601,416)</b>	<b>\$ (111,697)</b>	<b>\$ (2,497,974)</b>	<b>\$ (1,555,538)</b>	<b>\$ (366,559)</b>	<b>\$ (69,648)</b>	<b>\$ -</b>	<b>\$ (433,477)</b>	<b>\$ (433,477)</b>
FTEs	188.00	175.00	13.00	175.00	3.00	77.00	41.00	9.50	2.00	42.50	13.00	13.00
HC	188.00	175.00	13.00	175.00	3.00	77.00	41.00	9.00	2.00	43.00	13.00	13.00



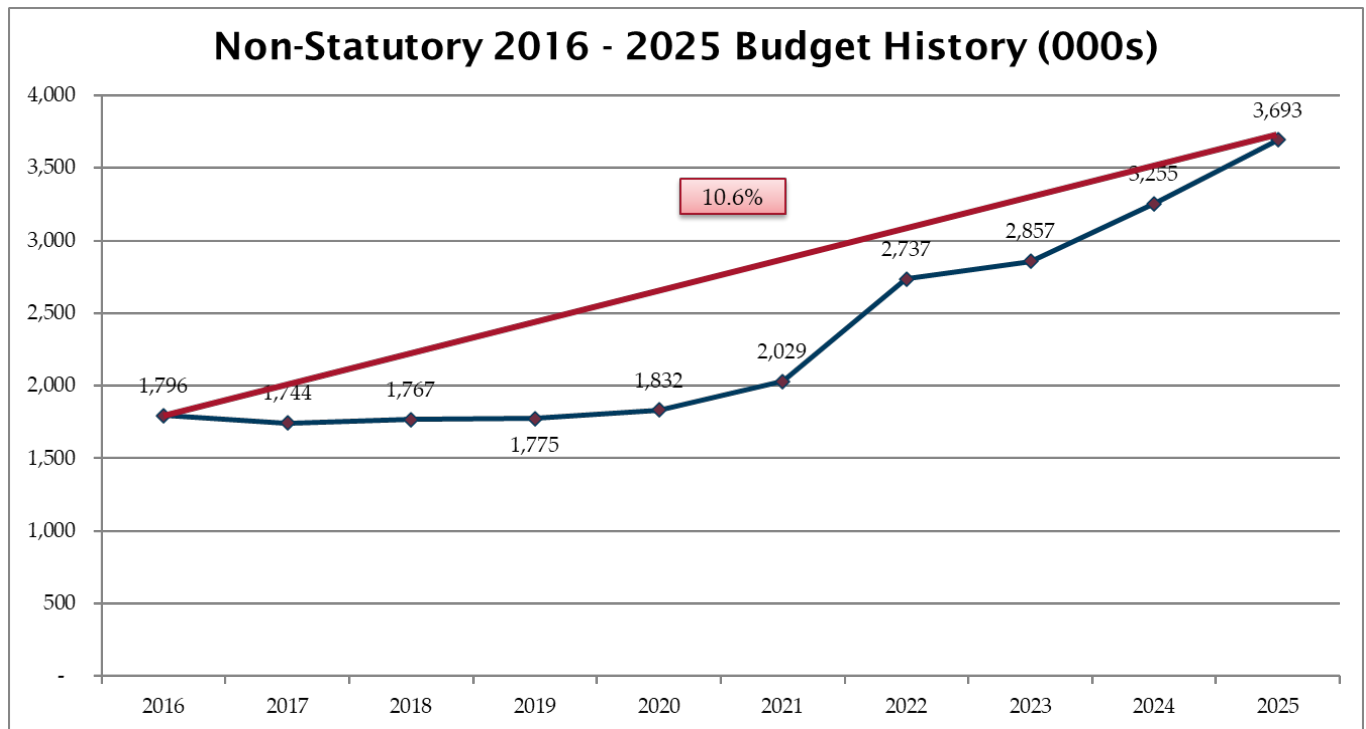
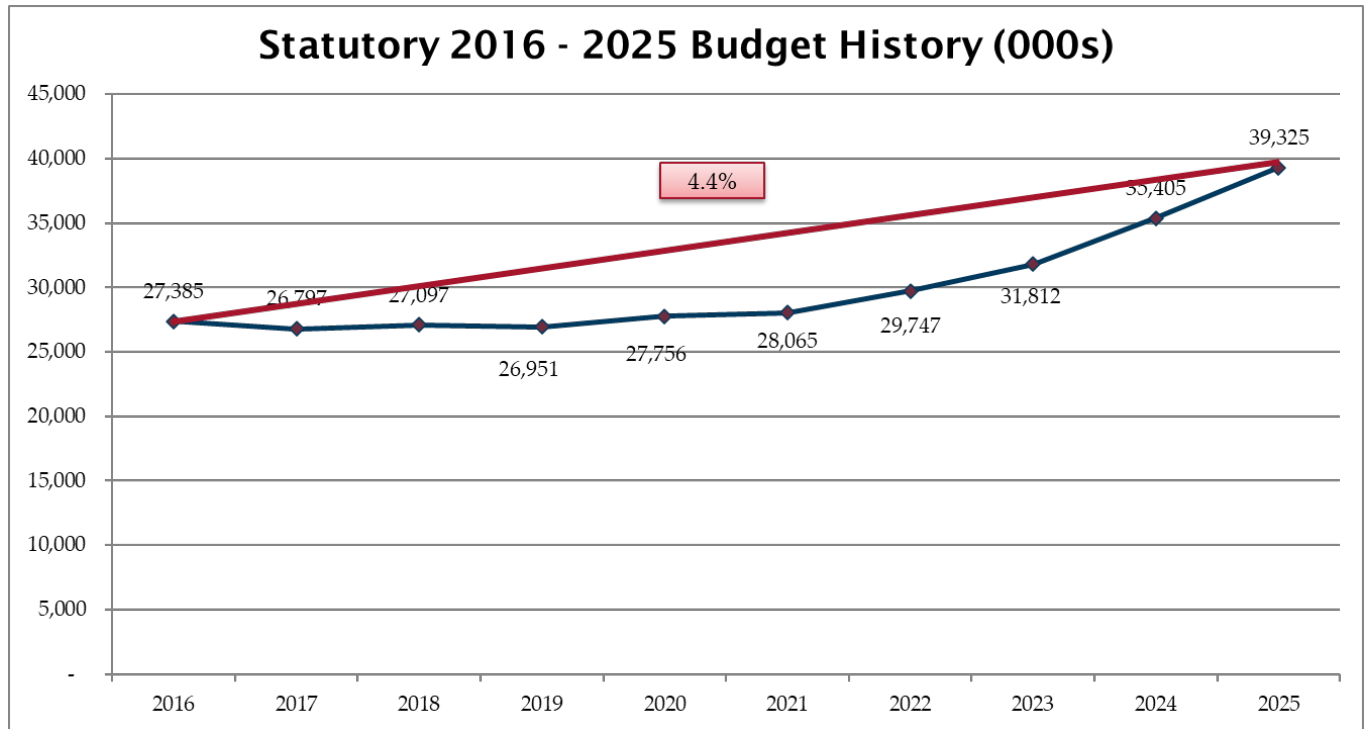
## Appendix B—Organizational Chart—Changes in FTE by Program



## Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

Adjustment to the AESO Assessments		
Credit for WECC Compliance Costs		
	2024	2025
	Compliance Budget AESO NEL Allocation	Compliance Budget AESO NEL Allocation
<b>WECC Compliance Costs</b>		
Direct Costs less Direct Revenue	\$ 12,668,109	\$ 13,787,457
Indirect Costs	6,508,843	6,793,018
Fixed Asset Expenditures	72,736	87,584
<b>Total Net Costs, including Fixed Assets</b>	<b>\$ 19,249,688</b>	<b>\$ 20,668,059</b>
<b>Net total to be allocated</b>	<b>\$ 19,249,688</b>	<b>\$ 20,668,059</b>
AESO NEL Share (2022 and 2023)	6.934%	6.949%
<b>AESO Proportional Share of Compliance Costs, including Fixed Assets</b>	<b>\$ 1,334,773</b>	<b>\$ 1,436,177</b>
% Credit (68.00 of 73.00 FTE for 2024; 70.00 of 77.00 FTE for 2025)	93.15%	90.91%
<b>AESO Credit for Compliance Costs</b>	<b>\$ 1,243,341</b>	<b>\$ 1,305,616</b>

Appendix D—Statutory and Non-Statutory Budget History Charts



**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 9**

**WESTERN INTERCONNECTION  
REGIONAL ADVISORY BODY**

**PROPOSED 2025 BUSINESS PLAN AND BUDGET**



**Western Interconnection  
Regional Advisory Body**

**2025 Business Plan and Budget**

**June 13, 2024**

**Approved by  
Appointed Members of the  
Western Interconnection Regional  
Advisory Body**

**1600 Broadway, Suite 1020  
Denver, Colorado 80202  
720-897-4600**



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## Introduction

The Western Interconnection Regional Advisory Body (WIRAB) proposed budget for 2025 is \$831,561. This amount is \$69 (0.0%) higher than the amount in WIRAB's approved 2024 budget. Total proposed full-time equivalents (FTEs) for 2025 have remained flat at 2.60 FTEs. Major drivers of the flat budget are driven by proportionate increases and decreases in budgeted expenditures. Personnel expenses increased by 4.4% and indirect expenses decreased by 4.2%. WIRAB's total funding requirement is \$717,461. As shown in Table 1 below, this amount represents the total statutory expenses of \$831,561 less \$114,100 in statutory working capital requirement. WIRAB's proposed funding assessment is \$715,461, an increase of \$22,769 (3.3%) from the 2024 funding assessment. The modest assessment increase is necessary for the continuation of assessment stabilization and the prevention of major fluctuation in future budget periods. 2025 funding includes the use of working capital reserves in the amount of \$114,100. WIRAB proposes to allocate the funding assessment as follows: \$611,657 (85.5%) to the U.S. portion; and \$103,804 (14.5%) to the Canadian portion. Table 1 summarizes the WIRAB proposed budget for 2025.

**Table 1. WIRAB Budget for 2025**

WIRAB - Total Resources (in whole dollars)	2025 Budget	U.S.	Canada	Mexico
Statutory FTEs*	2.60			
Non-statutory FTEs				
<b>Total FTEs</b>	2.60			
Statutory Expenses	\$ 831,561			
Non-Statutory Expenses				
<b>Total Expenses</b>	\$ 831,561			
Statutory Inc(Dec) in Fixed Assets				
Non-Statutory Inc(Dec) in Fixed Assets				
<b>Total Inc(Dec) in Fixed Assets</b>	\$ -			
Statutory Working Capital Requirement	\$ (114,100)			
Non-Statutory Working Capital Requirement	0			
<b>Total Working Capital Requirement</b>	\$ (114,100)			
Total Statutory Funding Requirement	\$ 717,461			
Total Non-Statutory Funding Requirement	\$ -			
<b>Total Funding Requirement</b>	\$ 717,461			
<b>Statutory Funding Assessments<sup>1</sup></b>	\$ 715,461	\$ 611,657	\$ 103,804	\$ -
<b>Non-Statutory Fees</b>				
NEL**	850,783,074	727,245,301	123,437,773	-
NEL%	100.0%	85.5%	14.5%	0.0%

<sup>1</sup> The allocation of the statutory assessments was updated to reflect 2023 NEL data on July 31, 2024. The 2025 allocation of assessments does not include Mexico. NERC, WECC, and WIRAB have been unable to collect assessments from Mexico since 2021 and have decided not to assess Mexico until a new agreement is reached. Consistent with NERC Rules of Procedure (ROP) Sections 1106(5) and 1106(8), Appendix 2-C and 2-D of NERC's 2025 Assessment Schedule include the balances owed from Mexico through the 2024 assessment to NERC (\$954k) and WIRAB (\$39k). NERC is recovering these amounts from LSEs in WECC in accordance with ROP Section 1106(8), which specifies any revenues not paid shall be recovered from others within the same Region to avoid cross-subsidization between Regions. To offset the impact, WECC's final 2025 BP&B reflects a reserve release of \$984k to reduce WECC's 2025 assessment proposed in its draft 2025 BP&B. The WECC portion of the outstanding assessments from Mexico is \$1.9M. Instead of NERC charging the WECC LSEs this portion in 2025, WECC is writing off this amount in 2024 and using WECC reserves to fund the write-off.

## Organizational Overview

The Federal Energy Regulatory Commission (FERC or Commission) created WIRAB in April 2006, upon petition of ten Western Governors and in accordance with Section 215(j) of the Federal Power Act (FPA). The Governors invited all U.S. states, Canadian provinces, and Mexican jurisdictions with territory in the Western Interconnection to join WIRAB and to participate in WIRAB's activities as a regional advisory body charged with advising FERC, the North American Electric Reliability Corporation (NERC) and the Regional Entity (i.e., the Western Electricity Coordinating Council or WECC) on matters of electric grid reliability.

In July 2006, FERC issued an order granting the Governors' petition to establish WIRAB.<sup>2</sup> In its order, FERC determined that WIRAB should receive funding for its Section 215(j) activities and directed WIRAB to annually develop a budget and related information for submittal through the Electric Reliability Organization (ERO) budget approval process. The Commission instructed WIRAB to develop a budget in a form similar to that specified for regional entities as set forth in Order 672.<sup>3</sup> FERC also required WIRAB to identify the portion of its funding to be received from Canada and Mexico.

