



**Finance and Audit Committee  
Meeting Agenda  
Salt Lake City, UT**

Meeting [link](#), Password: WECC | Dial-in Number: 1-415-655-0003, Attendee Access Code: 2632 370 4896

**June 13, 2023, 10:30 to 11:30 a.m. Mountain Time**

- 1. Welcome, Call to Order—Gary Leidich**
- 2. Review WECC Antitrust Policy—Jillian Lessner**  
[WECC Antitrust Policy](#).  
Please contact WECC legal counsel if you have any questions.
- 3. Approve Agenda**
- 4. Review and Approve Previous Meeting Minutes**  
*Approval Item: Meeting Minutes from March 7, 2023*
- 5. Review Previous Action Items—Jillian Lessner**
- 6. Review FAC Charter—Jillian Lessner**
- 7. Member Advisory Committee Budget Subcommittee Comments—Brian Evans-Mongeon**
- 8. Review 2024 Business Plan and Budget—Jillian Lessner**  
*Approval Item: Recommend 2024 Business Plan and budget for Board approval*
- 9. Update on Comisión Reguladora de Energía and Mexican Regulatory Environment—Jeff Droubay**
- 10. Review 2022 Audited Financial Statements—Michael Michelsen and Daniel Nuttall, Eide Bailly**  
*Approval Item: Recommend 2022 Audited Financial Statements for Board acceptance*
- 11. Review 2023 Year-to-Date Results and 2023 Forecast—Jillian Lessner**
- 12. Public Comment**



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**FAC Meeting Agenda—June 13, 2023**

**13. Review New Action Items**

**14. Review Upcoming Meetings**

December 5, 2023 .....Salt Lake City, UT

March 12, 2024.....Salt Lake City, UT

June 11, 2024.....Salt Lake City, UT

**15. Adjourn**



<Public>



**Finance and Audit Committee**

**DRAFT Meeting Minutes**

**March 7, 2023**

**Salt Lake City, UT**

**1. Welcome, Call to Order**

Gary Leidich, Finance and Audit Committee (FAC) Chair, called the meeting to order at 10:15 a.m. MT on March 7, 2023. A quorum was present to conduct business. A list of attendees is attached in Exhibit A.

**2. Review WECC Antitrust Policy**

Jillian Lessner, Chief Financial and Administrative Officer, read aloud the WECC Antitrust Policy statement. The meeting agenda included a link to the posted policy.

**3. Approve Agenda**

Mr. Leidich introduced the proposed meeting agenda.

**On a motion by Richard Woodward, the FAC approved the agenda.**

**4. Review and Approve Previous Meeting Minutes**

Mr. Leidich introduced the minutes from the meeting on December 15, 2022.

**On a motion by James Avery, the FAC approved the minutes from December 15, 2022.**

**5. Review Previous Action Items**

Ms. Lessner reviewed previous action items.

**6. Review FAC Charter**

Mr. Leidich introduced the FAC Charter, which was circulated to committee members prior to the meeting. James Avery proposed adding language to maintain continuity and institutional knowledge of the committee by ensuring that two previous FAC members remain year over year. Ms. Lessner will provide draft language to the committee and include it for approval at the June 13, 2023, meeting.

**7. Review Reserve Policy**

Ms. Lessner introduced the Reserve Policy. No changes were proposed, and the policy was provided for reference. Ms. Lessner provided an update on projected reserve levels at the end of 2023.



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**FAC Meeting Minutes—March 7, 2023****8. Review Draft 2024 Business Plan and Budget**

Ms. Lessner introduced the 2024 draft budget, including a high-level overview of the numbers, major drivers, and proposed additional full-time equivalents (FTE). Budget considerations include extreme weather events, cybersecurity breaches, new technologies and their implications on resources, assessment stability, and the tight labor market.

Ms. Lessner reviewed the major changes between the 2023 and 2024 statutory budgets and answered questions about the adequacy of a 3% merit pool. Ms. Lessner acknowledged there is risk with a budgeted 3% merit pool and she will provide information on market merit trends.

**9. MAC Budget Subcommittee Comments**

Brian Evans-Mongeon, Member Advisory Committee Budget Subcommittee (MBS) Chair, provided a summary of MBS work to date. The MBS will have its recommendation to the Member Advisory Committee by April 11, 2023.

**10. Review of 2022 Unaudited Financial Results**

Ms. Lessner reviewed the 2022 year-end financial results.

**11. Review January 2023 Financial Results**

Ms. Lessner reviewed the 2023 year-to-date financial results.

**12. Public Comment**

No comments were made.

**13. Review New Action Items**

- Provide draft language for proposed charter revisions related to member continuity.
  - Assigned To: Jillian Lessner
  - Due Date: June 13, 2023
- Provide information on market merit pool trends.
  - Assigned To: Jillian Lessner
  - Due Date: June 13, 2023



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**FAC Meeting Minutes—March 7, 2023**

**14. Upcoming Meetings**

June 13, 2023.....Salt Lake City, UT  
September 13, 2023 ..... Vancouver, B.C.  
December 5, 2023 .....Salt Lake City, UT

**15. Adjourn**

Mr. Leidich adjourned the meeting without objection at 10:54 a.m.



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**FAC Meeting Minutes—March 7, 2023**

**Exhibit A: Members in Attendance**

Jim Avery ..... WECC Board  
Gary Leidich ..... WECC Board  
Joe McArthur ..... WECC Board  
Richard Woodward ..... WECC Board



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## Finance and Audit Committee Charter

### Establishment and Authority

The Finance and Audit Committee (FAC) was established by the Board of Directors (Board).

### Purpose and Responsibilities

The purpose of the FAC is to report to and assist the Board by providing oversight of financial management, independent auditors, and financial reporting procedures, as well as such other matters as directed by the Board or this charter.

To carry out its oversight responsibilities, the FAC will perform the following functions.

#### 1. Oversight of WECC's financial reporting

- a. The FAC will review with management and the external auditors:
  - o The audited financial statements, including the notes to the financial statements.
  - o Changes in accounting policies and practices, and significant judgments that may affect financial results.
  - o The nature of any unusual or significant commitments or contingent liabilities, together with the underlying assumptions and estimates of management.
  - o Any changes of accounting standards that may materially affect financial reporting practices.
  - o The quality and adequacy of WECC's internal financial controls structure.

#### 2. Oversight of WECC's financial reporting compliance

- a. The FAC will review and monitor:
  - o Litigation or other legal matters that could have a significant impact on financial results.
  - o Significant findings of any examination by regulatory authorities or agencies, in the areas of securities or accounting.
- b. The FAC will ensure procedures have been established for the receipt, retention, and treatment of complaints from employees on accounting, internal accounting controls, or auditing matters. This includes the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. Management will notify the FAC when any such complaints are received and the FAC will review management's recommended resolution of the matter.
- c. The FAC is responsible for overseeing the conduct of management in carrying out its responsibility for preparing financial statements and the independent auditors for auditing

these financial statements. Consequently, in carrying out its oversight responsibilities, the FAC is not providing any expert or special assurance about financial statements or any professional certification about the independent auditors' work.

### **3. Oversight of WECC's independent auditors**

- a. The FAC will:
  - o Have the ultimate authority and responsibility to appoint, retain, compensate, evaluate and, when appropriate, terminate the business relationship with the external auditors. This responsibility includes resolving disagreements between management and the independent auditors regarding financial reporting. The FAC will oversee the qualifications and independence of the external auditors and perform a triennial review of the independent auditors' performance.
  - o Review and approve the scope of the annual independent audit of financial statements and the associated engagement fees, as well as any significant variations in the actual scope of the independent audit and the associated engagement fees.
  - o Review with the independent auditors any difficulties the auditors encountered during the audit—including restrictions on the scope of work or access to requested information—and any significant disagreements with management.
  - o Ensure the receipt of a formal written statement from the external auditors affirming their independence from WECC.
  - o Oversee the expedient implementation of corrective actions resulting from an audit.
- b. Throughout its oversight of the independent auditors as provided under this charter, the FAC will be guided by the premise that the independent auditors are ultimately accountable to the FAC.

### **4. Oversight of WECC's annual Business Plan and Budget process**

- a. The FAC will review and monitor:
  - o Performance against the approved budget on a quarterly basis.
  - o Management's schedule for the preparation and development of the annual Business Plan and Budget and any supplemental budgets to ensure that the schedule provides sufficient time for the development of the budget, a review by the FAC, input from stakeholders, and approval of the final Business Plan and Budget by the Board.





## 5. Oversight of WECC Guidelines, Policies, and Processes

- a. The FAC will ensure that:
  - o The guidelines, policies, and processes relied on and used by management to assess and manage enterprise risk are discussed by the full Board annually.
  - o The Investment Policy Statement is reviewed annually.
  - o The Reserve Policy, including the appropriate level of reserves, is reviewed annually.

## Committee Composition and Governance

### 1. Membership

- a. The FAC will comprise no less than four members of the Board, appointed by the chair of the Board, and in consultation with the Board.
- b. The FAC members will serve until a successor is appointed unless the member resigns or is removed by the Board. In the case of a vacancy, the chair of the Board will fill the position.
- c. The FAC members will perform a biennial self-evaluation.

### 2. Leadership

- a. The chair of the Board, in consultation with the Board, will appoint one of the FAC members to serve as the FAC's chair.
- b. The chair will manage the committee and its meetings.
- c. The chair will assign a committee member or WECC staff member to prepare minutes of FAC meetings for the committee's approval.
- d. The chair may appoint a steering committee to address specific assignments as necessary.
- e. The chair will assign the duties of the chair to any member of the FAC in the event of the chair's absence.

### 3. Meetings

- a. The FAC will meet at least two times per year or as often as required to carry out its responsibilities. Meetings will be held according to the [Meeting Policy](#) and may be in person or by telephone or web conference, as determined by the chair.
- b. A quorum for meetings will be a majority of committee members.
- c. Action taken by the FAC will require a majority vote of the members present. Voting may be by any means the chair determines appropriate. FAC members may not vote by proxy or absentee ballot.
- d. The chair (or designee) will give notice by email to each member of the FAC and to the Board of the time and place for all meetings and will post notice of all meetings on the WECC website. Notice will be given at least three business days before each meeting.



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**FAC Charter**

- e. An agenda containing the items for which action may be taken will be posted on the WECC website at least three business days before each meeting.
- f. The FAC may meet in closed session to—
  - o Consider the employment, evaluation of performance, or dismissal of an employee;
  - o Discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and
  - o Receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the Federal Energy Regulatory Commission), protected from public disclosure by law, or that the committee determines should be confidential to protect a legitimate public interest.

**Reporting**

The FAC will report to the Board on its activities and any recommendations for Board action.

**Review and Changes to the Charter**

The FAC will review this charter annually and recommend any changes to the Board for approval.

**Approved by the WECC Board of Directors: June 15, 2022**



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**2024 Business Plan and Budget  
Recommendations****MAC Budget Subcommittee****April 18, 2024**

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**Executive Summary**

The MAC Budget Subcommittee (MBS) was asked to review the WECC 2024 Business Plan and Budget<sup>1</sup> and to provide comments to the Member Advisory Committee (MAC) and the WECC Board and Finance and Audit Committee. Working with WECC's financial and administrative Chief Financial and Administrative Officer, the MBS conducted several meetings to discuss, consider, and render its views on the proposed 2024 Business Plan and Budget. Overall, the MBS views the 2024 Business Plan and Budget to be in alignment with the risk priorities that the WECC Board had previously established for 2024. The 2024 Business Plan and Budget includes some provisions, predominately staffing related, that will require WECC management to closely monitor those activities and make changes or adjustments as they progress through the year. The MBS has provided comments on points that it thinks WECC should focus on as that progression occurs.

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**Background**

The MBS appreciates the opportunity to review the 2024 Business Plan and Budget proposal. WECC staff has been very helpful in assisting the MBS to promote greater clarity regarding the upcoming WECC business efforts. The first overview presentation occurred on February 23, 2023, and over the weeks following, the MBS was able to delve into specific parameters of the WECC organizational structure and obtain a stronger appreciation for the work being considered in the 2024 Business Plan and Budget.

WECC's draft 2024 budget proposal is \$35.5 million. This represents an increase of \$3.7 million (or 11.6%) over the 2023 budget of \$31.8 million. WECC is projecting the use of various offsets to reduce assessments to \$24 million; this represents a 21.5% increase above the previous year (2023). In 2023, the assessment was set at \$19.75 million.

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<sup>1</sup> Annually, WECC is required to prepare a Business Plan and Budget in which it identifies its projected operating and capital costs as a Regional Entity. The annual assessment, which is allocated to all Balancing Authority Areas based upon Net Energy for Load (NEL), is the budget amount net of any collection of penalty dollars, use of Peak Reliability Donation funds, and any use of or addition to working capital reserves.

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## 2024 Business Plan and Budget Recommendations

The major changes from 2023 to 2024 are outlined in the following table:

### Reconciliation of 2023 to 2024 DRAFT Statutory Budget—Major Drivers

	<u>in 000s</u>	
<b>2023 Approved Budget</b>	<b>31,812</b>	
+ 8 FTE, 3% merit, labor float adj., retention initiatives, refinement of taxes/benefits	3,076	
+ Second in-person Reliability & Security Workshop in October	227	
+ Increase equipment due to refresh of storage arrays, WiFi security, server refresh, battery backup replacement	127	
+ Biennial in-person Reliability Risk Priorities Workshop in February	100	
+ Conversion of Plexos license from a trial	80	
+ Net increase in travel due to more in-person meetings and outreach, increase in remote employees, and increase in FTEs	72	
+ Increase in business insurance premiums	64	
+ Outside legal counsel fees	60	
+ OATI licensing fees (international entities)	50	
+ Dark web monitoring	50	
- Increase in indirect allocation to WREGIS	(149)	
- Net decrease in consulting across WECC due to the completion of various projects and work; decreased reliance on consultants	(75)	
- Refreshes of storage array equipment completed in 2022		
- Other net changes	4	
<b>2024 DRAFT Budget</b>	<b>35,498</b>	<b>11.6% increase</b>

Relative to the FTE changes, WECC is proposing the addition of eight FTEs in 2024 with five FTEs being added to the Compliance Monitoring and Enforcement Program area, three FTEs to the Reliability Assessment and Performance Analysis Program area and transferring one FTE from Legal and Regulatory area to the Information Technology area. With these changes, the total statutory FTEs for WECC increases from 160 in 2023 to a total of 168.0 FTEs for 2024.

### Discussion Points:

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#### Reliability Assessment and Performance Analysis Program

As a part of the ongoing efforts to address existing Reliability Assessment and Performance Analysis (RAPA) work commitments, and with proposed enhancement to work activities in support of transmission planning and resource adequacy initiatives, the RAPA group assessed its staffing commitments and rearranged its organizational structure to better align with future working objectives. RAPA has been redesigned into three primary functional groups: Reliability Risk Management (RRM), Reliability Assessments (RA), and Reliability Modeling and Data (RMD). RRM conducts work on Event Analysis, Situation Awareness, Performance Analysis, and other activities. RA handles the Electric Reliability Organization (ERO) reliability assessments, resource adequacy,



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## 2024 Business Plan and Budget Recommendations

transmission congestion, and other planning needs. RMD addresses data collection efforts, trending analyses, visualization, and other modeling activities.

RAPA will be producing a pilot project this year to develop the Western Assessment of Transmission Trends. In this pilot project, RAPA will create a very limited number of scenarios and look across those scenarios to identify transmission congestion trends in the West. In 2024, RAPA will expand the number of scenarios that will be developed and evaluated as well as expand the assessment itself. Therefore, RAPA is asking for an additional engineer to work on scenario development and analysis in 2024.

As a part of the redesign effort and to address growing industry needs, RAPA is requesting an additional three FTEs in the 2024 Business Plan and Budget. The redesign allows for better integration and utilization of personnel resources for the various functions. One of the additional FTEs is for the specific need in the management of data collection and modeling.

### Compliance Monitoring and Enforcement Program

The Compliance Monitoring and Enforcement Program (CMEP) work is subdivided into five functional areas: Registration, Oversight Planning, Entity Monitoring, Enforcement and Mitigation, and Oversight Analysis and Administration. It was noted that the ERO is looking to identify new registration types due to the changing nature of the types of resources being integrated onto the grid and subject to CMEP. The addition of the inverter-based resources (IBR) registration type will mean that WECC will see its number of Registered Entities increase substantially. This registration effort will affect the CME obligations in all areas, as the new registrants will require oversight, auditing, and planning. CME is requesting five additional FTEs in the 2024 Business Plan and Budget.

### Other Program Areas

WECC is proposing to keep its structure in other program areas the same as it was in the 2023 Business Plan. The only personnel changes in the other program areas are the transfer of one FTE from Legal and Regulatory to Information Technology. In the preliminary presentation of the 2024 Business Plan and Budget, WECC was not proposing to expend any of the Peak Reliability funds in 2024. In further examination of work activities, WECC is now considering using some Peak Reliability Donation funds to cover software licensing costs within RAPA's functions and may reflect that change and associated dollars in a future update of the 2024 Business Plan and Budget.

### MBS Response Commentary

The MBS wants to express its gratitude to WECC staff members for their proposal and for their openness and transparency as they shared the drafting of the 2024 Business Plan and Budget. The MBS recognizes and appreciates the comprehensive nature of their proposal. The MBS offers the following comments relative to the 2024 Business Plan and Budget.



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## 2024 Business Plan and Budget Recommendations

1. Overall, the 2024 budget amount exceeds the amount to be collected in 2024 assessments by nearly 33%. The MBS is aware of WECC's activities as they relate to the use of penalty dollars and the use of reserves to keep assessments near the historic stabilization value observed for the last several years. Further, the MBS recognizes that the assessments can fluctuate year over year depending upon the penalty dollars collected and used by WECC within a Business Plan and Budget cycle. However, if in the future the penalty dollars do not continue to match the most recent penalty collection trends, the increase in the next assessment cycle could become an increasing hardship for some entities, especially if there is only near-term or annual notice of the change in the assessments. As a reminder, some entities must set their in-house budgetary requirements well in advance of the WECC budget cycle. Without a longer-term forecast of assessment changes (based upon the upcoming WECC annual budget), some entities may have to deal with increases when their approved rates would not have taken into account such adjustments. Thus, substantive changes in future assessments may need to be factored into either current or pending rate cases. WECC has indicated that a review of the stabilization practices had been expected to be done, however, due to the recent constraints in staffing, it was not an option to conduct that review during this 2024 budget planning period. The MBS suggests that filling the vacant financial staffing position should be a priority for a review of the stabilization practices to be completed in 2023.
2. Further, the MBS understands that with WECC reviewing its program on assessment stabilization, it should also continue to conduct analysis on reserves and build budget and business plans to develop projections for the upcoming three years. The MBS encourages this longer-term outlook in these areas to provide a better view of potential assessment increases.
3. Specifically, within the 2024 Business Plan and Budget, the MBS is concerned about the likelihood of success on the proposals to expand the RAPA and CMEP areas given current staffing vacancies. As of March 1, 2023, the headcount for WECC should be at 160 FTE, but the current actual headcount is 139 FTE; there are 21 vacant positions. WECC has reported to the MBS that recruitment has been difficult, and job offers based upon current compensation and benefit offerings have not necessarily resulted in successful hires. One concern that the MBS has is related to costs to fill vacant positions, and whether actual personnel compensation and benefits, in addition to recruitment costs, may be higher than what is included in the 2023 budget. In light of the potential budgeting consequence to member entities coming as a result of the prioritization of the new programs in CMEP and RAPA, the MBS feels that WECC should consider methods for maintaining consistency in assessments, at least for this upcoming 2024 budget cycle. The MBS recommends that the Board modify the assessment to set it at \$25 million, keeping with historic trends over five of the last six years. Such action could be



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**2024 Business Plan and Budget Recommendations**

accomplished via adjustments to anticipated expenses or through the use of reserves or other means. Any of these options could act as a hedge against workforce risks.

4. The MBS would also like to note that, if WECC is successful in finding employees to fill the current vacancies, it may be difficult for WECC to absorb the onboarding and training costs of an additional 21 employees in 2023, and further to onboard an additional eight employees in 2024. The MBS offers that adopting its recommendation in paragraph 3 above could likely shield WECC against these potential increased costs.
5. Alternatively, if WECC is not able to address the current vacancy positions or the additional positions planned for 2024, WECC should consider identifying which business priorities would be worked on first, and which would be displaced or removed from the list in 2024. While the MBS recognizes that priorities would likely be at least partly defined by which positions can be filled and which ones cannot, the MBS suggests that WECC identify the most critical current vacant positions as well as the new critical 2024 positions and work to fill those positions as a priority.





**Finance and Audit Committee**  
**Recommendation Item**  
**2024 Business Plan and Budget**  
**June 13, 2023**

## **FAC Resolution**

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*Resolved*, that the Finance and Audit Committee (FAC) recommends the Board of Directors (Board) approve the 2024 Business Plan and Budget (BP&B) as presented and attached.

## **Background**

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A draft of the 2024 BP&B was presented to the FAC in March 2023 for preliminary review. On April 28, an updated draft of the 2024 BP&B was posted on the website for a comment period of 15 business days. Aside from the Member Advisory Committee Budget Subcommittee (MBS) and Western Interconnection Regional Advisory Body comments, WECC received one set of comments from Bonneville Power Administration during the comment period. WECC held two webinars to present stakeholders with an overview of the budget and key drivers during the comment period. WECC executives also participated in several teleconferences with the MBS between February and May. All comments are included in the June 2023 FAC meeting materials.

## **Recommendation**

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Management recommends the FAC forward the 2024 PB&B to the Board for approval.

## **Issues and Risks**

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Failure to approve the 2024 BP&B in time to meet regulatory milestones could result in a special Board meeting and a delay in funding. The remaining major milestones for this budget cycle are as follows:

- July 1: Final Board-approved BP&B due to NERC;
- August 16–17: Regional Entity (RE) BP&Bs presented to NERC Board of Trustees for approval;
- Late August: RE BP&Bs submitted to FERC for approval; and
- October/November: FERC Order approving 2024 BP&Bs anticipated.





Electric Reliability and Security for the West

**2024 Draft Budget Overview****June 13, 2023**

In recent years, several events have highlighted increased risks to reliability and security: extreme heat events, cold weather events, cybersecurity breaches, and physical security attacks on substations, among others. What used to be considered low-probability events have become more frequent and continue at an unprecedented pace and complexity. Additionally, in the coming years, we expect that registration of new entities will increase at a greater rate than we have experienced since 2007. This combination of factors mandates the need for more robust controls for the changing grid, emerging technologies, physical security, and data protection. WECC requires specific expertise and resources to fulfill its delegated responsibilities and effectively collaborate with its stakeholders to address emerging risks and issues for the benefit of the Western Interconnection.

Given this rapidly evolving context, the 2024 draft budget was developed with four things in mind:

1. Ensuring WECC is adequately resourced to meet the increasing demands placed on the organization;
2. Maintaining working capital reserves at adequate levels;
3. Honoring the assessment stabilization work done in 2016 and 2019; and
4. Recognizing the uncertainty of impacts to meetings, travel, and recruiting and retention as we emerge from the pandemic.

## **Compliance Monitoring and Enforcement**

WECC's net number of registered entities continues to increase year over year, and at a steady pace, and the 2024 draft budget facilitates enhancements to monitor more fully across the spectrum of entities within the Western Interconnection. WECC anticipates that the recent FERC Order on Registration of Inverter-based Resources will also result in a large increase in registration activity within WECC over the next several years. Audit emphasis is necessarily on higher risk entities—mostly for Reliability Coordinators, Balancing Authorities, and Transmission Operators—but the continued growth in the number of registered entities requires more personnel to ensure that WECC adequately and holistically conducts ongoing assessment and oversight of all registered entities. The five additional FTEs in this area will support the organizational enhancements necessary to address the accelerating growth in the number of entities and their associated registration, monitoring, and enforcement impacts.

## 2024 Draft Budget Overview

### Reliability Planning and Performance Analysis

In recent years, risks to the reliability of the Bulk Power System (BPS) have increased in number and magnitude. The industry is experiencing unprecedented challenges such as accelerated resource retirements and additions, integration of new types of technology on the grid, and more frequent extreme natural events, thus creating an increasing need for high-quality models and interconnection-wide analyses. WECC will continue to work closely with industry stakeholders through technical committees, forums, and targeted outreach to implement needed modeling enhancements, perform system analysis, and deliver interconnection-wide assessments. The additional three FTEs in this area will support growing demands on the Reliability Assessment and Performance Analysis (RAPA) department in the areas of system modeling and risk analysis.

### *Peak Reliability Donation*

In the 2024 budget, WECC proposes using \$250,000 of Peak Reliability Donation funds for the following reliability-focused expenditures:

- \$225,000 for an expanded trial of PLEXOS software, an energy market simulation platform, to provide in-depth analytics and modeling support for reliability assessment activities; and
- \$25,000 for the acquisition of Electromagnetic Transient (EMT) simulation software to support the data collection and analysis of inverter-based resources.

### Summary

WECC's 2024 draft budget enables us to meet the demands placed on the organization that are being driven by the changing environment in which we operate. The statutory budget is increasing by approximately \$3.6 million (11.3%) from 2023 to 2024. WECC is proposing to add 8.0 additional statutory full-time equivalents (FTE).

The 2024 assessment increases to \$24.0 million (21.5%) due to lower penalties collected to offset assessments compared to last year.

Statutory working capital reserves are anticipated to be approximately \$10.7 million by December 31, 2023, which is over the Reserve Policy ceiling (one to three months of operating expenses) by approximately \$2.3 million. Per this draft of the 2024 Business Plan and Budget, management proposes using approximately \$492,000 of working capital reserves and \$250,000 of Peak Reliability Donation reserves to fund the 2024 budget. As we work through our assessment stabilization analysis later this year, one goal will be to bring our reserve levels back into the range per our policy in the next few years.

WECC's non-statutory budget is increasing by approximately \$398,000 (15.4%) from 2023 to 2024. The increase is driven primarily by two additional FTE needed due to the expansion of both State programs



## 2024 Draft Budget Overview

and system activity. Non-statutory working capital reserves are anticipated to be \$4.9 million by December 31, 2023.

## Reconciliation of 2023 to 2024 Statutory Budget—By Category

	2023 Budget	2024 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
<b>Funding</b>					
Assessments	\$ 19,750,537	\$ 24,000,000	\$ 4,249,463	21.5%	Penalties offset assessments
Penalties	11,218,646	9,587,948	(1,630,698)	-14.5%	Released from penalties collected
Other Income	248,100	1,075,250	827,150	333.4%	Additional R&S Workshop; higher interest rates
<b>Total Funding</b>	<b>\$ 31,217,283</b>	<b>\$ 34,663,198</b>	<b>\$ 3,445,915</b>	<b>11.0%</b>	
<b>Expenses</b>					
Personnel Expenses	\$ 25,820,126	\$ 28,895,986	\$ 3,075,860	11.9%	8 FTE, recruiting and retention initiatives, 3% merit pool, refined tax/benefit rates
Meeting Expenses	947,289	1,353,934	406,645	42.9%	Increased travel activity and rates; Additional R&S Workshop
Operating Expenses	5,833,037	6,008,620	175,583	3.0%	Software licensing and security tools
Indirect Expenses	(843,037)	(980,785)	(137,748)	16.3%	Increased WREGIS FTE and Statutory budget
<b>Total Expenses</b>	<b>\$ 31,757,415</b>	<b>\$ 35,277,755</b>	<b>\$ 3,520,340</b>	<b>11.1%</b>	
<b>Fixed Assets</b>	<b>\$ 54,868</b>	<b>\$ 127,040</b>	<b>\$ 72,172</b>	<b>131.5%</b>	Server refreshes and security upgrades to corporate WiFi
<b>Total Budget</b>	<b>\$ 31,812,283</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>	<b>11.3%</b>	
<b>Change in Working Capital</b>	<b>\$ (595,000)</b>	<b>\$ (741,597)</b>	<b>\$ (146,597)</b>		
<b>FTEs</b>	<b>160.0</b>	<b>168.0</b>	<b>8.0</b>	<b>5.0%</b>	

<sup>1</sup> Depreciation excluded from these values

## Reconciliation of 2023 to 2024 Statutory Budget—Major Drivers

### Reconciliation of 2023 to 2024 DRAFT Statutory Budget—Major Drivers

	<u>in 000s</u>	
<b>2023 Approved Budget</b>	<b>31,812</b>	
+ 8 FTE, 3% merit, recruiting and retention initiatives, refinement of taxes/benefits	3,076	
+ Second in-person Reliability & Security Workshop in October	227	
+ Increase in equipment due to refresh of storage arrays, WiFi security, server refresh, battery backup replacement	127	
+ Increase in software licensing for existing and new security and reporting tools	275	
+ Conversion of Plexos license from a trial	80	
+ Net increase in travel due to more in-person meetings and outreach, increase in remote employees, inflationary impact on travel costs, and increase in FTEs	189	
+ Increase in business insurance premiums	64	
+ Outside legal counsel fees	60	
+ OATI licensing fees (international entities)	50	
+ Security monitoring tools	50	
- Increase in indirect allocation to WREGIS	(149)	
- Net decrease in consulting across WECC due to the completion of various projects and work; decreased reliance on consultants	(525)	
- Other net changes	69	
<b>2024 DRAFT Budget</b>	<b>35,405</b>	<b>11.3% increase</b>



## 2024 Draft Budget Overview

## Reconciliation of Draft #1 to Draft #2 Changes

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### Changes Between Draft #1 and Draft #2 of the 2024 Statutory Budget

	<u>in 000s</u>
<b>Draft #1 Total Statutory Budget</b>	<b>35,498</b>
<b>Reductions:</b>	
- Meeting costs for Annual meeting due to location change	(37)
- Meeting costs for Reliability Risk Priorities Workshop due to location change	(80)
- Refinement of IT consulting and project feasibility	(450)
<b>Additions:</b>	
+ Board compensation structure updates	47
+ Telephone expenses missed in first draft	24
+ Refined software licensing anticipated expenditures	275
+ Travel expense refinement due to current travel cost trends	117
+ Change to overhead allocation due to changes in second draft	11
<b>Draft #1 to #2 Change</b>	<b>(93)</b>
<b>Draft #2 Total Statutory Budget</b>	<b>35,405</b>

## Changes in FTEs from 2023 to 2024

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In the 2024 budget, WECC is adding 8.0 statutory FTEs (10.0 FTEs in total) and realigning some positions within program areas due to evolving organizational needs and priorities driven by the environment in which WECC is operating.

### Compliance Monitoring and Enforcement

Five new FTEs are added to CMEP. One director is added to provide key leadership and management of risk-based analysis and planning in the recently combined areas of entity risk assessment, program analysis, and program administration. One manager and one lead are added in Entity Monitoring to provide management and leadership to ensure a more holistic ability to monitor across the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations. Over the next several years, registration of new entities will continue to increase, and oversight emphasis must continue evolving with the changing grid, emerging technologies, physical security focus, and data protection needs. The work plan associated with the recent FERC Order on Registration of Inverter-based Resources is also anticipated to contribute to a significant increase in registration activities and downstream monitoring needs. The monitoring staff will need to work differently to broaden outreach and monitoring of more entities in a consistent value-added manner to reduce known and emerging risks to the BPS. One FTE is added with senior-level expertise in internal controls, and one FTE is



## 2024 Draft Budget Overview

added to provide additional capabilities in data management and analysis and in business intelligence reporting.

### Reliability Assessment and Performance Analysis

Three FTEs are added to the RAPA program. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. These enhanced models will become increasingly important to support the expected transmission expansion in the Western Interconnection to ensure continued BPS reliability. One director is added to provide additional expertise and oversight of WECC's modeling and data analytics functions. One risk analyst is added to support an integrated focus on understanding risk, increase risk assessment capabilities, and enhance the regional risk assessment. One engineer is added to focus on longer-term reliability assessments and support industry's need for Year 20 scenario and model development.

### Corporate Services

One position is transferred from Legal to Information Technology and converted to a business analyst position to provide support in areas such as change control, scorecards, asset management, and patch management, to free up subject matter experts for more technical work.

Details of FTE activity are discussed in the program area sections of the Business Plan and Budget.

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
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	68.00	68.00	73.00	-	73.00	5.00
Reliability Assessment and Performance Analysis	38.00	38.00	41.00	-	41.00	3.00
Training and Outreach	8.50	8.50	8.50	-	8.50	-
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
<b>Total FTEs Operational Programs</b>	<b>119.50</b>	<b>119.50</b>	<b>127.50</b>	<b>-</b>	<b>127.50</b>	<b>8.00</b>
<b>Corporate Services</b>						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.00	18.00	18.00	-	18.00	-
Legal and Regulatory	4.50	4.50	3.50	-	3.50	(1.00)
Information Technology	11.00	11.00	12.00	-	12.00	1.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
<b>Total FTEs Corporate Services</b>	<b>40.50</b>	<b>40.50</b>	<b>40.50</b>	<b>-</b>	<b>40.50</b>	<b>-</b>
<b>Total FTEs</b>	<b>160.00</b>	<b>160.00</b>	<b>168.00</b>	<b>-</b>	<b>168.00</b>	<b>8.00</b>

\* A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.



## 2024 Draft Budget Overview

### **Budget Forecasts for 2025 and 2026 and Assessment Stabilization**

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During the 2024 budget cycle, we improved our workforce planning process by creating a more robust framework for analyzing headcount needs. That same rigor was applied to workforce planning analyses for the forecasts for the 2025 and 2026 budget years. Increasing the depth of analysis related to workforce needs provides greater visibility into future budget needs and funding requirements.

Because of our efforts for 2025 and 2026 budget forecasting, we anticipate needing an additional 6.0 and 4.0 FTE, respectively, on top of the 8.0 FTE we are proposing to add for 2024. During the fall of 2023, we will perform an assessment stabilization analysis before the start of the 2025 budget cycle to help inform a strategy for assessment levels over the next few years.

From 2015 through 2022, assessments remained constant at the \$25 million level. In 2023 and 2024, assessments were lower than \$25 million due to large penalty sanctions collected. A preliminary and high-level review for 2025 and 2026 suggests that assessments will most likely increase to the \$30 million level for those years and beyond. As our assessment stabilization analysis is finalized later in the year, we will work with the MAC Budget Subcommittee to socialize the results and seek feedback.





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**2024 Business Plan and Budget**

Approved by: WECC Board of Directors

Date: June XX, 2023

## Table of Contents

Introduction.....	2
Organizational Overview.....	2
Membership and Governance.....	4
2024 Strategic Goals .....	4
2024 Key Assumptions and Overview of Cost Impacts .....	7
2023 Statutory Budget and Projection and 2024 Budget Comparisons .....	13
Section A—Statutory Programs.....	15
Reliability Standards Program .....	15
Compliance Monitoring and Enforcement.....	19
Reliability Assessment and Performance Analysis .....	25
Training and Outreach .....	30
Situation Awareness and Infrastructure Security .....	34
Corporate Services .....	38
Section B—Supplemental Financial Information.....	52
Reserve Analysis .....	52
Breakdown of Statement of Activities.....	53
Section C—Non-Statutory Program .....	68
Section D—Additional Financial Information.....	74
Appendix A—Organizational Chart.....	75
Changes in Budgeted FTE by Program Area .....	75
Appendix B—2024 Budget and Projected 2025 and 2026 Budgets.....	76
Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment .....	77
Appendix D—Statutory and Non-Statutory Budget History Charts.....	78





## 2024 Business Plan and Budget

## Introduction

## Introduction

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs *	168.0			
Non-statutory FTEs	11.0			
<b>Total FTEs</b>	179.0			
Statutory Expenses	\$ 35,277,755			
Non-Statutory Expenses	\$ 3,244,237			
<b>Total Expenses</b>	\$ 38,521,993			
Statutory Incr(Decr) in Fixed Assets	\$ 127,040			
Non-Statutory Incr(Decr) in Fixed Assets	\$ 10,960			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ 138,000			
Statutory Working Capital Requirement **	\$ (741,597)			
Non-Statutory Working Capital Requirement ***	\$ (323,697)			
<b>Total Working Capital Requirement</b>	\$ (1,065,294)			
Total Statutory Funding Requirement	\$ 34,663,198			
Total Non-Statutory Funding Requirement	\$ 2,931,500			
<b>Total Funding Requirement</b>	\$ 37,594,698			
<b>Statutory Assessments</b>	\$ 24,000,000			
<b>Non-Statutory Fees</b>	\$ 2,931,500			
NEL ****	-	tbd	tbd	tbd
NEL%	#VALUE!	#VALUE!	#VALUE!	#VALUE!

\*An FTE is defined as a full-time equivalent employee.

\*\*Refer to Statutory Reserve Analysis in Section B.

\*\*\*Refer to Non-Statutory Reserve Analysis in Section C.

\*\*\*\*NEL is defined as Net Energy for Load.

## Organizational Overview

WECC is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's bulk power system (BPS), while carrying out the responsibilities of the Regional Entity. WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and according to its bylaws. WECC executes its mission informed and assisted by working with a broad community of stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).



## 2024 Business Plan and Budget

## Introduction

The Western Interconnection is a geographic area in which the use and generation of electricity are synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC delivers on its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity certification and registration, compliance risk assessment, and audits and investigations;
- Informed actions, practices, and decisions of industry participants, regulators, and policymakers through strategic engagement regarding system modeling and information sharing, reliability assessments, performance analysis, situation awareness, and event analysis; and
- Targeted training, outreach, and dialogue to build relationships that foster a culture of reliability and security throughout the West.

WECC's business philosophy is guided by three principles:

***Independence***—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

***Perspective***—We are uniquely situated, with an interconnection-wide view, to develop comprehensive and influential work products for the benefit of reliability and security.

***Partnership***—We collaborate with, learn from, and inform industry leaders and technical experts, and decision-makers at the state, provincial, and national levels, to reduce risks to reliability and security.

WECC is evolving to better serve stakeholders by:

- Increasing our leadership through strategic partnerships, proactive and deliberate engagements, and technical competence and credibility;
- Building strong and constructive relationships with NERC and our regional partners, members, and stakeholders;
- Implementing risk-based concepts to provide consistency for industry, and increased flexibility within a rule-based, regulatory framework;
- Encouraging forward-looking reliability and security by assessing and advising industry on the design and implementation of effective internal controls; and
- Identifying and mitigating known and emerging risks to the reliability and security of the Western Interconnection.



## Membership and Governance

WECC has 315 members<sup>1</sup> divided into the following five Membership Classes:

1. Large Transmission Owners;
2. Small Transmission Owners;
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection;
4. End users and entities that represent the interests of end users; and
5. Representatives of state and provincial governments.

WECC membership is open to any person or entity that has an interest in the reliable and secure operation of the Western Interconnection BPS. WECC membership is not required for participation in the WECC Standards Development process.<sup>2</sup>

WECC is governed by a Board of Directors (Board), composed of nine independent Directors elected by the WECC membership, and WECC's president and CEO as appointed by the Board. The nine Directors are compensated by WECC for their governance and oversight.

