



NPCC 2021 Final Business Plan & Budget

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2021 Budget and Assessment Overview

- NPCC total budget decrease of -1.7% (-\$310k) and assessments decrease of -3.5% (-\$578k)
 - Regional Entity budget decrease of -1.0% (-\$161k); assessment decrease of -1.2% (\$184k)
 - Criteria Services budget decrease of -13.0% (-\$149K); assessment decrease of -36.9% (-\$393k)
 - Penalties of \$201k applied to reduce assessments
 - Reserves of \$1.3M applied to reduce assessments
 - Regional Entity \$961k
 - Criteria Services \$324k
- Assessment Stabilization Reserve (ASR) implemented in 2021
- Slight change in CORC costs allocation methodology implemented in 2021 in an effort to stabilize assessments
- No changes or stakeholder comments since last presentation to NERC FAC

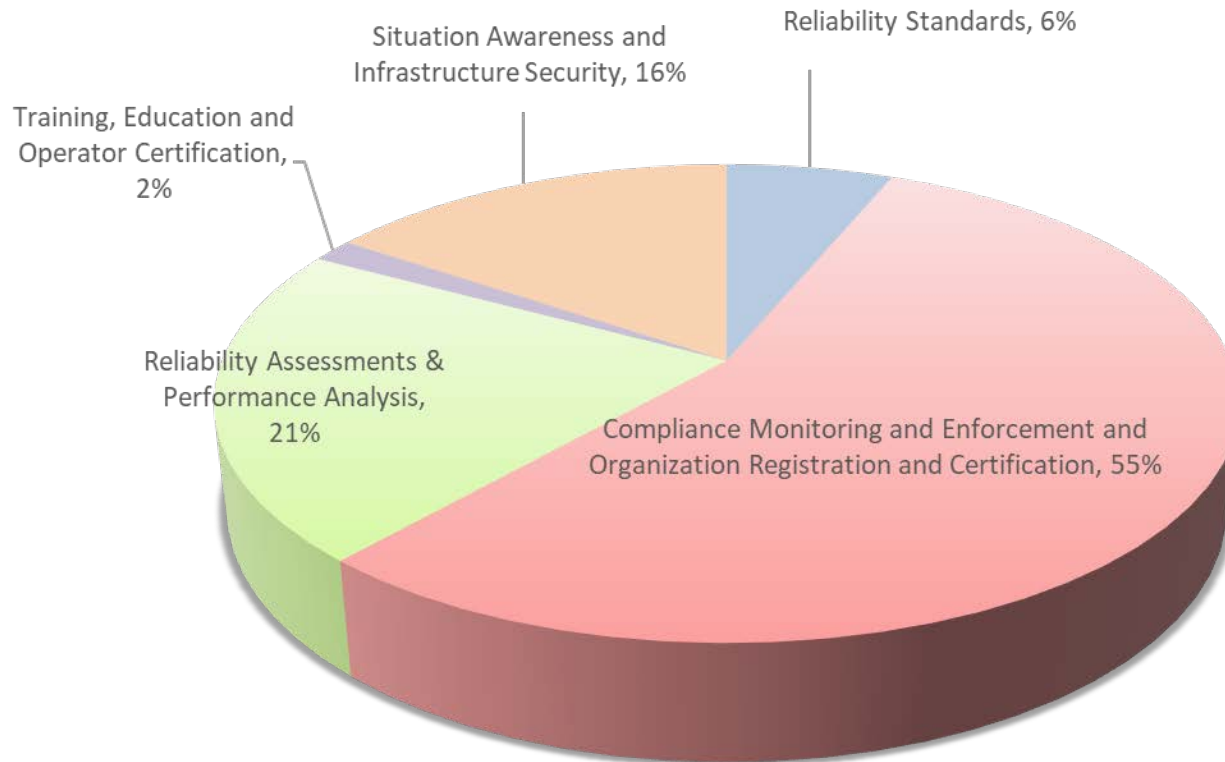
Budget Development Process

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

2021 RE Budget Drivers by Category

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

2021 Total Resources by Program Area Regional Entity Division



2021 Assessment Details

- NPCC total assessments decrease -3.5% (-\$578k)
 - Regional Entity assessment decrease of -1.2% (\$184k)
 - Criteria Services assessment decrease of -36.9% (-\$393k)
- Succession implementation costs funded through existing Business Continuity Reserves; no impact on assessments.
- Penalties of \$201k applied to reduce assessments
- Reserves of \$1.3M applied to reduce assessments
 - Regional Entity \$961k
 - Criteria Services \$324k
- Assessment Stabilization Reserve (ASR) implemented in 2021
- Slight change in CORC costs allocation methodology implemented in 2021 in an effort to stabilize assessments

Projected Reserve Balances

- No change in Working Capital and Operating Reserve policy.
 - Working Capital of 8.33% (30 days) of the annual budget
 - Operating Reserves range between 8.33% and 25.00% (90 days) in order to provide more stability in annual funding assessments
- Business Continuity Reserve (BCR) in the amount of \$1MM (allocated between RE and CS divisions) to be utilized 2020-2021
- Assessment Stabilization Reserve (ASR) implemented in 2021
- Projected RE Total Reserve balance at year end 2020: \$5.2M
- Projected RE Total Reserve balance at year end 2021: \$4.0M

Preliminary 2022-2023 RE Projections

2022

Total budget increase of \$264k or 1.6%

Total assessments of \$15.4 million

No additional staff

3% average wage package

20% decrease in meetings and travel

2023

Total budget increase of \$483k or 2.9%

Total assessments of \$15.8 million

No additional staff

3% average wage package



Questions?