



**Northeast Power Coordinating Council, Inc.
(NPCC)**

2024 Business Plan and Budget

Draft #1

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Introduction

Total NPCC Resources (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Regional Entity Division FTEs	68.10			
Criteria Services Division FTEs	2.90			
Total FTEs	71.00			
Regional Entity Division Expenses	\$21,923,566			
Criteria Services Division Expenses	\$1,139,044			
Total Expenses	\$23,062,610			
Regional Entity Division Inc(Dec) in Fixed Assets	\$163,200			
Criteria Services Division Inc(Dec) in Fixed Assets	\$6,800			
Total Inc(Dec) in Fixed Assets	\$170,000			
Regional Entity Division Working Capital Requirement**	(\$877,867)			
Criteria Services Division Working Capital Requirement***	(\$223,188)			
Total Working Capital Requirement	(\$1,101,055)			
Total Regional Entity Division Funding Requirement	\$21,208,899			
Total Criteria Services Division Funding Requirement	\$922,655			
Total Funding Requirement	\$22,131,555			
Regional Entity Division Assessments	\$20,734,062	\$XXX,XXX	\$XXX,XXX	
Regional Entity Division Assessments Percentage	100%	XX.X%	XX.X%	
Criteria Services Division Assessments	\$919,992	\$XXX,XXX	\$XXX,XXX	
Total NPCC Assessments	\$21,654,055	\$XXX,XXX	\$XXX,XXX	
NEL (MWh)	XX	XX	XX	
NEL %	100%	XX.XX%	XX.XX%	

Table 1: NPCC Budget

** Refer to Table B-1 on page 49 in Section B.

*** Refer to the Reserve Analysis on page 65 in Section C.

2024 Overview of Total NPCC Resource Requirements

Due to the international nature of the NPCC footprint, the total resource requirements including both Regional Entity division and Criteria Services division are identified above. Resources to support NPCC's delegated authorities and responsibilities are detailed in subsequent sections.

NPCC proposes a 2024 total budget of \$23,232,610 comprising operating expenses of \$23,062,610 and an increase in fixed assets of \$170,000. This represents an increase of \$2,801,510 or 13.7% over the 2023 budget. The proposed 2024 funding requirement will be satisfied by a Regional Entity division assessment of \$20,734,062 and Criteria Services division membership fees of \$919,992, for a total of \$21,654,055. The total NPCC assessments and membership fees represent an increase of \$2,716,991 or 14.3% compared to the 2023 total assessments and membership fees. The Regional Entity division assessment is equal to the Regional Entity funding requirement (expenses plus change in fixed assets plus change in working capital) reduced by the application of penalty funds, workshop fee revenue, and interest & investment income. The Criteria Services membership fees are equal to the Criteria Services division funding requirement (expenses plus change in fixed assets plus change in working capital) less interest & investment income. Detailed projected statements of activities for the Regional Entity division and Criteria Services division are included on pages 12 and 64, respectively.

Organizational Overview

[Northeast Power Coordinating Council, Inc. \(NPCC\)](#) is a 501(c)(6) not-for-profit corporation in the state of New York responsible for promoting and improving the reliability of the international, interconnected bulk power systems in Northeastern North America through (i) the development of Regional Reliability Standards and compliance assessment and enforcement of continent-wide and Regional Reliability Standards, (ii) coordination of system planning, design and operations, and assessment of reliability (collectively, Regional Entity activities), and (iii) the establishment of Regionally-specific criteria, and monitoring and enforcement of compliance with such criteria (collectively, Criteria Services activities). NPCC provides the functions and services for Northeastern North America of a cross-border Regional Entity through a Regional Entity division, as well as Regionally-specific Criteria Services for Northeastern North America through a Criteria Services division.

The NPCC Region covers nearly 1.2 million square miles and is populated by more than 56 million people. NPCC includes seven states (Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont) and four Canadian provinces (New Brunswick, Nova Scotia, Ontario, and Québec). From a net energy for load perspective, NPCC is approximately 44% U.S. and 56% Canadian; while approximately 65% of Canadian net energy for load is within the NPCC Region.

Effective January 1, 2021, NPCC executed an Amended and Restated Regional Delegation Agreement with the North American Electric Reliability Corporation (NERC or Electric Reliability Organization (“ERO”)) that delegates to NPCC certain responsibilities and authorities of a cross-border Regional Entity as defined by Section 215 of the Federal Power Act in the U.S. In addition, NPCC has executed [Memoranda of Understanding \(MOU\) or Agreement](#) with Canadian provincial regulatory and/or governmental authorities in Ontario, Québec, New Brunswick, and Nova Scotia.

NPCC meets all requirements of Section 215 of the Federal Power Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Federal Energy Regulatory Commission (FERC) necessary to qualify for delegation. This Amended and Restated Regional Delegation Agreement incorporates the benefits of the NPCC and NERC mutual experience and lessons learned while operating under the predecessor agreement regarding NPCC U.S. and thereby provides for efficient and effective execution of respective responsibilities in a transparent manner pursuant to Section 215 and ERO Regulations.

Membership and Governance

Members

NPCC monitors approximately 237 registered entities and some 502 functions for compliance with mandatory NERC Reliability Standards. Not all registered entities are members of NPCC.

Currently, NPCC has 98 members in two categories, Full and General. Full Members of NPCC are subject to compliance with regionally-specific more stringent reliability criteria that are associated with bulk power system design, planning, operations, and maintenance. Organizations such as independent system operators (ISOs), transmission companies, entities that perform the Balancing Authority (BA) function, and state or sub-regional reliability councils are expected to be Full Members.

General Membership is open to any person or entity that has an interest in the reliable operation of the Northeastern North American bulk power system.

Board of Directors

Since January 1, 2012, NPCC has been governed by a Board of Directors consisting of seven stakeholder voting sectors consisting of a maximum of two directors per sector, an independent sector consisting of two independent directors, an independent Board Chair with voting rights to preclude board deadlocks, and the President and CEO. No two sectors can control and no one sector can block action. The voting sectors on the NPCC Board of Directors include:

Sector 1) Transmission Owners

Sector 2) Reliability Coordinators

Sector 3) Transmission Dependent Utilities, Distribution Companies, Load Serving Entities

Sector 4) Generator Owners

Sector 5) Marketers, Brokers and Aggregators

Sector 6) Regulators

Sector 7) Sub-Regional Reliability Councils, Customers and Other Regional Entities and Interested Entities

Sector 8) Independent

There are four Board committees that advise Directors on finance, pension, governance, compensation, and human resource matters consistent with their approved charters.

- Finance and Audit Committee (FAC)
- Pension Committee (PC)
- Corporate Governance and Nominating Committee (CGNC)
- Management Development and Compensation Committee (MDCC)

The Amended and Restated Bylaws establish NPCC's independence from users, owners, and operators of the bulk power system through the enhanced governance structure while providing fair stakeholder representation in the election of the Board of Directors and officers. The members, from each of the seven stakeholder voting sectors, vote to elect directors in their respective sector. The Amended and Restated Bylaws establish criteria for board service for both stakeholder and independent directors. Independent Directors are drawn from diverse backgrounds and possess a broad range of industry expertise, perspectives, experiences, skill sets and knowledge to contribute to the effective functioning of a hybrid board structure.

NPCC Regional Entity activities are governed in the U.S. by the Amended and Restated Regional Delegation Agreement between NERC and NPCC, delegating portions of NERC's authority as the ERO to NPCC. NPCC Regional Entity activities in Canada are governed by individual provincial MOUs or Agreements with New Brunswick, Nova Scotia, Ontario, and Québec, providing the unique parameters, particularly for compliance and enforcement activities.

ERO Enterprise Model and Transformation

The vision of the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Its mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid. The ERO Enterprise is a collaborative group of organizations with distinct roles between NERC and the Regional Entities. The ERO Enterprise strives for consistency where necessary but recognizes that each Regional Entity addresses reliability in unique ways based on its own challenges and stakeholder needs. This model effectively blends a continent-wide scope with flexibility and responsiveness and provides the resources to tackle emerging issues while simultaneously enabling innovative and distinctive approaches to reliability risks and challenges.

Within the ERO Enterprise model, NERC has unique responsibilities to oversee ERO program areas, set qualifications and expectations for the performance of delegated activities, and assess, train, and give feedback to corresponding Regional Entity programs. The Regional Entities have a mirrored set of responsibilities, providing input into the overall development of each program area, providing training and development to meet qualifications, and ensuring delegated functions are completed. Both NERC and the Regional Entities have an obligation to meet professional standards of independence and objectivity.

As the ERO Enterprise continues to mature, the organization is working on a transformation initiative to further leverage resources, enhance communication and collaboration, and ensure grid reliability. A set of declarations was established in 2019, committing the ERO Enterprise to:

- Work together as one team and honor each of its roles;
- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work;
- Collaborate to develop clear and consistent guidance across the ERO Enterprise;
- Share information, knowledge, and resources across the ERO Enterprise;
- Develop and share harmonized messages across ERO Enterprise communications; and
- Support innovation, initiatives, and the sharing of best-practices across the ERO Enterprise.



Building upon these commitments, the ERO Enterprise is now engaging in a collaborative process to accelerate its transformation through diverse activities, including ERO Enterprise-wide town halls, joint leadership training sessions, and work among ERO Enterprise Collaboration Groups.

ERO Enterprise Strategic and Operational Planning

NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while acknowledging the unique differences across the Regions, and the different corporate and governance responsibilities of each entity.

In 2019, ERO Enterprise leadership came together to revise the [ERO Enterprise Long-Term Strategy](#) as part of an effort to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC's) currently identified BPS risks. This strategy, which was approved by the NERC Board of Trustees on December 12, 2019, and reaffirmed by ERO Enterprise leadership in September 2020, includes the following strategic focus areas:

1. Expand risk-based focus in all standards, compliance monitoring, and enforcement programs;
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security, leveraging the RISC's biennial ERO Reliability Risk Priorities Report;
3. Build a strong, Electricity Information Sharing and Analysis Center (E-ISAC)-based security capability;
4. Strengthen engagement across the reliability and security ecosystem in North America; and
5. Capture effectiveness, efficiency, and continuous improvement opportunities.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss departmental goals and activities to ensure alignment with the long-term strategy and harmonization across the ERO Enterprise where appropriate. Program area narratives in each organization's Business Plan and Budget may reference how activities support each of the strategic focus areas.

2024 Key Goals and Key Deliverables

Significant changes in resource mix (some due to regulatory and/or legislative initiatives related to decarbonization), a proliferation of fast-acting digital protection and control technologies, and increased integration of distributed energy resources (DER), variable energy resources (VER) and inverter-based resources (IBR) are rapidly changing the reliability assurance landscape. The proliferation of DER creates jurisdictional challenges as the line blurs at the system interfaces between distribution, sub-transmission, and bulk power transmission which will affect the coordination of system planning, design, and operations. Additionally, aspects of both cyber and physical security are critical and central concerns in maintaining a reliable BPS. These new risks will require NPCC to adapt to remain an effective provider of Regional Entity and Criteria Services reliability activities and functions. As a result, NPCC goals and deliverables are aligned with three Strategic Reliability Focus Areas.

- I. Enhancing System Resilience and Assuring Energy Sufficiency
- II. Reliably Integrating the Resources Brought Forward by Societal Decarbonization Objectives, Including DER, VER and IBR
- III. Addressing Cyber and Physical Threats

Regional Entity Division Functional Scope

NPCC's Regional Entity division functions in support of the ERO include:

- Active participation in the development and revision of NERC Reliability Standards, and as needed development of Regional Reliability Standards and Variances applicable within the NPCC footprint.
- Monitoring and enforcement of approved NERC Reliability Standards, including the registration of responsible entities, and as needed certification of such entities.
- Facilitating the reliable deployment of DER and VER.
- Assessing gas-electric interdependencies, as well as other common mode failure and single points of disruption scenarios involving communications, water, and other interdependent critical infrastructure sectors.
- Assessment of the present and future reliability of the BPS.
- Operational coordination and situation awareness support.
- Event analysis and identification of lessons learned to enhance reliability.
- Effective training and education of reliability personnel.
- Participating in reliability and security activities that enhance resilience of the BPS.
- Coordinate NPCC and NERC activities with local State and Provincial Regulators to facilitate meeting decarbonization goals.

2024 Overview of Cost Impacts

The proposed 2024 Regional Entity division budget of \$22,086,766 represents an increase of \$2,663,171 or 13.7% over the 2023 budget. The proposed Regional Entity assessment of \$20,734,062 represents an increase of \$2,594,025 or 14.3% over the 2023 assessment.

The primary budget drivers are:

- **Personnel** expenses increase of \$3,100,142 associated with the addition of 11.2 FTEs, a budgeted 4.5% average merit increase pool, and a projected 8% increase in medical premiums. Additional FTEs are required for NPCC to address increasing workload and increasing complexity of initiatives. Changes in staffing by program area are addressed in the Personnel Analysis table on the following page and in subsequent program area sections.
- **Meetings & Travel** expenses increase of \$112,100 due to a measured return to meeting in-person. Some meetings will continue to be held in virtual or hybrid format to allow for remote participation and greater access.
- **Operating** expenses decrease of \$569,327 resulting from a reduction in office rent and professional fees. Office rent decrease is the result of negotiating the early termination of the current office lease and executing a new lease for a smaller office space with lower rent per square foot to accommodate a hybrid work environment. The new lease becomes effective in the second quarter of 2023. Professional fees reduction is a result of increasing in-house legal and finance responsibilities.

Additional information is provided in the subsequent program area sections.

Summary of Budget by Program Area

Program	Budget 2023	Projection 2023	Budget 2024	Variance	
				2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ 681,502	\$ 681,502	\$ 869,423	\$ 187,921	27.6%
Compliance Monitoring and Enforcement and Organization Registration and Certification	\$ 11,324,980	\$ 11,324,980	\$ 12,985,016	\$ 1,660,036	14.7%
Reliability Assessments and Performance Analysis	\$ 4,613,109	\$ 4,613,109	\$ 4,934,243	\$ 321,134	7.0%
Training, Education and Operator Certification	\$ 151,688	\$ 151,688	\$ 168,097	\$ 16,409	10.8%
Situation Awareness and Infrastructure Security	\$ 2,652,318	\$ 2,652,318	\$ 3,129,988	\$ 477,670	18.0%
Total	\$ 19,423,595	\$ 19,423,595	\$ 22,086,766	\$ 2,663,171	13.7%

Table 2: Budget by Program Area

This chart does not include allocation of working capital requirements among the program areas.

Comparison of 2024 to 2023 Budgeted Funding Requirements

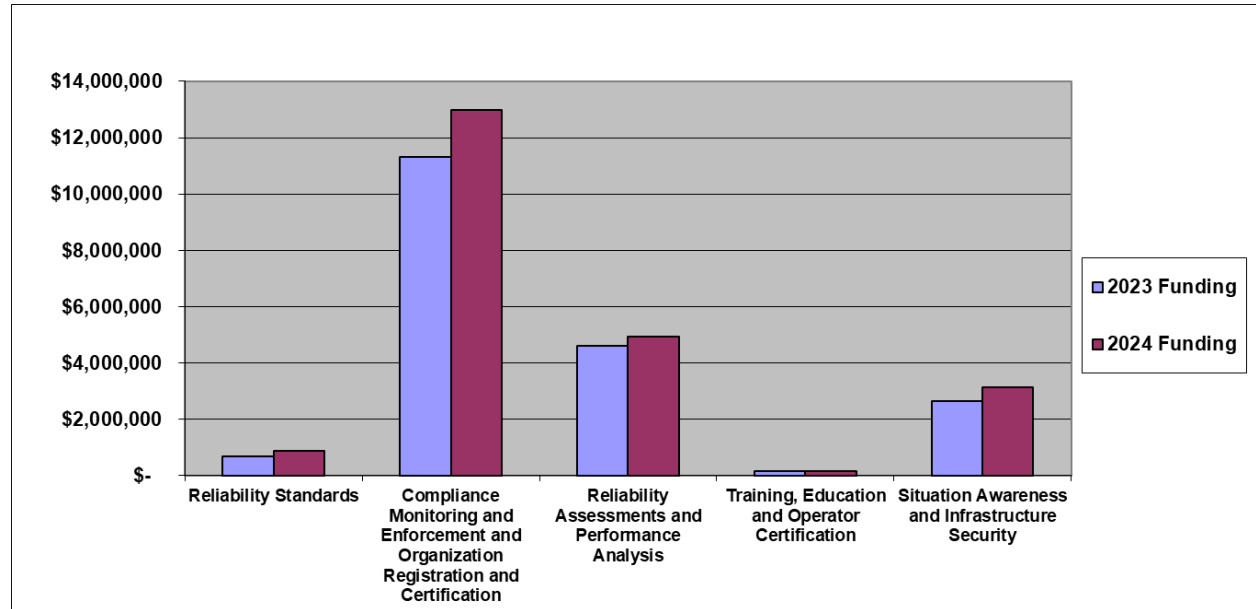


Figure 1: Budget by Program Area Chart

This chart does not include allocation of working capital requirements among the program areas.