Four governance committees provide functional oversight of WECC operations:

- Finance and Audit Committee (FAC);
- Governance Committee (GC);
- Human Resources and Compensation Committee (HRCC); and
- Nominating Committee (NC).

Under the direction of the Board, other committees provide technical advice and policy recommendations to the Board:

- Joint Guidance Committee (JGC);
- Member Advisory Committee (MAC);
- Reliability Assessment Committee (RAC);
- Reliability Risk Committee (RRC); and
- WECC Standards Committee (WSC).

## 2024 Strategic Goals

The electric industry is undergoing profound changes nationally, especially in the West. WECC's role continues to be the voice of reliability and security. WECC works closely with its diverse breadth of stakeholders to build trust, promote transparency, set priorities, and enhance the reliability and

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<sup>1</sup> As of April 24, 2023.

<sup>2</sup> Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards (RRS). See WECC's Reliability Standards Development Procedures.



**2024 Business Plan and Budget****Introduction**

security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to the Western Interconnection's reliability and security are acute or less understood (e.g., the risk is unique to the Western Interconnection) or for which WECC and its stakeholders (including its technical committees) can make a significant contribution to Western BPS reliability and security. Enhancing our strategic engagement allows WECC to thoughtfully and intentionally interact with stakeholders to ensure WECC's work is targeted and valuable.

WECC's Board-approved [Long-Term Strategy](#) builds on the foundation established by the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Described more fully below, the ERO Enterprise Long-Term Strategy is representative of continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term focus areas to address the reliability and security needs of the Western Interconnection while supporting reliability and security across North America. These two strategy documents, coupled with the ERO Enterprise-driven program areas, will guide the work of WECC in 2024 and beyond.

Additionally, the Board approved the following [WECC Reliability Risk Priorities \(RRP\)](#) at its June 2022 meeting. These risk priorities guide both committee and program-area work plans. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan. In 2024, these priorities may change depending upon the outcomes of the biennial Reliability Risk Priorities refresh, beginning with the February 2024 workshop and culminating with the planned Board approval of updated priorities at its June 2024 Board meeting.

**Reliability Risk Priorities**

The WECC RRP approved in 2022 are further described below.

**Cybersecurity**

Cyber-threats can result in loss of control or damage to communications, data, monitoring, protection and control systems, and operational tools. Attacks can cause the loss of situational awareness or even the loss of load. These attacks may also hinder resilience and recovery measures, further jeopardizing reliable grid operations. While cybersecurity threats are not unique to the West, the threat is so pervasive that it will require the focused efforts of all participants. WECC will continue to facilitate efforts to share E-ISAC information, best practices, and lessons learned with all registered entities to mitigate cyber-risks.

**Extreme Natural Events**

Extreme natural events are becoming more common in the Western Interconnection due to wide-ranging changes in climate and weather patterns. Record-breaking temperatures, extended and widespread hot and cold weather, prolonged drought, and increasing intensity of



wildfires have forced entities to rethink how they plan and operate the system. WECC has monitored, participated in, and led work in this area and will continue to do so to better understand and communicate the reliability and resilience threats.

## Resource Adequacy and Performance

Resource adequacy has grown more complex and intertwined with other important considerations, such as transmission adequacy. Extreme events, clean energy policies, wide variance in state regulatory and policy actions, customer choice patterns (e.g., the move toward vehicle electrification), and other drivers are increasing variability and causing the generation and load patterns in the West to shift.

WECC studies and evaluates resource adequacy and transmission plans in the Western Interconnection. It gathers data and uses input from industry, policymakers, and regulators to shape its work. WECC then shares information from its analysis with planning entities, regulators, policymakers, and the broader group of stakeholders. WECC will continue to improve its stakeholder engagement to gather input; shape analytical work; and share useful, actionable, and timely information, particularly with its regulatory and policy partners.

## Impact of Changing Resources and Customer Loads on the BPS

New and emerging technologies such as inverter-based resources (IBR) and electric vehicles make grid planning and operations more complex. Emerging technologies must be integrated into the system in a way that does not degrade reliability. To do this, the behavior and operation of new technology must be understood in the context of bulk power system operations. To date, the West has experienced several system disturbances specifically related to the performance of solar IBRs that demonstrate the need to urgently address this risk.

WECC has been and will continue to work with industry to explore the range of solutions to address this issue. Through its technical committees, WECC will continue to study, gather, and share information on the performance of resource technology (both utility- and customer-owned) and load technology and best practices for integration. WECC and industry will collaborate to create guidelines and share best practices. In addition, WECC will accelerate its work with entities to improve model accuracy and data quality.

## ERO Enterprise

In 2019, the ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC) identified BPS risks. The Board acknowledged this strategy on December 4, 2019, as a valuable input to the WECC strategic planning process and recognized it as a beneficial



## 2024 Business Plan and Budget

## Introduction

collaboration by NERC and the Regional Entities. The ERO Long-Term Strategy served as the foundational input for developing WECC's Long-Term Strategy.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss program area goals and activities to ensure they align with the long-term strategy and that business processes and operations harmonize across the ERO Enterprise where appropriate. WECC acknowledges and supports the long-term strategy as well as the work products specific to WECC that are described in each statutory program area in Section A.

The ERO Enterprise strives for process consistency when appropriate while recognizing that each Regional Entity addresses reliability in unique ways. The ERO Enterprise model allows Regional Entities to locally address these unique reliability risks and challenges using innovative and distinctive approaches. The ERO Enterprise recognizes that, as the electric industry ecosystem is rapidly evolving, the ERO programs and practices must continue to transform to meet the future needs of reliability and security.

NERC and the Regional Entities coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have similar responsibilities within the ERO Enterprise model:

- Providing input to the overall development of each ERO program area;
- Providing training and development to meet ERO qualifications; and
- Ensuring delegated responsibilities are completed.

Regional Entities also have an obligation to meet professional standards of independence and objectivity and provide the best available expertise to address regional risks. This way of working is represented by this visual.



## 2024 Key Assumptions and Overview of Cost Impacts

Over the last decade, the risks to reliability and security increased in complexity and velocity. The rapid pace of change, the introduction of new technologies and the retirement of traditional resources, the challenges to resource adequacy, and more frequent and geographically widespread extreme weather events, coupled with the increasing demand for and reliance on electricity, as well as the continued electrification of the economy, have intensified the need for a reliable, secure, and resilient BPS. The 2024 Business Plan and Budget assumes that all these challenges will continue, as will the transition to the post-pandemic new normal, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.



**2024 Business Plan and Budget****Introduction**

WECC's proposed 2024 statutory budget is \$35,405,000, a \$3,593,000 (11.3%) increase from the 2023 statutory budget. The net increase is mainly due to:

- 8.0 new full-time equivalents (FTE) to support increases in Compliance Monitoring and Enforcement activities and analytics, provide increased long-term reliability assessment and modeling insights, increase risk analysis capabilities, improve the organization's security posture, and ensure WECC has adequate staffing to meet the growing demands;
- Labor float assumption changes based on actual turnover and vacancy rates;
- Recruiting and retention initiatives due to the unprecedented pressure on the labor market;
- A 3% merit pool;
- An additional in-person Reliability & Security Workshop as requested by stakeholders; and
- Assumed increases in the number of in-person meetings.

FTEs represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2023 and 2024 statutory budgets are as follows:

- Personnel Expenses increase by \$3,076,000 primarily due to 8.0 new FTEs, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.
- Meeting Expenses increase by \$407,000 primarily due to an additional in-person Reliability & Security Workshop and increased travel costs due to both increases in meetings and inflationary impacts on airfare and hotel rates.
- Consultants and Contracts decrease by \$525,000 due to the completion of some projects and fine-tuning projects that can reasonably be completed during 2024.
- Office Costs increase by \$517,000 primarily due to an increase in subscription-based computer licensing, increases in licensing rates, and enterprise security tools.



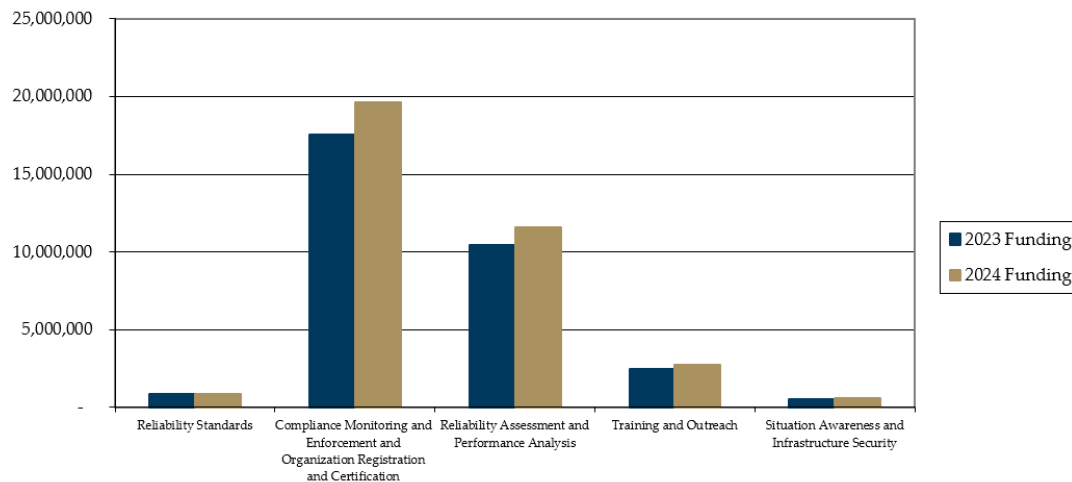
## 2024 Business Plan and Budget

## Introduction

The following table and chart present a summary of funding requirements for WECC's primary statutory program areas:

Program	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 838,759	\$ 971,796	\$ 877,746	\$ 38,987	4.65%
Compliance Monitoring and Enforcement and Organization Registration and Certification	17,550,239	18,918,912	19,593,217	2,042,978	11.64%
Reliability Assessment and Performance Analysis	10,414,249	10,410,091	11,598,010	1,183,761	11.37%
Training and Outreach	2,450,617	2,416,152	2,755,239	304,622	12.43%
Situation Awareness and Infrastructure Security	558,419	610,474	580,583	22,164	3.97%
<b>Total By Program</b>	<b>\$ 31,812,283</b>	<b>\$ 33,327,427</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>	<b>11.29%</b>

**Comparison of 2023 to 2024 Budgeted Funding Requirements**



\*This graphic representation does not include an allocation of working capital requirements among the Program Areas

## Peak Reliability Donation

Peak Reliability (Peak) ceased all Reliability Coordinator (RC) operations in December 2019 and dissolved as a corporate entity in December 2020. After review and approval by the Board, WECC entered into a donation holdback agreement with Peak before its dissolution. Per the agreement, Peak





**2024 Business Plan and Budget****Introduction**

donated \$4,127,000 of its remaining funds to WECC. Of the total amount, \$3,827,000 will be used to fund projects focused on the reliability and security of the BPS in the Western Interconnection. This portion was recorded as a statutory donation. Additionally, Peak requested WECC hold \$300,000 for a period of five years to pay any Peak bills that may be presented following Peak's formal closure on December 31, 2020. This amount was recorded as a non-statutory liability. The statutory amount is currently included in WECC's reserves, which are further detailed in Table B-1. Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. Two projects warrant inclusion in the 2024 BP&B:

- An expanded trial of PLEXOS software, an energy market simulation platform, to provide in-depth analytics and modeling support for reliability assessment activities; and
- The acquisition of Electromagnetic Transient (EMT) simulation software to support the data collection and analysis of inverter-based resources.

WECC proposes to use \$250,000 from the Peak Reliability Donation reserve to fund these projects in 2024. Future projects will be identified in the relevant annual BP&B using a similar stakeholder outreach approach. For projects not anticipated in the annual BP&B and expected to total more than \$500,000, WECC will seek approval from FERC via separate, one-time filings.

**Personnel Overview**

Over the last several years, events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, cybersecurity breaches, and physical security attacks on substations, to name a few. What used to be considered low probability events have become more frequent and continue to come at an unprecedented pace and complexity. Work associated with these increasing demands is seen in WECC's two primary operational areas: Compliance Monitoring and Enforcement Program (CMEP) and Reliability Assessment and Performance Analysis (RAPA). In both program areas, WECC needs additional specific expertise and resources to effectively work with stakeholders and manage the increasing workload. As a result, in the 2024 budget, WECC is adding 8.0 statutory FTEs (with an additional 2.0 FTEs in its non-statutory program for a total of 10.0 FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

**Compliance Monitoring and Enforcement**

Five new FTEs are added to CMEP. One director is added to provide key leadership and management of risk-based analysis and oversight planning in the recently combined areas of entity risk assessment, program analysis, and program administration. Expanding focus on oversight planning enhances integration of all risk-based CMEP component areas. One manager and one lead are added in Entity Monitoring to provide management and leadership to ensure a more holistic ability to monitor across



**2024 Business Plan and Budget****Introduction**

the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations. Over the next several years, registration of new entities will continue to increase, and oversight emphasis must continue evolving with the changing grid, emerging technologies, physical security focus, and data protection needs. The work plan associated with the recent FERC Order on Registration of Inverter-based Resources is also anticipated to contribute to a significant increase in registration activities and downstream monitoring and enforcement needs. The monitoring staff will need to develop approaches to ensure continued coverage of increasingly-varied entity types, which includes broadening early outreach and monitoring of more entities in a consistent value-added manner to reduce known and emerging risks to the BPS. One FTE is added with senior-level expertise in internal controls, and one FTE is added to provide additional capabilities in data management and analysis, and business intelligence reporting.

**Reliability Assessment and Performance Analysis**

Three FTEs are added to the RAPA program. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. Enhanced models will become increasingly important to support the expected transmission expansion in the Western Interconnection to ensure continued BPS reliability. One director is added to provide additional expertise and oversight of WECC's modeling and data analytics functions. One risk analyst is added to support an integrated focus on understanding risk, increase risk assessment capabilities, and enhance the regional risk assessment. One engineer is added to focus on longer-term reliability assessments and support industry's need for year 20 scenario and model development.

**Corporate Services**

One position is transferred from Legal to Information Technology and converted to a business analyst position to provide support in areas such as change control, scorecards, asset management, and patch management, to free up subject matter experts for more technical work.

**Non-Statutory**

Two program analysts are added to the non-statutory program due to program growth, program expansion, and new fuel type tracking requirements, which are all being driven by state renewable portfolio standards targets in the coming years.



## 2024 Business Plan and Budget

## Introduction

Details of the additions, transfers, and allocations are discussed in the respective program area sections of the BP&B.

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
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	68.00	68.00	73.00	-	73.00	5.00
Reliability Assessment and Performance Analysis	38.00	38.00	41.00	-	41.00	3.00
Training and Outreach	8.50	8.50	8.50	-	8.50	-
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
<b>Total FTEs Operational Programs</b>	<b>119.50</b>	<b>119.50</b>	<b>127.50</b>	<b>-</b>	<b>127.50</b>	<b>8.00</b>
<b>Corporate Services</b>						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.00	18.00	18.00	-	18.00	-
Legal and Regulatory	4.50	4.50	3.50	-	3.50	(1.00)
Information Technology	11.00	11.00	12.00	-	12.00	1.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
<b>Total FTEs Corporate Services</b>	<b>40.50</b>	<b>40.50</b>	<b>40.50</b>	<b>-</b>	<b>40.50</b>	<b>-</b>
<b>Total FTEs</b>	<b>160.00</b>	<b>160.00</b>	<b>168.00</b>	<b>-</b>	<b>168.00</b>	<b>8.00</b>

\* A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

## Penalty Sanctions and Assessments

WECC received \$888,000 in penalty sanctions between July 1, 2022, and June 30, 2023. WECC proposes, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, to release those penalty sanctions to offset 2024 assessments, in addition to the remaining \$8,700,000 carried over from the 2023 Business Plan and Budget cycle. See the Monetary Penalties section for additional details.



## 2024 Business Plan and Budget

## Introduction

## 2023 Statutory Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 19,750,537	\$ 19,750,537	\$ -	\$ 24,000,000	\$ 4,249,463
Penalties Released <sup>1</sup>	11,218,646	11,218,646	-	9,587,948	(1,630,698)
<b>Total Statutory Funding</b>	<b>\$ 30,969,183</b>	<b>\$ 30,969,183</b>	<b>\$ -</b>	<b>\$ 33,587,948</b>	<b>\$ 2,618,765</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	188,100	188,100	-	475,250	287,150
Interest	60,000	1,466,463	1,406,463	600,000	540,000
<b>Total Revenue (A)</b>	<b>\$ 31,217,283</b>	<b>\$ 32,623,746</b>	<b>\$ 1,406,463</b>	<b>\$ 34,663,198</b>	<b>\$ 3,445,915</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 20,039,300	\$ 21,539,650	\$ 1,500,350	\$ 22,648,808	\$ 2,609,508
Payroll Taxes	1,322,041	1,374,807	52,766	1,436,739	114,698
Benefits	2,649,518	2,395,768	(253,750)	2,770,166	120,648
Retirement Costs	1,809,267	1,835,354	26,087	2,040,273	231,006
<b>Total Personnel Expenses</b>	<b>\$ 25,820,126</b>	<b>\$ 27,145,579</b>	<b>\$ 1,325,453</b>	<b>\$ 28,895,986</b>	<b>\$ 3,075,860</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 386,181	\$ 397,398	\$ 11,217	\$ 604,764	\$ 218,583
Travel	561,108	697,378	136,270	749,170	188,062
<b>Total Meeting Expenses</b>	<b>\$ 947,289</b>	<b>\$ 1,094,776</b>	<b>\$ 147,487</b>	<b>\$ 1,353,934</b>	<b>\$ 406,645</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 1,254,100	\$ 1,466,297	\$ 212,197	\$ 728,900	\$ (525,200)
Office Rent	1,318,436	1,322,242	3,806	1,327,202	8,766
Office Costs	2,173,501	1,871,629	(301,872)	2,691,307	517,806
Professional Services	1,087,000	1,166,609	79,609	1,261,211	174,211
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,833,037</b>	<b>\$ 5,826,777</b>	<b>\$ (6,260)</b>	<b>\$ 6,008,620</b>	<b>\$ 175,583</b>
<b>Total Direct Expenses</b>	<b>\$ 32,600,452</b>	<b>\$ 34,067,132</b>	<b>\$ 1,466,680</b>	<b>\$ 36,258,540</b>	<b>\$ 3,658,088</b>
<b>Indirect Expenses</b>	<b>\$ (843,037)</b>	<b>\$ (802,648)</b>	<b>\$ 40,389</b>	<b>\$ (980,785)</b>	<b>\$ (137,748)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 31,757,415</b>	<b>\$ 33,264,484</b>	<b>\$ 1,507,069</b>	<b>\$ 35,277,755</b>	<b>\$ 3,520,340</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (540,132)</b>	<b>\$ (640,738)</b>	<b>\$ (100,606)</b>	<b>\$ (614,557)</b>	<b>\$ (74,425)</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 54,868</b>	<b>\$ 62,941</b>	<b>\$ (8,073)</b>	<b>\$ 127,040</b>	<b>\$ 72,172</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 31,812,283</b>	<b>\$ 33,327,425</b>	<b>\$ 1,498,996</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (595,000)</b>	<b>\$ (703,679)</b>	<b>\$ (92,533)</b>	<b>\$ (741,597)</b>	<b>\$ (146,597)</b>
FTEs	160.00	160.00	-	168.00	8.00
HC	160.00	160.00	-	168.00	8.00

<sup>1</sup> Represents the amount released from working capital reserves to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).





## Section A

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### Statutory Programs

## Section A—Statutory Programs

### Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	-
Direct Expenses	\$ 556,370	\$ 607,269	\$ 50,899
Indirect Expenses	\$ 281,011	\$ 267,487	\$ (13,524)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,378	\$ 2,990	\$ 1,612
Total Funding Requirement	\$ 838,759	\$ 877,746	\$ 38,987

#### Program Scope and Purpose

The Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WSC to aid the development of Regional Reliability Standards (RRS), Regional Variances to NERC Reliability Standards, and Regional Criteria to ensure the Bulk Electric System (BES) operates reliably.

The Reliability Standards Program deliverables include a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criterion. These reviews can result in revisions to the document, retirement of the document if no longer needed for reliability, or a finding that no changes are necessary.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address complex Western reliability issues. The variances are required by a physical difference in the BPS or instances in which Western stakeholders want more stringent performance requirements. WECC will only develop an RRS, rather than a variance, when no NERC Reliability Standard exists to address a reliability issue.

Regional Criteria may be necessary to implement, augment, or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

#### 2024 Key Budget Assumptions

- The number of RRS projects will remain low, with most focusing on the potential retirement of existing RRSs—due to the subject matter being included in NERC Reliability Standards—and



**Section A—Statutory Programs****Reliability Standards Program**

necessary revisions identified during the five-year review. It is possible, but not likely, that regulatory directives could result in RRS projects.

- Much of the work needed to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by stakeholder volunteers.
- Stakeholder volunteers will continue to staff most NERC Standards drafting teams.
- WECC employees may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices may require new or modified NERC Reliability Standards, RRSs, or Regional Variances to NERC Reliability Standards.
- WECC supports, and will participate in, the enhanced periodic reviews of NERC Reliability Standards and the NERC Standards Grading effort, when appropriate. The Standards Grading effort is being put on hold for one year while the grading process is reviewed and potentially modified. WECC standards staff will participate in the review of the grading process.

**2024 Goals and Deliverables**

- Ensure Western viewpoints are represented and incorporated in the development of NERC Reliability Standards, regional standards, and regional variances to NERC Reliability Standards by encouraging Western participation on standards drafting teams and commenting on standards under development.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Ensure the development of RRSs and Regional Criteria is performed according to the most recent WECC Reliability Standards Development Procedures.
- Review existing RRSs to determine candidates for a Regional Variance to a NERC Reliability Standard and, if found, coordinate with NERC to address the change during NERC's periodic review.
- Review existing RRSs and Regional Criteria to improve their content and quality.
- Incorporate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$48,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.



## Section A—Statutory Programs

## Reliability Standards Program

### *Meeting Expenses*

- No significant changes.

### *Operating Expenses*

- No significant changes.

### *Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.





## Section A—Statutory Programs

## Reliability Standards Program

## Reliability Standards Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget RELIABILITY STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 539,925	\$ 539,925	\$ -	\$ 619,644	\$ 79,719
Penalties Released	281,639	281,639	-	225,599	(56,040)
<b>Total Statutory Funding</b>	<u>\$ 821,564</u>	<u>\$ 821,564</u>	<u>\$ -</u>	<u>\$ 845,243</u>	<u>\$ 23,679</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,507	40,087	38,580	14,118	12,611
<b>Total Revenue (A)</b>	<u>\$ 823,071</u>	<u>\$ 861,651</u>	<u>\$ 38,580</u>	<u>\$ 859,361</u>	<u>\$ 36,290</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 437,183	\$ 522,867	\$ 85,684	\$ 479,911	\$ 42,728
Payroll Taxes	28,906	34,892	5,986	30,188	1,282
Benefits	40,337	54,710	14,373	40,466	129
Retirement Costs	38,809	44,879	6,070	42,482	3,673
<b>Total Personnel Expenses</b>	<u>\$ 545,235</u>	<u>\$ 657,348</u>	<u>\$ 112,113</u>	<u>\$ 593,047</u>	<u>\$ 47,812</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	7,520	9,742	2,222	11,315	3,795
<b>Total Meeting Expenses</b>	<u>\$ 7,520</u>	<u>\$ 9,742</u>	<u>\$ 2,222</u>	<u>\$ 11,315</u>	<u>\$ 3,795</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	3,615	1,993	(1,622)	2,907	(708)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 3,615</u>	<u>\$ 1,993</u>	<u>\$ (1,622)</u>	<u>\$ 2,907</u>	<u>\$ (708)</u>
<b>Total Direct Expenses</b>	<u>\$ 556,370</u>	<u>\$ 669,083</u>	<u>\$ 112,713</u>	<u>\$ 607,269</u>	<u>\$ 50,899</u>
<b>Indirect Expenses</b>	<u>\$ 281,011</u>	<u>\$ 300,992</u>	<u>\$ 19,981</u>	<u>\$ 267,487</u>	<u>\$ (13,524)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 837,381</u>	<u>\$ 970,075</u>	<u>\$ 132,694</u>	<u>\$ 874,756</u>	<u>\$ 37,375</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (14,310)</u>	<u>\$ (108,424)</u>	<u>\$ (94,114)</u>	<u>\$ (15,395)</u>	<u>\$ (1,085)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 1,378</u>	<u>\$ 1,721</u>	<u>\$ 343</u>	<u>\$ 2,990</u>	<u>\$ 1,612</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 838,759</u>	<u>\$ 971,796</u>	<u>\$ 133,037</u>	<u>\$ 877,746</u>	<u>\$ 38,987</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (15,688)</u>	<u>\$ (110,145)</u>	<u>\$ (94,457)</u>	<u>\$ (18,385)</u>	<u>\$ (2,697)</u>
FTEs	3.00	3.00	-	3.00	-
HC	3.00	3.00	-	3.00	-



## Section A—Statutory Programs

## Compliance Monitoring and Enforcement

## Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	68.00	73.00	5.00
Direct Expenses	\$ 11,149,411	\$ 13,011,638	\$ 1,862,227
Indirect Expenses	\$ 6,369,606	\$ 6,508,843	\$ 139,237
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 31,222	\$ 72,736	\$ 41,514
Total Funding Requirement	\$ 17,550,239	\$ 19,593,217	\$ 2,042,978

### Program Scope and Purpose

The reliability and security of the BPS is the central focus of WECC's mission. The Reliability and Security Oversight department is integral to maintaining that focus and works with a growing number of Registered Entities in the Western Interconnection to promote a strong culture of reliability and security by focusing on known and future risks. Program area staff, who are independent of all users, owners, and operators of the BPS, ensure that Registered Entities mitigate risks to the BPS by implementing the NERC Organization Registration and Certification Program (ORCP) and the CMEP. Staff monitors and enforces the NERC Reliability Standards across 407<sup>3</sup> registered owners, operators, and users of the BPS through a variety of risk-based activities, delivering consistent, impartial, and meaningful, real-time feedback to the entities.

To accomplish its objectives, the program is divided into four main areas:

- Organization Registration and Certification;
- Oversight Planning;
- Entity Monitoring; and
- Enforcement and Mitigation.

WECC will conduct its monitoring and enforcement activities according to the Board-endorsed Regulatory Philosophy, the key tenets of which are:

- Be an informed regulator;
- Identify top risks to reliability and security;

<sup>3</sup> As of February 10, 2023.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

- Exercise discretion responsibly; and
- Enforce fairly.

Staff will support ERO Enterprise activities, including:

- Regional Risk Assessments;
- Compliance Oversight Plans (COP) and Inherent Risk Assessments (IRA);
- Organization Registration and Certification;
- Mitigation plan review, acceptance, and verification;
- Potential noncompliance reviews to assess extent of condition, root cause, and risk to BPS;
- Processing and disposition of entity self-logging and other minimal-risk issues;
- Enforcement of moderate- and serious-risk noncompliance through established risk-based approaches;
- Periodic Data Submittal review and validation;
- Internal Compliance Program assessments;
- Internal Controls Program reviews;
- Entity monitoring including, audits, spot-checks, self-certifications, investigations, and assessments of complaints; and
- BES Exception Requests.

**Compliance in Alberta, British Columbia, and Mexico**

Alberta and British Columbia, Canada, and a portion of Baja California Norte, Mexico, are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Reguladora de Energía (CRE)<sup>4</sup>, under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection.

**2024 Key Budget Assumptions**

- WECC will address known and future reliability risks by staffing at adequate levels to monitor the FERC-approved NERC Reliability Standards for applicable entities through audits, investigations, self-certifications, or spot-checks during the year. A risk-based approach will be applied to ensure all monitoring activities—on-site and off-site—and post-monitoring activities are completed according to the NERC Rules of Procedure and the CMEP within the United

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<sup>4</sup> WECC has historically entered into an annual agreement with CRE; at the time of this filing, the regulatory environment in Mexico remains uncertain. WECC is monitoring this situation, while using other means to monitor the reliability of the Mexican portion of the BPS, and is engaging with the appropriate Mexican authorities regarding the drafting of a new agreement.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

States. With respect to non-U.S. jurisdictions, compliance will be monitored according to the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.

- Staff will develop and implement COPs for new Registered Entities and refresh COPs as per risk triggers. The plans focus on relevant risks, including consideration of IRAs, entity performance history, other operational risks based on performance considerations, and the maturity of internal controls.
- Staff will participate in NERC-led, centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A of the NERC Rules of Procedure. Registration recommendations will be reviewed, assessed, validated, and submitted to NERC for new registrations, partial deactivations, transfer of access, and full deregistration changes affecting the NERC Compliance Registry (NCR).
- WECC fully supports ERO Enterprise efforts and activities to evaluate business practices, tools, consistency, implementation, and guidance within the risk-based CMEP. Staff will provide feedback to the ERO Enterprise on emerging and existing risks, with an emphasis on standards development, standards modification, monitoring approaches, enforcement considerations, and potential gaps.
- Regional Risk Assessment (RRA) results provide input on focus areas in the ERO CMEP Implementation Plan.
- Costs related to any hearing that may arise are not budgeted and will be funded through working capital reserves.
- As the Align system is integrated across international entities, costs related to maintaining the legacy systems that Align is replacing will continue until the transition is complete.
- WECC foresees a continued growth in the number of entity registrations, increasing resource impacts across all ORCP and CMEP program areas.
- New or revised Reliability Standards may require increased monitoring resources in 2024.
- Travel for monitoring activities has resumed, though lessons learned about effective technology use during the COVID-19 pandemic inform monitoring activities and are expected to help moderate travel expense increases.
- One director is added in Oversight Planning to provide key leadership and management of risk-based analysis and planning in the recently combined areas of entity risk assessment, program analysis, and program administration.
- One manager and one lead are added in Entity Monitoring to ensure a more holistic ability to monitor across the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations.
- One senior technical expert is added in Oversight Planning to increase capabilities related to internal controls evaluation.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

- One data analyst is added in Oversight Planning for increased and more robust data management and business intelligence reporting.

**2024 Goals and Deliverables**

- Effective and efficient implementation of risk-based monitoring and enforcement activities.
- Continue to improve violation inventory statistics.
- Continue to improve COP refresh timeliness and focus on effective and efficient implementation of ERO Enterprise COP process.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Consult with the international compliance enforcement authorities to determine which elements of the risk-based CMEP could provide value and should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or develop COPs for international entities.
- Provide continued outreach and training on the Align tool to staff and Registered Entities.
- Process all BES Exception submittals according to Appendix 5C.
- Participate in ERO Enterprise collaboration groups to continue to build effective relationships and ensure ORCP and CMEP consistency, where applicable and appropriate, across Regional Entities.
- Complete audits for 25 Registered Entities, including 19 with an on-site component. Additional monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) will be scheduled based on BES risk.
- Complete initial IRAs and COPs for all new registrations and refresh IRAs and COPs as needed for changes in the entity risk profile.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP and is refreshed annually.
- Promote the benefits of internal controls and their impact on BPS reliability with Registered Entities.
- Improve outreach to stakeholders via webinars, conferences, and entity-specific engagements to support ERO Enterprise activities and priorities.
- Monitor, manage, and improve enforcement measures and metrics in support of the ERO Enterprise Long-Term Strategy, including caseload index, violation aging, and mitigation plan aging; and collaborate with the ERO Enterprise to develop better measures of program effectiveness.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent, and reliability-focused approaches.
- Successfully carry out all other CMEP delegated responsibilities.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$1.71 million primarily due to five new positions, recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- Travel increases by \$148,000 primarily due to the increase in FTEs, inflationary impacts on airfare and hotel rates, a higher anticipated number of in-person meetings, and more remote employees.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Compliance Monitoring and Enforcement

## Compliance Monitoring and Enforcement and Organization Registration and Certification Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 10,804,015	\$ 10,804,015	\$ -	\$ 13,349,713	\$ 2,545,698
Penalties Released	6,383,832	6,383,832	-	5,489,570	(894,262)
<b>Total Statutory Funding</b>	<u>\$ 17,187,847</u>	<u>\$ 17,187,847</u>	<u>\$ -</u>	<u>\$ 18,839,283</u>	<u>\$ 1,651,436</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	34,142	835,115	800,973	343,529	309,387
<b>Total Revenue (A)</b>	<u>\$ 17,221,989</u>	<u>\$ 18,022,962</u>	<u>\$ 800,973</u>	<u>\$ 19,182,812</u>	<u>\$ 1,960,823</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 8,451,094	\$ 9,477,157	\$ 1,026,063	\$ 9,910,169	\$ 1,459,075
Payroll Taxes	570,620	613,642	43,022	639,015	68,395
Benefits	954,682	875,818	(78,864)	1,012,416	57,734
Retirement Costs	751,618	804,922	53,304	879,599	127,981
<b>Total Personnel Expenses</b>	<u>\$ 10,728,014</u>	<u>\$ 11,771,539</u>	<u>\$ 1,043,525</u>	<u>\$ 12,441,199</u>	<u>\$ 1,713,185</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ -	\$ 711	\$ 711	\$ -	\$ -
Travel	175,520	338,573	163,053	323,430	147,910
<b>Total Meeting Expenses</b>	<u>\$ 175,520</u>	<u>\$ 339,284</u>	<u>\$ 163,764</u>	<u>\$ 323,430</u>	<u>\$ 147,910</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 50,000	\$ 257,823	\$ 207,823	\$ 36,000	\$ (14,000)
Office Rent	-	-	-	-	-
Office Costs	195,877	243,664	47,787	211,009	15,132
Professional Services	-	80	80	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 245,877</u>	<u>\$ 501,567</u>	<u>\$ 255,690</u>	<u>\$ 247,009</u>	<u>\$ 1,132</u>
<b>Total Direct Expenses</b>	<u>\$ 11,149,411</u>	<u>\$ 12,612,390</u>	<u>\$ 1,462,979</u>	<u>\$ 13,011,638</u>	<u>\$ 1,862,227</u>
<b>Indirect Expenses</b>	<u>\$ 6,369,606</u>	<u>\$ 6,270,679</u>	<u>\$ (98,927)</u>	<u>\$ 6,508,843</u>	<u>\$ 139,237</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 17,519,017</u>	<u>\$ 18,883,069</u>	<u>\$ 1,364,052</u>	<u>\$ 19,520,481</u>	<u>\$ 2,001,464</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (297,028)</u>	<u>\$ (860,107)</u>	<u>\$ (563,079)</u>	<u>\$ (337,669)</u>	<u>\$ (40,641)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 31,222</u>	<u>\$ 35,843</u>	<u>\$ 4,621</u>	<u>\$ 72,736</u>	<u>\$ 41,514</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 17,550,239</u>	<u>\$ 18,918,912</u>	<u>\$ 1,368,673</u>	<u>\$ 19,593,217</u>	<u>\$ 2,042,978</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (328,250)</u>	<u>\$ (328,250)</u>	<u>\$ (567,700)</u>	<u>\$ (410,405)</u>	<u>\$ (82,155)</u>
FTEs	68.00	68.00	-	73.00	5.00
HC	68.00	68.00	-	73.00	5.00



## Section A—Statutory Programs

## Reliability Assessment and Performance Analysis

## Reliability Assessment and Performance Analysis

Reliability Assessment and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	38.00	41.00	3.00
Direct Expenses	\$ 6,837,316	\$ 7,901,506	\$ 1,064,190
Indirect Expenses	\$ 3,559,486	\$ 3,655,652	\$ 96,166
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 17,447	\$ 40,852	\$ 23,405
Total Funding Requirement	\$ 10,414,249	\$ 11,598,010	\$ 1,183,761

## Program Scope and Purpose

As the West continues to face ever-growing and complex threats to the reliability and security of the Bulk Power System, it is essential that WECC staff and stakeholders collaborate to develop strategies to identify and mitigate these risks. RAPA staff, in conjunction with the technical committees, conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. Additionally, staff compiles and distributes data and information used by WECC and its stakeholders to help with regional and local planning efforts. These integrated assessment and planning activities enhance the West's overall ability to assess and mitigate potential reliability and security risks in the Western Interconnection.

To accomplish its objectives, the program is organized into four departments:

1. The **Operations Analysis Department** is responsible for three primary functional areas—Event Analysis, Performance Analysis, and Situation Awareness and Infrastructure Security (SAIS), whose budget is outlined in the SAIS Program. The department analyzes system conditions and events that affect or may affect the reliable operation of the BPS and analyzes the historical operation and performance of the Western Interconnection. The department's activities ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions affecting BPS reliability. The analyses are used to assess interconnection-wide risks and vulnerabilities. The information produced helps identify best practices and mitigate potential risks.





## Section A—Statutory Programs

## Reliability Assessment and Performance Analysis

2. The **Risk Analysis Department** assesses interconnection-wide risks and vulnerabilities at the regional and entity levels. Using information gathered throughout the organization, and in coordination with the technical committees, the department identifies and tracks mitigation activities related to interconnection-wide risks.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms and tools. These assessments are performed in close coordination with NERC, WECC's technical committees, and other stakeholders. Assessments include, but are not limited to, historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability, and transmission utilization. Analysis is performed on a variety of future scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC's RRP's and other risks that may affect the reliability of the BPS.
4. The **Reliability Modeling Department** produces and distributes power system models of the Western Interconnection for use both within WECC and by stakeholders to perform reliability assessments. WECC is the NERC-designated, interconnection-wide model builder under the MOD-032 Reliability Standard. The department collects and distributes model data in a variety of formats and across multiple software tools.
5. The **Data Services Department** develops meaningful approaches to analyze and visualize information and data for consumption by the entire RAPA program area. The department collects various types of data such as NERC TADS, GADS, MIDAS and supports WECC's performance analysis obligations. The department helps visualize data used in reports, dashboards, and maps to help convey reliability risks across a wide stakeholder base.

The RAPA Program supports NERC's RAPA activities through targeted data gathering and participation in the Summer, Winter, Long-Term Reliability, and special assessments. The program also provides a technical advisory role in studies led by organizations such as national labs, universities, and the Department of Energy.

### 2024 Key Budget Assumptions

- Staff and technical committees will focus on assessment activities that address the WECC RRP's approved by the Board in June 2022 and any updates approved in 2024.
- The biennial Reliability Risk Priorities Workshop will be held in Salt Lake City at the WECC office in February 2024.
- Staff will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- Staff will continue to participate remotely in many external meetings.
- Staff will focus on expanding resource adequacy studies and assessments of regional resource adequacy programs and increase stakeholder outreach.



