

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# 2025 Business Plan and Budget Overview

**RELIABILITY | RESILIENCE | SECURITY**





**Energy:** Tackle the challenge of grid transformation and climate change-driven, extreme weather

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**Security:** Move the needle by focusing on supply chain, Information Technology (IT) and Operational Technology (OT) system monitoring, cyber design, and evolution of the Critical Infrastructure Protection (CIP) Standards

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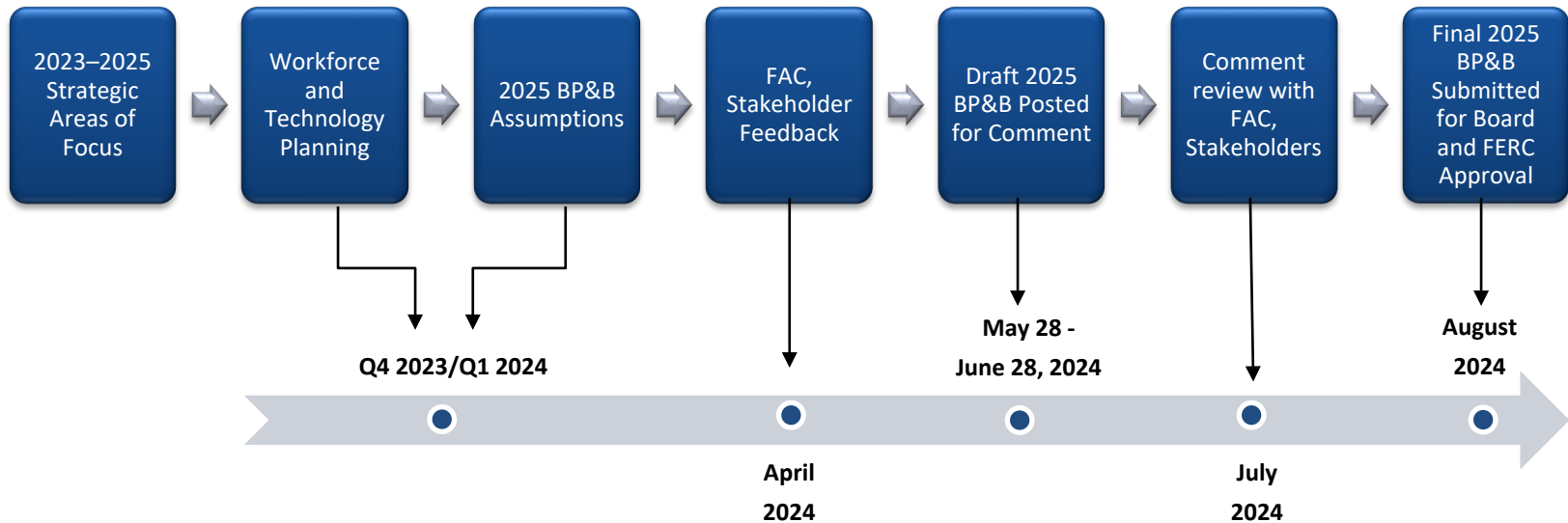
**Agility:** Tool the company to be more nimble in key areas, particularly standards development, internal operational processes

