

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2026 Business Plan and Budget

Draft

May 23, 2025

RELIABILITY | RESILIENCE | SECURITY



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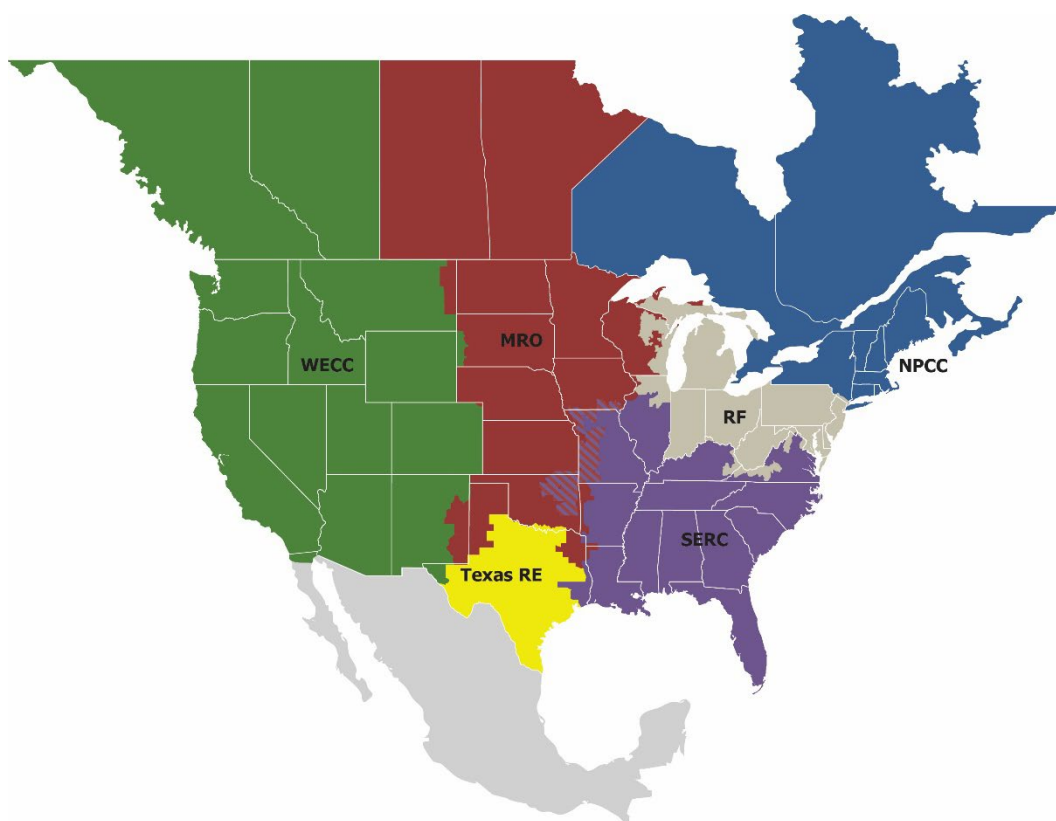
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Preface

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

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

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



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

Introduction

Overview

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

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

Membership and Governance

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

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

Scope of Oversight

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

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

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

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

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

- 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 geographic footprints extend into Canada and Mexico to perform equivalent functions in those jurisdictions.

Statutory and Regulatory Background

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

Funding

FPA Section 215 and FERC's regulations specify procedures for NERC's funding in the United States. NERC's annual BP&B is subject to FERC approval and, once approved, NERC's annual funding is provided primarily through assessments to load-serving entities (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.⁶

The ERO Enterprise

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

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



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

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

⁶ As discussed on page 11 of the [NERC 2025 Business Plan and Budget](#), starting in 2025, NERC, WECC, and the Western Interconnection Regional Advisory Body (WIRAB) will not be assessing Mexico until a new agreement is reached.

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 2024, the ERO Enterprise revised the [ERO Enterprise Long-Term Strategy](#), which was approved by the Board in December 2024 and endorsed by the Regional Entity respective Boards of Directors. This strategy includes the following focus areas for achieving success in its vision and mission:

- **Energy** – Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.
- **Security** – Maintain cyber and physical security programs (Electricity Information Sharing and Analysis Center [E-ISAC], Standards, Compliance Monitoring and Enforcement Program [CMEP], technical committee work,⁷ outreach and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.
- **Engagement** – Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.
- **Agility and Sustainability** – Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas but continually come together to ensure alignment with the long-term strategy and that business processes and operations harmonize 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 assessment.

⁷ Technical committees include the NERC Standing Committees (Compliance and Certification Committee, Personnel Certification and Governance Committee, Reliability Issues Steering Committee, Reliability and Security Technical Committee, and Standards Committee) and Regional Entity committees.

2026 Business Plan and Budget Overview

Background

Historical Budget and Assessment Increase Overview

For the 10-year period prior to NERC's 2023 Business Plan and Budget (BP&B), NERC's average annual budget and assessment increase has been 5.7%. During this period, NERC incurred significant costs on behalf of the ERO Enterprise, including the addition of the Cyber Risk Information Sharing Program (CRISP), the majority of which is funded by CRISP participants, in 2015, the expansion of the Electricity Information Sharing and Analysis Center (E-ISAC) in 2019, and the Align and Secure Evidence Locker (SEL) systems that support the Compliance Monitoring and Enforcement Program (CMEP). In 2021, the budget and assessment remained flat due to a temporary deferral of costs and projects aimed at providing industry assessment relief amid the financial uncertainty associated with the pandemic.

In 2022, a three-year plan was developed for 2023–2025 to support initiatives and fund necessary investments in resources and technology, exceeding historical funding levels. As a result, budget increases were higher over this three-year period, particularly in the plan's first year (2023). 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, 2022.⁸ To mitigate the impact of the budget increase on assessments, NERC utilized loan and lease financing for capital projects, as well as released reserves.

During the 2023–2025 period, NERC was able to prioritize its resources and activities within the cumulative three-year capacity for budget and assessment increases proposed in 2022, while maintaining target Operating Reserve Contingency (OCR) levels. This included adding transmission assessment capabilities in response to the Interregional Transfer Capability Study (ITCS) that was mandated by Congress in mid-2023 and filed with FERC at the end of 2024, which was an unprecedented, significant body of work that required additional resources not anticipated in the 2023–2025 plan. With the approval of the 2025 BP&B on October 17, 2024,⁹ the actual average annual budget increase during the 2023–2025 plan was 11.5%, with an average annual assessment increase of 11.4%, which was materially consistent with the original three-year plan projection.

2026 BP&B Approach

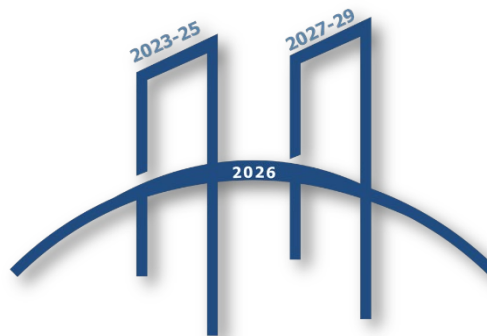
In late 2024 and early 2025, NERC began identifying strategic priorities and goals for its next three-year plan, which were guided by the four focus areas identified in the *ERO Enterprise Long-Term Strategy* approved by the Board of Trustees (Board) on December 10, 2024 (see discussion on page iv above). NERC held discussions with each Member Representatives Committee (MRC) Sector for informal input on the draft strategic priorities and goals for a 2026–2028 plan, obtaining valuable insights and guidance from these stakeholders.

At the same time, NERC management and the Board evaluated the current planning environment and how internal and external actions will guide significant new directions in the coming year. These actions include recommendations from the [Modernization of Standards Process and Procedures Taskforce](#) and [Large Loads Taskforce](#), renovated reliability assessment efforts, outcomes from the *ERO Reliability Risk Priorities Report* that will be published by the [Reliability Issues Steering Committee](#) in August 2025, and greater clarity on U.S. Government priorities, and potential federal, congressional, and FERC mandates or requirements.

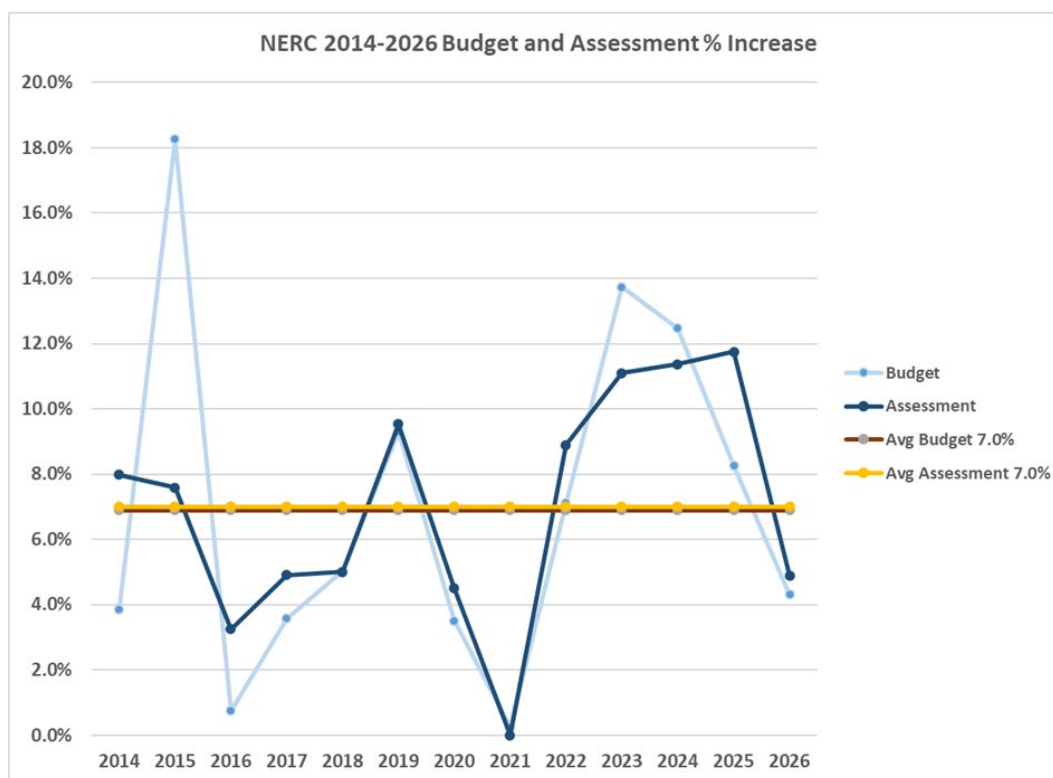
⁸ Order Accepting 2023 Business Plans and Budgets and Directing Compliance Filing 181 FERC ¶ 61,095 (2022)

⁹ Order Accepting 2025 Business Plans and Budgets 189 FERC ¶ 61,045 (2024)

While NERC believes its three-year planning efforts are essential and represent the best planning approach, NERC determined that 2026 should be a transitional, or “bridge,” year for the organization, allowing for better understanding of the outcomes of the above initiatives or requirements. In this context, the approach for 2026 will enable NERC to stabilize operational infrastructure, evaluate the organizational structure, and build toward a forward-looking strategy for a 2027–2029 plan horizon while also meaningfully incorporating the input received from the MRC sectors.



Given the approach of an operational pause between three-year plans, the 2026 BP&B has been developed as a traditional, one-year plan that focuses on continuing critical priorities while targeting a lower budget increase than the 8–9% projected for 2026 in the 2025 BP&B. The 2026 BP&B continues to be guided by the four focus areas outlined in the *ERO Enterprise Long-Term Strategy*—Energy, Security, Engagement, and Agility and Sustainability.



Investment Benefit and Performance Reporting

In 2026, NERC will continue to report on the value and progress of the activities associated with its investments. As established as part of the 2023–2025 plan, success is measured through accomplishment of annual Work Plan Priorities, which include initiatives that support the four areas of focus discussed above. 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.¹⁰

¹⁰ The [2025 Work Plan Priorities](#) were approved by the Board in December 2024. Work Plan Priorities for 2026 will be developed for approval by the Board in December 2025.

Overview of 2025 Budget and Funding Requirements

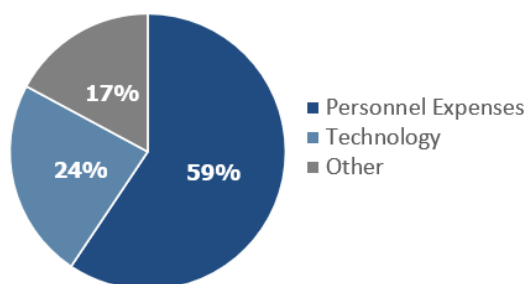
NERC and the Regional Entities' annual budgets are comprised of both operating and fixed asset additions (fixed assets, or capital) costs, as well as financing activity, if applicable. Operating costs generally include personnel, contractor support, consulting, meetings, travel, office space, software 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 2026 expense and fixed assets budget, including financing activities, is approximately \$128.3M, an increase of approximately \$5.3M (4.3%) from the total 2025 budget. Total expenses are increasing approximately \$4.2M (3.5%) over 2025. The total fixed assets budget is approximately \$7.2M, an increase of \$2.1M (41.8%) from 2025. The fixed assets budget includes the acquisition of \$982k in capital lease assets (primarily for equipment replacements), offset by corresponding lease proceeds reflected in financing activity. NERC is also proposing to finance \$3.3M of capital software expenditures in 2026, which is reflected by corresponding loan proceeds in financing activity. Approximately \$12.7M (9.9%) of NERC's 2026 budget is related to CRISP, with 78.3% of the CRISP budget funded by participating utilities and the majority of the remainder funded through assessments.

NERC's proposed 2026 assessment to fund the 2026 budget is approximately \$113.7M, which is an increase of approximately \$5.3M (4.9%) from the 2025 assessment. Factors contributing to the difference between the 2026 budget and assessment include assumptions on other funding sources, including third-party funding for CRISP, E-ISAC's partnership with the Downstream Natural Gas ISAC and its Vendor Affiliate Program, and fees collected to fund the System Operator Certification and Credential Maintenance program. See discussion on the *Electricity Information Sharing and Analysis Center* starting on page 44 and the *Personnel Certification and Credential Maintenance* section on page 49 for more information on these funding mechanisms. The proposed assessment does not include any recommended release of reserves, allowing NERC to conserve reserves to support the target range of OCR. The allocation of the 2026 assessment among the United States and Canada will be provided in the final 2026 BP&B.¹¹

People and Technology Strategies

Personnel and technology represent the majority of NERC's annual budget. As shown below, approximately 83% of the proposed \$128.3M budget for 2026 is related to expenditures in these areas. The remaining portion consists of other professional service, administrative, and facility-related costs.



The following outlines NERC's strategies for people and technology in 2026.

¹¹ 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).

People Strategy

NERC's workforce planning process supports its business plan with the personnel skills required to execute its mission. In defining NERC's 2026 headcount needs, the process considered existing resources and different ways to match human resources to the future business needs.

- 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 2023–2025, investments were made primarily in the Sustainability focus area to support core back-office infrastructure providing risk mitigation measures while optimizing this historically uninvested function. In 2025, NERC is adding four unbudgeted positions to address emerging needs in Standards, E-ISAC, and Engagement, while remaining under its total 2025 personnel expense budget.

The bridge year approach in 2026 enables NERC to stabilize operations, embed new executive leadership, and refine its organizational strategy before the next three-year plan (2027–2029); however, it must also be a year of continued investment in critical areas to continue to advance the skills and expertise necessary to fulfill NERC's mission. In 2026, NERC anticipates hiring six additional employees. These positions are an investment in long-term talent for value-added areas where NERC needs capacity and additional capabilities, supporting activities for Energy, Security, and Engagement focus areas. These positions require new capabilities or represent critical incremental work that currently cannot be absorbed by our existing workforce. This expertise and support related to:

- Wide-area energy analysis
- Expertise related to Cloud Standards
- Quality, security, and reliability for NERC's core CMEP application, Align
- CRISP growth, infrastructure, and services
- Strategic stakeholder engagement with both NERC and E-ISAC stakeholders

The 2026 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. Current medical and dental insurance premium estimates are also based on market data provided by the company's benefits consultant and do not assume any plan changes. However, as the total rewards landscape is evolving rapidly as employee expectations and market dynamics shift, NERC is conducting a full market review of its benefits in 2025 to ensure competitive and cost-effective plans that align with employee needs and expectations.

