



# 2024 Business Plan and Budget Overview



# 2024 Budget Drivers

- Increasing workload and complexity of work driven by new entrants
- Increasingly complex issues as a result of state and provincial decarbonization policy objectives
- Increasing cyber and physical security risks
- Increasing competition for technical employees having unique skills
- Decreasing operating expenses by negotiating early termination of current office lease and relocating to a smaller office space to accommodate a hybrid work model



## BP&B Development Process

- March 7 NPCC FAC reviewed preliminary draft budget
- March 22 NPCC BOD reviewed preliminary draft budget
- April 11 NPCC FAC reviewed and endorsed Draft #1 2024 BPB
- May 3  
Draft #1 presented to NPCC BOD, submitted to NERC and posted to NPCC website for comment through May 17
- June 1 NERC FAC reviews REs & NERC Draft #1's
- June 7 Meeting with FERC to discuss Draft #1 2024 BPB
- June 8 NPCC FAC reviews Draft for Approval
- June 21 NPCC BOD reviews Draft for Approval



## 2024 Budget and Assessment Overview

- 2024 Total Budget of \$23,232,610 (13.7% increase over 2023)
- 2024 Regional Entity Statutory Budget of \$22,086,766 (13.7% increase over 2023) and Assessment of \$21,654,055 (14.3% increase over 2023)
- Penalties of \$400k applied to reduce assessments
- Reserves of \$879K applied to reduce assessments
- 2024 Criteria Services Non-Statutory Budget of \$1,145,844 (13.7% increase over 2023) and assessment of \$919,992 (15.4% increase over 2023)
- Headcount 71 Total FTEs (+12 FTE increase over 2023)
- Regional Entity Division 68.10, Criteria Services Division 2.90

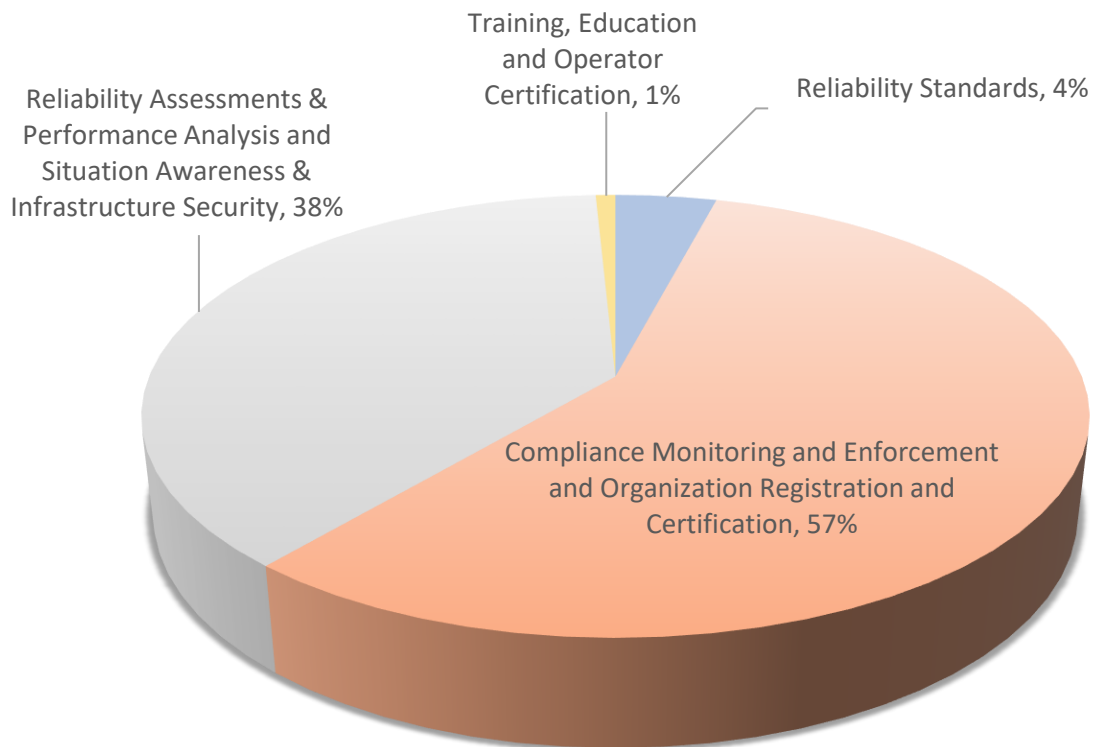


## 2024 Regional Entity Budget by Category

- 2024 Personnel \$17,834,444 (21% increase over 2023)
  - Net increase of 12 FTEs required for NPCC to address increasing workload and increasing complexity of initiatives
  - 4.5% average merit increase
  - Projected 8% increase in medical premiums
- 2024 Meetings & Travel \$991,950 (13% increase over 2023)
  - Increase due to a measured return to meeting in-person
  - One in-person workshop in 2024
- 2024 Operating Expenses \$3,512,073 (-14% decrease from 2023)
  - Decrease resulting from early termination of current office lease and relocation to a smaller office space to accommodate a hybrid work model
- 2024 Fixed Assets \$163,200 (138.6% increase from 2023)
  - Equipment cap ex includes replacing laptops in 2024



## 2024 Budget by Program Area





## 2024 Assessment Details

- NPCC total assessments \$21,654,055 (14.3% increase over 2023)
  - Regional Entity assessment \$20,734,062 (14.3% increase over 2023)
  - Criteria Services assessment \$919,992 (15.4% increase over 2023)
- Penalties of \$400k applied to reduce assessments
- Reserves of \$1.1M applied to reduce assessments
  - Regional Entity \$879k
  - Criteria Services \$223k
- CORC 2022 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.



## Reserve Overview

- No change in Working Capital and Operating Reserve policy
  - Operating Reserves of 8.33% (30 days) of the annual budget
  - Working Capital range between 8.33% and 25.00% (90 days) in order to
    - provide more stability in annual funding assessments
- Assessment Stabilization Reserve (ASR) established in 2020
  - Penalties are included in ASR balance when received
  - Amount released from ASR to offset US assessments to be approved
    - annually through the business plan and budget
  - ASR balance of \$1.1M at 4/30/2023
  - Release of \$400k is included in draft 2024 budget





## Projected Reserve Balances

- Projected Regional Entity Total Reserve balance at year end 2023: \$7.3M
  - Working Capital and Operating Reserve \$6.3M
  - ASR/Unreleased Penalties \$1.1M
- Projected Regional Entity Total Reserve balance at year end 2024: \$6.1M
  - Working Capital and Operating Reserve \$5.4M
  - ASR/Unreleased Penalties \$672k



## Preliminary 2025 and 2026 RE Projections

- 2025
  - Budget increase of 8.3% over 2024
  - Assessments increase of 10.2% over 2024
  - +3 FTEs
- 2026
  - Budget increase of 3.9% over 2025
  - Assessments increase of 5.8% over 2025
  - +1 FTE



# Questions and Answers