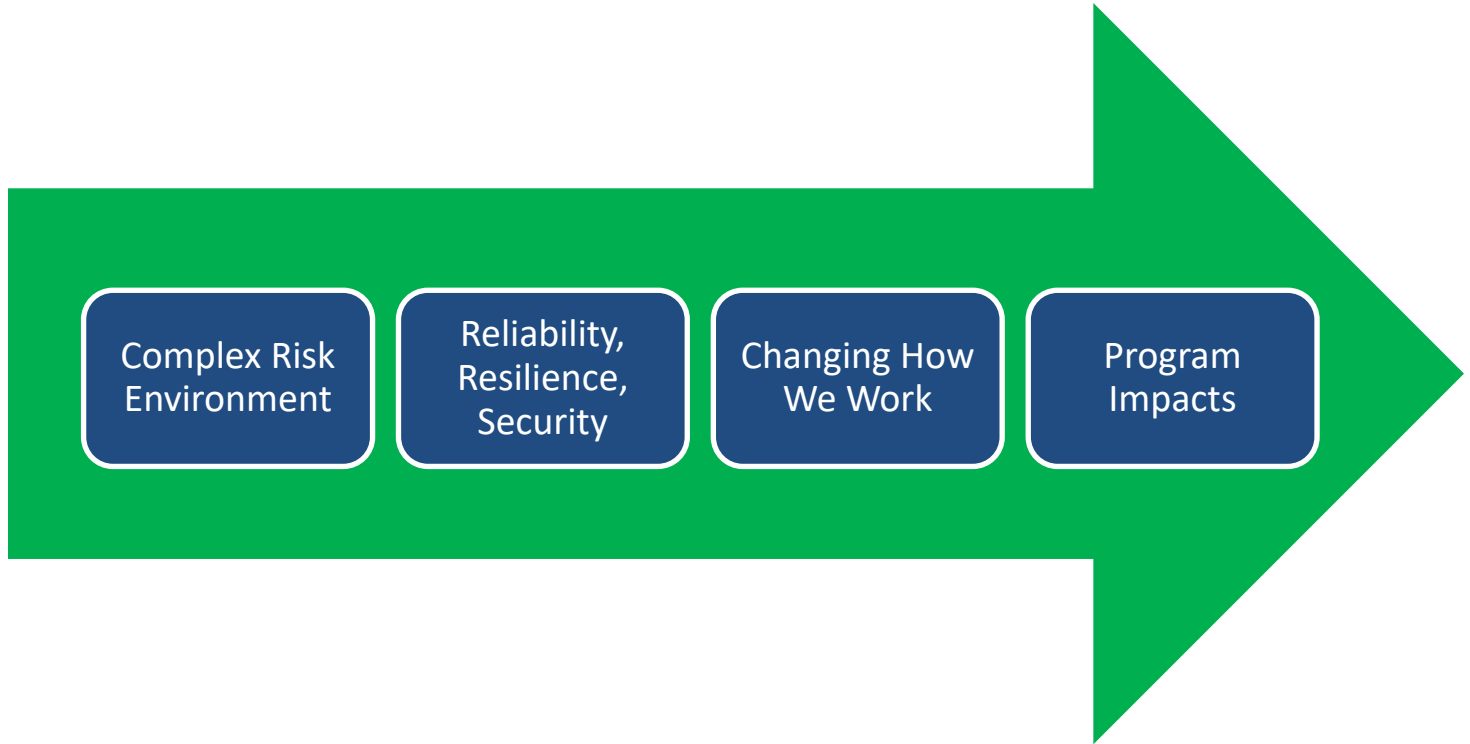
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**Sustainability:** Invest in ERO systematic controls, eliminate single points of failure, strengthen succession planning, and ensure robust cyber security protections for all systems

# 2025 BP&B Development Process





Assessment consistent with prior year projection

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Personnel costs below prior year projection

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Technology costs consistent with prior year projection

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Budget below prior year projection

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In a changing environment, we are on target with our cumulative three-year plan projections (2023–2025)

**Workforce and Business Technology investments**

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**Meetings and travel**

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**Facilities and rent**

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**Capital financing and reserve releases to smooth assessments**

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**Potential changes in final draft**

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**Pressures**

## **Budget – \$123.0M (\$9.4M or 8.2% increase from 2024)\***

- Personnel – \$71.5M (8.7% increase from 2024)
- Meetings & Travel – \$3.8M (8.8% increase from 2024)
- Operating Expenses – \$43.9M (5.0% increase from 2024)
- Fixed Assets – \$5.1M (10.3% increase from 2024)
- Net Financing Activity – (\$1.9M) (25.7% increase from 2024)

