



# 2023 Business Plan and Budget Overview

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## 2023 Budget Drivers

- Number and complexity of initiatives is increasing as circumstances in the environment (increase in cyber risk, extreme weather and state/provincial policy mandates) increase in number and complexity
- Additional Reliability Assessments and Performance Analysis program area resources required to address growing risks identified by NPCC, the ERO Enterprise and NERC initiatives
- Improve Compliance program area's ability to conduct the proper number and depth of BPS risk-reducing activities
- Additional Situation Awareness and stakeholder training activities to address the growing risks identified by NPCC, the ERO Enterprise, NERC and regulatory authorities
- Additional resources to support enterprise risk management and strategic planning through continuous governance, risk and compliance monitoring
- Increased travel and meetings budget; some meetings expected to continue in virtual format; one in-person workshop and two virtual workshops in 2023



# BP&B Development Process

- March 8 NPCC FAC reviewed preliminary draft budget
- March 23 NPCC BOD reviewed preliminary draft budget
- April 1 NPCC FAC meeting to discuss BOD comments on preliminary draft 2023 BPB
- April 19 NPCC FAC reviewed and endorsed Draft #1 2023 BPB
- May 4 Draft #1 presented to NPCC BOD, submitted to NERC and posted to NPCC website for comment through May 18
- June 1 NPCC BOD meeting present update on any comments received
- June 1 NERC FAC reviews REs & NERC Draft #1's
- June 8 Draft #1 presented at NPCC RCC meeting
- June 8 Meeting with FERC to discuss Draft #1 2023 BPB
- June 15 NPCC FAC reviews Draft for Approval
- June 29 NPCC BOD reviews Draft for Approval



# 2023 Budget and Assessment Overview

- 2023 Total Budget of \$20,431,100 (11.0% increase over 2022)
- 2023 Regional Entity Statutory Budget of \$19,423,595 (11.2% increase over 2022) and Assessment of \$18,140,037 (14.0% increase over 2022)
  - Penalties of \$300k applied to reduce assessments
  - Reserves of \$931K applied to reduce assessments
- 2023 Criteria Services Non-Statutory Budget of \$1,007,505 (6.3% increase over 2022) and assessment of \$797,195 (25.2% increase over 2022, due to less reserves released to offset assessments than in 2022)
- Headcount
  - 59 Total FTEs (+7 FTE increase over 2022)
  - Regional Entity Division 56.90, Criteria Services Division 2.10