Personnel Analysis

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	Shared FTEs 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
REGIONAL ENTITY DIVISION						
Operational Programs						
Reliability Standards	1.50	1.50	0.00	2.30	2.30	0.80
Compliance Monitoring and Enforcement and Organization Registration and Certification	28.00	28.00	32.75	0.00	32.75	4.75
Training, Education, and Operator Certification	0.10	0.10	0.10	0.00	0.10	0.00
Reliability Assessment and Performance Analysis	8.30	8.30	8.80	0.50	9.30	1.00
Situation Awareness and Infrastructure Security	6.10	6.10	7.10	0.00	7.10	1.00
Total FTEs Operational Programs	44.00	44.00	48.75	2.80	51.55	7.55
Administrative Programs						
Technical Committees and Member Forums	0.10	0.10	0.00	0.00	0.50	0.40
General and Administrative	3.50	3.50	2.00	0.00	2.00	-1.50
Information Technology	4.80	4.80	6.80	0.00	6.80	2.00
Legal and Regulatory	1.50	1.50	2.25	0.00	2.25	0.75
Human Resources	1.00	1.00	2.00	0.00	2.00	1.00
Accounting and Finance	2.00	2.00	3.00	0.00	3.00	1.00
Total FTEs Administrative Programs	12.90	12.90	16.05	0.00	16.55	3.65
Total FTEs	56.90	56.90	64.80	2.80	68.10	11.20

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

Table 3: Regional Entity Personnel Analysis

Increase of 11.20 FTEs to address increasing workload and increasing complexity of work. Changes are addressed within each program area section.

2023 Budget and Projection and 2024 Budget Comparisons

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
REGIONAL ENTITY DIVISION					
	2023	2023	Variance⁽²⁾	2024	Variance
	Budget	Projection	2023 Projection	Budget	2024 Budget
			v 2023 Budget		v 2023 Budget
			Over (Under)		Over (Under)
Funding					
ERO Funding					
ERO Assessments	\$ 18,140,037	\$ 18,140,037	\$ -	\$ 20,734,062	\$ 2,594,025
Penalties Released ⁽¹⁾	300,000	300,000	-	400,000	100,000
Total ERO Funding	\$ 18,440,037	\$ 18,440,037	\$ -	\$ 21,134,062	\$ 2,694,025
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	33,750	33,750	-	27,500	(6,250)
Interest & Investment Income	19,089	19,089	-	47,337	28,248
Total Funding (A)	\$ 18,492,876	\$ 18,492,876	\$ -	\$ 21,208,899	\$ 2,716,023
Expenses					
Personnel Expenses					
Salaries	\$ 10,411,939	\$ 10,411,939	\$ -	\$ 12,456,749	\$ 2,044,810
Payroll Taxes	690,561	690,561	-	886,163	195,602
Benefits	2,535,986	2,535,986	-	3,198,026	662,040
Retirement Costs	1,095,815	1,095,815	-	1,293,505	197,690
Total Personnel Expenses	\$ 14,734,302	\$ 14,734,302	\$ -	\$ 17,834,444	\$ 3,100,142
Meeting Expenses					
Meetings & Conference Calls	\$ 237,250	\$ 237,250	\$ -	\$ 313,300	\$ 76,050
Travel	642,600	642,600	-	678,650	13,050
Total Meeting Expenses	\$ 879,850	\$ 879,850	\$ -	\$ 991,950	\$ 112,100
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 909,000	\$ 909,000	\$ -	\$ 900,000	\$ (9,000)
Office Rent	909,500	909,500	-	420,110	(489,390)
Office Costs	1,202,900	1,202,900	-	1,216,463	13,563
Professional Services	1,030,000	1,030,000	-	945,500	(84,500)
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	30,000	30,000	-	30,000	-
Total Operating Expenses, excluding Depreciation	\$ 4,081,400	\$ 4,081,400	\$ -	\$ 3,512,073	\$ (569,327)
Total Direct Expenses	\$ 19,695,552	\$ 19,695,552	\$ -	\$ 22,338,467	\$ 2,642,915
Indirect Expenses	\$ (340,356)	\$ (340,356)	\$ -	\$ (414,900)	\$ (74,544)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 19,355,196	\$ 19,355,196	\$ -	\$ 21,923,566	\$ 2,568,371
Change in Net Assets (=A-B)	\$ (862,320)	\$ (862,320)	\$ -	\$ (714,667)	\$ 147,653
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 68,400	\$ 68,400	\$ -	\$ 163,200	\$ 94,800
TOTAL BUDGET (=B+C)	\$ 19,423,595	\$ 19,423,595	\$ -	\$ 22,086,766	\$ 2,663,171
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (930,720)	\$ (930,720)	\$ -	\$ (877,867)	\$ 52,853

(1) \$400,000 of penalties released from the Assessment Stabilization Reserve (ASR) to offset U.S. assessments as approved by the NPCC Board of Directors, NERC and FERC. Actual penalties invoiced in the current reporting year are shown as an increase in the ASR on the reserve summary table and will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

(2) 2023 Projections reflect expectations based on the first quarter statement of activities. It is anticipated that projections could change throughout 2023 and would be reflected in each subsequent quarter's statement of activities.

Table 4: Budget and Current Year Projection Comparison

Section A — Regional Entity Division
2024 Business Plan and Budget

Reliability Standards Program

Reliability Standards Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	1.50	2.30	0.80
Direct Expenses	\$436,058	\$533,083	\$97,024
Indirect Expenses	\$243,112	\$329,059	\$85,947
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$2,332	\$7,281	\$4,950
Total Funding Requirement	\$681,502	\$869,423	\$187,921

Table A - 1: Reliability Standards Budget

Program Scope and Functional Description

The NPCC Reliability Standards Program Area supports the NERC Reliability Standards Program and aids in the development of NPCC regionally specific Reliability Standards, NPCC regional Variances to NERC Reliability Standards, and NPCC Criteria.

The NPCC Reliability Standards Program conducts a five-year review of the NPCC Regional Reliability Standard (PRC-006-NPCC-2). These reviews may result in revisions to the Standard, retirement of the Standard, or a finding that no changes are required.

NPCC supports the development of NPCC regional Variances to NERC Reliability Standards when it is necessary to address NPCC regionally specific physical differences in the BPS or a NPCC northeastern North American specific reliability issue.

NPCC's 2023 – 2026 Strategic Plan ensures alignment with the ERO Enterprise Long-Term Strategy and harmonization of business processes and operations across the ERO Enterprise where appropriate. Deliverables in this program area support both the NPCC and ERO Enterprise long-term strategies.

2024 Key Assumptions

The Reliability Standards Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan, and the Regional Standards Committee Work Plan for calendar year 2023-24.

There have been several standards development opportunities identified by FERC, industry, and NERC technical committees to improve cold weather operations, energy assurance, resilience for extreme events, cyber and physical security, supply chain, identification and modeling requirements of inverter-based resources, including review of existing and development of new standards for applicability to the unregistered IBRs to consolidate NERC Standards Requirements to address these emerging risks.

- NPCC's Regional Reliability Standards development activity is expected to remain at a stable level, driven by requests that NPCC will receive or reliability issues that are identified and not under consideration by NERC. Creation of Variances to NERC Reliability Standards to address reliability concerns or to recognize the unique topology

and reliability considerations of the Northeast (i.e., Québec’s recognition as an asynchronous interconnection within NPCC’s footprint) will be performed as necessary.

- The number of NERC and Regional standards interpretations is expected to remain low. .
- Consistent with the NERC Rules of Procedure Sections 312 and 313, as continent-wide standards continue to evolve, NPCC Regional Standards will be reviewed to ensure that they continue to augment but do not add redundancy to the NERC Reliability Standards.
- NPCC outreach activities in support of industry decarbonization will continue with anticipated outreach sessions to State and Provincial Regulators in addition to DER/VER Forums.

2024 Goals and Key Deliverables

- Participate in the annual development and revision of the NERC’s three-year Reliability Standards Development Plan (RSDP) through review, commenting, and other Reliability Standards Committee (RSC) activities.
- Participate in the NERC Standards Committee activities, as a representative for NPCC Regional stakeholders to advance strategic initiatives, to measure the effectiveness and quality of standards, support ERO efforts to address outstanding FERC Directives, and provide input in the prioritization of standards development projects.
- Support any further development of cost effectiveness principles, processes, and pilots. Continue to provide insights to NERC, based on NPCC experiences, regarding strategy for developing cost effectiveness analysis for standards and identify opportunities to mitigate implementation costs for the draft standards and provide comments on cost effective alternative requirements.
- Participate in the NERC Standards Efficiency Review Project to retire standard requirements that are duplicative, administrative and add no additional benefit to the reliable operation of the BPS and revise NERC process to ensure efficiency and effectiveness of standards development.
- Conduct thorough reviews of all NERC standards under development or revision by leveraging existing NPCC Task Forces and subject matter experts and coordinate NPCC comments for Northeastern North America.
- Participate in the Periodic Review Standing Team’s grading efforts and coordinate and represent the Regional and interregional input.
- Participate in pre-ballot reviews of NERC Reliability Standards and coordinate the development of consensus recommendations to NPCC’s Registered Ballot Body Members and Entities. Develop a list of any unaddressed reliability issues to inform and allow the Members to cast a ballot based on Regional concerns. This will continue to enhance the efficiency of the ERO standards development projects.
- Review and identify issues and concerns raised in FERC Notice of Proposed Rulemakings (NOPRs) and Notice of Inquiries (NOIs) for all standards related issues as appropriate.
- Monitor the NERC RISC and the Reliability and Security Technical Committee (RSTC) activities as they identify emerging risks, develop recommended actions to mitigate such risks, and endorse Standards Authorization Requests (SARs) to initiate standards development. Provide a Regional point of contact for all potential reliability related risks and gaps within the Northeast or as noted by NPCC’s stakeholders (e.g., impact of DERs on BPS planning, operations, and design).
- Participate in and provide support to critical standards projects, such as Cold Weather Standard revisions, Energy Assurance, CIP, Supply Chain, Geomagnetic Disturbances, and changes to standards driven by inverter-based resources.

- Conduct reviews of Regional Standards as necessitated by the revision and approval of any associated Continent-wide NERC reliability standards or further reliability related need.
- Conduct the development of any Québec Interconnection-Wide variances to NERC continent-wide standards using the NPCC Reliability Standards Development Process.
- Conduct ongoing DER/VER Forum activities to solicit and identify both opportunities and challenges to enhancing reliability through education, promotion of awareness and developing guidance, particularly for the interconnection of utility scale DER on the Distribution System and large VER installations on the Transmission system.
- Maintain and revise the NPCC DER/VER guidance document as necessary and promote consistency across the NPCC footprint where appropriate.
- In conjunction with the Reliability Coordinating Committee (RCC), review any DER/VER impacts identified by stakeholders and develop an approach to promote awareness and resolution of any issues.
- Outreach with State and Provincial regulatory staffs to identify areas where NPCC can support local decarbonization goals through communication and collaboration.
- Identify opportunities and processes for cost effectiveness analysis activities to determine the need to revise a standard during the Enhanced Periodic Review or Standards Grading activities.

Resource Requirements

Personnel

Increase of 0.80 FTE to support Reliability Standards program area activities to address the increasing number and complexity of emerging risks to the BPS described above, to consolidate NERC Standards Requirements to address these identified emerging risks, including support of NPCC, NERC and ERO Enterprise IBR activities.

Reliability Standards Program Budget Detail

Funding sources and related expenses for the Reliability Standards section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
Reliability Standards					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 671,275	\$ 671,275	\$ -	\$ 851,576	\$ 180,302
Penalty Sanctions	10,227	10,227	-	17,847	7,619
Total ERO Funding	\$ 681,502	\$ 681,502	\$ -	\$ 869,423	\$ 187,921
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-
Total Funding (A)	\$ 681,502	\$ 681,502	\$ -	\$ 869,423	\$ 187,921
Expenses					
Personnel Expenses					
Salaries	\$ 245,126	\$ 245,126	\$ -	\$ 324,313	\$ 79,187
Payroll Taxes	17,317	17,317	-	25,604	8,287
Benefits	68,626	68,626	-	93,031	24,405
Retirement Costs	22,489	22,489	-	28,534	6,045
Total Personnel Expenses	\$ 353,558	\$ 353,558	\$ -	\$ 471,483	\$ 117,924
Meeting Expenses					
Meetings & Conference Calls	\$ 4,500	\$ 4,500	\$ -	\$ 9,000	\$ 4,500
Travel	76,000	76,000	-	50,000	(26,000)
Total Meeting Expenses	\$ 80,500	\$ 80,500	\$ -	\$ 59,000	\$ (21,500)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	2,000	2,000	-	2,600	600
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 2,000	\$ 2,000	\$ -	\$ 2,600	\$ 600
Total Direct Expenses	\$ 436,058	\$ 436,058	\$ -	\$ 533,083	\$ 97,024
Indirect Expenses	\$ 243,112	\$ 243,112	\$ -	\$ 329,059	\$ 85,947
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 679,170	\$ 679,170	\$ -	\$ 862,142	\$ 182,971
Change in Net Assets (=A-B)	\$ 2,332	\$ 2,332	\$ -	\$ 7,281	\$ 4,950
Fixed Asset Additions, excluding Right of Use Assets (C)	2,332	2,332	-	7,281	4,950
TOTAL BUDGET (=B+C)	\$ 681,502	\$ 681,502	\$ -	\$ 869,423	\$ 187,921
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 0	\$ 0	\$ -	\$ 0	\$ (0)

Table A - 2: Reliability Standards Budget Detail

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	28.00	32.75	4.75
Direct Expenses	\$6,743,368	\$8,195,820	\$1,452,452
Indirect Expenses	\$4,538,084	\$4,685,514	\$147,430
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$43,527	\$103,682	\$60,155
Total Funding Requirement	\$11,324,980	\$12,985,016	\$1,660,036

Table A - 3: Compliance Monitoring and Enforcement and Organization Registration and Certification Budget

Program Scope and Functional Description

The NPCC Compliance Monitoring and Enforcement and Organization Registration and Certification Program (CORC) Program Area operates in accordance with NPCC's filed and approved Regional Delegation Agreement, the NERC Rules of Procedure (ROP), and individual Canadian Provincial MOUs and/or Agreements. The program supports Compliance Monitoring and Enforcement (Section 400 of the ROP) and Organization Registration and Certification (Section 500 of the ROP), the ERO Enterprise Long-Term Strategy, and aligns with NPCC Board of Director goals and strategies. NPCC CORC strives to be a credible authority that is independent, objective, and fair while promoting a culture of reliability excellence by performing risk-informed registration, entity risk assessment, compliance monitoring, noncompliance risk assessment, mitigation, and enforcement activities.

The CORC Program Area scope includes:

- Identification, registration, and certification of entities that are required to comply with the NERC Reliability Standards and approved Regional Standards.
- Implementation of the risk-based NERC Compliance Monitoring and Enforcement Program (CMEP) in the U.S., including the compliance monitoring, mitigation assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards.
- Pursuant to the relevant MOUs, the implementation of the risk-based NERC CMEP in Nova Scotia and Ontario, including the assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards effective in those jurisdictions.
- Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP), including the compliance monitoring, assessment and enforcement of NERC Reliability Standards and Regional Reliability Standards effective in Québec.
- Implementation of the New Brunswick Compliance Monitoring and Enforcement Program (NBCMEP) in New Brunswick, including the compliance monitoring, assessment and enforcement recommendations of the NERC Reliability Standards and Regional Reliability Standards effective in New Brunswick.

The CORC Program Area scope is sub-divided into three sub-program areas: Compliance Fundamentals (CF); Compliance Audits and Investigations (AI); and Compliance Mitigation and Enforcement (ME).

Compliance Fundamentals

The CF sub-program area is responsible for registration, certification, entity inherent risk assessments, and compliance oversight plan activities, in addition to general compliance activities that may span across sub-program areas.

- Collaborates across the ERO through participation in the Risk Performance and Monitoring Group (RPMG), Enforcement Group (EG), Organization Registration and Certification Group (ORCG), and the development of the annual ERO CMEP staff workshop.
- Identifies and registers the BES owners, operators, and users that are required to comply with the NERC and Regional Reliability Standards.
- Conducts Certifications and Certification Reviews in accordance with the NERC Rules of Procedure.
- Leads or assists with the development of the annual CMEP implementation plans (ERO Enterprise, New Brunswick, Québec).
- Implements the ERO Enterprise registration tool (CORES-Centralized Organization Registration ERO System) and the ERO Enterprise CMEP data application (Align).
- Responds to any complaints submitted to NPCC.
- Maintains any NPCC specific compliance tools or programs needed.
- Performs outreach, sends relevant communications, and conducts two stakeholder compliance workshops on an annual basis.
- Assesses compliance trends and conducts additional outreach, training, and education to support Reliability Standards implementation.
- Conducts Inherent Risk Assessments (IRAs) on registered entities.
- Develops compliance oversight plans (COPs) for registered entities.