## **Assessment – \$108.4M (\$11.4M or 11.8% increase from 2024)**

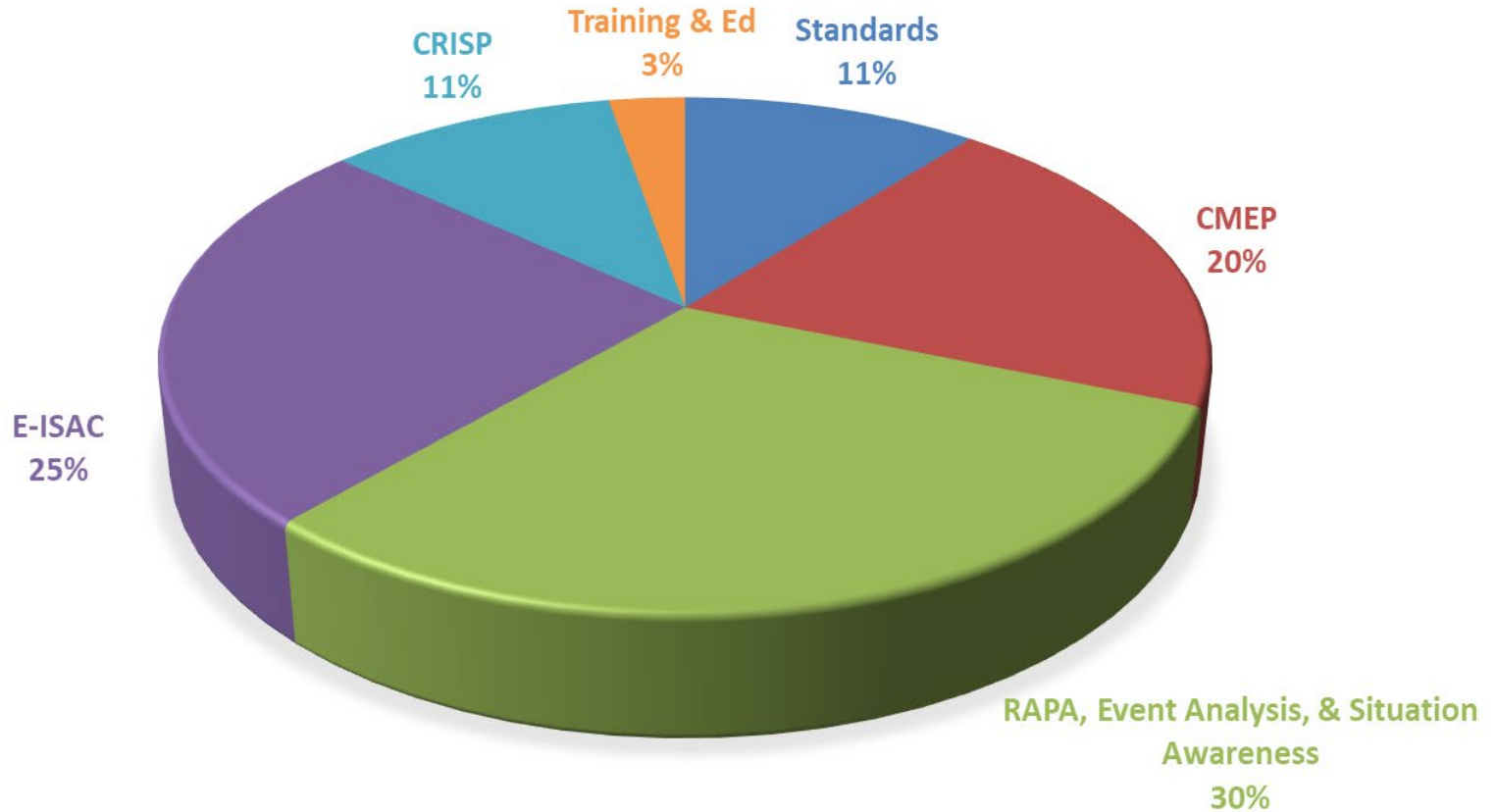
- Assuming \$3.8M in loan and lease financing proceeds, which lowers assessment requirements
- Proposing a release of \$300k from Operating Contingency Reserves