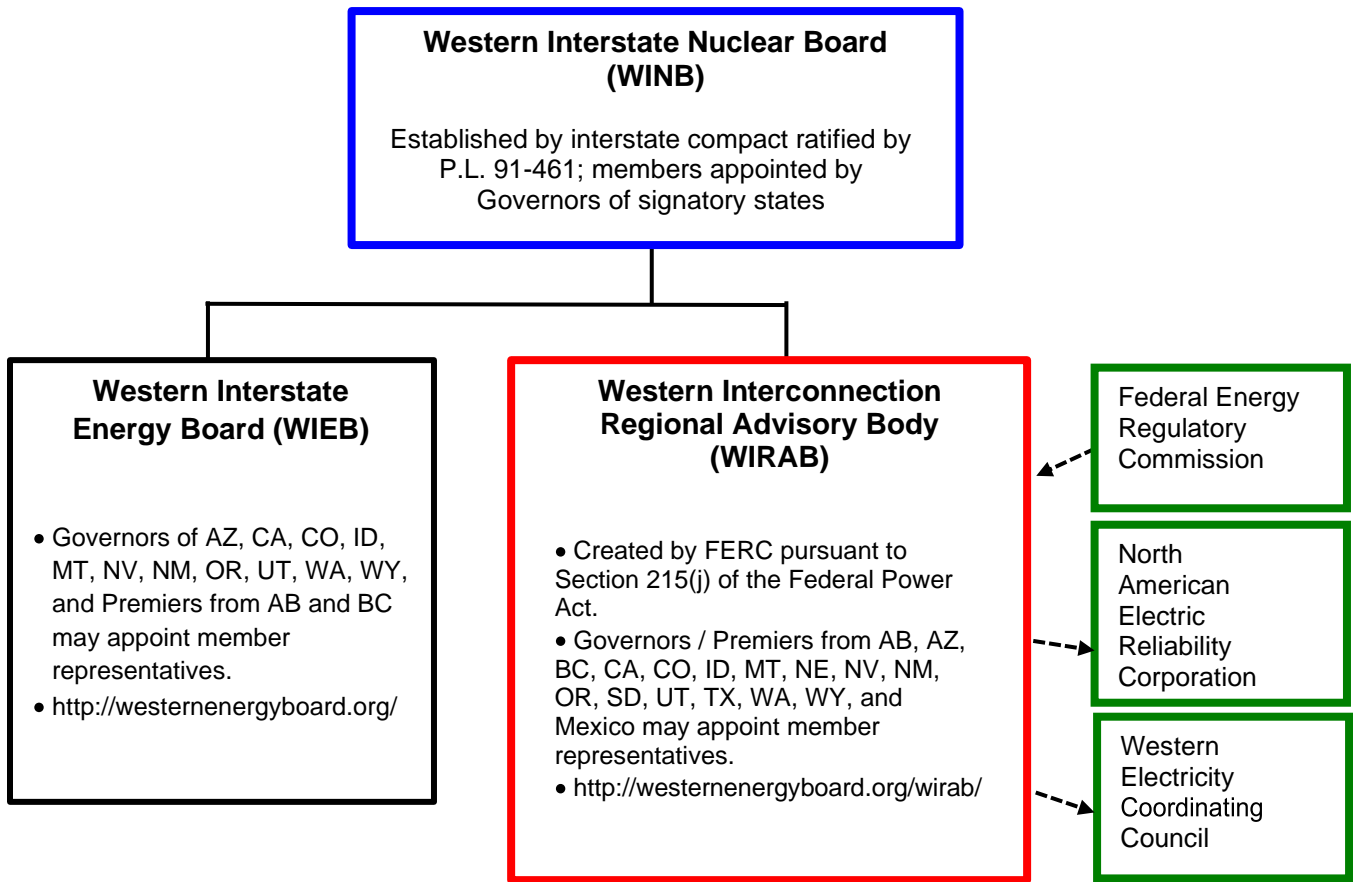
The Governors created WIRAB as a standing advisory committee to the Western Interstate Nuclear Board (WINB), which was formed pursuant to the Western Interstate Nuclear Compact, P.L. 91-461. WIRAB has the same status under the compact as the Western Interstate Energy Board (WIEB). Below is a chart that illustrates these organizational relationships.

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<sup>2</sup> Order on Petition to Establish a Regional Advisory Body for the Western Interconnection, 116 FERC ¶ 61,061, Docket No. RR06-2-000, July 20, 2006.

<sup>3</sup> Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Reliability Standards, Order 672, Docket RM05-30-000, Feb. 3, 2006, P. 228. "Each Regional Entity must submit its complete business plan, entire budget, and organizational chart to the ERO for it to submit to the Commission. The complete business plan and the entire budget will provide the Commission with necessary information about any non-statutory activities, the source of their funding, and whether the pursuit of such activities presents a conflict of interest for the Regional Entity. For a Cross-Border Regional Entity, this information will also inform the Commission as to what portion of the budget is expended upon activities within the United States."

Figure 1. Organizational Relationships



## Membership and Governance

All U.S. states with territory in the Western Interconnection (AZ, CA, CO, ID, MT, NE, NV, NM, OR, SD, TX, UT, WA, WY), the Canadian provinces of Alberta and British Columbia, and the Mexican state of Baja California are eligible to appoint members to WIRAB. Member representatives of WIRAB are appointees of the respective Governors and Premiers, or representative-designated alternates. Below is the list of current WIRAB member representatives (as of June 1, 2024):

Figure 2. WIRAB Membership List

State/Province	Name	Title/Agency	WIRAB Leadership
Alberta	Betsy Li Alward	Director, Generation, Transmission and Markets Policy, Utilities, Alberta Affordability and Utilities	
Arizona	Lea Márquez Peterson	Commissioner, Arizona Corporation Commission	Vice-Chair
British Columbia	Chris Gilmore	Executive Director, Electricity Policy Branch, Ministry of Energy, Mines and Low Carbon Innovation	
California	Siva Gunda	Vice Chair, California Energy Commission	
Colorado	James Lester	Senior Policy Lead on Transmission, Climate and Energy, Colorado Energy Office	
Idaho	Richard Stover	Administrator, Idaho Governor's Office of Energy and Mineral Resources	
Mexico	Vacant	-	
Montana	Michael Freeman	Natural Resources Policy Advisor, Montana Office of the Governor	
Nebraska	Tim Texel	Executive Director, Nebraska Power Review Board	
Nevada	Dwayne McClinton	Director, Nevada Governor's Office of Energy	
New Mexico	James Ellison	Commissioner, New Mexico Public Regulation Commission	
Oregon	Janine Benner	Director, Oregon Dept of Energy	
South Dakota	Greg Rislov	Commission Advisor, South Dakota Public Utility Commission	
Texas	Vacant	-	
Utah	Greg Todd	Executive Director, Utah Governor's Office of Energy Development	
Washington	Elizabeth Osborne	Senior Energy Policy Analyst, Washington State Energy Office	
Wyoming	Mary Throne	Chairman, Wyoming Public Service Commission	Chair

WIRAB holds two in-person meetings each year, usually in Spring and Fall. These meetings are open to the public. WIRAB also holds monthly conference calls to discuss current and emerging issues and hosts periodic webinars with presentations from subject matter experts on key electric grid reliability topics.

## Statutory Functional Scope

FERC established WIRAB as a Regional Advisory Body under section 215(j) of the FPA. The language in Section 215(j) specifically provides for WIRAB's authority to advise FERC, NERC, and WECC on whether reliability standards, budgets and fees, governance, compliance, assessments, strategic direction, and other activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory, or preferential, and in the public interest.

WIRAB's advice to FERC, NERC, and WECC can be grouped into four categories that are appropriately funded under Section 215 of the FPA, including:

1. Governance and Strategic Planning;
2. Emerging Trends and System Risks;
3. Periodic Reliability Assessments; and
4. Reliability Standards and Proactive Enforcement.

WIRAB's activities in each of these categories are described in Section A – Statutory Activities.

## 2025 Strategic Initiatives

The Western Interconnection is vital to the region's economy and its people. It serves a population of nearly 90 million people, and they are asking far more of the electric system to meet the demands of everyday life. Although energy efficiency has reduced the demand of traditional electricity uses, previously non-electrified services, such as transportation, and growing services, such as data centers, are creating new dynamic loads on the system. Traditionally, supply and demand were fairly predictable. Still, demand is growing and becoming more variable, all with greater expectations for reliable service.

The energy generation mix in the Western Interconnection that is used to meet these demands continues to evolve, driven by environmental policies, market dynamics, new technologies, and aging infrastructure. Inverter-based resources like solar photovoltaics are experiencing significant growth, particularly in California and the Desert Southwest. Plus, utility-

scale wind continues to be developed where wind resources are most available, likely requiring the addition of long transmission lines to serve population centers. Additionally, the procurement of energy storage solutions, such as batteries, is becoming increasingly vital to support the integration of weather-dependent renewable energy resources. Traditional thermal generation, such as coal, continues to retire, shifting the dynamics of the Western Interconnection and requiring new approaches to ensure system reliability.

The Western Interconnection faces ongoing challenges from extreme natural events, which require careful consideration when managing critical infrastructure. From wildfires and droughts to heatwaves and extreme cold, these environmental factors complicate utility planning and operations. Additionally, energy policymakers and regulators are increasingly factoring environmental and climate considerations into grid infrastructure decisions, highlighting the critical need to prioritize grid reliability as they adapt to meet current and future energy demands.

Transmission planning and development are critical to ensuring a reliable and resilient electric grid in the West. As the generation resource mix continues to change and the grid increases in complexity, adequate transmission infrastructure is necessary to deliver power to where it is needed most, maintain system stability, and reduce congestion. Planning and developing new transmission lines and upgrades to existing infrastructure will be essential to support the integration of new renewable energy resources and ensure grid reliability throughout the region.

Grid modernization efforts present both opportunities and challenges for the Western grid. The growing presence of rooftop solar emphasizes the need for enhanced coordination between Bulk Power System and distribution system operators. Moreover, integrating new technologies designed to increase efficiency and reliability may introduce new complexities and vulnerabilities. Further research, development, and deployment of innovative technologies and operational tools are imperative to achieve improved reliability. It is also imperative to ensure the cyber and physical security of critical grid infrastructure across the Western Interconnection.

Furthermore, the evolving structure of Western power markets introduces both challenges and opportunities for reliability. Market reforms are poised to bring significant changes to system operations, including transmission scheduling, congestion management, and reliability coordination. Additionally, regulatory frameworks aimed at ensuring resource adequacy across



extensive regions of the West are progressing, reshaping how entities demonstrate their capacity to meet customer demands consistently throughout the region.

Considering these challenges, WIRAB has identified strategic initiatives for 2025 that encourage WECC to take the lead in fostering a reliable electric grid in the Western Interconnection. By focusing on these strategic initiatives, WIRAB aims to strengthen the reliability and security of the Western Interconnection, ensuring that WECC and its stakeholders remain well-equipped to navigate the evolving energy landscape in the West.

**Initiative 1: Advise WECC to work collaboratively with the Western Power Pool and Western stakeholders in the effort to develop an investment grade transmission plan that effectively improves reliability in the Western Interconnection.**

Current transmission planning frameworks in the West lack adequate solutions to support the evolving energy grid, which faces challenges such as a changing resource mix, extreme weather impacts, and projected industrial and electrification load growth. Regional transmission planning is currently managed by NorthernGrid, WestConnect, and the CAISO to meet FERC Orders 890 and 1000 compliance for jurisdictional entities. Although these processes comply with FERC regulations, they have not led to sufficient transmission solutions and hinder the broader West from developing inter-regional transmission. To meet future grid needs, transmission planning must be more holistic and coordinated to optimize plans for a wider range of requirements.

The Western Transmission Expansion Coalition (WestTEC) is exploring a new approach for West-wide transmission planning, aiming to create an actionable transmission plan that addresses regional and inter-regional needs. This plan will be based on thorough analysis, including economic studies (production cost modeling), physical operations of the system that comply with NERC Reliability Standards, and operational flexibility (inclusive of full contingency analysis). The goal is to ensure the plan can be implemented with confidence.

WECC plays a critical role in this effort by providing data and models for the study. WECC's expertise in reliability assessments and conducting round trip analysis between production cost modeling and power flow modeling is essential for evaluating the reliability of potential future transmission plans. WECC also plans to allocate funds from Peak Reliability's dissolution to support the technical assessment. It is important that the WestTEC initiative adheres

to principles of transparency, independence, and inclusivity, while considering interconnection-wide transmission planning perspectives. WIRAB emphasizes the importance of WECC's continued involvement in decision-making to uphold these objectives and recommends regular reporting to the WECC Board and stakeholders.

Western States and Provinces are directly involved in the WestTEC effort through the Committee on Regional Electric Power Cooperation (CREPC). Still, WIRAB emphasizes the need for WECC to keep stakeholders and the WECC Board informed about the progress of this initiative. WECC should seek WIRAB's advice on how to engage most effectively in the initiative to adequately address reliability concerns from states and provinces within the Western Interconnection.

The goals of this initiative include:

- Conducting an interconnection-wide assessment of the potential need for new transmission capacity to facilitate the development of transmission and generation resources that meet reliability expectations.
- Ensuring the assessment process is transparent, independent, and inclusive, with consideration for interconnection-wide transmission planning perspectives.
- Disseminating the transmission plan to relevant stakeholders in the Western Interconnection.

To achieve these goals, WIRAB staff will:

- Monitor and participate in the WestTEC effort.
- Encourage WECC to offer its services in providing an interconnection-wide assessment of plans and development of transmission.
- Engage with state and provincial regulators and policymakers to guide WECC's involvement in WestTEC to ensure transparency, independence, and inclusivity.
- Invite WECC to share its perspective on the WestTEC effort with regulators and policymakers across the Western Interconnection.

In conclusion, improving transmission planning in the Western Interconnection is crucial for WECC and other entities to plan, operate, and maintain a reliable, affordable, and sustainable

electric grid for the region.

**Initiative 2: Advise WECC to work collaboratively with Western regulators and stakeholders to address and proactively mitigate risks associated with the uncoordinated interconnection of inverter-based resources in the Western Interconnection.**

The rapid expansion of renewable IBRs, such as wind, solar photovoltaics, and battery electric storage, is reshaping the grid and raising concerns about its reliability as traditional thermal synchronous generation is phased out. While some fossil fuel-based generation retires, a notable resource base of synchronous generation (e.g., hydro, natural gas) will remain in the West. However, the surge in renewable IBRs will push the instantaneous penetration of IBRs higher in the coming years.

It is crucial to recognize that the rise of IBRs significantly increases instantaneous penetration levels, representing the percentage of demand served by IBRs at any given moment. This rise occurs much earlier than the increase in energy levels served by IBRs, which refers to the percentage of energy delivered to customers over a year. For instance, a region may experience moments where instantaneous IBR levels reach over 80% of generating capacity, even though annual energy levels might only account for 15-20% of total energy served. Grid planners, engineers, and operators face the challenge of ensuring the reliability of a vastly more complex and variable grid.

NERC and WECC have repeatedly underscored the risks posed by abnormal IBR performance, inaccurate modeling, unreliable studies, poor commissioning practices, and the need for proactive risk mitigation. The frequency and scale of IBR-related grid events have increased rapidly, and immediate action is needed. NERC has indicated that current industry measures are insufficient to address these risks, and FERC has instructed NERC, through Order 901, to develop new or modified Reliability Standards to address gaps related to IBRs. However, these directives address only known past issues and do not anticipate future risks posed by the significant changes in grid dynamics.

In 2024, WIRAB commissioned an assessment of IBR-related risks and potential gaps in the Western Interconnection. This work aims to identify proactive measures that industry stakeholders, including utilities, system operators, WECC, state regulators, and policymakers, can

take. The assessment explores the possibility of adopting region-specific reliability standards or requirements that support the West's rapid grid transformation. The goal is to inform WIRAB Advice by identifying tangible actions to ensure reliable IBR interconnection, provide guidance for utilities and system operators, and clarify the roles of regulatory bodies in risk mitigation in the Western Interconnection.

The initiative's goals are as follows:

- Implementing WIRAB's recommendations from the IBR-related risks and gap analysis project.
- Updating interconnection requirements to ensure resources consistently and effectively connect to the bulk power system.
- Educating a broad group of stakeholders in the Western Interconnection on IBR-related risks and steps to mitigate them.