**Section A—Statutory Programs****Reliability Assessment and Performance Analysis**

- There will be a focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- RRA results provide input on focus areas in the ERO CMEP Implementation Plan.
- Staff will continue to explore opportunities and implement new activities to provide value in transmission planning.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with inverter-based resources will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies.
- Staff will support various NERC reliability assessments and perform additional independent reliability assessments.
- One director is added to provide expertise and oversight of Reliability Modeling and Data Services.
- One risk analyst is added in Risk Analysis to support the improvement of a holistic, WECC-wide approach to identifying and mitigating reliability and security risks to the BPS.
- One engineer is added in Reliability Modeling to focus on long-term reliability assessment and support industry's need for long-term scenario and model development.

**2024 Goals and Deliverables**

- Refresh WECC's RRP's through stakeholder and Board engagement activities.
- Work with technical committees to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC RRP's.
- Ensure high precision of information and models used to assess the reliability of the BPS.
- Use advanced tools, techniques, and industry subject matter experts to identify system performance trends and vulnerabilities.
- Hold reliability and security risk forums.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver high-quality and influential work products focused on the WECC RRP's.
- Continue the three-year planning cycle with the JGC to align staff and technical committee work plans in support of the WECC RRP's.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP's and is refreshed annually.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.



**Section A—Statutory Programs****Reliability Assessment and Performance Analysis**

- Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations and transmission/resource planning.
- Facilitate production cost, dynamic model, and power flow tool development, focusing on new technology resources and concepts like energy storage and dynamic line ratings.
- Implement technology solutions for enhanced data collection, validation, and storage.
- Support technical committees to analyze the effectiveness of the Western Interconnection Underfrequency Load Shedding Plan.
- Successfully carry out all other RAPA delegated responsibilities.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$916,000 primarily due to three new positions, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- Travel increases by a net of \$65,000 primarily due to inflationary impacts on airfare and hotel rates, a higher anticipated number of in-person meetings, an increase in FTEs, and more remote employees.

*Operating Expenses*

- Office Costs increase by a net of \$106,000 primarily due to the conversion of the PLEXOS energy market simulation platform trial license to a full version and the acquisition of EMT software (both of which are proposed to be funded with Peak Reliability Donation funds).

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Reliability Assessment and Performance Analysis

## Reliability Assessment and Performance Analysis Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 6,632,951	\$ 6,632,951	\$ -	\$ 8,078,952	\$ 1,446,001
Penalties Released	3,567,436	3,567,436	-	3,083,183	(484,253)
<b>Total Statutory Funding</b>	<u>\$ 10,200,387</u>	<u>\$ 10,200,387</u>	<u>\$ -</u>	<u>\$ 11,162,135</u>	<u>\$ 961,748</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	19,079	460,983	441,904	192,941	173,862
<b>Total Revenue (A)</b>	<u>\$ 10,219,466</u>	<u>\$ 10,661,370</u>	<u>\$ 441,904</u>	<u>\$ 11,355,076</u>	<u>\$ 1,135,610</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 4,781,745	\$ 5,065,198	\$ 283,453	\$ 5,548,711	\$ 766,966
Payroll Taxes	319,728	339,094	19,366	355,291	35,563
Benefits	544,248	487,260	(56,988)	589,838	45,590
Retirement Costs	425,406	423,794	(1,612)	493,293	67,887
<b>Total Personnel Expenses</b>	<u>\$ 6,071,127</u>	<u>\$ 6,315,346</u>	<u>\$ 244,219</u>	<u>\$ 6,987,133</u>	<u>\$ 916,006</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 56,722	\$ 50,904	\$ (5,818)	\$ 59,228	\$ 2,506
Travel	151,230	149,014	(2,216)	215,878	64,648
<b>Total Meeting Expenses</b>	<u>\$ 207,952</u>	<u>\$ 199,918</u>	<u>\$ (8,034)</u>	<u>\$ 275,106</u>	<u>\$ 67,154</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 159,000	\$ 195,658	\$ 36,658	\$ 133,400	\$ (25,600)
Office Rent	-	-	-	-	-
Office Costs	399,237	217,968	(181,269)	505,867	106,630
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 558,237</u>	<u>\$ 413,626</u>	<u>\$ (144,611)</u>	<u>\$ 639,267</u>	<u>\$ 81,030</u>
<b>Total Direct Expenses</b>	<u>\$ 6,837,316</u>	<u>\$ 6,928,890</u>	<u>\$ 91,574</u>	<u>\$ 7,901,506</u>	<u>\$ 1,064,190</u>
<b>Indirect Expenses</b>	<u>\$ 3,559,486</u>	<u>\$ 3,461,416</u>	<u>(98,070)</u>	<u>\$ 3,655,652</u>	<u>\$ 96,166</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 10,396,802</u>	<u>\$ 10,390,306</u>	<u>\$ (6,496)</u>	<u>\$ 11,557,158</u>	<u>\$ 1,160,356</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (177,336)</u>	<u>\$ 271,064</u>	<u>\$ 448,400</u>	<u>\$ (202,082)</u>	<u>\$ (24,746)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 17,447</u>	<u>\$ 19,785</u>	<u>\$ 2,338</u>	<u>\$ 40,852</u>	<u>\$ 23,405</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 10,414,249</u>	<u>\$ 10,410,091</u>	<u>\$ (4,158)</u>	<u>\$ 11,598,010</u>	<u>\$ 1,183,761</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (194,783)</u>	<u>\$ 251,279</u>	<u>\$ 446,062</u>	<u>\$ (242,934)</u>	<u>\$ (48,151)</u>
FTEs	38.00	38.00	-	41.00	3.00
HC	38.00	38.00	-	41.00	3.00



## Section A—Statutory Programs

## Training and Outreach

## Training and Outreach

Training and Outreach (in whole dollars)			Increase (Decrease)
	2023 Budget	2024 Budget	
Total FTEs	8.50	8.50	-
Direct Expenses	\$ 1,650,513	\$ 1,988,891	\$ 338,378
Indirect Expenses	\$ 796,201	\$ 757,879	\$ (38,322)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 3,903	\$ 8,469	\$ 4,566
Total Funding Requirement	\$ 2,450,617	\$ 2,755,239	\$ 304,622

## Program Scope and Purpose

The Training and Outreach Program informs, educates, and interacts directly with stakeholders on a range of topics including Reliability Standards, risk assessments, reliability planning and performance analysis, seasonal preparedness, grid operations and security, and human performance improvement.

This program is comprised of two of the three departments that make up the Strategic Engagement group—Training and Outreach and External Affairs. Both departments work with external stakeholders to facilitate and enhance the work of CMEP and RAPA by ensuring effective communications, education opportunities, and timely dialogue on critical reliability and security matters. Strategic Engagement also focuses on the timely production and distribution of high-quality analyses addressing reliability and security topics of interest and importance to decision-makers throughout the Western Interconnection. An understanding of the dynamics within the Western Interconnection through engagement with WECC's stakeholders is essential to effectively address reliability and security risks.

## 2024 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues.
- Two Reliability and Security Workshops will be held in-person at off-site locations.
- One Grid Fundamentals course will be held in-person at the WECC office.
- Virtual Training and Outreach formats will be used where appropriate.
- WECC will increase partnerships and collaboration with the ERO Enterprise where appropriate to expand audience participation and to share subject matter expertise.



**Section A—Statutory Programs****Training and Outreach****2024 Goals and Deliverables**

- Maintain and continue to cultivate effective relationships with industry groups, WECC technical committees, ERO Enterprise, federal, state, and provincial regulators, policy- and decision-makers, national labs and educational institutions, and the broader reliability and security community.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the reliability and security of the BPS.
- Lead a 2024 Long-Term Strategy refresh with a focus on Board involvement and stakeholder feedback while maintaining alignment with the ERO Enterprise Long-Term Strategy.
- Embed stakeholder perspectives and opportunities for collaboration into the product development process.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy or WECC RRP.
- Continue to refine stakeholder engagement and outreach plans.
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver monthly Compliance Open Webinars to educate and collaborate with stakeholders on various oversight activities.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.
- Continue to promote and facilitate quarterly Grid Fundamentals courses to teach people who are new to the industry how the electric power system works, how it is managed, and how to better understand reliability issues.
- Deliver two Reliability and Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection. Specific topics include:
  - Lessons learned and process improvement for implementation of risk-based concepts;
  - Enforcement trends and statistics; and
  - Information on audit approach for standards.
- Provide opportunities for further education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
  - WECC Reliability Risk Priorities (RRP);
  - Reliability planning tools and modeling capabilities, including base case and production cost model studies;
  - Contingency studies and analyses;



**Section A—Statutory Programs****Training and Outreach**

- Scenario planning and regulatory issues and trends; and
- Event analysis.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$115,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- Meetings & Conference Calls increase by \$239,000 primarily due to hosting both Reliability and Security Workshops in-person at off-site locations due to stakeholder feedback and requests.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Training and Outreach

## Training and Outreach Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget TRAINING AND OUTREACH					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 1,414,435	\$ 1,414,435	\$ -	\$ 1,543,080	\$ 128,645
Penalties Released	797,979	797,979	-	639,197	(158,782)
<b>Total Statutory Funding</b>	<u>\$ 2,212,414</u>	<u>\$ 2,212,414</u>	<u>\$ -</u>	<u>\$ 2,182,277</u>	<u>\$ (30,137)</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	188,100	188,100	-	475,250	287,150
Interest	4,268	103,554	99,286	40,000	35,732
<b>Total Revenue (A)</b>	<u>\$ 2,404,782</u>	<u>\$ 2,504,068</u>	<u>\$ 99,286</u>	<u>\$ 2,697,527</u>	<u>\$ 292,745</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,045,639	\$ 1,077,780	\$ 32,141	\$ 1,145,832	\$ 100,193
Payroll Taxes	67,253	71,999	4,746	71,219	3,966
Benefits	121,308	102,442	(18,866)	123,107	1,799
Retirement Costs	92,883	91,385	(1,498)	101,715	8,832
<b>Total Personnel Expenses</b>	<u>\$ 1,327,083</u>	<u>\$ 1,343,606</u>	<u>\$ 16,523</u>	<u>\$ 1,441,873</u>	<u>\$ 114,790</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 231,509	\$ 235,005	\$ 3,496	\$ 470,133	\$ 238,624
Travel	45,341	21,778	(23,563)	32,540	(12,801)
<b>Total Meeting Expenses</b>	<u>\$ 276,850</u>	<u>\$ 256,783</u>	<u>\$ (20,067)</u>	<u>\$ 502,673</u>	<u>\$ 225,823</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	46,580	33,754	(12,826)	44,345	(2,235)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 46,580</u>	<u>\$ 33,754</u>	<u>\$ (12,826)</u>	<u>\$ 44,345</u>	<u>\$ (2,235)</u>
<b>Total Direct Expenses</b>	<u>\$ 1,650,513</u>	<u>\$ 1,634,143</u>	<u>\$ (16,370)</u>	<u>\$ 1,988,891</u>	<u>\$ 338,378</u>
<b>Indirect Expenses</b>	<u>\$ 796,201</u>	<u>\$ 777,564</u>	<u>\$ (18,637)</u>	<u>\$ 757,879</u>	<u>\$ (38,322)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 2,446,714</u>	<u>\$ 2,411,707</u>	<u>\$ (35,007)</u>	<u>\$ 2,746,770</u>	<u>\$ 300,056</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (41,932)</u>	<u>\$ 92,361</u>	<u>\$ 134,293</u>	<u>\$ (49,243)</u>	<u>\$ (7,311)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 3,903</u>	<u>\$ 4,445</u>	<u>\$ 542</u>	<u>\$ 8,469</u>	<u>\$ 4,566</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 2,450,617</u>	<u>\$ 2,416,152</u>	<u>\$ (34,465)</u>	<u>\$ 2,755,239</u>	<u>\$ 304,622</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (45,835)</u>	<u>\$ 87,916</u>	<u>\$ 133,751</u>	<u>\$ (57,712)</u>	<u>\$ (11,877)</u>
FTEs	8.50	8.50	-	8.50	-
HC	8.00	8.00	-	8.00	-





## Section A—Statutory Programs

## Situation Awareness and Infrastructure Security

## Situation Awareness and Infrastructure Security

Situation Awareness and Infrastructure Security (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.00	2.00	-
Direct Expenses	\$ 370,160	\$ 400,266	\$ 30,106
Indirect Expenses	\$ 187,341	\$ 178,324	\$ (9,017)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 918	\$ 1,993	\$ 1,075
Total Funding Requirement	\$ 558,419	\$ 580,583	\$ 22,164

## Program Scope and Purpose

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness about the conditions and significant occurrences on the BPS in the Western Interconnection to recognize conditions and situations that could affect the reliability and security of the BPS. WECC has access to limited near-real-time data through the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, the Plant Information (PI) system, and the University of Tennessee Frequency Monitoring NETwork (FNET).

The SAIS Program works to understand system and security issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC identifies patterns and trends that will help build a stronger and more resilient system. Staff responds to events by providing coordination, assistance, and communication with the RCs, stakeholders, and NERC SAIS personnel. SAIS work also supports event analysis capabilities.

## 2024 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Work Groups, and other stakeholder groups to focus on security outreach and education.
- WECC will support NERC and FERC's efforts for situation awareness of current system conditions.
- WECC will maximize sharing of reliability and security data, within agreed parameters, and insights from Events Analysis, including near misses, to enhance understanding of reliability and security issues, promote operational excellence, promptly share best practices and lessons learned, and engage third-party experts to expand capabilities and resources applied to critical reliability and security issues.



**Section A—Statutory Programs****Situation Awareness and Infrastructure Security**

- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Monitor system events, collect information, and coordinate prompt distribution of updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Coordinate the communication of critical information in daily NERC SAIS meetings and the NERC Crisis Action Plan meetings.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR, the PI system, and other tools to further support SAIS.
- Improve reliability readiness by participating in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts).
- Promote rapid and appropriate sharing of situation awareness information to support critical infrastructure security.
- Enhance engagement with Western stakeholders to improve the coordination and sharing of appropriate security information.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$29,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.



**Section A—Statutory Programs**

**Situation Awareness and Infrastructure Security**

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Situation Awareness and Infrastructure Security

## Situation Awareness and Infrastructure Security Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 359,211	\$ 359,211	\$ -	\$ 408,611	\$ 49,400
Penalties Released	187,760	187,760	-	150,399	(37,361)
<b>Total Statutory Funding</b>	<u>\$ 546,971</u>	<u>\$ 546,971</u>	<u>\$ -</u>	<u>\$ 559,010</u>	<u>\$ 12,039</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,004	26,724	25,720	9,412	8,408
<b>Total Revenue (A)</b>	<u>\$ 547,975</u>	<u>\$ 573,695</u>	<u>\$ 25,720</u>	<u>\$ 568,422</u>	<u>\$ 20,447</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 276,946	\$ 313,848	\$ 36,902	\$ 302,007	\$ 25,061
Payroll Taxes	19,137	22,710	3,573	19,875	738
Benefits	29,904	30,396	492	31,235	1,331
Retirement Costs	24,648	23,303	(1,345)	26,879	2,231
<b>Total Personnel Expenses</b>	<u>\$ 350,635</u>	<u>\$ 390,257</u>	<u>\$ 39,622</u>	<u>\$ 379,996</u>	<u>\$ 29,361</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	16,050	15,250	(800)	17,470	1,420
<b>Total Meeting Expenses</b>	<u>\$ 16,050</u>	<u>\$ 15,250</u>	<u>\$ (800)</u>	<u>\$ 17,470</u>	<u>\$ 1,420</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	3,475	3,158	(317)	2,800	(675)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 3,475</u>	<u>\$ 3,158</u>	<u>\$ (317)</u>	<u>\$ 2,800</u>	<u>\$ (675)</u>
<b>Total Direct Expenses</b>	<u>\$ 370,160</u>	<u>\$ 408,665</u>	<u>\$ 38,505</u>	<u>\$ 400,266</u>	<u>\$ 30,106</u>
<b>Indirect Expenses</b>	<u>\$ 187,341</u>	<u>\$ 200,662</u>	<u>\$ 13,321</u>	<u>\$ 178,324</u>	<u>\$ (9,017)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 557,501</u>	<u>\$ 609,327</u>	<u>\$ 51,826</u>	<u>\$ 578,590</u>	<u>\$ 21,089</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (9,526)</u>	<u>\$ (35,632)</u>	<u>\$ (26,106)</u>	<u>\$ (10,168)</u>	<u>\$ (642)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 918</u>	<u>\$ 1,147</u>	<u>\$ 229</u>	<u>\$ 1,993</u>	<u>\$ 1,075</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 558,419</u>	<u>\$ 610,474</u>	<u>\$ 52,055</u>	<u>\$ 580,583</u>	<u>\$ 22,164</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (10,444)</u>	<u>\$ (36,779)</u>	<u>\$ (26,335)</u>	<u>\$ (12,161)</u>	<u>\$ (1,717)</u>
FTEs	2.00	2.00	-	2.00	-
HC	2.00	2.00	-	2.00	-



## Section A—Statutory Programs

## Corporate Services

## Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2023 Budget	2024 Budget	Increase (Decrease)	FTEs 2023 Budget	FTEs 2024 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,412,320	\$ 5,703,604	\$ 291,284	18.00	18.00	-
Legal and Regulatory	\$ 1,276,141	\$ 1,077,139	\$ (199,002)	4.50	3.50	(1.00)
Information Technology	\$ 3,651,025	\$ 3,836,034	\$ 185,009	11.00	12.00	1.00
Human Resources	\$ 1,209,397	\$ 1,212,919	\$ 3,522	4.00	4.00	-
Accounting and Finance	\$ 546,799	\$ 657,274	\$ 110,475	3.00	3.00	-
Total Corporate Services*	\$ 12,095,682	\$ 12,486,970	\$ 391,288	40.50	40.50	-

\*WECC's 2024 Corporate Services budget (expenses plus fixed assets) is \$12,486,970 of which \$991,745 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2024 statutory budget are \$11,495,225, which is a \$248,000 increase from the 2023 budget.

## Program Scope and Purpose

Corporate Services encompasses the following program areas and includes all business and administrative functions of the organization:

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

These support functions are foundational for the existence and operation of the organization. This area provides executive leadership and administrative and technical support for staff, committees, members, and stakeholders.

## Method for Allocation of Corporate Services Expenses to Programs

Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



**Section A—Statutory Programs****Corporate Services****Technical Committees and Member Forums****Program Scope and Purpose**

WECC undertook technical committee restructuring efforts in 2021 and 2022 to streamline the committee structure and governance and optimize stakeholder engagement. As a result, this budget was merged into the RAPA Program, beginning in 2023, where most of the committee work is facilitated.



**Section A—Statutory Programs****Corporate Services****General and Administrative****Program Scope and Purpose**

The G&A Program provides executive leadership; enterprise security; enterprise risk management; communications; and administrative support for staff, committees, and members; as well as logistics support for the office and meeting facilities. In addition, indirect costs like Office Rent that benefit multiple functional areas are accounted for in this program.

**2024 Key Budget Assumptions**

- WECC staff will provide the same level of meetings and meeting support as 2023 for the Board of Directors and Board Committees.
- Salt Lake City, UT, is the Board-approved location for the 2024 Annual Meeting.
- Board Directors will be compensated according to the 2024 Board compensation structure.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide strong executive leadership and strategic guidance for WECC's activities, and ensure WECC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide excellent support and logistics coordination for the Board and Board committees.
- Identify opportunities for efficiencies and increased effectiveness of meetings and stakeholder services teams.
- Enhance internal and external communications.
- Improve WECC's security posture and programs.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$269,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.



## Section A—Statutory Programs

## Corporate Services

### *Operating Expenses*

- No significant changes.

### *Fixed Assets*

- No significant changes.





**Section A—Statutory Programs****Corporate Services****Legal and Regulatory****Program Scope and Purpose**

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with Legal and Regulatory. WECC's broad scope of activities requires significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law, and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

**2024 Key Budget Assumptions**

- The scope of current Legal operations will be maintained.
- One FTE is transferred to Information Technology due to efficiencies gained and increased use of external legal counsel.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses decrease by a net of \$294,000 primarily due to one position transferred to Information Technology, changes in position levels, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Professional Services increase by \$124,000 primarily due to increases in business insurance premiums and fees for outside counsel advice.



## Section A—Statutory Programs

## Corporate Services

### *Fixed Assets*

- No significant changes.



**Section A—Statutory Programs****Corporate Services****Information Technology****Program Scope and Purpose**

The Information Technology (IT) Program provides enterprise and desktop systems, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation, and operational support for hardware, software, database, system administration, data center operations, email, and telephony. IT implements new technology solutions using staff and external service providers to improve the security, effectiveness, and efficiency of business processes and operations. IT provides resources and tools to enable the organization to meet evolving requirements in support of its mission and delegated responsibilities.

**2024 Key Budget Assumptions**

- WECC will increase security capabilities with more access controls and enhanced threat monitoring, detection, and reporting tools due to the ever-changing cybersecurity landscape.
- Penetration tests on the network and systems will be performed annually.
- Dark web monitoring will commence in 2024.
- IT will select and implement a more robust organization-wide data reporting tool for increased data visualization, analytical, and reporting capabilities.
- Consultants will be used for project-based work to augment staff skill sets.
- IT will continue to drive long-term levelized costs by obtaining subscription services for software and infrastructure when practical.
- To retain vendor support and to reduce unplanned outages, desktop computer equipment will be replaced every four years, servers every five years, and network equipment every seven to 10 years.
- IT will continue to work collaboratively to share and make the most of the knowledge across the ERO Enterprise, minimize duplication of effort and investments, and improve operational efficiency, in support of the ERO Enterprise IT Strategy.
- One business analyst is added to provide project, reporting, coordination, and departmental support to allow subject matter experts to focus on more specialized, technical areas.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide enhanced enterprise data management and reporting tools and communication capabilities.



**Section A—Statutory Programs****Corporate Services**

- Create centralized databases, automated processes, and tools to organize a growing volume of electronic data.
- Enhance the capabilities, performance, and security controls for mobile device use and remote workers.
- Continuously improve WECC's security program and posture due to the critical nature of some of WECC's data and evolving cybersecurity risks.
- Provide increased business intelligence tools to the business.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$263,000 primarily due to one position transferred from Legal and Regulatory, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Consultants & Contracts decrease by a net of \$479,000 primarily due to the completion of the wecc.org platform conversion that was undertaken in 2022 and 2023 for increased security of the website and the completion of a data management project that was funded with the Peak Reliability Donation.
- Office Costs increase by \$313,000 primarily due to increased licensing fee rates and licensing costs for new security, reporting, and document management tools.

*Fixed Assets*

- Equipment CapEx increases by a net of \$72,000 primarily due to security upgrades for the corporate Wi-Fi network, battery backup replacements, and refreshes of storage arrays. These costs have been allocated to the Statutory Program areas via the Fixed Asset Allocation.



**Section A—Statutory Programs****Corporate Services****Human Resources****Program Scope and Purpose**

The Human Resources (HR) Program is responsible for the delivery of all HR functions to ensure WECC is viewed as an employer of choice with highly skilled, collaborative, and engaged employees who are committed to WECC's mission. Responsibilities include recruitment, compensation, benefits, safety, health and wellness, employee relations, personal and professional development, succession planning, knowledge transfer, and leadership and employee engagement. HR also maintains employee-data systems and ensures compliance with employment-related federal and state requirements.

**2024 Key Budget Assumptions**

- Total WECC headcount increases by 10 FTEs in 2024.
- WECC's current benefit levels are maintained with minimal premium increases.
- Employee skills gaps are minimized through the identification of critical technical skills, targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- National markets will be targeted for many positions, allowing WECC to hire from a larger and more diverse candidate pool of highly skilled talent.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific effort will be given to practices that support and enhance interactions and relationships within a hybrid workforce.
- Management development will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- Use NERC's Learning Management System and LinkedIn Learning as training resources for employees.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Enhance all facets of the employee experience to achieve low levels of turnover.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct interpersonal skills, harassment prevention and diversity, equity, and inclusion (DE&I) training for all employees and managers.



**Section A—Statutory Programs****Corporate Services**

- Enhance the scope of succession planning and knowledge transfer, which are vital to developing and maintaining a highly skilled, qualified, and diverse workforce that is necessary to deliver on WECC's mission.
- Deliver a comprehensive yet affordable benefits package to retain current employees and attract prospective employees while managing costs.
- Expand recruiting efforts through college campus outreach, WECC and industry trainings and meetings, social media platforms, and employee referral programs.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses decrease by a net of \$29,000 primarily due to the refinement of some budget assumptions to better align the budget with historical spending, changes in position levels, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.



**Section A—Statutory Programs****Corporate Services****Finance and Accounting****Program Scope and Purpose**

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program reports financial results in a timely and effective manner to help departments recognize and seize opportunities for improvement in current and future activities. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting.

**2024 Key Budget Assumptions**

- Interest rates continue to increase.
- Bank and investment fees increase.
- Cloud-based accounting software licenses and support fees increase.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Train management team on budgeting and forecasting processes.
- Identify and implement efficiencies in financial processes and increase the effectiveness of budgeting and financial reporting.
- Help departments effectively manage resources and operate within approved budgets.
- Ensure effective financial controls are in place, including routine monitoring of spending compared to budget.
- Provide quality reporting and financial analysis to managers, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$46,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.



## Section A—Statutory Programs

## Corporate Services

### *Operating Expenses*

- Office costs increase by a net of \$60,000 primarily due to an increase in business and occupational taxes on WECC's annual assessments, increases in personal property tax rates, and increases in bank, merchant, and investment fees.

### *Fixed Assets*

- No significant changes.





## Section A—Statutory Programs

## Corporate Services

## Corporate Services Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget CORPORATE SERVICES					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Revenue (A)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 5,046,693	\$ 5,082,800	\$ 36,107	\$ 5,262,178	\$ 215,485
Payroll Taxes	316,397	292,470	(23,927)	321,151	4,754
Benefits	959,039	845,142	(113,897)	973,104	14,065
Retirement Costs	475,903	447,071	(28,832)	496,305	20,402
<b>Total Personnel Expenses</b>	<u>\$ 6,798,032</u>	<u>\$ 6,667,483</u>	<u>\$ (130,549)</u>	<u>\$ 7,052,738</u>	<u>\$ 254,706</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 97,950	\$ 110,778	\$ 12,828	\$ 75,403	\$ (22,547)
Travel	165,447	163,021	(2,426)	148,537	(16,910)
<b>Total Meeting Expenses</b>	<u>\$ 263,397</u>	<u>\$ 273,799</u>	<u>\$ 10,402</u>	<u>\$ 223,940</u>	<u>\$ (39,457)</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 1,045,100	\$ 1,012,816	\$ (32,284)	\$ 559,500	\$ (485,600)
Office Rent	1,318,436	1,322,242	3,806	1,327,202	8,766
Office Costs	1,524,717	1,371,092	(153,625)	1,924,379	399,662
Professional Services	1,087,000	1,166,529	79,529	1,261,211	174,211
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 4,975,253</u>	<u>\$ 4,872,679</u>	<u>\$ (102,574)</u>	<u>\$ 5,072,292</u>	<u>\$ 97,039</u>
<b>Total Direct Expenses</b>	<u>\$ 12,036,682</u>	<u>\$ 11,813,961</u>	<u>\$ (222,721)</u>	<u>\$ 12,348,970</u>	<u>\$ 312,288</u>
<b>Indirect Expenses</b>	<u>\$ (12,036,682)</u>	<u>\$ (11,813,961)</u>	<u>\$ 222,721</u>	<u>\$ (12,348,970)</u>	<u>\$ (312,288)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	40.50	40.50	-	40.50	-
HC	41.00	41.00	-	41.00	-





## Section B

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### Supplemental Financial Information

## Section B—Supplemental Financial Information

### Reserve Analysis

Table B-1

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
<b>Beginning Reserve, January 1, 2023</b>	\$ 35,140,129	\$ 11,368,371	\$ 20,306,594	\$ 3,465,164
Plus: 2023 Funding (from Load-Serving Entities (LSE) or designees)	19,750,537	19,750,537		-
Plus: Penalties released	-	11,218,646	(11,218,646)	-
Plus: Penalties received	500,000	-	500,000	-
Plus: 2023 Other funding sources	1,654,563	1,654,563	-	-
Less: 2023 Projected expenses & capital expenditures	(33,922,425)	(33,327,425)	-	(595,000)
<b>Projected Reserve (Deficit), December 31, 2023</b>	<b>\$ 23,122,804</b>	<b>\$ 10,664,692</b>	<b>\$ 9,587,948</b>	<b>\$ 2,870,164</b>
Plus: 2024 Funding (from Load-Serving Entities (LSE) or designees)	24,000,000	24,000,000	-	-
Plus: Penalties released	-	9,587,948	(9,587,948)	-
Plus: 2024 Other funding sources	1,075,250	1,075,250	-	-
Less: 2024 Projected expenses & capital expenditures	(35,404,795)	(35,154,795)	-	(250,000)
<b>2024 Increase(Decrease) in Reserve</b>	<b>\$ (10,329,545)</b>	<b>(491,597)</b>	<b>\$ (9,587,948)</b>	<b>\$ (250,000)</b>
<b>Projected Reserve, December 31, 2024</b>	<b>\$ 12,793,259</b>	<b>\$ 10,173,095</b>	<b>\$ -</b>	<b>\$ 2,620,164</b>
2024 Expenses and Capital Expenditures	35,404,795			
Less: Penalties Released	(9,587,948)			
Less: Other Funding Sources	(1,075,250)			
Change to Working Capital & Peak Reliability Donation Reserves	(741,597)			
<b>2024 WECC Assessment</b>	<b>\$ 24,000,000</b>			

WECC's Board has approved a Working Capital Reserve balance equal to one to three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy, approved by the FAC in June 2023.



## Section B—Supplemental Financial Information

### Breakdown of Statement of Activities

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 13.

#### Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or before June 30, 2023, will be used to offset assessments in the 2024 WECC budget.

WECC received \$19,919,000 in penalty monies between July 1, 2021, and June 30, 2022. Of this amount, WECC obtained FERC approval through the 2023 Business Plan and Budget process to release \$11,219,000 in penalty monies to offset 2023 assessments, with the remaining unreleased penalties of \$8,700,000 to be used to offset and stabilize assessments in 2024.

In addition to the penalty funds carried forward to 2024, other penalty monies collected to offset 2024 assessments are included in Table B-2.

**Allocation Method:** Penalty monies released have been allocated to the following Statutory Programs to reduce assessments:

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

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.



Section B—Supplemental Financial Information

Penalty Sanctions

Table B-2

Penalty Information		
Total penalties available to offset 2024 assessments	\$	9,587,948
Penalties released to offset 2024 assessments		(9,587,948)
Unreleased penalties to offset 2025 assessments	\$	-



## Section B—Supplemental Financial Information

### Supplemental Funding

Table B-3

Supplemental Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)		Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget
<b>Reliability Standards</b>					
Interest		\$ 1,507	\$ 40,087	\$ 14,118	\$ 12,611
<b>Total</b>		<b>\$ 1,507</b>	<b>\$ 40,087</b>	<b>\$ 14,118</b>	<b>\$ 12,611</b>
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>					
Interest		\$ 34,142	\$ 835,115	\$ 343,529	\$ 309,387
<b>Total</b>		<b>\$ 34,142</b>	<b>\$ 835,115</b>	<b>\$ 343,529</b>	<b>\$ 309,387</b>
<b>Reliability Assessment and Performance Analysis</b>					
Interest		\$ 19,079	\$ 460,983	\$ 192,941	\$ 173,862
<b>Total</b>		<b>\$ 19,079</b>	<b>\$ 460,983</b>	<b>\$ 192,941</b>	<b>\$ 173,862</b>
<b>Training and Outreach</b>					
Workshops & Miscellaneous		\$ 188,100	\$ 188,100	\$ 475,250	\$ 287,150
Interest		4,268	103,554	40,000	35,732
<b>Total</b>		<b>\$ 192,368</b>	<b>\$ 291,654</b>	<b>\$ 515,250</b>	<b>\$ 322,882</b>
<b>Situation Awareness and Infrastructure Security</b>					
Interest		\$ 1,004	\$ 26,724	\$ 9,412	\$ 8,408
<b>Total</b>		<b>\$ 1,004</b>	<b>\$ 26,724</b>	<b>\$ 9,412</b>	<b>\$ 8,408</b>
<b>Corporate Services</b>					
Interest		\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Supplemental Funding</b>		<b>\$ 248,100</b>	<b>\$ 1,654,563</b>	<b>\$ 1,075,250</b>	<b>\$ 827,150</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

WECC anticipates its investments will earn interest of approximately \$600,000 in 2024 due to higher interest rates than prior years. This revenue is allocated to the Statutory Programs based on FTEs.

#### Reliability Standards

- No significant changes.

#### Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.

#### Reliability Assessment and Performance Analysis

- No significant changes.



## **Section B—Supplemental Financial Information**

### **Training and Outreach**

- One additional Reliability and Security Workshop is held in person—fees for in-person attendance are higher than virtual attendance fees.

### **Situation Awareness and Infrastructure Security**

- No significant changes.

### **Corporate Services**

- No significant changes.



## Section B—Supplemental Financial Information

### Personnel Expenses

Table B-4

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
<b>Salaries</b>					
Salaries	\$ 20,039,300	\$ 21,457,898	\$ 22,648,811	\$ 2,609,511	13.0%
Employment Agency Fees	-	75,250	-	-	(100.0%)
Temporary Office Services	-	6,500	-	-	
<b>Total Salaries</b>	<b>\$ 20,039,300</b>	<b>\$ 21,539,648</b>	<b>\$ 22,648,811</b>	<b>\$ 2,609,511</b>	<b>13.0%</b>
<b>Total Payroll Taxes</b>	<b>\$ 1,322,041</b>	<b>\$ 1,374,810</b>	<b>\$ 1,436,740</b>	<b>\$ 114,699</b>	<b>8.7%</b>
<b>Benefits</b>					
Workers Compensation	\$ 15,000	\$ 16,982	\$ 19,800	\$ 4,800	32.0%
Medical Insurance	2,339,510	2,061,612	2,465,138	125,628	5.4%
Life-LTD-STD Insurance	105,665	105,433	114,795	9,130	8.6%
Education	164,347	187,580	145,437	(18,910)	(11.5%)
Relocation	-	-	-	-	
Other	24,996	24,159	24,996	-	0.0%
<b>Total Benefits</b>	<b>\$ 2,649,518</b>	<b>\$ 2,395,766</b>	<b>\$ 2,770,166</b>	<b>\$ 120,648</b>	<b>4.6%</b>
<b>Retirement</b>					
Discretionary 401(k) Contribution	\$ 1,779,267	\$ 1,805,354	\$ 2,010,272	\$ 231,005	13.0%
Retirement Administration Fees	30,000	30,000	30,000	-	
<b>Total Retirement</b>	<b>\$ 1,809,267</b>	<b>\$ 1,835,354</b>	<b>\$ 2,040,272</b>	<b>\$ 231,005</b>	<b>12.8%</b>
<b>Total Personnel Costs</b>	<b>\$ 25,820,126</b>	<b>\$ 27,145,578</b>	<b>\$ 28,895,989</b>	<b>\$ 3,075,863</b>	<b>11.9%</b>
<b>FTEs</b>	<b>160.0</b>	<b>160.0</b>	<b>168.0</b>	<b>8.0</b>	<b>5.0%</b>
<b>Cost per FTE</b>					
Salaries	\$ 125,246	\$ 134,623	\$ 134,814	\$ 9,569	7.6%
Payroll Taxes	8,263	8,593	8,552	289	3.5%
Benefits	16,559	14,974	16,489	(70)	(0.4%)
Retirement	11,308	11,471	12,144	837	7.4%
<b>Total Cost per FTE</b>	<b>\$ 161,376</b>	<b>\$ 169,660</b>	<b>\$ 172,000</b>	<b>\$ 10,624</b>	<b>6.6%</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

#### Salaries

- Salaries increase by a net of \$2,610,000 primarily due to 8.0 new FTEs, recruiting and retention initiatives, and a budgeted 3% merit pool.

#### Payroll Taxes

- Payroll Taxes increase by a net of \$115,000 and fluctuate with salaries.





## **Section B—Supplemental Financial Information**

### **Benefits**

- Medical Insurance increases by a net of \$126,000 primarily due to additional FTEs and changes in participation and enrollment levels.

### **Retirement**

- Discretionary 401(k) Contribution increases by a net of \$231,000 because retirement contributions fluctuate with salaries.



## Section B—Supplemental Financial Information

### Meeting Expenses

Table B-5

Meeting & Conference Call Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	711	-	-	
Reliability Assessment and Performance Analysis	56,722	50,904	59,228	2,506	4.4%
Training and Outreach	231,509	235,005	470,133	238,624	103.1%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	97,950	110,778	75,403	(22,547)	(23.0%)
<b>Total Meeting Expenses</b>	<b>\$ 386,181</b>	<b>\$ 397,398</b>	<b>\$ 604,764</b>	<b>\$ 218,583</b>	<b>56.6%</b>

Travel Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 7,520	\$ 9,742	\$ 11,315	\$ 3,795	50.5%
Compliance Monitoring and Enforcement and Organization Registration and Certification	175,520	338,573	323,430	147,910	84.3%
Reliability Assessment and Performance Analysis	151,230	149,014	215,878	64,648	42.7%
Training and Outreach	45,341	21,778	32,540	(12,801)	(28.2%)
Situation Awareness and Infrastructure Security	16,050	15,250	17,470	1,420	8.8%
Corporate Services	165,447	163,021	148,537	(16,910)	(10.2%)
<b>Total Travel Expenses</b>	<b>\$ 561,108</b>	<b>\$ 697,378</b>	<b>\$ 749,170</b>	<b>\$ 188,062</b>	<b>33.5%</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

#### Meeting & Conference Call Expense

- Training and Outreach increases by \$239,000 primarily due to holding the fall Reliability and Security Workshop in person due to stakeholder feedback. The costs of these workshops are funded through attendee and vendor registration fees.

#### Travel Expense

- CMEP increases by a net of \$148,000 primarily due to increases in in-person meetings and outreach, 5.0 additional FTEs, inflationary impacts on airfare and hotel rates, and increases in remote employees.
- RAPA increases by a net of \$65,000 primarily due to increases in in-person meetings and outreach, 3.0 additional FTEs, inflationary impacts on airfare and hotel rates, and increases in remote employees.



## Section B—Supplemental Financial Information

### Consultants and Contracts

Table B-6

Consultants	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
<b>Consultants</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	50,000	50,073	36,000	(14,000)	(28.0%)
Reliability Assessment and Performance Analysis	159,000	195,658	133,400	(25,600)	(16.1%)
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	1,045,100	1,011,897	559,500	(485,600)	(46.5%)
<b>Consultants Total</b>	<b>\$ 1,254,100</b>	<b>\$ 1,257,628</b>	<b>\$ 728,900</b>	<b>\$ (525,200)</b>	<b>(41.9%)</b>

Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
<b>Contracts</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	207,750	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	-	919	-	-	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ 208,669</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Consulting and Contracts</b>	<b>\$ 1,254,100</b>	<b>\$ 1,466,297</b>	<b>\$ 728,900</b>	<b>\$ (525,200)</b>	<b>(41.9%)</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

#### Consultants

- RAPA decreases by a net of \$26,000 primarily due to the completion of one-time MAVRIC probabilistic tool updates.
- Corporate Services decreases by a net of \$486,000 primarily due to the completion of a content management system implementation, a data management project, and a planned reduction in organizational development consulting.

