

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program Mid-Year Report

August 13, 2025

RELIABILITY | RESILIENCE | SECURITY



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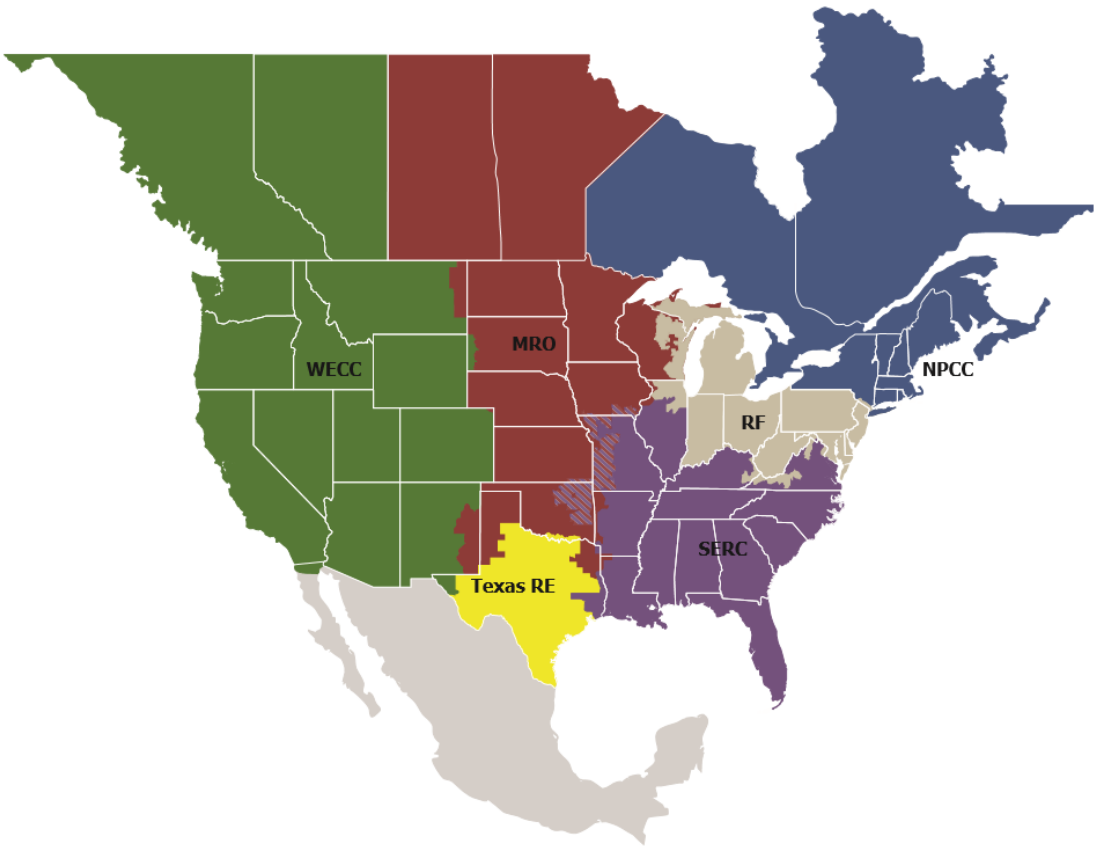
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Preface

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 citizens in North America are counting on us

The North American BPS is made up of 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 Regional Entity 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

Executive Summary

This report highlights key ERO Enterprise¹ Compliance Monitoring and Enforcement Program (CMEP) and Organization Registration and Certification Program (ORCP) activities that occurred in the first half of 2025 and provides information regarding those activities. NERC now issues two CMEP and ORCP Reports each year, releasing the Annual CMEP and ORCP Report in February and the Mid-Year CMEP and ORCP Report in August in order to enhance the usefulness of these reports to industry.²

In Q1 and Q2 2025, CMEP and ORCP activities throughout the ERO Enterprise reflected a focus on oversight activities and a continued implementation of a risk-based approach that has enabled the ERO Enterprise to focus resources on risks to the reliability of the BPS and risks specific to registered entities. In the first half of 2025, the ERO Enterprise:

- Planning outreach through the use of small group advisory sessions and one-on-one sessions with Regional Entities to assist with the implementation of the Extreme Cold Weather Preparedness and Operations Standards;
- Solicited feedback from the Compliance and Certification Committee and Align User Group chairs in order to enhance Align and SEL functionality;
- Conducted oversight of Regional CMEP and ORCP programs to ensure consistency and effectiveness;
- Developed a consistent access management process and effective controls for data retention in Align and SEL; and
- Conducted training for CMEP staff.
- Developed Practice Guide for Registration of Category 2 Inverter-based Generator Owners and Generator Operators and
- Conducted industry webinar to share content of Category 2 Practice Guide

¹ The “ERO Enterprise” refers to the affiliation between NERC and the six Regional Entities for the purpose of coordinating goals, objectives, metrics, methods, and practices across statutory activities. The operation of the ERO Enterprise does not conflict with obligations of each organization through statutes, regulations, and delegation agreements. The activities discussed in this report relate to compliance monitoring and enforcement performed in connection with United States Registered Entities. A high-level discussion of Oversight of CMEP activities in Canada is included in Chapter 2.

² NERC’s prior practice has been to issue a Quarterly CMEP and ORCP Report for Q1 through Q3 and then an Annual CMEP and ORCP Report. In 2023 and beyond, NERC will issue a Mid-Year Report, covering Q1 and Q2, and an Annual Report, covering Q3 and Q4 and summarizing the entire year.

Chapter 1: ORCP and CMEP Activities in 2025

ORCP Activities

Registration Changes

Registration of GO and GOP entities continues to dominate the activity in this functional area. There are an accompanying number of deactivations of these same functions, indicating the purchase and sale of existing assets. The registration changes in other functions are reflected by much smaller numbers.

