



NPCC 2015 Draft 1 Business Plan & Budget

**Presentation to NERC FAC
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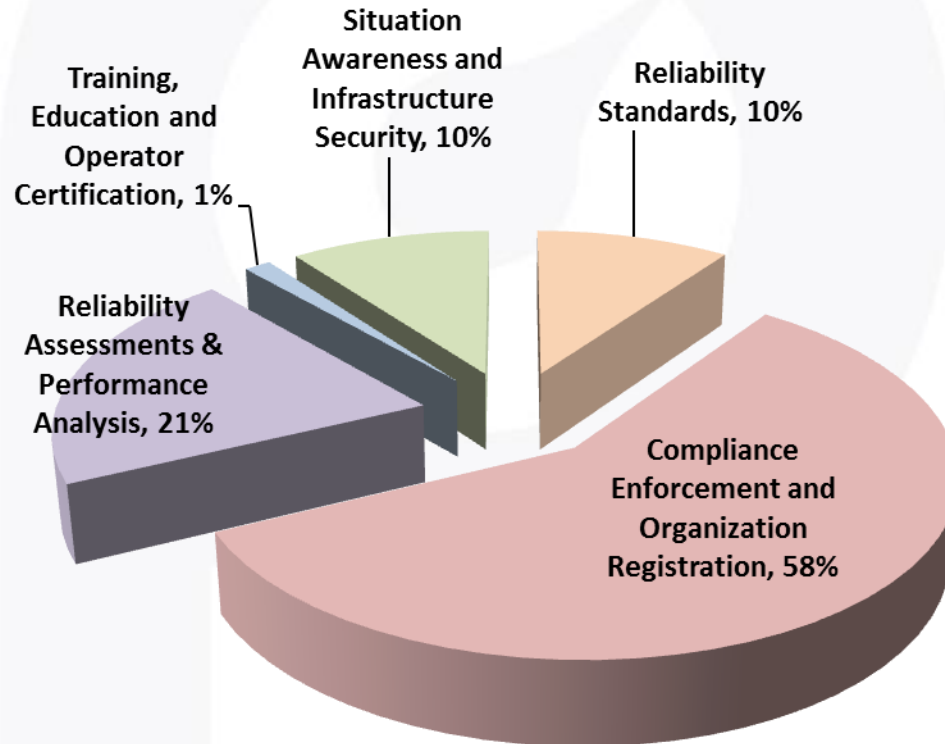


2015 Budget Overview

- Staffing Flat
 - 39 FTEs (Regional Entity Division 36.86, Criteria Services Division 2.14)
 - Currently one open position in Standards program area
- Salaries
 - Average wage package increase of 3%
 - Vacancy rate of 2% based on recent trends (currently one open position after 6 months fully staffed)
- Change in Operating Reserves requirement from fixed 8.33% (30 days) to a range between 8.33% and 25.00% (90 days) to provide more stability in annual funding assessments



