



NPCC 2021 Draft Business Plan & Budget

Jessica Hala
Director, Finance and Accounting
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2021 Draft #1 Budget and Assessment Overview

- NPCC total budget decrease of -1.7% (-\$310k) and assessments decrease of -3.5% (-\$578k)
 - Regional Entity budget decrease of -1.0% (-\$161k);
assessment decrease of -1.2% (\$184k)
 - Criteria Services budget decrease of -13.0% (-\$149K);
assessment decrease of -36.9% (-\$393k)
 - Penalties of \$604k applied to reduce assessments
 - Reserves of \$882k applied to reduce assessments
 - Regional Entity \$558k
 - Criteria Services \$324k
- Headcount
 - Increase by 1 FTE for a total of 44.25 FTEs (Regional Entity Division 42.11, Criteria Services Division 2.14)

Budget Development Process

- **February 19** – NPCC FAC reviewed preliminary budget scenarios
- **April 21** – NPCC FAC reviewed and endorsed Draft #1
- **May 6** – Draft #1 presented to NPCC BOD, submitted to NERC and posted to NPCC website for comment through May 29
- **May 20** – Meeting with FERC, NERC & RE's to review Draft #1's
- **May 27** – Draft #1 presented at NPCC RCC meeting
- **June 2** – FAC meeting to review comments received (if needed)
- **June 3** – NPCC BOD meeting – provide update on any comments received
- **June 4** – NERC FAC reviews REs & NERC Draft #1's
- **June 16** – NPCC FAC reviews Draft for Approval
- **June 24** – NPCC BOD reviews Draft for Approval

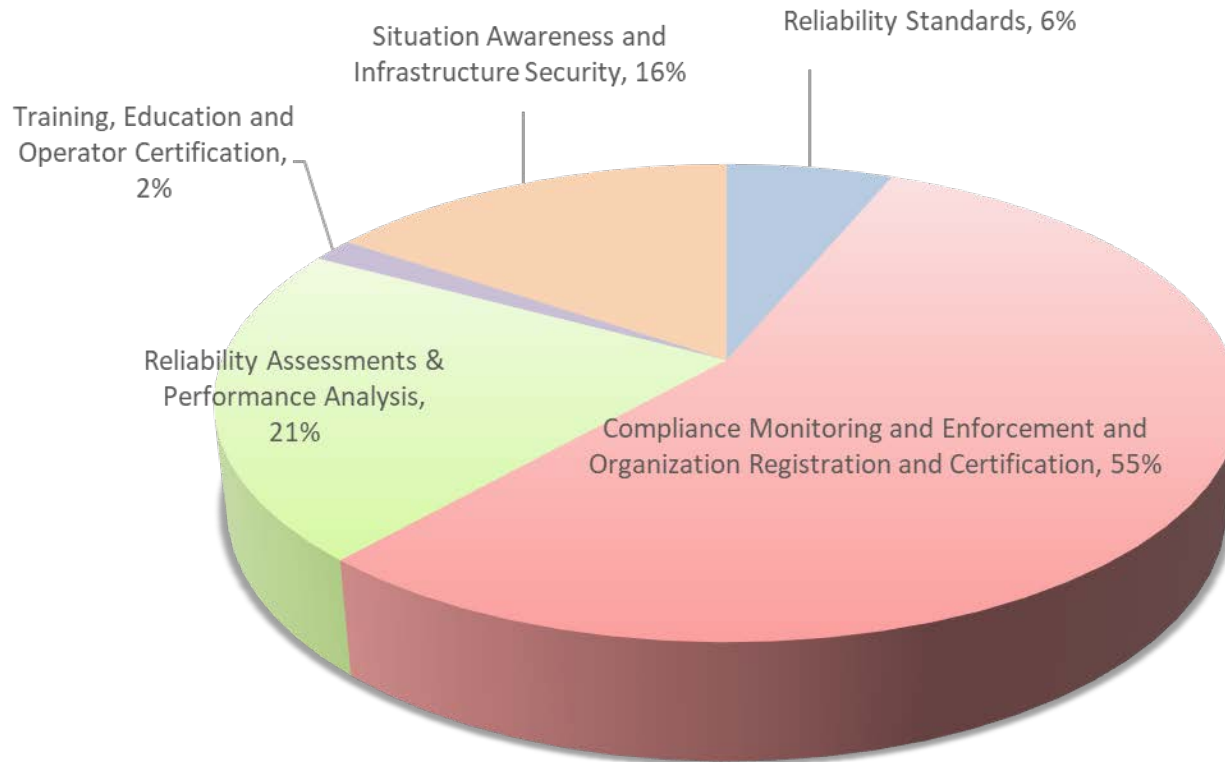
2021 Budget Drivers

- Personnel Expenses
 - 3% average wage package increase
 - 10% increase in insurance premiums
 - 6% vacancy rate
 - 1.00 FTE net increase driven by transition to employee compliance auditors
 - Offset by decrease in contracts expense
- Meetings and Travel
 - 20% decrease in Meetings and Travel across all program areas except for Compliance which has a net decrease of 10% in Travel due to the addition of 2 employee auditors in 2021
- Contracts and Consulting
 - Decrease in contract auditor expense
 - Increase in RAPA assessment and analysis efforts
- CS Division continues to support international, interconnected BPS reliability through maintenance of and compliance monitoring with more-stringent, regionally-specific reliability criteria

2021 RE Budget by Category

- Personnel \$11.4M (+4% increase)
 - 3% average wage package increase
 - 10% increase in insurance premiums
 - 6% vacancy rate
 - 1.00 FTE net increase
 - Includes succession planning costs funded through existing reserves
- Meetings and Travel \$1.1M (-15% decrease)
 - 20% decrease in Meetings and Travel across all program areas except for Compliance which has a net decrease of 10% in Travel due to the addition of 2 employee auditors in 2021
- Operating Expenses \$4.3M (-7% decrease)
 - Decrease in contract auditor expense
 - Increase in RAPA assessment and analysis efforts
- Fixed Assets \$94k (-45% decrease)
 - Reconfiguration of office space and equipment purchases

2021 Total Resources by Program Area Regional Entity Division



2021 Assessment Details

- NPCC total assessments decrease -3.5% (-\$578k)
 - Regional Entity assessment decrease of -1.2% (\$184k)
 - Criteria Services assessment decrease of -36.9% (-\$393k)
- Succession implementation costs funded through existing Business Continuity Reserves; no impact on assessments.
- Penalties of \$604k applied to reduce assessments
- Reserves of \$882k applied to reduce assessments
 - Regional Entity \$558k
 - Criteria Services \$324k
- CORC 2019 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.

Projected Reserve Balances

- No change in Working Capital and Operating Reserve policy.
 - Working Capital of 8.33% (30 days) of the annual budget
 - Operating Reserves range between 8.33% and 25.00% (90 days) in order to provide more stability in annual funding assessments
- Business Continuity Reserve (BCR) in the amount of \$1MM (allocated between RE and CS divisions) to be utilized 2020-2021
- Projected RE Total Reserve balance at year end 2020: \$4.8M
- Projected RE Total Reserve balance at year end 2021: \$4.2M

Preliminary 2022-2023 RE Projections

2022

- Total budget increase of \$478k or 2.9%
- Total assessments of \$15.6 million
- No additional staff
- 3% average wage package

2023

- Total budget increase of \$494k or 2.9%
- Total assessments of \$16.0 million
- No additional staff
- 3% average wage package



Questions?