



2025 Business Plan and Budget Overview

Jessica Hala, VP Finance and Treasurer



BP&B Development Process

- March 12 NPCC FAC reviewed and endorsed preliminary draft budget
- March 20 NPCC BOD reviewed preliminary draft budget
- April 11 NPCC FAC reviewed Draft #1 BPB
- May 1 Draft #1 presented to NPCC BOD, submitted to NERC and posted to NPCC website for comment through May 17
- June 10 NERC FAC reviews REs & NERC Draft #1's
- June 11 NPCC FAC reviews Draft for Approval
- June 18 NPCC BOD reviews Draft for Approval



2025 Budget Drivers

- Increasing workload and complexity of work driven by new entrants
- Increasingly complex issues as a result of state and provincial decarbonization policy objectives
- Increasing cyber and physical security risks
- Increasing competition for technical employees having unique skills



2025 Budget and Assessment Overview

- 2025 Total Budget of \$26,904,257 (15.8% increase over 2024)
- 2025 Regional Entity Statutory Budget of \$25,689,416 (16.3% increase over 2024) and Assessment of \$24,051,512 (16.0% increase over 2024)
 - Penalties of \$500k applied to reduce assessments
 - Reserves of \$900k applied to reduce assessments
- 2025 Criteria Services Non-Statutory Budget of \$1,214,841 (6.0% increase over 2024) and assessment of \$1,011,126 (9.9% increase over 2024)
- Headcount 80 Total FTEs (+9 FTE increase over 2024)
 - Regional Entity Division 77.20, Criteria Services Division 2.80

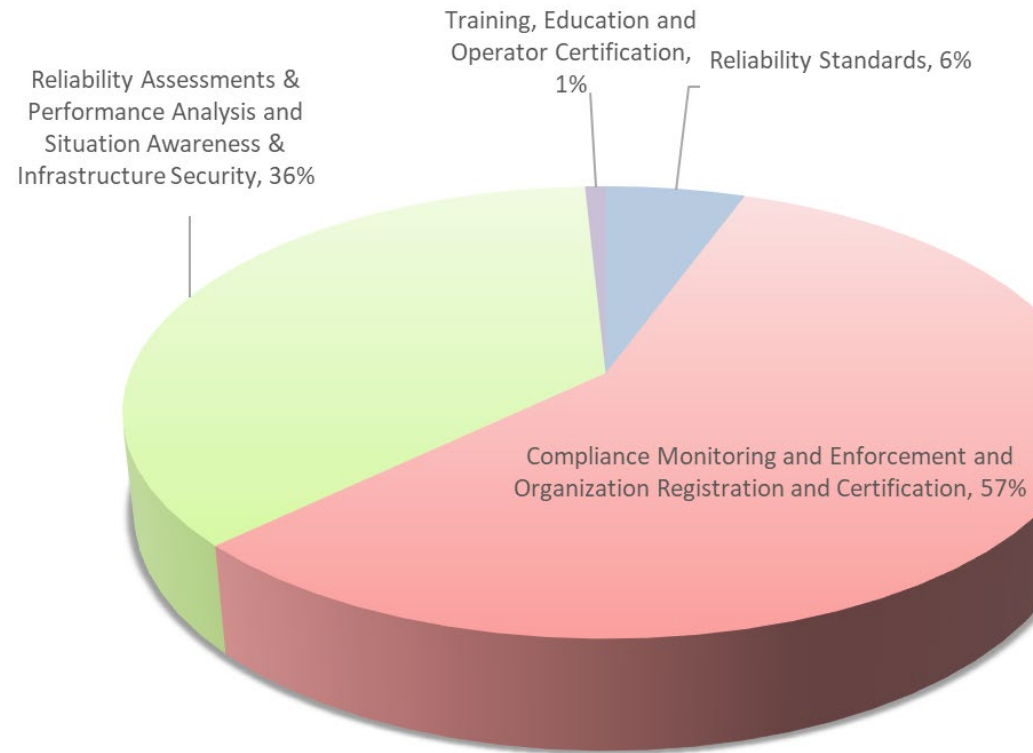


2025 Regional Entity Budget by Category

- Personnel \$20,370,735 (\$2,536,291 or 14% increase over 2024)
 - Net increase of 9 FTEs
 - 5.5% average salary increase (includes merit and adjustments related to 2024 compensation study)
 - Projected 8% increase in medical premiums
- Meetings & Travel \$1,426,300 (\$434,350 or 44% increase over 2024)
 - Increase due to inflation and a measured return to meeting in-person
- Operating Expenses \$4,216,728 (\$704,655 or 20% increase over 2024)
 - Increase in Consultants and Contracts related to reliability studies
 - Increase in Professional Services associated with transition to a more balanced hybrid Board structure
- Fixed Assets \$70,600 (-\$92,600 or -56.7% decrease from 2024)
 - No major equipment replacement scheduled in 2025



2025 Budget by Program Area





Reserve Overview

- There was a revision to the existing Working Capital and Operating Reserve Policy in 2023 which changed utilization approval thresholds from dollar amounts to percentages of total budget; no change to policy range
 - Operating Reserves of 8% (30 days) of the annual budget
 - Working Capital range between 8% and 25% (90 days) in order to provide more stability in annual funding assessments
- Assessment Stabilization Reserve (ASR) established in 2020
 - Penalties are included in ASR balance when received
 - Amount released from ASR to offset US assessments to be approved annually through the business plan and budget
 - ASR balance of \$1.3M at 4/30/2024
 - Release of \$500k is included in draft 2025 budget



Projected Reserve Balances

- Projected Regional Entity Total Reserve balance at year end 2024: \$7.5M
 - Working Capital and Operating Reserve \$6.2M
 - ASR/Unreleased Penalties \$1.3M
- Projected Regional Entity Total Reserve balance at year end 2025: \$6.1M
 - Working Capital and Operating Reserve \$5.3M
 - ASR/Unreleased Penalties \$810k



Preliminary 2026 and 2027 RE Projections

2026

- Budget increase of 13.0% over 2025
- Assessments increase of 17.4% over 2025
- +3 FTEs

2027

- Budget increase of 6.1% over 2026
- Assessments increase of 5.9% over 2026
- +2 FTE



Questions and Answers