Compliance Audits and Investigations

The AI sub-program area is responsible for conducting all risk-based compliance monitoring activities.

- Conducts NPCC compliance monitoring activities, including audits, spot checks, and guided self-certifications.
- Incorporates the results of entity IRA, COP, and performance data into its compliance monitoring process.
- Assess the maturity of the entity's internal controls and sustainability of the entity processes during compliance audits.
- Engages the entity on the maturity of the internal compliance program.
- Issues audit reports and spot check reports.
- Provides guided self-certification result letters.
- Implements and maintains the Critical Infrastructure Protection (CIP) Standards Technical Feasibility Exceptions process.

Compliance Mitigation and Enforcement

The ME sub-program area is responsible for enforcement activities in accordance with risk-based approaches and conducting technical assessments of registered entities' plans and activities to mitigate noncompliance. Depending on the jurisdiction, ME either makes official recommendations to the appropriate regulatory authority or assists and coordinates with NERC to make such official recommendations.

- Determines the relevant facts and circumstances necessary to assess each noncompliance.
- Evaluates and assigns a risk level to each noncompliance.
- Advises on the mitigation required to prevent recurrence of the issue.
- Evaluates and approves the mitigation activities or Mitigation Plan(s) for each noncompliance.
- Assesses the relevant compliance history for each noncompliance.
- Determines the disposition method for each noncompliance.
- Conducts settlement negotiations.
- Calculates penalty and non-penalty sanctions in a consistent manner.
- Files noncompliance closings with NERC/FERC and applicable Canadian governmental and/or provincial Regulatory authorities.
- Evaluates registered entities for participation in the Self-Logging Program.

2024 Key Assumptions

- The CORC Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, and the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan.
- Similar to the 2023 Business Plan, the CORC program will enhance its capability and flexibility to engage over 240 registered entities by continuing to add FTEs under the 2024 Business Plan.

2024 Goals and Key Deliverables

- Conduct scheduled compliance monitoring and enforcement activities pursuant to the 2024 monitoring schedule and in alignment with NERC CMEP Implementation Plan.
- Continue applying risk-based approaches for CMEP, registration, and certification activities.
- Conduct pre-registration awareness discussions with new entities (inverter based resources, off-shore wind, etc.) to explain compliance and reliability obligations.
- Identify potential issues related to NERC Reliability Standards as a result of compliance monitoring, enforcement, and event analysis activities.
- Continue to implement compliance responsibilities in Canada based on the unique regulatory structure specific to each provincial and/or governmental jurisdiction.
- Evaluate and enhance monitoring, violation processing, risk-assessment, registration and certification program for sufficiency and effectiveness.
- Collaborate within the ERO Enterprise to implement Align and the Secure Evidence Locker (SEL) for NPCC staff to:
 - Use Align/SEL and allowed legacy processes for Release 1 and Release 2
 - Continue to support the testing, training, and rollout of Releases 3, 4, and 4.5.
- Continue to collaborate in 2024 with ERO CMEP Working Groups to develop uniform and consistent mitigation related to the Spring 2022 audit of NPCC (and the other 5 Regions) CMEP activities by NERC Internal Audit.
- Provide education and outreach to the registered entities on all CMEP, registration, and certification topics, including the development and implementation of the ERO Enterprise Registration tool (CORES – Centralized Organization Registration ERO System) and the Align/SEL CMEP data application.
- Conduct one in-person and one virtual compliance workshops.
- Develop annual activity reports for CMEP (New Brunswick) and QCMEP (Québec).

- Develop and/or provide input on various 2024 CMEP Implementation Plans (ERO Enterprise, Québec, New Brunswick).
- Attend training necessary and/or beneficial to performing duties (Registration, Certification, Entity Risk Assessment, assessment of internal controls, Monitoring, and Enforcement activities).
- Assure that NPCC staff is appropriately assigned to conduct Certification and Auditing activities.
- Provide detailed responses to oversight activities performed by NERC, FERC, and other relevant authorities.
- Continue to perform and update IRAs and COPs for registered entities as needed.
- Continue to assess and document internal controls during monitoring engagements.
- Conduct 2024 compliance engagement schedule based on budget, risk to the BPS, and number of registered entities.
- Continue to perform comprehensive enforcement activities to determine the relevant facts and circumstances necessary for each noncompliance, assess the risk, and evaluate the mitigation activities or Mitigation Plan. Determine the disposition method in accordance with established risk-based approaches (Compliance Exceptions, FFTs, Simplified Identification Correction Method (Québec), Settlements, etc.).
- Track the progress and verify the completion of each Mitigation Plan.
- As necessary, represent NPCC during any enforcement hearings before the NPCC Hearing Body, the NERC Hearing Body, the Régie, or the New Brunswick Energy & Utilities Board.
- Evaluate registered entities internal compliance programs to determine participation in the Self-Logging Program.
- Analyze noncompliance trends and associated risks to develop guidance to registered entities in support of a culture of reliability.
- Perform outreach (e.g., webinars, workshops) to educate entities on determining noncompliance root causes, techniques for noncompliance assessment, communications associated with self-reporting, and guidance on the development of mitigation activities that will prevent recurrence.
- Assess evolving cybersecurity risks for opportunities to provide entity guidance.

Resource Requirements

Personnel

Increase of 4.75 FTEs in 2024 (2 FTEs in Compliance Monitoring, 2 FTEs in Enforcement and Mitigation and 1 FTE in Entity Risk Assessment) to perform purposeful and impactful BPS risk-reducing activities based on the quantity and type of registered entities in the NPCC region. Additional FTEs are currently projected to be added in the compliance program over the next two years.

Meetings

In-person meetings are expected to continue to increase in 2024 to support these identified activities; some meetings may provide a format to allow for remote participation.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program Budget Detail

Funding sources and related expenses for the compliance enforcement and organization registration and certification section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
Compliance Monitoring and Enforcement and Organization Registration and Certification					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 10,772,548	\$ 10,772,548	\$ -	\$ 12,369,371	\$ 1,596,823
Penalty Sanctions	190,909	190,909	-	254,122	63,213
Total ERO Funding	\$ 10,963,458	\$ 10,963,458	\$ -	\$ 12,623,494	\$ 1,660,036
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-
Total Funding (A)	\$ 10,963,458	\$ 10,963,458	\$ -	\$ 12,623,494	\$ 1,660,036
Expenses					
Personnel Expenses					
Salaries	\$ 4,583,431	\$ 4,583,431	\$ -	\$ 5,559,186	\$ 975,755
Payroll Taxes	333,731	333,731	-	424,280	90,549
Benefits	1,109,937	1,109,937	-	1,375,117	265,180
Retirement Costs	476,669	476,669	-	569,187	92,518
Total Personnel Expenses	\$ 6,503,768	\$ 6,503,768	\$ -	\$ 7,927,770	\$ 1,424,002
Meeting Expenses					
Meetings & Conference Calls	\$ 4,000	\$ 4,000	\$ -	\$ 4,000	\$ -
Travel	193,000	193,000	-	225,550	32,550
Total Meeting Expenses	\$ 197,000	\$ 197,000	\$ -	\$ 229,550	\$ 32,550
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 15,000	\$ 15,000	\$ -	\$ 10,000	\$ (5,000)
Office Rent	-	-	-	-	-
Office Costs	27,600	27,600	-	28,500	900
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 42,600	\$ 42,600	\$ -	\$ 38,500	\$ (4,100)
Total Direct Expenses	\$ 6,743,368	\$ 6,743,368	\$ -	\$ 8,195,820	\$ 1,452,452
Indirect Expenses	\$ 4,538,084	\$ 4,538,084	\$ -	\$ 4,685,514	\$ 147,430
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 11,281,452	\$ 11,281,452	\$ -	\$ 12,881,334	\$ 1,599,882
Change in Net Assets (=A-B)	\$ (317,995)	\$ (317,995)	\$ -	\$ (257,840)	\$ 60,155
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 43,527	\$ 43,527	\$ -	\$ 103,682	\$ 60,155
TOTAL BUDGET (=B+C)	\$ 11,324,980	\$ 11,324,980	\$ -	\$ 12,985,016	\$ 1,660,036
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (361,522)	\$ (361,522)	\$ -	\$ (361,522)	\$ 0

Table A - 4: Compliance Monitoring and Enforcement and Organization Registration and Certification Budget Detail

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	8.30	9.30	1.00
Direct Expenses	\$3,254,988	\$3,574,257	\$319,269
Indirect Expenses	\$1,345,218	\$1,330,543	(\$14,675)
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$12,903	\$29,442	\$16,540
Total Funding Requirement	\$4,613,109	\$4,934,243	\$321,134

Table A - 5: Reliability Assessments and Performance Analysis (RAPA) Budget

Program Scope and Functional Description

The NPCC Reliability Assessments and Performance Analysis (RAPA) Program Area independently analyzes, assesses, and reports on the reliability and adequacy of the BPS within the NPCC footprint. The program aids in the identification and assesses risks across the region. The RAPA program activities include: the performance of resource and transmission assessment studies; special analyses and investigations; and the collection and dissemination of data, lessons learned, and other information. The RAPA program provides resources, case studies and data input for the technical analyses, and support of the many risk-based activities. The program also facilitates five technical stakeholder task forces and associated working groups.

2024 Key Assumptions

The RAPA program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan, and the Reliability Coordinating Committee Work Plan for calendar year 2023-24.

NPCC continues to collaborate through the Eastern Interconnection Reliability Assessment Group (ERAG) to focus on the reliability assessments of the Eastern Interconnection and the Quebec Interconnection to identify and address potential reliability issues.

NPCC also participates in and contributes to the related activities of the New York ISO and New York State Reliability Council (NYSRC) as well as ISO-New England and NEPOOL Participants Committee.

2024 Goals and Key Deliverables

- Assessments of Reliability Performance
 - Load, Capacity, Energy, Fuels & Transmission Report (LCEF&T Report): Represent data submitted by NPCC to NERC as part of the annual EIA-411 filing. U.S. data is forwarded by NERC to the U.S. Energy Information Administration (EIA). This report presents actual and ten-year projections for load, capacity, energy, fuel, transmission line construction and transformer additions in the NPCC footprint.
 - NPCC Summer Reliability Assessment: Focuses on the assessment of reliability within the NPCC footprint for the Summer Operating Period.
 - NPCC Winter Reliability Assessment: Focuses on the assessment of reliability within the NPCC footprint for the Winter Operating Period.

- NPCC Energy Reliability analysis to consider extreme weather events in scenario development using tools and metrics identified by NERC.
- NPCC Review of Resource Adequacy: Review for each NPCC Area in accordance with the requirements specified in the NPCC Regional Reliability Reference Directory # 1, Design and Operation of the BPS.
- NPCC Probabilistic Assessment: Provides the NPCC probabilistic reliability metric results specified by NERC for the corresponding LTRA.
- Collect NPCC data and contribute to the production of assessment reports for the NERC long-term, seasonal, and special assessments.
- Provide NPCC regionally specific technical support for the ERO Enterprise expanded and enhanced system studies and analyses, as needed.
- Support ERAG in performance of Eastern Interconnection assessment studies, including the update of power-flow and dynamic base cases that represent the BPS within the NPCC footprint for the ERAG Multiregional Modeling Working Group (MMWG).
- Reporting Requirements
 - Collect, verify, validate and analyze NPCC regionally specific data for the Transmission Availability Data System (TADS), Generator Availability Data System (GADS), GADS Wind, GADS Solar, Demand Response Availability Data System (DADS), Misoperation Information Data Analysis System (MIDAS), and Geomagnetic Disturbance Data System (GMD).
 - Collect, verify, and validate NPCC regionally specific data associated with IBRs, including EMT modeling.
- Other Requirements and Activities
 - Support risk-based activities with the development and review of lessons learned, best practices, and guidance documentation across the ERO Enterprise and industry.
 - Facilitate a peer review process to analyze protective relay misoperation information and track corrective action plans, as reported in the NERC MIDAS system, via the NPCC SP-7 Working Group on Protection Systems Misoperation Review.
 - NPCC chairs the Reliability Assessment Subcommittee and actively participates in NERC committees, subcommittees, task forces, and other technical groups, such as the System Planning Impacts from DER WG (SPIDER), Electric Gas Working Group, Energy Reliability Assessment Task Force (ERATF), Performance Analysis Subcommittee, Probabilistic Assessment Working Group, EMP WG, Facility Ratings Task Force (FRTF), Inverter-Based Resource Performance Subcommittee (IRPS), Load Modeling Working Group (LMWG), System Protection and Control WG (SPCWG), and associated subgroups including the MIDAS User Group, TADS User Group, and GADS User Group.
 - NPCC actively participates in the ERO Enterprise related collaboration groups, such as Reliability Assessment and Performance Analysis Steering Group (RAPA SG), Analytic Community of Excellence (ACE), Innovation and Continuous Improvement Collaboration Group (ICCG).
 - Continue to support stakeholder participation and interaction through NPCC technical groups, including the RCC, Task Force on Coordination of Operations, Task Force on Coordination of Planning, Task Force on Infrastructure Security & Technology, Task Force on System Protection, Task Force on System Studies and their respective working groups.
 - Work in collaboration with the industry and governmental organization such as the U.S. Department of Energy (DOE), National Laboratories (supporting integration of

offshore wind development), Institute of Electrical and Electronics Engineers (IEEE) (supporting IBR requirements), Electric Power Research Institute (EPRI) and Energy Systems Integration Group (ESIG) (supporting resource adequacy metrics, models and assessments associated with identified de-carbonization activities, including electrification, storage and EV deployment).

Resource Requirements

Personnel

Increase of 1.0 FTE to support Reliability Assessment and Performance Analysis activities described above to address the increasing number and complexity of emerging risks to the BPS including support of related NPCC, NERC and ERO Enterprise IBR and data analytics activities, for example, and related government and industry resource adequacy and de-carbonization initiatives.

Meetings

In-person meetings are expected to continue to increase in 2024 to support these identified activities; some meetings may provide a format to allow for remote participation.

Reliability Assessment and Performance Analysis Program Budget Detail

Funding sources and related expenses for the Reliability Assessment and Performance Analysis section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
Reliability Assessment and Performance Analysis					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 4,556,518	\$ 4,556,518	\$ -	\$ 4,862,080	\$ 305,562
Penalty Sanctions	56,591	56,591	-	72,163	15,572
Total ERO Funding	\$ 4,613,109	\$ 4,613,109	\$ -	\$ 4,934,243	\$ 321,134
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-
Total Funding (A)	\$ 4,613,109	\$ 4,613,109	\$ -	\$ 4,934,243	\$ 321,134
Expenses					
Personnel Expenses					
Salaries	\$ 1,549,662	\$ 1,549,662	\$ -	\$ 1,817,734	\$ 268,072
Payroll Taxes	103,187	103,187	-	128,446	25,260
Benefits	412,120	412,120	-	479,572	67,452
Retirement Costs	159,619	159,619	-	185,405	25,786
Total Personnel Expenses	\$ 2,224,588	\$ 2,224,588	\$ -	\$ 2,611,157	\$ 386,569
Meeting Expenses					
Meetings & Conference Calls	\$ 24,200	\$ 24,200	\$ -	\$ 45,000	\$ 20,800
Travel	195,000	195,000	-	205,000	10,000
Total Meeting Expenses	\$ 219,200	\$ 219,200	\$ -	\$ 250,000	\$ 30,800
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 803,000	\$ 803,000	\$ -	\$ 700,000	\$ (103,000)
Office Rent	-	-	-	-	-
Office Costs	8,200	8,200	-	13,100	4,900
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 811,200	\$ 811,200	\$ -	\$ 713,100	\$ (98,100)
Total Direct Expenses	\$ 3,254,988	\$ 3,254,988	\$ -	\$ 3,574,257	\$ 319,269
Indirect Expenses	\$ 1,345,218	\$ 1,345,218	\$ -	\$ 1,330,543	\$ (14,675)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 4,600,206	\$ 4,600,206	\$ -	\$ 4,904,800	\$ 304,594
Change in Net Assets (=A-B)	\$ 12,903	\$ 12,903	\$ -	\$ 29,442	\$ 16,540
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 12,903	\$ 12,903	\$ -	\$ 29,442	\$ 16,540
TOTAL BUDGET (=B+C)	\$ 4,613,109	\$ 4,613,109	\$ -	\$ 4,934,243	\$ 321,134
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 0	\$ 0	\$ -	\$ (0)	\$ (0)

Table A - 6: Reliability Assessments and Performance Analysis (RAPA) Budget Detail

Training and Education Program

Training, Education, and Operator Certification Program Resources			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	0.10	0.10	0.00
Direct Expenses	\$135,325	\$153,473	\$18,149
Indirect Expenses	\$16,207	\$14,307	(\$1,901)
Other Non-Operating Expenses	\$0	\$0	\$0
Inc(Dec) in Fixed Assets	\$155	\$317	\$161
Total Funding Requirement	\$151,688	\$168,097	\$16,409

Table A - 7: Training, Education, and Operator Certification Budget

Program Scope and Functional Description

The NPCC Training and Education (TE) Program Area supports NERC Rules of Procedure Section 900 and other training, education, and outreach activities. The program provides:

- Education and training necessary to understand and operate the BPS.
- Outreach, education, and training on Reliability Standards, compliance topics and improvement of compliance and reliability assurance programs.