Technology Strategy

During the 2023–2025 plan period, NERC experienced an accelerated demand for Business Technology capacity, paired with a growing appetite for rapid, scalable technology delivery, and has made significant progress in delivering business value through key application enhancements. Recognizing the current momentum and the importance of positioning 2026 as a strategic bridge year, this time will be used to recalibrate and strengthen NERC’s foundation while building toward the 2027–2029 plan. NERC will focus on elevating Business Technology skillsets, refining processes, and modernizing core infrastructure investment to meet business needs while ensuring data confidentiality, integrity, and system availability. This groundwork is essential to fully support future business initiatives that aim to enhance stakeholder experiences through a robust application ecosystem and deliver industry-leading analytics and insights powered by a trusted, clean data repository.

Plan Characteristics

In addition to the four focus areas, each investment for 2026 is linked to a key set of business drivers in alignment with the values of the ERO Enterprise:

- Producing a highly reliable and secure BPS
- Supporting independence and objectivity
- Attracting top talent and expertise
- Introducing innovation and new capabilities
- Managing reliability risk
- Enabling and promoting collaboration
- Managing corporate/security risk
- Modernizing technology
- Creating efficiency
- Lowering costs

Key Investments

As noted above, the bridge-year plan will focus on strengthening the core foundation and setting the stage for the 2027–2029 plan. Business Technology will continue to deliver on and support critical initiatives, including:

- **Foundational and specialized platform upgrades** – In 2026, Business Technology will thoroughly review the SEL, which is approaching five years of service life. The focus will be maintaining a high level of security and operational availability while exploring improvements to access without compromising security. The initial redesign and rebuilding of the SEL will occur in 2026, with completion slated for the first half of 2027.
- **Stakeholder engagement and outreach solutions** – NERC has identified a critical need to transition from its current email distribution tool to a modern, more secure, and scalable communication solution. Further, NERC seeks to enhance its overall management of stakeholder engagement and outreach by modernizing its communication infrastructure to improve stakeholder engagement, enhance communications outreach, and reduce the administrative burden posed by outdated technology.
- **Data modeling and enterprise analytics initiatives** – Furthering NERC’s continued investments in data analytics, in 2026 NERC will initiate a comprehensive Enterprise Analytics and Data Modeling design effort aimed at enhancing situational awareness, operational efficiency, and strategic

decision-making. This effort will focus on developing standardized data modeling frameworks and technical architecture that integrates advanced analytics and Artificial Intelligence (AI)-driven insights to support business objectives, including event monitoring, predictive maintenance, and risk assessment capabilities. The initiative will prioritize data governance, security, and scalability, ensuring all analytical tools and models adhere to established security frameworks and industry best practices.

- **Phase 2 of Inverter-Based Resource (IBR) Data Collection** – In 2022, FERC issued an order directing NERC to identify and register owners and operators of currently unregistered IBRs connected to the BPS. This data collection solution will enable registered entities to add these assets to their registration profiles. NERC is working closely with industry stakeholders to carry out a FERC-approved work plan to achieve the identification and registration directive in 2026.
- **Phase 2 of Cold Weather Data Collection** – In 2023, FERC issued an order directing NERC to work with FERC staff to develop a plan to collect data on the winterization of generating units to help FERC understand what portion of a generator’s fleet can perform at the Extreme Cold Weather Temperature for the location, what portion is under a corrective action plan (and until when), and what portion will not be winterized due to declared constraints. Additionally, the plan must outline how NERC will assess the actual performance of freeze protection measures during future extreme cold weather events. This solution will provide a platform for entities to submit generator data as required under Section 1600 and allow NERC to provide aggregated data to FERC.
- **Reliability Assessments Database 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 outlook. When emerging risks and potential impacts to reliability are identified, special assessments are conducted. These assessments provide technical frameworks and insights about the range and specific aspects of the identified risks, helping to guide necessary actions. NERC is undertaking a two-phased effort to automate the collection, management, and analysis of reliability assessment data. The first phase involves the design and development of a reliability assessment automated data collection application. The second phase will culminate in 2027 with the completion of a technical solution that will support these refinements.

ERO Enterprise Technology and AI

In 2024, the ERO Enterprise created an AI steering committee to assemble AI guidelines and governance. This group is piloting case studies that only use publicly available data:

- **Standards Summarization Tool** – An AI-driven tool to summarize stakeholder comments received through NERC’s standards balloting process.
- **ERO AI Chatbot** – Currently testing AI to support internal training efforts. Staff can ask the ERO AI Chatbot questions about public standards, technical guidance documents, FERC Orders, the NERC Rules of Procedure, BP&B documents, and public CMEP reference materials.
- **Microsoft Teams Copilot** – Exploring options available in Microsoft Teams through Copilot to better understand how the AI capabilities within these tools can be leveraged to enhance the efficiency of employees’ daily work products, all while maintaining security.

NERC is also leveraging built-in AI capability in existing technology for internal reporting to support data-driven decision making. In 2026 NERC will continue to refine its AI strategy and continue measured investments under the established guidelines and governance.

Key 2026 Budget Assumptions

Below is an overview of key assumptions for the 2026 BP&B, including increase and decrease drivers by major cost category.

Personnel

The 2026 budget for Personnel is increasing by approximately \$4.7M (6.5%), which is \$1.8M lower than projected for 2026 (in the 2025 BP&B). The increase is attributed to the factors discussed in the People Strategy above, including (1) the addition of 9.1 FTEs employees (4 unbudgeted positions in 2025 and 6 new positions in 2026, incorporating a 6.0% vacancy rate); (2) a budgeted weighted average merit increase of 4.0% along with a 1.5% reserve for promotion and market adjustments, which is consistent market data and recent budget years; and (3) a budgeted medical insurance increase of 10%, which is also based on current market data as well as recent claims history. Actual award and benefit increases are based on market data toward the end of the year prior to the annual budget year. Personnel expenses and staffing is further discussed and illustrated in the *Personnel Expenses and Analysis* section and tables below.

Facilities and Rent

The 2026 budget for Office Rent is decreasing by approximately \$1.4M (46.7%) due to the decision to discontinue a long-term office lease in Atlanta when the current lease expires in October 2025, which is partially offset by annual rent escalation in the Washington DC office lease. Total annualized savings for avoided rent and office costs associated with discontinuing the Atlanta office lease is approximately \$2.3M, which is 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

The 2026 budget for Meetings and Travel is increasing by approximately \$248k (6.2%). This increase will support NERC's ongoing efforts to maintain in-person engagement relative to actual 2024 spending. This funding will cover the costs for both stakeholder and in-person team meetings while accounting for higher "per trip" costs as market rates continue to increase.

Other Operating Expenses

NERC's 2026 budget for Contractors and Consultants, excluding CRISP, is increasing by approximately \$284k (2.0%), primarily due to support for continued technology initiatives, including cybersecurity programs, engagement tools, application and system upgrades, and AI and analytics investments. Office Costs are increasing in the 2026 budget by approximately \$671k (4.5%), primarily due to increased software agreement expenses, including new tools to support analytics and modeling. However, these cost increases are offset by reductions in office expenses resulting from the closing of the Atlanta office, as well as lower estimated costs for insurance renewals.

CRISP Contract with Pacific Northwest National Laboratory (PNNL)

The contract with PNNL currently matches the 2025 budget due to lower historical spending. This is an estimate due to the timing of communication of the PNNL 2026 statement of work and is, therefore, subject to change. However, any changes to the assumption will not impact assessments as the PNNL contract is entirely participant-funded. See discussion on the *Electricity Information Sharing and Analysis Center* starting on page 44 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 aimed at supporting operational sustainability. The fixed assets budget also includes capital software projects, including those related to the technology investments discussed in the technology strategy discussion above. The fixed assets budget for 2026 is \$2.1M (41.8%) higher than the 2025 budget due to capital software and equipment needed for infrastructure upgrades, including the initial development for the SEL replacement, continued work on technology supporting IBR data collection, completing the replacement of the System Operator Certification and Continuing Education (SOCCED) database, enhancements for the modernized NERC website, analytics and AI environment initiatives, as well as other necessary system enhancements and upgrades. Fixed asset addition expenditures in 2026 are illustrated further in the *Fixed Assets* table below.

For 2026, budgeted loan borrowing and lease financing is projected to be \$4.3M, \$600k more than in 2025. This rise is due to the increased capital costs discussed above, including \$600k of estimated loan borrowing for a new SOCCED database (which will be repaid exclusively from SOCCED program revenues). Debt service payments are reduced over prior year projections due to lower actual borrowing in 2023 and 2024, as well as avoided lease financing for Atlanta office equipment. Further information on NERC's capital financing program is provided in the *Capital Financing* discussion and tables below.

Below is the SOA report for NERC showing the 2025 budget as compared to the 2026 budget.

2026 Business Plan and Budget Overview

Statement of Activities and Fixed Asset Additions 2025 Budget & Projection, and 2026 Budget						
STATUTORY						
	2025 Budget	2025 Projection	\$ Inc(Dec) 2025 Projection v 2025 Budget	2026 Budget	\$ Inc(Dec) 2026 Budget v 2025 Budget	% Change 2026 Budget v 2025 Budget
Funding						
NERC Funding						
NERC Assessments	\$ 108,424,741	\$ 108,424,741	\$ -	\$ 113,749,428	\$ 5,324,687	
Penalties Released*	-	-	-	-	-	
Total NERC Funding	\$ 108,424,741	\$ 108,424,741	\$ -	\$ 113,749,428	\$ 5,324,687	4.9%
Third-Party Funding (CRISP)	\$ 10,223,011	\$ 9,455,171	\$ (767,840)	\$ 10,045,143	\$ (177,868)	
Testing, Renewal, & Continuing Ed Fees	2,576,092	2,576,092	-	2,618,800	42,708	
Services & Software	60,000	60,000	-	60,000	-	
Miscellaneous	580,000	480,000	(100,000)	580,000	-	
Interest & Investment Income	1,200,000	1,260,000	60,000	1,653,196	453,196	
Total Funding (A)	\$ 123,063,843	\$ 122,256,004	\$ (807,840)	\$ 128,706,567	\$ 5,642,724	4.6%
Expenses						
Personnel Expenses						
Salaries	\$ 54,787,073	\$ 53,818,155	\$ (968,917)	\$ 57,918,898	\$ 3,131,825	
Payroll Taxes	2,896,693	3,527,779	631,086	3,791,615	894,922	
Benefits	8,106,437	7,964,704	(141,733)	8,389,092	282,655	
Retirement Costs	5,745,105	5,453,425	(291,680)	6,090,520	345,415	
Total Personnel Expenses	\$ 71,535,308	\$ 70,764,064	\$ (771,244)	\$ 76,190,125	\$ 4,654,817	6.5%
Meeting & Travel Expenses						
Meetings & Conference Calls	\$ 1,574,634	\$ 1,624,634	\$ 50,000	\$ 1,557,156	\$ (17,478)	
Travel	2,242,182	2,592,753	350,571	2,497,628	255,446	
Total Meeting & Travel Expenses	\$ 3,816,815	\$ 4,217,386	\$ 400,571	\$ 4,054,783	\$ 237,968	6.2%
Operating Expenses, excluding Depreciation						
Contractors & Consultants	\$ 22,234,093	\$ 23,595,884	\$ 1,361,791	\$ 22,560,085	\$ 325,992	
Office Rent	3,074,867	3,074,867	-	1,638,184	(1,436,683)	
Office Costs	14,914,417	15,329,578	415,161	15,585,550	671,133	
Professional Services	3,511,270	3,127,150	(384,120)	3,543,150	31,880	
Miscellaneous	174,028	174,028	-	136,050	(37,978)	
Total Operating Expenses, excluding Depreciation	\$ 43,908,676	\$ 45,301,507	\$ 1,392,832	\$ 43,463,020	\$ (445,656)	-1.0%
Total Direct Expenses	\$ 119,260,799	\$ 120,282,957	\$ 1,022,158	\$ 123,707,928	\$ 4,447,129	3.7%
Indirect Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Non-Operating Expenses	\$ 564,000	\$ 325,216	\$ (238,783)	\$ 480,555	\$ (83,445)	-14.8%
Total Expenses (B)	\$ 119,824,799	\$ 120,608,174	\$ 783,375	\$ 124,188,483	\$ 4,363,684	3.6%
Change in Net Assets (=A-B)	\$ 3,239,045	\$ 1,647,830	\$ (1,591,215)	\$ 4,518,084	\$ 1,279,039	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 5,098,590	\$ 3,923,834	\$ (1,174,756)	\$ 7,228,250	\$ 2,129,660	41.8%
Financing Activity						
Loan or Financing Lease - Borrowing (-)	(3,752,500)	(3,203,067)	549,433	(4,292,500)	(540,000)	
Loan or Financing Lease - Principal Payments (+)	1,823,780	1,251,777	(572,003)	1,220,013	(603,767)	
Net Financing Activity (D)	\$ (1,928,720)	\$ (1,951,290)	\$ (22,570)	\$ (3,072,487)	\$ (1,143,767)	59.3%
Total Budget (=B+C+D)	\$ 122,994,669	\$ 122,580,718	\$ (413,951)	\$ 128,344,246	\$ 5,349,577	4.3%
Change in Working Capital (=A-B-C-D)	\$ 69,174	\$ (324,714)	\$ (393,889)	\$ 362,321	\$ 293,147	
FTEs	263.51	261.87	(1.64)	272.60	9.09	3.4%

*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).

2026 Program Area Budgets

The following table shows a 2026 versus 2025 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 53 for more information on this allocation method.

2026 versus 2025 Total Budget by Program

Total Budget	2025 Budget	2026 Budget	Increase (Decrease)	
Reliability Standards & PRISM	\$ 13,392,901	\$ 15,907,407	\$ 2,514,506	18.8%
CMEP	24,758,699	25,761,115	1,002,416	4.0%
RAPA, Data Analytics, and Engineering	25,407,355	25,780,834	373,479	1.5%
Situation Awareness	7,008,659	7,592,670	584,011	8.3%
Event Analysis	5,177,731	4,618,685	(559,047)	-10.8%
Personnel Certification	2,256,918	2,306,479	49,561	2.2%
Training and Education	1,197,322	1,195,305	(2,017)	-0.2%
NERC Budget, excluding E-ISAC	\$ 79,199,585	\$ 83,162,494	\$ 3,962,909	5.0%
E-ISAC (non-CRISP)	\$ 30,732,391	\$ 32,297,950	\$ 1,565,559	5.1%
E-ISAC (CRISP)	13,062,692	12,883,801	(178,891)	-1.4%
Total E-ISAC Budget	\$ 43,795,084	\$ 45,181,751	\$ 1,386,668	3.2%
Total Budget	\$ 122,994,669	\$ 128,344,246	\$ 5,349,577	4.3%

Major Budget Drivers by Program

A summary of major budget increase (or decrease) drivers by statutory program area is provided below. As noted above, year-over-year changes in costs in the Corporate Services functions and/or changes to the number of FTEs in a statutory program area affect the amount of indirect expenses, fixed asset expenditures, and net financing activity allocated from Corporate Services to the statutory programs. These impacts are not noted below in order to focus on the direct expense drivers for each area. Additionally, any reference to personnel assumptions below are discussed in the *Personnel* section above. Details on each statutory program and the Corporate Services functions are available in the *2026 Business Plan and Budget Program Area and Department Detail* section of this document.