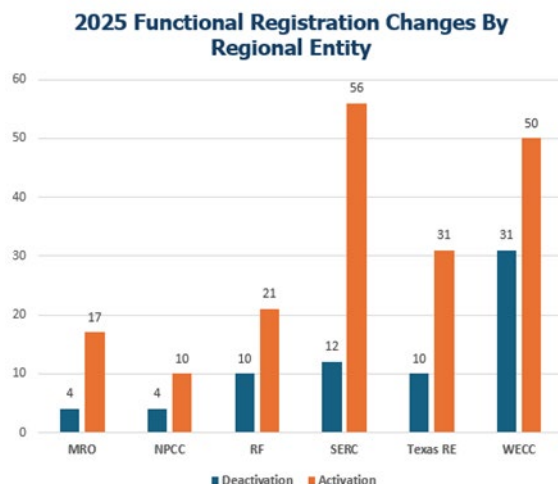


Figure 1: Functional Registration Changes by Regional Entity (Q1 and Q2 2025)

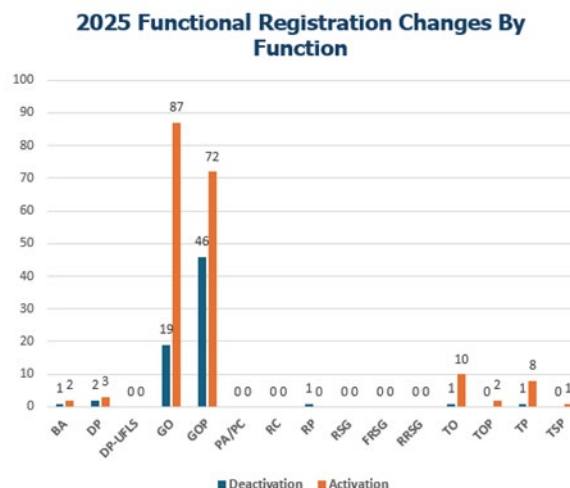


Figure 2: Functional Registration Changes by Function (Q1 and Q2 2025)

Registration of Inverter-Based Resources

NERC requested assistance from US-registered Balancing Authorities and Transmission Owners through a Request for Information (RFI) in 2024 to identify Category 2 candidates attached to their respective systems. Information provided in response to this RFI enabled outreach to registration candidates for Category 2 Generator Owners. Beginning in late 2024 and continuing into 2025, the Regional Entities began discussions with each of these entities. These engagements include analysis of the operating characteristics of these facilities to evaluate candidacy for registration.

Starting in August 2025, NERC will begin notification to verified candidate Category 2 registrants of future inclusion on the NERC Compliance registry with an effective date of May 15, 2026. This date coincides with the effective date of many of the new Reliability Standards developed in response to FERC Order 901.

NERC Registration, in conjunction with its regional partners, developed a Practice Guide: Application of the Registry Criteria for Category 2 Generator Owner and Generator Operator Inverter-Based Resources to provide registration guidance for these new resources. This Practice Guide was posted in late January 2025 with a follow-up public webinar in March further publicizing and explaining the document.

Certification Completions

During the first half of 2025, one full certification has been completed, with two remaining in-progress. Five full certification activities are being evaluated and have yet to be scheduled.

ERO Enterprise staff completed nine certification reviews of already certified and operational entities. To date in 2025, ERO Enterprise staff have 18 certification reviews that are in-progress. Seven reviews are anticipated or waiting on further information from registered entities before reviews can be planned in more detail.

Certification Accomplishments

In 2025, NERC is refining the templates posted last year and taking a look at possible Rules of Procedure updates to make the program more risk-based and effective. The CCC audit results for the certification program, as well as results of NERC's oversight of how the Regional Entities implement the certification program, have led to internal process changes involving scheduling and record keeping, which shall be reviewed again by another CCC audit later this year.

CMEP Activities

Align and SEL

The ERO Enterprise is committed to CMEP effectiveness and invests in the Align and SEL tools to improve security, automation, efficiency, harmonization, and consistency. In 2024, the ERO Enterprise is utilizing the [Align Governance Model](#) to support and improve the impact of these tools on the entire CMEP program, fostering collaboration on functionality, business value, and integration with existing CMEP committees.

NERC uses the Align and the Secure Evidence Locker webpage to communicate information on status of the systems, upcoming outages, links to important documentation, and Release Notes.³

In the first half of 2025, Align and SEL key initiatives included enhancements to release deployments, stakeholder discussions for prioritized Align and SEL feedback, and updates to a number of Align User Guides.

Release Deployments

Align releases were postponed in July 2024 to address security improvements and incorporate additional steps to ensure items are ready for release and fully tested ahead of production system deployments. As part of those efforts, a new test environment was established for quality assurance testing ahead of production releases as well as performing end-to-end testing of the modules in scope of the Align release plan. The new test environment is now in use for all Align releases.

The ERO Enterprise deployed two Align releases in the first two quarters of 2025 (Align Release Align 7.1.0 and Align Release 7.2.0). The Align releases addressed several module improvements for the Align system, including Enforcement, Mitigation, IRAs, COPs, Audits and Spot Checks, Scheduling, and Reporting across several areas. Detailed descriptions of changes related to each release are available in the corresponding Release Notes on the Align and SEL webpage (under Release Materials).

In the Release 7.1.0, the modifications include, but are not limited to, the following: fixing a trigger error for Coordinated Oversight Inherent Risk Assessment creation; typo fixed within Compliance Oversight Plan records; issues with Compliance Oversight Plan Appendix B data.

In the Release 7.2.0 the modifications include, but are not limited to, the following: fixing the display of Audit Finding IDs throughout the system, the ability to cancel scheduled engagement records, and displaying the Create a Finding action button for region users; improvements to region users' Working Papers to include an updated view, updated review statuses, and new Auditor Review Note functionality; an enhancement to reduce the duplication of created Working Papers of monitoring engagements of Coordinated Oversight Groups; and the ability to provide some documents from region to entity via the monitoring engagement General tab.

³ Align and SEL Resource Center, available at <https://www.nerc.com/ResourceCenter/Pages/Align-SEL.aspx>.

Individual Regional Entity and CCC Discussions for Prioritized Align Feedback

The Align User Group (AUG) chairs facilitate periodic individual meetings with each Regional Entity and CCC representatives to discuss feedback with using Align, focusing on their input related to efficiency, work arounds, pain points, and showstoppers within Align and SEL. These discussions have continued in 2025, with two meetings in Q1-Q2 and a third scheduled for November 2025. The purpose of these meetings is to provide subject matter experts (SMEs) the opportunity to provide real-time feedback on the current usage of Align and SEL and identify potential focus areas for future prioritization discussions with the AUG and Product Management Team. These meetings help the ERO Enterprise prioritize potential improvements to the Align experience.

Updated Align and SEL User Guides

In Q2 2025, NERC published updated Align Inherent Risk Assessment (IRA) and Compliance Oversight Plan (COP) User Guides for CEA (Regional Entity) and registered entity as well as the CEA SEL User Guide. The IRA and COP User Guides, specific to Inherent Risk Assessment and Compliance Oversight Plan modules in Align, were updated to address typos, new screenshots to reflect updated functionality, detailing and clarifying various steps, updating notes, adding icons in CEA guides to reflect text boxes where the data will be visible to registered entities, additional details on instructions, and adding a Revision History table to capture future edits. The updated CEA SEL User Guide was provided to Regional Entities through the Align User Group due to restricted data handling processes.