The TE program establishes and coordinates training for system operators relating to inter-Reliability Coordinator area matters, criteria, terminology, standards and operating procedures and instructions. The target audience of the System Operator training program is BPS operating personnel, including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, and training personnel.

In addition to the semiannual System Operators (SO) seminars, NPCC will conduct Compliance and Reliability Conferences in 2024 for NPCC Stakeholders, for the express purpose of providing the most current and applicable information related to the development of NERC and Regional Reliability Standards and the implementation of the CMEP. The conferences include targeted breakout classroom sessions and presentations on current industry related activities to provide for the most efficient exchange of information between NPCC staff and NPCC Stakeholders.

To supplement the SO seminars and Compliance and Reliability Conferences, NPCC may develop webinars on specific topics pertinent to issues related to system operations, compliance program implementation, standards development, cyber or physical security threats and mitigation practices or technical issues.

Additionally, NPCC staff will support future ERO Enterprise human performance engagements in a capacity determined by the RAPA SG as the ERO Enterprise considers how best to address its role in human performance engagement from a regulatory, reliability and resourcing perspective.

2024 Key Assumptions

The TE Program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy and the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan.

- Build appropriate outreach, training, and education to registered entities to reduce the occurrence of known risks to reliability.
- Nurture relationships with key industry trade associations, as well as those associations representing technology, affiliated sectors, and end users to understand context and leverage their experience and reach.
- Collaborate effectively with other organizations that share the ERO Enterprise’s reliability and security mission and seek and work with representatives of academia, other critical infrastructures, and international experts to broaden the ERO Enterprise’s collective knowledge and awareness of current and unknown risks and strategies to address them.
- Provide the Regional perspective and support with appropriate NPCC Training and Education staff participation on selected NERC groups, including any future ERO Enterprise human performance engagements, as determined by RAPA SG.

2024 Goals and Key Deliverables

- Conduct the 2024 Spring and Fall NPCC SO seminars.
- Continue collaboration and sharing of the intended RC/BA approaches, experiences, and materials to task identification and training development.
- As needed, enhance the NPCC repository of training resources and learning verification activities addressing fundamental power system topics, training methods and operation procedure training exercises, which may be shared as elements of operator training in compliance with NERC Standards PER-003 “Operating Personnel Credentials” and PER-005 “Operations Personnel Training.”
- Develop virtual operational training webinars that focus on specific topics pertinent to compliance program implementation, standards development, or technical issues.
- Conduct one in-person and one virtual Compliance and Reliability Conference addressing the development of NERC and Regional Reliability Standards and CMEP implementation.
- Support RAPA SG activities in redevelopment of the approach to future risk mitigating activities related to human performance.
- Monitor and support activities of the Personnel Certification Governance Committee and associated sub-groups and collaborate with the NPCC CO-2 Operations Training WG and other NPCC Members’ training personnel on the activities related to the reliable operation of the BPS.

NPCC staff training and development is incorporated within each respective program area.

Resource Requirements

Meetings

In-person meetings are expected to increase in 2024 with both NPCC System Operator Seminars being held in person only, without a remote participation option. In-person CO-2 Operations Training WG’s seminar planning meetings will continue to increase, to support the NPCC System Operator Seminars.

Training and Education Program Budget Detail

Funding sources and related expenses for the training and education section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
Training, Education, and Operator Certification					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 117,256	\$ 117,256	\$ -	\$ 139,821	\$ 22,565
Penalty Sanctions	682	682	-	776	94
Total ERO Funding	\$ 117,938	\$ 117,938	\$ -	\$ 140,597	\$ 22,659
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	33,750	33,750	-	27,500	(6,250)
Interest & Investment Income	-	-	-	-	-
Total Funding (A)	\$ 151,688	\$ 151,688	\$ -	\$ 168,097	\$ 16,409
Expenses					
Personnel Expenses					
Salaries	\$ 21,663	\$ 21,663	\$ -	\$ 23,158	\$ 1,494
Payroll Taxes	1,175	1,175	-	1,460	285
Benefits	4,786	4,786	-	4,554	(231)
Retirement Costs	2,300	2,300	-	2,451	151
Total Personnel Expenses	\$ 29,925	\$ 29,925	\$ -	\$ 31,623	\$ 1,699
Meeting Expenses					
Meetings & Conference Calls	\$ 90,000	\$ 90,000	\$ -	\$ 106,100	\$ 16,100
Travel	15,000	15,000	-	15,500	500
Total Meeting Expenses	\$ 105,000	\$ 105,000	\$ -	\$ 121,600	\$ 16,600
Operating Expenses, excluding Depreciation					
Consultants & Contracts	-	-	-	-	-
Office Rent	-	-	-	-	-
Office Costs	400	400	-	250	(150)
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 400	\$ 400	\$ -	\$ 250	\$ (150)
Total Direct Expenses	\$ 135,325	\$ 135,325	\$ -	\$ 153,473	\$ 18,149
Indirect Expenses	\$ 16,207	\$ 16,207	\$ -	\$ 14,307	\$ (1,901)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 151,532	\$ 151,532	\$ -	\$ 167,780	\$ 16,248
Change in Net Assets (=A-B)	\$ 155	\$ 155	\$ -	\$ 317	\$ 161
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 155	\$ 155	\$ -	\$ 317	\$ 161
TOTAL BUDGET (=B+C)	\$ 151,688	\$ 151,688	\$ -	\$ 168,097	\$ 16,409
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ 0	\$ 0	\$ -	\$ 0	\$ (0)

Table A - 8: Training, Education, and Operator Certification Budget Detail

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security Program Resources			
<i>(in whole dollars)</i>			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	6.10	7.10	1.00
Direct Expenses	\$1,654,181	\$2,091,719	\$437,538
Indirect Expenses	\$988,654	\$1,015,791	\$27,137
Other Non-Operating Expenses	\$0	\$0	\$0
Fixed Asset Additions	\$9,483	\$22,478	\$12,995
Total Funding Requirement	\$2,652,318	\$3,129,988	\$477,670

Table A - 9: Situation Awareness and Infrastructure Security Budget

Program Scope and Functional Description

The Situation Awareness and Infrastructure Security (SAIS) Program Area activities are performed in accordance with the NERC Rules of Procedure Section 1000 and applicable sub-sections of Section 800. The SAIS program is a combination of near real-time awareness of conditions on the BPS with the programs necessary to increase the physical and cyber security of the electricity infrastructure, including the operation and maintenance of tools and other support services for the benefit of RCs and the system operators within the registered entities. When an event does occur, it is critical to provide a forum for active coordination of reliability and operation among the NPCC RC areas and neighboring NERC Regions. Further, NPCC’s role is to gain and maintain situation awareness and understanding of system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS and to use an event as a learning opportunity to enhance the reliability, resilience, and security of the interconnected BPS through the lessons learned, which can be gleaned from such an event.

NPCC’s Event Analysis Program resides within the SAIS Program Area and supports the overall goal of promoting the reliability of the BPS in Northeastern North America and the entire North American grid.

NPCC’s critical infrastructure security objectives are defined within the scope of the NPCC Task Force on Infrastructure Security & Technology (TFIST) and its Working Groups, and include, but are not limited to:

- Providing a forum for NPCC review of proposed and posted documents from the NERC Reliability and Security Technical Committee (RSTC) and its subgroups; and
- Representing and advocating NPCC’s position in the activities of NERC groups involved in the development and/or implementation of physical and cyber security.

NPCC’s Security Outreach program will support ERO Enterprise activities aimed at addressing known and emerging security (both cyber and physical) risks to strengthen and enhance industry security posture through active participation and engagement in the ERO Enterprise and industry activities, in partnership with government and law enforcement agencies.

2024 Key Assumptions

The SAIS program concentrates on the four key value drivers and long-term focus areas set forth in the ERO Enterprise Long-Term Strategy, the strategic reliability focus areas identified within the NPCC 2023-2026 Strategic Plan, and the Reliability Coordinating Committee Work Plan for calendar year 2023-24.

- Use the full suite of tools, activities, and resources for risk mitigation to provide guidance to industry as to how to mitigate emerging risks, evaluating the effectiveness of such approaches.
- Maintain SA of operations within the region and support NERC and FERC’s efforts for situation awareness of near real-time system conditions.
- Support the ERO Enterprise in the activities and implementation of the Crisis Action Plan
- Continue to promote, implement, and manage voluntary ERO Event Analysis Process (EAP) and Cause Coding process as part of the ERO Event Analysis Program, including collection and review of disturbance reports, review and analysis of applicable, qualifying events, and development of lessons learned and cause coding of events.
- Collaborate on and support joint activities with FERC and NERC staff and other Regional staff on analysis of known and emerging risks, analysis of major events, and follow-up projects/studies based on the findings and recommendations.
- Strengthen the analysis of cyber impacts on the BPS and mitigate impacts of cyberattacks. Enhance industry’s ability to develop approaches to pre-position the system when under attack and explore recovery strategies.
- Leverage information and cross-sector collaboration with other critical infrastructures that share elements of the ERO Enterprise’s reliability and security mission to facilitate cross-sector information sharing and threat analysis to broaden the ERO Enterprise’s collective knowledge and awareness of current and emerging risks and strategies to address them and communicate these to industry for awareness and mitigation.
- Build/enhance appropriate outreach, training, and education to registered entities through NERC and the Regional Entities to reduce the occurrence of known risks to reliability.
- Ensure the E-ISAC Long-Term Strategic Plan is executed such that the E-ISAC is viewed by industry as meeting its needs as one of its key trusted sources of security information.
- Strengthen proactive outreach, communications, relationships, and intelligence sharing with key regulatory, legislative, and policy bodies, as well as government agencies across North America (U.S. and Canada).
- Nurture relationships with key industry trade associations, as well as those associations representing technology, affiliated sectors, and end users to understand context and leverage their experience and reach.
- Collaborate with technical stakeholder groups to support development of recommendations and risk mitigating activities based on events and identified reliability and security risks.
- Support GridEx-related planning and distributed play activities.
- Provide Regional perspective and support through active participation in appropriate NERC and ERO groups and activities.
- Support DOE-led effort on the development of the North American Energy Resilience Model (NAERM) in collaboration with the National Labs, the industry, and the ERO Enterprise.

2024 Goals and Key Deliverables

Situation Awareness 2024 Goals and Key Deliverables

- Monitor the operational status of the BPS and coordinate normal and pre-emergency communication, awareness, and assistance in addition to the same during an emergency among the RCs within the NPCC footprint.
- Prepare daily reports and conduct daily and weekly conference calls with NPCC and neighboring RCs (MISO and PJM) to serve as a complement to the NPCC Emergency Preparedness Conference Call.
- Coordination and communication with the NERC Bulk Power System Awareness group in preparation for and during ongoing significant events in the NPCC footprint.
- Monitor the status of the BPS through the NERC Situational Awareness-FERC, NERC, Regions version 3 (SAFNRv3) tool and support efforts and work to develop and enhance the use of SAFNR and other tools to further support NPCC and ERO SA.
- Coordinate inter-regional pre-emergency actions in the event of a threat to the security of the Northeastern North American bulk power supply system.
- Participation in any future FERC-NERC-Regional Entity inquiries, including any further follow-up efforts and tracking of previous inquiry/study recommendations.
- Review and implementation of applicable recommendations and lessons learned from the planning and distributed play activities of the GridEx VII wide-area exercise.
- Participation in the ERO Enterprise-wide SA and EA activities, including NERC SA and EA Oversight Plan specified goals and deliverables in support of the activities to identify, prioritize, and assure effective and efficient mitigation of risk to the reliability and security of the North American BPS, including such activities as:
 - NERC Bulk Power Situational Awareness calls.
 - Participation in the ERO Enterprise Crisis Action Plan (CAP) tabletop exercises and enhancements to the CAP processes.
 - Participation in the ERO Enterprise CAP activations.
- Support implementation and activities of NPCC’s Emergency Communications Plan.
- NPCC actively participates in NERC committees, subcommittees, task forces, and other technical groups, such as the Reliability and Security Technical Committee (RSTC), Events Analysis Subcommittee (EAS), Real-Time Operating Subcommittee (RTOS), Security Working Group (SWG), Supply Chain Working Group (SCWG), and Security Integration and Technology Enablement Subcommittee (SITES).
- NPCC actively participates in the ERO Enterprise related collaboration groups, such as Reliability Assessment and Performance Analysis Steering Group (RAPA SG) and its sub-groups (e.g., Events Analysis and Situation Awareness).
- NPCC supports ERO Enterprise activities with respect to coordinated seasonal preparedness.
- Follow up on recommendations from the NAESB Gas-Electric Harmonization Forum.
- Participate, as appropriate, in periodic ERO Enterprise SA activities (e.g., Monitoring and Situation Awareness Workshop), including issuance of NERC Alerts, as well as analysis of and follow up activities based on the entities’ responses.
- Continue to promote, implement, and manage voluntary ERO Event Analysis Process (EAP) and Cause Coding process as part of the ERO Event Analysis Program, including collection and review of disturbance reports, review and analysis of applicable, qualifying events, development of lessons learned and cause coding of events.

- Work directly with applicable NPCC Task Forces and Working Groups to provide an in-depth assessment of Lessons Learned unique to the NPCC Members and NPCC Criteria and development of Regional Insights, as applicable.

Infrastructure Security 2024 Goals and Deliverables

- Provide physical and cyber security outreach, threat awareness and mitigation, and education services to registered entities.
- Monitor the Homeland Security Information Network (HSIN), E-ISAC, NERC Alerts, Canadian Information Sharing and North American Transmission Forum and share information with appropriate asset owners/operators.
- Remain current on all governmental agencies' applicable security recommendations and requirements, and other applicable security and reliability recommendations, and ensure the RCC and its committees are appropriately informed.
- Provide support and technical input for TFIST and associated Working Groups related to the BPS risks as identified by the NERC Reliability Issues Steering Committee; support, discuss and coordinate activities and approaches identified in the recommendations for mitigating security risks.
- Support NERC GridEx VII after-action survey and report development, and review and implementation of pertinent recommendations and lessons learned from the exercise.
- Support NERC GridEx VIII planning and distributed play activities.
- Review infrastructure security & technologies and provide recommendations to the RCC to enhance physical and cyber security in compliance with NERC guidelines/standards.
- Sponsor periodic workshop presentations to address timely issues and update NPCC entities associated with infrastructure security and technology.
- Provide education, awareness, and support for Cross Sector coordination in Entity agreements and response plans with focus upon Telecommunications, Water and Natural Gas, including monitoring and sharing with the E-ISAC.
- Support ERO Enterprise and industry security initiative and enhance coordination and collaboration with the ERO, E-ISAC, other NERC Regions and U.S. and Canadian applicable authorities, including active participation in the ERO Enterprise Crisis Action Plan (CAP) related efforts and activities.
- Support Physical Security Working Group activities aimed at promoting the exchange of information regarding approaches to physical security that will enhance the reliability and resiliency of the BPS and further address any physical security threats that could challenge efficient operation of the BPS. The Physical Security Working Group will also support the TFIST's work on issues related to physical security.
- Through the Telecommunications Working Group, promote and enhance the reliability of the Interconnected Power System in Northeastern North America by assessing adequacy and resilience of organizations' voice communications, and development of recommendations for mitigation of identified risks and sharing of industry best practices.
- Provide a forum for NPCC members, NPCC Task Forces and Working Groups to identify and discuss cyber security issues and practices related to the BPS, including BES cyber security topics that span one or more Task Force or Working Group.

Resource Requirements

Personnel

Increase of 1.0 FTE to support the Situation Awareness and Infrastructure Security activities described above, specifically to address the ERO Enterprise and NPCC cyber security related risks and outreach activities, including education and best practices to support the security and resilience of Operational Technology systems.

Meetings

In-person meetings are expected to continue to increase in 2024 to support these identified activities; some meetings may provide a format to allow for remote participation.