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

- Increase in personnel costs due to personnel assumptions, including an increase in FTEs (see personnel analysis immediately below)
- Increase in Meetings and Travel due to increased demand for in-person engagement (drafting team meetings, workshops, etc.) and overall higher “per trip” costs
- Slight decrease in Fixed Asset Additions due to lower capital software expenditures for enhancements to the Standards Balloting System

Compliance Monitoring and Enforcement Program (CMEP)

- Increase in personnel costs due to personnel assumptions, including an increase in FTEs (see personnel analysis immediately below)

- Increase in Fixed Asset Additions due to efforts to upgrade and refresh the technology associated with the SEL and Phase 2 of IBR data collection efforts (see discussion in the *Technology Strategy* section above)
- Change in Net Financing Activity due to borrowing assumptions for Fixed Asset Addition expenditures noted above

Reliability Assessment and Performance Analysis (RAPA), Data Analytics, and Engineering

- Increase in personnel costs due to personnel assumptions, including an increase in FTEs (see personnel analysis immediately below)
- Decrease in Contractors and Consultants expenses in support of the “bridge year” approach, while continuing to invest in in-house expertise for changing BPS risk assessment and analysis
- Increase in Office Costs due to additional software license expenses for increased analytics and modeling
- Decrease in Fixed Asset Additions due to reduced capital software expenditure assumptions in support of the “bridge year” approach and capital software priorities in the CMEP area, offset by investment in RADS (see discussion in the *Technology Strategy* section above)
- Change in Net Financing Activity due to reduced assumptions for capital software expenditures

Event Analysis

- Decrease in personnel costs due to the reallocation of one position to another department (see personnel analysis immediately below), partially offset by the increase in personnel costs due to personnel assumptions
- Decrease in Contractors and Consultants expenses and Fixed Asset Additions due to reduced non-capital and capital software enhancement expenditures in support of the “bridge year” approach and capital software priorities in the CMEP area
- Change in Net Financing Activity due to reduced assumptions for capital software expenditures

Situation Awareness

- Increase in personnel costs due to personnel assumptions
- Increase in Office Costs primarily related to additional software expenses for upgraded situation awareness tools
- Decrease in Contractors and Consultants expenses and Fixed Asset Additions due to reduced non-capital and capital software enhancement expenditures related to the “bridge year” approach and capital software priorities in the CMEP area
- Change in Net Financing Activity due to reduced assumptions for capital software expenditures

Personnel Certification and Credential Maintenance

- Increase in personnel costs due to personnel assumptions
- Other areas of the 2026 budget are relatively flat to 2025 due to continued costs for the SOCCED platform upgrade that was budgeted for 2025 but will not be fully implemented until 2026
- Change in Net Financing Activity due to no anticipated borrowing as budgeted in 2025 for the SOCCED platform upgrade

Training and Education

- The 2026 budget for this program is relatively flat to the 2025 budget as increases in personnel costs due to personnel assumptions are being offset by a decrease in Contractors and Consultants expenses due to reduced support needs

E-ISAC

- Increase in personnel costs due to personnel assumptions, including an increase in FTEs (see personnel analysis immediately below)
- Increase in Meetings and Travel due to increased demand for in-person engagement (briefings, participation in exercises, training) and overall higher “per trip” costs
- Slight decrease in Contractors and Consultants, primarily due to “off-year” support for biennial GridEx planning and support activities

CRISP

- Slight decrease in personnel costs due to an adjustment to allocated staff time from E-ISAC to CRISP
- Increase in Meetings and Travel due to increased demand for in-person engagement (workshops, briefings, trainings) and overall higher “per trip” costs
- Decrease in Office Costs due to the removal of software licenses that were fully funded by CRISP participants
- Decrease in Professional Services due to a market decrease in liability insurance costs for CRISP

2026 Personnel Analysis and Expenses

Personnel	2025 Budget	2026 Budget	Increase (Decrease)	
Salaries	\$ 54,787,073	\$ 57,918,898	\$ 3,131,825	5.7%
Payroll Taxes	2,896,693	3,791,615	894,922	30.9%
Benefits	8,106,437	8,389,092	282,655	3.5%
Retirement	5,745,105	6,090,520	345,415	6.0%
Total	\$ 71,535,308	\$ 76,190,125	\$ 4,654,817	6.5%
FTEs	263.51	272.60	9.09	3.4%
Cost per FTE				
Salaries	\$ 207,910	\$ 212,468	\$ 4,558	2.2%
Payroll Taxes	10,993	13,909	2,916	26.5%
Benefits	30,763	30,774	11	0.0%
Retirement	21,802	22,342	540	2.5%
Total	\$ 271,468	\$ 279,494	\$ 8,027	3.0%

The increase in personnel costs is primarily related to the increase of 9.09 FTEs and salary and benefit increase assumptions for existing staff discussed in the *Personnel* section above. The following table presents a 2026 versus 2025 comparison of budgeted FTEs by department. Also see the *NERC Staff Organization Chart* section.

2026 versus 2025 Total FTEs by Program

FTEs	2025 Budget	2026 Budget	Increase (Decrease)	
Reliability Standards & PRISM	23.64	27.40	3.76	15.9%
CMEP	36.66	38.54	1.88	5.1%
RAPA, Data Analytics, and Engineering	38.16	38.16	-	0.0%
Situation Awareness	8.55	8.55	-	0.0%
Event Analysis	7.61	6.67	(0.94)	-12.3%
Personnel Certification	2.87	2.87	-	0.0%
Training and Education	1.88	1.88	-	0.0%
Corporate Services	94.16	95.88	1.72	1.8%
NERC FTEs, excluding E-ISAC	213.54	219.96	6.42	3.0%
E-ISAC (non-CRISP)	43.43	46.37	2.94	6.8%
E-ISAC (CRISP)	6.54	6.27	(0.27)	-4.1%
Total E-ISAC FTEs	49.97	52.64	2.67	5.3%
Total FTEs	263.51	272.60	9.09	3.4%

To support the areas of focus, NERC is adding 6 new positions in 2026. The total increase of FTEs in 2026 versus 2025 is 9.09, which is the result of adding 4 unbudgeted positions in 2025 and the 6 new positions in 2026, incorporating a 6.0% vacancy rate (see discussion in the *People Strategy* section above). The table above reflects these additions, as well as inter-departmental reallocations as follows:

- Reliability Standards and PRISM – The increase of 3.76 FTEs is due to the addition of two new positions and the reallocation of two positions from a different department to this area for standards development activities and technical expertise support.
- CMEP – The increase of 1.88 FTEs is due to the addition of one position to support CIP compliance assurance activities and one position to support the Align system.
- RAPA, Data Analytics, and Engineering – No change in FTEs, which is the net result of (1) the addition of one position to build capabilities in and support Reliability Assessments; (2) the reallocation of one position to Engineering from another area; and (3) the reallocation of two positions to the Reliability Standards and PRISM department as part of ongoing resource efficiency efforts.
- Event Analysis – The decrease of 0.94 FTEs is due to the reallocation of one position from Event Analysis to another department.
- Situation Awareness, Personnel Certification and Credential Maintenance, and Training and Education – No change in FTEs.
- E-ISAC and CRISP – The increase of 2.67 FTEs is the result of the addition of three positions for stakeholder engagement and security operations and intelligence functions
- Corporate Services – The increase of 1.72 FTEs is due to the addition of two positions to support strategic engagement initiatives.

The following tables present a 2026 versus 2025 budget comparison of additional cost categories in the NERC budget. Areas of significant increase or decrease are discussed.

Contractors and Consultants Expenses

Contractors & Consultants	2025 Budget	2026 Budget	Increase(Decrease)
Reliability Standards & PRISM			
Standards & PRISM Application Support	\$ 38,000	\$ 61,625	\$ 23,625
Standards Development Support	150,000	150,000	-
Total	\$ 188,000	\$ 211,625	\$ 23,625
CMEP			
Secure Evidence Locker Annual Certification	100,000	100,000	-
Align and Secure Evidence Locker Application Support	1,269,246	1,210,000	(59,246)
Registration Application Support	169,500	153,825	(15,675)
Workshop Facilitation	-	24,000	24,000
Total	\$ 1,538,746	\$ 1,487,825	\$ (50,921)
RAPA, Data Analytics, and Engineering			
RAPA Application and Data Support	\$ 373,000	\$ 351,850	\$ (21,150)
Reliability Analyses, Studies, Research, and Other Support	689,500	562,500	(127,000)
Total	\$ 1,062,500	\$ 914,350	\$ (148,150)
Event Analysis			
Event Analysis Application Support	\$ 140,000	\$ 43,950	(96,050)
Event Analysis Activity and Review Support	180,000	205,000	25,000
Total	\$ 320,000	\$ 248,950	\$ (71,050)
Situation Awareness			
Situation Awareness Application Support	\$ 246,000	\$ 63,690	(182,310)
Total	\$ 246,000	\$ 63,690	\$ (182,310)
E-ISAC			
Security and Other Consulting	\$ 362,740	\$ 404,874	\$ 42,134
Engagement, Events, & Membership Support	872,898	643,118	(229,780)
Technology Support	586,339	636,000	49,661
Watch Operations	753,228	779,591	26,363
Partnerships	400,000	400,000	-
CRISP PNNL, Security Review, & Member Training (Fully Participant Funded)	7,793,329	7,835,585	42,256
Other CRISP Support	275,000	275,000	-
Total	\$ 11,043,534	\$ 10,974,168	\$ (69,366)
Personnel Certification and Credential Maintenance			
System Operator Testing Expenses and Examination Development	\$ 300,230	\$ 308,130	\$ 7,900
Continuing Education Audit and Review Services	124,848	124,848	-
SOCED Database Support & Platform Upgrade	-	-	-
Total	\$ 425,078	\$ 432,978	\$ 7,900
Training and Education			
ERO Enterprise and Industry Learning and Development Support	\$ 90,000	\$ 60,000	(30,000)
Total	\$ 90,000	\$ 60,000	\$ (30,000)
General & Administrative			
Communications Support	\$ 85,000	\$ 85,000	-
Engagement and External Affairs Support	-	170,000	170,000
Executive and Leadership Support	305,000	275,000	(30,000)
Total	\$ 390,000	\$ 530,000	\$ 140,000
Business Technology			
Applications & Infrastructure, Security, PMO, and Operations Support	\$ 5,600,235	\$ 6,261,000	\$ 660,765
Total	\$ 5,600,235	\$ 6,261,000	\$ 660,765
Human Resources & Administration			
Training and Development	\$ 310,000	\$ 335,000	\$ 25,000
HR and Administrative Consulting and Other Services	565,000	630,500	65,500
Total	\$ 875,000	\$ 965,500	\$ 90,500
Finance & Accounting			
Accounting, Procurement, and Financial System Support	\$ 225,000	\$ 400,000	\$ 175,000
Total	\$ 225,000	\$ 400,000	\$ 175,000
Legal & Regulatory			
Internal Audit Support	\$ 220,000	-	(220,000)
Workshop Facilitation	10,000	10,000	-
Total	\$ 230,000	\$ 10,000	\$ (220,000)
Total Contractors & Consultants	\$ 22,234,093	\$ 22,560,086	\$ 325,993

Significant changes to Contractors and Consultants expenses include:

- RAPA, Data Analytics, and Engineering – Decreasing in support of the “bridge year” approach, while continuing to invest in in-house expertise for changing BPS risk assessment and analysis
- Event Analysis and Situation Awareness – Decreasing due to reduced non-capital support for software enhancement expenditures in support of the “bridge year” approach and capital software priorities in the CMEP area
- General and Administrative – Increasing due to increased support needs for strategic engagement and external affairs
- Business Technology – Increasing primarily in support of efforts related to the *Technology Strategy* discussed above, including modernizing core infrastructure, maintaining a robust application ecosystem that delivers industry-leading analytics, and continued investments to ensure the security of ERO Enterprise systems and data
- Human Resources and Administration – Increasing primarily due to additional support needs for meetings and events
- Finance and Accounting – Increasing due to system administration support and tax consulting needs

For additional discussion on contractors and consultants, see the Resource Requirements sections of each program area in the *2026 Business Plan and Budget Program Area and Department Detail* section.

Miscellaneous Expenses

Miscellaneous Expenses	2025 Budget	2026 Budget	Increase (Decrease)	
Miscellaneous Expense	\$ 11,100	\$ 11,150	\$ 50	0.5%
Employee Rewards and Recognition	35,928	27,900	(8,028)	-22.3%
Employee Engagement	100,000	75,000	(25,000)	-25.0%
Sponsorships	27,000	22,000	(5,000)	-18.5%
Total	\$ 174,028	\$ 136,050	\$ (37,978)	-21.8%

The decreases above are to align with recent actual costs.

Fixed Asset Additions

Fixed Asset Additions	2025 Budget	2026 Budget	Increase (Decrease)	
Computer & Software CapEx	\$ 4,246,090	\$ 5,070,750	824,660	19.4%
Furniture & Fixtures CapEx	-	-	-	
Equipment CapEx	-	1,175,000	1,175,000	
Capital Lease Assets	852,500	982,500	130,000	15.2%
Leasehold Improvements	-	-	-	
Total	\$ 5,098,590	\$ 7,228,250	\$ 2,129,660	41.8%

Significant changes in the Fixed Asset Additions budget include:

- Computer and Software CapEx – Increasing due to capital software initiatives discussed in the *Technology Strategy* section above, partially offset due to reclassification of Computer CapEx to Equipment CapEx
- Equipment and Servers – Increasing due to equipment needs for the SEL technology upgrade and a reclassification of Computer CapEx to Equipment CapEx
- Capital Lease Assets – Increasing due additional needs for laptops and other leased equipment and hardware assets

Other Significant Cost Changes

Office Costs are increasing by \$671k (4.5%) primarily due to the net result of:

- An increase of \$1.2M (10.3%) for Software Licenses and Support expenses due to budgeted escalation for existing software agreements and new software licenses in support of the *Technology Strategy* discussed above, including new tools to support analytics and modeling
- A decrease of \$388k (43.7%) in Internet, Audio Visual, and Equipment Repair and Service expenses resulting from the closing of the Atlanta office
- A decrease of \$136k (17.5%) for Subscriptions and Publications, which is due to the renegotiation of research and advisory-related subscriptions

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

- Board of Trustee expenses are increasing by \$260k (15.6%) based on the independent study on trustee compensation completed and approved at the end of 2024
- Insurance Commercial expenses are decreasing by \$159k (16.6%) primarily due to projected decreases to liability insurance

Other Non-Operating Expenses primarily consist of property and other tax and interest expense. This area is decreasing by \$83k (14.8%) that is mainly attributed to a decrease in interest expense due to less than budgeted borrowing in 2023 and 2024 and reduced property tax expense.

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 the development of the SEL, 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 SEL are amortized over a five-year period and can be prepaid without penalty.

Due to increased spending on capital software projects related to the 2023–2025 plan, a portion of these projects was 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 did not borrow in 2024. In 2025, NERC is assuming \$2.9M in loan borrowing in 2025, and \$3.3M in 2026 with an interest rate of 6.5%. Loans in each period are assumed to be closed late in each calendar year, with debt service beginning January 1 of the following year.