Updated Enforcement Guidance for Registered Entities

In Q1 2025, NERC Enforcement published the ERO Enterprise Enforcement Cause Code User Guide and Training Video. Registered entities and Regional Entities may use Enforcement-specific Cause Codes to assign the appropriate cause code that corresponds to the identified root cause of the noncompliance. The Enforcement cause codes characterize the most used causes of noncompliance in a structured manner and could facilitate with identification and analysis of trends associated with noncompliance to strengthen the ERO Enterprise's understanding of noncompliance and related risks to the BPS. The User Guide and the Training Video are located on the Additional Resources section of Enforcement and Mitigation.

In Q1 2025, NERC Enforcement posted a template form of the Self-Report/Self-Log form that is in Align. This template is for registered entities awareness of what fields are included in the Self-Report/Self-Log form that need to be completed in Align.

CMEP Feedback to Standards

The ERO Enterprise recognizes the importance of providing compliance experiences and practices to assist in evaluating the efficacy of the Standards in supporting continued safe, secure, and reliable operations. The ERO Enterprise CMEP staff continue to support Standard Drafting Team projects, including those related to previously provided feedback.

Additionally, to date in 2025, CMEP staff is providing feedback on Interconnection Reliability Operating Limits and Inverter-Based Resources.

Interconnection Reliability Operating Limits

In July 2024, the ERO Enterprise published a report on its review of Reliability Coordinators (RC) Interconnection Reliability Operating Limit (IROL) methodologies. This review included all RCs in the United States as well as several RCs from Canada. This activity was designed to evaluate consistency among the RCs in the criteria used to identify and operate to IROLs. Based on the findings in the report, NERC Compliance Assurance and Certification staff are working with industry to explore the development of a Standard Authorization Request (SAR) in response to the findings.

Inverter-Based Resources

In Order 901,⁴ FERC directed NERC to modify several Standards to better address IBRs. These drafting projects impact Bulk Electric System (BES) IBRs as well as non-BES IBRs that NERC currently has a workplan for addressing. NERC Compliance Assurance staff is working closely with NERC Standards staff to ensure clarity on when registered entities will need to begin complying with the modified Standards.

Small Group Advisory Sessions

The ERO Enterprise is planning on hosting a small group advisory session for registered entities the week of August 18, 2025 preparing to implement the revised Extreme Cold Weather Preparedness and Operations Standard, EOP-012-3.

The ERO Enterprise will host a general session webinar followed by one-on-one sessions with registered entities discussing their specific questions and sharing compliance monitoring approaches.

Based upon all the questions received during the general session and individual registered entity sessions, the ERO Enterprise will develop responses to these questions and will publicly post a Frequently Asked Questions document.

Internal Controls

The ERO Enterprise leverages a risk-based compliance monitoring and enforcement approach that considers internal controls when evaluating a registered entity's residual risk. Internal controls concepts are foundational and impact the assessment of reliability and security risk of a registered entity and extent of CMEP activities. These concepts were featured prominently during NERC's 2025 Spring CMEP workshop. Additionally, the ERO staff continue to collaborate on the development of tools and a common process for identifying, documenting, and assessing internal controls during each CMEP activity. The ERO Enterprise completed an activity to pilot key internal controls principles and capture lessons learned as a foundation for broader implementation. The review process of the lessons learned and what will be incorporated into the ERO internal controls program/processes is underway.

CMEP Implementation Plan

The risk elements in the 2026 CMEP Implementation Plan (CMEP IP) are currently being analyzed and drafted. The process for completing the 2026 CMEP IP have launched and the team is working to understand new and emerging risks and risks that still exist that were called out in the 2025 CMEP IP. This is a year where the ERO Reliability Risk Priorities Report is published and a lot of the focus will stem from this report as it is a major input. There are also other ERO Enterprise and NERC technical papers and reports that will be reviewed and analyzed so that the team has as much information as possible to build the list of 2026 risk elements and accompanying standards and requirements.

ERO Enterprise Training and Outreach

In the first half of 2025, the ERO Enterprise provided numerous outreach opportunities to industry stakeholders and training to the ERO Enterprise staff through workshops, monthly newsletters, assist visit programs, webinars, podcasts, and other events. These outreach events focused on a variety of topics, including – but not limited to – the following:

- Changes to standards;
- Evolution of the Align tool;
- Techniques for gathering and sharing information;
- Risk identification;

⁴ Reliability Standards to Address Inverter-Based Resources, Order No. 901, 185 FERC ¶ 61,042 (2023), available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20231019-3157.

- NERC standard development update;
- IBR Registration;
- Potential Noncompliance (PNC) processing refinements;
- Audit and Self-Reporting;
- Align Oversight Activity results; and
- NERC Standards Abeyance Process.

CMEP Workshop

In April 2025, NERC conducted the Annual ERO Enterprise CMEP Staff Workshop in San Diego, CA. Over 260 ERO Enterprise CMEP staff attended the workshop. The theme for the 2025 workshop was “Navigating and Thriving in the New Frontier” with continued focus on the transformation of the CMEP. The workshop included four collaborative case studies derived from regional feedback. The focus of each case study was to raise awareness and provoke meaningful discussion in the areas of Certification, Compliance, Registration, Risk, and Enforcement. The four case studies, along with guided discussions and tabletop exercises, assisted with proactively identifying and mitigating both current and future risks to the bulk power system. Attention was focused on applying common processes and techniques to ensure consistent, effective, and efficient implementation of risk-based monitoring activities across the ERO Enterprise. To receive credit for attendance, attendees were required to demonstrate an understanding of the material by successfully completing learning assessments in the ERO Enterprise Learning Management System (LMS).

Training for Audit Team Lead, Certification Team Lead, and Compliance Investigator

In May 2025, NERC staff conducted Team Member Training and Team Leader Training in accordance with Sections 402.9, 403.7.5, and 502.2.2.7, and Appendix 4C of the NERC ROP. NERC conducted these sessions over one week concurrently with Certification Team Leader Training and Compliance Investigator Training. A total of 21 ERO Enterprise CMEP personnel attended these training sessions. To receive course credit, and certificate if applicable, attendees were required to demonstrate an understanding of the material by successfully completing learning assessments in the LMS. Additional sessions of these courses will be conducted in Q4 of 2025.

NERC Filings and FERC Orders of Note

IBR Registration Work Plan

NERC continues work on its FERC-approved IBR registration work plan (“IBR Work Plan”) to identify and register Category 2 Generator Owners and Category 2 Generator Operators that (i) either have or contribute to an aggregate nameplate capacity of great than or equal to 20 MVA, and (ii) are connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage great than or equal to 60 kV.⁵ NERC has provided quarterly updates to FERC on the IBR Work Plan in 2025.⁶

Order No. 901 Work Plan

⁵For background on the IBR Work Plan, see Order approving NERC IBR Work Plan, RD22-4, available at https://elibrary.ferc.gov/eLibrary/filelist?accession_num=20231128-3056; NERC IBR Work Plan as Amended on March 13, 2023, RD22-4, available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230313-5249; NERC Proposed ROP Revisions regarding IBR Registry Criteria, RR24-2, available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20240319-5204; and Order Approving Revisions to North American Electric Reliability Corporation Rules of Procedure and Requiring Compliance Filing, 187 FERC ¶ 61,196 (2024), available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20240627-3033.