To achieve these goals, WIRAB staff will:

- Encourage WECC to collaborate with industry stakeholders to move forward the recommendations from the WIRAB IBR-related risks and gap analysis project.
- Work with WECC, NERC, and industry stakeholders to promote the adoption of performance requirements in interconnection agreements.
- Partner with WECC to educate state and provincial regulators and policymakers about the importance of supporting the stability and reliability of the Western Interconnection as IBRs are interconnected.

In conclusion, through proactive collaboration, WECC can effectively mitigate risks associated with the uncoordinated interconnection of inverter-based resources, ensuring the stability and reliability of the Western Interconnection.

**Initiative 3: Advise WECC regarding a process for ongoing assessments and prudent upgrades for inter-regional transfer capabilities in the Western Interconnection to ensure reliable power flow when the system is stressed.**

NERC is leading the Interregional Transfer Capability Study (ITCS), which assesses the

reliability of power transfers between regions within North America's interconnected transmission system. Strong and flexible transmission infrastructure is essential for dependable power supply and delivery, especially given recent changes in resource mix and extreme weather conditions.

Transmission planners currently assess connections between planning areas to evaluate maximum transfer capability and potential constraints. However, there is no uniform standard for transfer capability, which varies across the country depending on local needs and investments. The NERC ITCS, conducted in consultation with six Regional Entities, including WECC, and transmission utilities, focuses on three primary goals: evaluating current power transfer capability, recommending prudent additions for future reliability, and providing recommendations to maintain current total transfer capability.

The study, mandated by the Fiscal Responsibility Act of 2023, will be submitted to FERC by December 2, 2024, followed by a public comment period. FERC will then report to Congress with recommendations for any statutory changes, as necessary.

Once the NERC ITCS is complete, ongoing assessment of power transfer capability will be needed to adapt to evolving conditions in the Western Interconnection. Additionally, the ITCS will suggest prudent additions to support future transfer capabilities and upgrades to inter-regional transfer capabilities for future reliability and resilience. Engagement with Western states and provinces is crucial to conduct a cost-benefit analysis of the recommendations in the region to ensure necessary upgrades for maintaining reliability are implemented.

The initiative's goals include:

- Ensuring maintenance and improvement of total transfer capabilities through continuous assessment and proactive management.
- Evaluating recommended prudent additions or upgrades to inter-regional transfer capabilities to support future reliability and resilience in the Western Interconnection.
- Disseminating ITCS results to relevant stakeholders in the Western Interconnection.

To achieve these goals, WIRAB staff will:

- Review the final ITCS report and engage in the FERC comment process.

- Monitor and assess ongoing changes in the Western Interconnection to identify emerging challenges or opportunities related to inter-regional transfer capabilities.
- Advocate for continued evaluation of transfer capabilities and infrastructure improvements to support a reliable and resilient electric grid across the region.

In conclusion, the ongoing assessment and prudent enhancement of inter-regional transfer capabilities are essential for ensuring a reliable and resilient electric grid in the Western Interconnection. This initiative will help maintain the reliability and stability of the power system, ultimately supporting the region's energy needs for the future.

**Initiative 4: Advise WECC to conduct a systematic review of recent extreme weather events that have tested the grid, focusing on the challenges of maintaining grid reliability during increased demand, unexpected outages, system stress, and near-miss incidents in the Western Interconnection.**

Extreme natural events such as droughts, heat waves, cold snaps, and wildfires pose significant risks to the Western Interconnection. The region heavily depends on hydroelectric power, which comprises about 27% of its total capacity, and weather-dependent resources like wind and solar, which contribute another 18%. The performance of these resources is closely linked to precipitation and weather patterns and directly affects system reliability. Severe droughts, heat waves, cold snaps, and wildfires can quickly disrupt grid reliability, as evidenced by events such as the 2023 summer congestion in the Pacific Northwest and the Winter 2024 deep cold snap. WIRAB has hosted discussions with policymakers and industry experts on these recent power system events. These events serve as case studies to share insights on maintaining grid reliability amidst increased demand, unexpected outages, and system stress.

WECC's Event Analysis and Situational Awareness processes enhance bulk power system reliability in the Western Interconnection by providing insight and guidance through identifying and sharing valuable information with owners, operators, and users of the bulk power system. The process involves monitoring BPS conditions, significant events, and emerging threats to maintain a clear understanding of potential impacts on reliable operations.

Given that extreme natural events have frequently occurred over the past few years, WECC should conduct a systematic review of recent extreme weather events that have tested the grid,

aiming to identify commonalities and lessons to be learned. Sharing these lessons with policymakers and regulators is essential for raising awareness and improving state energy policy. As the regional entity, WECC should also share lessons from its Event Analysis and Situational Awareness Program in public briefings with Western policymakers and regulators to increase awareness of recent events and inform future public policy.

The goals of this initiative include:

- Conducting a systematic review of recent extreme weather events that have tested the grid.
- Providing periodic public briefings with Western policymakers and regulators to share lessons learned from the Event Analysis and Situational Awareness Program.
- Raising awareness among Western policymakers and regulators of the causes of system events and actions to prevent recurrence.

To achieve these goals, WIRAB staff will:

- Encourage the WECC Reliability Risk Committee and WECC's Event Analysis team to conduct a systematic review of recent extreme weather events that have tested the grid.
- Collaborate with WECC to identify potential power system events for discussion and frame information in a way that policymakers and stakeholders can understand.
- Work with WECC to share information and lessons learned with Western policymakers and stakeholders.

In conclusion, a systematic review of recent extreme weather events will be essential for enhancing grid reliability and informing future public policy. These efforts can strengthen the resilience and preparedness of the Western Interconnection to navigate challenges posed by extreme weather events.

**Initiative 5: Advise WECC to assess the reliability implications of innovative grid solutions used to maximize the potential of the existing transmission system as utilities modernize the grid in the Western Interconnection.**

One of the major challenges in integrating new resources into the Western Interconnection's electric system is the limited transmission capacity to support these resources and meet growing demand. Transmission lines in the West span vast distances to connect remote generation sites to urban centers. While new transmission projects can take decades to develop due to planning, cost allocation, siting, and permitting challenges, emerging technologies may offer solutions to optimize existing transmission lines within current rights-of-way.

According to the U.S. Department of Energy, grid-enhancing technologies (GETs) such as sensors, power flow control devices, and analytical tools can increase the transmission of electricity across existing infrastructure, improve electricity delivery efficiency using current transmission infrastructure and can provide cost savings and expedited solutions compared to constructing new power lines. Additionally, advancements in materials can make it possible for existing power lines to have more capacity while maintaining better performance at higher operating temperatures. However, the adoption of GETs, advanced conductors, and other technologies by transmission organizations and system operators has been limited due to a lack of available data and rigorous, independent testing. Utility decision-makers often rely on vendor assurances to address concerns about costs, real-world economic benefits, deployment options, usage characteristics, and challenges related to integrating new technologies with existing systems and market practices.

WECC should study the impacts of innovative grid solutions such as dynamic line ratings, advanced conductors, or HVDC systems to assess how entities can modernize the transmission system in the Western Interconnection. Through reliability assessments of different grid solutions, WECC can reveal the true potential of the western transmission system and identify potential reliability challenges associated with implementing these technologies on a larger scale.

The goals of this initiative include:

- Conducting reliability assessments involving the deployment of innovative grid solutions such as dynamic line ratings, advanced conductors, or HVDC systems to understand the reliability impacts of widespread adoption of these types of solutions.
- Evaluating assessments to understand how new technologies can support future reliability and resilience in the Western Interconnection.



- Disseminating assessment results to relevant stakeholders in the Western Interconnection.

To achieve these goals, WIRAB staff will:

- Encourage the WECC Reliability Assessment Committee and WECC's Study Program to conduct reliability assessments under different scenarios that deploy innovative grid solutions.
- Collaborate with WECC and stakeholders to identify which technologies should be considered and how to structure the study.
- Work with WECC to share the results with Western policymakers and stakeholders.

In conclusion, assessing the reliability implications of innovative grid solutions offers the potential to maximize the efficiency of the existing transmission system while ensuring reliability and resilience in the Western Interconnection. By sharing insights from these assessments, WECC can help guide policymakers and stakeholders toward informed decisions that support a reliable, modernized electric grid.

## 2025 Budget and Assessment Impacts

The WIRAB proposed budget for 2025 is \$831,561. This amount is \$69 (0.0%) higher than the amount in WIRAB's approved budget for 2024. Total proposed FTEs for 2025 are 2.60, which remains flat from 2024. The budget continues to maintain 2.0 FTEs dedicated to WIRAB activities with support from four other technical staff. WIRAB's total funding requirement is \$717,461. WIRAB's proposed funding assessment is \$715,461, a \$22,769 (3.3%) increase over the 2024 assessment. The modest assessment increase is necessary for the continuation of assessment stabilization and the prevention of major fluctuations in future budget periods. 2025 funding includes the use of working capital reserves in the amount of \$114,100

### Personnel and Indirect Expenses

Direct labor expenses (exclusive of indirect expenses) increased from \$269,892 in the 2024 Budget to \$281,826 (4.4%) in the 2025 Budget. This is attributable to standard annual cost of living and merit increases. WIRAB uses a single rate method for indirect expenses. Indirect expenses include office expenses, medical and retirement expenses as well as holiday, vacation, and sick leave for WIRAB staff. The indirect rate is the ratio between overhead expenses to direct labor allocated to WIRAB. The indirect rate decreases from 103.6% of direct labor costs in the 2024 Budget to 95.0% in the 2025 Budget. Table 2 shows personnel and indirect expenses per FTE for the approved 2024 Budget and the proposed 2025 Budget.

**Table 2. Personnel and Indirect Expense Analysis, 2024-2025**

WIRAB - Personnel and Indirect Expense Analysis 2024-2025					
STATUTORY					
	Budget 2024	Projection 2024	Budget 2025	Variance 2025 v 2024	Variance %
<b>Personnel</b>					
Direct Labor	\$ 269,892	\$ 269,892	\$ 281,826	\$ 11,934	4.4%
FTEs	2.60	2.60	2.60	-	0.0%
Cost per FTE	\$ 103,805	\$ 103,805	\$ 108,395	\$ 4,590	4.4%
<b>Indirect</b>					
Indirect Rate	103.6%	95.1%	95.0%		-8.3%
Indirect Expense	\$ 279,600	\$ 256,532	\$ 267,735	\$ (11,865)	-4.2%
FTEs	2.60	2.60	2.60	-	0.0%
Cost per FTE	\$ 107,538	\$ 98,666	\$ 102,975	\$ (4,564)	-4.2%
Average Total Cost per FTE			\$ 105,685		

### Meeting Expense

Meeting costs remained flat at \$101,500 in the proposed 2025 budget. WIRAB will hold two major in-person meetings per year that include participation by state/provincial agencies with electric power responsibilities in the Western Interconnection. Wherever feasible, WIRAB meetings will be coordinated with other meetings of the Western states and provinces. Webinars on topics of concern will continue to be utilized between in-person meetings. WIRAB also conducts monthly conference calls to update members on current activities and to develop positions on reliability issues in the Western Interconnection.

### Travel Expense

Travel costs remain flat at \$80,500. WIRAB members' travel to biannual meetings and reliability conferences accounts for \$42,400. WIRAB staff travel to attend meetings of WIRAB, WECC and NERC accounts for \$38,100. Hotel and travel costs are based on experience from previous years and in consideration of continued economic conditions.

### Consultants and Contracts

The 2024 budget includes \$100,000 in contract funding for technical expertise on issues related to improved grid operating practices, reliability standards and compliance; the same amount is budgeted for 2025. This expertise will assist WIRAB in preparing and providing technically-sound advice to be submitted to the FERC, NERC, and WECC as authorized under Section 215(j).

Table 3. Budget Comparison 2024 to 2025

WIRAB - Statement of Activities and Change in Working Capital 2024 Budget & Projection, and 2025 Budget							
STATUTORY							
	2024 Budget	2024 Projection	Variance 2024 Projection v 2024 Budget		2025 Budget	Variance 2025 Budget v 2024 Budget	
			Over(Under)	% Change		Over(Under)	% Change
<b>Funding</b>							
<b>WIRAB Funding</b>							
Assessments	\$ 692,692	\$ 692,692	\$ -	0.0%	\$ 715,461	\$ 22,769	3.3%
Penalty Sanctions	-	-	-	-	-	-	-
<b>Total WIRAB Funding</b>	<b>\$ 692,692</b>	<b>\$ 692,692</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 715,461</b>	<b>\$ 22,769</b>	<b>3.3%</b>
Membership Dues	-	-	-	-	-	-	-
Interest	1,000	2,000	\$ 1,000	100.0%	2,000	\$ 1,000	100.0%
Miscellaneous	-	-	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 693,692</b>	<b>\$ 694,692</b>	<b>\$ 1,000</b>	<b>0.1%</b>	<b>\$ 717,461</b>	<b>\$ 23,769</b>	<b>3.4%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Direct Labor	269,892	269,892	-	0.0%	281,826	\$ 11,934	4.4%
Payroll Taxes	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-
Retirement Costs	-	-	-	-	-	-	-
<b>Total Personnel Expenses</b>	<b>\$ 269,892</b>	<b>\$ 269,892</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 281,826</b>	<b>\$ 11,934</b>	<b>4.4%</b>
<b>Meeting Expenses</b>							
WIRAB Meetings	\$ 101,500	\$ 98,000	\$ (3,500)	-3.4%	\$ 101,500	\$ -	0.0%
State Travel	42,400	42,400	\$ -	0.0%	42,400	\$ -	0.0%
Staff Travel	38,100	35,000	\$ (3,100)	-8.1%	38,100	\$ -	0.0%
			\$ -		\$ -	\$ -	
<b>Total Meeting Expenses</b>	<b>\$ 182,000</b>	<b>\$ 175,400</b>	<b>\$ (6,600)</b>	<b>-3.6%</b>	<b>\$ 182,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Operating Expenses</b>							
Consultants & Contracts	\$ 100,000	\$ 100,000	\$ -	0.0%	\$ 100,000	\$ -	0.0%
Office Rent	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Direct Expenses</b>	<b>\$ 551,892</b>	<b>\$ 545,292</b>	<b>\$ (6,600)</b>	<b>-1.2%</b>	<b>\$ 563,826</b>	<b>\$ 11,934</b>	<b>2.2%</b>
<b>Indirect Expenses</b>	<b>\$ 279,600</b>	<b>\$ 256,532</b>	<b>\$ (23,068)</b>	<b>-8.3%</b>	<b>\$ 267,735</b>	<b>\$ (11,865)</b>	<b>-4.2%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>TOTAL BUDGET (B)</b>	<b>\$ 831,492</b>	<b>\$ 801,824</b>	<b>\$ (29,668)</b>	<b>-3.6%</b>	<b>\$ 831,561</b>	<b>\$ 69</b>	<b>0.0%</b>
<b>CHANGE IN WORKING CAPITAL (=A-B)<sup>1</sup></b>	<b>\$ (137,800)</b>	<b>\$ (107,132)</b>	<b>\$ 30,668</b>	<b>-</b>	<b>\$ (114,100)</b>	<b>\$ 23,700</b>	<b>-</b>
<b>FTEs</b>	<b>2.60</b>	<b>2.60</b>	<b>-</b>	<b>0.0%</b>	<b>2.60</b>	<b>-</b>	<b>0.0%</b>

<sup>1</sup> Fixed Asset included in Indirect Expenses.