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

	Year-End Outstanding Debt Balance		
	Prior Years	2025	2026
	Actual	Projected	Budget
Prior Years	\$ 978,134	\$ 435,305	\$ 216,508
2025 Projection	-	\$2,900,000	\$2,392,656
2026 Budgeted	-	-	\$3,310,000
2027 Projected	-	-	-
2028 Projected	-	-	-
Total Outstanding Balance	\$ 978,134	\$ 3,335,305	\$ 5,919,165

	Future Annual Payments for Debt Service	
	2025	2026
	Projected	Budget
Prior Years - Principal	\$ 542,829	\$ 218,797
2025 Projection	-	507,344
2026 Budgeted	-	-
2027 Projected	-	-
2028 Projected	-	-
Interest Expense	37,560	194,248
Total Principal and Interest Costs	\$ 580,389	\$ 920,389

Other Outside and Miscellaneous Funding

Outside Funding Breakdown By Program (Excludes Any Penalty/Reserve Releases)	2025 Budget	2026 Budget	Increase (Decrease)
Reliability Standards and PRISM			
Interest & Investment Income Allocation	\$ 125,336	\$ 213,081	\$ 87,746
Total	\$ 125,336	\$ 213,081	\$ 87,746
Compliance Assurance, Certification, and Registration			
Interest & Investment Income Allocation	\$ 119,605	\$ 190,056	\$ 70,451
Total	\$ 119,605	\$ 190,056	\$ 70,451
Compliance Enforcement			
Interest & Investment Income Allocation	\$ 74,753	\$ 109,647	\$ 34,894
Total	\$ 74,753	\$ 109,647	\$ 34,894
Reliability Assessment and Performance Analysis			
Services and Software	\$ 60,000	\$ 60,000	\$ -
Interest & Investment Income Allocation	202,331	296,779	94,448
Total	\$ 262,331	\$ 356,779	\$ 94,448
Personnel Certification and Credential Maintenance			
Testing Fees	\$ 630,000	\$ 630,000	\$ -
Certificate Renewals	1,005,100	934,800	(70,300)
Continuing Education Fees	940,992	1,054,000	113,008
Interest & Investment Income Allocation	50,000	50,000	-
Total	\$ 2,626,092	\$ 2,668,800	\$ 42,708
Training and Education			
Interest & Investment Income Allocation	\$ 9,967	\$ 14,620	\$ 4,653
Total	\$ 9,967	\$ 14,620	\$ 4,653
Event Analysis			
Interest & Investment Income Allocation	\$ 40,367	\$ 51,900	\$ 11,533
Total	\$ 40,367	\$ 51,900	\$ 11,533
Situation Awareness			
Interest & Investment Income Allocation	\$ 45,350	\$ 66,519	\$ 21,169
Total	\$ 45,350	\$ 66,519	\$ 21,169
E-ISAC			
Third Party Funding (CRISP)	\$ 10,223,011	\$ 10,045,143	\$ (177,868)
Miscellaneous Funding	580,000	580,000	-
Interest & Investment Income Allocation	532,291	660,594	128,303
Total	\$ 11,335,302	\$ 11,285,737	\$ (49,565)
Grand Total	\$ 14,639,103	\$ 14,957,139	\$ 318,036

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 2026 tests and renewals
- Third Party Funding (i.e., CRISP participant funding) – Decreasing primarily due to the removal of software licenses from the budget that were fully funded by CRISP participants and a slight decrease in CRISP personnel costs due to an adjustment to allocated staff time from E-ISAC to CRISP

Reserve Analysis

Total Reserves Analysis								
Statutory								
	Total Reserves	Future Obligation Reserve ¹	Operating Contingency Reserve ²	System Operator Certification Reserve	CRISP Equipment Reserve ³	CRISP Operating Reserve ³	CRISP Defense Fund Reserve ⁴	Assessment Stabilization Reserve
Beginning Reserves - 1/1/2025	\$ 21,827,761	\$ 2,911,139	\$ 10,405,143	\$ 1,078,663	\$ 900,000	\$ 5,076,816	\$ 500,000	\$ 956,000
Generation(use) of reserves from 2025 projections								
Projected 2025 operating results, including debt service and financing	\$ 433,663	\$ -	\$ 744,831	\$ (739,271)	\$ -	\$ 428,103	\$ -	\$ -
Budgeted addition(use) of reserves	(720,018)	(789,192)	(300,000)	369,174	-	-	-	-
Other addition(use) of reserves	(766,400)	(1,400)	-	-	-	(765,000)	-	-
Projected Reserves - 12/31/2025	\$ 20,775,006	\$ 2,120,547	\$ 10,849,974	\$ 708,566	\$ 900,000	\$ 4,739,919	\$ 500,000	\$ 956,000
Projected Reserves - 12/31/2026	\$ 20,908,079	\$ 1,891,299	\$ 10,849,974	\$ 1,070,887	\$ 900,000	\$ 4,739,919	\$ 500,000	\$ 956,000
Addition(use) of reserves	133,073	(229,248)	-	362,321	-	-	-	-
Less: Assessment Stabilization Reserve Release - Penalties	-	-	-	-	-	-	-	-
Total Adjustments to Reserves	\$ 133,073	\$ (229,248)	\$ -	\$ 362,321	\$ -	\$ -	\$ -	\$ -
Assessment Reconciliation								
2026 Expenses, Capital Expenditures, & Net Financing	\$ 128,344,246							
Less: Assessment Stabilization Reserve Release - Penalties	-							
Addition(use) of reserves	362,321							
Less: Other Funding Sources	(14,957,139)							
2026 NERC Assessment	\$ 113,749,428							

¹As explained in the discussion of reserves in the *Introduction and Executive Summary*, the Future Obligations Reserve offsets future, non-current liabilities.

²Except 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.

³In 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 2024, the CRISP participants agreed to transfer \$450k from the CRISP Operating Reserve to fund a CRISP Equipment Reserve.

⁴The 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.

At the end of 2026, NERC is projecting a total reserve budget of \$20.9M across all categories of reserves. This is a decrease of \$820k (3.8%) from the total reserve amounts budgeted for the end of 2025 in the NERC 2025 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 \$1.9M at the end of 2026.
- **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 \$1.1M at the end of 2026.
- **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 \$6.1M at the end of 2026.

- **OCR** – Includes both general working capital funds resulting from day-to-day operations and additional funds for contingencies that were not anticipated.¹² 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 not proposing any release of reserves from the OCR to offset the 2026 assessment, and the OCR is budgeted to be \$10.8M at the end of 2026. This is 9.6% 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, 2025, NERC does not expect to collect any penalty funds. NERC is not recommending the release of any funds from the ASR to offset 2026 assessments, and the ASR is projected to have a balance of \$956k at the end of 2026. The balance held in the ASR will be used for assessment offsets to stabilize and reduce assessments in future years.

2027 and 2028 Projections

NERC’s BP&Bs have historically included high-level budget and assessment projections for future years for informational purposes. NERC recognizes the importance of providing projections that can offer meaningful insight for FERC and industry stakeholders. Given the bridge year approach discussed on pages 7–8 above, NERC is unable to provide this level of fidelity beyond 2026 and expects to resume meaningful projections in the 2027 BP&B with the 2027–2029 plan.

¹² As in past BP&Bs, NERC is not budgeting the use of working capital funds in 2026 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 Business Plan and Budget Program Area and Department Detail

Reliability Standards and PRISM

Purpose and Scope

Reliability Standards

The Reliability Standards program carries out the ERO's statutory responsibility to develop, modify, adopt, and obtain approval of mandatory NERC Reliability Standards (both continent-wide and regional) to assure the bulk power system (BPS) is planned, operated, maintained, and secured to minimize risks of cascading failures, avoid damage to major equipment, or limit interruptions of the BPS. 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 and agile approach to the development of 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. Drafting teams are made of subject matter experts from across the industry and others periodically observe our process. More information on the [Reliability Standards](#) program and how to get involved as a drafting team member or observer 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 BPS Risk Management Process, which includes the 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. Finally, this area also supports the Reliability and Security Technical Committee (RSTC). The RSTC and its subgroups provide the oversight, guidance, and leadership essential to enhancing BPS reliability by addressing strategic focus areas efficiently and comprehensively. The RSTC Strategic Plan includes input from the Reliability Issues Steering Committee's *ERO Reliability Risk Priorities Report* (RISC report) as well as reliability assessments and other risk identification sources. More information on the [RSTC](#) is available on the NERC website.

2026 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 Working Group efforts to address items that could impact energy constrained resources, including developing scenarios for energy assessments
- Coordinating RSTC subgroups: Resources Subcommittee, Supply Chain Subcommittee, and Facility Ratings Task Force
- Supporting the RISC and RISC report recommendations
- Coordinating with Regional Entities to develop and implement an ERO BPS Risk Management Process
- Enhancing the NERC Risk Registry to include the ERO Enterprise (ERO Risk Registry) and be publicly used by the Standards Committee and RSTC
- Maintaining technical support for Reliability Standards by advising on new and existing projects
- Owning the Reliability Risk Framework and any necessary updates

2026 Resource Requirements

Reliability Standards and PRISM is increasing by 3.76 full-time equivalents (FTEs) from the 2025 budget to the 2026 budget due to the addition of two new positions and the reallocation of two positions from a different department to Reliability Standards for standards development activities and technical expertise support. The Contractors & Consultants budget includes funds for 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 18–21.

2026 Technology Requirements

The Contractors & Consultants budget includes funds to support the Standard Balloting System (SBS) and Artificial Intelligence (AI) efforts to support Reliability Standards development activities. The Office Costs budget includes software licenses and support funds for project tracking and administrative tools for Reliability Standards activities and software supporting the 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 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

2026 Business Plan and Budget Program Area and Department Detail

2025 Budget and 2026 Budget				
Reliability Standards and Power Risk Issues and Strategic Management				
	2025 Budget	2026 Budget	\$ Inc(Dec) 2026 Budget v 2025 Budget	% Change 2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 13,267,565	\$ 15,694,325	\$ 2,426,760	
Penalties Released	-	-	-	
Total NERC Funding	\$ 13,267,565	\$ 15,694,325	\$ 2,426,760	18.3%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	125,336	213,081	87,746	
Total Funding (A)	\$ 13,392,901	\$ 15,907,407	\$ 2,514,506	18.8%
Expenses				
Personnel Expenses				
Salaries	\$ 4,128,794	\$ 4,891,752	\$ 762,959	
Payroll Taxes	241,970	348,355	106,384	
Benefits	659,169	795,164	135,995	
Retirement Costs	450,340	533,056	82,715	
Total Personnel Expenses	\$ 5,480,273	\$ 6,568,326	\$ 1,088,053	19.9%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 95,000	\$ 245,000	\$ 150,000	
Travel	171,000	151,044	(19,956)	
Total Meetings & Travel Expenses	\$ 266,000	\$ 396,044	\$ 130,044	48.9%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 188,000	\$ 211,625	\$ 23,625	
Office Rent	-	-	-	
Office Costs	70,724	84,246	13,522	
Professional Services	-	-	-	
Miscellaneous	2,900	3,000	100	
Total Operating Expenses, excluding Depreciation	\$ 261,624	\$ 298,871	\$ 37,247	14.2%
Total Direct Expenses	\$ 6,007,897	\$ 7,263,241	\$ 1,255,344	20.9%
Indirect Expenses	\$ 7,183,508	\$ 8,152,260	\$ 968,752	13.5%
Other Non-Operating Expenses	\$ -	\$ 4,523	\$ 4,523	0.0%
Total Expenses (B)	\$ 13,191,406	\$ 15,420,025	\$ 2,228,619	16.9%
Change in Net Assets (=A-B)	\$ 201,495	\$ 487,382	\$ 285,887	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 320,939	\$ 495,005	\$ 174,066	54.2%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (249,247)	\$ (152,340)	\$ 96,907	
Loan or Financing Lease - Principal Payments (+)	129,803	144,717	14,914	
Net Financing Activity (D)	\$ (119,444)	\$ (7,622)	\$ 111,821	-93.6%
Total Budget (=B+C+D)	\$ 13,392,901	\$ 15,907,407	\$ 2,514,506	18.8%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	23.64	27.40	3.76	15.9%

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.

2026 Areas of Focus

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

- Continue efforts to identify and register inverter-based resource (IBR) Generator Owners (GOs) and Generator Operators (GOPs)
- Continue to evaluate key security and reliability risks such as supply chain security, cold weather readiness, remote connectivity, and GOP control room operations
- Foster ERO Enterprise cybersecurity workforce enhancements, ensuring effective outreach to stakeholder/policy organizations around emerging technologies (e.g., virtualization, cloud computing)
- Develop meaningful oversight activities and objectives, and continue efforts to streamline risk-based CMEP activities and tools

2026 Resource Requirements

Compliance Assurance and Organization and Registration is increasing by 1.88 full-time equivalents (FTEs) from the 2025 budget to the 2026 budget due to the addition of one position to support Critical Infrastructure Protection (CIP) compliance assurance activities and one position to support the Align system. 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 18–21.

2026 Technology Requirements

The majority of the Office Costs budget is related to software licenses and support for Align and the ERO Secure Evidence Locker (SEL).¹³ The Contractors & Consultants and Fixed Asset Additions budget includes support, maintenance, and enhancements for initiatives related to IBRs, BESnet, the Centralized Organization Registration ERO System (CORES), Align, and the SEL. See the *Technology Strategy* section on pages 11–12 for more information on key investments.

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 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

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

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Compliance Assurance and Organization Registration and Certification				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 15,354,364	\$ 16,281,978	\$ 927,614	
Penalties Released	-	-	-	
Total NERC Funding	\$ 15,354,364	\$ 16,281,978	\$ 927,614	6.0%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	119,605	190,056	70,451	
Total Funding (A)	\$ 15,473,969	\$ 16,472,034	\$ 998,065	6.4%
Expenses				
Personnel Expenses				
Salaries	\$ 4,465,990	\$ 4,880,290	\$ 414,300	
Payroll Taxes	247,712	342,815	95,103	
Benefits	734,263	829,243	94,980	
Retirement Costs	492,367	536,627	44,260	
Total Personnel Expenses	\$ 5,940,332	\$ 6,588,974	\$ 648,643	10.9%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 146,100	\$ 158,500	\$ 12,400	
Travel	302,000	288,434	(13,566)	
Total Meetings & Travel Expenses	\$ 448,100	\$ 446,934	\$ (1,166)	-0.3%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 854,123	\$ 808,825	\$ (45,298)	
Office Rent	-	-	-	
Office Costs	649,827	674,889	25,062	
Professional Services	-	-	-	
Miscellaneous	3,050	3,050	-	
Total Operating Expenses, excluding Depreciation	\$ 1,507,000	\$ 1,486,764	\$ (20,236)	-1.3%
Total Direct Expenses	\$ 7,895,432	\$ 8,522,672	\$ 627,241	7.9%
Indirect Expenses	\$ 6,855,038	\$ 7,271,313	\$ 416,275	6.1%
Other Non-Operating Expenses	\$ 53,385	\$ 23,302	\$ (30,083)	-56.4%
Total Expenses (B)	\$ 14,803,855	\$ 15,817,287	\$ 1,013,432	6.8%
Change in Net Assets (=A-B)	\$ 670,114	\$ 654,747	\$ (15,367)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 672,301	\$ 2,360,222	\$ 1,687,920	251.1%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (471,059)	\$ (1,890,878)	\$ (1,419,818)	
Loan or Financing Lease - Principal Payments (+)	468,872	185,403	(283,469)	
Net Financing Activity (D)	\$ (2,188)	\$ (1,705,475)	\$ (1,703,287)	77863.6%
Total Budget (=B+C+D)	\$ 15,473,969	\$ 16,472,034	\$ 998,065	6.4%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	22.56	24.44	1.88	8.3%

Compliance Enforcement

Purpose and Scope

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

2026 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

2026 Resource Requirements

There is no change in full-time equivalents (FTEs) in Compliance Enforcement from the 2025 budget to the 2026 budget. The Contractors & Consultants budget primarily 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 18–21.

2026 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).¹⁴ The Contractors & Consultants and Fixed Asset Additions budget includes support, maintenance, and enhancements for initiatives related to Align and the SEL. See the *Technology Strategy* section on pages 11–12 for more information on key investments.