⁶See NERC IBR Work Plan Progress Updates, RD22-4, February 2025 update available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250205-5104, and May 2025 update available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250506-5092.

NERC also continues work on its standards development plan (“Order No. 901 Work Plan”), submitted in January 2024, to develop new or revised Reliability Standards to address FERC-identified reliability gaps related to IBRs.⁷ NERC plans to submit Reliability Standards addressing each of the IBR-related reliability gaps in accordance with the three-year staggered timeframe directed by FERC, prioritizing the development of responsive Reliability Standards on this timeline:

- Reliability Standards to address performance requirements and post-event performance validation for registered IBRs by November 4, 2024;⁸
- Reliability Standards to address data sharing and model validation for all IBRs by November 4, 2025; and
- Reliability Standards to address planning and operational studies requirements for all IBRs by November 4, 2026.

NERC provided an update on the status of its Order No. 901 Work Plan in its annual report summarizing the progress made and plans for addressing Reliability Standards-directives issued by applicable governmental authorities.⁹

Five-Year Performance Assessment Compliance Filing

Finally, NERC submitted a compliance filing regarding the directive in FERC’s 2024 Order on Five-Year Performance Assessment. The compliance filing contains performance metrics proposed to be used in future ERO performance assessments.¹⁰

Other CMEP Activities

CMEP Information and Trends

NERC has historically provided a variety of CMEP information in its quarterly, semiannual, and annual reports to highlight trends and other useful information to industry. In the charts below, NERC provides CMEP information showing (1) IRA/COP completion percentage; (2) compliance monitoring engagement by type; (3) inventory reduction in older noncompliance; (4) details regarding the volume, discovery method, and most frequently reported incoming noncompliance; (5) the risk and disposition method of filed noncompliance, the timing of mitigation completion, and levels of compliance history and aggravating compliance history for filed serious and moderate risk noncompliance.

IRA/COP Completion

NERC continues to use risk-based trends and oversight indicators to better inform CMEP processes. During the first half of 2025, there was a positive trend of analysis of risk which is shown in the number of IRA/COP completed versus the audits planned for that period.

⁷ NERC Informational Filing regarding the development of Reliability Standards responsive to Order No. 901, RM22-12, available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20240117-5076.

⁸ NERC filed responsive standards in multiple dockets on November 4, 2024. See RD25-1, RD25-2, RD25-3, and RM25-3.

⁹ NERC Standards Report, Status and Timetable for Addressing Regulatory Directives, RR09-6-003, available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250328-5113.

¹⁰ Compliance Filing of the North American Electric Reliability Corporation in Response to the Order on Five-Year Performance Assessment, RR24-4, available at https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250616-5241.

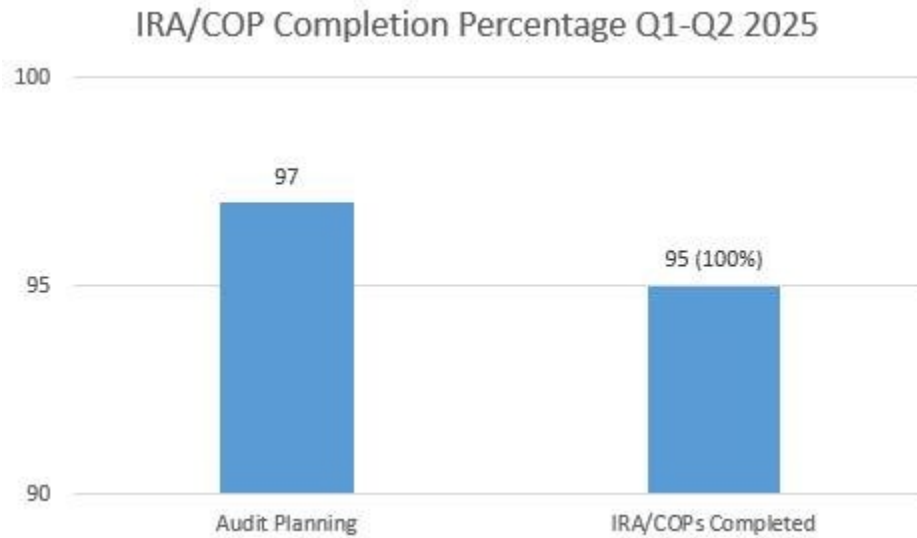


Figure 3: IRA/COP Completion Percentage

Compliance Monitoring

The ERO Enterprise monitors the maturity and effectiveness of the CMEP program primarily through engagements. Below is a breakdown of those activities by type for the first half of 2025.

Compliance Monitoring by type Q1-Q2 2025

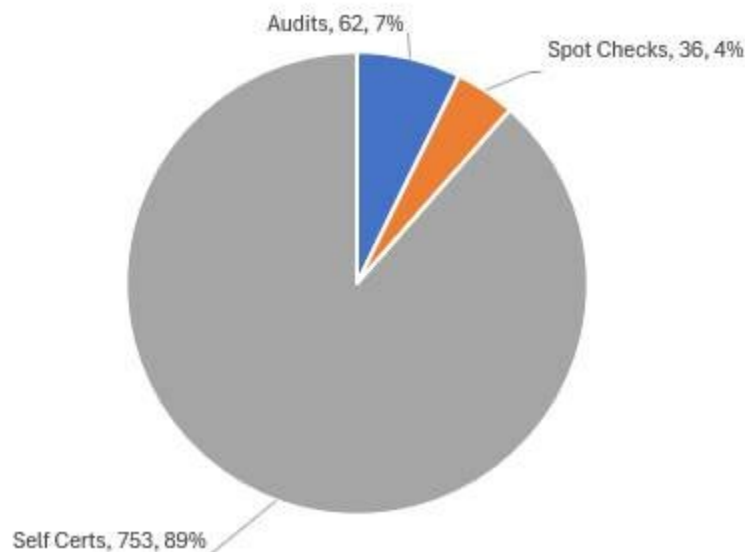


Figure 4: Compliance Monitoring by Type in 2025

Inventory Reduction

The ERO Enterprise continues to focus on eliminating backlogs of processing noncompliance. During the first half of 2025, the ERO Enterprise has reduced its 2024 and older inventory of noncompliance by nearly 18%.