Situation Awareness and Infrastructure Security Program Budget Detail

Funding sources and related expenses for the situation awareness and infrastructure security section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included with the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
Situation Awareness and Infrastructure Security					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ 2,610,727	\$ 2,610,727	\$ -	\$ 3,074,895	\$ 464,169
Penalty Sanctions	41,591	41,591	-	55,092	13,501
Total ERO Funding	\$ 2,652,318	\$ 2,652,318	\$ -	\$ 3,129,988	\$ 477,670
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	-	-	-	-	-
Total Funding (A)	\$ 2,652,318	\$ 2,652,318	\$ -	\$ 3,129,988	\$ 477,670
Expenses					
Personnel Expenses					
Salaries	\$ 1,119,178	\$ 1,119,178	\$ -	\$ 1,337,197	\$ 218,019
Payroll Taxes	74,660	74,660	-	97,484	22,824
Benefits	222,781	222,781	-	353,897	131,116
Retirement Costs	113,412	113,412	-	133,441	20,029
Total Personnel Expenses	\$ 1,530,031	\$ 1,530,031	\$ -	\$ 1,922,019	\$ 391,988
Meeting Expenses					
Meetings & Conference Calls	\$ 1,000	\$ 1,000	\$ -	\$ 20,000	\$ 19,000
Travel	85,000	85,000	-	110,000	25,000
Total Meeting Expenses	\$ 86,000	\$ 86,000	\$ -	\$ 130,000	\$ 44,000
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 30,000	\$ 30,000	\$ -	\$ 35,000	\$ 5,000
Office Rent	-	-	-	-	-
Office Costs	8,150	8,150	-	4,700	(3,450)
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Operating Expenses, excluding Depreciation	\$ 38,150	\$ 38,150	\$ -	\$ 39,700	\$ 1,550
Total Direct Expenses	\$ 1,654,181	\$ 1,654,181	\$ -	\$ 2,091,719	\$ 437,538
Indirect Expenses	\$ 988,654	\$ 988,654	\$ -	\$ 1,015,791	\$ 27,137
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 2,642,835	\$ 2,642,835	\$ -	\$ 3,107,510	\$ 464,675
Change in Net Assets (=A-B)	\$ 9,483	\$ 9,483	\$ -	\$ 22,478	\$ 12,995
Total Funding (A) Requirement	\$ 2,633,352	\$ 2,633,352	\$ -	\$ 3,085,032	\$ 451,680
Fixed Asset Additions, excluding Right of Use Assets (C)	9,483	9,483	-	22,478	12,995
TOTAL BUDGET (=B+C)	2,652,318	2,652,318	-	3,129,988	477,670
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (0)	\$ (0)	\$ -	\$ (0)	\$ (0)

Table A - 10: Situation Awareness and Infrastructure Security Budget Detail

Administrative Services

Administrative Services Program Resources (in whole dollars)						
	Direct Expenses			FTEs		
	2023 Budget	2024 Budget	Increase (Decrease)	2023 Budget	2024 Budget	Increase (Decrease)
Technical Committees and Members Forum	\$56,948	\$183,438	\$126,490	0.10	0.50	0.40
General and Administrative	\$3,294,002	\$2,777,351	(\$516,651)	3.50	2.00	-1.50
Legal and Regulatory	\$730,365	\$856,724	\$126,360	1.50	2.25	0.75
Information Technology	\$2,413,540	\$2,805,151	\$391,611	4.80	6.80	2.00
Human Resources	\$188,052	\$333,171	\$145,120	1.00	2.00	1.00
Finance and Accounting	\$857,125	\$997,478	\$140,353	2.00	3.00	1.00
Total Administrative Services ¹	\$7,540,032	\$7,953,314	\$413,283	12.90	16.55	3.65

NPCC’s 2024 Administrative Services Direct Expenses and Fixed Assets total \$7,953,314 of which \$414,900 is allocated to NPCC’s Criteria Services division, which is a non-statutory function. As a result of the allocation to the Criteria Services division, the Administrative Expenditures included in the 2024 statutory budget are \$7,538,414 which is an increase of \$356,799 from the 2023 budget of \$7,181,615.

Table A - 11: Administrative Services Budget

Program Scope and Functional Description

Administrative services support the previously identified five program areas:

- Reliability Standards;
- Compliance Monitoring and Enforcement, Organization Registration and Certification;
- Training and Education;
- Reliability Assessment and Performance Analysis; and
- Situation Awareness and Infrastructure Security.

Administrative Services consist of:

- Technical Committees and Members’ Forums;
- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

Methodology for Allocation of Administrative Services Expenses to Programs

NPCC’s total overhead expenses, such as office rent and office costs, will be charged to Administrative Services and then reallocated proportionately based on FTE to the programs as Indirect Expenses.

Administrative Services Budget Detail

Funding sources and related expenses for the Administrative Services section of the 2024 business plan are shown in the table below. Explanations of variances by expense category are included within the Supplemental Tables found in Section B.

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
ADMINISTRATIVE SERVICES					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ (588,286)	\$ (588,286)	\$ -	\$ (563,682)	\$ 24,605
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ (588,286)	\$ (588,286)	\$ -	\$ (563,682)	\$ 24,605
Membership Dues	-	-	-	-	-
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	19,089	19,089	-	47,337	28,248
Total Funding (A)	\$ (569,198)	\$ (569,198)	\$ -	\$ (516,345)	\$ 52,853
Expenses					
Personnel Expenses					
Salaries	\$ 2,892,879	\$ 2,892,879	\$ -	\$ 3,395,162	\$ 502,283
Payroll Taxes	160,491	160,491	-	208,888	48,397
Benefits	717,736	717,736	-	891,855	174,119
Retirement Costs	321,326	321,326	-	374,487	53,161
Total Personnel Expenses	\$ 4,092,432	\$ 4,092,432	\$ -	\$ 4,870,392	\$ 777,960
Meeting Expenses					
Meetings & Conference Calls	\$ 113,550	\$ 113,550	\$ -	\$ 129,200	\$ 15,650
Travel	78,600	78,600	-	72,600	(6,000)
Total Meeting Expenses	\$ 192,150	\$ 192,150	\$ -	\$ 201,800	\$ 9,650
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 61,000	\$ 61,000	\$ -	\$ 155,000	\$ 94,000
Office Rent	909,500	909,500	-	420,110	(489,390)
Office Costs	1,156,550	1,156,550	-	1,167,313	10,763
Professional Services	1,030,000	1,030,000	-	945,500	(84,500)
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	30,000	30,000	-	30,000	-
Total Operating Expenses, excluding Depreciation	\$ 3,187,050	\$ 3,187,050	\$ -	\$ 2,717,923	\$ (469,127)
Total Direct Expenses	\$ 7,471,632	\$ 7,471,632	\$ -	\$ 7,790,114	\$ 318,483
Indirect Expenses	\$ (7,471,632)	\$ (7,471,632)	\$ -	\$ (7,790,114)	\$ (318,483)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ -	\$ -	\$ -	\$ 0	\$ 0
Change in Net Assets (=A-B)	\$ (569,198)	\$ (569,198)	\$ -	\$ (516,345)	\$ 52,853
Total Funding (A) Requirement	\$ (323,075)	\$ (323,075)	\$ -	\$ (323,075)	\$ -
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL BUDGET (=B+C)	\$ -	\$ -	\$ -	\$ 0	\$ 0
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (569,198)	\$ (569,198)	\$ -	\$ (516,345)	\$ 52,853

Table A - 12: Administrative Services Budget Detail

Technical Committees and Member Forums

Program Scope and Functional Description

The success of the NPCC programs depends on the active and direct volunteerism and participation of its members. NPCC stakeholders are the source of subject matter expertise in the industry. To promote the reliable and efficient operation of the interconnected bulk power systems in Northeastern North America, NPCC invites high-level policy makers from Federal, Provincial and State regulatory and/or governmental authorities and senior executives within NPCC and NERC to identify and discuss emerging reliability issues related to the NPCC Region.

2024 Key Assumptions

- NPCC’s standing committee and subgroup structure for effective stakeholder involvement will continue in 2024.
- NPCC will continue to utilize methods to encourage active involvement in its Regional programs that require stakeholder travel and in-person meetings.
- NPCC will continue to invest in technology and innovation to allow efficient collaboration on technical issues related to reliability.

2024 Goals and Key Deliverables

- The 2024 NPCC DER/VER Forums and State and Provincial regulatory outreach provide an opportunity for NPCC Members to discuss topics related to the Strategic Focus Areas identified within the NPCC 2023 – 2026 Strategic Plan: Enhancing System Resilience and Assuring Energy Sufficiency; Reliability Integrating the Resources brought forward by Societal De-carbonization Objectives, including DER and VER; and Addressing Cyber and Physical Threats.
- The objective of the NPCC Public Information Committee is to disseminate and coordinate the appropriate release of information to the media, respond to related requests for information, and to coordinate with related NPCC Area and ERO Enterprise public information activities, as needed. Anticipated activities include, but are not limited to:
 - Coordination of media releases for NPCC Reliability Assessments.
 - Coordinating other NPCC media releases and statements on an as-needed basis.
 - Responding to media inquiries (and coordinating responses).
 - Participating in the ERO Communication Group’s 2024 Work Plan activities, including:
 - Information sharing/education of key audiences/stakeholders to further the ERO Enterprise’s mission;
 - Coordination/planning for outreach communications and media relations;
 - Consistent/coordinated outreach to support public and regulatory confidence of ERO Enterprise and its activities; and
 - Coordination with the ERO Enterprise Crisis Action Plan related media activities.
 - Periodic update of NPCC’s Emergency Communications Plan (A Guide for Media Communications During Emergencies).
 - Media Planning associated with NERC’s Grid Security Exercise.

Resource Requirements

Personnel

Increase of 0.40 FTE resulting from a review of staff to better match staffing with current requirements and responsibilities.

Meetings

In-person DER/VER Forums are expected to increase in 2024, in conjunction with the Regional Standards Committee meetings; some meetings may provide a format to allow for remote participation.

General and Administrative

Program Scope and Functional Description

The NPCC General and Administrative program area provides executive management of the corporation, enterprise risk management, management of NPCC office, and other administrative support programs.

NPCC total overhead expenses, such as office rent and office costs, will be charged to the Administrative Services Programs and then reallocated proportionately based on FTE to the programs through Indirect Expenses.

2024 Key Assumptions

The General and Administrative program area will maintain its scope of operations from 2023. The Annual Meeting of Members will be held in-person in 2024.

2024 Goals and Key Deliverables

- Provide strong executive leadership and strategic guidance for NPCC's activities.
- Ensure NPCC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide support for the Board and Board committees.
- Continue to identify efficiencies and opportunities to increase effectiveness.
- Continue to enhance internal and external communications.

Resource Requirements

Personnel

Decrease of 1.50 FTE resulting from a review of staff to better match staffing with current requirements and responsibilities.

Office Rent

Decrease associated with negotiating the early termination of the current office lease and executing a new lease for a smaller office space with lower rent per square foot to accommodate a hybrid work environment. The new lease becomes effective in the second quarter of 2023.

Legal and Regulatory

Program Scope and Functional Description

The Legal and Regulatory program area is responsible for providing legal and regulatory advice to the Chief Executive Officer, Board, and staff on matters that affect NPCC. This includes drafting, reviewing, and maintaining NPCC's contracts, policies and procedures, and governance documents. It includes identifying and evaluating corporate, operational, strategic, and reputational risks and ensuring legal and regulatory compliance with applicable laws, orders, rules, and regulations. It also includes oversight of outside counsel, as necessary, which may review complex matters for legal sufficiency and provide independent legal advice and guidance on certain employment and Human Resource related matters.

The Legal and Regulatory program area is responsible for Corporate Secretary function activities such as preparing Board materials and minutes, facilitating, and conducting Board training, and ensuring that meetings of the Board of Directors and Committees adhere to the NPCC Amended and Restated Bylaws and other relevant governing documents.

The Legal and Regulatory program area also provides oversight to the ME subprogram area of CORC. This includes overseeing settlements, contested enforcement matters, and enforcement submissions or filings with FERC and other Canadian regulatory agencies.

2024 Key Assumptions

The Legal and Regulatory program area will maintain its scope of operations from 2023. The volume and complexity of certain legal and regulatory matters and of enforcement matters is expected to increase.

2024 Goals and Key Deliverables

- Support NPCC's corporate legal and regulatory needs;
- Support NPCC's corporate governance needs;
- Continue oversight of enforcement matters in all jurisdictions.
- Collaborate with the ERO Enterprise on certain legal and regulatory matters.

Resource Requirements

Personnel

Increase of 0.75 FTEs to support the Legal and Regulatory activities described above.

Professional Services

Decrease in professional services is a result of increasing in-house legal responsibilities.

Information Technology

Program Scope and Functional Description

The Information Technology (IT) program area is responsible for providing technology-based solutions to support NPCC’s objectives, operations, and initiatives. IT focuses on the development, implementation, and maintenance of systems, applications, and infrastructure that enable the organization to achieve its goals and objectives.

IT functions include, but are not limited to the following:

- Developing and implementing a technology strategy that aligns with the organization's goals and objectives. This includes technology planning, selection and implementation of systems, and development of an IT roadmap.
- Design, development, testing, implementation and maintenance of software systems and applications. This will include off-the-shelf software and cloud-based solutions.
- Design, implementation, maintenance, and security of the organization's technology infrastructure, including servers, networks, and data centers.
- Implementing security measures to protect the organization's systems and data from cyber threats, such as hacking, malware, and viruses.
- Providing technical support to end-users, including desktop support, application support, and troubleshooting of technical issues.
- Managing relationships with technology vendors, including procurement, contract management, and vendor performance evaluations.
- Managing technology-related projects, including project planning, execution, and delivery.

The IT program area is responsible for establishing measures to enforce the NPCC Cybersecurity and Data Protection Program and supporting the program areas to ensure that technology solutions meet their requirements and support the achievement of their goals, objectives, and deliverables. The Information Technology program area will also provide training and support to end-users to ensure they are able to effectively use technology solutions.

NPCC IT partners with the ERO to implement, operate and maintain software tools supporting common enterprise-wide operations and leverages ERO solutions which have been approved by the senior leadership of NERC and each of the Regional Entities, formally referred to as the ERO Executive Committee (ERO EC).

NERC and the Regional Entities are committed to working collaboratively to improve operational efficiency, minimize duplication of effort, and gain efficiencies by deploying common solutions from approved vendors. The NERC information technology budget does not supplant NPCC’s need for IT expenditures for cybersecurity, Regional projects, and internal region-specific IT support needs.

2024 Key Assumptions

NPCC’s budget assumes the availability of enterprise software tools as described in NERC’s business plan and budget. If implementation of these software applications is delayed or otherwise not available as planned, NPCC could incur additional costs to implement ERO Enterprise-wide programs pending the availability of these applications. The 2024 plan considers the following regional assumptions:

- NPCC IT primary support services are provided in-house. This includes network and infrastructure management, cyber-security, and technical support.
- Utilize consulting services for project-based work and 24/7 Security Operations to augment staff skill sets instead of increasing FTEs for incident response and support of NPCC's website and cloud network environments.
- Participate in the design, planning and implementation of ERO Centralized Applications, and will provide support for accessing the tools. (e.g., the new Align tool, E-ISAC portal access, ERO training portal, BESnet, MIDAS, SAFNER, etc.).
- Cybersecurity measures, such as firewalls, antivirus software, intrusion detection systems, data loss prevention, identity and access management, vulnerability management, data backup and recovery systems and other software solutions to strengthen NPCC's security posture and governance activities.
- Upgrade and maintenance of the organization's technology infrastructure, including data centers (on prem or cloud), networks, and servers.
- Support the ERO Enterprise 3 Year Cybersecurity and ERO Long Term Strategy initiatives and continue working collaboratively to minimize duplication of effort and investments and improve operational efficiency.

2024 Goals and Key Deliverables

The IT department responsibilities encompass a variety of complex technical, administrative, and supervisory work in the development, installation, and maintenance of information technology systems.

- Ensure technology solutions align with the organization's objectives and support the achievement of its goals.
- Enhance security and data protection by implementing measures and controls to protect data and systems from evolving cybersecurity threats, ensure the security of information, and comply with industry frameworks and standards.
- Improve cyber hygiene of our users to reduce the risk of cyber threats and attacks.
- Improve efficiency and productivity by streamlining processes, automating workflows, and reducing manual tasks.
- Provide reliable and effective technical support to end-users, ensure the availability of technology solutions, and resolve technical issues in a timely manner.
- Collaborate with the ERO and implement solutions that facilitate collaboration and ensure the security of business operations.

Resource Requirements

Personnel

Increase of 2.0 FTEs to support the Information Technology program area's activities described above, with specific responsibilities of helpdesk support, contract management and data analytics.

Human Resources

Program Scope and Functional Description

NPCC has assembled an exceptional team of highly qualified employees to carry out their activities in the Human Resources function adherence to applicable federal and state laws, designs, plans, and implements and enforces human resources policies and procedures, including staffing; compensation; benefits; employee relations; strategic planning; knowledge transfer; and training and development.

2024 Key Assumptions

The Human Resources area will maintain its scope of operations from 2023. An increased number of employees drives the organization's recruitment needs, resulting in an increased workload.

