

Announcement

Board Invokes Special Standards Authority for First Time; Approves 2025 Business Plan and Budgets

August 15, 2024

VANCOUVER, Canada – Key topics at the Board of Trustees meeting included approval of the ERO Enterprise’s 2025 Business Plan and Budgets, a progress report on 2024 work plan priorities, and the decision to invoke the Board’s long-standing special standards authority under Section 321 of the NERC’s [Rules of Procedure](#) to address a critical and rapidly growing risk to reliability of the bulk power system and a Federal Energy Regulatory Commission directive regarding inverter-based resource (IBR) performance.

NERC President and Chief Executive Officer (CEO) Jim Robb welcomed attendees to Vancouver, commending the decades of North American collaboration and partnership.

“Our annual meeting in Canada recognizes the interconnectedness of our bulk power system, which was powerfully evident 21 years ago this week when more than 50 million people in the Northeast United States and Canada experienced the largest blackout in North America,” Robb said. “The 2003 blackout was a reminder that reliability requires strong collaboration across national borders. Two decades later, I’m amazed at all we’ve accomplished together — and what we will continue to accomplish.”

Opening remarks were provided by Francis Bradley, CEO, Electricity Canada; Chris O’Riley, president and CEO, BC Hydro; Patricia Hoffman, principal deputy director, Grid Deployment Office, U.S. Department of Energy; and Derek Olmstead, administrator and CEO, Alberta Market Surveillance Administrator, and CAMPUT representative to NERC.

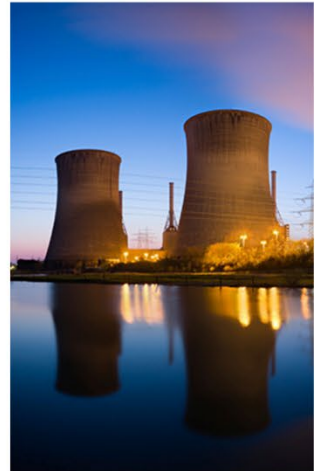
Board Action

Based on the recommendations of the Regulatory Oversight Committee, the Board invoked Section 321 of the Rules of Procedure to ensure that systemic reliability issues associated with IBRs are addressed in a timely manner and that NERC is responsive to FERC’s Order No. 901 directives. Project 2020-02 – Modifications to PRC-024 (Generator Ride-Through) is a draft standard that establishes capability- and performance-based ride-through requirements for IBRs during grid disturbances; however, it failed to achieve consensus from the Registered Ballot Body over multiple ballots, calling into question whether development would be completed by FERC’s November 4, 2024 filing deadline.

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Section 321 provides the Board with the authority to address certain regulatory directives should the ballot pool and non-binding polls fail to approve a proposed Reliability Standard. Under this special authority, the Board directed the Standards Committee to work with NERC to host a [technical conference](#), which is scheduled for September 4–5 in the Washington, D.C., area. Using input from the technical conference, the proposed Reliability Standard will be revised as appropriate, then put to one more stakeholder ballot. If the standard achieves at least 60% stakeholder approval, the Board may consider it for adoption under this special process. There is a 45-day deadline to complete the process. The Board will consider further action based on the results of the ballot.

In 2023, FERC directed NERC in Order No. 901 to develop standards to address IBR reliability issues with three filing deadline groups — November 4 in 2024, 2025, and 2026. In addition to the Project 2020-02 – Modifications to PRC-024 (Generator Ride-Through), other standards in this first filing group, which both reached consensus in their most recent ballot, include:

- **Project 2021-04 – Modifications to PRC-002-2 Phase 2:** Requirements to address disturbance monitoring for IBR (PRC-002-5, PRC-028-1)
- **Project 2023-02 – Analysis and Mitigation of BES IBR Performance Issues:** Requirements to address IBR performance issues (PRC-030-1)

“The North American grid is undergoing a significant, rapid transformation, and, while this presents new opportunities to advance grid reliability, it also presents significant challenges that must be addressed,” said Ken DeFontes, NERC Board chair. “The Board appreciates the efforts of the drafting teams and NERC’s stakeholders to develop the first set of consensus standards. This hard work is paying off; however, every day that implementation [of the generator ride-through standard] is delayed, the risk to the bulk power system grows. The reliability of the grid demands that we get these standards in place, so industry can begin preparing for implementation.”

2025 Business Plan and Budget

The Board approved NERC’s 2025 Business Plan and Budget, which aligns with NERC’s 2023–2025 plan and strategic focus areas. The 2025 budget is primarily driven by workforce and business technology investments in support of NERC’s three-year plan to meet its mission to assure the reliability and security of the North American bulk power system and uses capital financing and a reserve release to smooth the year-to-year assessment increase — proposing a budget increase of 8.2% over 2024, and an assessment increase of 11.8% over 2024. The Board also approved the 2025 Business Plans and Budgets for the Regional Entities and the Western Interconnection Regional Advisory Body (WIRAB).

The combined budget increase for NERC, the Regional Entities and WIRAB is 9.1% over 2024, with an assessment increase of 12.2% over 2024. The 2025 Business Plan and Budgets, which will be submitted to FERC for approval later this month, reflect the outcome of an extensive outreach program with stakeholders, including the Member Representatives Committee’s Business Plan and Budget Input Group, the E-ISAC Member Executive Committee and industry trade and forum representatives.

2024 Work Plan Priorities

Erika Chanzas, director of Business Planning, provided a midyear update on progress toward NERC’s 2024 work plan priorities, which support NERC’s four areas of focus: Energy, Security, Agility and Sustainability. While 14 of the 17 priorities are on schedule for completion by year-end, three are identified as being at potential risk:

- Deliverables related to Winter Storm Elliott recommendations due to external resource constraints

- Development of and consensus on energy assurance and physical security standards
- Progress in completing a set of studies of the interconnected natural gas system's impact on reliability

NERC will continue to monitor 2024 work plan priority progress and provide a final report at the February 2025 Board meeting.

Technical Session

A technical session is held in conjunction with each quarterly meeting to encourage discussion on key technical topics. This session focused on four topics: the Interregional Transfer Capability Study – Part 1; extreme weather outreach and impacts to transmission systems; real-time system operations artificial intelligence; and system performance during the May 2024 solar storm.

Board presentations are located on the [Board of Trustees](#) agenda page on the [NERC website](#). The next Board of Trustees meeting will be held virtually on December 11.

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