2015 Total Resources by Program Area Regional Entity (RE) Division

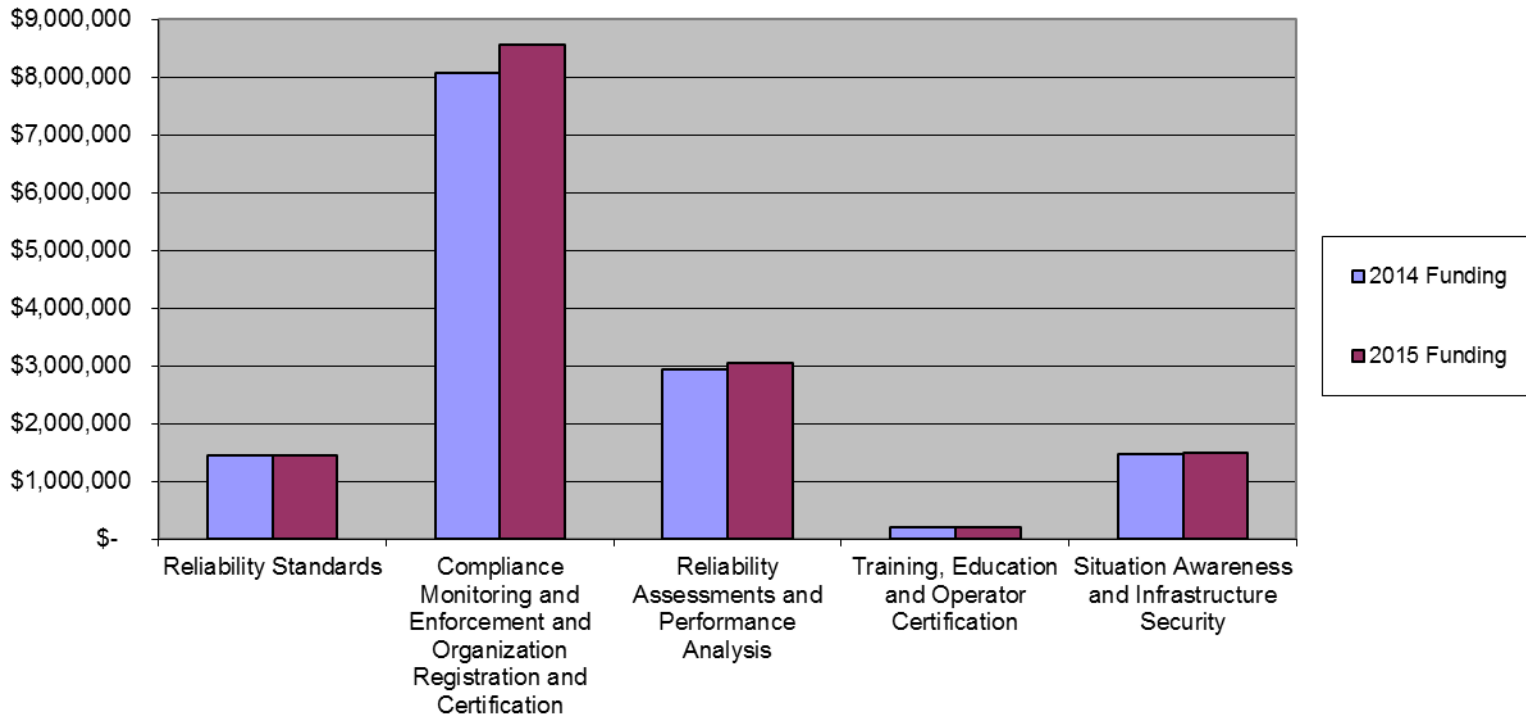




Summary Comparison by Program

Regional Entity (RE) Division

Comparison of 2015 to 2014 Budgeted Funding Requirements





2014-2015 RE Budget Comparison

	2015	2014	Variance	% Variance	Explanation
Funding					
Assessments	14,078,378	13,611,880	466,498	3.43%	
Penalties	281,000	153,000	128,000	83.66%	
Other Income	64,000	64,000	-	0.00%	
Total Funding	14,423,378	13,828,880	594,498		
Expenses					
Personnel Expenses	8,929,241	8,850,160	79,081	0.89%	3% average wage package increase; 2% vacancy rate
Meetings	365,000	365,000	-	0.00%	
Travel	890,000	890,000	-	0.00%	
Conference Calls	45,000	77,000	(32,000)	-41.56%	Lower negotiated rate with a new vendor
Consultants and Contracts	2,342,000	1,924,433	417,567	21.70%	Increase in compliance and RAPA
Rent & Improvements	751,500	737,272	14,228	1.93%	
Office Costs	578,700	536,500	42,200	7.87%	Increase in computer/network maintenance costs
Professional Services	1,025,000	966,500	58,500	6.05%	
Miscellaneous	40,000	80,000	(40,000)	-50.00%	Continuing efforts to control costs
Depreciation	202,019	250,000	(47,981)	-19.19%	Assets becoming fully depreciated in 2014
Indirect Expenses	(409,902)	(405,859)	(4,043)	1.00%	
Other Non-Operating Expenses	-	-	-		
Total Expenses	14,758,558	14,271,006	487,552	3.42%	
Increase(Decrease) in Fixed Assets	19,981	(142,000)	161,981		
Total Budget	14,778,539	14,129,006	649,533	4.60%	
Change in Working Capital	(355,161)	(300,126)	(55,035)		



FTE Comparison

Total FTE's by Program Area	Budget 2014	Projection 2014	Direct FTEs 2015 Budget	Shared FTEs ¹ 2015 Budget	Total FTEs 2015 Budget	Change from 2014 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	2.93	2.93	2.00	0.93	2.93	0.00
Compliance Monitoring and Enforcement and Organization Registration and Certification	16.00	16.00	16.00	0.00	16.00	0.00
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	3.00	3.00	0.00	3.00	0.00
Total FTEs Operational Programs	27.86	27.86	26.00	1.86	27.86	0.00
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	3.00	3.00	0.00	3.00	0.00
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	9.00	9.00	0.00	9.00	0.00
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.



Resource Adequacy

- Resource assessment and reprioritization from the 2014 Business Plan and Budget has been conducted and will continue through 2015.
- Full impact of Reliability Assurance Initiative (RAI), Risk Assessment, Internal Control Evaluation, and CIP V5 implementation is currently unknown
 - Compliance staffing, in combination with increase in contractors, is expected to be adequate
- Full impact of revised BES definition implementation is currently unknown
 - RAPA staffing, in combination with increase in contractors, is expected to be adequate to address BES identification/exception requests



Process Improvements

- Implementation of CEAP in NERC Standards Development Process
- Utilization of consistent audit checklist and handbook with audits informed by evaluation of entity risk profile
- Enhanced FFT and introduction of compliance exception principles
- Expedited processing of self-reports
- Increased scheduling rigor in settlement processing
- Implementation of efficient BES Notification and Exception Processing
- Improved integration of Events Analysis processing across ERO



Alignment of RE and ERO

- Fully aligned with ERO Enterprise Strategic Plan and Performance Metrics
- Functional initiatives/activities within program areas references applicable ERO goals within the business plan using footnotes
- CS Division continues to support international, interconnected BPS reliability through compliance monitoring with more-stringent, regionally-specific reliability criteria



Efficiency and Controlling Costs

- Ongoing efforts to hold more meetings on site and via conference call or webinar.
- Limiting number of staff attending offsite meetings.
- Continued expansion of pre-audit processing to contain the time required of an audit team to be on-site in order to complete an audit and, therefore, to complete audits more cost-efficiently.



Working Capital and Operating Reserves

- Change in Operating Reserves requirement from fixed 8.33% (30 days) to a range between 8.33% and 25.00% (90 days) to provide more stability in annual funding assessments.
- Working Capital requirement remains unchanged with a targeted level of 8.33% (30 days) of the annual budget.
- No utilization of reserves is contemplated; Board authorization would be required



Questions?

NPCC, Inc.