## Statutory Assessments

WIRAB's proposed funding assessment of \$715,461 is allocated at \$611,657 (85.5%) to the U.S. portion; and \$103,804 (14.5%) to the Canadian portion.

## Key Assumptions

The WIRAB 2025 Business Plan and Budget is based on the following assumptions:

- There will be no significant expansion of the FERC responsibilities as a result of legislation or administrative actions.
- There is a minor expansion of NERC and WECC responsibilities due to FERC Order 901 requiring NERC to develop new or modify Reliability Standards to Address Inverter-Based Resources.
- WIRAB will monitor reliability coordination activities at the RC West, SPP, the AESO, and BC Hydro.
- WIRAB will monitor resource adequacy and transmission planning activities at the Western Power Pool.
- WIRAB will hold two in-person meetings in 2025.
- WIRAB will organize and sponsor webinars and workshops on key reliability issues for WIRAB members, state and provincial representatives, industry representatives, and other interested stakeholders.
- WIRAB will attend all WECC Board of Directors and Member Advisory Committee (MAC) meetings.
- WIRAB will attend select NERC meetings and workshops on relevant topics.
- WIRAB will annually visit with FERC in its offices.
- WIRAB will monitor all FERC business meetings.
- WIRAB will attend FERC technical conferences on reliability issues.

## Section A – Statutory Activities

### 2025 Business Plan and Budget

WIRAB’s advice to the FERC, NERC, and WECC can be grouped into four categories that are appropriately funded under Section 215 of the FPA:

1. **Governance and Strategic Planning:** Section 215(j) of the FPA authorizes WIRAB to provide advice to the FERC on the governance, strategic direction, budget, and fees of WECC.
2. **Emerging Trends and System Risks:** WIRAB must maintain awareness of system conditions, emerging trends, and system risks in order to provide effective and technically sound advice regarding the strategic direction of the FERC, NERC, and WECC. WIRAB also uses knowledge of emerging trends and risks to provide advice to WECC on reliability readiness activities and proactive compliance efforts. These activities are appropriately funded under Section 215(j) of the FPA.
3. **Periodic Reliability Assessments:** Section 215(g) of the FPA requires NERC to conduct periodic assessments of the reliability and adequacy of the BPS. WECC assists NERC in performing this statutory activity. WIRAB works closely with WECC to improve reliability and resource adequacy assessments in the Western Interconnection.
4. **Reliability Standards and Proactive Enforcement:** Section 215(j) of the FPA authorizes WIRAB to provide advice to the FERC on whether reliability standards are just, reasonable, not unduly discriminatory, or preferential, and in the public interest. WIRAB works closely with WECC to identify emerging problems or conditions that should be considered in the course of requesting, drafting, and voting on amendments to existing standards and in developing new standards.

WIRAB’s activities in each of these categories are described in the following subsections.

## Governance and Strategic Planning

Section 215(j) of the FPA authorizes WIRAB to advise the FERC, NERC, and the regional entity (i.e., WECC) on the governance, strategic direction, budget, and fees of WECC. To inform WIRAB on governance matters, the WIRAB staff engages with the WECC Board of Directors, management, Technical Committees, Joint Guidance Committee, and Member Advisory Committee (MAC). Through this engagement, WIRAB monitors developments related to WECC's organizational governance, strategic direction, and business plan and budget. This engagement informs WIRAB's efforts to evaluate the effectiveness and efficiency of operations at WECC and to ensure that all "activities conducted pursuant to Section 215 are just, reasonable, not unduly discriminatory or preferential, and in the public interest."

The WIRAB staff also conducts open monthly meetings with WIRAB Members. During these teleconference meetings, WIRAB staff provides WIRAB Members, WECC's Class 5 Representatives (i.e., representatives of state and provincial governments), and other interested stakeholders with regular updates on current and upcoming activities at WECC and other reliability topics in the Western Interconnection. These meetings provide WIRAB Members with an opportunity to develop and review WIRAB's written Advice. During these webinars, the WIRAB staff also provides opportunities for WECC staff to engage with and discuss governance-related activities with WIRAB Members. WIRAB provides WECC with Advice with a single common voice from the states and provinces on operational practices and performance, annual business plans and budgets, strategic planning, committee charters, proposed bylaw amendments, fees, and other matters.

Additionally, WIRAB is deeply involved in WECC's quinquennial organizational review required by Section 4.9 of the WECC Bylaws. Once the organizational review is completed, WIRAB monitors and participates in the implementation of the recommendations that the WECC Board develops during the organizational review. WIRAB and the WIRAB staff will continue to engage with WECC and to provide Advice and guidance to the organization as appropriate.

## Emerging Trends and System Risks

WIRAB staff engages in the following ongoing activities in order to provide independent

expert advice on emerging reliability trends and system risks:

***Event Analysis and Situational Awareness:***

Understanding important operational issues confronting the BPS today, as well as in the past, is key to maintaining and improving reliability in the Western Interconnection. Event analysis and situational awareness matters should be discussed in open and transparent forums, when appropriate. These types of discussions bring together utility operators, who deal with these types of issues on a day-to-day basis, with thought leaders to provide different perspectives that can add value to tackling reliability challenges. It is important to share lessons learned and to promote best practices to ensure that system operators have access to the tools and knowledge necessary to maintain a reliable grid in real-time.

WIRAB members and the WIRAB staff engage in relevant discussions and activities by attending and participating in WECC's technical committee meetings, monitoring the western Reliability Coordinators, and monitoring reliability activities in other forums. The WIRAB staff also provides leadership by conducting educational webinars and develops panel sessions for WIRAB's in-person meetings. These outreach opportunities are designed to promote discussions among Western regulators, policymakers, and other stakeholders regarding emerging trends and risks associated with system events.

***Expanding Market Operations:***

Organized markets continue to expand in the Western Interconnection. The California Independent System Operator (CAISO) Western Energy Imbalance Market (WEIM) continues to gain new participants, and the CAISO will soon offer day-ahead market services to WEIM participants (Extended Day-Ahead Market, or EDAM). The Southwest Power Pool (SPP) is also offering market services, including Western Energy Imbalance Services (WEIS), to Balancing Authorities (BAs) and Transmission Operators (TOPs) within the Western Interconnection with expanding services through its Market+ initiative. Some western utilities are also exploring joining SPP's full RTO. Additionally, discussions are occurring through the West-Wide Governance Pathways Initiative to explore a viable path to electricity market inclusive of all western states, with independent governance. These market reforms could result in significant changes to system operations (e.g., transmission scheduling, congestion management, etc.) and create new reliability



challenges and opportunities for the Western Interconnection. The Western Power Pool's Western Resource Adequacy Program (WRAP) is underway, and when it moves to fully binding operations it will allow Western participants to coordinate resource adequacy requirements necessary to maintain reliability.

The WIRAB staff monitors market reform efforts in the Western Interconnection and provides a forum for discussions about reliability-related issues associated with developing multiple markets in the Western Interconnection. The WIRAB staff monitors and participates in forums that are exploring these reliability issues associated with markets taking place at public utility commissions, regional TOP meetings, and ISO/RTO workshops. Additionally, the WIRAB staff engages in relevant WECC technical committee meetings and activities, such as those of WECC's Reliability Risk Committee. WIRAB will continue to provide advice to WECC and to make recommendations as appropriate on reliability challenges and opportunities associated with expanding market operations in the Western Interconnection.

### ***Essential Reliability Services:***

As the resource mix continues to change, some reliability services that have traditionally been provided by synchronous generating resources may not be available to the same extent in the future as the BPS is becoming increasingly reliant on variable inverter-based resources. The electric utility industry must examine alternative opportunities to provide these essential reliability services and develop practices today that support ongoing BPS reliability under a new paradigm. Inverter-based resources, specifically solar PV generation, have historically been regarded as unable to provide grid supporting services, such as frequency support and voltage control, traditionally provided by synchronous resources. However, new power electronic technologies available through advanced inverters and other grid-enhancing technologies now enable inverter-based generation to provide grid support similar to synchronous generators if programmed correctly. FERC Order 901, which requires NERC to develop new or modify Reliability Standards to Address Inverter-Based Resources, will address reliability gaps related to inverter-based resources in data sharing, model validation, planning and operational studies, and performance requirements. The West has been at the forefront of the inverter-based resource issue, so there may still be a need for additional policies and practices to account for emerging technologies to support grid reliability in the future in the Western Interconnection.

WIRAB Members and the WIRAB staff develop expertise by attending, participating in, and monitoring WECC's Technical Committees, NERC's Reliability Issues Steering Committee (RISC), Reliability and Security Technical Committee (RSTC), the FERC's Reliability Technical Conferences, and other forums within the industry. WIRAB provides advice on policies regarding the risks associated with the provision of essential reliability services in the Western Interconnection. Additionally, WIRAB leverages subject matter expertise via consultant projects to educate and inform WIRAB Advice. WIRAB staff also provide periodic outreach webinars and develop panel sessions for WIRAB's in-person meetings to discuss emerging trends. These forums provide an opportunity to inform Western policymakers and other interested stakeholders of the emerging risks associated with the changing resource mix and the importance of maintaining essential reliability services in the Western Interconnection.

### **Periodic Reliability Assessments**

Assessing the reliability implications of a changing resource mix is a high priority for WIRAB. WIRAB strives for WECC to produce high-quality assessments that address the reliability implications of the changing resource mix in the Western Interconnection over a 10- to 20-year timeframe to inform policymaking in the West. Production cost modeling can identify the economic dispatch of a potential new resource mix for every hour over a future year and identify critical hours of system stress. Power flow analysis then examines these critical stress hours for traditional reliability parameters. The integrated use of production cost modeling and power flow analysis will be essential for future reliability assessments of the Western Interconnection.

Additionally, the Western Power Pool (WPP), through its Western Transmission Expansion Coalition (WestTEC) initiative, is undertaking a collaborative, West-wide effort aimed at formulating an actionable transmission plan to cater to the future energy grid's requirements. A West-wide transmission plan will have significant reliability implications that require adherence to principles of transparency, independence, and inclusivity, with due consideration for interconnection-wide transmission planning perspectives. WECC is considering contributing both time and money to support this effort.

WIRAB will monitor the WestTEC initiative and Advise WECC in its participation in the effort. Additionally, WIRAB monitors, advises, and participates in WECC's RAC to promote

improved reliability assessments of the Western Interconnection. WIRAB will encourage and support the RAC in its efforts to integrate WECC's data and modeling capability to perform roundtrip reliability assessments that combine power flow analysis and production cost modeling. WIRAB will also monitor, engage, and communicate findings on leading research about the integration of variable energy resources into the Western Interconnection, such as the work of NERC's Inverter- Based Resource Subcommittee. WIRAB maintains a non-voting member status of the Energy Systems Integration Group where WIRAB Staff engage in technical working groups and workshops to discuss emerging issues, which helps to inform WIRAB's advice to WECC. Further, WIRAB staff monitors and engages with National Laboratories, academic and industry trade organizations such as the Institute of Electrical and Electronics Engineers (IEEE), registered entity activities, and other forums investigating the flexibility and reliability of the power system. WIRAB also provides outreach to Western states and provinces on the policy implications associated with new research.

## Reliability Standards and Proactive Enforcement

WIRAB staff engages in the following ongoing activities in order to provide independent expert advice on the development and proactive enforcement of reliability standards:

### *Operations and Planning Reliability Standards:*

Reliability standards were created to provide the minimum requirements for planning and operating the electric grid. The compliance and enforcement of these reliability standards ensure there is oversight and accountability of BPS owners and operators to maintain system-wide reliability. Reliability standards must be strict enough to guarantee that system reliability is maintained, but flexible enough to respond to the changing industry. It is essential to develop and review reliability standards to ensure they effectively preserve reliability while not being overly burdensome on the entities required to comply.

WIRAB staff develops WIRAB advice on the development and proactive enforcement of reliability standards by contracting with subject matter experts with direct knowledge of the efficacy of reliability standards and the burden of compliance on regulated entities. WIRAB staff attends, participates, or monitors WECC's Technical Committee meetings, WECC's Standards Committee meetings, WECC's Reliability and Security Workshop, NERC's standard development process, and

other industry forums. When necessary, WIRAB provides written advice to WECC, NERC and the FERC on the implementation of specific standards within the Western Interconnection. WIRAB staff also conduct educational webinars and in-person panel discussions for WIRAB's meetings to consider emerging trends that may require changes to reliability standards in the Western Interconnection.

***Physical and Cyber Security:***

The electric grid's physical and cyber security continues to represent issues of growing concern in the Western Interconnection and across the ERO. The Western Interconnection has experienced physical and cyber incidents that have potentially impacted system reliability. Experiences worldwide demonstrate there is a greater threat to the electric grid reliability related to physical and cyber security. The Critical Infrastructure Protection (CIP) standards provide a baseline level set of requirements for registered entities to maintain the protection of critical assets of the BPS. The CIP standards must be risk-based to ensure that critical assets are protected while maintaining the flexibility to respond to the changing nature of potential threats. It is essential to develop and review the CIP standards to effectively preserve reliability while not being overly burdensome on the entities required to comply.

WIRAB stays abreast of significant incidents that have compromised both the physical and cyber security of the grid through secure briefings and updates from security experts. WIRAB works with WECC and subject matter experts to educate regulators on the steps registered entities take to maintain the physical and cyber security of the grid. WIRAB continues to monitor the development of NERC's CIP standards and will provide advice when appropriate. WIRAB continues to observe NERC's GridEx exercises, which allow utilities to demonstrate how they would respond to coordinated cyber and physical security events. WIRAB encourages entities to broadly share lessons learned and best practices across the Western Interconnection.

## Section B – Supplementary Financial Information

### 2025 Business Plan and Budget

#### Working Capital Reserve

WIRAB projects it will have a working capital reserve of \$613,000 on December 31, 2024, as compared to a desired working capital reserve on December 31, 2025, of \$498,900. The surplus working capital reserve results in a \$114,100 reduction in WIRAB's funding requirement for 2025.

In its 2018 Business Plan and Budget, WIRAB changed its reserve policy to stabilize statutory assessments while reducing its surplus financial reserve over several budget cycles. The FERC allows WIRAB to carry a financial reserve under the proviso that any excess reserves be used to offset future assessments. WIRAB's funding assessments are calculated nine months in advance of each budget year. This assessment is fixed, meaning that, once approved, it cannot be decreased or increased mid-year to match actual expenses more closely. The financial reserve allows for some budgetary flexibility.