#### Contracts

- Not applicable.



## Section B—Supplemental Financial Information

### Office Rent

Table B-7

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Office Rent	\$ 1,301,772	\$ 1,304,442	\$ 1,309,800	\$ 8,028	0.6%
Utilities	-	-	-	-	
Maintenance	16,664	17,799	17,402	738	4.4%
Security	-	-	-	-	
<b>Total Office Rent</b>	<b>\$ 1,318,436</b>	<b>\$ 1,322,241</b>	<b>\$ 1,327,202</b>	<b>\$ 8,766</b>	<b>0.7%</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- No significant changes.



## Section B—Supplemental Financial Information

### Office Costs

**Table B-8**

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Telephone	\$ 92,600	\$ 93,325	\$ 87,860	\$ (4,740)	(5.1%)
Internet	85,776	69,014	53,691	(32,085)	(37.4%)
Office Supplies	73,224	73,763	68,677	(4,547)	(6.2%)
Computer Supplies and Maintenance	1,520,317	1,232,840	2,028,971	508,654	33.5%
Publications and Subscriptions	64,420	59,595	57,052	(7,368)	(11.4%)
Dues and Fees	235,957	221,818	241,143	5,186	2.2%
Postage	1,500	1,000	3,400	1,900	126.7%
Express Shipping	7,844	7,889	9,215	1,371	17.5%
Copying	11,516	10,273	13,298	1,782	15.5%
Bank Charges	51,225	58,260	72,000	20,775	40.6%
Taxes	29,122	43,851	56,000	26,878	92.3%
<b>Total Office Costs</b>	<b>\$ 2,173,501</b>	<b>\$ 1,871,628</b>	<b>\$ 2,691,307</b>	<b>\$ 517,806</b>	<b>23.8%</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Internet decreases by \$32,000 due to a planned phase-out of wireless hotspots due to increased security provided by an always-on VPN product scheduled to be implemented in 2023.
- Computer Supplies and Maintenance increases by a net of \$509,000 primarily due to an increase in subscription-based security tools and software, the conversion of the PLEXOS energy market simulation platform trial license to a permanent license, and licensing for new software, like a document management system and a more robust business intelligence tool.
- Bank Charges increase by \$21,000 primarily due to higher investment balances than the prior year and to align fees with actual charges from financial institutions.
- Taxes increase by \$27,000 based on increases in property and revenues which are the basis for property tax and business and occupancy tax calculations, respectively.



**Section B—Supplemental Financial Information****Professional Services****Table B-9**

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Board Director Fees	\$ 947,000	\$ 947,000	\$ 993,895	\$ 46,895	5.0%
Outside Legal	-	5,613	60,320	60,320	
Accounting and Auditing Fees	44,000	51,980	47,000	3,000	6.8%
Insurance Commercial	96,000	162,015	159,996	63,996	66.7%
<b>Total Services</b>	<b>\$ 1,087,000</b>	<b>\$ 1,166,608</b>	<b>\$ 1,261,211</b>	<b>\$ 174,211</b>	<b>16.0%</b>

**Explanation of Significant Variances—2024 Budget versus 2023 Budget**

- Board Director Fees increase by \$47,000 due to an increase in Board Director retainers for 2024 compensation.
- Outside Legal increases by \$60,000 due to increased reliance on outside counsel for specific expertise.
- Insurance Commercial increases by \$64,000 due to increases in business insurance premiums.



Section B—Supplemental Financial Information

Miscellaneous Expenses

Table B-10

Miscellaneous Expenses	Budget 2023		Projection 2023		Budget 2024		Variance 2023 Budget v 2024 Budget		Variance %
Miscellaneous	\$	-	\$	-	\$	-	\$	-	
Total Micellaneous Expenses	\$	-	\$	-	\$	-	\$	-	

Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Not applicable.



## Section B—Supplemental Financial Information

### Other Non-Operating

**Table B-11**

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Not applicable.





## Section B—Supplemental Financial Information

### Fixed Assets

Table B-12

Fixed Assets	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Computer and Software CapEx	\$ -	\$ -	\$ -	\$ -	
Furniture and Fixtures CapEx	-	-	-	-	
Equipment CapEx	54,868	62,941	127,040	72,172	131.5%
Leasehold Improvements	-	-	-	-	
	<u>\$ 54,868</u>	<u>\$ 62,941</u>	<u>\$ 127,040</u>	<u>\$ 72,172</u>	<u>131.5%</u>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Equipment CapEx increases by a net of \$72,000 primarily due to refreshes of servers, security upgrades to the corporate Wi-Fi, and battery back-up replacement.





## Section C

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### Non-Statutory Program

## Section C—Non-Statutory Program

Western Renewable Energy Generation Information System (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	9.00	11.00	2.00
Direct Expenses	\$ 2,009,869	\$ 2,263,452	\$ 253,583
Indirect Expenses	\$ 843,037	\$ 980,785	\$ 137,748
Inc(Dec) in Fixed Assets	\$ 4,132	\$ 10,960	\$ 6,828
Total Funding Requirement	\$ (177,177)	\$ (323,697)	\$ (146,520)

### WREGIS

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed by the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants for more than three years.

The program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by two committees: the Stakeholder Advisory Committee, which is open to all interested participants, and the WREGIS Committee, which is open to members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, a portion of WECC's overhead costs is allocated to the program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: the information system software and administrative operations. Staff coordinates with the software contractor and performs all the administrative tasks, including:

- Registering customers and generation units;
- Training users;
- Providing customer service and help desk services;
- Supporting participating programs by facilitating cooperation and research into ongoing issues and sharing documentation with participants;
- Auditing generation and other data; and
- Managing the budgeting, billing, and financial reporting.



## Section C—Non-Statutory Program

### 2024 Key Budget Assumptions

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by Generator and General Organizations and are based on size (generation capacity) and organization type. Transaction fees are paid by General Organizations. WREGIS also charges fees for ad hoc reporting and e-Tag related data services.

- Transaction fees are based on organization type.
  - Approximately 4% of revenues are based on annual fees.
  - Approximately 92% of revenues are based on transaction fees, which can depend on factors like weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
  - Approximately 4% of revenues are attributable to fees for specific, requested functions like tracking e-Tags.
- Revenues vary from year to year, so WREGIS reserves are held to allow for normal operations or special large-scale improvements.
- The new software is a cloud-based software as a service product and all costs, including upgrades, maintenance and licenses are built into the monthly fee.
- Interest rates will continue to increase.
- Travel for training and audits will increase after a reduction caused by the COVID-19 pandemic.
- Two analysts are added due to program growth, increasing customer audit requirements, and software needs.

### 2024 Goals and Key Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Maintain compliance with the participating state and provincial programs, and voluntary programs.
- Register program participants.
- Refine and improve data collection to ensure high-quality data.
- Perform four customer audits split between Qualified Reporting Entities and REC holding customers.
- Deliver one in-person customer training session and quarterly virtual customer training sessions.
- Deliver one in-person and two virtual Qualified Reporting Entity training sessions.



## Section C—Non-Statutory Program

### Resource Requirements/Explanation of Significant Changes

#### Funding Sources

- Membership Fees increase by a net of \$190,000 primarily due to an anticipated increase in program participation and expansions of some programs.
- Interest increases by \$60,000 primarily due to higher rates of return on investments.

#### Personnel Expenses

- Personnel Expenses increase by a net of \$240,000 primarily due to two new positions, recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

#### Meeting Expenses

- No significant changes.

#### Operating Expenses

- No significant changes.

#### Indirect Expenses

- Indirect Expenses increase by a net of \$138,000 primarily due to two new positions added in this program and an increase in Corporate Services expenses. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

#### Other Non-Operating Expenses

- No significant changes.

#### Fixed Assets

- No significant changes.



## Section C—Non-Statutory Program

## WREGIS Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget NON-STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Fees	\$ 2,666,736	\$ 2,878,098	\$ 211,362	2,857,000	\$ 190,264
Workshops & Miscellaneous	1,125	1,125	-	2,500	1,375
Interest	12,000	83,080	71,080	72,000	60,000
<b>Total Revenue (A)</b>	<u>\$ 2,679,861</u>	<u>\$ 2,962,303</u>	<u>\$ 282,442</u>	<u>\$ 2,931,500</u>	<u>\$ 251,639</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 765,205	\$ 789,689	\$ 24,484	\$ 958,109	\$ 192,904
Payroll Taxes	51,670	52,794	1,124	61,639	9,969
Benefits	123,553	112,672	(10,881)	144,047	20,494
Retirement Costs	68,072	67,719	(353)	85,154	17,082
<b>Total Personnel Expenses</b>	<u>\$ 1,008,500</u>	<u>\$ 1,022,874</u>	<u>\$ 14,374</u>	<u>\$ 1,248,949</u>	<u>\$ 240,449</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 3,350	\$ 3,350	\$ -	\$ 4,200	\$ 850
Travel	17,620	15,306	(2,314)	25,880	8,260
<b>Total Meeting Expenses</b>	<u>\$ 20,970</u>	<u>\$ 18,656</u>	<u>\$ (2,314)</u>	<u>\$ 30,080</u>	<u>\$ 9,110</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	980,399	700,144	(280,255)	984,423	4,024
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 980,399</u>	<u>\$ 700,144</u>	<u>\$ (280,255)</u>	<u>\$ 984,423</u>	<u>\$ 4,024</u>
<b>Total Direct Expenses</b>	<u>\$ 2,009,869</u>	<u>\$ 1,741,674</u>	<u>\$ (268,195)</u>	<u>\$ 2,263,452</u>	<u>\$ 253,583</u>
<b>Indirect Expenses</b>	<u>\$ 843,037</u>	<u>\$ 802,648</u>	<u>\$ (40,389)</u>	<u>\$ 980,785</u>	<u>\$ 137,748</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 2,852,906</u>	<u>\$ 2,544,322</u>	<u>\$ (308,584)</u>	<u>\$ 3,244,237</u>	<u>\$ 391,331</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (173,045)</u>	<u>\$ 417,981</u>	<u>\$ 591,026</u>	<u>\$ (312,737)</u>	<u>\$ (139,692)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 4,132</u>	<u>\$ 2,004,588</u>	<u>\$ 2,000,456</u>	<u>\$ 10,960</u>	<u>\$ 6,828</u>
<b>TOTAL BUDGET (=B+C)</b>	<u>\$ 2,857,038</u>	<u>\$ 4,548,910</u>	<u>\$ 1,691,872</u>	<u>\$ 3,255,197</u>	<u>\$ 398,159</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<u>\$ (177,177)</u>	<u>\$ (1,586,607)</u>	<u>\$ (1,409,430)</u>	<u>\$ (323,697)</u>	<u>\$ (146,520)</u>
FTEs	9.00	8.00	(1.00)	11.00	2.00
HC	9.00	9.00	-	11.00	2.00



## Section C—Non-Statutory Program

**Personnel Analysis**

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	FTEs* 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
<b>NON-STATUTORY</b>						
<b>Operational Programs</b>						
<b>Total FTEs Operational Programs</b>	-	-	-	-	-	-
<b>Administrative Programs</b>						
WREGIS	9.00	8.00	11.00	-	11.00	2.00
<b>Total FTEs Administrative Programs</b>	9.00	8.00	11.00	-	11.00	2.00
<b>Total FTEs</b>	9.00	8.00	11.00	-	11.00	2.00

\*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

**Reserve Analysis**

<b>Working Capital Reserve Analysis</b>	
<b>NON-STATUTORY</b>	
<b>Beginning Reserve (Deficit), January 1, 2023</b>	Total \$ 6,479,874
Plus: 2023 Funding	2,962,303
Less: 2023 Projected expenses & capital expenditures	(4,548,910)
<b>Projected Working Capital Reserve (Deficit), December 31, 2023</b>	<u>\$ 4,893,267</u>
Plus: 2024 Funding	2,931,500
Less: 2024 Projected expenses & capital expenditures	(3,255,197)
<b>Projected Working Capital Reserve, December 31, 2024</b>	<u>\$ 4,569,570</u>





## Section D

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### **Additional Financial Information**



## Section D—Additional Financial Information

## Section D—Additional Financial Information

## 2024 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

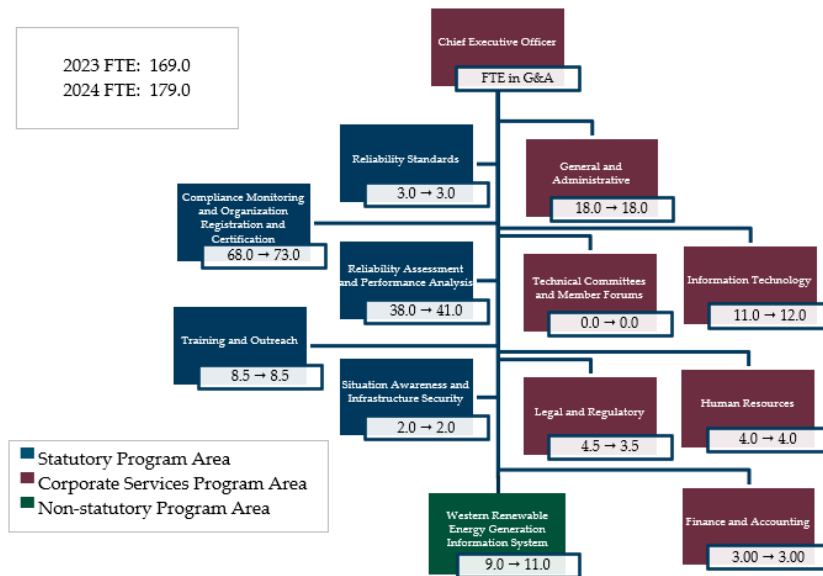
Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions							Non-Statutory Functions	
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
Revenue												
Statutory Funding												
WECC Assessments	\$ 24,000,000	\$ 24,000,000	\$ -	\$ 24,000,000	\$ 619,644	\$ 13,349,713	\$ 8,078,952	\$ 1,543,080	\$ 408,611	\$ -	\$ -	\$ -
Penalties Released	9,587,948	9,587,948	-	9,587,948	225,599	5,489,570	3,083,183	639,197	150,399	-	-	-
Total Statutory Funding	\$ 33,587,948	\$ 33,587,948	\$ -	\$ 33,587,948	\$ 845,243	\$ 18,839,283	\$ 11,162,135	\$ 2,182,277	\$ 559,010	\$ -	\$ -	\$ -
Non-statutory Funding												
Workshops & Miscellaneous	\$ 477,750	475,250	2,500	475,250	-	-	-	475,250	-	-	2,500	2,500
Interest	672,000	600,000	72,000	600,000	14,118	343,529	192,941	40,000	9,412	-	72,000	72,000
Total Revenue (A)	\$ 37,594,698	\$ 34,663,198	\$ 2,931,500	\$ 34,663,198	\$ 859,361	\$ 19,182,812	\$ 11,355,076	\$ 2,697,527	\$ 568,422	\$ -	\$ 2,931,500	\$ 2,931,500
Expenses												
Personnel Expenses												
Salaries	\$ 23,606,917	\$ 22,648,808	958,109	\$ 22,648,808	\$ 479,911	\$ 9,910,169	\$ 5,548,711	\$ 1,145,832	\$ 302,007	\$ 5,262,178	\$ 958,109	\$ 958,109
Payroll Taxes	1,498,378	1,436,739	61,639	1,436,739	30,188	639,015	355,291	71,219	19,875	321,151	61,639	61,639
Benefits	2,914,213	2,770,166	144,047	2,770,166	40,466	1,012,416	589,838	123,107	31,235	973,104	144,047	144,047
Retirement Costs	2,125,427	2,040,273	85,154	2,040,273	42,482	879,599	493,293	101,715	26,879	496,305	85,154	85,154
Total Personnel Expenses	\$ 30,144,935	\$ 28,895,986	\$ 1,248,949	\$ 28,895,986	\$ 593,047	\$ 12,441,199	\$ 6,987,133	\$ 1,441,873	\$ 379,996	\$ 7,052,738	\$ 1,248,949	\$ 1,248,949
Meeting Expenses												
Meetings & Conference Calls	\$ 608,964	\$ 604,764	4,200	\$ 604,764	\$ -	\$ -	\$ 59,228	\$ 470,133	\$ -	\$ 75,403	\$ 4,200	\$ 4,200
Travel	775,050	749,170	25,880	749,170	11,315	323,430	215,878	32,540	17,470	148,537	25,880	25,880
Total Meeting Expenses	\$ 1,384,014	\$ 1,353,934	\$ 30,080	\$ 1,353,934	\$ 11,315	\$ 323,430	\$ 275,106	\$ 502,673	\$ 17,470	\$ 223,940	\$ 30,080	\$ 30,080
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 728,900	\$ 728,900	-	\$ 728,900	\$ -	\$ 36,000	\$ 133,400	\$ -	\$ -	\$ 559,500	\$ -	\$ -
Office Rent	1,327,202	1,327,202	-	1,327,202	-	-	-	-	-	1,327,202	-	-
Office Costs	3,675,730	2,691,307	984,423	2,691,307	2,907	211,009	505,867	44,345	2,800	1,924,379	984,423	984,423
Professional Services	1,261,211	1,261,211	-	1,261,211	-	-	-	-	-	1,261,211	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 6,993,043	\$ 6,008,620	\$ 984,423	\$ 6,008,620	\$ 2,907	\$ 247,009	\$ 639,267	\$ 44,345	\$ 2,800	\$ 5,072,292	\$ 984,423	\$ 984,423
Total Direct Expenses	\$ 38,521,992	\$ 36,258,540	\$ 2,263,452	\$ 36,258,540	\$ 607,269	\$ 13,011,638	\$ 7,901,506	\$ 1,988,891	\$ 400,266	\$ 12,348,970	\$ 2,263,452	\$ 2,263,452
Indirect Expenses	\$ -	\$ (980,785)	\$ 980,785	\$ (980,785)	\$ 267,487	\$ 6,508,843	\$ 3,655,652	\$ 757,879	\$ 178,324	\$ (12,348,970)	\$ 980,785	\$ 980,785
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 38,521,992	\$ 35,277,755	\$ 3,244,237	\$ 35,277,755	\$ 874,756	\$ 19,520,481	\$ 11,557,158	\$ 2,746,770	\$ 578,590	\$ -	\$ 3,244,237	\$ 3,244,237
Change in Net Assets (=A-B)	\$ (927,294)	\$ (614,557)	\$ (312,737)	\$ (614,557)	\$ (15,395)	\$ (337,669)	\$ (202,082)	\$ (49,243)	\$ (10,168)	\$ -	\$ (312,737)	\$ (312,737)
Depreciation												
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	138,000	138,000	-	138,000	-	-	-	-	-	138,000	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	(10,960)	10,960	(10,960)	2,990	72,736	40,852	8,469	1,993	(138,000)	10,960	10,960
Fixed Assets, excluding Right of Use Assets (C)	\$ 138,000	\$ 127,040	\$ 10,960	\$ 127,040	\$ 2,990	\$ 72,736	\$ 40,852	\$ 8,469	\$ 1,993	\$ -	\$ 10,960	\$ 10,960
TOTAL BUDGET (B+C)	\$ 38,659,992	\$ 35,404,795	\$ 3,255,197	\$ 35,404,795	\$ 877,746	\$ 19,593,217	\$ 11,598,010	\$ 2,755,239	\$ 580,583	\$ -	\$ 3,255,197	\$ 3,255,197
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (1,065,294)	\$ (741,597)	\$ (323,697)	\$ (741,597)	\$ (18,385)	\$ (410,405)	\$ (242,934)	\$ (57,712)	\$ (12,161)	\$ -	\$ (323,697)	\$ (323,697)
FTEs	179.00	168.00	11.00	168.00	3.00	73.00	41.00	8.50	2.00	40.50	11.00	11.00
HC	179.00	168.00	11.00	168.00	3.00	73.00	41.00	8.00	2.00	41.00	11.00	11.00



## Appendix A—Organizational Chart

## Appendix A—Organizational Chart

### Changes in Budgeted FTE by Program Area



## Appendix B—2024 Budget and Projected 2025 and 2026 Budgets

## Appendix B—2024 Budget and Projected 2025 and 2026 Budgets

Statement of Activities and Capital Expenditures 2024 Budget & Projected 2025 and 2026 Budgets								
	Statutory							
	2024 Budget	2025 Projection	\$ Change 24 v 25	% Change 24 v 25	2026 Projection	\$ Change 25 v 26	% Change 25 v 26	
<b>Revenue</b>								
<b>Statutory Funding</b>								
WECC Assessments	\$ 24,000,000	\$ 30,000,000	\$ 6,000,000	25.0%	\$ 30,000,000	\$ -	0.0%	
Penalties Released	9,587,948	-	(9,587,948)	(100.0%)	-	-		
<b>Total Statutory Funding</b>	<b>\$ 33,587,948</b>	<b>\$ 30,000,000</b>	<b>\$ (3,587,948)</b>	<b>(10.7%)</b>	<b>\$ 30,000,000</b>	<b>\$ -</b>	<b>0.0%</b>	
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -		
Workshops & Miscellaneous	475,250	475,250	-	0.0%	475,250	-	0.0%	
Interest	600,000	600,000	-	0.0%	600,000	-	0.0%	
<b>Total Revenue (A)</b>	<b>\$ 34,663,198</b>	<b>\$ 31,075,250</b>	<b>\$ (3,587,948)</b>	<b>(10.4%)</b>	<b>\$ 31,075,250</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	\$ 22,648,808	\$ 23,956,766	\$ 1,307,958	5.8%	\$ 25,300,970	\$ 1,344,204	5.6%	
Payroll Taxes	1,436,739	1,519,710	82,971	5.8%	1,604,980	85,270	5.6%	
Benefits	2,770,166	3,047,183	277,017	10.0%	3,199,542	152,359	5.0%	
Retirement Costs	2,040,273	2,156,109	115,836	5.7%	2,277,087	120,978	5.6%	
<b>Total Personnel Expenses</b>	<b>\$ 28,895,986</b>	<b>\$ 30,679,768</b>	<b>\$ 1,783,782</b>	<b>6.2%</b>	<b>\$ 32,382,579</b>	<b>\$ 1,702,812</b>	<b>5.6%</b>	
<b>Meeting Expenses</b>								
Meetings & Conference Calls	\$ 604,764	\$ 679,764	\$ 75,000	12.4%	\$ 779,764	\$ 100,000	14.7%	
Travel	749,170	824,087	74,917	10.0%	906,496	82,409	10.0%	
<b>Total Meeting Expenses</b>	<b>\$ 1,353,934</b>	<b>\$ 1,503,851</b>	<b>\$ 149,917</b>	<b>11.1%</b>	<b>\$ 1,686,260</b>	<b>\$ 182,409</b>	<b>12.1%</b>	
<b>Operating Expenses, excluding Depreciation</b>								
Consultants & Contracts	\$ 728,900	\$ 613,900	\$ (115,000)	(15.8%)	\$ 613,900	\$ -	0.0%	
Office Rent	1,327,202	929,041	(398,161)	(30.0%)	929,041	-	0.0%	
Office Costs	2,691,307	2,745,133	53,826	2.0%	2,800,036	54,903	2.0%	
Professional Services	1,261,211	1,299,047	37,836	3.0%	1,338,019	38,971	3.0%	
Miscellaneous	-	-	-		-	-		
<b>Total Operating Expenses</b>	<b>\$ 6,008,620</b>	<b>\$ 5,587,122</b>	<b>\$ (421,498)</b>	<b>(7.0%)</b>	<b>\$ 5,680,996</b>	<b>\$ 93,874</b>	<b>1.7%</b>	
<b>Total Direct Expenses</b>	<b>\$ 36,258,540</b>	<b>\$ 37,770,740</b>	<b>\$ 1,512,200</b>	<b>4.2%</b>	<b>\$ 39,749,835</b>	<b>\$ 1,979,095</b>	<b>5.2%</b>	
<b>Indirect Expenses</b>	<b>\$ (980,785)</b>	<b>\$ (1,038,695)</b>	<b>\$ (57,910)</b>	<b>5.9%</b>	<b>\$ (1,132,870)</b>	<b>\$ (94,175)</b>	<b>9.1%</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>		
<b>Total Expenses (B)</b>	<b>\$ 35,277,755</b>	<b>\$ 36,732,045</b>	<b>\$ 1,454,289</b>	<b>4.1%</b>	<b>\$ 38,616,965</b>	<b>\$ 1,884,920</b>	<b>5.1%</b>	
<b>Change in Assets</b>	<b>\$ (614,557)</b>	<b>\$ (5,656,795)</b>	<b>\$ (5,042,237)</b>	<b>820.5%</b>	<b>\$ (7,541,715)</b>	<b>\$ (1,884,920)</b>	<b>33.3%</b>	
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 127,040</b>	<b>\$ 125,000</b>	<b>\$ (2,040)</b>	<b>(1.6%)</b>	<b>\$ 125,000</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 35,404,795</b>	<b>\$ 36,857,045</b>	<b>\$ 1,452,249</b>	<b>4.1%</b>	<b>\$ 38,741,965</b>	<b>\$ 1,884,920</b>	<b>5.1%</b>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>(741,597)</b>	<b>(5,781,795)</b>	<b>(5,040,197)</b>	<b>679.6%</b>	<b>(7,666,715)</b>	<b>(1,884,920)</b>	<b>32.6%</b>	
FTEs	168.00	174.00	6.00	3.6%	178.00	4.00	2.3%	
HC	168.00	174.00	6.00	3.6%	178.00	4.00	2.3%	



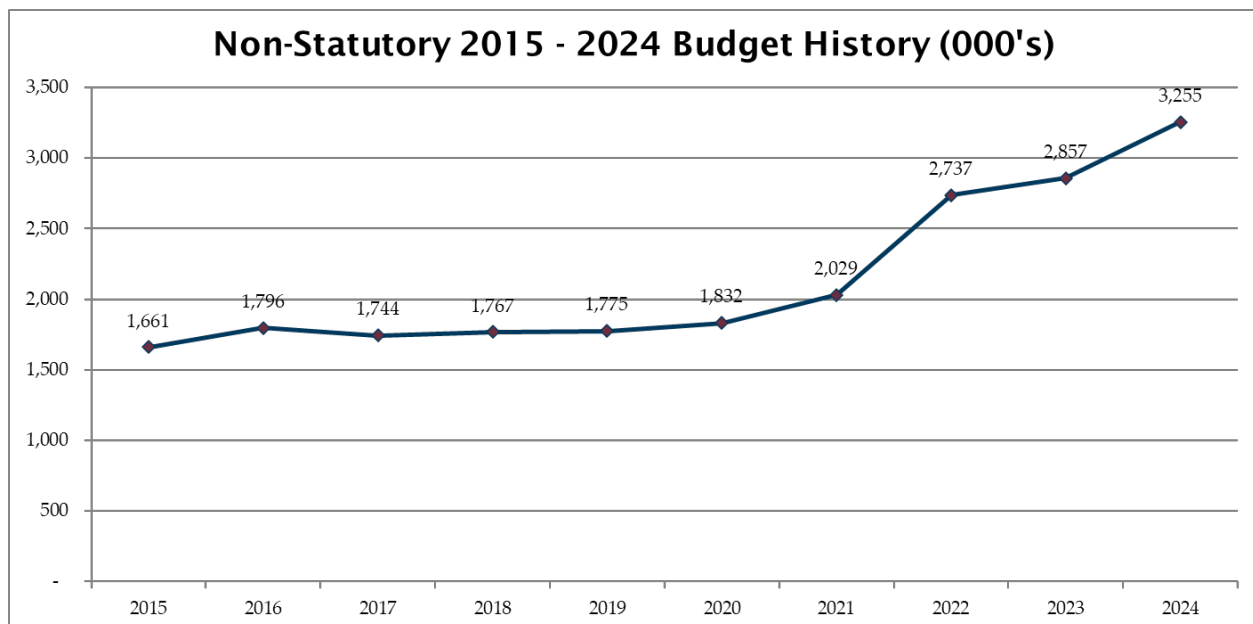
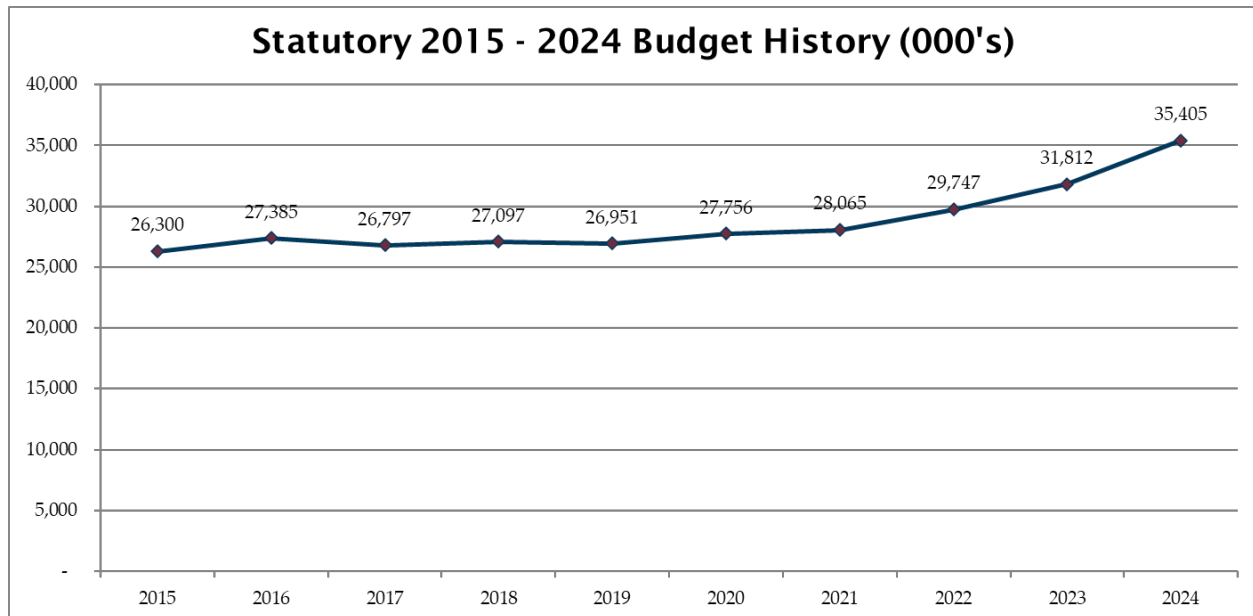
Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

## Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

*To be inserted after Net Energy for Load data is collected*



## Appendix D—Statutory and Non-Statutory Budget History Charts

**Appendix D—Statutory and Non-Statutory Budget History Charts**



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**2024 Business Plan and Budget**

Approved by: WECC Board of Directors

Date: June XX, 2023

## Table of Contents

Introduction.....	2
Organizational Overview.....	2
Membership and Governance.....	4
2024 Strategic Goals .....	4
2024 Key Assumptions and Overview of Cost Impacts .....	7
2023 Statutory Budget and Projection and 2024 Budget Comparisons .....	13
Section A—Statutory Programs.....	15
Reliability Standards Program .....	15
Compliance Monitoring and Enforcement.....	19
Reliability Assessment and Performance Analysis .....	25
Training and Outreach .....	30
Situation Awareness and Infrastructure Security .....	34
Corporate Services .....	38
Section B—Supplemental Financial Information.....	52
Reserve Analysis .....	52
Breakdown of Statement of Activities.....	53
Section C—Non-Statutory Program .....	68
Section D—Additional Financial Information.....	74
Appendix A—Organizational Chart.....	75
Changes in Budgeted FTE by Program Area .....	75
Appendix B—2024 Budget & Projected 2025 and 2026 Budgets.....	76
Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment .....	77
Appendix D—Statutory and Non-Statutory Budget History Charts.....	78



## 2024 Business Plan and Budget

## Introduction

## Introduction

TOTAL RESOURCES (in whole dollars)				
	2024 Budget	U.S.	Canada	Mexico
Statutory FTEs *	168.0			
Non-statutory FTEs	11.0			
<b>Total FTEs</b>	179.0			
Statutory Expenses	\$ 35,277,755			
Non-Statutory Expenses	\$ 3,244,237			
<b>Total Expenses</b>	\$ 38,521,993			
Statutory Incr(Decr) in Fixed Assets	\$ 127,040			
Non-Statutory Incr(Decr) in Fixed Assets	\$ 10,960			
<b>Total Inc(Dec) in Fixed Assets</b>	\$ 138,000			
Statutory Working Capital Requirement **	\$ (741,597)			
Non-Statutory Working Capital Requirement ***	\$ (323,697)			
<b>Total Working Capital Requirement</b>	\$ (1,065,294)			
Total Statutory Funding Requirement	\$ 34,663,198			
Total Non-Statutory Funding Requirement	\$ 2,931,500			
<b>Total Funding Requirement</b>	\$ 37,594,698			
<b>Statutory Assessments</b>	\$ 24,000,000			
<b>Non-Statutory Fees</b>	\$ 2,931,500			
NEL ****	-	tbd	tbd	tbd
NEL%	#VALUE!	#VALUE!	#VALUE!	#VALUE!

\*An FTE is defined as a full-time equivalent employee.

\*\*Refer to Statutory Reserve Analysis in Section B.

\*\*\*Refer to Non-Statutory Reserve Analysis in Section C.

\*\*\*\*NEL is defined as Net Energy for Load.

## Organizational Overview

WECC is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's bulk power system (BPS), while carrying out the responsibilities of the Regional Entity. WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and according to its bylaws. WECC executes its mission informed and assisted by working with a broad community of stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).





## 2024 Business Plan and Budget

## Introduction

The Western Interconnection is a geographic area in which the use and generation of electricity are synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC delivers on its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity certification and registration, compliance risk assessment, and audits and investigations;
- Informed actions, practices, and decisions of industry participants, regulators, and policymakers through strategic engagement regarding system modeling and information sharing, reliability assessments, performance analysis, situation awareness, and event analysis; and
- Targeted training, outreach, and dialogue to build relationships that foster a culture of reliability and security throughout the West.

WECC's business philosophy is guided by three principles:

***Independence***—We serve the public interest and represent what is best for reliability and security within the Western Interconnection with an impartial and unbiased voice.

***Perspective***—We are uniquely situated, with an interconnection-wide view, to develop comprehensive and influential work products for the benefit of reliability and security.

***Partnership***—We collaborate with, learn from, and inform industry leaders and technical experts, and decision-makers at the state, provincial, and national levels, to reduce risks to reliability and security.

WECC is evolving to better serve stakeholders by:

- Increasing our leadership through strategic partnerships, proactive and deliberate engagements, and technical competence and credibility;
- Building strong and constructive relationships with NERC and our regional partners, members, and stakeholders;
- Implementing risk-based concepts to provide consistency for industry, and increased flexibility within a rule-based, regulatory framework;
- Encouraging forward-looking reliability and security by assessing and advising industry on the design and implementation of effective internal controls; and
- Identifying and mitigating known and emerging risks to the reliability and security of the Western Interconnection.



## Membership and Governance

WECC has 31~~6~~<sup>5</sup> members<sup>1</sup> divided into the following five Membership Classes:

1. Large Transmission Owners;
2. Small Transmission Owners;
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection;
4. End users and entities that represent the interests of end users; and
5. Representatives of state and provincial governments.

WECC membership is open to any person or entity that has an interest in the reliable and secure operation of the Western Interconnection BPS. WECC membership is not required for participation in the WECC Standards Development process.<sup>2</sup>

WECC is governed by a Board of Directors (Board), composed of nine independent Directors elected by the WECC membership, and WECC's president and CEO as appointed by the Board. The nine Directors are compensated by WECC for their governance and oversight.

Four governance committees provide functional oversight of WECC operations:

- Finance and Audit Committee (FAC);
- Governance Committee (GC);
- Human Resources and Compensation Committee (HRCC); and
- Nominating Committee (NC).

Under the direction of the Board, other committees provide technical advice and policy recommendations to the Board:

- Joint Guidance Committee (JGC);
- Member Advisory Committee (MAC);
- Reliability Assessment Committee (RAC);
- Reliability Risk Committee (RRC); and
- WECC Standards Committee (WSC).

## 2024 Strategic Goals

The electric industry is undergoing profound changes nationally, especially in the West. WECC's role continues to be the voice of reliability and security. WECC works closely with its diverse breadth of stakeholders to build trust, promote transparency, set priorities, and enhance the reliability and

<sup>1</sup> As of ~~February 21~~<sup>April 24</sup>, 2023.

<sup>2</sup> Non-WECC members may participate in standards drafting teams and may vote on Regional Reliability Standards (RRS). See WECC's Reliability Standards Development Procedures.



## 2024 Business Plan and Budget

## Introduction

security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to the Western Interconnection's reliability and security are acute or less understood (e.g., the risk is unique to the Western Interconnection) or for which WECC and its stakeholders (including its technical committees) can make a significant contribution to Western BPS reliability and security. Enhancing our strategic engagement allows WECC to thoughtfully and intentionally interact with stakeholders to ensure WECC's work is targeted and valuable.

WECC's Board-approved [Long-Term Strategy](#) builds on the foundation established by the Electric Reliability Organization (ERO) Enterprise Long-Term Strategy. Described more fully below, the ERO Enterprise Long-Term Strategy is representative of continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term focus areas to address the reliability and security needs of the Western Interconnection while supporting reliability and security across North America. These two strategy documents, coupled with the ERO Enterprise-driven program areas, will guide the work of WECC in 2024 and beyond.

Additionally, the Board approved the following [WECC Reliability Risk Priorities \(RRP\)](#) at its June 2022 meeting. These risk priorities guide both committee and program-area work plans. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the appropriate statutory program area sections of the business plan. In 2024, these priorities may change depending upon the outcomes of the biennial Reliability Risk Priorities refresh, beginning with the February 2024 workshop and culminating with the planned Board approval of updated priorities at its June 2024 Board meeting.

### Reliability Risk Priorities

The WECC RRP approved in 2022 are further described below.

#### Cybersecurity

Cyber-threats can result in loss of control or damage to communications, data, monitoring, protection and control systems, and operational tools. Attacks can cause the loss of situational awareness or even the loss of load. These attacks may also hinder resilience and recovery measures, further jeopardizing reliable grid operations. While cybersecurity threats are not unique to the West, the threat is so pervasive that it will require the focused efforts of all participants. WECC will continue to facilitate efforts to share E-ISAC information, best practices, and lessons learned with all registered entities to mitigate cyber-risks.