2024 Goals and Key Deliverables

- Represent NPCC on the ERO People Culture and Strategy Group (PCSG) and participate in the ERO group activities to increase collaboration, transparency, and efficiency.
- Enhance employee recruiting and retention policies and practices.
- Increase the effectiveness of performance management processes.
- Amplify employee engagement activities, events, and voluntary employee resource groups.
- Manage rising benefits costs and establish competitive programs.

Resource Requirements

Personnel

Increase of 1.0 FTE to support the Human Resources program area's activities described above with the growing number of employees in the organization.

Accounting and Finance

Program Scope and Functional Description

The Accounting and Finance program directs the overall financial plans and accounting practices of the organization; oversees treasury, accounting, budget, tax, and audit activities; and oversees financial and accounting system controls and standards. NPCC uses a CPA firm to prepare its unaudited statements of activities and financial statements for quarterly reviews. Independent audits have consistently identified this system as a best practice.

2024 Key Assumptions

The Accounting and Finance program area will maintain its scope of operations from 2023.

2024 Goals and Key Deliverables

The objectives are to provide or obtain the financial and accounting services for NPCC and coordinate with NERC requirements:

- Participate in ERO Finance Group activities to increase collaboration and efficiency
- Utilize the NERC System of Accounts for consistency
- Utilize an accrual method of accounting for consistency with NERC in methodology
- Alignment of changes in budget and changes in aggregate assessment
- Cash Management
- Budget development using the NERC budget template format
- Forecasts and projections
- Alignment of NPCC Committees, Task Forces and Working Groups with the programs
- Payroll and expense administration
- Preparation of unaudited quarterly financial variance reports
- IRS reporting
- Annual independent audit of financial statements

Resource Requirements

Personnel

Increase of 1.0 FTE to support the Accounting and Finance program area's activities described above, with specific responsibilities related to accounts payable processing and data analysis.

Professional Services

Decrease in professional services is a result of increasing in-house finance responsibilities.

Regional Entity Assessment Analysis

In the area of assessments there are distinct funding mechanisms as outlined in the following table. For the Regional Entity division, NERC will assess load serving entities (LSEs) or their designees (within NPCC the designees are the Balancing Authority Areas (BAAs) for New York, New England, New Brunswick, Nova Scotia, Ontario, and Québec) based upon 2022 proportional Net Energy for Load (NEL) and other specific program area funding arrangements and make quarterly remittances to the Regional Entity on or about the 15th day of January, April, July, and October. For funding associated with the Criteria Services division, the Independent System Operators/Balancing Authority Areas (ISO/BAAs) will be assessed by NPCC for their proportional share of the divisional budget based upon 2022 NEL within the Region. Non ISO/BAA Full Members will be assessed no membership fee.

NPCC Cost Allocation Methodology

The accompanying table provides information regarding cost allocation for both the Regional Entity division and the Criteria Services division of NPCC, including the details associated with the funding of the Compliance Program within the RE division. For purposes of determining assessments to support NPCC's resource requirements, costs are allocated among the ISOs/BAAs within NPCC as the designees for the LSEs in New York, New England, Ontario, Québec, New Brunswick, and Nova Scotia.

To reflect and respect the international membership and nature of NPCC, any sub-Regional reliability assessment costs in response to U.S. only regulatory initiatives will be considered for allocation to U.S. only ISOs/BAAs consistent with NERC Rules of Procedure Section 1102. Additionally, the compliance responsibilities and authorities within the U.S., and the specific compliance responsibilities within each of the Canadian provinces within NPCC, and the attendant costs of portions of the compliance program differ among the areas within the Regional Entity. Within the U.S. portion of NPCC all costs attributable to delegated (statutory) functions performed by NPCC, including all compliance functions, are assessed based on a NEL allocation. Within the Canadian portion of NPCC those costs attributable to compliance functions performed by NPCC on behalf of provincial governmental and/or regulatory authorities are allocated consistent with the unique MOUs or Agreements that have been entered into for those provinces. To address these different compliance regimes, NPCC developed a composite cost allocation methodology that allocates U.S. only reliability assessment and compliance costs on a fair and equitable basis within the Regional Entity.

As an initial step of that methodology, the NEL for each of the BAAs and their relative percentage to the NPCC total NEL is calculated for the most recent year for which data is available, the second previous year. To establish the RE division funding requirements for each BAA on a NEL basis for all programs except for Compliance, the proposed expenses and fixed assets of all other programs are calculated and the adjustment for the RE division cash reserve requirement is identified. Penalty funds received from NPCC registered entities within the U.S. are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs. Consistent with each of the Canadian provincial MOUs and Agreements, all penalty funds resulting from compliance actions within Canada, if any, would remain within the applicable province. The total budgeted fees for NPCC workshop participation are indicated as a credit, with the resultant addition being the RE division assessment, without the compliance program costs, calculated on a NEL basis.

In accordance with the NPCC Amended and Restated Bylaws the Criteria Services (CS) division proposed expenses and fixed assets of all programs are calculated and the adjustment for the CS division cash reserve requirement is identified, with the resultant addition being the CS division funding requirement and assessment, calculated on a NEL basis.

For costs associated with the RE division compliance program, NPCC's allocation methodology has been enhanced to better stabilize assessments. NPCC applies a rolling seven-year compliance cost average to total compliance program expenses for the current budget year. For each of the seven years, costs attributed to CORC Fundamentals (CF), are allocated between the BAAs in the United States and Canada on a NEL basis.

Audits and Investigations (AI) related costs are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an audit-based methodology. The audit-based methodology incorporates relative costs based on categories of compliance audits which are reflective of their size and complexity, as well as the differing compliance program implementation models that are utilized in NPCC due to the international nature of the Regional Entity. The portion allocated to the U.S. BAAs in NPCC is calculated using the audit-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL.

Mitigation and Enforcement (ME) related costs are allocated between U.S. and Canadian BAAs in NPCC, and among the Canadian provinces, using an enforcement activity-based methodology. Based on historical data, NPCC reviewed each BAAs percentage of violations, mitigation plans and settlement agreements to determine each BAA's total average percentage of enforcement activities. The portion allocated to the U.S. BAA's in NPCC is calculated using the enforcement activity-based methodology, and this amount is then re-allocated between the New York and New England BAAs based on their relative NEL.

The seven-year average allocation percentage of total combined compliance costs for each BAA is then applied to the total compliance program expenses for the current budget year to mitigate fluctuations in assessments from year to year.

Penalty funds received from NPCC registered entities within the U.S. are then allocated among the NPCC program areas based on their FTE ratio and between the U.S. BAAs based on their relative NELs, and then added to the total compliance program expenses and fixed assets to yield a total compliance program assessment.

The CORC actual vs budget variance from the most recent year for which audited financials are available is broken out from the rest of the Adjustment to Cash Reserve and assigned to the CORC program allocation of costs. Within Québec these costs are funded directly by the regulator, therefore, the assignment of program area variances needs to respect those specific circumstances.

Finally, the total RE division funding requirements and assessments by BAA are tabulated and the total funding requirements and assessments for NPCC, both the RE and CS divisions, are combined.

Section B — Supplemental Financial Information

2024 Business Plan and Budget

Table B-1 Reserve Balance

Working Capital and Operating Reserve Analysis 2023-2024				
REGIONAL ENTITY DIVISION				
	Total Reserve	Working Capital	Operating Reserve	Assessment Stabilization
Beginning Total Reserve, December 31, 2022	8,573,113	5,582,642	1,618,568	1,371,903 ⁴
Plus: 2023 ERO Funding (from LSEs or designees)	18,140,037	18,140,037		
Plus: 2023 Other funding sources	52,839	52,839		
Plus: Penalties collected	0			0
Approved 2023 Penalties released to offset U.S. assessments	0	300,000		(300,000)
Less: 2023 Projected expenses & capital expenditures	(19,423,595)	(19,423,595)		
Projected Total Reserve, December 31, 2023	7,342,393	4,651,922	1,618,568	1,071,903
Desired Total Reserve, December 31, 2024	6,064,527	3,552,133 ¹	1,840,490 ²	671,903
Less: Projected Total Reserve, December 31, 2023	(7,342,393)	(4,651,922)	(1,618,568)	(1,071,903)
Increase(decrease) in assessments to achieve desired Total Reserve	(1,277,867)	(1,099,789)	221,922	(400,000)
2024 Expenses and Capital Expenditures	22,086,766			
Less: Penalty Sanctions (Applied to U.S. Only) ³	(400,000)			
Less: Other Funding Sources	(74,837)			
Adjustment to Operating Reserve to achieve desired Total Reserve balance ²	221,922			
Adjustment to Working Capital to achieve desired Total Reserve balance ¹	(1,099,789)			
2024 Assessment	20,734,062			

¹ Working Capital within a range from 8.33% to 25.00% of Budget. \$3,552,133 represents 16.08% of the 2024 budget of \$22,086,766

² Operating Reserve equal to 8.33% of Budget. \$1,840,490 represents 8.33% of the 2024 budget of \$22,086,766

³ Represents amount applied to reduce 2024 assessments. Balance of collections July 1, 2022 through June 30, 2023 retained for assessment stabilization purposes.

⁴ Assessment Stabilization Reserve balance was \$836,885 at June 30, 2022. Penalty Sanctions totaling \$535,018 were collected July 1, 2022 through December 31, 2022.

Table B - 1: Working Capital Reserve Analysis

Explanation of Changes in Reserve Policy from Prior Year

There was no change to the existing Working Capital and Operating Reserve Policy. NPCC maintains an Assessment Stabilization Reserve (ASR) separate from the Working Capital and Operating Reserve. The purpose of the ASR is to enable penalty funds to be released in multiple budget years to avoid large fluctuations in assessments. NERC Rules of Procedure Section 1107.2 specifies that penalty funds received by NPCC during the 12 months ended June 30th are to be used in the subsequent budget year to offset assessments. Pursuant to Section 1107.4, exceptions or alternatives to this provision are allowed if approved by NERC and FERC. Therefore, pursuant to Section 1107.4, NERC and NPCC request that the Commission approve an exception to the requirement of Section 1107.2 that all penalties collected during the 12 months ended the previous June 30 be used to reduce NPCC's assessments in the following year, in order to allow NPCC to (i) deposit the \$535,018 of penalties collected during the 12 months ended June 30, 2022 into the ASR, and (ii) use \$400,000 of the penalty funds in the ASR to reduce its 2024 assessment. In future years, NPCC will specify the amount of penalty funds to be released and the amount of penalty funds to be retained to offset assessments in future years within its Business Plan and Budget to be approved annually by NPCC's Board of Directors, NERC, and FERC.

Breakdown by Statement of Activity Sections

The following detailed schedules are in support of the Regional Entity division Statement of Activities on page 12 of the 2024 Business Plan and Budget. All significant variances have been disclosed by program area in the preceding pages.

Penalty Sanctions

NPCC maintains an ASR. The purpose of the ASR is to enable penalty monies to be released in multiple budget years to avoid large fluctuations in assessments. NERC Rules of Procedure Section 1107.2 specifies that penalty funds received by NPCC during the 12 months ended June 30th are to be used in the subsequent budget year to offset assessments. Pursuant to Section 1107.4, exceptions or alternatives to this provision are allowed if approved by NERC and FERC. Therefore, pursuant to Section 1107.4, NERC and NPCC request that the Commission approve an exception to the requirement of Section 1107.2 that all penalties collected during the 12 months ended the previous June 30th be used to reduce NPCC’s assessments in the following year, in order to allow NPCC to (i) deposit the \$535,018 of penalties collected during the 12 months ended June 30, 2022 into the ASR, and (ii) use \$400,000 of the penalty funds in the ASR to reduce its 2024 assessment. In future years, NPCC will specify the amount of penalty funds to be released and the amount of penalty funds to be retained to offset assessments in future years within Table B-1 Reserve Balance of its Business Plan and Budget, approved annually by NPCC’s Board of Directors, NERC, and FERC. Penalty sanctions collected during the 12 months ended June 30, 2022 are detailed below. Penalty funds released to offset assessments in 2024 and amounts retained to offset future assessments are detailed in the Assessment Stabilization column of Table B-1 Reserve Balance on the preceding page.

Allocation Method: U.S. penalty sanctions received are allocated to the following Regional Entity division programs to reduce assessments: Reliability Standards; Compliance Monitoring & Enforcement and Organization Registration & Certification; Reliability Assessments and Performance Analysis; Training, Education and Operator Certification; and Situation Awareness and Infrastructure Security. U.S. penalty sanctions are allocated based upon the number of FTEs in the Program divided by the aggregate total FTEs in the Programs receiving the allocation.

Table B-2 Penalty Sanctions

Penalty Sanctions Received Prior to June 30, 2023	Date Received	Amount Received
	12/2/2022	\$ 512,000
	12/23/2022	\$ 23,018
Total Penalties Received		\$ 535,018

Table B - 2: Penalty Sanctions Received

Table B-3 Supplemental Funding

Outside Funding Breakdown By Program (excluding ERO Assessments & Penalty Sanctions)	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget
Reliability Standards				
Total	\$ -	\$ -	\$ -	\$ -
Compliance Monitoring, Enforcement & Org. Registration				
Total	\$ -	\$ -	\$ -	\$ -
Reliability Assessment and Performance Analysis				
Total	\$ -	\$ -	\$ -	\$ -
Training and Education				
Workshops	\$ 33,750	\$ 33,750	\$ 27,500	\$ (6,250)
Total	\$ 33,750	\$ 33,750	\$ 27,500	\$ (6,250)
Situation Awareness and Infrastructure Security				
Total	\$ -	\$ -	\$ -	\$ -
Technical Committees and Member Forums				
Total	\$ -	\$ -	\$ -	\$ -
Administrative Services Programs				
Interest & Investment Income	\$ 19,089	\$ 19,089	\$ 47,337	\$ 28,248
Total	\$ 19,089	\$ 19,089	\$ 47,337	\$ 28,248
Total Outside Funding	\$ 52,839	\$ 52,839	\$ 74,837	\$ 21,998

Table B - 3: Supplemental Funding

Explanation of Significant Variances

- NPCC plans to hold one virtual and one in-person NPCC Compliance and Reliability Conference in 2024. Fees are charged for in-person attendance only.
- NPCC estimates interest & investment income of \$47,337 in 2024.

Table B-4 Personnel Expenses

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Total Salaries	\$ 10,411,939	\$ 10,411,939	\$ 12,456,749	\$ 2,044,810	19.6%
Total Payroll Taxes	\$ 690,561	\$ 690,561	\$ 886,163	\$ 195,602	28.3%
Total Benefits	\$ 2,535,986	\$ 2,535,986	\$ 3,198,026	\$ 662,040	26.1%
Total Retirement	\$ 1,095,815	\$ 1,095,815	\$ 1,293,505	\$ 197,690	18.0%
Total Personnel Costs	\$ 14,734,302	\$ 14,734,302	\$ 17,834,444	\$ 3,100,142	21.0%
FTEs	56.90	56.90	68.10	11.20	19.7%
Cost per FTE					
Salaries	\$ 182,987	\$ 182,987	\$ 182,918	\$ (68)	0.0%
Payroll Taxes	\$ 12,136	\$ 12,136	\$ 13,013	\$ 876	7.2%
Benefits	\$ 44,569	\$ 44,569	\$ 46,961	\$ 2,392	5.4%
Retirement	\$ 19,259	\$ 19,259	\$ 18,994	\$ (264)	-1.4%
Total Cost per FTE	\$ 258,951	\$ 258,951	\$ 261,886	\$ 2,935	1.1%

Table B - 4: Personnel Expenses

Explanation of Significant Variances

- Increase in total personnel expenses resulting from 11.20 additional FTEs. Additional information regarding FTE resources is included in each of the program area sections.
- New hires are budgeted based on projected start date.
- Budgeted 4.5% average merit pool.
- Estimated medical insurance premium increase of 8%.

Section B — Supplemental Financial Information

Table B-5 Meeting Expense

Meeting Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Meetings	\$ 227,750	\$ 227,750	\$ 309,100	\$ 81,350	35.7%
Travel	\$ 642,600	\$ 642,600	\$ 678,650	\$ 36,050	5.6%
Conference Calls	\$ 9,500	\$ 9,500	\$ 4,200	\$ (5,300)	-55.8%
Total Meeting Expenses	\$ 879,850	\$ 879,850	\$ 991,950	\$ 112,100	12.7%

Table B - 5: Meeting Expense

Explanation of Significant Variances

- In-person meetings are expected to increase in 2024. The Annual Meeting of Members will be held in-person. Some meetings will continue to be held in virtual or hybrid format to allow for remote participation and greater access.