Table B-1. Working Capital Reserve Analysis 2024 – 2025

WIRAB - Working Capital Reserve Analysis 2024-2025	
STATUTORY	
<b>Beginning Working Capital Reserve (Deficit), December 31, 2023</b>	720,130
Plus: 2024 Funding (from LSEs or designees)	692,692
Plus: 2024 Other funding sources	2,000
Minus: 2024 Projected expenses & capital expenditures	(801,824)
<b>Projected Working Capital Reserve (Deficit), December 31, 2024</b>	<b><u>613,000</u></b>
<b>Desired Working Capital Reserve, December 31, 2025</b>	498,900
Minus: Projected Working Capital Reserve, December 31, 2024	(613,000)
<b>Increase(decrease) in funding requirement to achieve Working Capital Reserve</b>	<b><u>(114,100)</u></b>
2025 Expenses and Capital Expenditures	831,561
Less: Penalty Sanctions	0
Less: Other Funding Sources	(2,000)
Adjustment: To achieve desired Working Capital Reserve	(114,100)
<b>2025 NERC Assessment</b>	<b><u>715,461</u></b>

Table B-2. 2024 Budget with 2025 &amp; 2026 Projections

WIRAB - Statement of Activities and Change in Working Capital							
STATUTORY							
	2024	2025	Variance		2026	Variance	
	Budget	Projection	2025 Projection v 2024 Budget Over(Under)	% Change	Projection	2026 v 2025 Projections Over(Under)	% Change
<b>Funding</b>							
<b>WIRAB Funding</b>							
Assessments	\$ 692,692	\$ 715,461	\$ 22,769	3.3%	\$ 741,000	\$ 25,539	3.6%
Penalty Sanctions	-	-	-	-	-	-	-
<b>Total WIRAB Funding</b>	<b>\$ 692,692</b>	<b>\$ 715,461</b>	<b>\$ 22,769</b>	<b>3.3%</b>	<b>\$ 741,000</b>	<b>\$ 25,539</b>	<b>3.6%</b>
Membership Dues	-	-	-	-	-	-	-
Testing Fees	-	-	-	-	-	-	-
Services & Software	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-
Interest	1,000	2,000	\$ 1,000	100.0%	2,000	\$ -	0.0%
Miscellaneous	-	-	-	-	-	-	-
<b>Total Funding (A)</b>	<b>\$ 693,692</b>	<b>\$ 717,461</b>	<b>\$ 23,769</b>	<b>3.4%</b>	<b>\$ 743,000</b>	<b>\$ 25,539</b>	<b>3.6%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Direct Labor	269,892	281,826	11,934	4.4%	293,100	\$ 11,274	4.0%
Payroll Taxes	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-
Retirement Costs	-	-	-	-	-	-	-
<b>Total Personnel Expenses</b>	<b>\$ 269,892</b>	<b>\$ 281,826</b>	<b>\$ 11,934</b>	<b>4.4%</b>	<b>\$ 293,100</b>	<b>\$ 11,274</b>	<b>4.0%</b>
<b>Meeting Expenses</b>							
WIRAB Meetings	\$ 101,500	\$ 101,500	\$ -	0.0%	\$ 104,500	\$ 3,000	3.0%
State Travel	\$ 42,400	\$ 42,400	\$ -	0.0%	\$ 43,700	\$ 1,300	3.1%
Staff Travel	\$ 38,100	\$ 38,100	\$ -	0.0%	\$ 39,200	\$ 1,100	2.9%
<b>Total Meeting Expenses</b>	<b>\$ 182,000</b>	<b>\$ 182,000</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 187,400</b>	<b>\$ 5,400</b>	<b>3.0%</b>
<b>Operating Expenses</b>							
Consultants & Contracts	\$ 100,000	\$ 100,000	\$ -	0.0%	\$ 100,000	\$ -	0.0%
Office Rent	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Total Direct Expenses</b>	<b>\$ 551,892</b>	<b>\$ 563,826</b>	<b>\$ 11,934</b>	<b>2.2%</b>	<b>\$ 580,500</b>	<b>\$ 16,674</b>	<b>3.0%</b>
<b>Indirect Expenses</b>	<b>\$ 279,600</b>	<b>\$ 267,735</b>	<b>\$ (11,865)</b>	<b>-4.2%</b>	<b>\$ 278,400</b>	<b>\$ 10,665</b>	<b>4.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>TOTAL BUDGET (B)</b>	<b>\$ 831,492</b>	<b>\$ 831,561</b>	<b>\$ 69</b>	<b>0.0%</b>	<b>\$ 858,900</b>	<b>\$ 27,339</b>	<b>3.3%</b>
<b>CHANGE IN WORKING CAPITAL (=A-B)<sup>1</sup></b>	<b>\$ (137,800)</b>	<b>\$ (114,100)</b>	<b>\$ 23,700</b>	<b>-</b>	<b>\$ (115,900)</b>	<b>\$ (1,800)</b>	<b>-</b>
<b>FTEs</b>	<b>2.60</b>	<b>2.60</b>	<b>-</b>	<b>0.0%</b>	<b>2.60</b>	<b>-</b>	<b>0.0%</b>

<sup>1</sup> Fixed Asset included in Indirect Expenses.

WIRAB projects a 0.0% increase to its annual budget in 2025 and a 3.3% increase in 2026. These increases and decreases reflect standard annual changes in indirect expense, expected cost-of-living adjustments to personnel expenses for employees, personnel allocations, and meeting expenses.

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## **Section C – Non-Statutory Activities**

### **2025 Business Plan and Budget**

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WIRAB does not engage in non-statutory activities.



## Section D – Additional Consolidated Financial Statements

### 2025 Business Plan and Budget

#### Statement of Financial Position

Table D-1 provides WIRAB’s Statement of Financial Position as of the following dates:

- As of June 30, 2023, per audit
- As of December 31, 2024, projected
- As of December 31, 2025, as budgeted

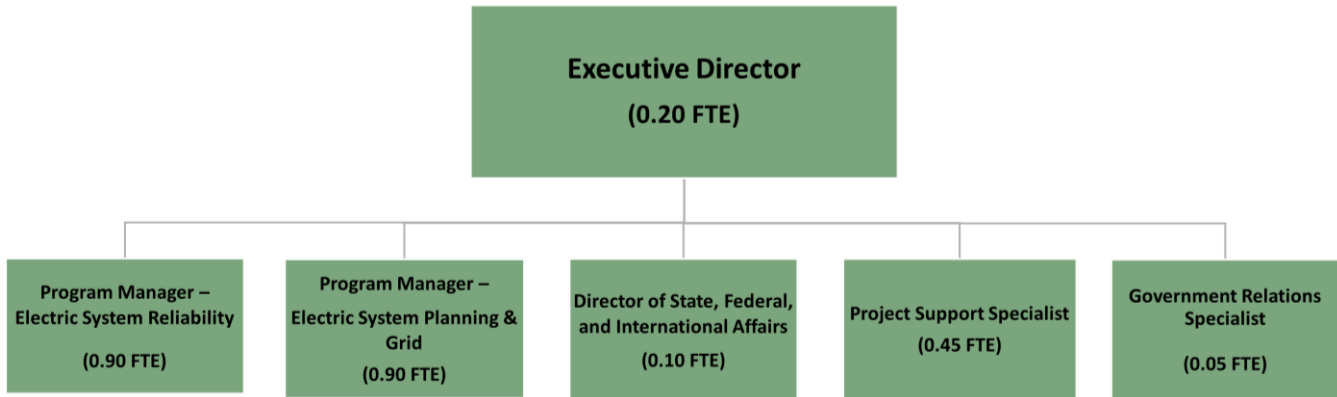
**Table D-1. Statement of Financial Position, Three-Year Comparison**

WIRAB - Statement of Financial Position			
STATUTORY			
	As of June 30, 2023 (Audit)	As of December 31, 2024 (Projected)	As of December 31, 2025 (Budgeted)
<b>Assets</b>			
Cash and Investments	\$ 917,471	\$ 613,000	\$ 498,900
<b>Total Assets</b>	<b>\$ 917,471</b>	<b>\$ 613,000</b>	<b>\$ 498,900</b>

# Appendix A – Organization Chart

## 2025 Business Plan and Budget

The WIRAB Staff Organization Chart is shown below.



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**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 10**

**NERC MANAGEMENT'S RESPONSES  
TO STAKEHOLDER COMMENTS SUBMITTED  
ON POSTED DRAFT OF NERC'S  
2025 BUSINESS PLAN AND BUDGET**

Re: Management Response to Comments on the Draft NERC 2025 Business Plan and Budget

Date: August 5, 2024

The deadline for comments on the draft NERC 2025 Business Plan and Budget (BP&B) ended on June 26, 2024. Four comment submissions were received, which are posted on [NERC's website](#). Overall, the comments received were constructive and generally supportive. Major themes of the comments included the following:

- Expressed support for the three-year planning cycle
- Concern with the rate of increases
- Request for more detail on technology investments
- Questions on the need for FTE increases

NERC appreciates the comments received and has reviewed and discussed them with the NERC Board of Trustees (Board) Finance and Audit Committee (FAC), the Member Representatives Committee (MRC) BP&B Input Group, and representatives of the Trades and Forums. While we don't see the comments driving any materials changes to the final 2025 BP&B, we value the input of our stakeholders and will continue to provide ongoing, transparent information on the progress and benefits of our investments. We'd also like to provide the following directly in response to the comments received:

- We are experiencing an absolute step-change with the complex risk environment surrounding our industry and the challenges that come with it.
- For NERC, this means an increased volume of work with more critical timelines, more complex issues requiring new capabilities and expertise, and a more diverse stakeholder base with different objectives. For example:
  - In the past, NERC created less than 9 new standards revisions a year on well understood topics. Currently, we have 33 new standards in development that are technically complex and require more collaboration with industry.
  - Today, we have approximately 1,800 registered entities and we will be adding 200-400 more non-traditional entities as a result of the inverter-based resources registration initiative.
  - Our reliability assessments will require more in-depth and expanded analysis and will include more data and analysis, like transmission capability and frequency response, to address resource adequacy.

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- The volume and sophistication of attacks continues to increase, which requires us to have the expertise to monitor, analyze, defend, and keep things running, with no tolerance for down time.
- It has become critical for NERC to ensure we have the right resources in place to address these new demands.
- We recognize the need to manage the level of budget increases, and subject to the next three-year plan (2026–2028), our preliminary projections for 2026 and 2027 show a downward trend in the rate of annual budget and assessment increases as initiatives shift from Sustainability “right-sizing” efforts to Energy and Security.
- NERC’s three-year planning process includes a rigorous prioritization and resource planning exercise, and work is underway on our next three-year plan (2026–2028). We also must acknowledge that the nature of our work is mandated and performed within the context of our statutory obligations.
- Regarding some specific comments NERC’s people and technology resources and investments:
  - Two recent hires in our technical areas have deep natural gas expertise.
  - One of NERC’s strategic focus areas for the 2023-2025 plan is Sustainability. This includes how we create a sustainable organization that is supported with a succession planning framework for assured continuity of business operations.
  - We acknowledge the comment and request for more detail on some of our technology investments, and we will be discussing the best way to make this information available and describe further how these projects will support our reliability initiatives.

NERC appreciates the comments received on the 2025 BP&B and greatly values the advisory role of the MRC BP&B Input Group and their guidance through the process. The proposed final 2025 BP&B will be posted in advance of the Board’s August 14–15, 2024, meetings as part of the material for the August 14 FAC open meeting on the NERC website.

We are all facing a moving target on priorities as the grid grows ever-more complex. Our role as the ERO is to shine the light on any challenges on the grid—now and for the future—and our focus remains on the strategic thematic areas as part of our 2023–2025 plan: **Energy, Security, Agility, and Sustainability**. We understand that cost increases are never welcomed, regardless of the benefits they may provide, and we vow to continue being good stewards for the effective and efficient use of our resources.

Sincerely,



Andy Sharp  
Vice President and Chief Financial Officer

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**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 11**

**CALCULATION OF ADJUSTMENTS TO  
AESO 2025 NERC ASSESSMENT,  
IESO 2025 NERC ASSESSMENT,  
NEW BRUNSWICK 2025 NERC ASSESSMENT,  
QUEBEC 2025 NERC ASSESSMENT**

**2025 AESO Assessment Adjustment**  
**Credit for NERC Compliance Costs**

	<u>2025 NERC Final Budget</u>	<u>AESO NEL Share (2023) 1.285%</u>	<u>% Credit</u>	<u>AESO Credit</u>
<b>NERC Compliance Program Budget</b>				
Compliance Assurance and Certification	\$ 12,400,630			
Registration	3,073,338			
Enforcement	9,284,731			
<b>Total Compliance Costs, including Fixed Assets</b>	<u>\$ 24,758,699</u>	<u>\$ 318,164</u>	<b>99%</b>	<u>\$ 314,982</u>
				<u>\$ 314,982</u>
				<u>\$ 297,878</u>
				<u>\$ 17,104</u>
<b>2025 Assessment</b>				
2025 NERC Assessment	\$ 1,144,038			
2025 RE Assessment (WECC & WIRAB)	1,041,325			
<b>Total 2025 Assessment</b>	<u>\$ 2,185,363</u>			
<b>2024 Assessment</b>				
2024 NERC Assessment	\$ 991,521			
2024 RE Assessment (WECC & WIRAB)	1,250,413			
<b>Total 2024 Assessment</b>	<u>\$ 2,241,934</u>			
<b>Change in Total Assessment</b>	<b>\$ (56,571)</b>			
	<b>-2.5%</b>			
<b>Change in NERC Assessment</b>	<b>\$ 152,517</b>			
	<b>15.4%</b>			

**2025 IESO Assessment Adjustment  
Credit for NERC Compliance Costs**

	<u>2025 NERC Final Budget</u>	<u>IESO NEL Share (2023) 2.981%</u>	<u>% Credit</u>	<u>IESO Credit</u>
<b>NERC Compliance Program Budget</b>				
Compliance Assurance and Certification	\$ 12,400,630			
Registration	3,073,338			
Enforcement	9,284,731			
<b>Total Compliance Costs, including Fixed Assets</b>	<u>\$ 24,758,699</u>	<u>\$ 738,006</u>	<b>95%</b>	<u>\$ 701,106</u>
				<u>\$ 701,106</u>
				<u>\$ 639,626</u>
				<u>\$ 61,480</u>
<b>2025 Assessment</b>				
2025 NERC Assessment	\$ 2,512,928			
2025 RE Assessment	3,231,628			
<b>Total 2025 Assessment</b>	<u>\$ 5,744,556</u>			
<b>2024 Assessment</b>				
2024 NERC Assessment	\$ 2,245,644			
2024 RE Assessment	2,899,487			
<b>Total 2024 Assessment</b>	<u>\$ 5,145,131</u>			
<b>Change in Total Assessment</b>	<b>\$ 599,425</b>			
				<b>11.7%</b>
<b>Change in NERC Assessment</b>	<b>\$ 267,284</b>			
				<b>11.9%</b>