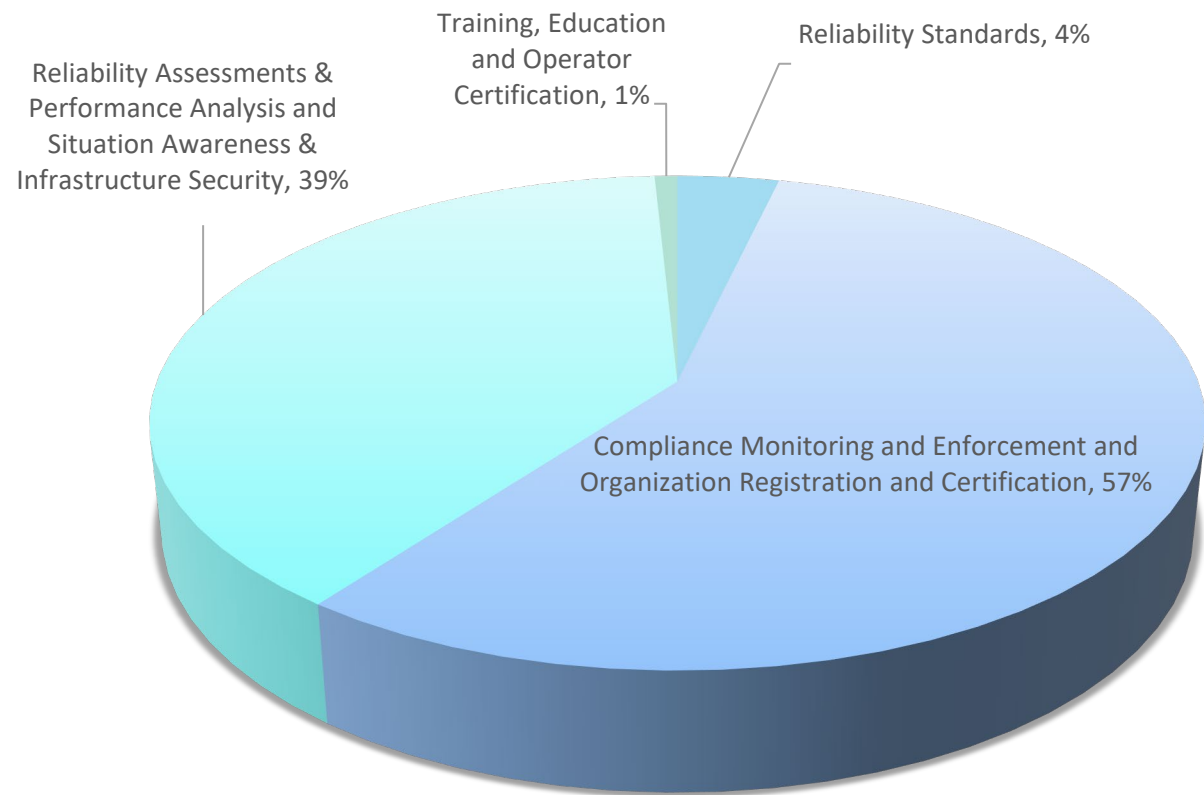


## 2023 Regional Entity Budget by Category

- 2023 Personnel \$14,734,302 (13.8% increase over 2022)
  - Net increase of 7 FTEs required for NPCC to address increasing workload and increasing complexity of initiatives
  - 3% average merit increase
  - Projected 10% increase in medical premiums
- 2023 Meetings & Travel \$879,850 (19.5% increase over 2022)
  - Increase due to a measured return to meeting in-person
  - One in-person workshop in 2023
- 2023 Operating Expenses \$4,081,400 (1.2% increase over 2022)
  - Increase in Consultants & Contracts related to increased number and scope of reliability assessments and studies
- 2023 Fixed Assets \$68,400 (-38.5% decrease from 2022)
  - Computer & Software cap ex includes laptops for additional FTEs in 2023
  - Furniture & Fixtures cap ex includes minor office reconfigurations in 2023



# 2023 Budget by Program Area





## 2023 Assessment Details

- NPCC total assessments \$18,937,232 (14.4% increase over 2022)
  - Regional Entity assessment \$18,140,037(14.0% increase over 2022)
  - Criteria Services assessment \$797,195 (25.2% increase over 2022)
- Penalties of \$300k applied to reduce assessments
- Reserves of \$1.1M applied to reduce assessments
  - Regional Entity \$931k
  - Criteria Services \$209k
- CORC 2021 actual vs budget variance assigned directly to the CORC program to allocate CORC underage in the same manner and percentage as CORC assessments were collected in order to respect the specific compliance responsibilities and funding methodologies within each of the Canadian provinces within NPCC.



# Reserve Overview

- No change in Working Capital and Operating Reserve policy
  - Operating Reserves of 8.33% (30 days) of the annual budget
  - Working Capital range between 8.33% and 25.00% (90 days) in order to provide more stability in annual funding assessments
- Assessment Stabilization Reserve (ASR) established in 2020
  - Penalties are included in ASR balance when received
  - Amount released from ASR to offset US assessments to be approved annually through the business plan and budget
  - ASR balance of \$837k at 4/30/2022
  - Release of \$300k is included in draft 2023 budget





# Projected Reserve Balances

- Projected Regional Entity Total Reserve balance at year end 2022: \$6.5M
  - Working Capital and Operating Reserve \$5.7M
  - ASR/Unreleased Penalties \$837k
- Projected RE Total Reserve balance at year end 2023: \$5.3M
  - Working Capital and Operating Reserve \$4.7M
  - ASR/Unreleased Penalties \$537k



# Preliminary 2024 and 2025 RE Projections

- 2024
  - Budget increase of 10.3% over 2023
  - Assessments increase of 16.2% over 2023
  - +5 FTEs
- 2025
  - Budget increase of 5.4% over 2024
  - Assessments increase of 5.6% over 2024
  - +3 FTEs



# Questions and Answers