The Statement of Activities report for Compliance Enforcement is provided below. This report shows funding, expenses, and financing activity for the 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

¹⁴ Any budgeted expenditures and financing activity related to Align and the ERO SEL are divided evenly between the Compliance Assurance and Compliance Enforcement program area budgets.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Compliance Enforcement				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 9,209,978	\$ 9,179,434	\$ (30,544)	
Penalties Released	-	-	-	
Total NERC Funding	\$ 9,209,978	\$ 9,179,434	\$ (30,544)	-0.3%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	74,753	109,647	34,894	
Total Funding (A)	\$ 9,284,731	\$ 9,289,081	\$ 4,351	0.0%
Expenses				
Personnel Expenses				
Salaries	\$ 2,399,827	\$ 2,517,391	\$ 117,565	
Payroll Taxes	146,333	182,625	36,293	
Benefits	291,113	314,619	23,507	
Retirement Costs	264,346	278,683	14,337	
Total Personnel Expenses	\$ 3,101,618	\$ 3,293,319	\$ 191,701	6.2%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 7,800	\$ 7,800	\$ -	
Travel	81,400	73,218	(8,182)	
Total Meetings & Travel Expenses	\$ 89,200	\$ 81,018	\$ (8,182)	-9.2%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 684,623	\$ 679,000	\$ (5,623)	
Office Rent	-	-	-	
Office Costs	608,651	632,911	24,260	
Professional Services	-	-	-	
Miscellaneous	2,000	2,000	-	
Total Operating Expenses, excluding Depreciation	\$ 1,295,274	\$ 1,313,911	\$ 18,637	1.4%
Total Direct Expenses	\$ 4,486,092	\$ 4,688,248	\$ 202,156	4.5%
Indirect Expenses	\$ 4,284,399	\$ 4,194,988	\$ (89,411)	-2.1%
Other Non-Operating Expenses	\$ 35,767	\$ 10,374	\$ (25,393)	-71.0%
Total Expenses (B)	\$ 8,806,257	\$ 8,893,610	\$ 87,352	1.0%
Change in Net Assets (=A-B)	\$ 478,473	\$ 395,472	\$ (83,001)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 339,407	\$ 1,330,873	\$ 991,466	292.1%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (242,945)	\$ (1,033,391)	\$ (790,446)	
Loan or Financing Lease - Principal Payments (+)	382,011	97,990	(284,021)	
Net Financing Activity (D)	\$ 139,066	\$ (935,401)	\$ (1,074,467)	-772.6%
Total Budget (=B+C+D)	\$ 9,284,731	\$ 9,289,081	\$ 4,351	0.0%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	14.10	14.10	0.00	0.0%

Reliability Assessments, Performance Analysis, Data Analytics, and Engineering

The following groups are focused on the technical assessment, analytic, and modeling functions to identify, prioritize, and enable activities to reduce known and emerging risks to the bulk power system (BPS): (1) Reliability Assessments; (2) Performance Analysis; (3) Data Analytics; and (4) Engineering.

Purpose and Scope

Reliability Assessments

Reliability Assessments 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 Assessments 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. More information on the [Reliability Assessment](#) program 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, which may identify (1) risks to the BPS, (2) a need to develop improvements to reporting applications, and (3) 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.

Data and Analytics Integration

The Data and Analytics Integration group focuses on improving the analytical agility of the ERO Enterprise through the integration of reliability-related data, data collection processes, and applications. Functioning as an interface between business teams and Business Technology, the Data and Analytics Integration group supports data application projects to establish process consistency, reduce data redundancy, and increase application success. Data and Analytics Integration staff collaborate with business and technology leaders to develop strategies that create data solutions to facilitate data management, governance, and analytics across the ERO Enterprise.

Engineering

NERC's Engineering group includes staff focused on the following areas:

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 (IBR) and distributed energy resource (DER) initiatives across the ERO Enterprise, and ensuring Critical Infrastructure Protection (CIP) standards provide baseline protection for an evolving risk environment. The group coordinates a significant number of NERC's technical stakeholder groups under the Reliability and Security Technical Committee (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.

Transmission Assessments

The Transmission Assessments team is focused on assessing the adequacy of North American transmission system in ensuring reliability. The team assesses reliability risks associated with the transmission system by performing in depth analytics and data gathering. This work enhances NERC's Long-term Reliability Assessments by incorporating interregional transmission capability analysis into the wide-area energy assessments. The team also works to create broad awareness of regional transmission planning and development activities for all stakeholders.

2026 Areas of Focus

Key areas of focus for Reliability Assessments and Performance Analysis (RAPA), Data and Analytics Integration, and Engineering include:

- Ensuring the reliable and secure integration of BPS-connected IBR 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
- Increasing understanding of transmission-driven load loss impacts on BPS by beginning to collect information through the Transmission Availability Data System (TADS)
- Improving the ERO's analytic, independent, and objective capabilities and adapting to the evolving BPS reliability challenges by:
 - Instituting improvements to the Long-term Reliability Assessment process based on new capabilities piloted in 2025 that evaluate energy availability over wide areas using probabilistic methods to identify risks of energy shortfall for all assessment areas
 - Continuing to develop and examine scenarios to assess future BPS reliability under a range of potential conditions, including rapid load growth, increased reliance on variable energy resources, and extreme weather

- Implementing the capabilities piloted in 2025 that support annual assessment of transmission adequacy and transfer capability, making recommendations that support long-term reliability needs
- Analyzing data sets and supporting technical studies that provide insight into the reliability implications of increasing dependency on natural gas fuel for BPS generation, particularly during extreme winter weather and ramping periods
- Leveraging 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
- Identifying and mitigating emerging reliability and cybersecurity risks to the BPS by conducting objective studies and/or working collaboratively with internal and external stakeholders

2026 Resource Requirements

There is no change in the number of full-time equivalents (FTEs) for this area from the 2025 budget to the 2026 budget, which is the net result of (1) the addition of one position to build capabilities in and support Reliability Assessments; (2) the reallocation of one position to Engineering and Security Integration from another department; and (3) the reallocation of two positions to the Reliability Standards department as part of ongoing resource efficiency efforts. The Contractors & Consultants budget includes support for technology initiatives (see the *2026 Technology Requirements* section below) and various risk assessments and analyses, including those related to transmission, natural gas, probabilistic and emerging technology, and grid transformation and security integration. Information on resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 18–21.

2026 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. This includes (1) the Generating Availability Data System (GADS) (conventional, wind, and solar), (2) TADS, (3) software to support continued energy assessments and transmission assessments, and (4) software to access natural gas supply and infrastructure data to support development approaches for identifying natural gas fuel risks to BPS generation.

The Contractors & Consultants budget includes support and maintenance for pc-GAR software, the Geomagnetic Disturbance Data (GMD) reporting application, as well as expenses related to the development of the automation, collection, management, and analysis of reliability assessment data through a Reliability Assessment Data System (RADS), which is discussed in more detail in the *Technology Strategy* section on pages 11–12.

The Fixed Assets Additions budget includes development expenditures for RADS and the development for a TADS Load Loss data collection solution.

The Statement of Activities report for RAPA, Data Analytics, and Engineering is provided below. This report shows funding, expenses, and financing activity for the 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
RAPA, Data Analytics, and Engineering				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 25,145,024	\$ 25,424,055	\$ 279,031	
Penalties Released	-	-	-	
Total NERC Funding	\$ 25,145,024	\$ 25,424,055	\$ 279,031	1.1%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	60,000	60,000	-	
Miscellaneous	-	-	-	
Interest & Investment Income	202,331	296,779	94,448	
Total Funding (A)	\$ 25,407,355	\$ 25,780,834	\$ 373,479	1.5%
Expenses				
Personnel Expenses				
Salaries	\$ 7,657,075	\$ 7,836,358	\$ 179,284	
Payroll Taxes	421,646	546,985	125,339	
Benefits	1,184,680	1,190,337	5,658	
Retirement Costs	835,794	860,429	24,635	
Total Personnel Expenses	\$ 10,099,194	\$ 10,434,110	\$ 334,915	3.3%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 244,350	\$ 114,250	\$ (130,100)	
Travel	455,000	527,415	72,415	
Total Meetings & Travel Expenses	\$ 699,350	\$ 641,665	\$ (57,685)	-8.2%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 1,062,500	\$ 914,350	\$ (148,150)	
Office Rent	-	-	-	
Office Costs	1,094,377	1,193,050	98,673	
Professional Services	-	-	-	
Miscellaneous	5,600	5,800	200	
Total Operating Expenses, excluding Depreciation	\$ 2,162,477	\$ 2,113,200	\$ (49,277)	-2.3%
Total Direct Expenses	\$ 12,961,022	\$ 13,188,975	\$ 227,953	1.8%
Indirect Expenses	\$ 11,596,439	\$ 11,354,434	\$ (242,005)	-2.1%
Other Non-Operating Expenses	\$ 53,255	\$ 54,560	\$ 1,305	2.5%
Total Expenses (B)	\$ 24,610,716	\$ 24,597,970	\$ (12,746)	-0.1%
Change in Net Assets (=A-B)	\$ 796,639	\$ 1,182,864	\$ 386,224	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 1,447,806	\$ 1,052,404	\$ (395,401)	-27.3%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (982,856)	\$ (212,178)	\$ 770,678	
Loan or Financing Lease - Principal Payments (+)	331,689	342,637	10,948	
Net Financing Activity (D)	\$ (651,167)	\$ 130,459	\$ 781,626	-120.0%
Total Budget (=B+C+D)	\$ 25,407,355	\$ 25,780,834	\$ 373,479	1.5%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	38.16	38.16	0.00	0.0%

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.

2026 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

2026 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2025 budget to the 2026 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 18–21.

2026 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 and Fixed Assets Additions budgets include funds to support enhancements for ongoing enhancements for BPSA systems.

The Statement of Activities report for Situation Awareness is provided below. This report shows funding, expenses, and financing activity for the 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Situation Awareness				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 6,963,309	\$ 7,526,151	\$ 562,842	
Penalties Released	-	-	-	
Total NERC Funding	\$ 6,963,309	\$ 7,526,151	\$ 562,842	8.1%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	45,350	66,519	21,169	
Total Funding (A)	\$ 7,008,659	\$ 7,592,670	\$ 584,011	8.3%
Expenses				
Personnel Expenses				
Salaries	\$ 1,609,352	\$ 1,666,519	\$ 57,167	
Payroll Taxes	91,452	120,457	29,005	
Benefits	325,356	346,024	20,668	
Retirement Costs	175,737	183,878	8,141	
Total Personnel Expenses	\$ 2,201,897	\$ 2,316,877	\$ 114,981	5.2%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 71,330	\$ 73,470	\$ 2,140	
Travel	19,261	77,348	58,087	
Total Meetings & Travel Expenses	\$ 90,591	\$ 150,818	\$ 60,227	66.5%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 246,000	\$ 63,690	\$ (182,310)	
Office Rent	-	-	-	
Office Costs	1,591,485	2,169,875	578,390	
Professional Services	-	-	-	
Miscellaneous	1,400	1,400	-	
Total Operating Expenses, excluding Depreciation	\$ 1,838,885	\$ 2,234,965	\$ 396,080	21.5%
Total Direct Expenses	\$ 4,131,373	\$ 4,702,660	\$ 571,288	13.8%
Indirect Expenses	\$ 2,599,202	\$ 2,544,959	\$ (54,242)	-2.1%
Other Non-Operating Expenses	\$ 7,047	\$ 27,646	\$ 20,599	292.3%
Total Expenses (B)	\$ 6,737,622	\$ 7,275,266	\$ 537,644	8.0%
Change in Net Assets (=A-B)	\$ 271,037	\$ 317,404	\$ 46,367	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 617,574	\$ 243,096	\$ (374,477)	-60.6%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (409,667)	\$ (47,557)	\$ 362,110	
Loan or Financing Lease - Principal Payments (+)	63,131	121,865	58,734	
Net Financing Activity (D)	\$ (346,536)	\$ 74,308	\$ 420,844	-121.4%
Total Budget (=B+C+D)	\$ 7,008,659	\$ 7,592,670	\$ 584,011	8.3%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	8.55	8.55	0.00	0.0%

Event Analysis

Purpose and Scope

Analysis of real-time electrical operating events is conducted through the Event Analysis program. The program strives to characterize the performance of and inform assessments of the reliability and adequacy of the Bulk Electric System (BES). 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 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.

2026 Areas of Focus

Key areas of focus for the Event Analysis program include:

- Expanding to a broader strategic audience through publication of current operating incidents of interest impacting future operations and planning considerations
- Informing aggregate needs of ERO Enterprise inherent risk understanding and entity operating/performance characterization
- 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, manipulation and reporting tools and capabilities
- Planning, development, and implementation of a common platform to improve industry reporting in support of program data acquisition needs
- 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

2026 Resource Requirements

Event Analysis is decreasing by 0.94 full-time equivalents (FTEs) from the 2025 budget to the 2026 budget due to the reallocation of one position to another department as part of ongoing resource efficiency efforts. 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 18–21.

2026 Technology Requirements

The Contractors & Consultants budget includes maintenance and support for The Event Analysis Management System (TEAMS).

The Statement of Activities report for Event Analysis is provided below. This report shows funding, expenses, and financing activity for the 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Event Analysis				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 5,137,365	\$ 4,566,785	\$ (570,580)	
Penalties Released	-	-	-	
Total NERC Funding	\$ 5,137,365	\$ 4,566,785	\$ (570,580)	-11.1%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	40,367	51,900	11,533	
Total Funding (A)	\$ 5,177,731	\$ 4,618,685	\$ (559,047)	-10.8%
Expenses				
Personnel Expenses				
Salaries	\$ 1,692,524	\$ 1,557,508	\$ (135,015)	
Payroll Taxes	88,055	105,559	17,504	
Benefits	239,071	222,064	(17,006)	
Retirement Costs	187,841	173,910	(13,931)	
Total Personnel Expenses	\$ 2,207,491	\$ 2,059,042	\$ (148,449)	-6.7%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 90,000	\$ 100,000	\$ 10,000	
Travel	91,000	85,335	(5,665)	
Total Meetings & Travel Expenses	\$ 181,000	\$ 185,335	\$ 4,335	2.4%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 320,000	\$ 248,950	\$ (71,050)	
Office Rent	-	-	-	
Office Costs	16,200	11,766	(4,434)	
Professional Services	-	-	-	
Miscellaneous	1,300	1,300	-	
Total Operating Expenses, excluding Depreciation	\$ 337,500	\$ 262,016	\$ (75,484)	-22.4%
Total Direct Expenses	\$ 2,725,991	\$ 2,506,392	\$ (219,598)	-8.1%
Indirect Expenses	\$ 2,313,575	\$ 1,985,628	\$ (327,948)	-14.2%
Other Non-Operating Expenses	\$ 14,460	\$ 5,122	\$ (9,338)	-64.6%
Total Expenses (B)	\$ 5,054,026	\$ 4,497,142	\$ (556,884)	-11.0%
Change in Net Assets (=A-B)	\$ 123,705	\$ 121,542	\$ (2,163)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 174,030	\$ 111,647	\$ (62,383)	-35.8%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (125,297)	\$ (37,105)	\$ 88,192	
Loan or Financing Lease - Principal Payments (+)	74,972	47,001	(27,971)	
Net Financing Activity (D)	\$ (50,324)	\$ 9,896	\$ 60,220	-119.7%
Total Budget (=B+C+D)	\$ 5,177,731	\$ 4,618,685	\$ (559,047)	-10.8%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	7.61	6.67	(0.94)	-12.3%

Electricity Information Sharing and Analysis Center

Purpose and Scope

The Electricity Information Sharing and Analysis Center (E-ISAC) provides resources to prepare for and reduce cyber and physical security threats to the North American electricity industry by offering 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. This mission recognizes the critical interdependencies between the E-ISAC, industry, U.S. and Canadian government agencies, and other stakeholders. More information on [E-ISAC](#) is available on the NERC website.

The E-ISAC also manages 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—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

Approximately 75% of the total 2026 E-ISAC budget, including CRISP, is funded by assessments, with 22% funded by CRISP participants for CRISP costs. The remaining 3% of the budget is funded by other funding, including interest income (\$651k), funding from the American Gas Association via the Downstream Natural Gas ISAC (\$120k), anticipated revenue from the Vendor Affiliate Program (VAP) (\$400k), and anticipated revenue from industry trade associations to attend CRISP workshops (\$60k).¹⁵ CRISP has introduced “observer status” for energy sector support organizations such as trade associations. Observer participants may join all tracks of the CRISP workshops in exchange for a fee. This additional funding will be used to offset workshop costs.