**2025 New Brunswick Assessment Adjustment**  
**Credit for NERC Compliance Costs**

	<b>2025 NERC Final Budget</b>	<b>NB NEL Share (2023) <u>0.319%</u></b>	<b>% Credit</b>	<b><u>New Brunswick Credit</u></b>
<b>NERC Compliance Program Budget</b>				
Compliance Assurance and Certification	\$ 12,400,630			
Registration	3,073,338			
Enforcement	9,284,731			
<b>Total Compliance Costs, including Fixed Assets</b>	<b>\$ 24,758,699</b>	<b>\$ 78,886</b>	<b>95%</b>	<b>\$ 74,942</b>
				<b>\$ 74,942</b>
				<b>\$ 69,068</b>
				<b>\$ 5,874</b>
<b>2025 Assessment</b>				
2025 NERC Assessment	\$ 270,519			
2025 RE Assessment	718,435			
<b>Total 2024 Assessment</b>	<b>\$ 988,954</b>			
<b>2024 Assessment (before amendment)</b>				
2024 NERC Assessment	\$ 242,487			
2024 RE Assessment	592,250			
<b>Total 2023 Assessment</b>	<b>\$ 834,738</b>			
<b>Change in Total Assessment</b>	<b>\$ 154,216</b>			
				<b>18.5%</b>
<b>Change in NERC Assessment</b>	<b>\$ 28,032</b>			
				<b>11.6%</b>

## 2025 Quebec Assessment Adjustment

### Credit for NERC Compliance Costs

	2025 NERC Final Budget	Quebec NEL Share (2023)	75%	Quebec Credit	Costs Paid by Quebec	Payment Allocation	
		4.189%				Regie	Hydro Quebec
<b>NERC Compliance Program Budget</b>							
Compliance Assurance and Certification	\$ 12,400,630						
Registration	3,073,338						
Enforcement	9,284,731						
<b>Total Compliance Costs, including Fixed Assets</b>	<b>\$ 24,758,699</b>	<b>\$ 1,037,076</b>		<b>\$ 777,807</b>	<b>\$ 259,269</b>	<b>\$ 1,500</b>	<b>\$ 257,769</b>
<b>2025 Total compliance cost share and credits</b>		<b>\$ 1,037,076</b>		<b>\$ 777,807</b>	<b>\$ 259,269</b>	<b>\$ 1,500</b>	<b>\$ 257,769</b>
<b>2024 Total cost share and credits</b>		<b>\$ 930,372</b>		<b>\$ 697,779</b>	<b>\$ 232,593</b>	<b>\$ 1,500</b>	<b>\$ 231,093</b>
<b>Change from 2024</b>		<b>\$ 106,704</b>		<b>\$ 80,028</b>	<b>\$ 26,676</b>	<b>\$ -</b>	<b>\$ 26,676</b>
<b>2025 Assessment</b>							
2025 NERC Assessment	\$ 3,763,816					\$ 1,500	\$ 3,762,316
2025 RE Assessment	5,427,219					2,424,265	3,002,954
<b>Total 2025 Assessment</b>	<b>\$ 9,191,035</b>					<b>\$ 2,425,765</b>	<b>\$ 6,765,270</b>
<b>2024 Assessment</b>							
2024 NERC Assessment	\$ 3,289,166					\$ 1,500	\$ 3,287,666
2024 RE Assessment	4,633,835					1,891,621	2,742,214
<b>Total 2024 Assessment</b>	<b>\$ 7,923,001</b>					<b>\$ 1,893,121</b>	<b>\$ 6,029,880</b>
<b>Change in Total Assessment</b>	<b>\$ 1,268,034</b>					<b>\$ 532,644</b>	<b>\$ 735,390</b>
	<b>16.0%</b>					<b>28.1%</b>	<b>12.2%</b>
<b>Change in NERC Assessment</b>	<b>\$ 474,650</b>						
	<b>14.4%</b>						

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**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 12**

**MEMORANDUM FOR NERC BOARD OF TRUSTEES  
DESCRIBING NERC'S PARTICIPATION  
IN PREPARATION OF AND REVIEW OF  
REGIONAL ENTITY 2025 BUSINESS PLANS AND BUDGETS**

To: NERC Board of Trustees

From: Andy Sharp

Re: NERC Review of Regional Entity 2025 Business Plans & Budgets (BP&Bs)

Date: June 27, 2024

NERC has reviewed the Regional Entity 2025 BP&Bs and believes each provides for adequate resources to meet its delegated functions. Additional details on the review process and outcomes are discussed below.

In accordance with 18 C.F.R. Section 39.4, Rules of Procedure Section 1104, and Exhibit E of the regional delegation agreements, NERC oversees that the Regional Entities are adequately funded to accomplish their delegated functions. For each annual BP&B cycle, the Regional Entities submit their BP&Bs to NERC according to a schedule established collaboratively by NERC and the Regional Entities, and NERC conducts reviews of each, focusing on the following:

- Adequacy of the resources and activities to perform delegated functions;
- Alignment of the Regional Entity's activities with ERO goals, objectives, and strategic focus areas;
- Efforts to improve efficiency and control costs;
- Quality and completeness of the financial information presented, including:
  - Conformance with FERC budget reporting requirements and common presentation format;
  - Separation of statutory and non-statutory activities;
  - Supporting detail, including explanations for significant changes from the previous budget;
  - Reporting of reserve budgets and explanation of policies; and
  - Compliance with any budget or audit-related orders from FERC, if applicable.

These reviews generally occur according to the following timeline and process for each BP&B cycle:

- End of April/early May – Regional Entities provide their draft BP&Bs to NERC
- May through early June – Managerial staff from each NERC statutory program area reviews its respective sections of each Regional Entity BP&B and completes a template/checklist to indicate alignment with the above noted areas of focus. NERC Finance staff reviews for conformance to reporting requirements and presentation format. NERC also coordinates reviews of the Regional Entity BP&Bs with counsel who prepares the annual BP&B filing to provide feedback regarding overall document integrity and adherence to FERC expectations and requirements.
  - NERC provides any necessary feedback to the Regional Entity on suggested revisions.
  - Regional Entities address feedback and NERC confirms implementation of revisions.

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- Mid-May through June – Regional Entities provide their BP&Bs to their boards for approval.
- Mid-June – Regional Entities submit their Net Energy for Load and Load-Serving Entity (LSE) data to NERC.
- Mid-June through July – NERC validates the data and calculates assessments for each LSE to be included with the submission of the final NERC and Regional Entity BP&Bs to the Board in August, followed by applicable regulatory filings.

The above process is in addition to regular touchpoints with the ERO Finance Group (comprised of NERC and Regional Entity financial representatives) to discuss and coordinate development of the BP&Bs, as well as ongoing discussions among the other ERO working groups and ERO Executive Committee.

In recent years, this review process has produced minimal feedback to the Regional Entities, as resources are generally found to be adequate with respect to Regional Entities fulfilling their delegated statutory functions. Any input has primarily been limited to suggestions on narrative language or, from the financial perspective, ensuring alignment in the presentation of financial tables. Any areas of improvement for the Regional Entities regarding activities, processes, and procedures are addressed through ongoing Regional Entity oversight and the collaborative work of the ERO Executive Committee and its working groups.

NERC recently completed reviews of the Regional Entity 2025 BP&Bs. The following is a summary of the review findings and outcomes.

- All Regional Entity budgets cover activities eligible for funding, consistent with the regional delegation agreements as well as section 215 criteria.
- All statutory areas for all Regional Entities have adequate resources to fulfill their delegated functions. Any considerations for specific areas are being addressed through ongoing Regional Entity oversight processes.
- All Regional Entities conform to necessary budget reporting and format requirements.
- Other minor wording change suggestions.

Of additional note, in 2023 through the beginning of 2024, the ERO Finance Group worked to evaluate opportunities for the BP&B document and developed a set of recommendations to streamline and improve the value of the BP&B. This was shared and agreed to by FERC staff, and the recommendations were implemented with a new format for the 2025 BP&Bs. Both NERC and the Regional Entities have expressed an increase in efficiency in developing the BP&B document for the 2025 budget cycle.

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**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 13**

**METRICS COMPARING  
REGIONAL ENTITY OPERATIONS  
BASED ON  
THE 2025 BUDGETS**

**2025 Metrics for Budget Submissions**

Budget Metrics	MRO	NPCC <sup>6</sup>	ReliabilityFirst	SERC	Texas RE	WECC
1 Number of registered entities <sup>1</sup>	245	237	314	293	353	453
2 Number of registered functions	617	496	594	740	601	1,080
3 Total NEL (GWh)	510,331	617,521	853,353	1,323,812	444,684	850,783
4 NEL (GWh) per registered entity	2,083	2,606	2,718	4,518	1,260	1,878
5 Total ERO Funding <sup>2</sup>	\$ 25,871,053	\$ 24,592,831	\$ 31,395,522	\$ 34,519,655	\$ 19,599,882	\$ 33,020,400
6 ERO Funding per registered entity	\$ 105,596	\$ 103,767	\$ 99,986	\$ 117,815	\$ 55,524	\$ 72,893
7 ERO Funding per registered function	\$ 41,930	\$ 49,582	\$ 52,854	\$ 46,648	\$ 32,612	\$ 30,574
8 Total Budget <sup>3</sup>	\$ 26,751,333	\$ 25,685,104	\$ 33,373,022	\$ 35,351,088	\$ 20,294,882	\$ 39,325,357
9 Total Budget per registered entity	\$ 109,189	\$ 108,376	\$ 106,284	\$ 120,652	\$ 57,493	\$ 86,811
10 Total Budget per registered function	\$ 43,357	\$ 51,784	\$ 56,184	\$ 47,772	\$ 33,769	\$ 36,412
11 Total Statutory FTE <sup>4</sup>	83.00	77.20	101.00	115.00	72.00	175.00
12 Registered entity per Statutory FTE	2.952	3.070	3.109	2.548	4.903	2.589
13 Registered function per Statutory FTE	7.434	6.425	5.881	6.435	8.347	6.171
14 Total CMEP Budget <sup>5</sup>	\$ 16,633,515	\$ 15,085,000	\$ 24,057,000	\$ 22,689,156	\$ 15,391,000	\$ 21,348,588
15 CMEP budget per registered entity	\$ 67,892	\$ 63,650	\$ 76,615	\$ 77,437	\$ 43,601	\$ 47,127
16 CMEP budget per registered function	\$ 26,959	\$ 30,413	\$ 40,500	\$ 30,661	\$ 25,609	\$ 19,767
17 Total CMEP FTE	38.78	38.75	56.00	50.20	41.75	77.00
18 Registered entity per CMEP FTE	6.3	6.1	5.6	5.8	8.5	5.9
19 Registered function per CMEP FTE	15.9	12.8	10.6	14.7	14.4	14.0

<sup>1</sup> As of June 2024.

<sup>2</sup> ERO Funding is the sum of Assessments and Penalty Release funds only. (Excludes funding such as Membership Dues, Testing Fees, Services & Software, Workshops, Interest, and Miscellaneous.)

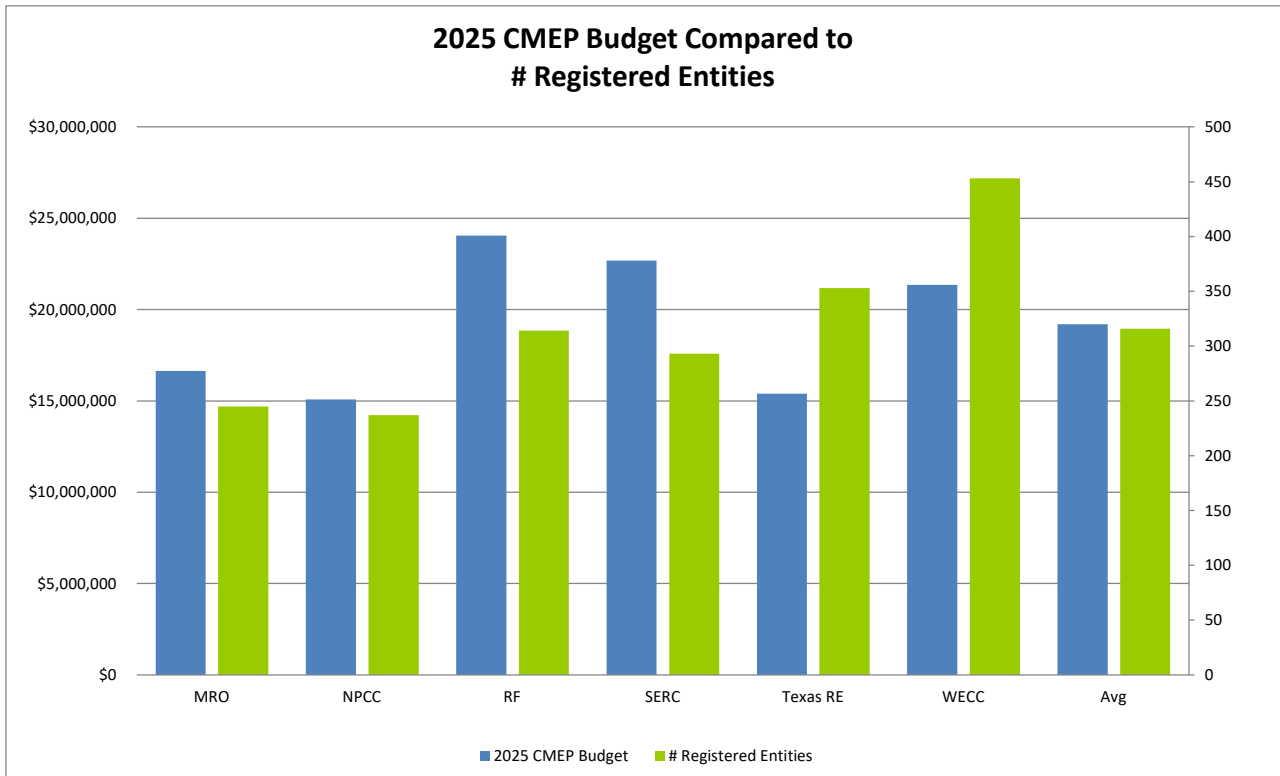
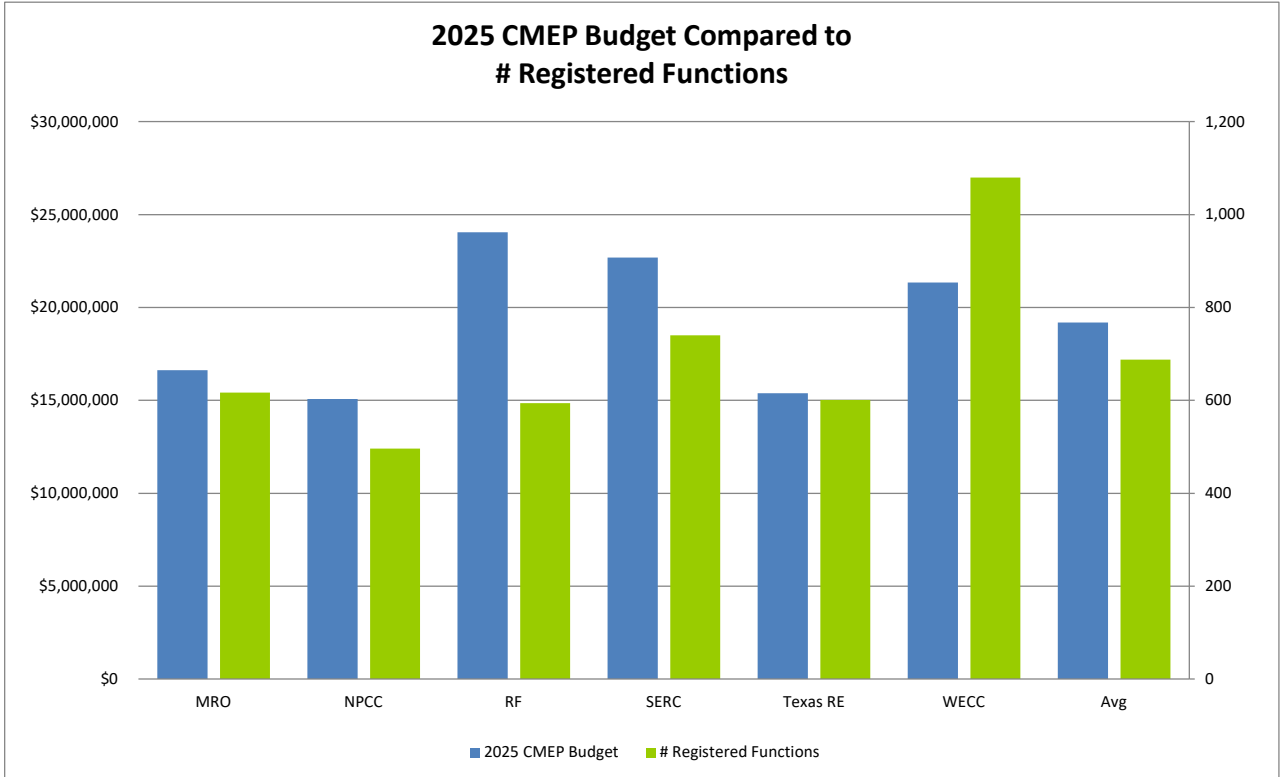
<sup>3</sup> Total Budget is the sum of Total Expenses and Fixed Asset Expenditures.