#### Extreme Natural Events

Extreme natural events are becoming more common in the Western Interconnection due to wide-ranging changes in climate and weather patterns. Record-breaking temperatures, extended and widespread hot and cold weather, prolonged drought, and increasing intensity of



wildfires have forced entities to rethink how they plan and operate the system. WECC has monitored, participated in, and led work in this area and will continue to do so to better understand and communicate the reliability and resilience threats.

## Resource Adequacy and Performance

Resource adequacy has grown more complex and intertwined with other important considerations, such as transmission adequacy. Extreme events, clean energy policies, wide variance in state regulatory and policy actions, customer choice patterns (e.g., the move toward vehicle electrification), and other drivers are increasing variability and causing the generation and load patterns in the West to shift.

WECC studies and evaluates resource adequacy and transmission plans in the Western Interconnection. It gathers data and uses input from industry, policymakers, and regulators to shape its work. WECC then shares information from its analysis with planning entities, regulators, policymakers, and the broader group of stakeholders. WECC will continue to improve its stakeholder engagement to gather input; shape analytical work; and share useful, actionable, and timely information, particularly with its regulatory and policy partners.

## Impact of Changing Resources and Customer Loads on the BPS

New and emerging technologies such as inverter-based resources (IBR) and electric vehicles make grid planning and operations more complex. Emerging technologies must be integrated into the system in a way that does not degrade reliability. To do this, the behavior and operation of new technology must be understood in the context of bulk power system operations. To date, the West has experienced several system disturbances specifically related to the performance of solar IBRs that demonstrate the need to urgently address this risk.

WECC has been and will continue to work with industry to explore the range of solutions to address this issue. Through its technical committees, WECC will continue to study, gather, and share information on the performance of resource technology (both utility- and customer-owned) and load technology and best practices for integration. WECC and industry will collaborate to create guidelines and share best practices. In addition, WECC will accelerate its work with entities to improve model accuracy and data quality.

## ERO Enterprise

In 2019, the ERO Enterprise leadership revised the [ERO Enterprise Long-Term Strategy](#) to streamline its strategic and operational documents and ensure alignment with the NERC Reliability Issues Steering Committee's (RISC) identified BPS risks. The Board acknowledged this strategy on December 4, 2019, as a valuable input to the WECC strategic planning process and recognized it as a beneficial



## 2024 Business Plan and Budget

## Introduction

collaboration by NERC and the Regional Entities. The ERO Long-Term Strategy served as the foundational input for developing WECC's Long-Term Strategy.

As part of the business planning and budgeting process, NERC and the Regional Entities identify and discuss program area goals and activities to ensure they align with the long-term strategy and that business processes and operations harmonize across the ERO Enterprise where appropriate. WECC acknowledges and supports the long-term strategy as well as the work products specific to WECC that are described in each statutory program area in Section A.

The ERO Enterprise strives for process consistency when appropriate while recognizing that each Regional Entity addresses reliability in unique ways. The ERO Enterprise model allows Regional Entities to locally address these unique reliability risks and challenges using innovative and distinctive approaches. The ERO Enterprise recognizes that, as the electric industry ecosystem is rapidly evolving, the ERO programs and practices must continue to transform to meet the future needs of reliability and security.

NERC and the Regional Entities coordinate activities to identify, prioritize, and address risks to reliability. The Regional Entities have similar responsibilities within the ERO Enterprise model:

- Providing input to the overall development of each ERO program area;
- Providing training and development to meet ERO qualifications; and
- Ensuring delegated responsibilities are completed.

Regional Entities also have an obligation to meet professional standards of independence and objectivity and provide the best available expertise to address regional risks. This way of working is represented by this visual.



## 2024 Key Assumptions and Overview of Cost Impacts

Over the last decade, the risks to reliability and security increased in complexity and velocity. The rapid pace of change, the introduction of new technologies and the retirement of traditional resources, the challenges to resource adequacy, and more frequent and geographically widespread extreme weather events, coupled with the increasing demand for and reliance on electricity, as well as the continued electrification of the economy, have intensified the need for a reliable, secure, and resilient BPS. The 2024 Business Plan and Budget assumes that all these challenges will continue, as will the transition to the post-pandemic new normal, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.



## 2024 Business Plan and Budget

## Introduction

WECC's proposed 2024 statutory budget is \$35,498,405,000, a \$3,685,593,000 (111.63%) increase from the 2023 statutory budget. The net increase is mainly due to:

- 8.0 new full-time equivalents (FTE) to support increases in Compliance Monitoring and Enforcement activities and analytics, provide increased long-term reliability assessment and modeling insights, increase risk analysis capabilities, improve the organization's security posture, and ensure WECC has adequate staffing to meet the growing demands;
- Labor float assumption changes based on actual turnover and vacancy rates;
- Recruiting and retention initiatives due to the unprecedented pressure on the labor market;
- A 3% merit pool;
- An additional in-person Reliability & Security Workshop as requested by stakeholders; and
- Assumed increases in the number of in-person meetings.

FTEs represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2023 and 2024 statutory budgets are as follows:

- Personnel Expenses increase by \$3,076,000 primarily due to 8.0 new FTEs, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.
- Meeting Expenses increase by \$407,000 primarily due to an additional in-person Reliability & Security Workshop and the biennial WECC Reliability Risk Priorities Workshop increased travel costs due to both increases in meetings and inflationary impacts on airfare and hotel rates.
- Consultants and Contracts decrease by \$525,000 due to the completion of some projects and fine-tuning projects that can reasonably be completed during 2024.
- Office Costs increase by \$219,517,000 primarily due to an increase in subscription-based computer licensing, increases in licensing rates, and enterprise security tools.



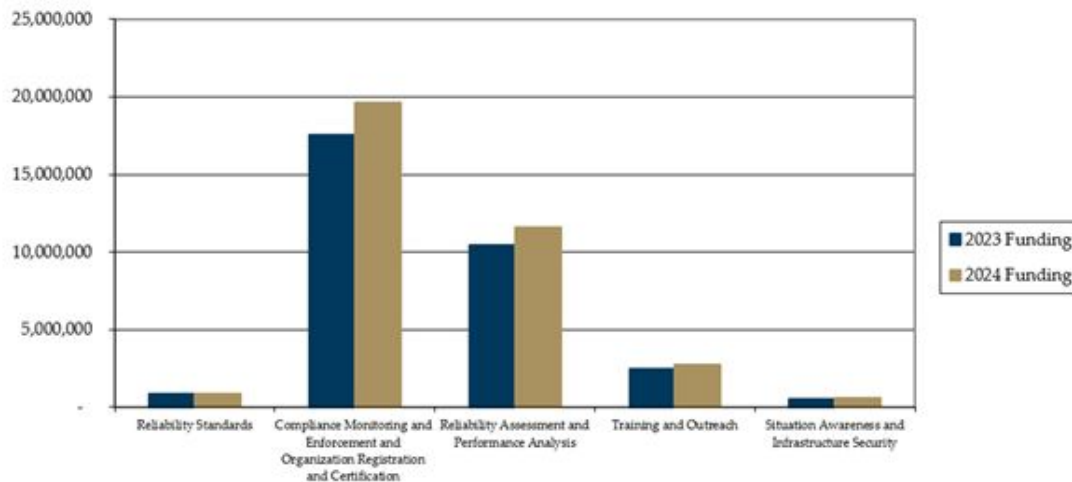
## 2024 Business Plan and Budget

## Introduction

The following table and chart present a summary of funding requirements for WECC's primary statutory program areas:

Program	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 838,759	\$ 971,796	\$ 877,746	\$ 38,987	4.65%
Compliance Monitoring and Enforcement and Organization Registration and Certification	17,550,239	18,918,912	19,593,217	2,042,978	11.64%
Reliability Assessment and Performance Analysis	10,414,249	10,410,091	11,598,010	1,183,761	11.37%
Training and Outreach	2,450,617	2,416,152	2,755,239	304,622	12.43%
Situation Awareness and Infrastructure Security	558,419	610,474	580,583	22,164	3.97%
<b>Total By Program</b>	<b>\$ 31,812,283</b>	<b>\$ 33,327,427</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>	<b>11.29%</b>

**Comparison of 2023 to 2024 Budgeted Funding Requirements**



\*This graphic representation does not include an allocation of working capital requirements among the Program Areas

## Peak Reliability Donation

Peak Reliability (Peak) ceased all Reliability Coordinator (RC) operations in December 2019 and dissolved as a corporate entity in December 2020. After review and approval by the Board, WECC entered into a donation holdback agreement with Peak before its dissolution. Per the agreement, Peak





**2024 Business Plan and Budget****Introduction**

donated \$4,127,000 of its remaining funds to WECC. Of the total amount, \$3,827,000 will be used to fund projects focused on the reliability and security of the BPS in the Western Interconnection. This portion was recorded as a statutory donation. Additionally, Peak requested WECC hold \$300,000 for a period of five years to pay any Peak bills that may be presented following Peak's formal closure on December 31, 2020. This amount was recorded as a non-statutory liability. The statutory amount is currently included in WECC's reserves, which are further detailed in Table B-1. Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. Two projects warrant inclusion in the 2024 BP&B:

- An expanded trial of PLEXOS software, an energy market simulation platform, to provide in-depth analytics and modeling support for reliability assessment activities; and
- The acquisition of Electromagnetic Transient (EMT) simulation software to support the data collection and analysis of inverter-based resources.

WECC proposes to use \$250,000 from the Peak Reliability Donation reserve to fund these projects in 2024. Future projects will be identified in the relevant annual BP&B using a similar stakeholder outreach approach. For projects not anticipated in the annual BP&B and expected to total more than \$500,000, WECC will seek approval from FERC via separate, one-time filings.

**Personnel Overview**

Over the last several years, events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, cybersecurity breaches, and physical security attacks on substations, to name a few. What used to be considered low probability events have become more frequent and continue to come at an unprecedented pace and complexity. Work associated with these increasing demands is seen in WECC's two primary operational areas: Compliance Monitoring and Enforcement Program (CMEP) and Reliability Assessment and Performance Analysis (RAPA). In both program areas, WECC needs additional specific expertise and resources to effectively work with stakeholders and manage the increasing workload. As a result, in the 2024 budget, WECC is adding 8.0 statutory FTEs (with an additional 2.0 FTEs in its non-statutory program for a total of 10.0 FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

**Compliance Monitoring and Enforcement**

Five new FTEs are added to CMEP. One director is added to provide key leadership and management of risk-based analysis and oversight planning in the recently combined areas of entity risk assessment, program analysis, and program administration. Expanding focus on oversight planning enhances integration of all risk-based CMEP component areas. One manager and one lead are added in Entity Monitoring to provide management and leadership to ensure a more holistic ability to monitor across





**2024 Business Plan and Budget****Introduction**

the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations. Over the next several years, registration of new entities will continue to increase, and oversight emphasis must continue evolving with the changing grid, emerging technologies, physical security focus, and data protection needs. The work plan associated with the recent FERC Order on Registration of Inverter-based Resources is also anticipated to contribute to a significant increase in registration activities and downstream monitoring and enforcement needs. The monitoring staff will need to develop approaches to ensure continued coverage of increasingly-varied entity types, which includes broadening early outreach and monitoring of more entities in a consistent value-added manner to reduce known and emerging risks to the BPS. One FTE is added with senior-level expertise in internal controls, and one FTE is added to provide additional capabilities in data management and analysis, and business intelligence reporting.

**Reliability Assessment and Performance Analysis**

Three FTEs are added to the RAPA program. In recent years, the pace of resource changes has accelerated, increasing the need for high-quality models and analytics. Enhanced models will become increasingly important to support the expected transmission expansion in the Western Interconnection to ensure continued BPS reliability. One director is added to provide additional expertise and oversight of WECC's modeling and data analytics functions. One risk analyst is added to support an integrated focus on understanding risk, increase risk assessment capabilities, and enhance the regional risk assessment. One engineer is added to focus on longer-term reliability assessments and support industry's need for year 20 scenario and model development.

**Corporate Services**

One position is transferred from Legal to Information Technology and converted to a business analyst position to provide support in areas such as change control, scorecards, asset management, and patch management, to free up subject matter experts for more technical work.

**Non-Statutory**

Two program analysts are added to the non-statutory program due to program growth, program expansion, and new fuel type tracking requirements, which are all being driven by state renewable portfolio standards targets in the coming years.



## 2024 Business Plan and Budget

## Introduction

Details of the additions, transfers, and allocations are discussed in the respective program area sections of the BP&B.

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
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	68.00	68.00	73.00	-	73.00	5.00
Reliability Assessment and Performance Analysis	38.00	38.00	41.00	-	41.00	3.00
Training and Outreach	8.50	8.50	8.50	-	8.50	-
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
<b>Total FTEs Operational Programs</b>	<b>119.50</b>	<b>119.50</b>	<b>127.50</b>	<b>-</b>	<b>127.50</b>	<b>8.00</b>
<b>Corporate Services</b>						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.00	18.00	18.00	-	18.00	-
Legal and Regulatory	4.50	4.50	3.50	-	3.50	(1.00)
Information Technology	11.00	11.00	12.00	-	12.00	1.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
<b>Total FTEs Corporate Services</b>	<b>40.50</b>	<b>40.50</b>	<b>40.50</b>	<b>-</b>	<b>40.50</b>	<b>-</b>
<b>Total FTEs</b>	<b>160.00</b>	<b>160.00</b>	<b>168.00</b>	<b>-</b>	<b>168.00</b>	<b>8.00</b>

\* A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

## Penalty Sanctions and Assessments

WECC received \$888,000 in penalty sanctions between July 1, 2022, and June 30, 2023. WECC proposes, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, to release those penalty sanctions to offset 2024 assessments, in addition to the remaining \$8,700,000 carried over from the 2023 Business Plan and Budget cycle. See the Monetary Penalties section for additional details.



## 2024 Business Plan and Budget

## Introduction

## 2023 Statutory Budget and Projection and 2024 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 19,750,537	\$ 19,750,537	\$ -	\$ 24,000,000	\$ 4,249,463
Penalties Released <sup>1</sup>	11,218,646	11,218,646	-	9,587,948	(1,630,698)
<b>Total Statutory Funding</b>	<b>\$ 30,969,183</b>	<b>\$ 30,969,183</b>	<b>\$ -</b>	<b>\$ 33,587,948</b>	<b>\$ 2,618,765</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	188,100	188,100	-	475,250	287,150
Interest	60,000	1,466,463	1,406,463	600,000	540,000
<b>Total Revenue (A)</b>	<b>\$ 31,217,283</b>	<b>\$ 32,623,746</b>	<b>\$ 1,406,463</b>	<b>\$ 34,663,198</b>	<b>\$ 3,445,915</b>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 20,039,300	\$ 21,539,650	\$ 1,500,350	\$ 22,648,808	\$ 2,609,508
Payroll Taxes	1,322,041	1,374,807	52,766	1,436,739	114,698
Benefits	2,649,518	2,395,768	(253,750)	2,770,166	120,648
Retirement Costs	1,809,267	1,835,354	26,087	2,040,273	231,006
<b>Total Personnel Expenses</b>	<b>\$ 25,820,126</b>	<b>\$ 27,145,579</b>	<b>\$ 1,325,453</b>	<b>\$ 28,895,986</b>	<b>\$ 3,075,860</b>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 386,181	\$ 397,398	\$ 11,217	\$ 604,764	\$ 218,583
Travel	561,108	697,378	136,270	749,170	188,062
<b>Total Meeting Expenses</b>	<b>\$ 947,289</b>	<b>\$ 1,094,776</b>	<b>\$ 147,487</b>	<b>\$ 1,353,934</b>	<b>\$ 406,645</b>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 1,254,100	\$ 1,466,297	\$ 212,197	\$ 728,900	\$ (525,200)
Office Rent	1,318,436	1,322,242	3,806	1,327,202	8,766
Office Costs	2,173,501	1,871,629	(301,872)	2,691,307	517,806
Professional Services	1,087,000	1,166,609	79,609	1,261,211	174,211
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 5,833,037</b>	<b>\$ 5,826,777</b>	<b>\$ (6,260)</b>	<b>\$ 6,008,620</b>	<b>\$ 175,583</b>
<b>Total Direct Expenses</b>	<b>\$ 32,600,452</b>	<b>\$ 34,067,132</b>	<b>\$ 1,466,680</b>	<b>\$ 36,258,540</b>	<b>\$ 3,658,088</b>
<b>Indirect Expenses</b>	<b>\$ (843,037)</b>	<b>\$ (802,648)</b>	<b>\$ 40,389</b>	<b>\$ (980,785)</b>	<b>\$ (137,748)</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Expenses (B)</b>	<b>\$ 31,757,415</b>	<b>\$ 33,264,484</b>	<b>\$ 1,507,069</b>	<b>\$ 35,277,755</b>	<b>\$ 3,520,340</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (540,132)</b>	<b>\$ (640,738)</b>	<b>\$ (100,606)</b>	<b>\$ (614,557)</b>	<b>\$ (74,425)</b>
<b>Fixed Asset Additions, excluding Right of Use Assets (C)</b>	<b>\$ 54,868</b>	<b>\$ 62,941</b>	<b>\$ (8,073)</b>	<b>\$ 127,040</b>	<b>\$ 72,172</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 31,812,283</b>	<b>\$ 33,327,425</b>	<b>\$ 1,498,996</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (595,000)</b>	<b>\$ (703,679)</b>	<b>\$ (92,533)</b>	<b>\$ (741,597)</b>	<b>\$ (146,597)</b>
FTEs	160.00	160.00	-	168.00	8.00
HC	160.00	160.00	-	168.00	8.00

<sup>1</sup> Represents the amount released from working capital reserves to offset U.S. assessments as approved by the NERC Board of Trustees and FERC. Actual penalties invoiced in the current reporting year will be reported as income on the audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP).





## Section A

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### Statutory Programs

## Section A—Statutory Programs

### Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	3.00	3.00	-
Direct Expenses	\$ 556,370	\$ 607,269	\$ 50,899
Indirect Expenses	\$ 281,011	\$ 267,487	\$ (13,524)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 1,378	\$ 2,990	\$ 1,612
Total Funding Requirement	\$ 838,759	\$ 877,746	\$ 38,987

#### Program Scope and Purpose

The Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WSC to aid the development of Regional Reliability Standards (RRS), Regional Variances to NERC Reliability Standards, and Regional Criteria to ensure the Bulk Electric System (BES) operates reliably.

The Reliability Standards Program deliverables include a five-year review of each current RRS, Regional Variance to NERC Reliability Standards, and Regional Criterion. These reviews can result in revisions to the document, retirement of the document if no longer needed for reliability, or a finding that no changes are necessary.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address complex Western reliability issues. The variances are required by a physical difference in the BPS or instances in which Western stakeholders want more stringent performance requirements. WECC will only develop an RRS, rather than a variance, when no NERC Reliability Standard exists to address a reliability issue.

Regional Criteria may be necessary to implement, augment, or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides, or other documents used to enhance BPS reliability.

#### 2024 Key Budget Assumptions

- The number of RRS projects will remain low, with most focusing on the potential retirement of existing RRSs—due to the subject matter being included in NERC Reliability Standards—and



**Section A—Statutory Programs****Reliability Standards Program**

necessary revisions identified during the five-year review. It is possible, but not likely, that regulatory directives could result in RRS projects.

- Much of the work needed to develop RRSs, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by stakeholder volunteers.
- Stakeholder volunteers will continue to staff most NERC Standards drafting teams.
- WECC employees may, at times, participate as drafting team members or observers.
- Integration of renewable resources and related energy storage devices may require new or modified NERC Reliability Standards, RRSs, or Regional Variances to NERC Reliability Standards.
- WECC supports, and will participate in, the enhanced periodic reviews of NERC Reliability Standards and the NERC Standards Grading effort, when appropriate. The Standards Grading effort is being put on hold for one year while the grading process is reviewed and potentially modified. WECC standards staff will participate in the review of the grading process.

**2024 Goals and Deliverables**

- Ensure Western viewpoints are represented and incorporated in the development of NERC Reliability Standards, regional standards, and regional variances to NERC Reliability Standards by encouraging Western participation on standards drafting teams and commenting on standards under development.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Ensure the development of RRSs and Regional Criteria is performed according to the most recent WECC Reliability Standards Development Procedures.
- Review existing RRSs to determine candidates for a Regional Variance to a NERC Reliability Standard and, if found, coordinate with NERC to address the change during NERC's periodic review.
- Review existing RRSs and Regional Criteria to improve their content and quality.
- Incorporate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$48,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.



## Section A—Statutory Programs

## Reliability Standards Program

### *Meeting Expenses*

- No significant changes.

### *Operating Expenses*

- No significant changes.

### *Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Reliability Standards Program

## Reliability Standards Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget RELIABILITY STANDARDS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 539,925	\$ 539,925	\$ -	\$ 619,644	\$ 79,719
Penalties Released	281,639	281,639	-	225,599	(56,040)
<b>Total Statutory Funding</b>	<u>\$ 821,564</u>	<u>\$ 821,564</u>	<u>\$ -</u>	<u>\$ 845,243</u>	<u>\$ 23,679</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,507	40,087	38,580	14,118	12,611
<b>Total Revenue (A)</b>	<u>\$ 823,071</u>	<u>\$ 861,651</u>	<u>\$ 38,580</u>	<u>\$ 859,361</u>	<u>\$ 36,290</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 437,183	\$ 522,867	\$ 85,684	\$ 479,911	\$ 42,728
Payroll Taxes	28,906	34,892	5,986	30,188	1,282
Benefits	40,337	54,710	14,373	40,466	129
Retirement Costs	38,809	44,879	6,070	42,482	3,673
<b>Total Personnel Expenses</b>	<u>\$ 545,235</u>	<u>\$ 657,348</u>	<u>\$ 112,113</u>	<u>\$ 593,047</u>	<u>\$ 47,812</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	7,520	9,742	2,222	11,315	3,795
<b>Total Meeting Expenses</b>	<u>\$ 7,520</u>	<u>\$ 9,742</u>	<u>\$ 2,222</u>	<u>\$ 11,315</u>	<u>\$ 3,795</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	3,615	1,993	(1,622)	2,907	(708)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 3,615</u>	<u>\$ 1,993</u>	<u>\$ (1,622)</u>	<u>\$ 2,907</u>	<u>\$ (708)</u>
<b>Total Direct Expenses</b>	<u>\$ 556,370</u>	<u>\$ 669,083</u>	<u>\$ 112,713</u>	<u>\$ 607,269</u>	<u>\$ 50,899</u>
<b>Indirect Expenses</b>	<u>\$ 281,011</u>	<u>\$ 300,992</u>	<u>\$ 19,981</u>	<u>\$ 267,487</u>	<u>\$ (13,524)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 837,381</u>	<u>\$ 970,075</u>	<u>\$ 132,694</u>	<u>\$ 874,756</u>	<u>\$ 37,375</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (14,310)</u>	<u>\$ (108,424)</u>	<u>\$ (94,114)</u>	<u>\$ (15,395)</u>	<u>\$ (1,085)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 1,378</u>	<u>\$ 1,721</u>	<u>\$ 343</u>	<u>\$ 2,990</u>	<u>\$ 1,612</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 838,759</u>	<u>\$ 971,796</u>	<u>\$ 133,037</u>	<u>\$ 877,746</u>	<u>\$ 38,987</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (15,688)</u>	<u>\$ (110,145)</u>	<u>\$ (94,457)</u>	<u>\$ (18,385)</u>	<u>\$ (2,697)</u>
FTEs	3.00	3.00	-	3.00	-
HC	3.00	3.00	-	3.00	-





## Section A—Statutory Programs

## Compliance Monitoring and Enforcement

## Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	68.00	73.00	5.00
Direct Expenses	\$ 11,149,411	\$ 13,011,638	\$ 1,862,227
Indirect Expenses	\$ 6,369,606	\$ 6,508,843	\$ 139,237
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 31,222	\$ 72,736	\$ 41,514
Total Funding Requirement	\$ 17,550,239	\$ 19,593,217	\$ 2,042,978

### Program Scope and Purpose

The reliability and security of the BPS is the central focus of WECC's mission. The Reliability and Security Oversight department is integral to maintaining that focus and works with a growing number of Registered Entities in the Western Interconnection to promote a strong culture of reliability and security by focusing on known and future risks. Program area staff, who are independent of all users, owners, and operators of the BPS, ensure that Registered Entities mitigate risks to the BPS by implementing the NERC Organization Registration and Certification Program (ORCP) and the CMEP. Staff monitors and enforces the NERC Reliability Standards across 407<sup>3</sup> registered owners, operators, and users of the BPS through a variety of risk-based activities, delivering consistent, impartial, and meaningful, real-time feedback to the entities.

To accomplish its objectives, the program is divided into four main areas:

- Organization Registration and Certification;
- Oversight Planning;
- Entity Monitoring; and
- Enforcement and Mitigation.

WECC will conduct its monitoring and enforcement activities according to the Board-endorsed Regulatory Philosophy, the key tenets of which are:

- Be an informed regulator;
- Identify top risks to reliability and security;

<sup>3</sup> As of February 10, 2023.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

- Exercise discretion responsibly; and
- Enforce fairly.

Staff will support ERO Enterprise activities, including:

- Regional Risk Assessments;
- Compliance Oversight Plans (COP) and Inherent Risk Assessments (IRA);
- Organization Registration and Certification;
- Mitigation plan review, acceptance, and verification;
- Potential noncompliance reviews to assess extent of condition, root cause, and risk to BPS;
- Processing and disposition of entity self-logging and other minimal-risk issues;
- Enforcement of moderate- and serious-risk noncompliance through established risk-based approaches;
- Periodic Data Submittal review and validation;
- Internal Compliance Program assessments;
- Internal Controls Program reviews;
- Entity monitoring including, audits, spot-checks, self-certifications, investigations, and assessments of complaints; and
- BES Exception Requests.

**Compliance in Alberta, British Columbia, and Mexico**

Alberta and British Columbia, Canada, and a portion of Baja California Norte, Mexico, are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Reguladora de Energía (CRE)<sup>4</sup>, under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection.

**2024 Key Budget Assumptions**

- WECC will address known and future reliability risks by staffing at adequate levels to monitor the FERC-approved NERC Reliability Standards for applicable entities through audits, investigations, self-certifications, or spot-checks during the year. A risk-based approach will be applied to ensure all monitoring activities—on-site and off-site—and post-monitoring activities are completed according to the NERC Rules of Procedure and the CMEP within the United

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<sup>4</sup> WECC has historically entered into an annual agreement with CRE; at the time of this filing, the regulatory environment in Mexico remains uncertain. WECC is monitoring this situation, while using other means to monitor the reliability of the Mexican portion of the BPS, and is engaging with the appropriate Mexican authorities regarding the drafting of a new agreement.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

States. With respect to non-U.S. jurisdictions, compliance will be monitored according to the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.

- Staff will develop and implement COPs for new Registered Entities and refresh COPs as per risk triggers. The plans focus on relevant risks, including consideration of IRAs, entity performance history, other operational risks based on performance considerations, and the maturity of internal controls.
- Staff will participate in NERC-led, centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A of the NERC Rules of Procedure. Registration recommendations will be reviewed, assessed, validated, and submitted to NERC for new registrations, partial deactivations, transfer of access, and full deregistration changes affecting the NERC Compliance Registry (NCR).
- WECC fully supports ERO Enterprise efforts and activities to evaluate business practices, tools, consistency, implementation, and guidance within the risk-based CMEP. Staff will provide feedback to the ERO Enterprise on emerging and existing risks, with an emphasis on standards development, standards modification, monitoring approaches, enforcement considerations, and potential gaps.
- Regional Risk Assessment (RRA) results provide input on focus areas in the ERO CMEP Implementation Plan.
- Costs related to any hearing that may arise are not budgeted and will be funded through working capital reserves.
- As the Align system is integrated across international entities, costs related to maintaining the legacy systems that Align is replacing will continue until the transition is complete.
- WECC foresees a continued growth in the number of entity registrations, increasing resource impacts across all ORCP and CMEP program areas.
- New or revised Reliability Standards may require increased monitoring resources in 2024.
- Travel for monitoring activities has resumed, though lessons learned about effective technology use during the COVID-19 pandemic inform monitoring activities and are expected to help moderate travel expense increases.
- One director is added in Oversight Planning to provide key leadership and management of risk-based analysis and planning in the recently combined areas of entity risk assessment, program analysis, and program administration.
- One manager and one lead are added in Entity Monitoring to ensure a more holistic ability to monitor across the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations.
- One senior technical expert is added in Oversight Planning to increase capabilities related to internal controls evaluation.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

- One data analyst is added in Oversight Planning for increased and more robust data management and business intelligence reporting.

**2024 Goals and Deliverables**

- Effective and efficient implementation of risk-based monitoring and enforcement activities.
- Continue to improve violation inventory statistics.
- Continue to improve COP refresh timeliness and focus on effective and efficient implementation of ERO Enterprise COP process.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Consult with the international compliance enforcement authorities to determine which elements of the risk-based CMEP could provide value and should be incorporated in the respective programs for international entities. Currently, WECC does not conduct IRAs or develop COPs for international entities.
- Provide continued outreach and training on the Align tool to staff and Registered Entities.
- Process all BES Exception submittals according to Appendix 5C.
- Participate in ERO Enterprise collaboration groups to continue to build effective relationships and ensure ORCP and CMEP consistency, where applicable and appropriate, across Regional Entities.
- Complete audits for 25 Registered Entities, including 19 with an on-site component. Additional monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) will be scheduled based on BES risk.
- Complete initial IRAs and COPs for all new registrations and refresh IRAs and COPs as needed for changes in the entity risk profile.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP and is refreshed annually.
- Promote the benefits of internal controls and their impact on BPS reliability with Registered Entities.
- Improve outreach to stakeholders via webinars, conferences, and entity-specific engagements to support ERO Enterprise activities and priorities.
- Monitor, manage, and improve enforcement measures and metrics in support of the ERO Enterprise Long-Term Strategy, including caseload index, violation aging, and mitigation plan aging; and collaborate with the ERO Enterprise to develop better measures of program effectiveness.



**Section A—Statutory Programs****Compliance Monitoring and Enforcement**

- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent, and reliability-focused approaches.
- Successfully carry out all other CMEP delegated responsibilities.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$1.71 million primarily due to five new positions, recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- Travel increases by \$~~9~~148,000 primarily due to the increase in FTEs, inflationary impacts on airfare and hotel rates, a higher anticipated number of in-person meetings, and more remote employees.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Compliance Monitoring and Enforcement

## Compliance Monitoring and Enforcement and Organization Registration and Certification Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 10,804,015	\$ 10,804,015	\$ -	\$ 13,349,713	\$ 2,545,698
Penalties Released	6,383,832	6,383,832	-	5,489,570	(894,262)
<b>Total Statutory Funding</b>	<u>\$ 17,187,847</u>	<u>\$ 17,187,847</u>	<u>\$ -</u>	<u>\$ 18,839,283</u>	<u>\$ 1,651,436</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	34,142	835,115	800,973	343,529	309,387
<b>Total Revenue (A)</b>	<u>\$ 17,221,989</u>	<u>\$ 18,022,962</u>	<u>\$ 800,973</u>	<u>\$ 19,182,812</u>	<u>\$ 1,960,823</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 8,451,094	\$ 9,477,157	\$ 1,026,063	\$ 9,910,169	\$ 1,459,075
Payroll Taxes	570,620	613,642	43,022	639,015	68,395
Benefits	954,682	875,818	(78,864)	1,012,416	57,734
Retirement Costs	751,618	804,922	53,304	879,599	127,981
<b>Total Personnel Expenses</b>	<u>\$ 10,728,014</u>	<u>\$ 11,771,539</u>	<u>\$ 1,043,525</u>	<u>\$ 12,441,199</u>	<u>\$ 1,713,185</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ -	\$ 711	\$ 711	\$ -	\$ -
Travel	175,520	338,573	163,053	323,430	147,910
<b>Total Meeting Expenses</b>	<u>\$ 175,520</u>	<u>\$ 339,284</u>	<u>\$ 163,764</u>	<u>\$ 323,430</u>	<u>\$ 147,910</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 50,000	\$ 257,823	\$ 207,823	\$ 36,000	\$ (14,000)
Office Rent	-	-	-	-	-
Office Costs	195,877	243,664	47,787	211,009	15,132
Professional Services	-	80	80	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 245,877</u>	<u>\$ 501,567</u>	<u>\$ 255,690</u>	<u>\$ 247,009</u>	<u>\$ 1,132</u>
<b>Total Direct Expenses</b>	<u>\$ 11,149,411</u>	<u>\$ 12,612,390</u>	<u>\$ 1,462,979</u>	<u>\$ 13,011,638</u>	<u>\$ 1,862,227</u>
<b>Indirect Expenses</b>	<u>\$ 6,369,606</u>	<u>\$ 6,270,679</u>	<u>\$ (98,927)</u>	<u>\$ 6,508,843</u>	<u>\$ 139,237</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 17,519,017</u>	<u>\$ 18,883,069</u>	<u>\$ 1,364,052</u>	<u>\$ 19,520,481</u>	<u>\$ 2,001,464</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (297,028)</u>	<u>\$ (860,107)</u>	<u>\$ (563,079)</u>	<u>\$ (337,669)</u>	<u>\$ (40,641)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 31,222</u>	<u>\$ 35,843</u>	<u>\$ 4,621</u>	<u>\$ 72,736</u>	<u>\$ 41,514</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 17,550,239</u>	<u>\$ 18,918,912</u>	<u>\$ 1,368,673</u>	<u>\$ 19,593,217</u>	<u>\$ 2,042,978</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (328,250)</u>	<u>\$ (328,250)</u>	<u>\$ (567,700)</u>	<u>\$ (410,405)</u>	<u>\$ (82,155)</u>
FTEs	68.00	68.00	-	73.00	5.00
HC	68.00	68.00	-	73.00	5.00



## Section A—Statutory Programs

## Reliability Assessment and Performance Analysis

## Reliability Assessment and Performance Analysis

Reliability Assessment and Performance Analysis (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	38.00	41.00	3.00
Direct Expenses	\$ 6,837,316	\$ 7,901,506	\$ 1,064,190
Indirect Expenses	\$ 3,559,486	\$ 3,655,652	\$ 96,166
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 17,447	\$ 40,852	\$ 23,405
Total Funding Requirement	\$ 10,414,249	\$ 11,598,010	\$ 1,183,761

## Program Scope and Purpose

As the West continues to face ever-growing and complex threats to the reliability and security of the Bulk Power System, it is essential that WECC staff and stakeholders collaborate to develop strategies to identify and mitigate these risks. RAPA staff, in conjunction with the technical committees, conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. Additionally, staff compiles and distributes data and information used by WECC and its stakeholders to help with regional and local planning efforts. These integrated assessment and planning activities enhance the West's overall ability to assess and mitigate potential reliability and security risks in the Western Interconnection.

To accomplish its objectives, the program is organized into four departments:

1. The **Operations Analysis Department** is responsible for three primary functional areas—Event Analysis, Performance Analysis, and Situation Awareness and Infrastructure Security (SAIS), whose budget is outlined in the SAIS Program. The department analyzes system conditions and events that affect or may affect the reliable operation of the BPS and analyzes the historical operation and performance of the Western Interconnection. The department's activities ensure that stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions affecting BPS reliability. The analyses are used to assess interconnection-wide risks and vulnerabilities. The information produced helps identify best practices and mitigate potential risks.



## Section A—Statutory Programs

## Reliability Assessment and Performance Analysis

2. The **Risk Analysis Department** assesses interconnection-wide risks and vulnerabilities at the regional and entity levels. Using information gathered throughout the organization, and in coordination with the technical committees, the department identifies and tracks mitigation activities related to interconnection-wide risks.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms and tools. These assessments are performed in close coordination with NERC, WECC's technical committees, and other stakeholders. Assessments include, but are not limited to, historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability, and transmission utilization. Analysis is performed on a variety of future scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC's RRP and other risks that may affect the reliability of the BPS.
4. The **Reliability Modeling Department** produces and distributes power system models of the Western Interconnection for use both within WECC and by stakeholders to perform reliability assessments. WECC is the NERC-designated, interconnection-wide model builder under the MOD-032 Reliability Standard. The department collects and distributes model data in a variety of formats and across multiple software tools.
5. The **Data Services Department** develops meaningful approaches to analyze and visualize information and data for consumption by the entire RAPA program area. The department collects various types of data such as NERC TADS, GADS, MIDAS and supports WECC's performance analysis obligations. The department helps visualize data used in reports, dashboards, and maps to help convey reliability risks across a wide stakeholder base.

The RAPA Program supports NERC's RAPA activities through targeted data gathering and participation in the Summer, Winter, Long-Term Reliability, and special assessments. The program also provides a technical advisory role in studies led by organizations such as national labs, universities, and the Department of Energy.

## 2024 Key Budget Assumptions

- Staff and technical committees will focus on assessment activities that address the WECC RRP approved by the Board in June 2022 and any updates approved in 2024.
- The biennial Reliability Risk Priorities Workshop will be held in ~~the Southwest~~ Salt Lake City at the WECC office in February 2024.
- Staff will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- Staff will continue to participate remotely in many external meetings.
- Staff will focus on expanding resource adequacy studies and assessments of regional resource adequacy programs and increase stakeholder outreach.





**Section A—Statutory Programs****Reliability Assessment and Performance Analysis**

- There will be a focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- RRA results provide input on focus areas in the ERO CMEP Implementation Plan.
- Staff will continue to explore opportunities and implement new activities to provide value in transmission planning.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with inverter-based resources will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies.
- Staff will support various NERC reliability assessments and perform additional independent reliability assessments.
- One director is added to provide expertise and oversight of Reliability Modeling and Data Services.
- One risk analyst is added in Risk Analysis to support the improvement of a holistic, WECC-wide approach to identifying and mitigating reliability and security risks to the BPS.
- One engineer is added in Reliability Modeling to focus on long-term reliability assessment and support industry's need for long-term scenario and model development.

**2024 Goals and Deliverables**

- Refresh WECC's RRP's through stakeholder and Board engagement activities.
- Work with technical committees to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC RRP's.
- Ensure high precision of information and models used to assess the reliability of the BPS.
- Use advanced tools, techniques, and industry subject matter experts to identify system performance trends and vulnerabilities.
- Hold reliability and security risk forums.
- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver high-quality and influential work products focused on the WECC RRP's.
- Continue the three-year planning cycle with the JGC to align staff and technical committee work plans in support of the WECC RRP's.
- Ensure that WECC's RRA of the Western Interconnection is aligned with WECC RRP's and is refreshed annually.
- Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.



**Section A—Statutory Programs****Reliability Assessment and Performance Analysis**

- Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations and transmission/resource planning.
- Facilitate production cost, dynamic model, and power flow tool development, focusing on new technology resources and concepts like energy storage and dynamic line ratings.
- Implement technology solutions for enhanced data collection, validation, and storage.
- Support technical committees to analyze the effectiveness of the Western Interconnection Underfrequency Load Shedding Plan.
- Successfully carry out all other RAPA delegated responsibilities.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$916,000 primarily due to three new positions, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- ~~Meetings & Conference Calls increase by a net of \$88,000 primarily due to the biennial Reliability Risk Priorities Workshop to be held in the Southwest in February 2024.~~ Travel increases by a net of \$65,000 primarily due to inflationary impacts on airfare and hotel rates, a higher anticipated number of in-person meetings, an increase in FTEs, and more remote employees.