The VAP launched in 2022 with incremental implementation over three years and has generated approximately \$315k in revenue through the end of 2024. 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.

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.

¹⁵ 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.

2026 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
- Continued stakeholder experience enhancements for E-ISAC products, services, and platforms
- Expanding membership and strategic relationships, including (1) membership expansion with renewable energy registered entities (i.e., IBRs); (2) further collaboration with the natural gas sector; (3) enhanced engagement with small and medium utilities; and (4) operating the VAP
- Providing the annual Grid Security Conference and facilitating industry movement towards addressing gaps discovered from 2025’s GridEx VIII

2026 Resource Requirements

E-ISAC (including CRISP) is increasing by 2.67 FTEs from the 2025 budget to the 2026 budget, which is the result of the addition of three positions for expertise and support for the stakeholder engagement, security operations, and intelligence functions. The Contractors & Consultants budget includes expenses for Watch Officer contractors, security consulting, strategic partnerships, GridEx support, engagement initiatives, and technology support (see *2026 Technology Requirements* below). This budget also includes the CRISP contract with PNNL, annual security audit, and member 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 18–21.

2026 Technology Requirements

The majority of the Office Costs budget is for software licenses for security and open-source intelligence tools, customer relationship management (CRM) for member engagement and the E-ISAC Portal, cyber indicator tracking, automated information sharing, data analytics, and various technology needs to support CRISP. The Contractors & Consultants budget includes support for CRM and website technology for the Portal. The Fixed Asset Additions budget includes funds for CRISP equipment upgrades.

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 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
E-ISAC (including CRISP)				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 32,459,782	\$ 33,896,015	\$ 1,436,233	
Penalties Released	-	-	-	
Total NERC Funding	\$ 32,459,782	\$ 33,896,015	\$ 1,436,233	4.4%
Third-Party Funding	\$ 10,223,011	\$ 10,045,143	\$ (177,868)	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	580,000	580,000	-	
Interest & Investment Income	532,291	660,594	128,303	
Total Funding (A)	\$ 43,795,084	\$ 45,181,751	\$ 1,386,668	3.2%
Expenses				
Personnel Expenses				
Salaries	\$ 10,692,063	\$ 11,072,715	\$ 380,652	
Payroll Taxes	569,764	740,443	170,679	
Benefits	1,613,650	1,549,107	(64,543)	
Retirement Costs	1,156,579	1,196,191	39,611	
Total Personnel Expenses	\$ 14,032,057	\$ 14,558,456	\$ 526,399	3.8%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 154,254	\$ 285,036	\$ 130,782	
Travel	325,421	484,554	159,133	
Total Meetings & Travel Expenses	\$ 479,675	\$ 769,590	\$ 289,915	60.4%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 11,043,534	\$ 10,974,168	\$ (69,366)	
Office Rent	-	-	-	
Office Costs	1,946,779	1,900,234	(46,545)	
Professional Services	480,000	385,000	(95,000)	
Miscellaneous	19,028	10,750	(8,278)	
Total Operating Expenses, excluding Depreciation	\$ 13,489,341	\$ 13,270,152	\$ (219,189)	-1.6%
Total Direct Expenses	\$ 28,001,073	\$ 28,598,198	\$ 597,125	2.1%
Indirect Expenses	\$ 15,263,944	\$ 15,661,289	\$ 397,345	2.6%
Other Non-Operating Expenses	\$ 2,194	\$ 1,712	\$ (482)	-22.0%
Total Expenses (B)	\$ 43,267,210	\$ 44,261,199	\$ 993,988	2.3%
Change in Net Assets (=A-B)	\$ 527,873	\$ 920,553	\$ 392,680	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 679,600	\$ 955,593	\$ 275,993	40.6%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (432,537)	\$ (292,660)	\$ 139,878	
Loan or Financing Lease - Principal Payments (+)	280,811	257,620	(23,191)	
Net Financing Activity (D)	\$ (151,726)	\$ (35,040)	\$ 116,687	-76.9%
Total Budget (=B+C+D)	\$ 43,795,084	\$ 45,181,751	\$ 1,386,668	3.2%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	49.98	52.64	2.67	5.3%

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
E-ISAC Only				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 29,980,100	\$ 31,417,356	\$ 1,437,256	
Penalties Released	-	-	-	
Total NERC Funding	\$ 29,980,100	\$ 31,417,356	\$ 1,437,256	4.8%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	520,000	520,000	-	
Interest & Investment Income	232,291	360,594	128,303	
Total Funding (A)	\$ 30,732,391	\$ 32,297,950	\$ 1,565,559	5.1%
Expenses				
Personnel Expenses				
Salaries	\$ 9,507,796	\$ 9,912,194	\$ 404,399	
Payroll Taxes	499,751	654,607	154,856	
Benefits	1,360,651	1,334,265	(26,386)	
Retirement Costs	1,026,354	1,068,201	41,847	
Total Personnel Expenses	\$ 12,394,552	\$ 12,969,268	\$ 574,716	4.6%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 24,254	\$ 74,036	\$ 49,782	
Travel	280,421	437,065	156,644	
Total Meetings & Travel Expenses	\$ 304,675	\$ 511,101	\$ 206,426	67.8%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 2,975,205	\$ 2,863,583	\$ (111,622)	
Office Rent	-	-	-	
Office Costs	1,390,439	1,401,132	10,693	
Professional Services	-	-	-	
Miscellaneous	18,128	9,800	(8,328)	
Total Operating Expenses, excluding Depreciation	\$ 4,383,772	\$ 4,274,515	\$ (109,257)	-2.5%
Total Direct Expenses	\$ 17,082,998	\$ 17,754,883	\$ 671,885	3.9%
Indirect Expenses	\$ 13,315,396	\$ 13,795,918	\$ 480,521	3.6%
Other Non-Operating Expenses	\$ 2,194	\$ 1,712	\$ (482)	-22.0%
Total Expenses (B)	\$ 30,400,589	\$ 31,552,513	\$ 1,151,924	3.8%
Change in Net Assets (=A-B)	\$ 331,803	\$ 745,437	\$ 413,635	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 466,200	\$ 775,708	\$ 309,507	66.4%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (380,001)	\$ (257,802)	\$ 122,199	
Loan or Financing Lease - Principal Payments (+)	245,603	227,531	(18,072)	
Net Financing Activity (D)	\$ (134,398)	\$ (30,270)	\$ 104,127	-77.5%
Total Budget (=B+C+D)	\$ 30,732,391	\$ 32,297,950	\$ 1,565,559	5.1%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	43.58	46.37	2.79	6.4%

Statement of Activities and Fixed Asset Additions				
2025 Budge and 2026 Budget				
CRISP Only				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 2,479,682	\$ 2,478,658	\$ (1,023)	
Penalties Released	-	-	-	
Total NERC Funding	\$ 2,479,682	\$ 2,478,658	\$ (1,023)	0.0%
Third-Party Funding	\$ 10,223,011	\$ 10,045,143	\$ (177,868)	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	60,000	60,000	-	
Interest & Investment Income	300,000	300,000	-	
Total Funding (A)	\$ 13,062,692	\$ 12,883,801	\$ (178,891)	-1.4%
Expenses				
Personnel Expenses				
Salaries	\$ 1,184,267	\$ 1,160,521	\$ (23,747)	
Payroll Taxes	70,013	85,836	15,823	
Benefits	252,999	214,842	(38,157)	
Retirement Costs	130,225	127,990	(2,236)	
Total Personnel Expenses	\$ 1,637,505	\$ 1,589,188	\$ (48,317)	-3.0%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 130,000	\$ 211,000	\$ 81,000	
Travel	45,000	47,489	2,489	
Total Meetings & Travel Expenses	\$ 175,000	\$ 258,489	\$ 83,489	47.7%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 8,068,329	\$ 8,110,585	\$ 42,256	
Office Rent	-	-	-	
Office Costs	556,340	499,102	(57,238)	
Professional Services	480,000	385,000	(95,000)	
Miscellaneous	900	950	50	
Total Operating Expenses, excluding Depreciation	\$ 9,105,569	\$ 8,995,637	\$ (109,932)	-1.2%
Total Direct Expenses	\$ 10,918,074	\$ 10,843,314	\$ (74,760)	-0.7%
Indirect Expenses	\$ 1,948,547	\$ 1,865,371	\$ (83,176)	-4.3%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	0.0%
Total Expenses (B)	\$ 12,866,622	\$ 12,708,686	\$ (157,936)	-1.2%
Change in Net Assets (=A-B)	\$ 196,071	\$ 175,115	\$ (20,955)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 213,399	\$ 179,885	\$ (33,514)	-15.7%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (52,536)	\$ (34,858)	\$ 17,679	
Loan or Financing Lease - Principal Payments (+)	35,208	30,088	(5,119)	
Net Financing Activity (D)	\$ (17,329)	\$ (4,769)	\$ 12,559	-72.5%
Total Budget (=B+C+D)	\$ 13,062,692	\$ 12,883,801	\$ (178,891)	-1.4%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	6.40	6.27	(0.13)	-2.0%

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.

2026 Areas of Focus

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

- Upgrading the System Operator Certification Continuing Education Database (SOCCED) base platform
- Beginning work to implement program changes

2026 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2025 budget to the 2026 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 18–21.

2026 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 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Personnel Certification and Credential Maintenance				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	-	
Total NERC Funding	\$ -	\$ -	\$ -	0.0%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	2,576,092	2,618,800	42,708	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	50,000	50,000	-	
Total Funding (A)	\$ 2,626,092	\$ 2,668,800	\$ 42,708	1.6%
Expenses				
Personnel Expenses				
Salaries	\$ 404,564	\$ 413,983	\$ 9,419	
Payroll Taxes	27,868	31,732	3,864	
Benefits	48,292	62,828	14,536	
Retirement Costs	44,971	45,754	783	
Total Personnel Expenses	\$ 525,694	\$ 554,297	\$ 28,603	5.4%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 40,000	\$ 61,000	\$ 21,000	
Travel	10,600	12,723	2,123	
Total Meetings & Travel Expenses	\$ 50,600	\$ 73,723	\$ 23,123	45.7%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 425,078	\$ 432,978	\$ 7,900	
Office Rent	-	-	-	
Office Costs	266,159	292,837	26,678	
Professional Services	-	-	-	
Miscellaneous	300	300	-	
Total Operating Expenses, excluding Depreciation	\$ 691,537	\$ 726,115	\$ 34,578	5.0%
Total Direct Expenses	\$ 1,267,831	\$ 1,354,135	\$ 86,304	6.8%
Indirect Expenses	\$ 871,161	\$ 852,981	\$ (18,180)	-2.1%
Other Non-Operating Expenses	\$ 30,900	\$ 53,584	\$ 22,684	73.4%
Total Expenses (B)	\$ 2,169,892	\$ 2,260,700	\$ 90,807	4.2%
Change in Net Assets (=A-B)	\$ 456,200	\$ 408,100	\$ (48,099)	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 828,346	\$ 647,961	\$ (180,385)	-21.8%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (823,489)	\$ (615,939)	\$ 207,550	
Loan or Financing Lease - Principal Payments (+)	82,169	13,758	(68,411)	
Net Financing Activity (D)	\$ (741,321)	\$ (602,181)	\$ 139,139	-18.8%
Total Budget (=B+C+D)	\$ 2,256,918	\$ 2,306,479	\$ 49,561	2.2%
Change in Working Capital (=A-B-C-D)	\$ 369,174	\$ 362,321	\$ (6,853)	
FTEs	2.87	2.87	0.00	0.0%

Training and Education

Purpose and Scope

Section 901 of the NERC Rules of Procedure acknowledges the need to acquire and sustain informed, knowledgeable, and skilled personnel to assure the reliable operation of the North American Bulk Power System (BPS). The Training and Education group facilitates the learning and development of NERC and ERO Enterprise staff, as well as BPS industry participants.¹⁶ 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.

2026 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

2026 Resource Requirements

There are no changes to full-time equivalents (FTEs) from the 2025 budget to the 2026 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 18–21.

2026 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 2026 budget year and 2025 budget year to show year-over-year changes. Any significant cost changes from 2025 to 2026 are discussed in the *Major Budget Increase Drivers by Program* section on pages 16–18.

¹⁶ NERC's Human Resources budget includes funding for general NERC employee training and development.

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Training and Education				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ 1,187,355	\$ 1,180,685	\$ (6,670)	
Penalties Released	-	-	-	
Total NERC Funding	\$ 1,187,355	\$ 1,180,685	\$ (6,670)	-0.6%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	9,967	14,620	4,653	
Total Funding (A)	\$ 1,197,322	\$ 1,195,305	\$ (2,017)	-0.2%
Expenses				
Personnel Expenses				
Salaries	\$ 282,500	\$ 297,715	\$ 15,216	
Payroll Taxes	19,607	24,552	4,944	
Benefits	51,117	52,493	1,376	
Retirement Costs	31,738	33,447	1,709	
Total Personnel Expenses	\$ 384,961	\$ 408,207	\$ 23,246	6.0%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 2,000	\$ 2,000	\$ -	
Travel	3,500	2,987	(513)	
Total Meetings & Travel Expenses	\$ 5,500	\$ 4,987	\$ (513)	-9.3%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 90,000	\$ 60,000	\$ (30,000)	
Office Rent	-	-	-	
Office Costs	131,400	132,059	659	
Professional Services	-	-	-	
Miscellaneous	700	700	-	
Total Operating Expenses, excluding Depreciation	\$ 222,100	\$ 192,759	\$ (29,341)	-13.2%
Total Direct Expenses	\$ 612,561	\$ 605,953	\$ (6,608)	-1.1%
Indirect Expenses	\$ 571,253	\$ 559,332	\$ (11,921)	-2.1%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	0.0%
Total Expenses (B)	\$ 1,183,815	\$ 1,165,285	\$ (18,529)	-1.6%
Change in Net Assets (=A-B)	\$ 13,507	\$ 30,020	\$ 16,512	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 18,588	\$ 31,450	\$ 12,862	69.2%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ (15,403)	\$ (10,452)	\$ 4,951	
Loan or Financing Lease - Principal Payments (+)	10,322	9,022	(1,300)	
Net Financing Activity (D)	\$ (5,080)	\$ (1,430)	\$ 3,650	-71.9%
Total Budget (=B+C+D)	\$ 1,197,322	\$ 1,195,305	\$ (2,017)	-0.2%
Change in Working Capital (=A-B-C-D)	\$ -	\$ -	\$ -	
FTEs	1.88	1.88	0.00	0.0%

Corporate Services

Scope and Functional Description

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

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

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		
	2025 Budget	2026 Budget	Increase (Decrease)	2025 Budget	2026 Budget	Increase (Decrease)
General & Administrative	\$ 14,559,253	\$ 13,939,217	\$ (620,036)	19.74	21.62	1.88
Legal & Regulatory	6,010,019	5,852,487	(157,532)	15.98	15.98	-
Business Technology	23,512,429	26,328,988	2,816,559	34.94	35.72	0.78
Human Resources & Administration	5,154,952	5,201,994	47,042	12.22	11.28	(0.94)
Finance & Accounting	3,539,022	4,092,067	553,045	11.28	11.28	-
Total Corporate Services	\$ 52,775,675	\$ 55,414,753	\$ 2,639,078	94.16	95.88	1.72

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 to government officials 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	2025 Budget	2026 Budget	Increase (Decrease)		
Meeting and Travel Expenses					
Quarterly Board Meetings	\$ 250,000	\$ 250,000	\$ -		0.0%
Trustee Travel	180,000	170,000	(10,000)		-5.6%
Total	\$ 430,000	\$ 420,000	\$ (10,000)		-2.3%
Professional Services					
Independent Trustee Fees	\$ 1,667,500	\$ 1,927,500	\$ 260,000		15.6%
Trustee Search Fees	100,000	100,000	-		0.0%
Total	\$ 1,767,500	\$ 2,027,500	\$ 260,000		14.7%
Total	\$ 2,197,500	\$ 2,447,500	\$ 250,000		11.4%

The increase for Independent Trustee Fees is due to the increase in trustee compensation, which is based on the independent study on trustee compensation completed and approved at the end of 2024.