<sup>4</sup> Each FTE that works 2,080 hours per year is counted as one FTE. An FTE working less than the 2,080 hours per year is counted as a fractional FTE.

<sup>5</sup> Total CMEP (Compliance, Enforcement, & Organization Registration and Certification) Budget is a sum of Direct Expenses, Indirect Expenses, and Fixed Asset Expenditures.

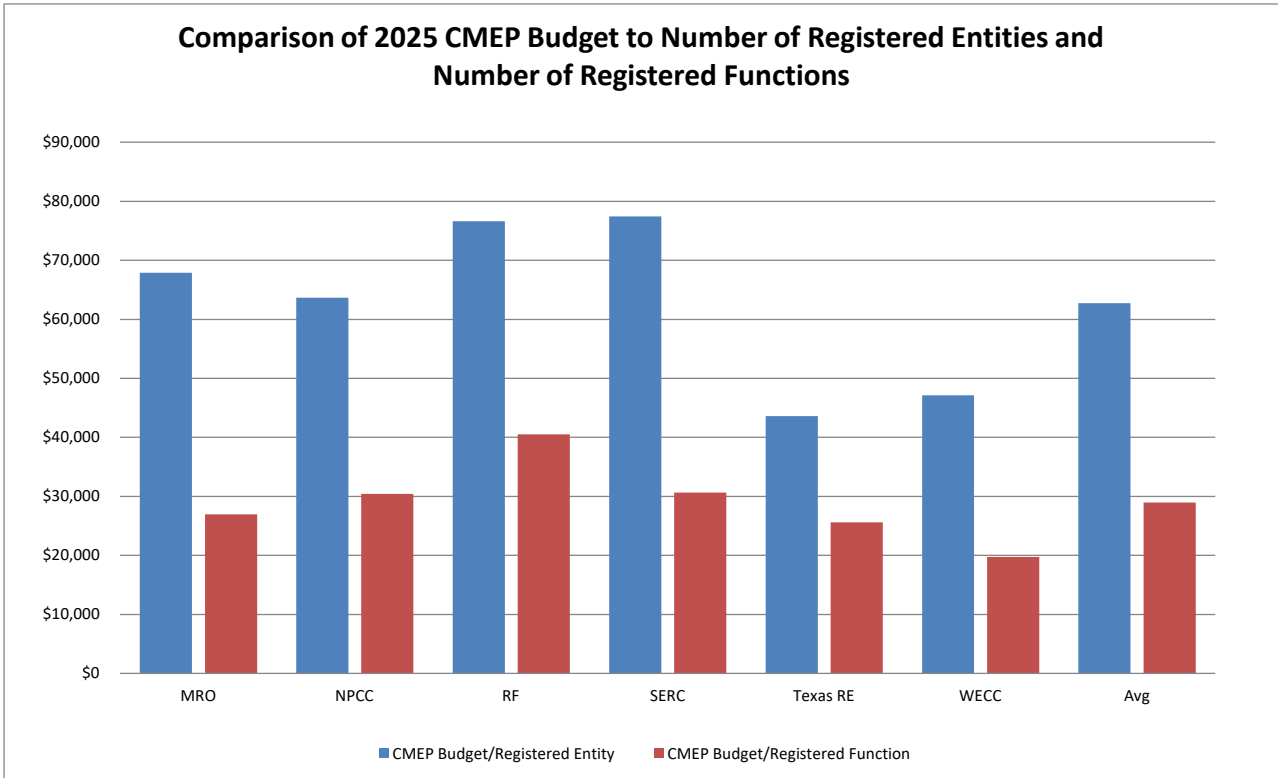
<sup>6</sup> Due to the specifics of the compliance program included in the individual provincial MOUs for cross-border regional entities, some of these metrics are not directly comparable.

	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2025 CMEP Budget	\$16,633,515	\$15,085,000	\$24,057,000	\$22,689,156	\$15,391,000	\$21,348,588	\$19,200,710
# Registered Entities	245	237	314	293	353	453	316
# Registered Functions	617	496	594	740	601	1,080	688

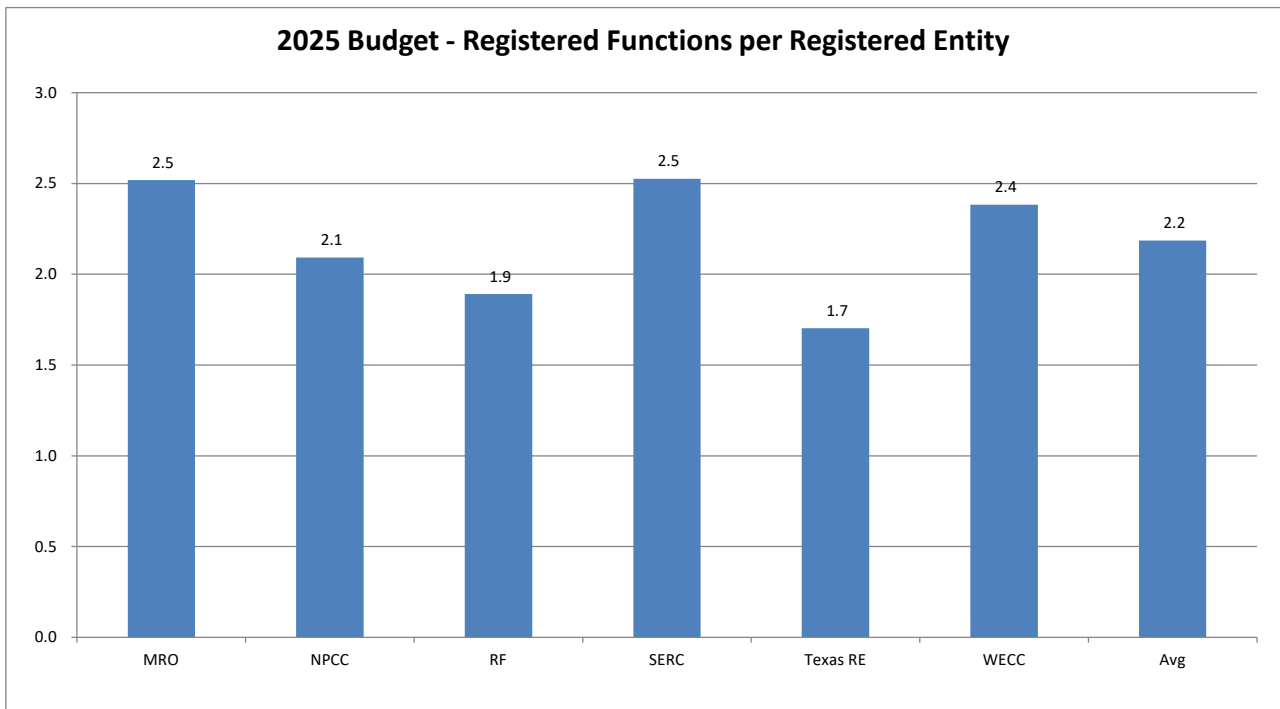




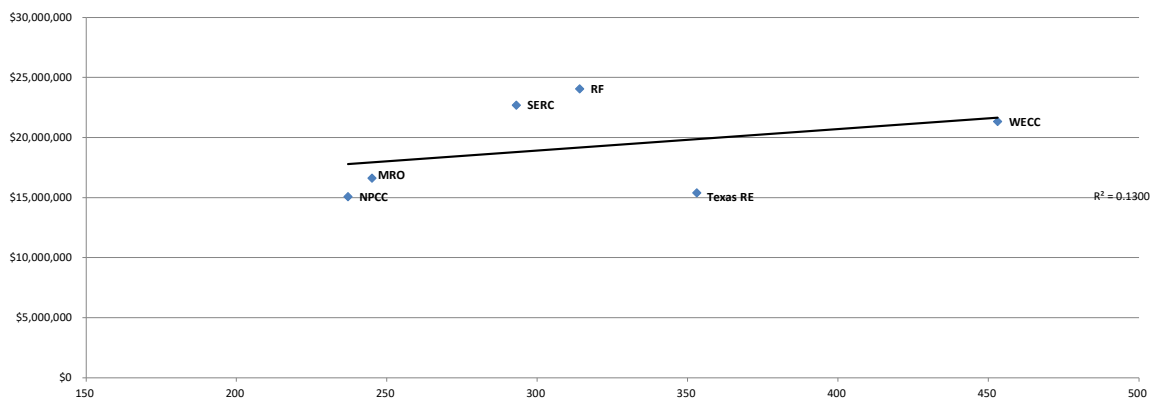
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
CMEP Budget/Registered Entity	\$67,892	\$63,650	\$76,615	\$77,437	\$43,601	\$47,127	\$62,720
CMEP Budget/Registered Function	\$26,959	\$30,413	\$40,500	\$30,661	\$25,609	\$19,767	\$28,985



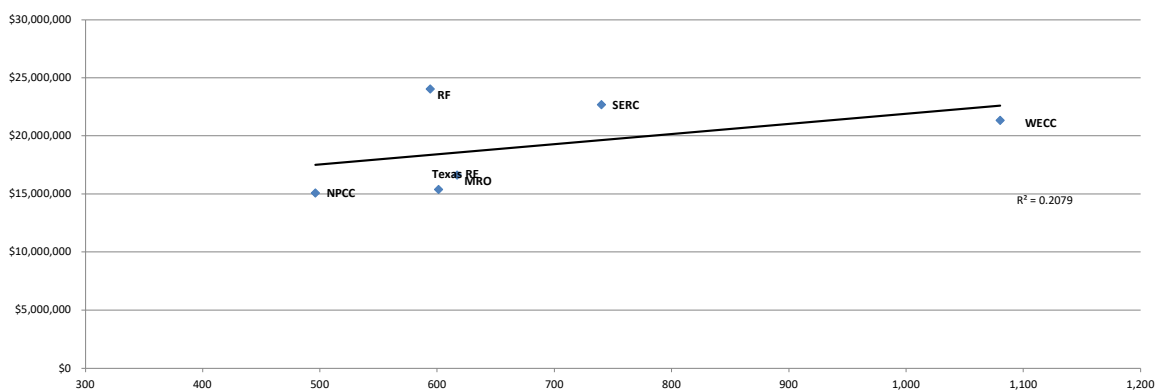
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
Registered Functions per Registered Entity 2025 Budget	2.5	2.1	1.9	2.5	1.7	2.4	2.2