*Operating Expenses*

- Office Costs increase by a net of \$106,000 primarily due to the conversion of the PLEXOS energy market simulation platform trial license to a full version and the acquisition of EMT software (both of which are proposed to be funded with Peak Reliability Donation funds).

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Reliability Assessment and Performance Analysis

## Reliability Assessment and Performance Analysis Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget					
RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 6,632,951	\$ 6,632,951	\$ -	\$ 8,078,952	\$ 1,446,001
Penalties Released	3,567,436	3,567,436	-	3,083,183	(484,253)
<b>Total Statutory Funding</b>	<u>\$ 10,200,387</u>	<u>\$ 10,200,387</u>	<u>\$ -</u>	<u>\$ 11,162,135</u>	<u>\$ 961,748</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	19,079	460,983	441,904	192,941	173,862
<b>Total Revenue (A)</b>	<u>\$ 10,219,466</u>	<u>\$ 10,661,370</u>	<u>\$ 441,904</u>	<u>\$ 11,355,076</u>	<u>\$ 1,135,610</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 4,781,745	\$ 5,065,198	\$ 283,453	\$ 5,548,711	\$ 766,966
Payroll Taxes	319,728	339,094	19,366	355,291	35,563
Benefits	544,248	487,260	(56,988)	589,838	45,590
Retirement Costs	425,406	423,794	(1,612)	493,293	67,887
<b>Total Personnel Expenses</b>	<u>\$ 6,071,127</u>	<u>\$ 6,315,346</u>	<u>\$ 244,219</u>	<u>\$ 6,987,133</u>	<u>\$ 916,006</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 56,722	\$ 50,904	\$ (5,818)	\$ 59,228	\$ 2,506
Travel	151,230	149,014	(2,216)	215,878	64,648
<b>Total Meeting Expenses</b>	<u>\$ 207,952</u>	<u>\$ 199,918</u>	<u>\$ (8,034)</u>	<u>\$ 275,106</u>	<u>\$ 67,154</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 159,000	\$ 195,658	\$ 36,658	\$ 133,400	\$ (25,600)
Office Rent	-	-	-	-	-
Office Costs	399,237	217,968	(181,269)	505,867	106,630
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 558,237</u>	<u>\$ 413,626</u>	<u>\$ (144,611)</u>	<u>\$ 639,267</u>	<u>\$ 81,030</u>
<b>Total Direct Expenses</b>	<u>\$ 6,837,316</u>	<u>\$ 6,928,890</u>	<u>\$ 91,574</u>	<u>\$ 7,901,506</u>	<u>\$ 1,064,190</u>
<b>Indirect Expenses</b>	<u>\$ 3,559,486</u>	<u>\$ 3,461,416</u>	<u>(98,070)</u>	<u>\$ 3,655,652</u>	<u>\$ 96,166</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 10,396,802</u>	<u>\$ 10,390,306</u>	<u>\$ (6,496)</u>	<u>\$ 11,557,158</u>	<u>\$ 1,160,356</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (177,336)</u>	<u>\$ 271,064</u>	<u>\$ 448,400</u>	<u>\$ (202,082)</u>	<u>\$ (24,746)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 17,447</u>	<u>\$ 19,785</u>	<u>\$ 2,338</u>	<u>\$ 40,852</u>	<u>\$ 23,405</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 10,414,249</u>	<u>\$ 10,410,091</u>	<u>\$ (4,158)</u>	<u>\$ 11,598,010</u>	<u>\$ 1,183,761</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (194,783)</u>	<u>\$ 251,279</u>	<u>\$ 446,062</u>	<u>\$ (242,934)</u>	<u>\$ (48,151)</u>
FTEs	38.00	38.00	-	41.00	3.00
HC	38.00	38.00	-	41.00	3.00



## Section A—Statutory Programs

## Training and Outreach

## Training and Outreach

Training and Outreach (in whole dollars)			Increase (Decrease)
	2023 Budget	2024 Budget	
Total FTEs	8.50	8.50	-
Direct Expenses	\$ 1,650,513	\$ 1,988,891	\$ 338,378
Indirect Expenses	\$ 796,201	\$ 757,879	\$ (38,322)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 3,903	\$ 8,469	\$ 4,566
Total Funding Requirement	\$ 2,450,617	\$ 2,755,239	\$ 304,622

## Program Scope and Purpose

The Training and Outreach Program informs, educates, and interacts directly with stakeholders on a range of topics including Reliability Standards, risk assessments, reliability planning and performance analysis, seasonal preparedness, grid operations and security, and human performance improvement.

This program is comprised of two of the three departments that make up the Strategic Engagement group—Training and Outreach and External Affairs. Both departments work with external stakeholders to facilitate and enhance the work of CMEP and RAPA by ensuring effective communications, education opportunities, and timely dialogue on critical reliability and security matters. Strategic Engagement also focuses on the timely production and distribution of high-quality analyses addressing reliability and security topics of interest and importance to decision-makers throughout the Western Interconnection. An understanding of the dynamics within the Western Interconnection through engagement with WECC's stakeholders is essential to effectively address reliability and security risks.

## 2024 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues.
- Two Reliability and Security Workshops will be held in-person at off-site locations.
- One Grid Fundamentals course will be held in-person at the WECC office.
- Virtual Training and Outreach formats will be used where appropriate.
- WECC will increase partnerships and collaboration with the ERO Enterprise where appropriate to expand audience participation and to share subject matter expertise.



## Section A—Statutory Programs

## Training and Outreach

## 2024 Goals and Deliverables

- Maintain and continue to cultivate effective relationships with industry groups, WECC technical committees, ERO Enterprise, federal, state, and provincial regulators, policy- and decision-makers, national labs and educational institutions, and the broader reliability and security community.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the reliability and security of the BPS.
- Lead a 2024 Long-Term Strategy refresh with a focus on Board involvement and stakeholder feedback while maintaining alignment with the ERO Enterprise Long-Term Strategy.
- Embed stakeholder perspectives and opportunities for collaboration into the product development process.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy or WECC RRP.
- Continue to refine stakeholder engagement and outreach plans.
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Deliver monthly Compliance Open Webinars to educate and collaborate with stakeholders on various oversight activities.
- Conduct webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and study results.
- Continue to promote and facilitate quarterly Grid Fundamentals courses to teach people who are new to the industry how the electric power system works, how it is managed, and how to better understand reliability issues.
- Deliver two Reliability and Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection. Specific topics include:
  - Lessons learned and process improvement for implementation of risk-based concepts;
  - Enforcement trends and statistics; and
  - Information on audit approach for standards.
- Provide opportunities for further education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
  - WECC Reliability Risk Priorities (RRP);
  - Reliability planning tools and modeling capabilities, including base case and production cost model studies;
  - Contingency studies and analyses;



**Section A—Statutory Programs****Training and Outreach**

- Scenario planning and regulatory issues and trends; and
- Event analysis.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$115,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- Meetings & Conference Calls increase by \$239,000 primarily due to hosting both Reliability and Security Workshops in-person at off-site locations due to stakeholder feedback and requests.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Training and Outreach

## Training and Outreach Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget TRAINING AND OUTREACH					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 1,414,435	\$ 1,414,435	\$ -	\$ 1,543,080	\$ 128,645
Penalties Released	797,979	797,979	-	639,197	(158,782)
<b>Total Statutory Funding</b>	<u>\$ 2,212,414</u>	<u>\$ 2,212,414</u>	<u>\$ -</u>	<u>\$ 2,182,277</u>	<u>\$ (30,137)</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	188,100	188,100	-	475,250	287,150
Interest	4,268	103,554	99,286	40,000	35,732
<b>Total Revenue (A)</b>	<u>\$ 2,404,782</u>	<u>\$ 2,504,068</u>	<u>\$ 99,286</u>	<u>\$ 2,697,527</u>	<u>\$ 292,745</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 1,045,639	\$ 1,077,780	\$ 32,141	\$ 1,145,832	\$ 100,193
Payroll Taxes	67,253	71,999	4,746	71,219	3,966
Benefits	121,308	102,442	(18,866)	123,107	1,799
Retirement Costs	92,883	91,385	(1,498)	101,715	8,832
<b>Total Personnel Expenses</b>	<u>\$ 1,327,083</u>	<u>\$ 1,343,606</u>	<u>\$ 16,523</u>	<u>\$ 1,441,873</u>	<u>\$ 114,790</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 231,509	\$ 235,005	\$ 3,496	\$ 470,133	\$ 238,624
Travel	45,341	21,778	(23,563)	32,540	(12,801)
<b>Total Meeting Expenses</b>	<u>\$ 276,850</u>	<u>\$ 256,783</u>	<u>\$ (20,067)</u>	<u>\$ 502,673</u>	<u>\$ 225,823</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	46,580	33,754	(12,826)	44,345	(2,235)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 46,580</u>	<u>\$ 33,754</u>	<u>\$ (12,826)</u>	<u>\$ 44,345</u>	<u>\$ (2,235)</u>
<b>Total Direct Expenses</b>	<u>\$ 1,650,513</u>	<u>\$ 1,634,143</u>	<u>\$ (16,370)</u>	<u>\$ 1,988,891</u>	<u>\$ 338,378</u>
<b>Indirect Expenses</b>	<u>\$ 796,201</u>	<u>\$ 777,564</u>	<u>\$ (18,637)</u>	<u>\$ 757,879</u>	<u>\$ (38,322)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 2,446,714</u>	<u>\$ 2,411,707</u>	<u>\$ (35,007)</u>	<u>\$ 2,746,770</u>	<u>\$ 300,056</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (41,932)</u>	<u>\$ 92,361</u>	<u>\$ 134,293</u>	<u>\$ (49,243)</u>	<u>\$ (7,311)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 3,903</u>	<u>\$ 4,445</u>	<u>\$ 542</u>	<u>\$ 8,469</u>	<u>\$ 4,566</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 2,450,617</u>	<u>\$ 2,416,152</u>	<u>\$ (34,465)</u>	<u>\$ 2,755,239</u>	<u>\$ 304,622</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (45,835)</u>	<u>\$ 87,916</u>	<u>\$ 133,751</u>	<u>\$ (57,712)</u>	<u>\$ (11,877)</u>
FTEs	8.50	8.50	-	8.50	-
HC	8.00	8.00	-	8.00	-



## Section A—Statutory Programs

## Situation Awareness and Infrastructure Security

## Situation Awareness and Infrastructure Security

Situation Awareness and Infrastructure Security (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	2.00	2.00	-
Direct Expenses	\$ 370,160	\$ 400,266	\$ 30,106
Indirect Expenses	\$ 187,341	\$ 178,324	\$ (9,017)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ 918	\$ 1,993	\$ 1,075
Total Funding Requirement	\$ 558,419	\$ 580,583	\$ 22,164

**Program Scope and Purpose**

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness about the conditions and significant occurrences on the BPS in the Western Interconnection to recognize conditions and situations that could affect the reliability and security of the BPS. WECC has access to limited near-real-time data through the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, the Plant Information (PI) system, and the University of Tennessee Frequency Monitoring NETwork (FNET).

The SAIS Program works to understand system and security issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC identifies patterns and trends that will help build a stronger and more resilient system. Staff responds to events by providing coordination, assistance, and communication with the RCs, stakeholders, and NERC SAIS personnel. SAIS work also supports event analysis capabilities.

**2024 Key Budget Assumptions**

- Cybersecurity and physical security threats will continue to increase as the grid evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Work Groups, and other stakeholder groups to focus on security outreach and education.
- WECC will support NERC and FERC's efforts for situation awareness of current system conditions.
- WECC will maximize sharing of reliability and security data, within agreed parameters, and insights from Events Analysis, including near misses, to enhance understanding of reliability and security issues, promote operational excellence, promptly share best practices and lessons learned, and engage third-party experts to expand capabilities and resources applied to critical reliability and security issues.





**Section A—Statutory Programs****Situation Awareness and Infrastructure Security**

- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Monitor system events, collect information, and coordinate prompt distribution of updates on system events to industry stakeholders and NERC SAIS personnel.
- Work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons.
- Coordinate the communication of critical information in daily NERC SAIS meetings and the NERC Crisis Action Plan meetings.
- Support efforts and work to develop and enhance ways to improve the use of SAFNR, the PI system, and other tools to further support SAIS.
- Improve reliability readiness by participating in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Alerts).
- Promote rapid and appropriate sharing of situation awareness information to support critical infrastructure security.
- Enhance engagement with Western stakeholders to improve the coordination and sharing of appropriate security information.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$29,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.



**Section A—Statutory Programs**

**Situation Awareness and Infrastructure Security**

See Section B—Supplemental Financial Information for explanations of other variances between the 2023 and 2024 budgets.



## Section A—Statutory Programs

## Situation Awareness and Infrastructure Security

## Situation Awareness and Infrastructure Security Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ 359,211	\$ 359,211	\$ -	\$ 408,611	\$ 49,400
Penalties Released	187,760	187,760	-	150,399	(37,361)
<b>Total Statutory Funding</b>	<u>\$ 546,971</u>	<u>\$ 546,971</u>	<u>\$ -</u>	<u>\$ 559,010</u>	<u>\$ 12,039</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	1,004	26,724	25,720	9,412	8,408
<b>Total Revenue (A)</b>	<u>\$ 547,975</u>	<u>\$ 573,695</u>	<u>\$ 25,720</u>	<u>\$ 568,422</u>	<u>\$ 20,447</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 276,946	\$ 313,848	\$ 36,902	\$ 302,007	\$ 25,061
Payroll Taxes	19,137	22,710	3,573	19,875	738
Benefits	29,904	30,396	492	31,235	1,331
Retirement Costs	24,648	23,303	(1,345)	26,879	2,231
<b>Total Personnel Expenses</b>	<u>\$ 350,635</u>	<u>\$ 390,257</u>	<u>\$ 39,622</u>	<u>\$ 379,996</u>	<u>\$ 29,361</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	16,050	15,250	(800)	17,470	1,420
<b>Total Meeting Expenses</b>	<u>\$ 16,050</u>	<u>\$ 15,250</u>	<u>\$ (800)</u>	<u>\$ 17,470</u>	<u>\$ 1,420</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	3,475	3,158	(317)	2,800	(675)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 3,475</u>	<u>\$ 3,158</u>	<u>\$ (317)</u>	<u>\$ 2,800</u>	<u>\$ (675)</u>
<b>Total Direct Expenses</b>	<u>\$ 370,160</u>	<u>\$ 408,665</u>	<u>\$ 38,505</u>	<u>\$ 400,266</u>	<u>\$ 30,106</u>
<b>Indirect Expenses</b>	<u>\$ 187,341</u>	<u>\$ 200,662</u>	<u>\$ 13,321</u>	<u>\$ 178,324</u>	<u>\$ (9,017)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 557,501</u>	<u>\$ 609,327</u>	<u>\$ 51,826</u>	<u>\$ 578,590</u>	<u>\$ 21,089</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (9,526)</u>	<u>\$ (35,632)</u>	<u>\$ (26,106)</u>	<u>\$ (10,168)</u>	<u>\$ (642)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 918</u>	<u>\$ 1,147</u>	<u>\$ 229</u>	<u>\$ 1,993</u>	<u>\$ 1,075</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 558,419</u>	<u>\$ 610,474</u>	<u>\$ 52,055</u>	<u>\$ 580,583</u>	<u>\$ 22,164</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ (10,444)</u>	<u>\$ (36,779)</u>	<u>\$ (26,335)</u>	<u>\$ (12,161)</u>	<u>\$ (1,717)</u>
FTEs	2.00	2.00	-	2.00	-
HC	2.00	2.00	-	2.00	-



## Section A—Statutory Programs

## Corporate Services

## Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2023 Budget	2024 Budget	Increase (Decrease)	FTEs 2023 Budget	FTEs 2024 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 5,412,320	\$ 5,703,604	\$ 291,284	18.00	18.00	-
Legal and Regulatory	\$ 1,276,141	\$ 1,077,139	\$ (199,002)	4.50	3.50	(1.00)
Information Technology	\$ 3,651,025	\$ 3,836,034	\$ 185,009	11.00	12.00	1.00
Human Resources	\$ 1,209,397	\$ 1,212,919	\$ 3,522	4.00	4.00	-
Accounting and Finance	\$ 546,799	\$ 657,274	\$ 110,475	3.00	3.00	-
Total Corporate Services*	\$ 12,095,682	\$ 12,486,970	\$ 391,288	40.50	40.50	-

\*WECC's 2024 Corporate Services budget (expenses plus fixed assets) is \$12,486,970 of which \$991,745 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2024 statutory budget are \$11,495,225, which is a \$248,000 increase from the 2023 budget.

## Program Scope and Purpose

Corporate Services encompasses the following program areas and includes all business and administrative functions of the organization:

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

These support functions are foundational for the existence and operation of the organization. This area provides executive leadership and administrative and technical support for staff, committees, members, and stakeholders.

## Method for Allocation of Corporate Services Expenses to Programs

Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.



**Section A—Statutory Programs****Corporate Services****Technical Committees and Member Forums****Program Scope and Purpose**

WECC undertook technical committee restructuring efforts in 2021 and 2022 to streamline the committee structure and governance and optimize stakeholder engagement. As a result, this budget was merged into the RAPA Program, beginning in 2023, where most of the committee work is facilitated.



**Section A—Statutory Programs****Corporate Services****General and Administrative****Program Scope and Purpose**

The G&A Program provides executive leadership; enterprise security; enterprise risk management; communications; and administrative support for staff, committees, and members; as well as logistics support for the office and meeting facilities. In addition, indirect costs like Office Rent that benefit multiple functional areas are accounted for in this program.

**2024 Key Budget Assumptions**

- WECC staff will provide the same level of meetings and meeting support as 2023 for the Board of Directors and Board Committees.
- ~~Anaheim, CA~~ Salt Lake City, UT is the Board-approved location for the 2024 Annual Meeting.
- Board Directors will be compensated according to the 2024 Board compensation structure.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide strong executive leadership and strategic guidance for WECC's activities, and ensure WECC supports the ERO Enterprise Long-Term Strategy and meets the expectations of the Regional Delegation Agreement.
- Provide excellent support and logistics coordination for the Board and Board committees.
- Identify opportunities for efficiencies and increased effectiveness of meetings and stakeholder services teams.
- Enhance internal and external communications.
- Improve WECC's security posture and programs.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$269,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.



## Section A—Statutory Programs

## Corporate Services

### *Operating Expenses*

- No significant changes.

### *Fixed Assets*

- No significant changes.



**Section A—Statutory Programs****Corporate Services****Legal and Regulatory****Program Scope and Purpose**

The Legal and Regulatory Program provides coordinated legal services and subject matter expertise to the Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with Legal and Regulatory. WECC's broad scope of activities requires significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law, and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

**2024 Key Budget Assumptions**

- The scope of current Legal operations will be maintained.
- One FTE is transferred to Information Technology due to efficiencies gained and increased use of external legal counsel.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide efficient, cost-effective legal support to the Board, committees, and staff through a combination of in-house and outside resources.
- Advise staff on legal matters.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses decrease by a net of \$294,000 primarily due to one position transferred to Information Technology, changes in position levels, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Professional Services increase by \$124,000 primarily due to increases in business insurance premiums and fees for outside counsel advice.





## Section A—Statutory Programs

## Corporate Services

### *Fixed Assets*

- No significant changes.



**Section A—Statutory Programs****Corporate Services****Information Technology****Program Scope and Purpose**

The Information Technology (IT) Program provides enterprise and desktop systems, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation, and operational support for hardware, software, database, system administration, data center operations, email, and telephony. IT implements new technology solutions using staff and external service providers to improve the security, effectiveness, and efficiency of business processes and operations. IT provides resources and tools to enable the organization to meet evolving requirements in support of its mission and delegated responsibilities.

**2024 Key Budget Assumptions**

- WECC will increase security capabilities with more access controls and enhanced threat monitoring, detection, and reporting tools due to the ever-changing cybersecurity landscape.
- Penetration tests on the network and systems will be performed annually.
- Dark web monitoring will commence in 2024.
- IT will select and implement a more robust organization-wide data reporting tool for increased data visualization, analytical, and reporting capabilities.
- Consultants will be used for project-based work to augment staff skill sets.
- IT will continue to drive long-term levelized costs by obtaining subscription services for software and infrastructure when practical.
- To retain vendor support and to reduce unplanned outages, desktop computer equipment will be replaced every four years, servers every five years, and network equipment every seven to 10 years.
- IT will continue to work collaboratively to share and make the most of the knowledge across the ERO Enterprise, minimize duplication of effort and investments, and improve operational efficiency, in support of the ERO Enterprise IT Strategy.
- One business analyst is added to provide project, reporting, coordination, and departmental support to allow subject matter experts to focus on more specialized, technical areas.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Provide enhanced enterprise data management and reporting tools and communication capabilities.



**Section A—Statutory Programs****Corporate Services**

- Create centralized databases, automated processes, and tools to organize a growing volume of electronic data.
- Enhance the capabilities, performance, and security controls for mobile device use and remote workers.
- Continuously improve WECC's security program and posture due to the critical nature of some of WECC's data and evolving cybersecurity risks.
- Provide increased business intelligence tools to the business.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$263,000 primarily due to one position transferred from Legal and Regulatory, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- Consultants & Contracts decrease by a net of \$~~24~~79,000 primarily due to the completion of the wecc.org platform conversion that was undertaken in 2022 and 2023 for increased security of the website and the completion of a data management project that was funded with the Peak Reliability Donation.
- Office Costs increase by \$313,000 primarily due to increased licensing fee rates and licensing costs for new security, reporting, and document management tools.

*Fixed Assets*

- Equipment CapEx increases by a net of \$72,000 primarily due to security upgrades for the corporate Wi-Fi network, battery backup replacements, and refreshes of storage arrays. These costs have been allocated to the Statutory Program areas via the Fixed Asset Allocation.



**Section A—Statutory Programs****Corporate Services****Human Resources****Program Scope and Purpose**

The Human Resources (HR) Program is responsible for the delivery of all HR functions to ensure WECC is viewed as an employer of choice with highly skilled, collaborative, and engaged employees who are committed to WECC's mission. Responsibilities include recruitment, compensation, benefits, safety, health and wellness, employee relations, personal and professional development, succession planning, knowledge transfer, and leadership and employee engagement. HR also maintains employee-data systems and ensures compliance with employment-related federal and state requirements.

**2024 Key Budget Assumptions**

- Total WECC headcount increases by 10 FTEs in 2024.
- WECC's current benefit levels are maintained with minimal premium increases.
- Employee skills gaps are minimized through the identification of critical technical skills, targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- National markets will be targeted for many positions, allowing WECC to hire from a larger and more diverse candidate pool of highly skilled talent.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific effort will be given to practices that support and enhance interactions and relationships within a hybrid workforce.
- Management development will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- Use NERC's Learning Management System and LinkedIn Learning as training resources for employees.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Enhance all facets of the employee experience to achieve low levels of turnover.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct interpersonal skills, harassment prevention and diversity, equity, and inclusion (DE&I) training for all employees and managers.



**Section A—Statutory Programs****Corporate Services**

- Enhance the scope of succession planning and knowledge transfer, which are vital to developing and maintaining a highly skilled, qualified, and diverse workforce that is necessary to deliver on WECC's mission.
- Deliver a comprehensive yet affordable benefits package to retain current employees and attract prospective employees while managing costs.
- Expand recruiting efforts through college campus outreach, WECC and industry trainings and meetings, social media platforms, and employee referral programs.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses decrease by a net of \$29,000 primarily due to the refinement of some budget assumptions to better align the budget with historical spending, changes in position levels, recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.

*Operating Expenses*

- No significant changes.

*Fixed Assets*

- No significant changes.



**Section A—Statutory Programs****Corporate Services****Finance and Accounting****Program Scope and Purpose**

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program reports financial results in a timely and effective manner to help departments recognize and seize opportunities for improvement in current and future activities. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting.

**2024 Key Budget Assumptions**

- Interest rates continue to increase.
- Bank and investment fees increase.
- Cloud-based accounting software licenses and support fees increase.

**2024 Goals and Deliverables**

- Continuously improve program processes and tools.
- Deliver quantitative and qualitative results for corporate scorecard items, and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Train management team on budgeting and forecasting processes.
- Identify and implement efficiencies in financial processes and increase the effectiveness of budgeting and financial reporting.
- Help departments effectively manage resources and operate within approved budgets.
- Ensure effective financial controls are in place, including routine monitoring of spending compared to budget.
- Provide quality reporting and financial analysis to managers, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.

**Resource Requirements/Explanation of Significant Changes***Personnel Expenses*

- Personnel Expenses increase by a net of \$46,000 primarily due to recruiting and retention initiatives, a budgeted 3% merit pool, and the refinement of payroll tax and benefits enrollment rates.

*Meeting Expenses*

- No significant changes.



## Section A—Statutory Programs

## Corporate Services

### *Operating Expenses*

- Office costs increase by a net of \$60,000 primarily due to an increase in business and occupational taxes on WECC's annual assessments, increases in personal property tax rates, and increases in bank, merchant, and investment fees.

### *Fixed Assets*

- No significant changes.



## Section A—Statutory Programs

## Corporate Services

## Corporate Services Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget CORPORATE SERVICES					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Workshops & Miscellaneous	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Revenue (A)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 5,046,693	\$ 5,082,800	\$ 36,107	\$ 5,262,178	\$ 215,485
Payroll Taxes	316,397	292,470	(23,927)	321,151	4,754
Benefits	959,039	845,142	(113,897)	973,104	14,065
Retirement Costs	475,903	447,071	(28,832)	496,305	20,402
<b>Total Personnel Expenses</b>	<u>\$ 6,798,032</u>	<u>\$ 6,667,483</u>	<u>\$ (130,549)</u>	<u>\$ 7,052,738</u>	<u>\$ 254,706</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 97,950	\$ 110,778	\$ 12,828	\$ 75,403	\$ (22,547)
Travel	165,447	163,021	(2,426)	148,537	(16,910)
<b>Total Meeting Expenses</b>	<u>\$ 263,397</u>	<u>\$ 273,799</u>	<u>\$ 10,402</u>	<u>\$ 223,940</u>	<u>\$ (39,457)</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ 1,045,100	\$ 1,012,816	\$ (32,284)	\$ 559,500	\$ (485,600)
Office Rent	1,318,436	1,322,242	3,806	1,327,202	8,766
Office Costs	1,524,717	1,371,092	(153,625)	1,924,379	399,662
Professional Services	1,087,000	1,166,529	79,529	1,261,211	174,211
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 4,975,253</u>	<u>\$ 4,872,679</u>	<u>\$ (102,574)</u>	<u>\$ 5,072,292</u>	<u>\$ 97,039</u>
<b>Total Direct Expenses</b>	<u>\$ 12,036,682</u>	<u>\$ 11,813,961</u>	<u>\$ (222,721)</u>	<u>\$ 12,348,970</u>	<u>\$ 312,288</u>
<b>Indirect Expenses</b>	<u>\$ (12,036,682)</u>	<u>\$ (11,813,961)</u>	<u>\$ 222,721</u>	<u>\$ (12,348,970)</u>	<u>\$ (312,288)</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	40.50	40.50	-	40.50	-
HC	41.00	41.00	-	41.00	-







## Section B

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### Supplemental Financial Information

## Section B—Supplemental Financial Information

### Reserve Analysis

Table B-1

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
<b>Beginning Reserve, January 1, 2023</b>	\$ 35,140,129	\$ 11,368,371	\$ 20,306,594	\$ 3,465,164
Plus: 2023 Funding (from Load-Serving Entities (LSE) or designees)	19,750,537	19,750,537		-
Plus: Penalties released	-	11,218,646	(11,218,646)	-
Plus: Penalties received	500,000	-	500,000	-
Plus: 2023 Other funding sources	1,654,563	1,654,563	-	-
Less: 2023 Projected expenses & capital expenditures	(33,922,425)	(33,327,425)	-	(595,000)
<b>Projected Reserve (Deficit), December 31, 2023</b>	<b>\$ 23,122,804</b>	<b>\$ 10,664,692</b>	<b>\$ 9,587,948</b>	<b>\$ 2,870,164</b>
Plus: 2024 Funding (from Load-Serving Entities (LSE) or designees)	24,000,000	24,000,000	-	-
Plus: Penalties released	-	9,587,948	(9,587,948)	-
Plus: 2024 Other funding sources	1,075,250	1,075,250	-	-
Less: 2024 Projected expenses & capital expenditures	(35,404,795)	(35,154,795)	-	(250,000)
<b>2024 Increase(Decrease) in Reserve</b>	<b>\$ (10,329,545)</b>	<b>(491,597)</b>	<b>\$ (9,587,948)</b>	<b>\$ (250,000)</b>
<b>Projected Reserve, December 31, 2024</b>	<b>\$ 12,793,259</b>	<b>\$ 10,173,095</b>	<b>\$ -</b>	<b>\$ 2,620,164</b>
2024 Expenses and Capital Expenditures	35,404,795			
Less: Penalties Released	(9,587,948)			
Less: Other Funding Sources	(1,075,250)			
Change to Working Capital & Peak Reliability Donation Reserves	(741,597)			
<b>2024 WECC Assessment</b>	<b>\$ 24,000,000</b>			

WECC's Board has approved a Working Capital Reserve balance equal to one to three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy, approved by the FAC in June 2023.



## Section B—Supplemental Financial Information

### Breakdown of Statement of Activities

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 13.

#### Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or before June 30, 2023, will be used to offset assessments in the 2024 WECC budget.

WECC received \$19,919,000 in penalty monies between July 1, 2021, and June 30, 2022. Of this amount, WECC obtained FERC approval through the 2023 Business Plan and Budget process to release \$11,219,000 in penalty monies to offset 2023 assessments, with the remaining unreleased penalties of \$8,700,000 to be used to offset and stabilize assessments in 2024.

In addition to the penalty funds carried forward to 2024, other penalty monies collected to offset 2024 assessments are included in Table B-2.

**Allocation Method:** Penalty monies released have been allocated to the following Statutory Programs to reduce assessments:

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

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.



Section B—Supplemental Financial Information

Penalty Sanctions

Table B-2

Penalty Information		
Total penalties available to offset 2024 assessments	\$	9,587,948
Penalties released to offset 2024 assessments		(9,587,948)
Unreleased penalties to offset 2025 assessments	\$	-



## Section B—Supplemental Financial Information

### Supplemental Funding

Table B-3

Supplemental Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)		Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget
<b>Reliability Standards</b>					
Interest		\$ 1,507	\$ 40,087	\$ 14,118	\$ 12,611
<b>Total</b>		<b>\$ 1,507</b>	<b>\$ 40,087</b>	<b>\$ 14,118</b>	<b>\$ 12,611</b>
<b>Compliance Monitoring, Enforcement &amp; Org. Registration</b>					
Interest		\$ 34,142	\$ 835,115	\$ 343,529	\$ 309,387
<b>Total</b>		<b>\$ 34,142</b>	<b>\$ 835,115</b>	<b>\$ 343,529</b>	<b>\$ 309,387</b>
<b>Reliability Assessment and Performance Analysis</b>					
Interest		\$ 19,079	\$ 460,983	\$ 192,941	\$ 173,862
<b>Total</b>		<b>\$ 19,079</b>	<b>\$ 460,983</b>	<b>\$ 192,941</b>	<b>\$ 173,862</b>
<b>Training and Outreach</b>					
Workshops & Miscellaneous		\$ 188,100	\$ 188,100	\$ 475,250	\$ 287,150
Interest		4,268	103,554	40,000	35,732
<b>Total</b>		<b>\$ 192,368</b>	<b>\$ 291,654</b>	<b>\$ 515,250</b>	<b>\$ 322,882</b>
<b>Situation Awareness and Infrastructure Security</b>					
Interest		\$ 1,004	\$ 26,724	\$ 9,412	\$ 8,408
<b>Total</b>		<b>\$ 1,004</b>	<b>\$ 26,724</b>	<b>\$ 9,412</b>	<b>\$ 8,408</b>
<b>Corporate Services</b>					
Interest		\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Supplemental Funding</b>		<b>\$ 248,100</b>	<b>\$ 1,654,563</b>	<b>\$ 1,075,250</b>	<b>\$ 827,150</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

WECC anticipates its investments will earn interest of approximately \$600,000 in 2024 due to higher interest rates than prior years. This revenue is allocated to the Statutory Programs based on FTEs.

#### Reliability Standards

- No significant changes.

#### Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.

#### Reliability Assessment and Performance Analysis

- No significant changes.



## **Section B—Supplemental Financial Information**

### **Training and Outreach**

- One additional Reliability and Security Workshop is held in person—fees for in-person attendance are higher than virtual attendance fees.

### **Situation Awareness and Infrastructure Security**

- No significant changes.

### **Corporate Services**

- No significant changes.



## Section B—Supplemental Financial Information

## Personnel Expenses

Table B-4

Personnel Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
<b>Salaries</b>					
Salaries	\$ 20,039,300	\$ 21,457,898	\$ 22,648,811	\$ 2,609,511	13.0%
Employment Agency Fees	-	75,250	-	-	(100.0%)
Temporary Office Services	-	6,500	-	-	
<b>Total Salaries</b>	<b>\$ 20,039,300</b>	<b>\$ 21,539,648</b>	<b>\$ 22,648,811</b>	<b>\$ 2,609,511</b>	<b>13.0%</b>
<b>Total Payroll Taxes</b>	<b>\$ 1,322,041</b>	<b>\$ 1,374,810</b>	<b>\$ 1,436,740</b>	<b>\$ 114,699</b>	<b>8.7%</b>
<b>Benefits</b>					
Workers Compensation	\$ 15,000	\$ 16,982	\$ 19,800	\$ 4,800	32.0%
Medical Insurance	2,339,510	2,061,612	2,465,138	125,628	5.4%
Life-LTD-STD Insurance	105,665	105,433	114,795	9,130	8.6%
Education	164,347	187,580	145,437	(18,910)	(11.5%)
Relocation	-	-	-	-	
Other	24,996	24,159	24,996	-	0.0%
<b>Total Benefits</b>	<b>\$ 2,649,518</b>	<b>\$ 2,395,766</b>	<b>\$ 2,770,166</b>	<b>\$ 120,648</b>	<b>4.6%</b>
<b>Retirement</b>					
Discretionary 401(k) Contribution	\$ 1,779,267	\$ 1,805,354	\$ 2,010,272	\$ 231,005	13.0%
Retirement Administration Fees	30,000	30,000	30,000	-	
<b>Total Retirement</b>	<b>\$ 1,809,267</b>	<b>\$ 1,835,354</b>	<b>\$ 2,040,272</b>	<b>\$ 231,005</b>	<b>12.8%</b>
<b>Total Personnel Costs</b>	<b>\$ 25,820,126</b>	<b>\$ 27,145,578</b>	<b>\$ 28,895,989</b>	<b>\$ 3,075,863</b>	<b>11.9%</b>
<b>FTEs</b>	<b>160.0</b>	<b>160.0</b>	<b>168.0</b>	<b>8.0</b>	<b>5.0%</b>
<b>Cost per FTE</b>					
Salaries	\$ 125,246	\$ 134,623	\$ 134,814	\$ 9,569	7.6%
Payroll Taxes	8,263	8,593	8,552	289	3.5%
Benefits	16,559	14,974	16,489	(70)	(0.4%)
Retirement	11,308	11,471	12,144	837	7.4%
<b>Total Cost per FTE</b>	<b>\$ 161,376</b>	<b>\$ 169,660</b>	<b>\$ 172,000</b>	<b>\$ 10,624</b>	<b>6.6%</b>

## Explanation of Significant Variances—2024 Budget versus 2023 Budget

## Salaries

- Salaries increase by a net of \$2,610,000 primarily due to 8.0 new FTEs, recruiting and retention initiatives, and a budgeted 3% merit pool.

## Payroll Taxes

- Payroll Taxes increase by a net of \$115,000 and fluctuate with salaries.



## **Section B—Supplemental Financial Information**

### **Benefits**

- Medical Insurance increases by a net of \$126,000 primarily due to additional FTEs and changes in participation and enrollment levels.

### **Retirement**

- Discretionary 401(k) Contribution increases by a net of \$231,000 because retirement contributions fluctuate with salaries.





## Section B—Supplemental Financial Information

## Meeting Expenses

Table B-5

Meeting & Conference Call Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	711	-	-	
Reliability Assessment and Performance Analysis	56,722	50,904	59,228	2,506	4.4%
Training and Outreach	231,509	235,005	470,133	238,624	103.1%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	97,950	110,778	75,403	(22,547)	(23.0%)
<b>Total Meeting Expenses</b>	<b>\$ 386,181</b>	<b>\$ 397,398</b>	<b>\$ 604,764</b>	<b>\$ 218,583</b>	<b>56.6%</b>

Travel Expense	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Reliability Standards	\$ 7,520	\$ 9,742	\$ 11,315	\$ 3,795	50.5%
Compliance Monitoring and Enforcement and Organization Registration and Certification	175,520	338,573	323,430	147,910	84.3%
Reliability Assessment and Performance Analysis	151,230	149,014	215,878	64,648	42.7%
Training and Outreach	45,341	21,778	32,540	(12,801)	(28.2%)
Situation Awareness and Infrastructure Security	16,050	15,250	17,470	1,420	8.8%
Corporate Services	165,447	163,021	148,537	(16,910)	(10.2%)
<b>Total Travel Expenses</b>	<b>\$ 561,108</b>	<b>\$ 697,378</b>	<b>\$ 749,170</b>	<b>\$ 188,062</b>	<b>33.5%</b>

## Explanation of Significant Variances—2024 Budget versus 2023 Budget

## Meeting &amp; Conference Call Expense

- ~~RAPA increases by \$83,000 primarily due to the biennial Reliability Risk Priorities Workshop to be held off site in February 2024.~~
- Training and Outreach ~~de~~increases by \$239,000 primarily due to holding the fall Reliability and Security Workshop in person due to stakeholder feedback. The costs of these workshops are funded through attendee and vendor registration fees.

## Travel Expense

- ~~CMEP increases by a net of \$9148,000~~ increases by a net of \$9148,000 primarily due to increases in in-person meetings and outreach, 5.0 additional FTEs, inflationary impacts on airfare and hotel rates, and increases in remote employees.
- RAPA increases by a net of \$65,000 primarily due to increases in in-person meetings and outreach, 3.0 additional FTEs, inflationary impacts on airfare and hotel rates, and increases in remote employees.