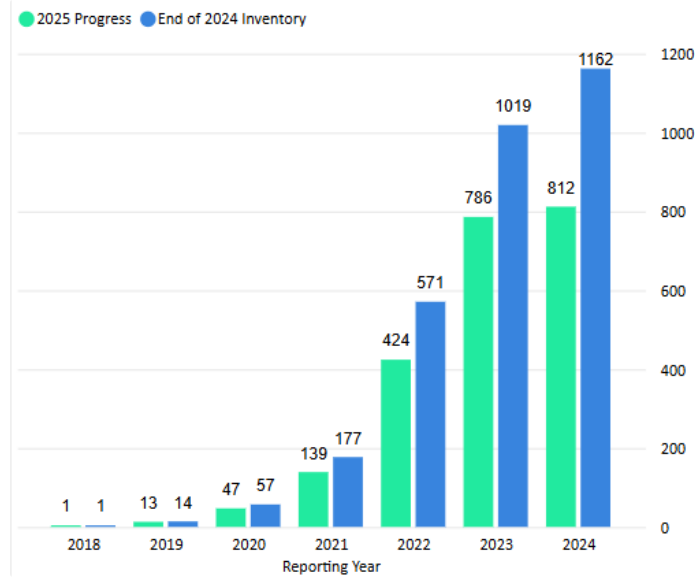


Figure 5: Reduction in Older Noncompliance Inventory in 2025

Newly Reported Noncompliance

The number of newly reported noncompliance received by the ERO Enterprise each year varies based on a variety of factors including, but not limited to, newly enforceable Standards and planned monitoring activities and engagements. The volume of newly reported noncompliance can impact Regional Entity noncompliance inventory and processing timeframes.

In the first half of 2025, the ERO Enterprise received 863 possible noncompliance, similar to the numbers reported in 2024 for the same period.

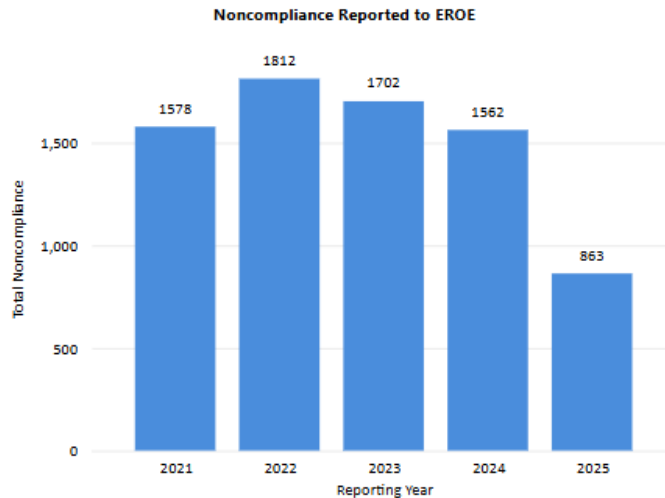


Figure 6: Number of Reported Noncompliance by Year

The ERO Enterprise looks for high volumes of self-reported and self-logged noncompliance as indicators that registered entities have good detective controls. The ERO Enterprise has developed a [Registered Entity Self-Report and Mitigation Plan User Guide](#) that provides guidance describing the type and quality of information that

registered entities should submit in a Self-Report or Self-Log and in mitigating activities to allow Regional Entities to effectively evaluate a potential noncompliance.

Nearly 80% of the reported noncompliance in Q1-Q2 2025 were identified by the registered entities' detective controls.

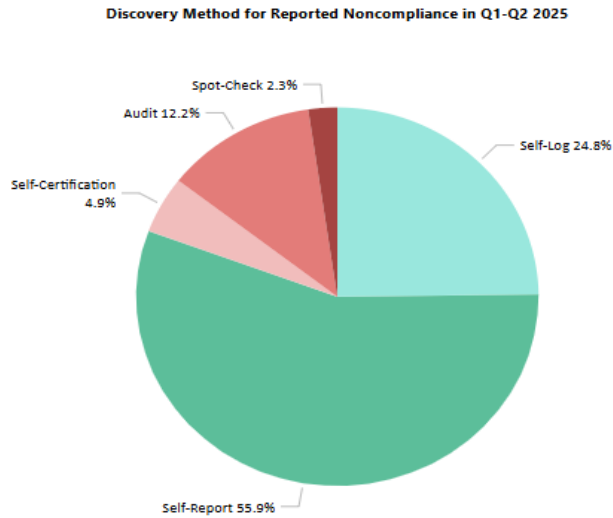


Figure 7: Discovery Method for Reported Noncompliance (Q1 and Q2 2025)

The ERO Enterprise provides information regarding the most reported CIP and O&P Standards in each year to give registered entities visibility into the Standards and Requirements that may warrant additional attention while simultaneously noting that higher noncompliance volumes are expected for Standards that involve high frequency conduct.

In the first half of 2025, the most frequently reported CIP noncompliance is similar to 2024, with CIP-007, CIP-010 and CIP-004 on the top three most reported CIP Standards. These Standards involve high frequency conduct.

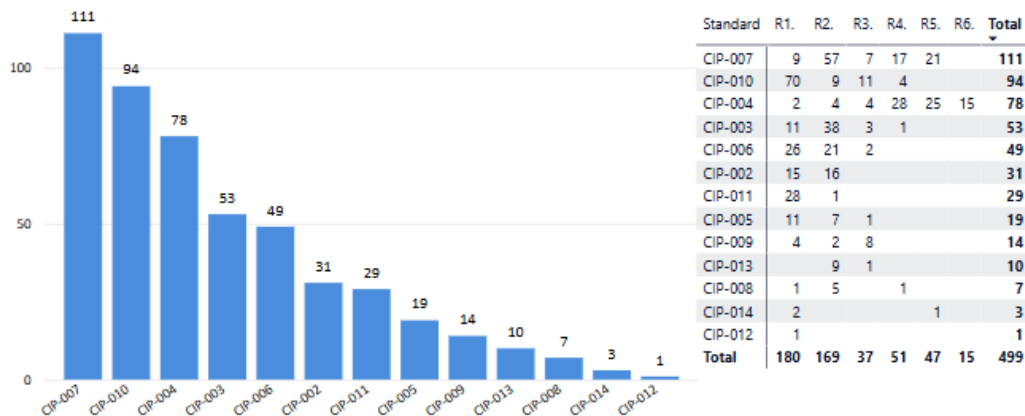


Figure 8: Most Reported CIP Standards (Q1 and Q2 2025)

In the first half of 2025, the most frequently reported noncompliance involving the O&P Standards are also similar to 2024, with FAC-008, MOD-025 and PRC-005 in the top three most reported Standards.