Table B-6 Consultants and Contracts

Consultants	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance Enforcement and Organization Registration and Certifi	\$ -	\$ -	\$ -	\$ -	-
Reliability Assessment and Performance Analysis	\$ -	\$ -	\$ -	\$ -	-
Training and Education	\$ -	\$ -	\$ -	\$ -	-
Situation Awareness and Infrastructure Security	\$ -	\$ -	\$ -	\$ -	-
Member Forums	\$ -	\$ -	\$ -	\$ -	-
General and Administrative	\$ -	\$ -	\$ -	\$ -	-
Legal and Regulatory	\$ -	\$ -	\$ -	\$ -	-
Information Technology	\$ -	\$ -	\$ -	\$ -	-
Human Resources	\$ -	\$ -	\$ -	\$ -	-
Accounting and Finance	\$ -	\$ -	\$ -	\$ -	-
Consultants Total	\$ -	\$ -	\$ -	\$ -	-
Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	-
Compliance Enforcement and Organization Registration and Certifi	\$ 15,000	\$ 15,000	\$ 10,000	\$ (5,000)	-33.3%
Reliability Assessment and Performance Analysis	\$ 803,000	\$ 803,000	\$ 700,000	\$ (103,000)	-12.8%
Training and Education	\$ -	\$ -	\$ -	\$ -	-
Situation Awareness and Infrastructure Security	\$ 30,000	\$ 30,000	\$ 35,000	\$ 5,000	16.7%
Member Forums	\$ -	\$ -	\$ -	\$ -	-
General and Administrative	\$ 55,000	\$ 55,000	\$ 155,000	\$ 100,000	181.8%
Legal and Regulatory	\$ -	\$ -	\$ -	\$ -	-
Information Technology	\$ -	\$ -	\$ -	\$ -	-
Human Resources	\$ -	\$ -	\$ -	\$ -	-
Accounting and Finance	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)	-100.0%
Contracts Total	\$ 909,000	\$ 909,000	\$ 900,000	\$ (9,000)	-1.0%
Total Consultants and Contracts	\$ 909,000	\$ 909,000	\$ 900,000	\$ (9,000)	-1.0%

Table B - 6: Consultants and Contracts

Explanation of Significant Variances

- Decrease in Reliability Assessment and Performance Analysis contracts based on currently projected volume of reliability studies and assessments.
- Increase in General and Administrative contracts for external communications and Board of Directors and staff compensation studies.
- Accounting and Finance software maintenance contract reclassified to IT.

Section B — Supplemental Financial Information

Table B-7 Office Rent

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Office Rent	\$ 650,000	\$ 650,000	\$ 330,110	\$ (319,890)	-49.2%
Utilities	\$ 43,000	\$ 43,000	\$ 30,000	\$ (13,000)	-30.2%
Maintenance	\$ 45,000	\$ 45,000	\$ 40,000	\$ (5,000)	-11.1%
Security	\$ 6,500	\$ 6,500	\$ 10,000	\$ 3,500	53.8%
Real Estate Taxes	\$ 165,000	\$ 165,000	\$ 10,000	\$ (155,000)	-93.9%
Total Office Rent	\$ 909,500	\$ 909,500	\$ 420,110	\$ (489,390)	-53.8%

Table B - 7: Office Rent

Explanation of Significant Variances

- Decrease in office rent and associated expenses is the result of negotiating the early termination of the current office lease and executing a new lease for a smaller office space with lower rent per square foot to accommodate a hybrid work environment. The new lease becomes effective in the second quarter of 2023.

Table B-8 Office Costs

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Telephone	\$ 110,000	\$ 110,000	\$ 79,000	\$ (31,000)	-28.2%
Internet Expense	\$ 100,200	\$ 100,200	\$ 103,150	\$ 2,950	2.9%
Office Supplies	\$ 12,000	\$ 12,000	\$ 6,000	\$ (6,000)	-50.0%
Computer Supplies and Maintenance	\$ 918,000	\$ 918,000	\$ 949,158	\$ 31,158	3.4%
Subscriptions & Publications	\$ 27,600	\$ 27,600	\$ 38,000	\$ 10,400	37.7%
Dues	\$ 13,100	\$ 13,100	\$ 16,355	\$ 3,255	24.8%
Postage	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.0%
Express Shipping	\$ 5,000	\$ 5,000	\$ 5,000	\$ (0)	0.0%
Copying	\$ 7,000	\$ 7,000	\$ 4,800	\$ (2,200)	-31.4%
Reports	\$ 2,000	\$ 2,000	\$ 6,000	\$ 4,000	200.0%
Stationary and Office Forms	\$ 2,000	\$ 2,000	\$ 3,000	\$ 1,000	50.0%
Equipment Repair/Service Contracts	\$ -	\$ -	\$ -	\$ -	-
Bank Charges	\$ 5,000	\$ 5,000	\$ 5,000	\$ (0)	0.0%
Sales and Use Tax	\$ -	\$ -	\$ -	\$ -	-
Merchant Credit Card Fees	\$ -	\$ -	\$ -	\$ -	-
Presentation and Publicity	\$ -	\$ -	\$ -	\$ -	-
Total Office Costs	\$ 1,202,900	\$ 1,202,900	\$ 1,216,463	\$ 13,563	1.1%

Table B - 8: Office Costs

Explanation of Significant Variances

- Telephone expense decrease due to a reduction in landline telephone contracts.
- Subscriptions & Publications increase based on increased number of employees.

Section B — Supplemental Financial Information

Table B-9 Professional Services

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
BOT Fee	\$ 315,000	\$ 315,000	\$ 303,500	\$ (11,500)	-3.7%
BOT Search Fee	\$ -	\$ -	\$ 75,000	\$ 75,000	-
Legal - Reorganization	\$ -	\$ -	\$ -	\$ -	-
Accounting & Auditing Fees	\$ 400,000	\$ 400,000	\$ 350,000	\$ (50,000)	-12.5%
Legal Fees - Other	\$ 250,000	\$ 250,000	\$ 145,000	\$ (105,000)	-42.0%
Insurance - Commercial	\$ 65,000	\$ 65,000	\$ 72,000	\$ 7,000	10.8%
Total Services	\$ 1,030,000	\$ 1,030,000	\$ 945,500	\$ (84,500)	-8.2%

Table B - 9: Professional Services

Explanation of Significant Variances

- BOT Search Fee increase based on one independent director search projected in 2024.
- Accounting & Auditing Fees decrease based on increasing in-house finance responsibilities.
- Legal Fees decrease based on increasing in-house legal responsibilities.

Table B-10 Miscellaneous

Miscellaneous Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Miscellaneous Expense	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	0.0%
Total Miscellaneous Expense	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	0.0%

Table B - 10 :Miscellaneous

Table B-11 Other Non-Operating Expenses

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Office Relocation	\$ -	\$ -	\$ -	\$ -	-
Total Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	-

Table B - 11: Other Non-Operating Expenses

Table B-12 Fixed Assets

Fixed Asset Additions	Budget 2023	Projection 2023	Budget 2024	Variance 2024 Budget v 2023 Budget	Variance %
Equipment CapEx	\$ 38,000	\$ 38,000	\$ 134,400	\$ 96,400	253.7%
Computer & Software CapEx	\$ 30,400	\$ 30,400	\$ 28,800	\$ (1,600)	-5.3%
Furniture & Fixtures CapEx	\$ -	\$ -	\$ -	\$ -	-
Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	-
Allocation of Fixed Assets	\$ -	\$ -	\$ -	\$ -	-
Total Fixed Asset Additions	\$ 68,400	\$ 68,400	\$ 163,200	\$ 94,800	138.6%

Table B - 12: Fixed Assets

Explanation of Significant Variances

- Equipment fixed assets include replacing laptops in 2024.

Section B — Supplemental Financial Information

Table B-13

Statement of Activities and Capital Expenditures 2024 Budget & Projected 2025 and 2026 Budgets							
	2024 Budget	2025 Projection	\$ Change 24 v 25	% Change 24 v 25	2026 Projection	\$ Change 25 v 26	% Change 25 v 26
Funding							
ERO Funding							
ERO Assessments	\$ 20,734,062	\$ 22,847,041	\$ 2,112,979	10.2%	\$ 24,375,882	\$ 1,528,841	6.3%
Penalties Released	400,000	300,000	(100,000)	-25.0%	200,000	(100,000)	-50.0%
Total ERO Funding	\$ 21,134,062	\$ 23,147,041	\$ 2,012,979	9.5%	\$ 24,575,882	\$ 1,428,841	5.8%
Membership Dues	-	-	-		-	-	
Testing Fees	-	-	-		-	-	
Services & Software	-	-	-		-	-	
Workshops & Miscellaneous	27,500	27,500	-	0.0%	27,500	-	0.0%
Interest & Investment Income	47,337	50,000	2,663	5.6%	50,000	-	0.0%
Total Funding (A)	\$ 21,208,899	\$ 23,224,541	\$ 2,015,642	9.5%	\$ 24,653,382	\$ 1,428,841	6.2%
Expenses							
Personnel Expenses							
Salaries	\$ 12,456,749	\$ 13,665,452	\$ 1,208,702	9.7%	\$ 14,210,415	\$ 544,964	4.0%
Payroll Taxes	886,163	948,748	62,585	7.1%	989,210	40,462	4.3%
Benefits	3,198,026	3,477,927	279,901	8.8%	3,691,824	213,896	6.2%
Retirement Costs	1,293,505	1,380,310	86,805	6.7%	1,437,720	57,409	4.2%
Total Personnel Expenses	\$ 17,834,444	\$ 19,472,437	\$ 1,637,994	9.2%	\$ 20,329,169	\$ 856,732	4.4%
Meeting Expenses							
Meetings & Conference Calls	\$ 313,300	\$ 349,566	\$ 36,266	11.6%	\$ 356,557	\$ 6,991	2.0%
Travel	678,650	757,223	78,573	11.6%	772,367	15,144	2.0%
Total Meeting Expenses	\$ 991,950	\$ 1,106,789	\$ 114,839	11.6%	\$ 1,128,925	\$ 22,136	2.0%
Operating Expenses							
Consultants & Contracts	\$ 900,000	1,009,000	109,000	12.1%	1,019,090	\$ 10,090	1.0%
Office Rent	420,110	424,311	4,201	1.0%	428,554	4,243	1.0%
Office Costs	1,216,463	1,240,792	24,329	2.0%	1,265,608	24,816	2.0%
Professional Services	945,500	964,410	18,910	2.0%	983,698	19,288	2.0%
Miscellaneous	30,000	30,000	-	0.0%	30,000	-	0.0%
Total Operating Expenses	\$ 3,512,073	\$ 3,668,513	\$ 156,440	4.5%	\$ 3,726,950	\$ 58,437	1.6%
Total Direct Expenses	\$ 22,338,467	\$ 24,247,740	\$ 1,909,273	8.5%	\$ 25,185,044	\$ 937,305	3.9%
Indirect Expenses	\$ (414,900)	\$ (423,199)	\$ (8,298)	2.0%	\$ (431,662)	\$ (8,464)	2.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses (B)	\$ 21,923,566	\$ 23,824,541	\$ 1,900,975	8.7%	\$ 24,753,382	\$ 928,841	3.9%
Change in Assets	\$ (714,667)	\$ (600,000)	\$ 114,667	-16.0%	\$ (100,000)	\$ 500,000	-83.3%
Fixed Assets Additions (C)	\$ 163,200	\$ 100,000	\$ (63,200)	-38.7%	\$ 100,000	\$ -	0.0%
TOTAL BUDGET (=B+C)	\$ 22,086,766	\$ 23,924,541	\$ 1,837,775	8.3%	\$ 24,853,382	\$ 928,841	3.9%
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (877,867)	\$ (700,000)	\$ 177,867	-20.3%	\$ (200,000)	\$ 500,000	0.0%
FTEs	68.10	71.10	3	4.4%	72.10	1	1.4%

Table B - 13: Three-Year Projections

Assumptions

2025

- Increase of 3 FTEs
- In-person meetings are expected to continue to increase in 2025

2026

- Increase of 1 FTE

Section C — Criteria Services Division Activities

2024 Business Plan and Budget

Section C – Criteria Services Division Activities

Criteria Services Division			
(in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.10	3.10	1.00
Total Direct Expenses	\$663,548	\$784,533	\$120,985
Total Indirect Expenses	\$340,356	\$295,081	(\$45,276)
Other Non-Operating Expenses	\$0	\$0	\$0
Working Capital and Operating Reserves Requirement	(\$208,943)	(\$214,759)	(\$5,815)
Fixed Asset Additions	\$3,600	\$5,600	\$2,000
Funding Requirement	\$798,561	\$870,455	\$71,894

Table C - 1: Criteria Services Division Business Plan and Budget

NPCC Criteria Services Background

NPCC Criteria Services division activities are based on the development, and maintenance (including retirement), of new or revised regionally-specific, more stringent reliability criteria and supporting guideline or procedural documents. The requirements in NPCC Reliability Criteria apply only to those facilities defined as NPCC BPS elements through the performance-based methodology identified in the NPCC Document A-10, “Classification of Bulk Power System Elements.”

In accordance with the NERC Rules of Procedure Section 313, Regional Entities may develop Regional Criteria necessary to implement, augment, or facilitate compliance with NERC Reliability Standards. Regional Criteria may also include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

NPCC’s Directories contain Regional Criteria which consists of requirements which provide an enhanced level of reliability to the NPCC defined BPS. The criteria impose more stringent requirements than those which appear in the NERC Reliability Standards. The Regional Criteria may also be utilized to address issues not within the scope or jurisdiction of FERC as outlined in Section 215 of the Federal Power Act, such as resource adequacy. Regional Criteria may also address Canadian Provincial reliability issues, and may include specific operating or planning parameters, guides, agreements, protocols, or other documents used to enhance the reliability of the BPS in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or Regional Variances, and therefore are not enforceable under the authority delegated by NERC pursuant to delegation agreements.

On a periodic basis and as NERC Reliability Standards are revised or new standards are developed, NPCC performs reviews of any associated Regional Criteria for possible impact (e.g., continued need or revision). During the criteria review process NPCC’s Task Forces review not only the incremental reliability benefit, but also the cost effectiveness of the criteria. In addition, as NERC Reliability Standards are enhanced, revised, and ultimately approved by the FERC some requirements of the NPCC Regional Criteria may become unnecessary in the U.S. portion of NPCC. In these situations, it is important that the criteria remain in place until such time as all

NPCC’s Canadian Provincial regulators adopt the NERC Reliability Standard to ensure no reliability gaps exist.

For 2024 and beyond, the potential reliability risks of increased penetration of DER and VER, including offshore wind (OSW) development, associated changing fuel mix, impacts associated with increased EV deployment, electrification, and energy storage within the NPCC footprint, warrant further consideration. The Criteria Services division staff, in conjunction with the NPCC Task Forces and Working Groups have a unique opportunity to conduct reviews of these issues and develop criteria, guidelines, and procedural documents for DER which may be outside of the jurisdiction of FERC and NERC Reliability Standards. Outreach, collaboration, and coordination of topics related to DER and VER will enable NPCC to develop guidance allowing more effective integration of these resources.

Increasing resilience of the BPS through alternative approaches to standards development using potential NPCC Regional Criteria, guidelines, and whitepapers will also be continually reviewed by NPCC’s body of subject matter experts.

NPCC Criteria Services will also continue to prioritize the review of its reliability criteria based on potential emerging risks associated with increased deployment of decarbonized resources.

Membership

Full members, in accordance with NPCC’s Amended and Restated Bylaws, are subject to compliance with the NPCC Regionally-specific criteria and receive criteria-related services from the Criteria Services division.

Full Members, aside from those who perform the BA function, are not assessed an annual membership fee. Those that perform BA functions are assessed and remit a proportional NEL share of expenses for Criteria Services. NPCC would also directly assign Criteria Service division costs to a BAA or entity, where significant costs are incurred for that BAA. The funding for NPCC’s Criteria Services division is approved by the NPCC Board of Directors.

Under Criteria Services NPCC will identify for membership, those entities involved in emerging technologies to assure that entities which have an impact on BPS reliability are included in appropriate NPCC activities.

Criteria Services Division Functional Scope

NPCC provides Full Members with Regional reliability assurance services and acts as the vehicle through which States and Provinces can fulfill their legislative mandates, with respect to resource adequacy, as well as overseeing the Northeastern North American electric infrastructure.

2024 Key Assumptions

The Criteria Services division activities are expected to remain stable or slightly increase throughout 2024 depending on reliability need.