## Section B—Supplemental Financial Information

### Consultants and Contracts

Table B-6

Consultants	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
<b>Consultants</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	50,000	50,073	36,000	(14,000)	(28.0%)
Reliability Assessment and Performance Analysis	159,000	195,658	133,400	(25,600)	(16.1%)
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	1,045,100	1,011,897	559,500	(485,600)	(46.5%)
<b>Consultants Total</b>	<b>\$ 1,254,100</b>	<b>\$ 1,257,628</b>	<b>\$ 728,900</b>	<b>\$ (525,200)</b>	<b>(41.9%)</b>

Contracts	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
<b>Contracts</b>					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	207,750	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	-	919	-	-	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ 208,669</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Consulting and Contracts</b>	<b>\$ 1,254,100</b>	<b>\$ 1,466,297</b>	<b>\$ 728,900</b>	<b>\$ (525,200)</b>	<b>(41.9%)</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

#### Consultants

- RAPA decreases by a net of \$26,000 primarily due to the completion of one-time MAVRIC probabilistic tool updates.
- Corporate Services decreases by a net of ~~\$348~~6,000 primarily due to the completion of a content management system implementation, a data management project, and a planned reduction in organizational development consulting.

#### Contracts

- Not applicable.



**Section B—Supplemental Financial Information****Office Rent****Table B-7**

Office Rent	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Office Rent	\$ 1,301,772	\$ 1,304,442	\$ 1,309,800	\$ 8,028	0.6%
Utilities	-	-	-	-	
Maintenance	16,664	17,799	17,402	738	4.4%
Security	-	-	-	-	
<b>Total Office Rent</b>	<b>\$ 1,318,436</b>	<b>\$ 1,322,241</b>	<b>\$ 1,327,202</b>	<b>\$ 8,766</b>	<b>0.7%</b>

**Explanation of Significant Variances—2024 Budget versus 2023 Budget**

- No significant changes.



## Section B—Supplemental Financial Information

## Office Costs

Table B-8

Office Costs	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Telephone	\$ 92,600	\$ 93,325	\$ 87,860	\$ (4,740)	(5.1%)
Internet	85,776	69,014	53,691	(32,085)	(37.4%)
Office Supplies	73,224	73,763	68,677	(4,547)	(6.2%)
Computer Supplies and Maintenance	1,520,317	1,232,840	2,028,971	508,654	33.5%
Publications and Subscriptions	64,420	59,595	57,052	(7,368)	(11.4%)
Dues and Fees	235,957	221,818	241,143	5,186	2.2%
Postage	1,500	1,000	3,400	1,900	126.7%
Express Shipping	7,844	7,889	9,215	1,371	17.5%
Copying	11,516	10,273	13,298	1,782	15.5%
Bank Charges	51,225	58,260	72,000	20,775	40.6%
Taxes	29,122	43,851	56,000	26,878	92.3%
<b>Total Office Costs</b>	<b>\$ 2,173,501</b>	<b>\$ 1,871,628</b>	<b>\$ 2,691,307</b>	<b>\$ 517,806</b>	<b>23.8%</b>

## Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Internet decreases by \$32,000 due to a planned phase-out of wireless hotspots due to increased security provided by an always-on VPN product scheduled to be implemented in 2023.
- Computer Supplies and Maintenance increases by a net of \$234,509,000 primarily due to the an increase in subscription-based security tools and software, and the conversion of the PLEXOS energy market simulation platform trial license to a permanent license, and licensing for new software, like a document management system and a more robust business intelligence tool.
- Bank Charges increase by \$21,000 primarily due to higher investment balances than the prior year and to align fees with actual charges from financial institutions.
- Taxes increase by \$27,000 based on increases in property and revenues which are the basis for property tax and business and occupancy tax calculations, respectively.



## Section B—Supplemental Financial Information

### Professional Services

Table B-9

Professional Services	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Board Director Fees	\$ 947,000	\$ 947,000	\$ 993,895	\$ 46,895	5.0%
Outside Legal	-	5,613	60,320	60,320	
Accounting and Auditing Fees	44,000	51,980	47,000	3,000	6.8%
Insurance Commercial	96,000	162,015	159,996	63,996	66.7%
<b>Total Services</b>	<b>\$ 1,087,000</b>	<b>\$ 1,166,608</b>	<b>\$ 1,261,211</b>	<b>\$ 174,211</b>	<b>16.0%</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Board Director Fees increase by ~~XXX-\$47,000 primarily~~ due to an increase in Board Director retainers for 2024 compensation.
- Outside Legal increases by \$60,000 due to increased reliance on outside counsel for specific expertise.
- Insurance Commercial increases by \$64,000 due to increases in business insurance premiums.



## Section B—Supplemental Financial Information

### Miscellaneous Expenses

Table B-10

Miscellaneous Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Miscellaneous	\$ -	\$ -	\$ -	\$ -	-
Total Miscellaneous Expenses	\$ -	\$ -	\$ -	\$ -	-

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Not applicable.



## Section B—Supplemental Financial Information

### Other Non-Operating

**Table B-11**

Other Non-Operating Expenses	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	-
Line of Credit Payment	-	-	-	-	-
Office Relocation	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Not applicable.



## Section B—Supplemental Financial Information

### Fixed Assets

Table B-12

Fixed Assets	Budget 2023	Projection 2023	Budget 2024	Variance 2023 Budget v 2024 Budget	Variance %
Computer and Software CapEx	\$ -	\$ -	\$ -	\$ -	
Furniture and Fixtures CapEx	-	-	-	-	
Equipment CapEx	54,868	62,941	127,040	72,172	131.5%
Leasehold Improvements	-	-	-	-	
	<u>\$ 54,868</u>	<u>\$ 62,941</u>	<u>\$ 127,040</u>	<u>\$ 72,172</u>	<u>131.5%</u>

### Explanation of Significant Variances—2024 Budget versus 2023 Budget

- Equipment CapEx increases by a net of \$72,000 primarily due to refreshes of servers, security upgrades to the corporate Wi-Fi, and battery back-up replacement.







## Section C

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### Non-Statutory Program

## Section C—Non-Statutory Program

Western Renewable Energy Generation Information System (in whole dollars)			
	2023 Budget	2024 Budget	Increase (Decrease)
Total FTEs	9.00	11.00	2.00
Direct Expenses	\$ 2,009,869	\$ 2,263,452	\$ 253,583
Indirect Expenses	\$ 843,037	\$ 980,785	\$ 137,748
Inc(Dec) in Fixed Assets	\$ 4,132	\$ 10,960	\$ 6,828
Total Funding Requirement	\$ (177,177)	\$ (323,697)	\$ (146,520)

### WREGIS

The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed by the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants for more than three years.

The program was integrated into WECC on March 31, 2012, following the expiration of the contract between WECC and the CEC that provided for backstop funding. WREGIS is advised by two committees: the Stakeholder Advisory Committee, which is open to all interested participants, and the WREGIS Committee, which is open to members and various stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, a portion of WECC's overhead costs is allocated to the program based on a formula implemented following a FERC audit.

WREGIS consists of two parts: the information system software and administrative operations. Staff coordinates with the software contractor and performs all the administrative tasks, including:

- Registering customers and generation units;
- Training users;
- Providing customer service and help desk services;
- Supporting participating programs by facilitating cooperation and research into ongoing issues and sharing documentation with participants;
- Auditing generation and other data; and
- Managing the budgeting, billing, and financial reporting.



## Section C—Non-Statutory Program

### 2024 Key Budget Assumptions

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by Generator and General Organizations and are based on size (generation capacity) and organization type. Transaction fees are paid by General Organizations. WREGIS also charges fees for ad hoc reporting and e-Tag related data services.

- Transaction fees are based on organization type.
  - Approximately 4% of revenues are based on annual fees.
  - Approximately 92% of revenues are based on transaction fees, which can depend on factors like weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
  - Approximately 4% of revenues are attributable to fees for specific, requested functions like tracking e-Tags.
- Revenues vary from year to year, so WREGIS reserves are held to allow for normal operations or special large-scale improvements.
- The new software is a cloud-based software as a service product and all costs, including upgrades, maintenance and licenses are built into the monthly fee.
- Interest rates will continue to increase.
- Travel for training and audits will increase after a reduction caused by the COVID-19 pandemic.
- Two analysts are added due to program growth, increasing customer audit requirements, and software needs.

### 2024 Goals and Key Deliverables

- Continuously improve program processes and tools to adapt to changes in the industry.
- Deliver quantitative and qualitative results for corporate scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
- Maintain compliance with the participating state and provincial programs, and voluntary programs.
- Register program participants.
- Refine and improve data collection to ensure high-quality data.
- Perform four customer audits split between Qualified Reporting Entities and REC holding customers.
- Deliver one in-person customer training session and quarterly virtual customer training sessions.
- Deliver one in-person and two virtual Qualified Reporting Entity training sessions.



## Section C—Non-Statutory Program

### Resource Requirements/Explanation of Significant Changes

#### Funding Sources

- Membership Fees increase by a net of \$190,000 primarily due to an anticipated increase in program participation and expansions of some programs.
- Interest increases by \$60,000 primarily due to higher rates of return on investments.

#### Personnel Expenses

- Personnel Expenses increase by a net of \$240,000 primarily due to two new positions, recruiting and retention initiatives, a budgeted 3% merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits enrollment rates.

#### Meeting Expenses

- No significant changes.

#### Operating Expenses

- No significant changes.

#### Indirect Expenses

- Indirect Expenses increase by a net of \$1~~4938~~,000 primarily due to two new positions added in this program and an increase in Corporate Services expenses. Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

#### Other Non-Operating Expenses

- No significant changes.

#### Fixed Assets

- No significant changes.



## Section C—Non-Statutory Program

**WREGIS Program Funding Sources and Expenditures**

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2023 Budget & Projection, and 2024 Budget NON-STATUTORY					
	2023 Budget	2023 Projection	Variance 2023 Budget v 2023 Projection Over(Under)	2024 Budget	Variance 2024 Budget v 2023 Budget Inc(Dec)
<b>Revenue</b>					
<b>Statutory Funding</b>					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalties Released	-	-	-	-	-
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Fees	\$ 2,666,736	\$ 2,878,098	\$ 211,362	2,857,000	\$ 190,264
Workshops & Miscellaneous	1,125	1,125	-	2,500	1,375
Interest	12,000	83,080	71,080	72,000	60,000
<b>Total Revenue (A)</b>	<u>\$ 2,679,861</u>	<u>\$ 2,962,303</u>	<u>\$ 282,442</u>	<u>\$ 2,931,500</u>	<u>\$ 251,639</u>
<b>Expenses</b>					
<b>Personnel Expenses</b>					
Salaries	\$ 765,205	\$ 789,689	\$ 24,484	\$ 958,109	\$ 192,904
Payroll Taxes	51,670	52,794	1,124	61,639	9,969
Benefits	123,553	112,672	(10,881)	144,047	20,494
Retirement Costs	68,072	67,719	(353)	85,154	17,082
<b>Total Personnel Expenses</b>	<u>\$ 1,008,500</u>	<u>\$ 1,022,874</u>	<u>\$ 14,374</u>	<u>\$ 1,248,949</u>	<u>\$ 240,449</u>
<b>Meeting Expenses</b>					
Meetings & Conference Calls	\$ 3,350	\$ 3,350	\$ -	\$ 4,200	\$ 850
Travel	17,620	15,306	(2,314)	25,880	8,260
<b>Total Meeting Expenses</b>	<u>\$ 20,970</u>	<u>\$ 18,656</u>	<u>\$ (2,314)</u>	<u>\$ 30,080</u>	<u>\$ 9,110</u>
<b>Operating Expenses, excluding Depreciation</b>					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	980,399	700,144	(280,255)	984,423	4,024
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Operating Expenses</b>	<u>\$ 980,399</u>	<u>\$ 700,144</u>	<u>\$ (280,255)</u>	<u>\$ 984,423</u>	<u>\$ 4,024</u>
<b>Total Direct Expenses</b>	<u>\$ 2,009,869</u>	<u>\$ 1,741,674</u>	<u>\$ (268,195)</u>	<u>\$ 2,263,452</u>	<u>\$ 253,583</u>
<b>Indirect Expenses</b>	<u>\$ 843,037</u>	<u>\$ 802,648</u>	<u>\$ (40,389)</u>	<u>\$ 980,785</u>	<u>\$ 137,748</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenses (B)</b>	<u>\$ 2,852,906</u>	<u>\$ 2,544,322</u>	<u>\$ (308,584)</u>	<u>\$ 3,244,237</u>	<u>\$ 391,331</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (173,045)</u>	<u>\$ 417,981</u>	<u>\$ 591,026</u>	<u>\$ (312,737)</u>	<u>\$ (139,692)</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 4,132</u>	<u>\$ 2,004,588</u>	<u>\$ 2,000,456</u>	<u>\$ 10,960</u>	<u>\$ 6,828</u>
<b>TOTAL BUDGET (=B+C)</b>	<u>\$ 2,857,038</u>	<u>\$ 4,548,910</u>	<u>\$ 1,691,872</u>	<u>\$ 3,255,197</u>	<u>\$ 398,159</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<u>\$ (177,177)</u>	<u>\$ (1,586,607)</u>	<u>\$ (1,409,430)</u>	<u>\$ (323,697)</u>	<u>\$ (146,520)</u>
FTEs	9.00	8.00	(1.00)	11.00	2.00
HC	9.00	9.00	-	11.00	2.00



## Section C—Non-Statutory Program

**Personnel Analysis**

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	FTEs* 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
<b>NON-STATUTORY</b>						
<b>Operational Programs</b>						
<b>Total FTEs Operational Programs</b>	-	-	-	-	-	-
<b>Administrative Programs</b>						
WREGIS	9.00	8.00	11.00	-	11.00	2.00
<b>Total FTEs Administrative Programs</b>	<b>9.00</b>	<b>8.00</b>	<b>11.00</b>	<b>-</b>	<b>11.00</b>	<b>2.00</b>
<b>Total FTEs</b>	<b>9.00</b>	<b>8.00</b>	<b>11.00</b>	<b>-</b>	<b>11.00</b>	<b>2.00</b>

\*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

**Reserve Analysis**

<b>Working Capital Reserve Analysis</b>	
<b>NON-STATUTORY</b>	
<b>Beginning Reserve (Deficit), January 1, 2023</b>	<b>Total</b> \$ 6,479,874
Plus: 2023 Funding	2,962,303
Less: 2023 Projected expenses & capital expenditures	(4,548,910)
<b>Projected Working Capital Reserve (Deficit), December 31, 2023</b>	<b>\$ 4,893,267</b>
Plus: 2024 Funding	2,931,500
Less: 2024 Projected expenses & capital expenditures	(3,255,197)
<b>Projected Working Capital Reserve, December 31, 2024</b>	<b>\$ 4,569,570</b>





## Section D

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### **Additional Financial Information**

## Section D—Additional Financial Information

## Section D—Additional Financial Information

## 2024 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions							Non-Statutory Functions	
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
Revenue												
Statutory Funding												
WECC Assessments	\$ 24,000,000	\$ 24,000,000	\$ -	\$ 24,000,000	\$ 619,644	\$ 13,349,713	\$ 8,078,952	\$ 1,543,080	\$ 408,611	\$ -	\$ -	\$ -
Penalties Released	9,587,948	9,587,948	-	9,587,948	225,599	5,489,570	3,083,183	639,197	150,399	-	-	-
Total Statutory Funding	\$ 33,587,948	\$ 33,587,948	\$ -	\$ 33,587,948	\$ 845,243	\$ 18,839,283	\$ 11,162,135	\$ 2,182,277	\$ 559,010	\$ -	\$ -	\$ -
Non-statutory Funding												
Non-statutory Funding	\$ 2,857,000	\$ -	\$ 2,857,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,857,000	\$ 2,857,000
Workshops & Miscellaneous	477,750	475,250	2,500	475,250	-	-	-	475,250	-	-	2,500	2,500
Interest	672,000	600,000	72,000	600,000	14,118	343,529	192,941	40,000	9,412	-	72,000	72,000
Total Revenue (A)	\$ 37,594,698	\$ 34,663,198	\$ 2,931,500	\$ 34,663,198	\$ 859,361	\$ 19,182,812	\$ 11,355,076	\$ 2,697,527	\$ 568,422	\$ -	\$ 2,931,500	\$ 2,931,500
Expenses												
Personnel Expenses												
Salaries	\$ 23,606,917	\$ 22,648,808	\$ 958,109	\$ 22,648,808	\$ 479,911	\$ 9,910,169	\$ 5,548,711	\$ 1,145,832	\$ 302,007	\$ 5,262,178	\$ 958,109	\$ 958,109
Payroll Taxes	1,498,378	1,436,739	61,639	1,436,739	30,188	639,015	355,291	71,219	19,875	321,151	61,639	61,639
Benefits	2,914,213	2,770,166	144,047	2,770,166	40,466	1,012,416	589,838	123,107	31,235	973,104	144,047	144,047
Retirement Costs	2,125,427	2,040,273	85,154	2,040,273	42,482	879,599	493,293	101,715	26,879	496,305	85,154	85,154
Total Personnel Expenses	\$ 30,144,935	\$ 28,895,986	\$ 1,248,949	\$ 28,895,986	\$ 593,047	\$ 12,441,199	\$ 6,987,133	\$ 1,441,873	\$ 379,996	\$ 7,052,738	\$ 1,248,949	\$ 1,248,949
Meeting Expenses												
Meetings & Conference Calls	\$ 608,964	\$ 604,764	\$ 4,200	\$ 604,764	\$ -	\$ -	\$ 59,228	\$ 470,133	\$ -	\$ 75,403	\$ 4,200	\$ 4,200
Travel	775,050	749,170	25,880	749,170	11,315	323,430	215,878	32,540	17,470	148,537	25,880	25,880
Total Meeting Expenses	\$ 1,384,014	\$ 1,353,934	\$ 30,080	\$ 1,353,934	\$ 11,315	\$ 323,430	\$ 275,106	\$ 502,673	\$ 17,470	\$ 223,940	\$ 30,080	\$ 30,080
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 728,900	\$ 728,900	\$ -	\$ 728,900	\$ -	\$ 36,000	\$ 133,400	\$ -	\$ -	\$ 559,500	\$ -	\$ -
Office Rent	1,327,202	1,327,202	-	1,327,202	-	-	-	-	-	1,327,202	-	-
Office Costs	3,675,730	2,691,307	984,423	2,691,307	2,907	211,009	505,867	44,345	2,800	1,924,379	984,423	984,423
Professional Services	1,261,211	1,261,211	-	1,261,211	-	-	-	-	-	1,261,211	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 6,993,043	\$ 6,008,620	\$ 984,423	\$ 6,008,620	\$ 2,907	\$ 247,009	\$ 639,267	\$ 44,345	\$ 2,800	\$ 5,072,292	\$ 984,423	\$ 984,423
Total Direct Expenses	\$ 38,521,992	\$ 36,258,540	\$ 2,263,452	\$ 36,258,540	\$ 607,269	\$ 13,011,638	\$ 7,901,506	\$ 1,988,891	\$ 400,266	\$ 12,348,970	\$ 2,263,452	\$ 2,263,452
Indirect Expenses	\$ -	\$ (980,785)	\$ 980,785	\$ (980,785)	\$ 267,487	\$ 6,508,843	\$ 3,655,652	\$ 757,879	\$ 178,324	\$ (12,348,970)	\$ 980,785	\$ 980,785
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 38,521,992	\$ 35,277,755	\$ 3,244,237	\$ 35,277,755	\$ 874,756	\$ 19,520,481	\$ 11,557,158	\$ 2,746,770	\$ 578,590	\$ -	\$ 3,244,237	\$ 3,244,237
Change in Net Assets (=A-B)	\$ (927,294)	\$ (614,557)	\$ (312,737)	\$ (614,557)	\$ (15,395)	\$ (337,669)	\$ (202,082)	\$ (49,243)	\$ (10,168)	\$ -	\$ (312,737)	\$ (312,737)
Depreciation												
Computer & Software CapEx	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	138,000	138,000	-	138,000	-	-	-	-	-	138,000	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of Fixed Assets	-	(10,960)	10,960	(10,960)	2,990	72,736	40,852	8,469	1,993	(138,000)	10,960	10,960
Fixed Assets, excluding Right of Use Assets (C)	\$ 138,000	\$ 127,040	\$ 10,960	\$ 127,040	\$ 2,990	\$ 72,736	\$ 40,852	\$ 8,469	\$ 1,993	\$ -	\$ 10,960	\$ 10,960
TOTAL BUDGET (B+C)	\$ 38,659,992	\$ 35,404,795	\$ 3,255,197	\$ 35,404,795	\$ 877,746	\$ 19,593,217	\$ 11,598,010	\$ 2,755,239	\$ 580,583	\$ -	\$ 3,255,197	\$ 3,255,197
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (1,065,294)	\$ (741,597)	\$ (323,697)	\$ (741,597)	\$ (18,385)	\$ (410,405)	\$ (242,934)	\$ (57,712)	\$ (12,161)	\$ -	\$ (323,697)	\$ (323,697)
FTEs	179.00	168.00	11.00	168.00	3.00	73.00	41.00	8.50	2.00	40.50	11.00	11.00
HC	179.00	168.00	11.00	168.00	3.00	73.00	41.00	8.00	2.00	41.00	11.00	11.00

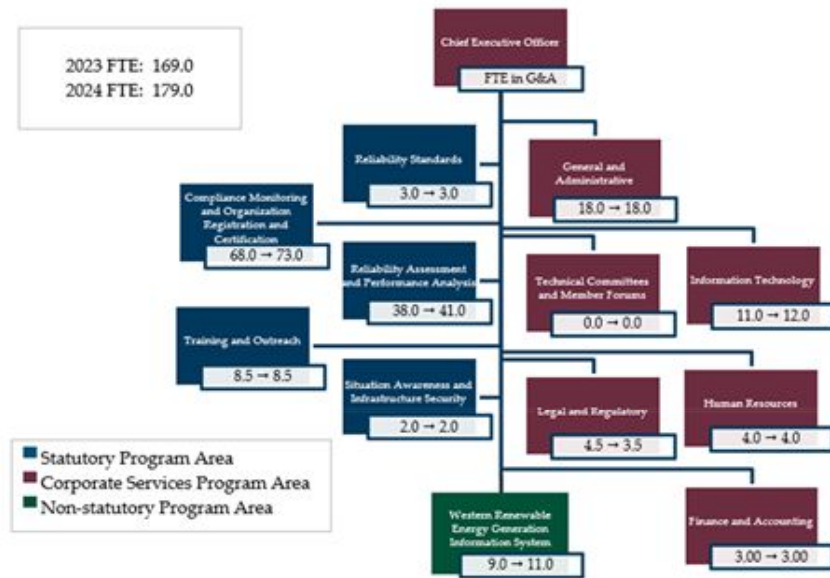




## Appendix A—Organizational Chart

## Appendix A—Organizational Chart

## Changes in Budgeted FTE by Program Area



## Appendix B—2024 Budget and Projected 2025 and 2026 Budgets

## Appendix B—2024 Budget and Projected 2025 and 2026 Budgets

Statement of Activities and Capital Expenditures 2024 Budget & Projected 2025 and 2026 Budgets								
	Statutory							
	2024 Budget	2025 Projection	\$ Change 24 v 25	% Change 24 v 25	2026 Projection	\$ Change 25 v 26	% Change 25 v 26	
<b>Revenue</b>								
<b>Statutory Funding</b>								
WECC Assessments	\$ 24,000,000	\$ 30,000,000	\$ 6,000,000	25.0%	\$ 30,000,000	\$ -	0.0%	
Penalties Released	9,587,948	-	(9,587,948)	(100.0%)	-	-		
<b>Total Statutory Funding</b>	<b>\$ 33,587,948</b>	<b>\$ 30,000,000</b>	<b>\$ (3,587,948)</b>	<b>(10.7%)</b>	<b>\$ 30,000,000</b>	<b>\$ -</b>	<b>0.0%</b>	
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -		
Workshops & Miscellaneous	475,250	475,250	-	0.0%	475,250	-	0.0%	
Interest	600,000	600,000	-	0.0%	600,000	-	0.0%	
<b>Total Revenue (A)</b>	<b>\$ 34,663,198</b>	<b>\$ 31,075,250</b>	<b>\$ (3,587,948)</b>	<b>(10.4%)</b>	<b>\$ 31,075,250</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>Expenses</b>								
<b>Personnel Expenses</b>								
Salaries	\$ 22,648,808	\$ 23,956,766	\$ 1,307,958	5.8%	\$ 25,300,970	\$ 1,344,204	5.6%	
Payroll Taxes	1,436,739	1,519,710	82,971	5.8%	1,604,980	85,270	5.6%	
Benefits	2,770,166	3,047,183	277,017	10.0%	3,199,542	152,359	5.0%	
Retirement Costs	2,040,273	2,156,109	115,836	5.7%	2,277,087	120,978	5.6%	
<b>Total Personnel Expenses</b>	<b>\$ 28,895,986</b>	<b>\$ 30,679,768</b>	<b>\$ 1,783,782</b>	<b>6.2%</b>	<b>\$ 32,382,579</b>	<b>\$ 1,702,812</b>	<b>5.6%</b>	
<b>Meeting Expenses</b>								
Meetings & Conference Calls	\$ 604,764	\$ 679,764	\$ 75,000	12.4%	\$ 779,764	\$ 100,000	14.7%	
Travel	749,170	824,087	74,917	10.0%	906,496	82,409	10.0%	
<b>Total Meeting Expenses</b>	<b>\$ 1,353,934</b>	<b>\$ 1,503,851</b>	<b>\$ 149,917</b>	<b>11.1%</b>	<b>\$ 1,686,260</b>	<b>\$ 182,409</b>	<b>12.1%</b>	
<b>Operating Expenses, excluding Depreciation</b>								
Consultants & Contracts	\$ 728,900	\$ 613,900	\$ (115,000)	(15.8%)	\$ 613,900	\$ -	0.0%	
Office Rent	1,327,202	929,041	(398,161)	(30.0%)	929,041	-	0.0%	
Office Costs	2,691,307	2,745,133	53,826	2.0%	2,800,036	54,903	2.0%	
Professional Services	1,261,211	1,299,047	37,836	3.0%	1,338,019	38,971	3.0%	
Miscellaneous	-	-	-		-	-		
<b>Total Operating Expenses</b>	<b>\$ 6,008,620</b>	<b>\$ 5,587,122</b>	<b>\$ (421,498)</b>	<b>(7.0%)</b>	<b>\$ 5,680,996</b>	<b>\$ 93,874</b>	<b>1.7%</b>	
<b>Total Direct Expenses</b>	<b>\$ 36,258,540</b>	<b>\$ 37,770,740</b>	<b>\$ 1,512,200</b>	<b>4.2%</b>	<b>\$ 39,749,835</b>	<b>\$ 1,979,095</b>	<b>5.2%</b>	
<b>Indirect Expenses</b>	<b>\$ (980,785)</b>	<b>\$ (1,038,695)</b>	<b>\$ (57,910)</b>	<b>5.9%</b>	<b>\$ (1,132,870)</b>	<b>\$ (94,175)</b>	<b>9.1%</b>	
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>		
<b>Total Expenses (B)</b>	<b>\$ 35,277,755</b>	<b>\$ 36,732,045</b>	<b>\$ 1,454,289</b>	<b>4.1%</b>	<b>\$ 38,616,965</b>	<b>\$ 1,884,920</b>	<b>5.1%</b>	
<b>Change in Assets</b>	<b>\$ (614,557)</b>	<b>\$ (5,656,795)</b>	<b>\$ (5,042,237)</b>	<b>820.5%</b>	<b>\$ (7,541,715)</b>	<b>\$ (1,884,920)</b>	<b>33.3%</b>	
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 127,040</b>	<b>\$ 125,000</b>	<b>\$ (2,040)</b>	<b>(1.6%)</b>	<b>\$ 125,000</b>	<b>\$ -</b>	<b>0.0%</b>	
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 35,404,795</b>	<b>\$ 36,857,045</b>	<b>\$ 1,452,249</b>	<b>4.1%</b>	<b>\$ 38,741,965</b>	<b>\$ 1,884,920</b>	<b>5.1%</b>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>(741,597)</b>	<b>(5,781,795)</b>	<b>(5,040,197)</b>	<b>679.6%</b>	<b>(7,666,715)</b>	<b>(1,884,920)</b>	<b>32.6%</b>	
FTEs	168.00	174.00	6.00	3.6%	178.00	4.00	2.3%	
HC	168.00	174.00	6.00	3.6%	178.00	4.00	2.3%	



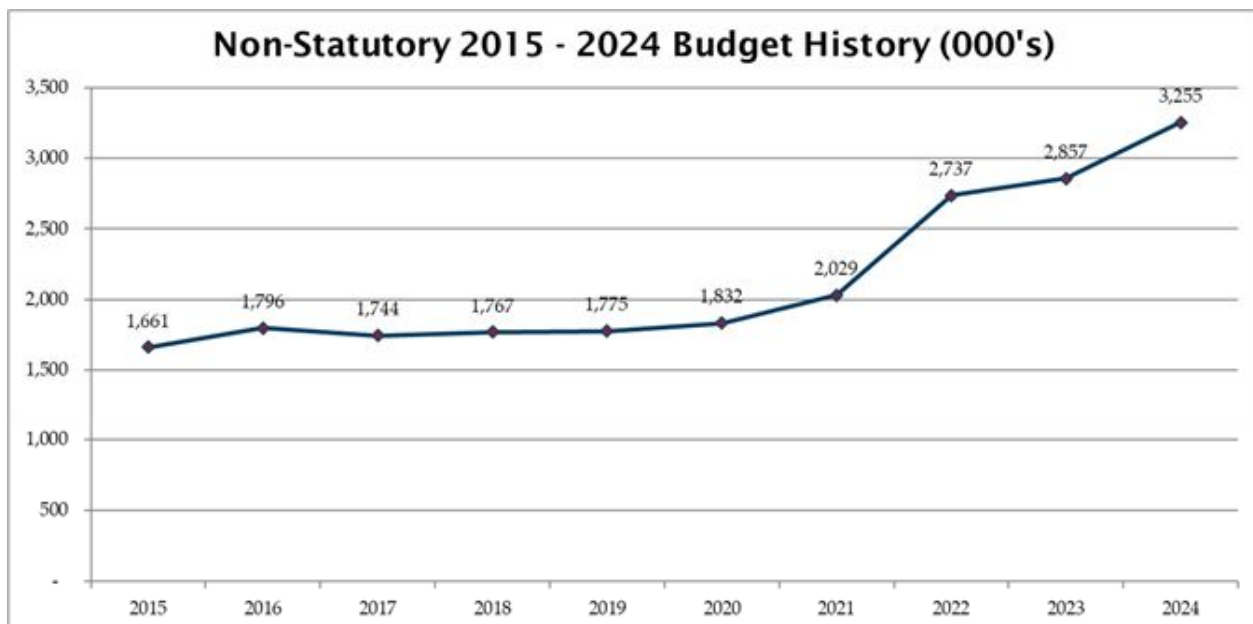
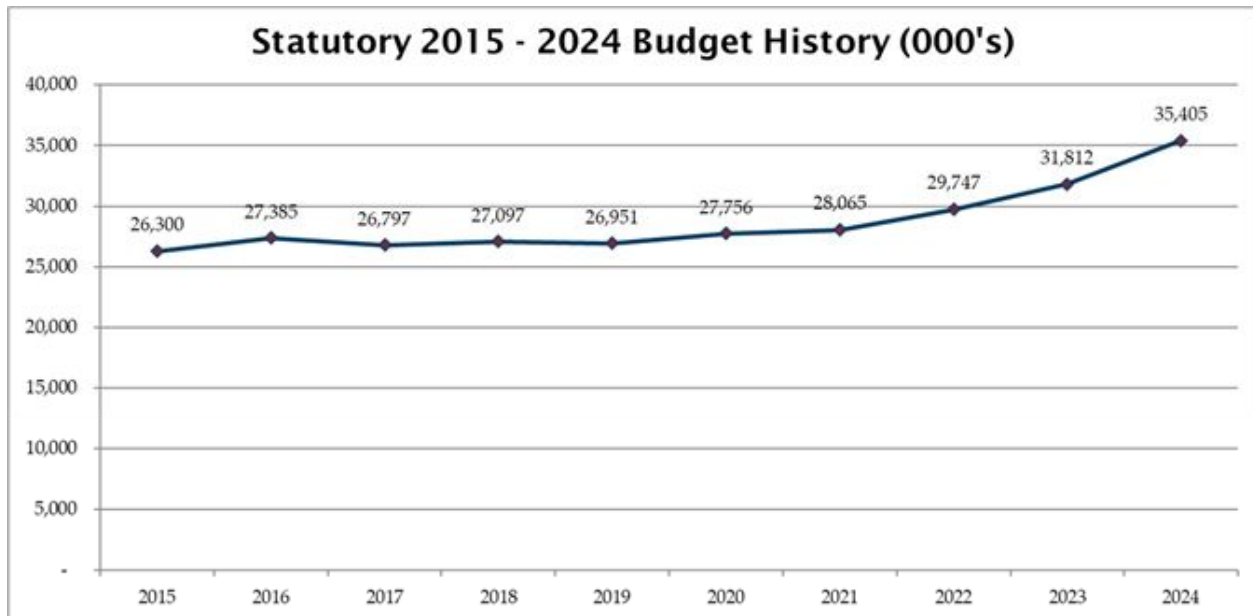
Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

## Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

*To be inserted after Net Energy for Load data is collected*



## Appendix D—Statutory and Non-Statutory Budget History Charts

**Appendix D—Statutory and Non-Statutory Budget History Charts**

<Public>



# 2024 Business Plan and Budget Overview

June 13, 2023

Jillian Lessner  
Chief Financial and  
Administrative Officer

T123

<Public>

## 2024 Budget Context

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- Recognize growing complexity and pace of change
- Ensure adequate resources
- Maintain working capital reserves
- Honor assessment stabilization work
- Consider uncertainty of post-pandemic and economic impacts on meetings and travel

<Public>

# 2024 Statutory Budget Overview

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- Statutory budget increase—\$3.6 million (11.3%)
  - Budget total—\$35.4 million
- 8 additional FTEs
- Assessments increase—\$4.2 million (21.5%)
  - Assessments total—\$24.0 million
- Penalties collected and released—\$9.6 million

<Public>

# Major Statutory Budget Drivers

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- 8 Statutory FTE additions
  - CMEP: 5
  - RAPA: 3
- One additional in-person Reliability & Security Workshop
- Increased travel volume and cost
- Increased software licensing
- Completion of consulting projects



&lt;Public&gt;

# Statutory FTE by Program

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
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	68.00	68.00	73.00	-	73.00	5.00
Reliability Assessment and Performance Analysis	38.00	38.00	41.00	-	41.00	3.00
Training and Outreach	8.50	8.50	8.50	-	8.50	-
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
<b>Total FTEs Operational Programs</b>	<b>119.50</b>	<b>119.50</b>	<b>127.50</b>	<b>-</b>	<b>127.50</b>	<b>8.00</b>
<b>Corporate Services</b>						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.00	16.50	18.00	-	18.00	-
Legal and Regulatory	4.50	5.00	3.50	-	3.50	(1.00)
Information Technology	11.00	11.00	12.00	-	12.00	1.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
<b>Total FTEs Corporate Services</b>	<b>40.50</b>	<b>39.50</b>	<b>40.50</b>	<b>-</b>	<b>40.50</b>	<b>-</b>
<b>Total FTEs</b>	<b>160.00</b>	<b>159.00</b>	<b>168.00</b>	<b>-</b>	<b>168.00</b>	<b>8.00</b>

\*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

&lt;Public&gt;

# 2023 to 2024 Budget Comparison

	2023 Budget	2024 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
<b>Funding</b>					
Assessments	\$ 19,750,537	\$ 24,000,000	\$ 4,249,463	21.5%	Penalties offset assessments
Penalties	11,218,646	9,587,948	(1,630,698)	-14.5%	Released from penalties collected
Other Income	248,100	1,075,250	827,150	333.4%	Additional R&S Workshop; higher interest rates
<b>Total Funding</b>	<b>\$ 31,217,283</b>	<b>\$ 34,663,198</b>	<b>\$ 3,445,915</b>	<b>11.0%</b>	
<b>Expenses</b>					
Personnel Expenses	\$ 25,820,126	\$ 28,895,986	\$ 3,075,860	11.9%	8 FTE, recruiting and retention initiatives, 3% merit pool, refined tax/benefit rates
Meeting Expenses	947,289	1,353,934	406,645	42.9%	Increased travel activity and rates; Additional R&S Workshop
Operating Expenses	5,833,037	6,008,620	175,583	3.0%	Software licensing and security tools
Indirect Expenses	(843,037)	(980,785)	(137,748)	16.3%	Increased WREGIS FTE and Statutory budget
<b>Total Expenses</b>	<b>\$ 31,757,415</b>	<b>\$ 35,277,755</b>	<b>\$ 3,520,340</b>	<b>11.1%</b>	
<b>Fixed Assets</b>	<b>\$ 54,868</b>	<b>\$ 127,040</b>	<b>\$ 72,172</b>	<b>131.5%</b>	Server refreshes and security upgrades to corporate WiFi
<b>Total Budget</b>	<b>\$ 31,812,283</b>	<b>\$ 35,404,795</b>	<b>\$ 3,592,512</b>	<b>11.3%</b>	
<b>Change in Working Capital</b>	<b>\$ (595,000)</b>	<b>\$ (741,597)</b>	<b>\$ (146,597)</b>		
<b>FTEs</b>	<b>160.0</b>	<b>168.0</b>	<b>8.0</b>	<b>5.0%</b>	

<sup>1</sup> Depreciation excluded from these values

&lt;Public&gt;

# 2023 to 2024 Change Drivers

## Reconciliation of 2023 to 2024 DRAFT Statutory Budget—Major Drivers

	<u>in 000s</u>	
<b>2023 Approved Budget</b>	<b>31,812</b>	
+ 8 FTE, 3% merit, recruiting and retention initiatives, refinement of taxes/benefits	3,076	
+ Second in-person Reliability & Security Workshop in October	227	
+ Increase in equipment due to refresh of storage arrays, WiFi security, server refresh, battery backup replacement	127	
+ Increase in software licensing for existing and new security and reporting tools	275	
+ Conversion of Plexos license from a trial	80	
+ Net increase in travel due to more in-person meetings and outreach, increase in remote employees, inflationary impact on travel costs, and increase in FTEs	189	
+ Increase in business insurance premiums	64	
+ Outside legal counsel fees	60	
+ OATI licensing fees (international entities)	50	
+ Security monitoring tools	50	
- Increase in indirect allocation to WREGIS	(149)	
- Net decrease in consulting across WECC due to the completion of various projects and work; decreased reliance on consultants	(525)	
- Other net changes	69	
<b>2024 DRAFT Budget</b>	<b>35,405</b>	<b>11.3% increase</b>