## **FTEs – 263.5 (increase of 12.4 from 2024)**

- Increases for Reliability Standards, Enforcement, Transmission Assessment, E-ISAC, and Corporate Services

*\*See appendix for details by category*

# 2025 Budget by Program Area





## Total projected reserves at end of 2024 – \$22.5M

- Operating Contingency Reserve (OCR) – \$13.5M (13.8%, within target)
- Assessment Stabilization Reserve (ASR) – \$956k
- Future Obligation Reserve – \$2.9M
- System Operator Certification Reserve – \$552k
- CRISP reserves – \$4.5M

## Total projected reserves at end of 2025 – \$21.7M

- OCR – \$13.2M (12.3%, within target)
- ASR – \$956k
- Future Obligation Reserve – \$2.1M
- System Operator Certification Reserve – \$921k
- CRISP reserves – \$4.5M

*\*See appendix for descriptions of reserves*

## Preliminary 2026 and 2027 projections evolving, updated in next three-year plan

- Preliminary 2026 and 2027 annual rate of budget and assessment increase is trending down
- Personnel and technology projections shifting from right-sizing initiatives around Sustainability to core program area efforts in Energy and Security

Preliminary Projections	2026	2027
Assessment Increase %	8.5%–9.5%	7.5%–8.5%
Budget Increase %	8.0%–9.0%	7.0%–8.0%
FTE Increase %	2.7%–3.4%	3.1%–3.7%



# Questions and Answers

A stylized map of North America is centered on the page. The United States is highlighted in a dark blue color, while Canada and Mexico are shown in a lighter, greyish-blue color. The word "Appendix" is written in a large, bold, black sans-serif font across the middle of the United States. The background of the slide features a dark blue header at the top and a light blue horizontal band passing behind the map.

# Appendix

## **Personnel – \$71.5M (8.7% increase from 2024)**

- Increase of 12.4 FTEs
- Weighted average merit increase of 5.5%
- Lower medical insurance increases than previously projected

## **Meetings & Travel – \$3.8M (8.8% increase from 2024)**

- Continuing efficiencies gained from virtual meeting formats
- Costs and demand increasing
- Transition of meetings to co-working partner space with a rental fee cost per meeting (due to discontinuing long-term office lease in Atlanta in October 2025)

## **Operating Expenses – \$43.9M (5.0% increase from 2024)**

- CRISP contract with PNNL (completely participant funded)
- Biennial GridEx contract support
- Additional contractor, consultant, and software costs to support technology strategy
- Escalation for existing software license and support expenses
- Offset by reduced consultant expenses due to completion of the ITCS

## **Fixed Assets – \$5.1M (10.3% increase from 2024)**

- Capital software and IT equipment in support of technology strategy

## **Net Financing Activity – (\$1.9M) (25.7% increase from 2024)**

- Loan proceeds for capital software projects (\$2.9M)
- Lease financing proceeds for IT equipment (\$852k)
- Loan principal payments for ERO SEL and budgeted 2024 capital software borrowing
- Lease financing principal payments for laptops and IT equipment

## Operating Contingency Reserve (OCR)

- Working capital funds and additional funds for unanticipated contingencies
- Target between 8.0% and 16.0% of total budget minus System Operator Certification and CRISP budgets

## Assessment Stabilization Reserve (ASR)

- To date, funded entirely by previously received U.S. penalties
- Used to reduce U.S. assessments, subject to Board and FERC approval

## Other reserves

- **Future Obligation Reserve** – Funding received to satisfy future obligations under lease, credit, loan, or other agreements (e.g., deferred rent)
- **System Operator Certification Reserve** – Surplus funding from operator certification and continuing education fees, used solely for operator certification program needs
- **CRISP Reserves** – Funds dedicated to CRISP, funded by CRISP participants