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 assurance activities (i.e., audits and advisory reviews) over financial, operational, legal, regulatory, and compliance processes and programs designed to add value and improve NERC and Regional Entity operations and the internal control environment. 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. In addition, Internal Audit 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 compliance, Enterprise Risk Management and information governance. 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.¹⁷ Business Technology manages NERC's overall Technology Strategy, which is discussed in more detail in the *2026 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, business operations, process improvement, and meeting planning and coordination. HR manages NERC's overall People Strategy, which is designed to create an employee experience for an evolving workforce and attracts, retains, and engages top talent by supporting a more sustainable organization. This strategy is intended to ensure NERC has the talent to achieve its mission. A critical component to NERC's people strategy is workforce planning, which is discussed in more detail in the *2026 Business Plan and Budget Overview* section.

Finance and Accounting

NERC Finance & Accounting (F&A) 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 to develop the annual business plan and budget and associated stakeholder outreach efforts. F&A manages systems, policies, procedures, and controls governing day-to-day practices, including procurement, expense reimbursement, and financial systems.

2026 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

¹⁷ 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.

- 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

2026 Resource Requirements

Corporate Services is increasing by 1.72 FTEs, which is attributed to an increase in support in External Affairs to support strategic engagement initiatives. 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, data analytics, 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 executive consulting, communications and government affairs support, and system administration and other general support for Finance and Accounting activities. Information related to resource requirements is also discussed and illustrated in the *Personnel Analysis and Expenses* and *Contractors and Consultants* sections on pages 18–21.

2026 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 platform upgrades, an enterprise analytics environment, the next phase of the NERC website, investments in engagement and collaboration tools, and equipment replacements and upgrades to support operational sustainability.

The Statement of Activities report for Corporate Services is provided below. This report shows funding, expenses, and financing activity for the 2026 budget year and 2025 budget year to show year-over-year changes. Significant cost changes from 2025 to 2026 include the following:

- Increase in Personnel costs due to the personnel assumptions related to the People Strategy discussed in the *2026 Business Plan and Budget Overview* section, including an increase of FTEs.
- Decrease in Office Rent due to the decision to discontinue a long-term office lease in Atlanta when the current lease expires in October 2025, which is partially offset by annual rent escalation in the Washington DC office lease.
- Increase in Contractors and Consultants expenses, primarily in support of efforts related to the Technology Strategy discussed in the *2026 Business Plan and Budget Overview* section, as well as additional support needs for government and regulatory affairs and Finance and Accounting system administration.

- Increase in Fixed Asset Additions due to anticipated capitalized software expenditures related to enhancements for the modernized NERC website, analytics and Artificial Intelligence environment initiatives, as well as other necessary system and enhancements and upgrades, and equipment refreshes and replacements.

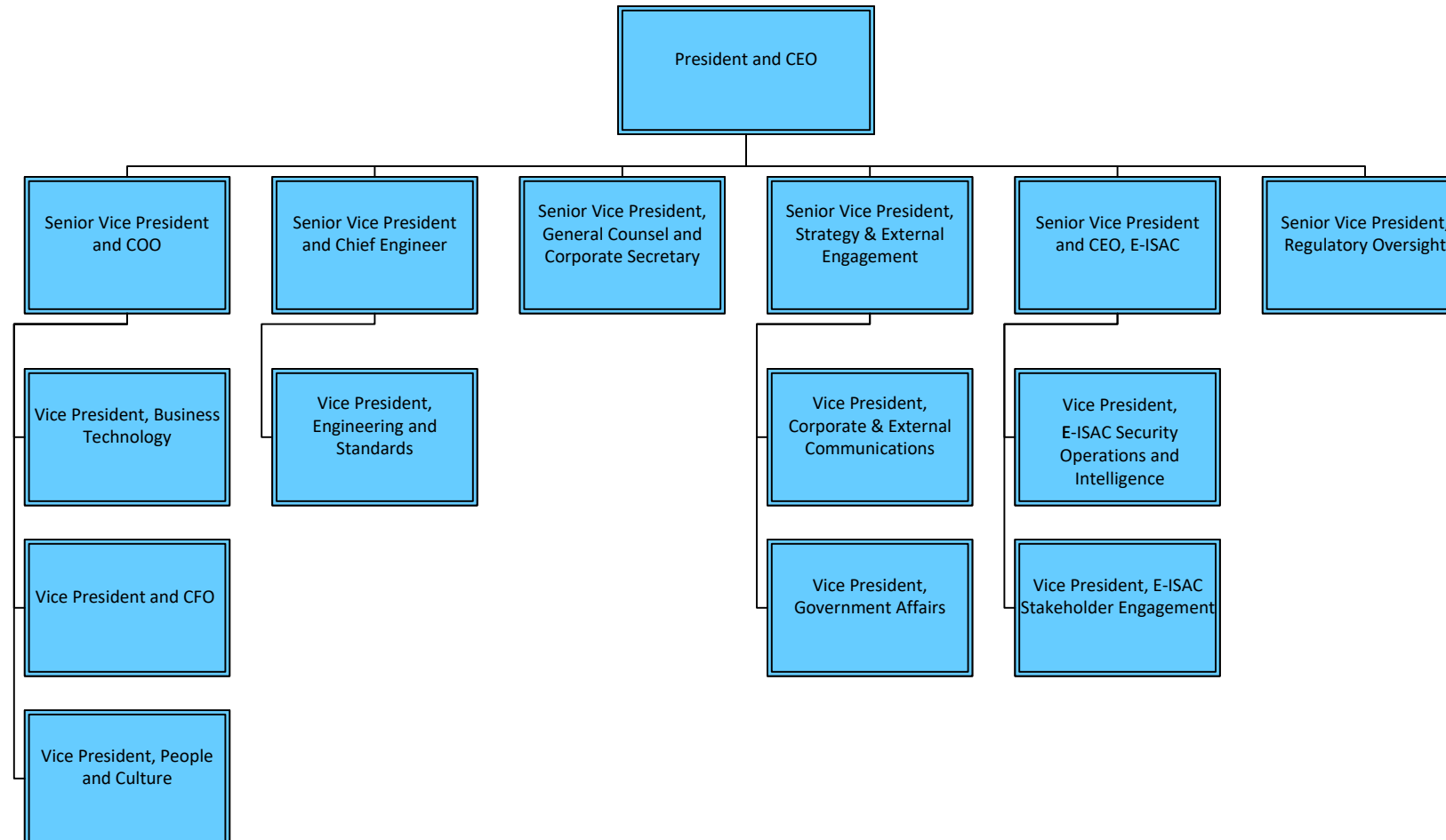
Non-Statutory Activity

Statement of Activities and Fixed Asset Additions				
2025 Budget and 2026 Budget				
Corporate Services				
	2025	2026	\$ Inc(Dec)	% Change
	Budget	Budget	2026 Budget v 2025 Budget	2026 Budget v 2025 Budget
Funding				
NERC Funding				
NERC Assessments	\$ (300,000)	\$ -	\$ 300,000	
Penalties Released	-	-	-	
Total NERC Funding	\$ (300,000)	\$ -	\$ 300,000	-100.0%
Third-Party Funding	\$ -	\$ -	\$ -	
Testing, Renewal, & Continuing Ed Fees	-	-	-	
Services & Software	-	-	-	
Miscellaneous	-	-	-	
Interest & Investment Income	-	-	-	
Total Funding (A)	\$ (300,000)	\$ -	\$ 300,000	-100.0%
Expenses				
Personnel Expenses				
Salaries	\$ 21,454,386	\$ 22,784,666	\$ 1,330,280	
Payroll Taxes	1,042,285	1,348,091	305,806	
Benefits	2,959,728	3,027,213	67,485	
Retirement Costs	2,105,392	2,248,546	143,154	
Total Personnel Expenses	\$ 27,561,791	\$ 29,408,516	\$ 1,846,724	6.7%
Meetings & Travel Expenses				
Meetings & Conference Calls	\$ 723,800	\$ 510,100	\$ (213,700)	
Travel	783,000	794,570	11,570	
Total Meetings & Travel Expenses	\$ 1,506,800	\$ 1,304,670	\$ (202,130)	-13.4%
Operating Expenses, excluding Depreciation				
Contractors & Consultants	\$ 7,320,235	\$ 8,166,500	\$ 846,265	
Office Rent	3,074,867	1,638,184	(1,436,683)	
Office Costs	8,538,815	8,493,683	(45,132)	
Professional Services	3,031,270	3,158,150	126,880	
Miscellaneous	137,750	107,750	(30,000)	
Total Operating Expenses, excluding Depreciation	\$ 22,102,937	\$ 21,564,267	\$ (538,670)	-2.4%
Total Direct Expenses	\$ 51,171,528	\$ 52,277,452	\$ 1,105,924	2.2%
Indirect Expenses	\$ (51,538,519)	\$ (52,577,184)	\$ (1,038,665)	2.0%
Other Non-Operating Expenses	\$ 366,991	\$ 299,732	\$ (67,259)	0.0%
Total Expenses (B)	\$ -	\$ -	\$ -	0.0%
Change in Net Assets (=A-B)	\$ (300,000)	\$ -	\$ 300,000	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	0.0%
Financing Activity				
Loan or Financing Lease - Borrowing (-)	\$ -	\$ -	\$ -	
Loan or Financing Lease - Principal Payments (+)	-	-	-	
Net Financing Activity (D)	\$ -	\$ -	\$ -	0.0%
Total Budget (=B+C+D)	\$ -	\$ -	\$ -	0.0%
Change in Working Capital (=A-B-C-D)	\$ (300,000)	\$ -	\$ 300,000	
FTEs	94.16	95.88	1.72	1.8%

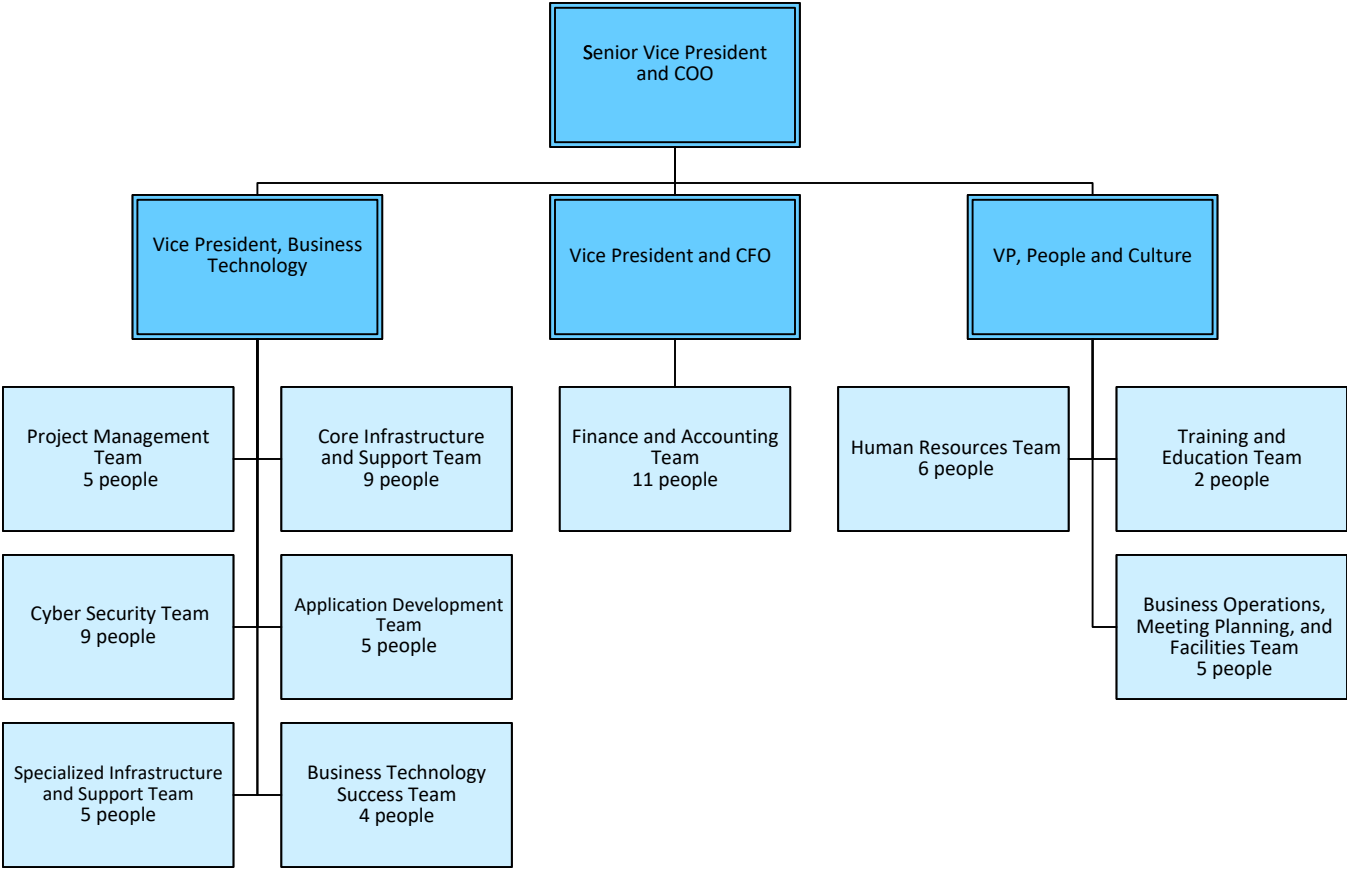
Non-Statutory Activity

NERC has no non-statutory activities.

