



NPCC 2017 Draft Business Plan & Budget

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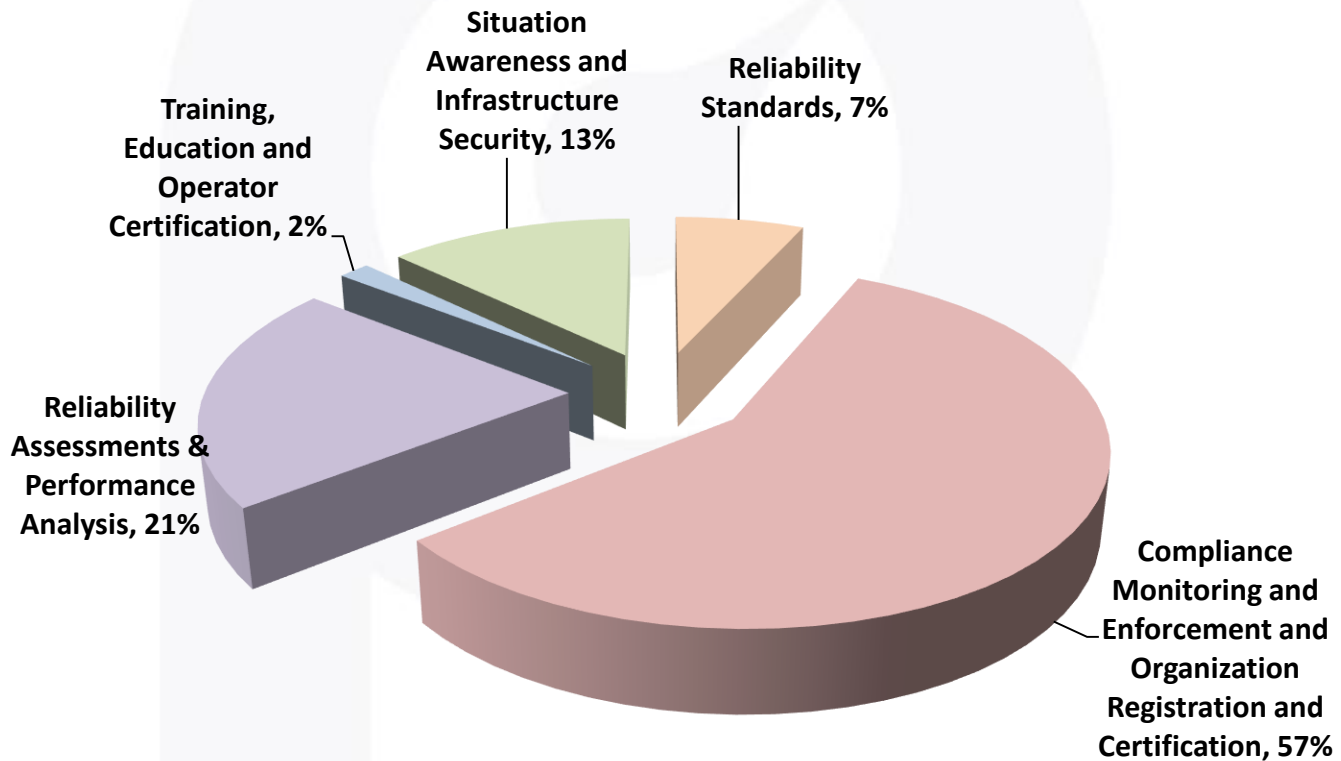


2017 Budget Overview

- NPCC total budget and assessments decrease of 0.3%
 - Regional Entity total budget increase of 0.5% (\$74k); assessment decrease of -0.7% (-\$94k)
 - Criteria Services total budget decrease of -11.3% (-\$130K); assessment increase of 4.3% (\$45k)
- Staffing Flat
 - Total of 39 FTEs (Regional Entity Division 36.86, Criteria Services Division 2.14)
 - Currently fully staffed
- No change in Reserve requirements
- Termination of Defined Benefit Plan was completed in 2015