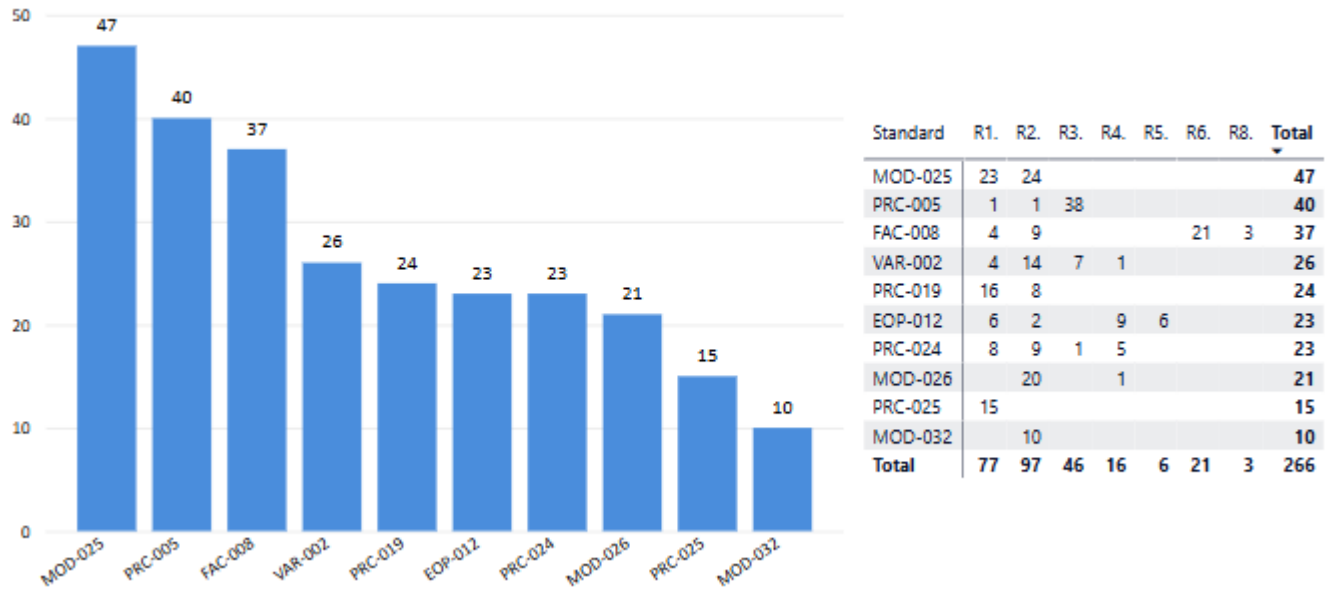


Figure 9: Top 10 Most Reported O&P Standards (Q1 and Q2 2025)

Facility Ratings noncompliance (FAC-008) continue to be one of the top three highest reported O&P standards in the past five years. Given the significant role of Facility Ratings in planning and operating the BPS, the ERO Enterprise continues to actively monitor FAC-008 issues and take actions to mitigate reliability risk to the BPS.

Noncompliance Processing

The ERO Enterprise provides information regarding the risk levels and disposition methods of filed noncompliance to keep registered entities informed of enforcement trends. During the first half of 2025, less than 10% of the noncompliance were moderate and serious risk issues, which were disposed of as FFTs, Spreadsheet Notices of Penalty (SNOPs) and full Notices of Penalty (NOPs).

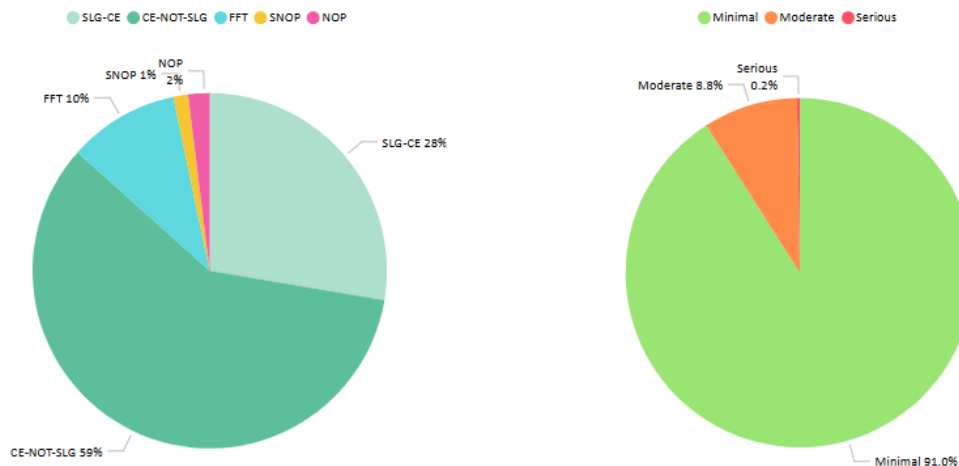


Figure 10: Risk and Disposition Method of Noncompliance Processed in Q1-Q2 2025

Similar to Q1-Q2 2024, CIP-007 and FAC-008 were the top CIP and O&P Standards filings for the first half of 2025 that were assessed as moderate risk.



Figure 11: Top 10 Moderate Risk and Serious Risk Noncompliance Processed in Q1-Q2 2025

The ERO Enterprise provides information regarding the time to complete mitigation activities to track trends in how long it takes registered entities to complete their mitigation activities. The ERO Enterprise would take further action, such as outreach to registered entities, if the time to mitigate noncompliance started to significantly increase.

Registered Entities continue to mitigate noncompliance quickly. Over the last five years, approximately 80% of completed mitigation occurred within six months of a noncompliance being reported to Regional Entities.

Timeframe for Completed Mitigation for the Reported Noncompliance in the Past 5 years

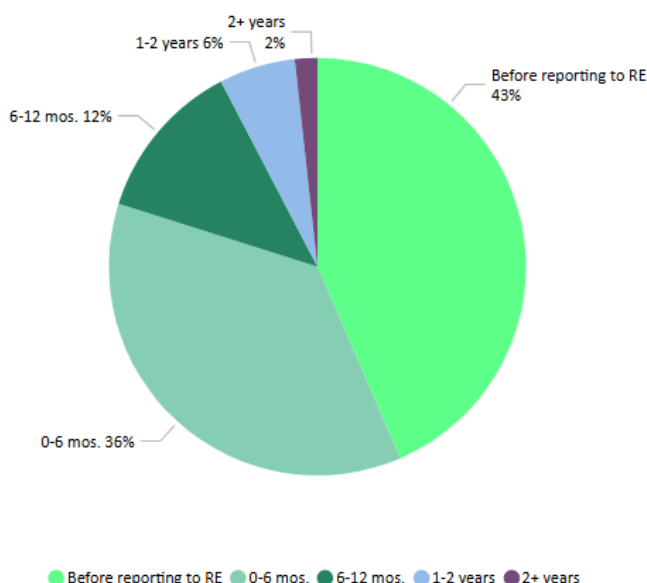


Figure 12: Mitigation of Noncompliance

The ERO Enterprise monitors compliance history¹¹ and repeat noncompliance with similar conduct¹². The ERO Enterprise monitors these cases to further explore the relationship of prior mitigation to repeat noncompliance and to identify any additional areas of focus and future actions.