2024 Goals and Objectives

- Continue the development and maintenance of a set of NPCC Directories which augment or add specificity to the NERC Reliability Standards, and which clearly delineate the more stringent NPCC criteria requirements. The combination of North American and more stringent NPCC Regional criteria provide for consistency and operational clarity while providing more robust defense in–depth, results based, criteria requirements to ensure NPCC BPS reliability.
- Review the criteria found in the NPCC Directories on a triennial basis to ensure no redundancies or inconsistencies with ERO Standards exist.
- Retire Directories and/or Criteria which have been overtaken by improved NERC standards.
- Identify opportunities to develop and consolidate criteria, procedures, or guideline documents to address emerging risks associated with DER, VER (including OSW wind development), electrification (i.e., EV deployment), and energy storage.
- Identify opportunities to address enhancements in BES resilience with NPCC processes and documentation.
- Continually review the need to file revised and updated more stringent requirements with the New York State Department of Public Service and Canadian Provinces as applicable.
- The Criteria Services division and CCEP Working Group (a sub-group of the Compliance Committee) will work with the various Task Forces to develop Criteria Compliance Reporting Forms for any additional NPCC Directories to ensure that the more stringent or Regionally-specific Criteria is being met.
- Continually review impact of BES definition on Directory and Criteria content and compliance reporting.
- Continually review potential impacts of Sector or NPCC organizational changes on the Directories and Criteria by performing a review of enforcement and arbitration processes as needed.
- Assist Legal with preparation of revised Directories for regulatory filings with the individual Provinces in accordance with their respective MOUs and/or Agreements, as well as the State of New York Public Service Commission.
- Facilitate any requested clarifications for NPCC Criteria with the necessary subject matter experts and identify any other potential opportunities for clarifications of the Criteria.

NPCC Reliability Directory Maintenance and Development

The NPCC Regional Reliability Directories were developed to demonstrate that the NPCC more stringent criteria augment, add specificity, or address issues not covered in the NERC Reliability Standards as mandated by the NERC Rules of Procedure. The conversion of NPCC’s reliability criteria into Directories was undertaken to remove any redundancies with the NERC or NPCC Regional Reliability Standards and to clearly delineate the more stringent NPCC criteria requirements.

In 2024, work will continue with the maintenance, revision, or potential retirement of individual Directories to address any actual or anticipated redundancies with new or modified NERC or NPCC Reliability Standards. The ongoing review and maintenance of the Directories will require Task Force and Criteria Services staff to support this effort and to serve as subject matter experts. The need for NPCC Directories and criteria contained therein may decrease over time, however in the interim, significant review is necessary to ensure the criteria remain consistent with the NERC Reliability Standards as outlined in the NERC Rules of Procedure. NPCC will conduct internal reviews of all draft standards against Regional criteria and utilize subject matter experts to identify reliability and compliance related concerns. NPCC will file the revised NPCC Directories and

notifications of retirements of Directories with the Canadian governmental and/or provincial Regulatory authorities within the NPCC footprint as needed, in accordance with established provincial procedures and agreements executed with NPCC.

Additionally, as NERC Reliability Standards are developed, associated Directories will be reviewed for continued need. This review will identify the incremental reliability enhancement the Directory's criteria will yield, determine if the enhancement is sufficient to warrant retention and if so, are there any potential cost-effective alternatives that may exist to achieve that enhanced level of reliability.

NPCC Operations and Planning Directories

The following Directories are expected to remain active for 2024.

Directory #1, Design and Operation of the Bulk Power System

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC TPL, BAL, IRO, INT, MOD, TOP, PRC, and VAR standards. A Joint Planning and Operations Working Group is currently reviewing this Directory to assess the impact of DER/VER and other emerging risks.

Directory #2, Emergency Operations

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing NERC EOP and TOP standards. The NPCC Task Force on Coordination of Operation reviewed this Directory in 2019.

Directory #4, System Protection Criteria

This Directory documents NPCC's Regionally-specific, more stringent system protection criteria, and demonstrates coordination and consistency with certain applicable NERC PRC standards. The Task Force on System Protection completed a review of this Directory in 2020.

Directory #5, Reserve

This Directory documents NPCC's Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with all the existing applicable NERC BAL, INT, and IRO standards. The NPCC Task Force on Coordination of Operation completed a review of this Directory in 2019.

Directory #6, Reserve Sharing Groups

This Directory provides the requirements for NPCC Balancing Authorities to participate in a Reserve Sharing Group.

Directory #7, Special Protection Systems

This Directory documents NPCC's Regionally-specific, more stringent criteria for application and approval of RAS. The NPCC Task Force on System Protection reviewed and revised the document in 2020 to ensure consistency with the Remedial Action Scheme PRC-012 standard.

Directory #8, System Restoration

This Directory documents NPCC's Regionally-specific, more stringent criteria which each applicable entity must plan for and perform power system restoration following a major or a total blackout and demonstrates coordination and consistency with applicable NERC EOP standards. The NPCC Task Force on Coordination of Operation completed a review of this Directory in 2023.

Directory #11, Disturbance Monitoring Equipment

This Directory documents NPCC’s Regionally-specific, more stringent criteria, and demonstrates coordination and consistency with certain existing NERC PRC standards. The NPCC Task Force on System Protection developed Directory #11 to facilitate the retirement of the NPCC Regional Standard PRC-002-NPCC-1.

NPCC Criteria Compliance and Enforcement Program (CCEP)

Under the CCEP, Full Members of NPCC self-certify compliance on a subset of the regionally specific NPCC Criteria that are unique to the NPCC BPS. In 2024, there will be seven aspects of Criteria monitored that encompass six Directories.

Through NPCC Staff oversight, the stakeholder Compliance Committee (CC) supports the annual implementation of the CCEP via the CCEP-1 Process Document. A sub-group of CC members develops the annual CCEP Implementation Plan for approval by the full CC and acceptance by the RCC. The full CC reviews the returned certification forms, and NPCC staff develops an annual assessment report that summarizes the certification results where any recommendations on non-compliances are then presented to the RCC.

Upon RCC acceptance, instances of noncompliance result in a summary notification from the CC Chair to the Compliance Executive of the offending Full Member and to the NPCC President and CEO.

Criteria Services Resource Requirements

The proposed 2024 Criteria Services budget of \$1,145,844 represents an increase of \$138,339 or 13.7% over the 2023 budget. The proposed Criteria Services membership fees of \$919,992 represents an increase of \$122,966 or 15.4% over the 2023 membership fees. Increase in membership fees is greater than increase in budget due to lower utilization of reserves to offset membership fees in 2024 than in 2023 (see Reserve Analysis on page 65).

Personnel

Increase of 0.8 FTE to support Criteria Services division activities to address the increasing number and complexity of emerging risks to the NPCC BPS described above, to develop and consolidate criteria, procedures, or guideline documents to address emerging risks associated with DER, VER (including OSW wind development), electrification (i.e., EV deployment), and energy storage.

2022 Budget and Projection and 2024 Budget Comparisons

Statement of Activities and Capital Expenditures					
2023 Budget and Projection 2024 Budget					
CRITERIA SERVICES DIVISION					
	2023 Budget	2023 Projection	Variance 2023 Projection v 2023 Budget Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Over(Under)
Funding					
ERO Funding					
ERO Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total ERO Funding	\$ -	\$ -	\$ -	\$ -	\$ -
Membership Dues	797,195	797,195	-	919,992	122,798
Testing Fees	-	-	-	-	-
Services & Software	-	-	-	-	-
Workshops & Misc Revenue	-	-	-	-	-
Interest & Investment Income	1,367	1,367	-	2,663	1,296
Total Funding (A)	\$ 798,561	\$ 798,561	\$ -	\$ 922,655	\$ 124,094
Expenses					
Personnel Expenses					
Salaries	\$ 386,890	\$ 386,890	\$ -	\$ 473,354	\$ 86,464
Payroll Taxes	25,390	25,390	-	34,534	9,144
Benefits	71,441	71,441	-	90,941	19,500
Retirement Costs	36,828	36,828	-	43,614	6,787
Total Personnel Expenses	\$ 520,548	\$ 520,548	\$ -	\$ 642,443	\$ 121,895
Meeting Expenses					
Meetings	\$ 10,000	\$ 10,000	\$ -	\$ 6,600	\$ (3,400)
Travel	50,000	50,000	-	42,000	(8,000)
Total Meeting Expenses	\$ 60,000	\$ 60,000	\$ -	\$ 48,600	\$ (11,400)
Operating Expenses, excluding Depreciation					
Consultants & Contracts	\$ 76,000	\$ 76,000	\$ -	\$ 30,000	\$ (46,000)
Office Rent	-	-	-	-	-
Office Costs	3,000	3,000	-	3,100	100
Professional Services	-	-	-	-	-
Computer & Equipment Leases	-	-	-	-	-
Miscellaneous	4,000	4,000	-	-	(4,000)
Total Operating Expenses, excluding Depreciation	\$ 83,000	\$ 83,000	\$ -	\$ 33,100	\$ (49,900)
Total Direct Expenses	\$ 663,548	\$ 663,548	\$ -	\$ 724,143	\$ 60,595
Indirect Expenses	\$ 340,356	\$ 340,356	\$ -	\$ 414,900	\$ 74,544
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 1,003,905	\$ 1,003,905	\$ -	\$ 1,139,044	\$ 135,139
Change in Net Assets (=A-B)	\$ (205,343)	\$ (205,343)	\$ -	\$ (216,388)	\$ (11,045)
Fixed Asset Additions, excluding Right of Use Assets (C)	\$ 3,600	\$ 3,600	\$ -	\$ 6,800	\$ 3,200
TOTAL BUDGET (=B+C)	\$ 1,007,505	\$ 1,007,505	\$ -	\$ 1,145,844	\$ 138,339
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	\$ (208,943)	\$ (208,943)	\$ -	\$ (223,188)	\$ (14,245)

Table C - 2: Budget and Current Year Projection Comparison

Personnel Analysis

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	Shared FTEs 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
CRITERIA SERVICES DIVISION						
Criteria Services	2.10	2.10	0.00	2.90	2.90	0.80
Total FTEs Criteria Services Division	2.10	2.10	0.00	2.90	2.90	0.80

Table C - 3: Criteria Services Personnel Analysis

Reserve Analysis

Working Capital and Operating Reserve Analysis 2023-2024			
CRITERIA SERVICES DIVISION			
	Total Reserve	Working Capital	Operating Reserve
Beginning Total Reserve, December 31, 2022	630,909	542,154	88,755
2023 Non-Statutory Funding (from members)	797,027	797,027	
Plus: 2023 Other funding sources	1,367	1,367	
Less: 2023 Projected expenses & fixed asset additions	(1,007,505)	(1,007,505)	
Remaining Business Continuity Reserves released into Working Capital	0		
Projected Total Reserve, December 31, 2023	421,798	333,043	88,755
Desired Total Reserve, December 31, 2024	198,609	103,126 ¹	95,483 ²
Less: Projected Total Reserve, December 31, 2023	(421,798)	(333,043)	(88,755)
Increase(decrease) in assessments to achieve desired Total Reserve	(223,188)	(229,917)	6,728
2024 Funding requirement for expenses and fixed asset additions	1,145,844		
Less: Other Funding Sources	(2,663)		
Adjustment to Operating Reserve to achieve desired Total Reserve balance ²	6,728		
Adjustment to Working Capital to achieve desired Total Reserve balance ¹	(229,917)		
2024 Funding and reserve requirement	919,992		

¹ Working Capital must be within a range from 8.33% to 25.00% of Budget. \$103,126 represents 9.00% of the 2024 budget of \$1,145,844.

² Operating Reserve must equal 8.33% of Budget. \$95,483 represents 8.33% of the 2024 budget of \$1,145,844.

Table C - 4: Reserve Analysis

Explanation of Changes in Reserve Policy from Prior Year

There was no change to the existing Working Capital and Operating Reserve Policy.

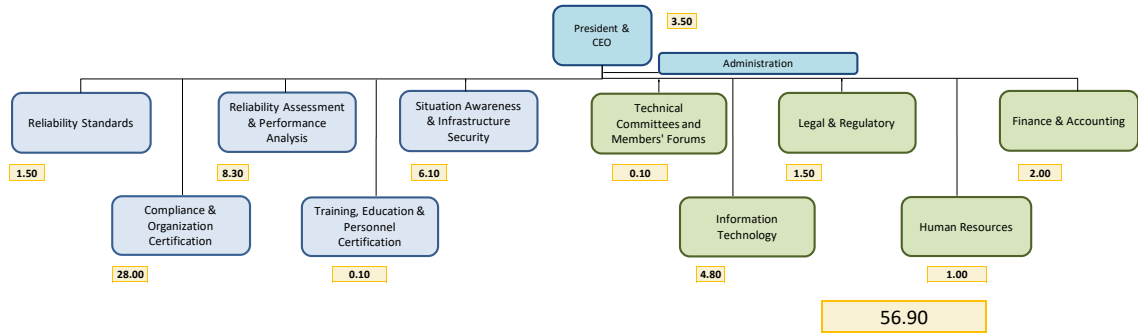
Section D — Additional Consolidated Financial Statements

2024 Business Plan and Budget

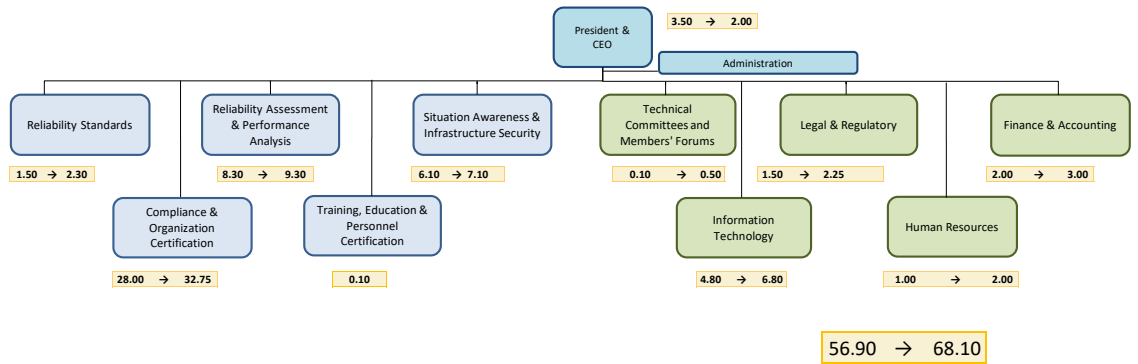
Appendix A

Staff Allocations

RE Division 2023 Budget Staff Allocations



2024 Budget Staff Allocations



CS Division 2023 Budget Staff Allocations



2024 Budget Staff Allocations



Appendix B

Acronyms

This section lists acronyms used in this document

Acronym	Definition
AI	Audits and Investigations
BAA	Balancing Authority Area
BES	Bulk Electric System
BPS	Bulk Power System
CAP	Crisis Action Plan
CC	Compliance Committee
CCEP	Criteria Compliance and Enforcement Program
CGNC	Corporate Governance and Nominating Committee
CMEP	Compliance Monitoring and Enforcement Program
COP	Compliance Oversight Plan
CORC	Compliance Monitoring and Enforcement and Organization Registration and Certification Program
CORES	Centralized Organization Registration ERO System
DER	Distributed Energy Resources
DOE	Department of Energy
EAP	ERO Event Analysis Process
E-ISAC	Electricity Information Sharing and Analysis Center
ERAG	Eastern Interconnection Reliability Assessment Group
ERATF	Energy Reliability Assessment Task Force
ERO	Electric Reliability Organization
FAC	Finance and Audit Committee
FERC	Federal Energy Regulatory Commission
FFT	Find, Fix, Track and Report
FTE	Full Time Equivalent
GMD	Geomagnetic Disturbance
HSIN	Homeland Security Information Network
IRA	Inherent Risk Assessment
IRPWG	Inverter-Based Resource Performance Working Group
ISO	Independent System Operator
LSE	Load Serving Entity
MACD	Market Assessment and Compliance Division
MDCC	Management Development and Compensation Committee
ME	Mitigation and Enforcement
MMWG	Multi-Regional Modeling Working Group
MOU	Memorandum of Understanding
NAERM	North American Energy Resilience Model
NAESB	North American Energy Standards Board

Appendix B

Acronym	Definition
NEL	Net Energy for Load
NERC	North American Electric Reliability Corporation
NOIs	Notice of Inquiries
NOPRS	Notice of Proposed Rulemakings
NPCC	Northeast Power Coordinating Council, Inc.
OEB	Ontario Energy Board
PAWG	Probabilistic Assessment Working Group
PC	Pension Committee
PJM	Pennsylvania-Jersey-Maryland Interconnection LLC., Regional Transmission Organization
QCMEP	Québec Reliability Standards Compliance Monitoring and Enforcement Program
RAPA	Reliability Assessment and Performance Analysis
RCC	Reliability Coordinating Committee
RISC	Reliability Issues Steering Committee
ROP	Rules of Procedure
RSC	Regional Standards Committee
RSTC	Reliability and Security Technical Committee
RTO	Regional Transmission Organization
SAFNRv3	Situational Awareness-FERC, NERC, Regions version 3
SAIS	Situation Awareness and Infrastructure Security
SARS	Standards Authorization Request
SITES	Security Integration and Technology Enablement Subcommittee
SPCWG	System Protection and Control Working Group
TFCO	Task Force on Coordination of Operation
TFE	Technical Feasibility Exception
TFIST	Task Force on Infrastructure Security and Technology
TFSP	Task Force on System Protection
TFSS	Task Force on System Studies
VER	Variable Energy Resources

Appendix C

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