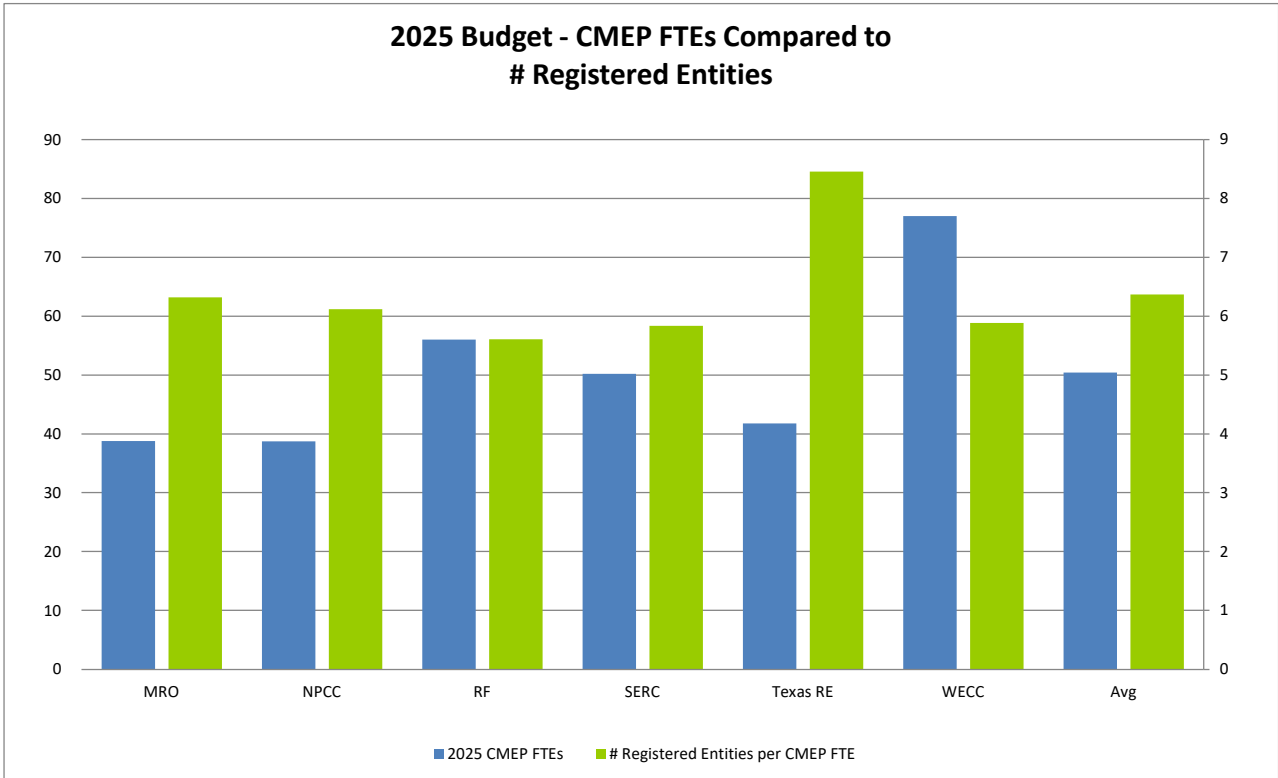
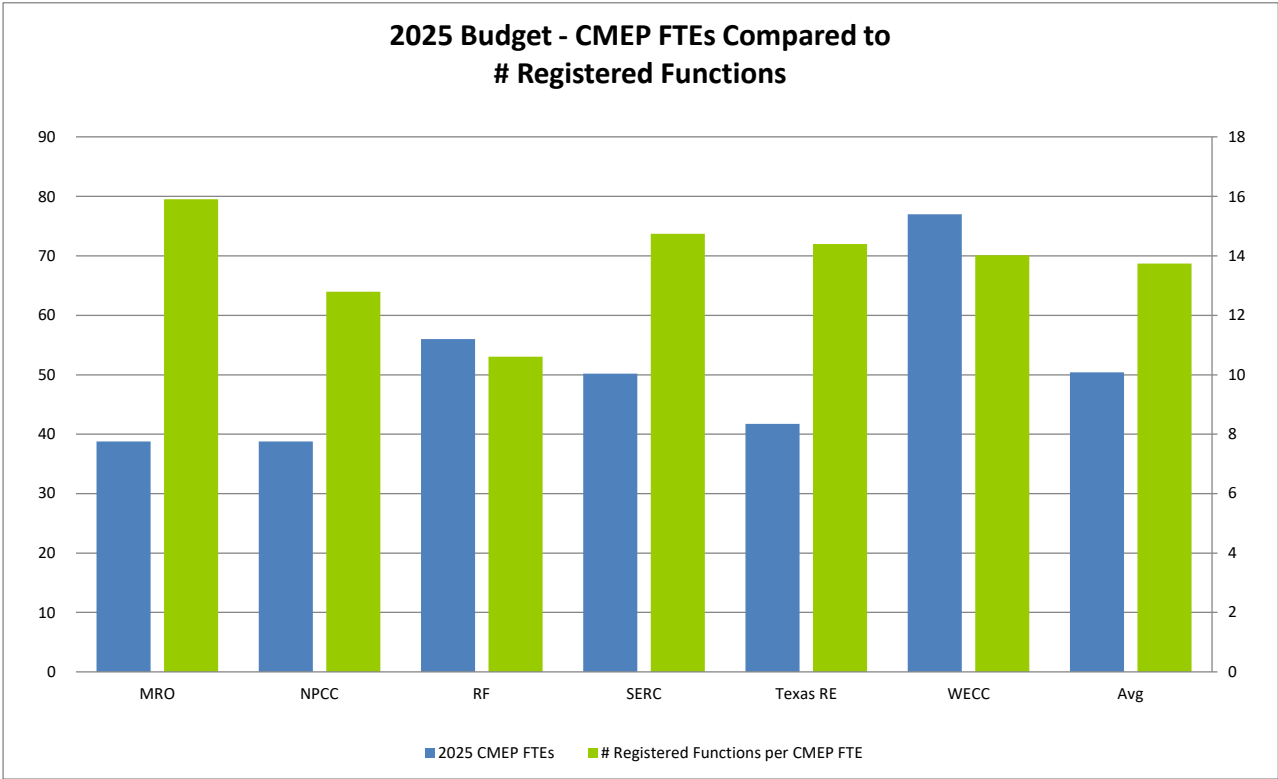
**Regional Entity 2025 CMEP Budget as Function of Number of Registered Entities**



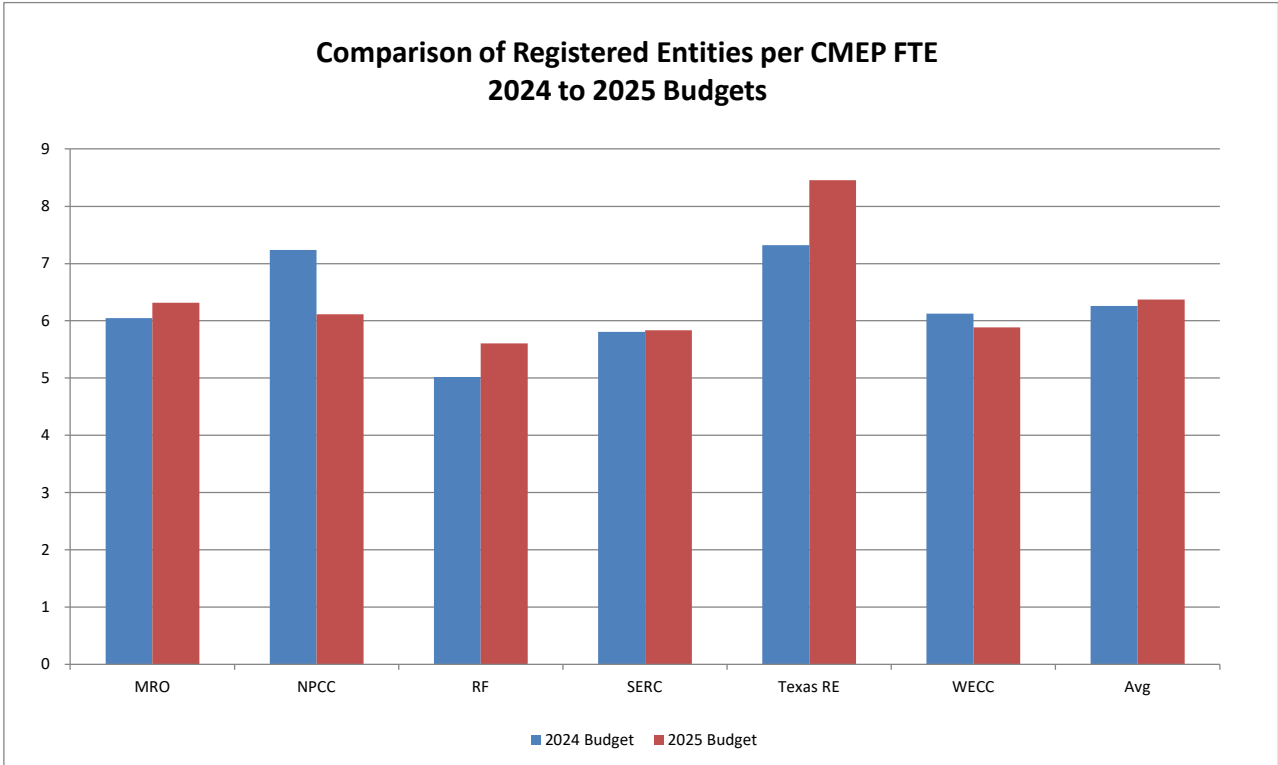
**Regional Entity 2025 CMEP Budget as Function of Number of Registered Functions**



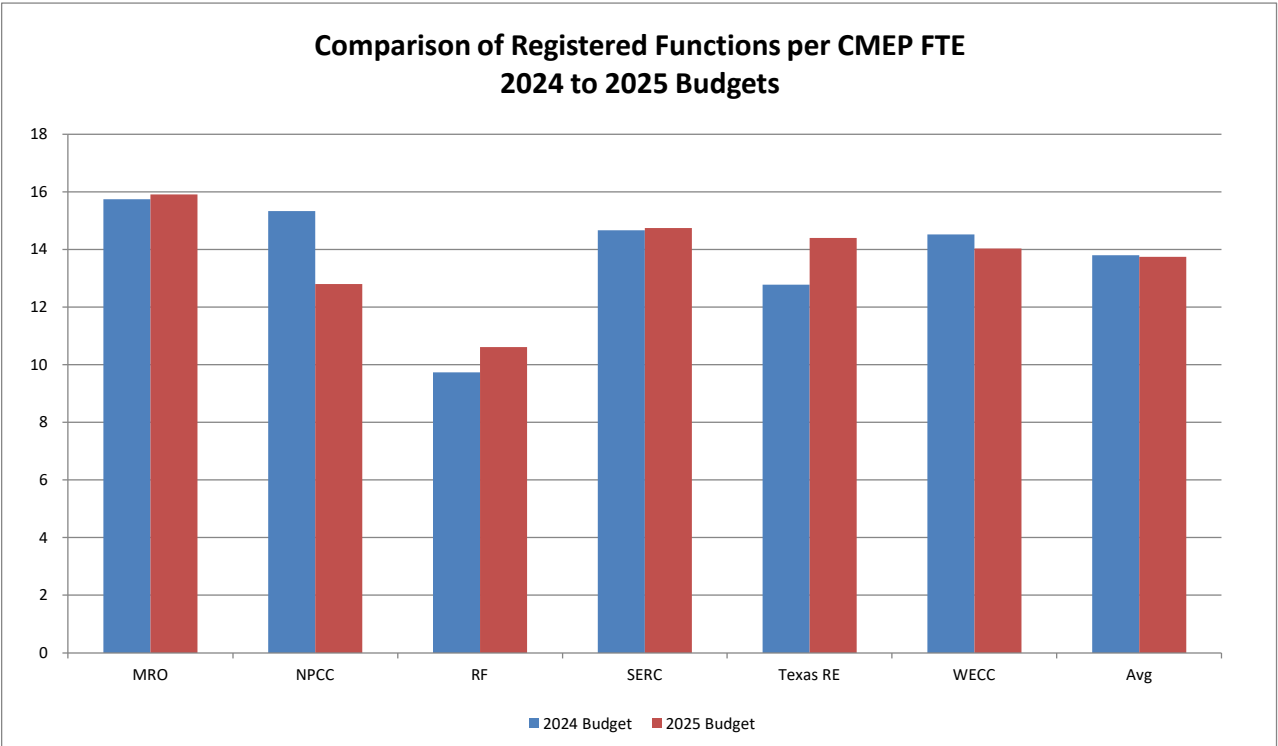
	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2025 CMEP FTEs	38.78	38.75	56.00	50.20	41.75	77.00	50.41
# Registered Entities per CMEP FTE	6.3	6.1	5.6	5.8	8.5	5.9	6.4
# Registered Functions per CMEP FTE	15.9	12.8	10.6	14.7	14.4	14.0	13.7



	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2024 Budget	6.0	7.2	5.0	5.8	7.3	6.1	6.3
2025 Budget	6.3	6.1	5.6	5.8	8.5	5.9	6.4



	MRO	NPCC	RF	SERC	Texas RE	WECC	Avg
2024 Budget	15.7	15.3	9.7	14.7	12.8	14.5	13.8
2025 Budget	15.9	12.8	10.6	14.7	14.4	14.0	13.7



**DOCKET NO. RR24-\_\_-000**

**NORTH AMERICAN ELECTRIC RELIABILITY  
CORPORATION**

**2025 BUSINESS PLAN AND BUDGET FILING**

**ATTACHMENT 14**

**METRICS ON NERC AND REGIONAL ENTITY**

**ADMINISTRATIVE (INDIRECT) COSTS**

**BASED ON**

**THE 2024 AND 2025 BUDGETS**

Analysis of Indirect (Corporate Services) Costs  
2025 Budget versus 2024 Budget

2024 BUDGET						2025 BUDGET						
Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory Budget	Ratio of Statutory Direct Budget to Indirect Budget		Total Statutory Budget	Total Statutory Direct Budget	Total Statutory Indirect Budget	% Statutory Indirect Budget to Total Statutory Budget	Ratio of Statutory Direct Budget to Indirect Budget		
\$ 113,620,945	\$ 64,681,259	\$ 48,939,686	43.1%	1.32	NERC	\$ 122,994,669	\$ 70,218,993	\$ 52,775,676	42.9%	1.33		
24,884,445	15,245,455	9,638,990	38.7%	1.58	MRO	26,751,333	16,950,592	9,800,741	36.6%	1.73		
22,086,765	14,548,352	7,538,413	34.1%	1.93	NPCC	25,685,104	17,206,117	8,478,987	33.0%	2.03		
31,324,535	20,875,036	10,449,499	33.4%	2.00	RF	33,373,022	22,228,989	11,144,033	33.4%	1.99		
31,999,954	17,131,644	14,868,310	46.5%	1.15	SERC	35,351,088	20,068,821	15,282,267	43.2%	1.31		
19,157,925	10,712,397	8,445,528	44.1%	1.27	Texas RE	20,294,882	10,944,827	9,350,055	46.1%	1.17		
\$ 35,404,795	\$ 23,909,570	\$ 11,495,225	32.5%	2.08	WECC	39,325,357	27,485,360	11,839,997	30.1%	2.32		
				38.9%	1.62	AVERAGE					37.9%	1.70

2024 BUDGETED FTEs						2025 BUDGETED FTEs						
Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs		Total Statutory FTEs	Total Statutory Direct FTEs	Total Statutory Indirect FTEs	Indirect FTE as % of Total FTE	# Direct to Indirect Statutory FTEs		
251.14	159.38	91.76	36.5%	1.74	NERC	263.51	169.36	94.16	35.7%	1.80		
80.00	59.37	20.63	25.8%	2.88	MRO	83.00	62.39	20.61	24.8%	3.03		
68.10	51.55	16.55	24.3%	3.11	NPCC	77.20	59.65	17.55	22.7%	3.40		
98.00	72.00	26.00	26.5%	2.77	RF	101.00	75.00	26.00	25.7%	2.88		
111.00	71.25	39.75	35.8%	1.79	SERC	115.00	73.25	41.75	36.3%	1.75		
70.00	53.25	16.75	23.9%	3.18	Texas RE	72.00	53.25	18.75	26.0%	2.84		
168.00	127.50	40.50	24.1%	3.15	WECC	175.00	132.50	42.50	24.3%	3.12		
				28.1%	2.66	AVERAGE					28.0%	2.69