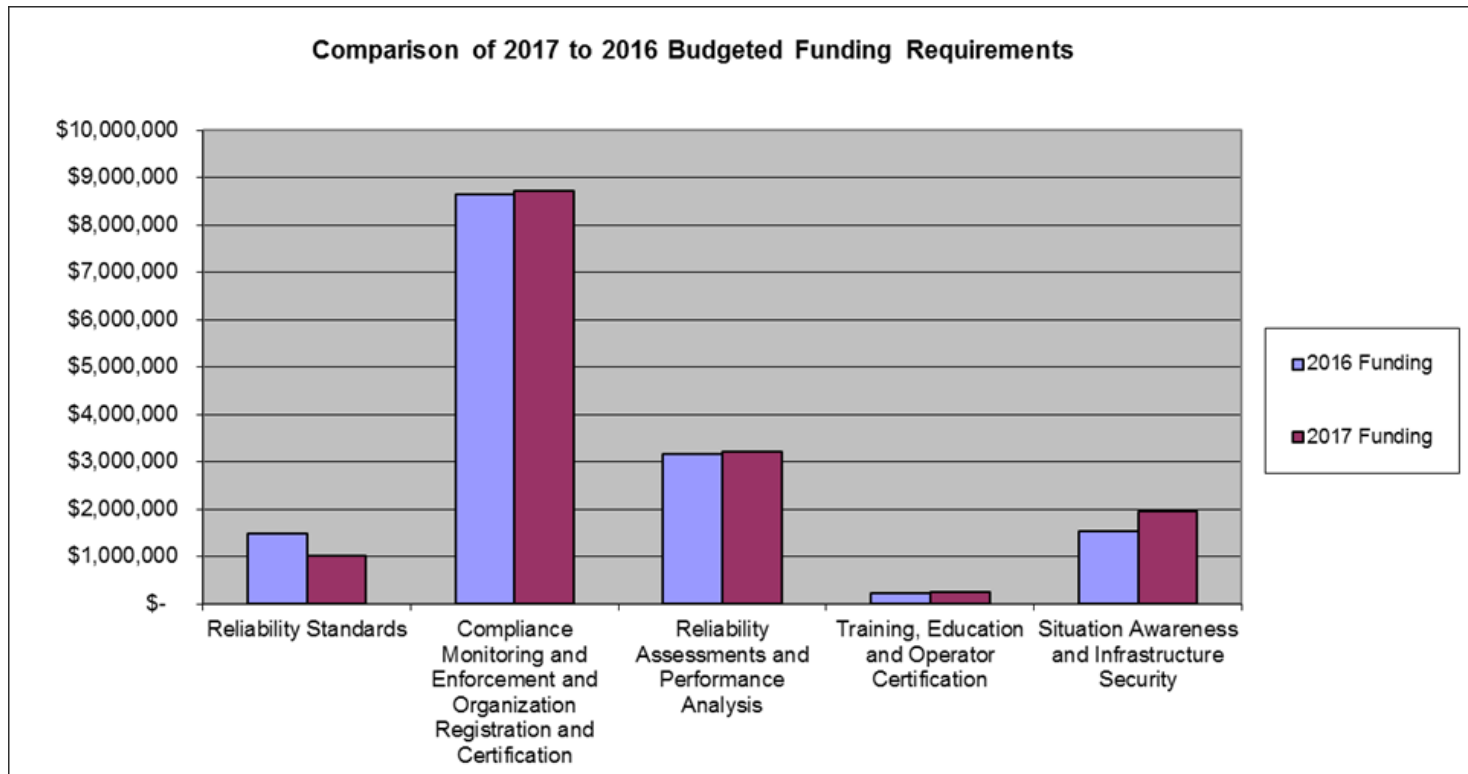


2017 Total Resources by Program Area Regional Entity (RE) Division



Summary Comparison by Program

Regional Entity (RE) Division





2017-2016 RE Budget Comparison

	2017	2016	Variance	% Variance	Explanation
Funding					
Assessments	14,255,061	14,349,196	(94,136)	-0.7%	
Penalties	-	67,000	(67,000)	-100.0%	No penalties collected 7/1/15 - 6/30/16
Other Income	64,000	64,000	-	0.0%	
Total Funding	14,319,061	14,480,196	(161,136)		
Expenses					
Personnel Expenses	9,426,071	9,158,445	267,627	2.9%	3% average wage package increase; 0% vacancy rate
Meetings	377,100	394,000	(16,900)	-4.3%	
Travel	855,232	907,100	(51,868)	-5.7%	
Conference Calls	37,000	47,000	(10,000)	-21.3%	Negotiated lower rate
Consultants and Contracts	2,009,000	2,223,500	(214,500)	-9.6%	Decrease primarily in compliance
Rent & Improvements	809,700	802,500	7,200	0.9%	Increase in landlord operating expenses and real estate taxes
Office Costs	679,100	639,500	39,600	6.2%	IT enhancements to increase security
Professional Services	1,041,000	1,011,000	30,000	3.0%	Independent director search in 2017
Miscellaneous	50,000	41,000	9,000	22.0%	
Depreciation	250,000	231,821	18,179	7.8%	
Indirect Expenses	(413,149)	(427,047)	13,898	-3.3%	
Other Non-Operating Expenses	-	-	-		
Total Expenses	15,121,054	15,028,819	92,236	0.6%	
Increase(Decrease) in Fixed Assets	26,000	44,179	(18,179)		
Total Budget	15,147,054	15,072,998	74,057	0.5%	
Change in Working Capital	(827,994)	(592,801)	(235,192)		