The figure below shows all filed moderate and serious risk noncompliance in the past five years including those with relevant compliance history and those with compliance history involving similar conduct. Noncompliance with similar conduct is a subset of the wider group of repeat noncompliance, in which the registered entity's current noncompliance involves similar conduct or a similar cause as prior violations of the same or similar Standard and Requirement. Such situations could result in aggravation of the disposition method or aggravation of a penalty for the current noncompliance.

The ERO Enterprise will continue to analyze the information as the year progresses and highlight any notable trends in future reports.

Moderate and serious risk noncompliance with aggravating compliance history (e.g., prior noncompliance with the same or similar root cause as the instant noncompliance that results in aggravation of a monetary penalty or disposition method) remains a small percentage of all filed moderate and serious risk noncompliance, less than 16% for the last five years.

¹¹ Defined as relevant prior violation of the same or similar Reliability Standard and Requirement.

¹² Defined as a prior violation that stemmed from similar actions or conduct.

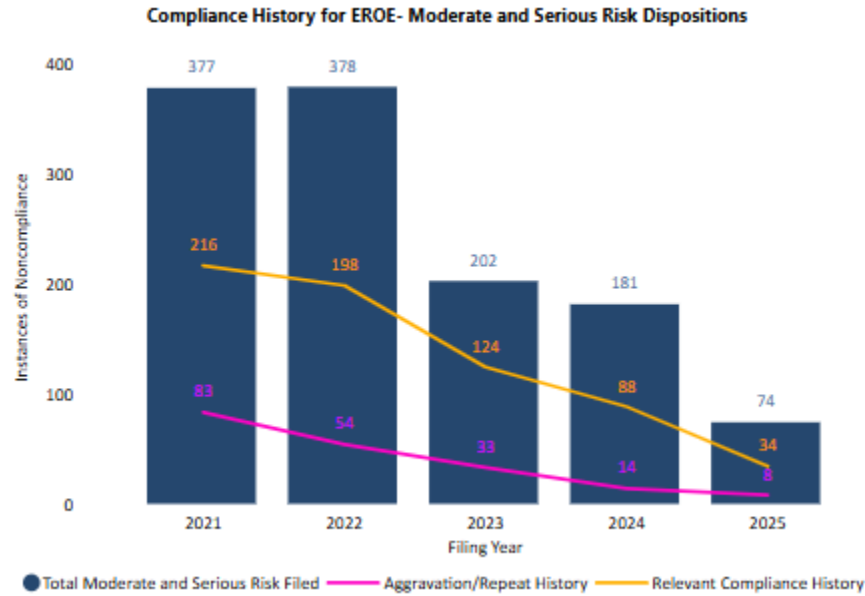


Figure 13: Compliance History for Moderate and Serious Risk Noncompliance

Enforcement Cause Codes

In December 2024, the ERO Enterprise published [ERO Enterprise Enforcement Cause Code User Guide](#) and [Enforcement Cause Code Training video](#). The purpose of the enforcement cause codes is to characterize the most used causes in the enforcement space in a structured manner to provide more consistency across the Regional Entities. The enforcement cause codes will also be used to facilitate the identification and analysis of trends associated with noncompliance to strengthen the ERO Enterprise's understanding of noncompliance and related risks to the BPS.

The final enforcement cause codes were integrated into Align for Regional Entities in Q4 2023 and are expected to be integrated into Align for registered entities in Q3 2025 to be used for all disposition methods.

Enforcement Cause Codes						
ENF Cause Codes	SLG-CE	CE-NOT-SLG	FFT	SNOP	NOP	Total
ENF-09 - Ineffective Preventive Controls	78	271	33	33	3	418
ENF-08 - Lack of or Deficient Policy/Procedure/Process - Department/Business Level	84	215	38	3	6	346
ENF-13 - Lack of Understanding	11	121	21	2		155
ENF-10 - Ineffective Validation/Detective Controls	28	87	28	3		146
ENF-11 - Additional Training Needed	42	74	4			120
ENF-04 - Design - Ineffective Process Flow or System Design	29	58	5	2		94
ENF-17 - Human Performance Failure	31	58	4		1	94
ENF-07 - Lack of or Deficient Policy/Procedure/Process – Company Wide	6	68	9	3		86
ENF-14 - Ineffective Management Oversight	6	39	17	2	4	68
ENF-02 - Communication/Coordination - Internal	11	37	5	2	2	57
ENF-15 - Ineffective Resource or Project Planning	6	46	4			56
ENF-01 - Change Management	13	26	9		1	49
ENF-12 - Ineffective Training Program	11	17	14	1		43
ENF-03 - Communication/Coordination - External	4	21	5			30
ENF-05 - Activity Performed but Lack of or Deficient or Incorrect Documentation	3	15				18
ENF-18 - Other	7	5				12
ENF-16 - Exceptional Circumstances	1	5				6
ENF-06 - Activity Performed but Lack of or Deficient or Incorrect Documentation from Third-Party			2			2
Total	371	1165	196	51	17	1800

To date, 1800 Dispositions have been assigned with an Enforcement Cause Code. Over 40% of the root causes stemmed from two main categories of ineffective preventive controls and lack of or deficient policy or procedures at department or business level.