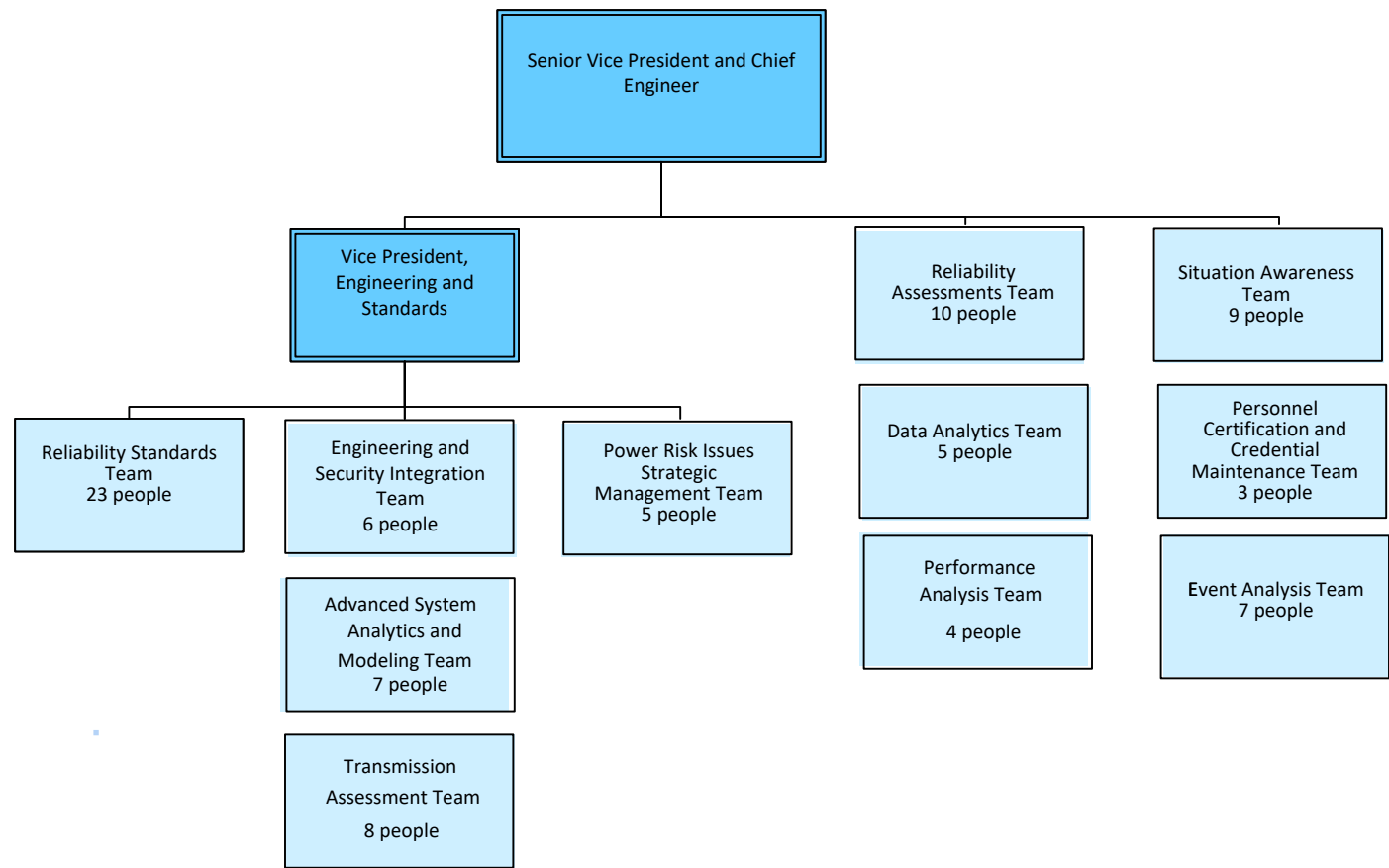
NERC Staff Organization Chart – Budget 2026



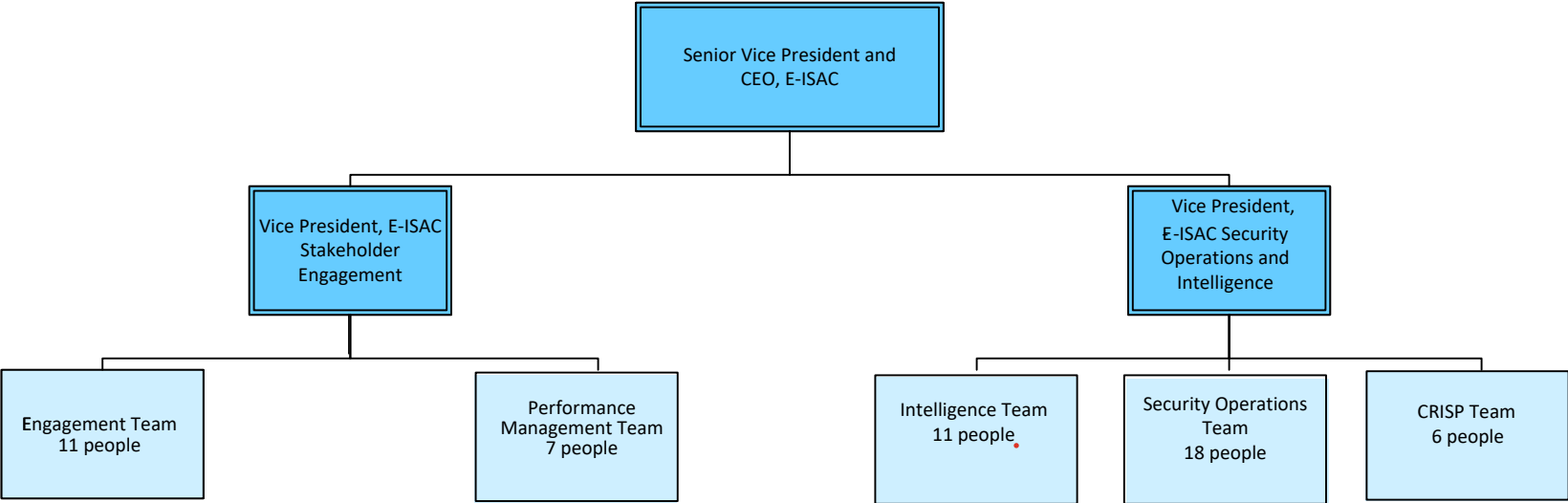
Business Technology, Finance & Accounting, and HR & Administration



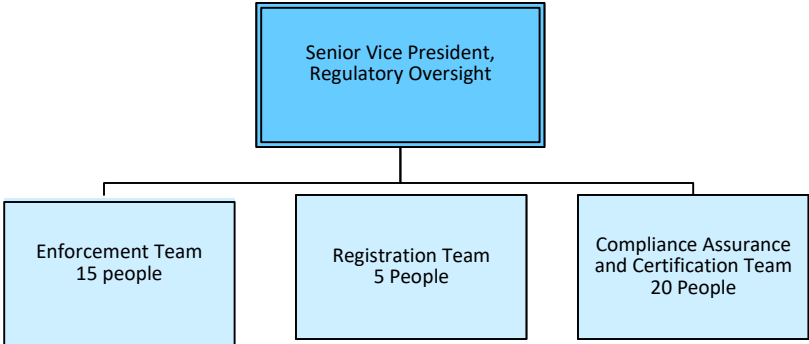
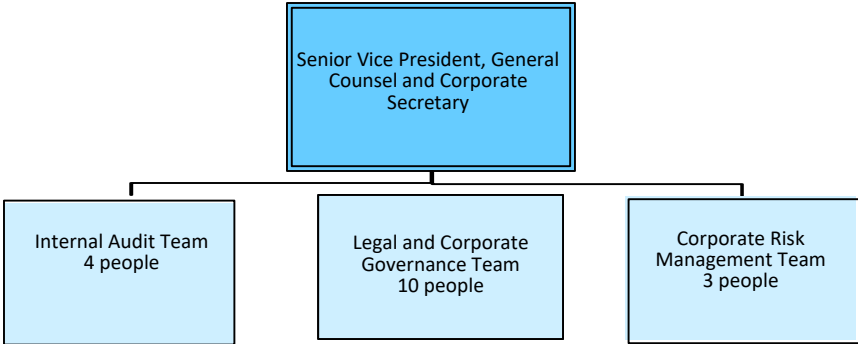
Reliability Standards & PRISM, RAPA, Data Analytics, and Engineering Situation Awareness, Event Analysis, and Personnel Certification and Credential Maintenance



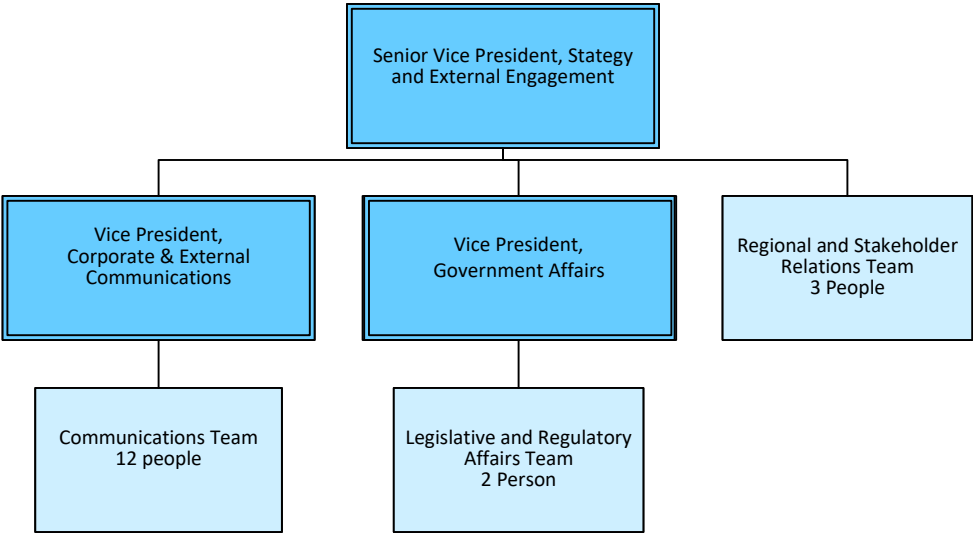
Electricity Information Sharing and Analysis Center



CMEP, Legal, Internal Audit, and Corporate Risk Management



External Affairs



Consolidated Statement of Activities

Statement of Activities, Fixed Asset Additions, Financing Activity, and Change in Working Capital by Program 2026 Budget	Statutory Activities																													
	Statutory Total	Reliability Standards and Power Risk Issue Strategic Management	Compliance Assurance, Registration, and Certification	Event Analysis	Compliance Enforcement	Personnel Certification and Credential Maintenance	Training and Education	RAPA, Data Analytics, and Engineering	Situation Awareness	E-ISAC (Including CRSP)	General and Administrative (Includes Executive and External Affairs)	Legal and Regulatory	Information Technology	Human Resources and Administration	Accounting and Finance															
Funding																														
ERO Funding																														
NERC Assessments	\$	113,749,428	\$	15,694,325	\$	16,281,978		4,566,785	\$	9,179,434	\$	-	\$	1,180,685	25,424,055	\$	7,526,151		33,896,015	\$	-	\$	-	\$	-	\$	-	-	-	
Penalties Released																														
Total NERC Funding	\$	113,749,428	\$	15,694,325	\$	16,281,978		4,566,785	\$	9,179,434	\$	-	\$	1,180,685	25,424,055	\$	7,526,151		33,896,015	\$	-	\$	-	\$	-	\$	-	-	-	
Third-Party Funding	\$	10,045,143	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	10,045,143	\$	-	\$	-	\$	-	-	\$	-	\$	-	-	-	-	
Testing, Renewal, & Continuing Ed Fees		2,618,800		-		-		-		2,618,800		-		-	-		-		-		-		-		-	-	-	-		
Services & Software		60,000		-		-		-		-		-		60,000		-		-		-		-		-	-	-	-	-		
Miscellaneous		580,000		-		-		-		-		-		580,000		-		-		-		-		-	-	-	-	-		
Interest & Investment Income		1,653,196		213,081		190,056		51,900		109,647		50,000		14,620		296,779		66,519		660,594		-		-	-	-	-	-		
Total Funding (A)	\$	128,706,567	\$	15,907,407	\$	16,472,034		4,618,685	\$	9,289,081	\$	2,668,800	\$	1,195,305	\$	25,780,834	\$	7,592,670	\$	45,181,751	\$	-	\$	-	\$	-	-	\$	-	
Expenses																														
Personnel Expenses																														
Salaries	\$	57,918,898		4,891,752		4,880,290		1,557,508		2,517,391		413,083		297,715		7,636,358		1,698,519		11,072,715		6,229,606		3,942,475		808,462		2,727,564		2,269,483
Payroll Taxes		3,791,815		348,305		342,815		105,559		162,625		31,732		24,562		546,965		120,457		740,443		305,853		230,273		33,504		142,257		149,623
Benefits		8,395,092		795,164		829,243		222,054		314,619		62,828		82,493		1,190,337		348,024		1,540,107		649,805		543,764		86,377		333,734		304,177
Retirement Costs		6,090,520		533,056		536,627		173,910		278,683		45,754		33,447		960,429		183,878		1,196,191		521,796		424,836		81,247		229,135		243,638
Total Personnel Expenses	\$	76,190,325		6,568,326		6,588,974		2,059,042		3,293,319		554,297		408,207		10,834,110		2,318,877		14,558,456		7,307,061		5,141,348		1,009,589		1,429,690		2,964,901
Meeting and Travel Expenses																														
Meetings & Conference Calls	\$	1,557,156		245,000		158,500		100,000		7,800		61,000		2,000		114,250		73,470		285,036		337,500		10,100		3,400		30,000		5,000
Travel		2,497,628		151,044		288,434		85,335		73,218		12,723		2,987		527,415		77,348		484,554		430,273		111,790		29,867		64,001		93,079
Total Meeting & Travel Expenses	\$	4,054,783		396,044		446,934		185,335		81,018		73,723		4,987		641,665		150,818		769,590		767,773		121,890		33,267		94,001		58,079
Operating Expenses, excluding Depreciation																														
Contractors & Consultants	\$	22,560,085		211,625		808,825		248,950		679,000		432,978		60,000		914,350		63,690		10,974,168		530,000		10,000		70,000		965,500		400,000
Office Rent		1,638,184		-		-		-		-		-		-		-		-		-		1,638,184		-		-		-		
Office Costs		15,985,590		84,246		674,889		11,766		632,911		292,837		132,059		1,193,050		2,189,875		1,900,234		490,950		242,049		256,787		635,604		460,038
Professional Services		3,543,150		-		-		-		-		-		-		385,000		-		2,633,500		335,000		-		4,600		185,000		-
Miscellaneous		136,050		3,000		3,050		1,300		2,000		300		700		5,800		1,400		10,700		46,750		2,200		4,900		52,200		1,700
Total Operating Expenses, excluding Depreciation	\$	43,463,020		298,871		1,486,764		262,016		1,313,911		726,115		192,759		2,113,200		2,234,965		13,270,152		5,329,384		589,249		331,487		1,657,954		1,046,738
Total Direct Expenses	\$	123,767,928		7,263,241		8,522,672		2,506,392		4,688,248		1,354,135		605,953		13,188,975		4,702,660		28,598,198		13,804,217		5,852,487		1,374,542		5,181,645		4,071,718
Indirect Expenses	\$	-		8,152,260		7,271,313		1,985,628		4,194,968		852,961		559,332		11,354,434		2,544,959		15,661,289		(13,939,217)		(5,852,487)		(1,416,488)		(5,186,832)		(4,076,905)
Other Non-Operating Expenses	\$	480,555		4,523		23,302		5,122		10,374		53,584		-		54,560		27,646		1,712		135,000		-		35,945		5,187		5,187
Total Expenses (B)	\$	124,188,483		15,420,025		15,817,287		4,497,142		8,893,610		2,260,700		1,365,285		24,597,970		7,275,266		44,261,199		-		-	\$	-	\$	-	-	
Change in Net Assets (=A-B)	\$	4,518,084		487,382		654,747		121,542		395,472		408,100		30,020		1,182,864		317,404		920,553		-		-	\$	-	\$	-	-	
Fixed Asset Additions, excluding Right of Use Assets (C)	\$	7,228,250		495,005		2,360,222		111,647		1,330,873		647,961		31,450		1,052,404		243,096		955,593		-		-	\$	-	\$	-	-	
Financing Activity																														
Loan or Financing Lease - Borrowing (-)	\$	(4,292,500)		(152,340)		(1,890,878)		(37,105)		(1,033,391)		(615,939)		(10,452)		(212,178)		(47,557)		(292,660)		-		-	\$	-	\$	-	-	
Loan or Financing Lease - Principal Payments (+)		1,220,013		144,717		185,403		47,001		97,990		13,758		9,022		342,637		121,865		257,620		-		-	\$	-	\$	-	-	
Net Financing Activity (D)	\$	(3,072,487)		(7,622)		(1,705,475)		9,896		(935,401)		(602,181)		(1,430)		130,459		74,308		(35,040)		-		-	\$	-	\$	-	-	
Total Budget (=B+C)	\$	128,344,246		15,907,407		16,472,034		4,618,685		9,289,081		2,306,479		1,195,305		25,780,834		7,592,670		45,181,751		-		-	\$	-	\$	-	-	
Change in Working Capital (=A-B-C-D)		362,321		-		-		-		-		362,321		-		-		-		-		-		-	\$	-	\$	-	-	
FTEs		272.60		27.40		24.44		6.67		14.10		2.87		1.88		38.16		8.55		52.64		21.62		15.98		35.72		11.28		11.28

Application of NERC Section 215 Criteria

**DISCUSSION OF HOW THE NERC MAJOR ACTIVITIES
IN THE 2026 BUSINESS PLAN AND BUDGET
MEET THE NERC WRITTEN CRITERIA FOR DETERMINING WHETHER A
RELIABILITY ACTIVITY IS ELIGIBLE TO BE FUNDED UNDER
FEDERAL POWER ACT SECTION 215**

This information will be provided in the final proposed 2026 Business Plan and Budget.