FTE Comparison

Total FTE's by Program Area	Budget 2016	Projection 2016	Direct FTEs 2017 Budget	Shared FTEs ¹ 2017 Budget	Total FTEs 2017 Budget	Change from 2016 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	2.93	1.93	1.00	0.93	1.93	-1.00
Compliance Monitoring and Enforcement and Organization Registration and Certification	16.00	17.00	17.00	0.00	17.00	1.00
Training, Education, and Operator Certification	0.10	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	5.83	5.83	4.90	0.93	5.83	0.00
Situation Awareness and Infrastructure Security	3.00	4.00	4.00	0.00	4.00	1.00
Total FTEs Operational Programs	27.86	28.86	27.00	1.86	28.86	1.00
Administrative Programs						
Technical Committees and Member Forums	0.50	0.50	0.50	0.00	0.50	0.00
General and Administrative	2.50	2.50	2.50	0.00	2.50	0.00
Information Technology	3.00	2.00	2.00	0.00	2.00	-1.00
Legal and Regulatory	1.00	1.00	1.00	0.00	1.00	0.00
Human Resources	1.00	1.00	1.00	0.00	1.00	0.00
Accounting and Finance	1.00	1.00	1.00	0.00	1.00	0.00
Total FTEs Administrative Programs	9.00	8.00	8.00	0.00	8.00	-1.00
Total FTEs	36.86	36.86	35.00	1.86	36.86	0.00

¹A shared FTE is defined as an employee who performs both Regional Entity and Criteria Services division functions.



Assessment of Resources

- Reprioritization from the 2016 Business Plan and Budget has been conducted and will continue through 2017.
- Staff and contractor resources assessed to be adequate against business plan.
- Funding, projected reserves, and credit line assessed to be adequate against potential contingencies.



Cost Allocation

- Budget includes one sub-regional U.S. only reliability study of potential resource adequacy impacts of the Clean Power Plan with associated costs totaling \$50,000 allocated to U.S. only BAAs.
- CORC 2015 actual vs budget variance assigned directly to the CORC program to allocate CORC underage in the same manner and percentage as CORC assessments were collected in order to respect the specific compliance responsibilities and funding methodologies within each of the Canadian provinces within NPCC.



Alignment of RE and ERO

- Fully aligned with ERO Enterprise Strategic Plan and Goals
 - Supporting maintenance of quality, cost-effective standards
 - Risk-based methods fully implemented in compliance monitoring and enforcement
 - Addressing both existing and emerging risks with increased analytical sophistication
 - Assessing reliability interdependencies of a changing international, interconnected BPS
 - Enhancing events analysis and sharing of better practice elements
 - Increasing focus on physical and cyber security
- CS Division continues to support international, interconnected BPS reliability through maintenance of and compliance monitoring with more-stringent, regionally-specific reliability criteria



Working Capital and Operating Reserves

- Operating Reserves requirement is unchanged since last year.
 - Range between 8.33% and 25.00% (90 days) provides more stability in annual funding assessments than a fixed target
- Working Capital requirement targets 8.33% (30 days) of the annual budget
- Projected RE Total Reserve balance at year end 2017:
\$3,069,085 (20.26% of total budget)



2018-2019 RE Projections

	2017 Budget	2018 Projection	\$ Change 17 v 18	% Change 17 v 18	2019 Projection	\$ Change 18 v 19	% Change 18 v 19
Personnel Expenses	\$ 9,426,071	\$ 9,751,322	\$ 325,250	3.5%	\$ 10,088,877	\$ 337,556	3.5%
Meeting Expenses	1,269,332	1,282,025	12,693	1.0%	1,294,846	12,820	1.0%
Operating Expenses	4,838,800	4,866,479	27,679	0.6%	4,894,631	28,152	0.6%
Total Direct Expenses	\$ 15,534,203	\$ 15,899,826	\$ 365,623	2.4%	\$ 16,278,354	\$ 378,528	2.4%
Indirect Expenses	\$ (413,149)	\$ (421,412)	\$ (8,263)	2.0%	\$ (429,840)	\$ (8,428)	2.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses	\$ 15,121,054	\$ 15,478,414	\$ 357,360	2.4%	\$ 15,848,513	\$ 370,099	2.4%
FTEs	36.86	36.86	0	0.0%	36.86	0.00	0.0%



Questions?

NPCC, Inc.