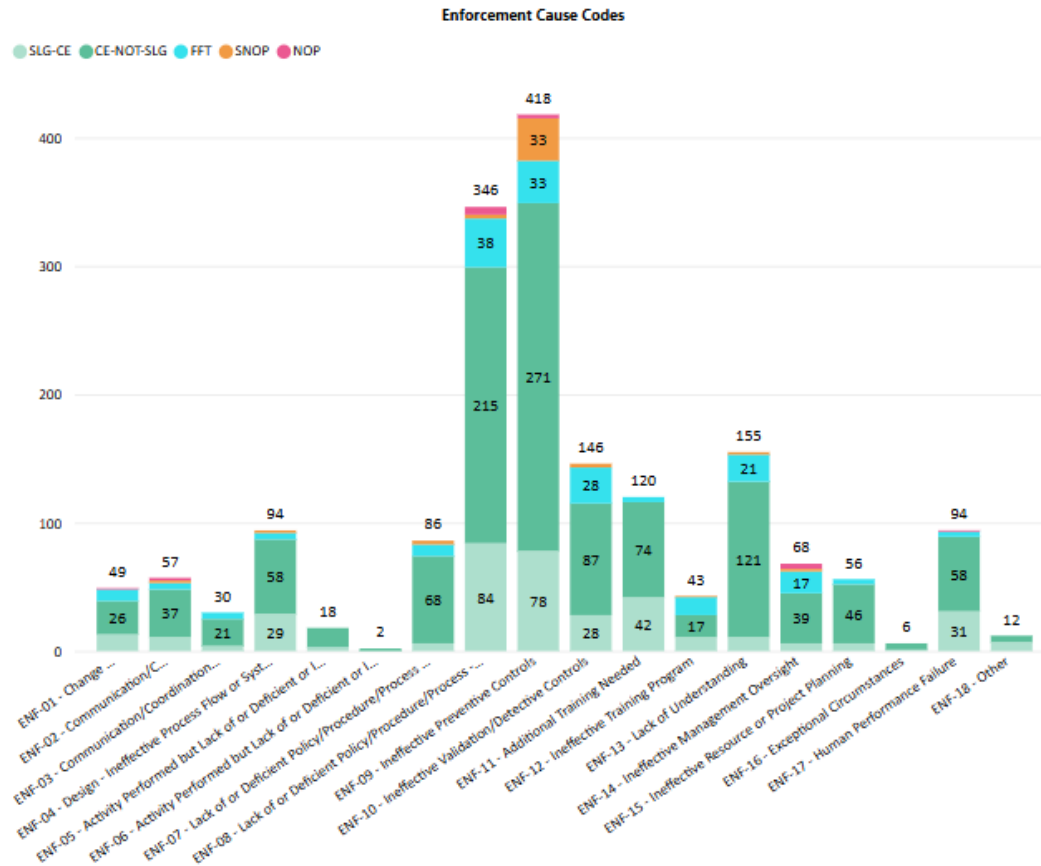


Figure 14: Enforcement Cause Codes by Disposition

Chapter 2: Oversight Activities

Overview

NERC considers criteria developed by the Compliance and Certification Committee (CCC) to measure the effectiveness and adherence of the Regional Entities to the CMEP, as detailed in CCC procedure document [CCCPP-010-7](#).¹³ As NERC develops the objectives used for performing oversight for the various components of compliance monitoring and enforcement, NERC factors in the criteria identified in CCCPP-010-7.

NERC's oversight activities indicate that the Regional Entities are implementing risk-based compliance monitoring according to the program guidelines, and efforts have been successful to improve alignment on various components of risk-based compliance monitoring. Additionally, compliance monitoring oversight activities included identifying ERO Enterprise-wide improvement to inform future training and oversight priorities while monitoring Regional Entity program effectiveness.

In the first half of 2025, NERC CMEP and ORCP staff performed a variety of activities designed to support identified priorities:

- Align and Secure Evidence Locker Oversight Activity;
- Self-logging Program Review;
- Streamlined Disposition Methods;
- Certification Oversight Activity;
- Compliance Audit monitoring; and
- Event Reviews.

Align and Secure Evidence Locker Oversight Activity

NERC periodically performs oversight of the usage of Align and the ERO Enterprise Secure Evidence Locker by the ERO Enterprise and registered entities. In addition to continued monitoring of Align and SEL usage, specific program reviews are deployed to adequately evaluate oversight priorities. In 2025, the oversight activity will be related to data exchange practices between Regional Entities and registered entities using Align and SEL; it will occur in Q3 and Q4.

Preliminary Screening and Noncompliance Closure Process Review

In Q1, NERC initiated a review to evaluate the consistency of each Regional Entity's Preliminary Screening and Noncompliance Closure procedures and to ensure compliance with the NERC ROP Appendix 4C CMEP.¹⁴ NERC will review information provided by Regional Entities as well as data available in Align to evaluate consistency across Regional Entities, adherence to the ROP, and identify areas of improvement and any potential recommendations.

Streamlined Disposition Methods

The FFT and CE programs are important elements of the ERO Enterprise's risk-based CMEP and represent streamlined dispositions.¹⁵ The FFT program resolves noncompliance posing minimal or moderate risk to the reliability of the BPS

¹³ Criteria for Annual Regional Entity Program Evaluation, CCC Monitoring Program – CCCPP-010-7 (2022), available at <https://www.nerc.com/comm/CCC/Related%20Files%202013/CCC%20Criteria%20for%20Annual%20Regional%20Entity%20Program%20Evaluation%20v7.pdf>.

¹⁴ See NERC Rules of Procedure, App. 4C §§ 4.8, available at https://www.nerc.com/AboutNERC/RulesOfProcedure/NERC%20ROP%20with%20Appendicies%20eff%2020250520_signed.pdf

¹⁵ For a further description of NERC's enforcement processes, CEs, and FFTs, see NERC Rules of Procedure, App. 4C §§ 4.8, 4A.0, 4A.1, & 4A.2, respectively, available at https://www.nerc.com/AboutNERC/RulesOfProcedure/NERC%20ROP%20with%20Appendicies%20eff%2020250520_signed.pdf

and the CE program resolves noncompliance posing minimal risk. Since FERC initially approved the FFT and CE programs in 2012 and 2015, respectively,¹⁶ the ERO Enterprise's use of the programs has continued to increase. As part of the oversight of these programs, NERC Enforcement and FERC staff conduct a joint review of a sample of FFTs and CEs submitted by Regional Entities and posted by NERC each fiscal year.¹⁷ In Q1 and Q2 of 2025, NERC evaluated FFT and CE evidence provided by Regional Entities in response to data requests NERC submitted in Q4 2024. NERC will report results of the review in the second half of 2025.

Compliance Audit Monitoring

In completing NERC Compliance Assurance's review of sampled audits initiated by Regional Entities in 2024, NERC staff observed monitoring activities with the primary objectives of (1) determining if another party could reasonably reach the same conclusions; (2) assessing the use of tools, processes, and procedures; and (3) evaluating audit methodology to ensure consistency of compliance monitoring activities. In addition, the activity included evaluating whether the Regional Entities met the requirements of the NERC ROP regarding the timeliness of the 270-day intent to audit notifications, 90-day Audit Notification letters, and adhered to audit team lead requirements (i.e., team leader training requirements). NERC began this activity in Q2 2024 and expects to provide remaining final reports in Q3 2025.

NERC Compliance Assurance is also reviewing sampled audits initiated by Regional Entities in 2025 to verify compliance results (Findings) specific to cold weather preparedness and physical security. NERC began this activity in Q2 2025 and expects to complete it in Q1 2026.

¹⁶ *N. Am. Elec. Reliability Corp.*, Order Accepting with Conditions the Electric Reliability Organization's Petition Requesting Approval of New Enforcement Mechanisms and Requiring Compliance Filing, 138 FERC ¶ 61,193 (2012); *N. Am. Elec. Reliability Corp.*, Order on Compliance Filing, 143 FERC ¶ 61,253 (2013); *N. Am. Elec. Reliability Corp.*, Order on Compliance Filing, 148 FERC ¶ 61,214 (2014); *N. Am. Elec. Reliability Corp.*, Docket No. RC11-6-004 (Nov. 13, 2015) (delegated letter order).

¹⁷ NERC refers to this as the Annual FFT and CE Programs Review. For FY2024, NERC and FERC reviewed a sample of FFTs and CEs posted from October 2023 through September 2024.