<Public>

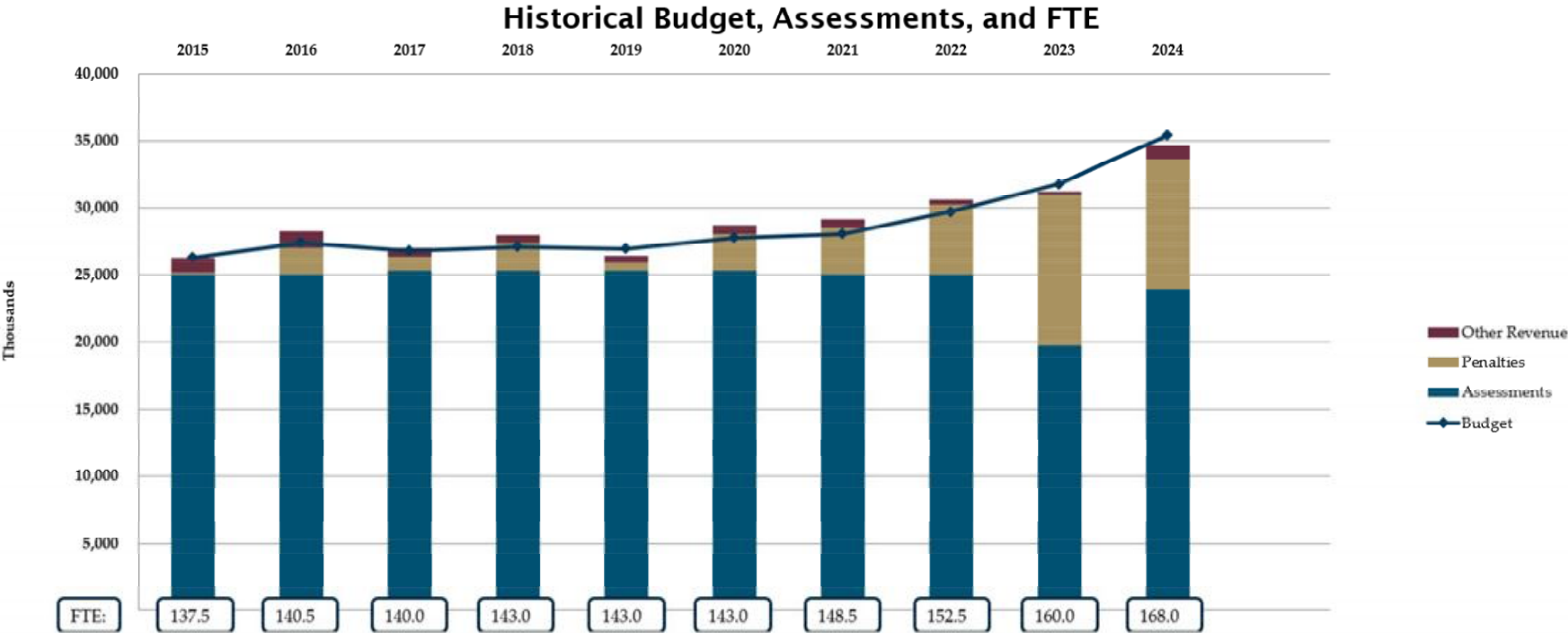
# Changes from First Draft

## Changes Between Draft #1 and Draft #2 of the 2024 Statutory Budget

	<u>in 000s</u>
<b>Draft #1 Total Statutory Budget</b>	<b>35,498</b>
<b>Reductions:</b>	
- Meeting costs for Annual meeting due to location change	(37)
- Meeting costs for Reliability Risk Priorities Workshop due to location change	(80)
- Refinement of IT consulting and project feasibility	(450)
<b>Additions:</b>	
+ Board compensation structure updates	47
+ Telephone expenses missed in first draft	24
+ Refined software licensing anticipated expenditures	275
+ Travel expense refinement due to current travel cost trends	117
+ Change to overhead allocation due to changes in second draft	11
<b>Draft #1 to #2 Change</b>	<b>(93)</b>
<b>Draft #2 Total Statutory Budget</b>	<b>35,405</b>

<Public>

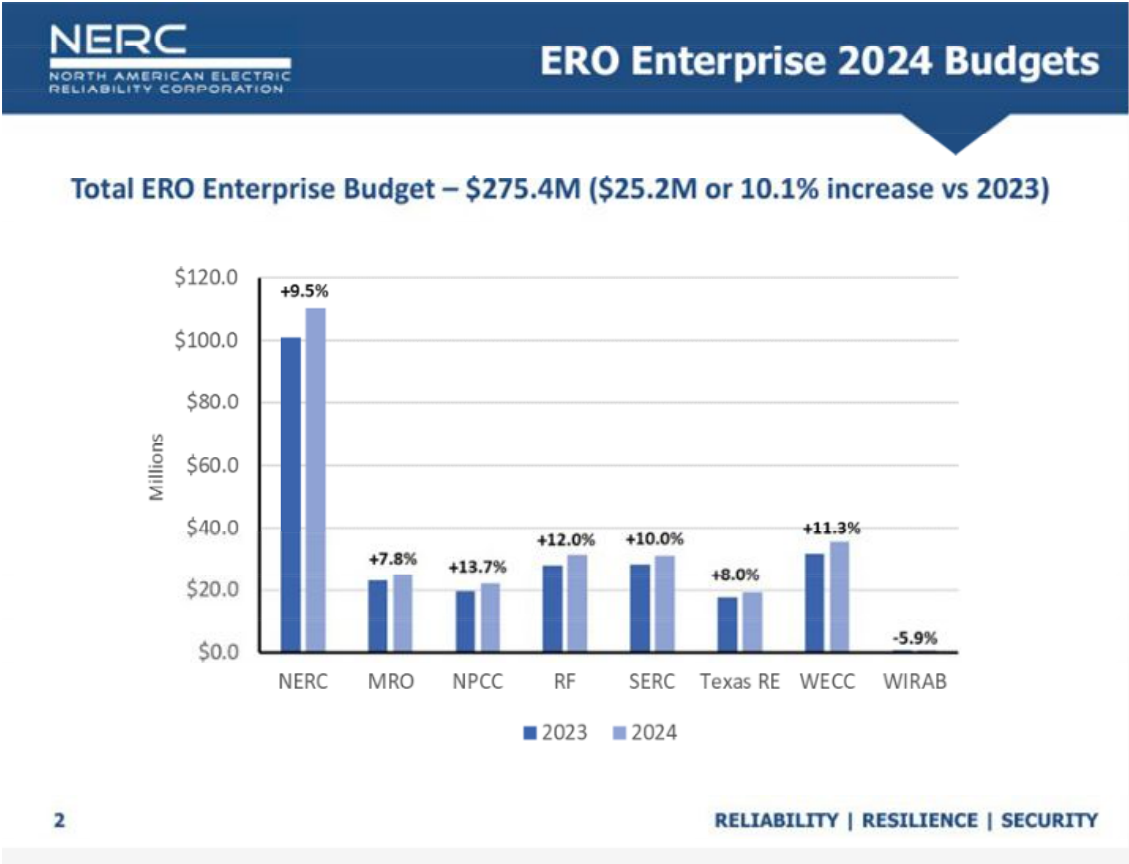
# Trending



\* Estimated based on current needs analysis.

<Public>

# 2024 ERO Enterprise Budgets



<Public>

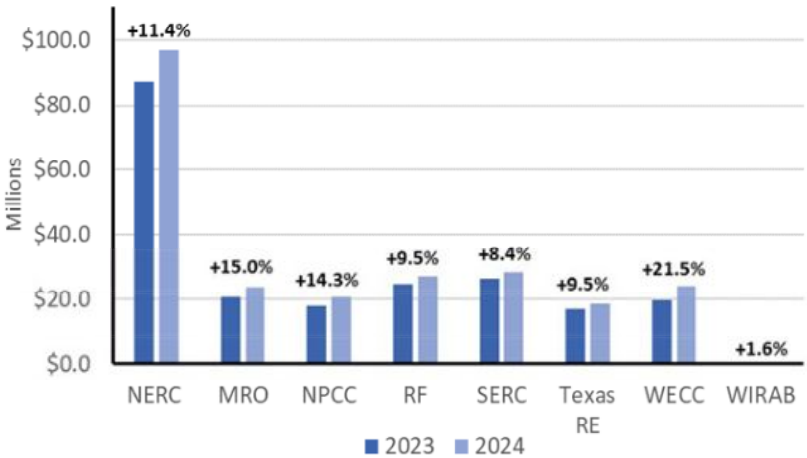
# 2024 ERO Enterprise Assessments



**NERC**  
NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

## ERO Enterprise 2024 Assessments

Total ERO Enterprise Assessment – \$240.1M (\$26.0M or 12.1% increase vs 2023)



<Public>

# 2025 and 2026 Statutory Projections

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- 2025
  - Budget—\$36.9 million (4.1% increase)
  - Assessment—\$30.0 million (25.0% increase)
- 2026
  - Budget—\$38.7 million (5.1% increase)
  - Assessment—\$30.0 million (0% increase)



<Public>

# 2024 Non-Statutory Budget Overview

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- Non-Statutory budget increase — \$398K (13.9%)
  - Budget total — \$3.3 million
- 2 additional FTEs
- Revenue increase — \$252K (9.4%)

<Public>

## Next Steps

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- June 14—Board of Directors meeting
- June-July—NEL finalization
- August—NERC BOT; FERC filing
- October—FERC Order anticipated
- November 15—2024 assessment invoices distributed

<Public>



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## Stakeholder Comments for WECC 2024 Business Plan and Budget

May 19, 2023

BPA appreciates the opportunity to provide comments to WECC on their proposed business plan and budget. BPA is concerned by the size of the budget increase, and in particular, the costs associated with new FTE and PLEXOS software. BPA recommends WECC continue to adhere to their delegated role, along with collaborating with the stakeholders on further clarifying and defining on-going roles that impact the WECC budget. WECC members as a whole are experiencing budget pressures and will have difficulty absorbing upward movement in WECC assessments.

Submitted on behalf of BPA  
Jeff Cook, Class 1 BPA Representative



## WIRAB Advice on the WECC 2024 Business Plan and Budget

May 19, 2023

*Alberta*  
*Arizona*  
*Baja California*  
*British Columbia*  
*California*  
*Colorado*  
*Idaho*  
*Montana*  
*Nebraska*  
*Nevada*  
*New Mexico*  
*Oregon*  
*South Dakota*  
*Texas*  
*Utah*  
*Washington*  
*Wyoming*

*Vacant*  
*Chair*

*Mary Throne*  
*Vice Chair*

*Eric Baran*  
*Program Manager –*  
*Electric System*  
*Reliability*

### Introduction:

The Western Interconnection Regional Advisory Body (WIRAB) appreciates the opportunity to provide advice on WECC's proposed 2024 Business Plan and Budget (BP&B). WIRAB was created by the Federal Energy Regulatory Commission (FERC), upon petition of Western Governors and in accordance with Section 215(j) of the Federal Power Act. WIRAB is charged with advising FERC, WECC, and the North American Electric Reliability Corporation (NERC) on whether Reliability Standards, governance, fees, and other reliability matters proposed within the western region are reasonable and in the public interest.

WECC's proposed 2024 BP&B provides appropriate funding for the organization to fulfill its delegated function and its mission to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection. WECC's proposed statutory budget for 2024 is \$35.593 million, \$3.593 million (11.3 percent) higher than WECC's 2023 statutory budget. The statutory assessment proposed for 2024 is \$24.0 million. The primary reason the revenue from the assessment is significantly less than the budget is due to the release of a portion of a large amount of penalty sanctions collected in 2021.

**WIRAB has reviewed WECC's proposed 2024 Business Plan and Budget and finds the statutory budget and assessment reasonable and in the public interest.**

WECC's line-item budget outlines four major drivers for the budget increase, which include:

- (1) an increase of \$3.076 million in personnel expenses, primarily due to an addition of 8.0 FTE to WECC's overall FTE count, a budgeted 3-percent merit pool, and other adjustments including recruiting and retention initiatives.
- (2) an increase of \$517,000 in office expenses, primarily for subscription-based computer licensing and security tools.
- (3) a decrease of \$525,000 in Consultants & Contracts, primarily due to the completion of projects in previous years.
- (4) an increase of \$407,000 in meeting expenses due to a planned increase in in-person meetings and inflationary impacts on travel expenses.

WECC's funding projections for 2024 include:

- (1) Statutory Assessments: \$24.0 million

WECC 2024 Business Plan and Budget  
May 19, 2023

- (2) Penalty Sanctions to be released: \$9.587 million
- (3) Workshop & Miscellaneous fees: \$475,250
- (4) Interest: \$600,000
- (5) Peak Donation Reserves: \$250,000
- (6) Reserves: \$491,600

**Comments and Recommendations:**

WIRAB provides the following comments and recommendations regarding WECC's 2024 BP&B:

- 1. WIRAB supports WECC's proposed increase of 5.0 FTEs to the Compliance Monitoring and Enforcement Program (CMEP) to ensure the program area has the leadership and technical expertise to account for the increased workload in CMEP activities.**

WECC's CMEP staff conducts monitoring and enforcement activities to ensure that Registered Entities are operating in compliance with mandatory FERC-approved NERC Reliability Standards. WECC monitors and enforces the NERC Reliability Standards across 400+ registered owners, operators, and users of the BPS. This work is essential to WECC's mission, but as the system continues to evolve, WECC's needs, and priorities, are also changing to meet the demands of the industry. WECC foresees a continued growth in the number of entity registrations primarily due to Reliability Standard changes directed at inverter-based resources.

Accordingly, WECC proposes to add a total of five FTEs to the CMEP. One Director of Oversight Planning will provide key leadership and management of risk-based analysis and planning in the recently combined areas of entity risk assessment, program analysis, and program administration. One manager and one technical lead in Entity Monitoring intended to ensure a more holistic ability to monitor across the spectrum of entity types and risks, particularly with the accelerating growth of generation registrations, including inverter-based resources. One senior technical expert is added to Oversight Planning to increase capabilities related to internal controls evaluation. One data analyst will be added to Oversight Planning for increased and more robust data management and business intelligence reporting.

Over the past few years, WECC has made a concerted effort to improve the staffing and expertise in the CMEP area. This effort increased staff competency and engagement with respect to operations and planning standards, registered entity internal controls design, implementation, and assistance, entity risk assessments, and critical infrastructure protection (CIP) standards.

With the increasing complexity of the ever-changing grid, experienced leadership and adequate staffing in the CMEP will ensure the proper oversight of Registered Entities. Therefore, WIRAB supports WECC's proposed addition of five more FTEs to the CMEP and recognizes the pressure the additional workload will have on this program area with proposed regulatory changes.

WECC 2024 Business Plan and Budget  
May 19, 2023

**2. WIRAB supports WECC’s proposed increase of 3.0 FTEs to the Reliability Assessment and Performance Analysis (RAPA) program area to support the build-out of WECC’s capabilities to support expanding transmission planning in the West.**

In the 2024 BP&B, WECC requests a three FTE increase in RAPA to support efforts to add value to transmission planning in the West. The WECC Board, based on the advice from WIRAB and the WECC MAC, identified areas where WECC could add value to transmission planning in the West. Two key areas identified include supporting increased data collection, compilation, and distribution of critical data for transmission planning, and conducting interconnection-wide transmission trends assessments. WIRAB has long supported WECC’s efforts to assess resource and transmission adequacy and believes that WECC can continue to add value in these critical areas through high-quality data, assessments, and outreach.

During the March 2023 Board of Directors Meeting, WIRAB advised the WECC Board to “invest in skillsets and technology, as needed, to adequately pursue these opportunities, which have the potential to add value to transmission planning in the West. WECC should clearly lay out in its business plan and budget how it plans to allocate resources to take on these efforts and the additional resources that may be required”<sup>1</sup>

Section 215(g) of the Federal Power Act requires NERC to conduct periodic assessments of the reliability and adequacy of the bulk-power system. WECC assists NERC in performing this statutory activity by “develop[ing] assessments of the reliability of the Bulk-Power System [in the Western Interconnection], or ensur[ing] that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments.”<sup>2</sup> WIRAB believes that WECC has the authority to conduct reliability assessments on its own initiative that support the periodic assessments of the reliability and adequacy of the bulk-power system, and WIRAB believes that a Transmission Trends Assessment that leverages WECC’s study program appropriately falls under this authority.

Additionally, during the 2019 Business Plan and Budget process, WIRAB stated that it is appropriate for WECC to “conduct reliability assessments on its own initiative [and] maintain the necessary number of FTEs to do so.” Also, during the 2019 BP&B process, WIRAB stated that “WECC may need to increase funding—to provide contract dollars or fund additional FTEs—in order to produce [datasets]... that improve WECC’s ability to perform reliability assessments of essential reliability services and assess potential reliability risks under a wide range of future scenarios.”<sup>3</sup> WIRAB supported WECC’s request for additional FTEs in 2023 to support resource adequacy work and stated in its Advice on the 2023 Business Plan and Budget, “WIRAB would support additional FTEs in this program area if WECC determines that

<sup>1</sup> WIRAB Advice to WECC Board of Directors WECC Transmission Planning Opportunities. (February 24, 2023). <https://www.westernenergyboard.org/wirab-advice-wecc-transmission-planning-opportunities/>

<sup>2</sup> Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council. (Effective January 1, 2021). <https://www.wecc.org/Administrative/NERC-WECC%20Delegation%20Agreement.pdf>

<sup>3</sup> WIRAB Comments on the WECC 2019 Business Plan and Budget. (June 11, 2018). [https://www.westernenergyboard.org/wp-content/uploads/2018-06-11-WIRAB-Comments-on-the-WECC-2019-Business-Plan-and-Budget\\_Final.pdf](https://www.westernenergyboard.org/wp-content/uploads/2018-06-11-WIRAB-Comments-on-the-WECC-2019-Business-Plan-and-Budget_Final.pdf)

WECC 2024 Business Plan and Budget  
May 19, 2023

it does not have the resources in place to be effective at conducting meaningful and timely reliability assessments of the Western Interconnection.”<sup>4</sup> Therefore, WIRAB fully supports WECC’s request for additional FTEs in RAPA, investing in WECC’s skillsets and technology to add value to transmission planning in the West.

**3. WIRAB supports WECC’s proposed increase of 1.0 FTE to its Information Technology department to provide administration and security monitoring of increased enterprise security tools.**

WECC plays a critical role in housing and managing important data and systems vital to the secure operations and planning of the Western Interconnection. As such, the organization is not immune to cyber threats and bad actors who may seek access to critical infrastructure information that could be used to cause harm to the Western electric system. WECC is requesting to add one business analyst to provide project, reporting, coordination, and departmental support to allow subject matter experts to focus on more specialized, technical areas.

WIRAB supports WECC’s request to increase staffing in this area to increase security capabilities to control and enhance threat monitoring, detection, and reporting tools within the ever-changing cybersecurity landscape. WIRAB envisions that additional investment in IT infrastructure and personnel may be necessary in the future as WECC takes on more tasks in collecting entity registration and transmission planning data.

**4. WIRAB supports WECC’s proposed net decrease of 1.0 FTE in all other areas to optimize WECC’s most critical asset, its employees, while still fulfilling its critical mission.**

WECC is an organization of knowledgeable, highly trained, and experienced professionals who make it possible for WECC to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection. As such, direct personnel costs account for nearly 78 percent of its overall budget. Therefore, it is critical for WECC to manage this critical asset. WECC is constantly optimizing its staff resources to meet the needs of the organization. Given the staff increases in many critical program areas and key corporate services, WECC’s other staffing needs are remaining flat and decreasing in its legal department by 1.0 FTE due to efficiencies gained and increased use of external legal counsel.

WIRAB supports WECC effectively using its existing resources to meet its needs. Still, when it’s appropriate to fulfill the organization’s and industry’s changing needs, WIRAB supports WECC looking beyond its existing resources to create a well-staffed and effective Regional Entity for the Western Interconnection.

**5. WIRAB supports the use of \$250,000 of Peak Reliability donation funds to fund projects to invest in WECC’s modeling tools to improve its reliability assessments.**

In 2020, Peak Reliability ceased operations and donated the financial reserves (approximately \$3.8 million) remaining from its Reliability Services activities to WECC. This money was

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<sup>4</sup> WIRAB Advice on the WECC 2023 Business Plan and Budget. (June 6, 2022).  
<https://www.westernenergyboard.org/wirab-advice-wecc-2023-business-plan-and-budget/>



WECC 2024 Business Plan and Budget  
May 19, 2023

collected to improve Peak Reliability Services, focused on maintaining the reliability of real-time operations in the Western Interconnection. This money was not collected to support Peak's day-to-day responsibilities as a Reliability Coordinator in the Western Interconnection. Instead, it was used to fund special initiatives that helped improve reliability above and beyond what is required in NERC Standards.

WIRAB advised WECC to use the Peak donation to continue to fund reliability improvements at WECC for the benefit of the Western Interconnection. WECC implemented a process to determine how to use the Peak donation—developing a strategy, themes, and project proposals— and soliciting direct stakeholder input on how best to spend the Peak money. WECC used approximately \$400,000 in 2022 and used \$595,000 in 2023 all for special projects that improves WECC's ability to manage data and perform assessments.

In 2024, WECC plans to use \$250,000 to fund two short-term projects to improve how WECC assesses reliability in the Western Interconnection. These are:

- An expanded trial of PLEXOS software, an energy market simulation platform, to provide in-depth analytics and modeling support for reliability assessment activities; and
- The acquisition of Electromagnetic Transient (EMT) simulation software to support the data collection and analysis of inverter-based resources.

WIRAB has long supported WECC's efforts to improve its modeling capability so that it has the best tools at its disposal. WECC's project to expand its use of PLEXOS and EMT simulation software achieves these objectives, and WIRAB supports using the Peak Donation Funds to fund this effort.

**6. WIRAB recommends that WECC consider cultural and other workplace impacts when it assesses retention and recruitment initiatives to ensure that WECC has a workforce that is appreciated and celebrated for helping fulfill WECC's mission.**

WECC, like many organizations, has felt significant pressure in the labor market for high-quality technical employees. As such, WECC listed in the 2024 BP&B that one primary driver for budgetary increases in 2024 is for "recruiting and retention initiatives." While increasing salaries can be an effective way to address employee turnover, it is not the only solution, and in some cases, it may not even be the most effective one. Several factors, can affect employees' satisfaction such as, in some cases, a lack of career advancement opportunities, poor work-life balance, negative work culture, management practices, and inadequate recognition and appreciation. In many cases, employees may value non-financial incentives more than salary increases.

To the extent WECC may not have already done so, WIRAB encourages the organization to review non-financial incentives at its disposal to both reduce employee turnover and attract talent in what has become a field where many government and non-profit employers are finding it challenging to compete, based on salary alone.

WECC 2024 Business Plan and Budget  
May 19, 2023

**Advice:**

**Following review, WIRAB finds the proposed statutory budget and assessment for 2024 to be in the public interest and recommends that the WECC Board approve WECC's 2024 Business Plan and Budget and Assessment.**

<Public>



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**Finance and Audit Committee**  
**Comisión Reguladora de Energía and Mexican Regulatory Environment**

Verbal Update

Jeff Droubay

June 14, 2023

<Public>



**Finance and Audit Committee Meeting  
Recommendation Item**

**2022 Audited Financial Statements**

**June 13, 2023**

## **FAC Resolution**

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*Resolved*, that the Finance and Audit Committee (FAC) recommends the WECC Board of Directors (Board) accepts the 2022 Audited Financial Statements as presented and attached.

## **Background**

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WECC received a clean opinion on its 2022 financial statements from Eide Bailly, which did not note any material weaknesses or significant deficiencies related to internal controls.

## **Recommendation**

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WECC management recommends that the FAC forward WECC's 2022 Audited Financial Statements to the Board for acceptance.

## **Issues and Risks**

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The financial statements present fairly, in all material respects, WECC's financial position as of December 31, 2022. There are no organizational issues or risks related to the Board's acceptance of the attached financial statements.



Financial Statements  
December 31, 2022 and 2021

## Western Electricity Coordinating Council (WECC)

WECC  
Table of Contents  
December 31, 2022 and 2021

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Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities .....	4
Statement of Functional Expenses.....	5
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8



## Independent Auditor's Report

The Board of Directors  
Western Electricity Coordinating Council (WECC)  
Salt Lake City, Utah

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of WECC, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of WECC as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WECC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, WECC has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022, using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WECC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WECC's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WECC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Salt Lake City, Utah

May 25, 2023



WECC  
Statements of Financial Position  
December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 26,611,209	\$ 29,222,064
Contractually restricted cash and cash equivalents	20,551,961	23,550,040
Certificates of deposit	3,855,337	5,175,616
Investments	8,664,427	4,744,772
Accounts receivable, net	1,438,745	2,447,528
Prepaid expenses and other assets	791,301	698,468
Property and equipment, net	2,549,772	757,052
Operating lease right-of-use asset	8,639,767	-
	<u>\$ 73,102,519</u>	<u>\$ 66,595,540</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 6,655,406	\$ 5,511,043
Accrued expenses	3,534,379	3,325,921
Deferred revenue	10,136,029	28,709,103
Other liabilities	56,443	926,368
Operating lease liability	9,706,059	-
	<u>30,088,316</u>	<u>38,472,435</u>
<b>Net Assets</b>		
Without donor restrictions	<u>43,014,203</u>	<u>28,123,105</u>
	<u>\$ 73,102,519</u>	<u>\$ 66,595,540</u>

WECC  
Statements of Activities  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Electric Reliability Organization funding	\$ 43,967,948	\$ 28,793,646
Western Renewable Energy Generation Information System (WREGIS)	2,525,746	2,466,978
Meetings and workshops	244,900	4,500
Net investment return	<u>546,755</u>	<u>17,067</u>
Total revenues	<u>47,285,349</u>	<u>31,282,191</u>
Expenses		
Program expenses		
Statutory	19,342,660	17,653,966
Non-statutory	<u>1,969,725</u>	<u>1,332,603</u>
Total program expenses	<u>21,312,385</u>	<u>18,986,569</u>
Supporting expenses		
Management and general	<u>11,081,866</u>	<u>10,790,629</u>
Total expenses	<u>32,394,251</u>	<u>29,777,198</u>
Change in Net Assets without Donor Restrictions	14,891,098	1,504,993
Net Assets without Donor Restrictions, Beginning of Year	<u>28,123,105</u>	<u>26,618,112</u>
Net Assets without Donor Restrictions, End of Year	<u><u>\$ 43,014,203</u></u>	<u><u>\$ 28,123,105</u></u>

WECC  
Statement of Functional Expenses  
Year Ended December 31, 2022

	Statutory	Program Services Non-Statutory	Total	Management and General	Total
Labor	\$ 17,738,472	\$ 911,786	\$ 18,650,258	\$ 6,033,344	\$ 24,683,602
Office and equipment	778,660	860,260	1,638,920	2,540,053	4,178,973
Depreciation and amortization	1,389	111,111	112,500	202,612	315,112
Contract labor and consultants	253,377	7,948	261,325	825,078	1,086,403
Meetings	589,882	13,620	603,502	251,425	854,927
Professional services	5,040	-	5,040	1,170,993	1,176,033
Excise taxes	-	-	-	58,361	58,361
Other	(24,160)	65,000	40,840	-	40,840
Total expenses included in the statement of activities	<u>\$ 19,342,660</u>	<u>\$ 1,969,725</u>	<u>\$ 21,312,385</u>	<u>\$ 11,081,866</u>	<u>\$ 32,394,251</u>

See Notes to Financial Statements

WECC  
Statement of Functional Expenses  
Year Ended December 31, 2021

	Program Services			Management and General	Total
	Statutory	Non-Statutory	Total		
Labor	\$ 16,673,395	\$ 758,691	\$ 17,432,086	\$ 6,176,778	\$ 23,608,864
Office and equipment	558,659	572,489	1,131,148	2,599,914	3,731,062
Depreciation and amortization	-	-	-	214,206	214,206
Contract labor and consultants	399,194	1,350	400,544	557,580	958,124
Meetings	18,855	73	18,928	58,096	77,024
Professional services	3,863	-	3,863	1,124,442	1,128,305
Excise taxes	-	-	-	59,613	59,613
Total expenses included in the statement of activities	<u>\$ 17,653,966</u>	<u>\$ 1,332,603</u>	<u>\$ 18,986,569</u>	<u>\$ 10,790,629</u>	<u>\$ 29,777,198</u>

See Notes to Financial Statements

WECC  
Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 14,891,098	\$ 1,504,993
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	315,112	214,206
Bad debt expense	65,000	-
Realized and unrealized loss on operating investments	59,727	18,238
Changes in assets and liabilities		
Accounts receivable	943,783	3,734,215
Prepaid expenses and other assets	(92,833)	116,662
Accounts payable	1,144,363	771,717
Accrued expenses	208,458	(380,620)
Deferred revenue	(18,573,074)	16,763,777
Other liabilities	(869,925)	266,183
Operating lease assets and liabilities	1,066,292	-
Net Cash from (used for) Operating Activities	(841,999)	23,009,371
Investing Activities		
Purchases of property and equipment	(2,107,832)	(244,506)
Purchases of investments and certificates of deposit	(20,100,382)	(9,800,913)
Proceeds from sale of investments and certificates of deposit	17,441,279	9,415,375
Net Cash used for Investing Activities	(4,766,935)	(630,044)
Net Change in Cash and Cash Equivalents	(5,608,934)	22,379,327
Cash and Cash Equivalents, Beginning of Year	52,772,104	30,392,777
Cash and Cash Equivalents, End of Year	\$ 47,163,170	\$ 52,772,104
Cash and Cash Equivalents are presented as follows on the statement of financial position:		
Cash and cash equivalents	\$ 26,611,209	\$ 29,222,064
Contractually restricted cash and cash equivalents	20,551,961	23,550,040
	\$ 47,163,170	\$ 52,772,104

See Notes to Financial Statements

7

**Note 1 - Summary of Significant Accounting Policies****Organization**

Western Electricity Coordinating Council (WECC) is a not-for-profit organization whose primary mission is to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection's Bulk Power System (Western Interconnection). The Western Interconnection extends from Canada to Mexico and includes the Canadian provinces of Alberta and British Columbia, the northern part of Baja California in Mexico, and all or part of the 14 Western states in between. WECC's revenues are generated through performance of statutory and non-statutory activities.

WECC performs statutory activities pursuant to the Delegation Agreement effective October 2007 and Amended and Restated Delegation Agreement effective January 2016 with the North American Electric Reliability Corporation (NERC). NERC is the Electric Reliability Organization (ERO) certified by the Federal Energy Regulatory Commission (FERC) to establish and enforce reliability standards for the bulk power system. Statutory activities authorize WECC to develop, monitor, assess, and enforce compliance with NERC reliability standards and regional standards within the United States portion of the geographic boundaries of the Western Interconnection. Statutory revenues are derived from WECC's statutory funding from NERC, which NERC has delegated WECC to collect through assessments to Load-Serving Entities (LSEs) within the Western Interconnection.

Non-statutory activities include oversight of the operations of a component of WECC "doing business as" Western Renewable Energy Generation Information System (WREGIS). WREGIS is an independent, renewable energy tracking system. WECC funds its non-statutory activities through annual and other activity-based fees.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consists of highly liquid investments with an original maturity of three months or less, including contractually restricted cash and cash equivalents.

Pursuant to the Delegation Agreement with NERC, contractually restricted cash and cash equivalents as of December 31, 2022 and 2021, were \$20,551,961 and \$23,550,040, respectively.

**Certificates of Deposit**

Certificates of deposit held by WECC that are not classified as debt securities have original maturities greater than three months. Certificates of deposit are reported at amortized cost.

**Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due for statutory funding and other fees receivable. WECC determines the allowance for uncollectable accounts receivable based on historical experience, credit risk, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2022 and 2021, the allowance was \$79,914 and \$15,589, respectively.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

**Property and Equipment**

WECC records property and equipment additions over \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years or, in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed when incurred.

WECC reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

**Investments**

Investment purchases are recorded at cost. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2022 and 2021, WECC did not have any net assets with donor restrictions.

**Revenue Recognition**

WECC recognizes revenue from the statutory funding provided by NERC for performing the statutory activities that have been delegated to WECC. Statutory funding consists of annual assessments and penalty sanction revenue.

## WECC

Notes to Financial Statements  
December 31, 2022 and 2021

The annual assessments are collected by WECC, remitted first to NERC and then are returned to WECC within a few days. WECC generally receives assessment payments in advance of the assessment period and records them as assessments payable or as deferred revenue after payments have been remitted to NERC and returned to WECC. Assessments are recognized as revenue in the year they are intended to fund.

Penalty sanctions are assessed by WECC and approved by FERC for violations of the Reliability Standards. Once FERC has approved the penalty sanction, WECC has satisfied all performance obligations related to the penalty. Therefore, WECC recognizes penalty sanction revenue when it is approved by FERC.

Other types of revenues, such as non-statutory revenue, are recognized when the services or products have been provided.

Deferred revenue consists of advance payments from customers, in the form of cash, for revenue to be recognized in the following years.

The beginning and ending balances for accounts receivable and deferred revenues were as follows for January 1, 2022 and 2021:

	January 1,	
	2022	2021
Accounts receivable, net	\$ 2,447,528	\$ 6,181,743
Deferred revenue	28,709,103	11,945,326

For the years ended December 31, 2022 and 2021, all revenue was recognized at a point in time.

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. WECC's agreements stipulated that a portion of donations received are conditional upon certain performance requirements. Consequently, at December 31, 2022 and 2021, conditional contributions approximating \$300,000 have been recognized within accrued expenses in the accompanying financial statements.

### Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. WECC's expenses are classified as Statutory Expenses or Non-statutory Expenses as the majority of expenses incurred fulfill the purposes or mission for which WECC exists. Furthermore, the statutory expenses are classified according to the statutory functions WECC performs pursuant to the Delegation Agreement with NERC. All direct costs are charged to the functional area to which they pertain. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area.



**Income Taxes**

WECC is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(4). WECC is required to file an annual Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, WECC is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

WECC believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. WECC would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

**Financial Instruments and Credit Risk**

WECC maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, WECC had approximately \$17,500,000 of cash, cash equivalents, and contractually restricted cash and cash equivalents, in excess of FDIC-insured limits. Additionally, at December 31, 2022, WECC has \$29,400,379 held in short term United States insured securities.

WECC manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, WECC has not experienced losses in any of these accounts. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance and Audit Committee believe that the investment policies and guidelines are prudent for the long-term welfare of WECC. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts NERC has delegated WECC to collect through assessments to LSEs within the Western Interconnection. Investments are made by diversified investment managers whose performance is monitored by management and the Finance and Audit Committee of the Board of Directors.

**Recent Accounting Guidance**

Effective January 1, 2022, WECC adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). WECC elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. WECC has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, WECC accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, WECC recognized on January 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to retained earnings, an operating lease liability of \$10,243,874, and an operating right-of-use asset of \$9,440,970. The operating lease right-of-use asset and liabilities were recorded as of January 1, 2022, at the carrying value under prior guidance. The adoption of the new standard did not materially impact WECC's Statements of Operations or Statements of Cash Flows. See Note 7 for further disclosure of WECC's lease contracts.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net assets.

**Subsequent Events**

WECC has evaluated subsequent events through May 25, 2023, the date the financial statements were available to be issued.

## WECC

Notes to Financial Statements  
December 31, 2022 and 2021**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 26,611,209	\$ 29,222,064
Certificates of deposit	3,855,337	5,175,616
Investments	8,664,427	4,744,772
Accounts receivable, net	1,438,745	2,447,528
	<u>\$ 40,569,718</u>	<u>\$ 41,589,980</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, and money market funds.

**Note 3 - Fair Value Measurements and Disclosures**

WECC reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

## WECC

Notes to Financial Statements  
December 31, 2022 and 2021

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk or liquidity profile of the asset or liability.

WECC invests in U.S. Government obligations that are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis at December 31, 2022:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments				
Government agency bonds	\$ 5,410,293	\$ -	\$ 5,410,293	\$ -
Mutual funds	3,254,134	-	3,254,134	-
	<u>\$ 8,664,427</u>	<u>\$ -</u>	<u>\$ 8,664,427</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2021:

		Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments				
Government agency bonds	\$ 2,725,063	\$ -	\$ 2,725,063	\$ -
Debt securities	2,019,709	-	2,019,709	-
	<u>\$ 4,744,772</u>	<u>\$ -</u>	<u>\$ 4,744,772</u>	<u>\$ -</u>

## WECC

Notes to Financial Statements  
December 31, 2022 and 2021**Note 4 - Net Investment Return**

Net investment return consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Operating investments		
Interest and dividends	\$ 602,311	\$ 33,874
Net realized and unrealized gain	(55,556)	(16,807)
	<u>\$ 546,755</u>	<u>\$ 17,067</u>

**Note 5 - Property and Equipment**

Property and equipment consists of the following at December 31, 2022 and 2021:

	2022	2021
Equipment	\$ 1,045,436	\$ 955,511
Software	2,344,943	327,036
Furniture and fixtures	272,649	272,649
Leasehold improvements	1,959,412	1,959,412
	5,622,440	3,514,608
Less accumulated depreciation	(3,072,668)	(2,757,556)
	<u>\$ 2,549,772</u>	<u>\$ 757,052</u>

**Note 6 - Net Assets**

WECC reports information regarding Statutory and Non-statutory earnings to the FERC in accordance with its Delegation Agreement with NERC dated October 16, 2007, as amended, and restated January 1, 2016. As of December 31, 2022 and 2021, the breakdown of such earnings included in net assets without donor restrictions consisted of the following:

	2022	2021
Non-statutory earnings	\$ 8,185,732	\$ 8,374,680
Statutory earnings	34,828,471	19,748,425
	<u>\$ 43,014,203</u>	<u>\$ 28,123,105</u>

## WECC

Notes to Financial Statements  
December 31, 2022 and 2021**Note 7 - Leases**

WECC leases office space and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2031 and provide for renewal options ranging from five to fifteen years. WECC included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments. Also, the agreements generally require WECC to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. WECC has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. WECC has applied the risk-free rate option to the building and office equipment classes of assets.

Total lease costs for the year ended December 31, 2022 were as follows:

	<u>2022</u>
Operating lease cost	\$ 1,344,334

The following table summarizes the supplemental cash flow information for the year ended December 31, 2022:

	<u>2022</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating cash flows from operating leases	\$ 1,249,910

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	<u>2022</u>
Weighted-Average Remaining Lease Term	
Operating leases	8.2 Years
Weighted-Average Discount Rate	
Operating leases	4.00%

## WECC

Notes to Financial Statements  
December 31, 2022 and 2021

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2022.

2023	\$ 1,286,866
2024	1,324,943
2025	1,347,992
2026	1,386,917
2027	1,428,524
Thereafter	<u>4,978,170</u>
Total lease payments	11,753,412
Less interest	<u>(2,047,353)</u>
Present value of lease liabilities	<u>\$ 9,706,059</u>

Future minimum payments determined under the guidance in Topic 840 are listed below as of December 31, 2021.

2022	\$ 1,336,740
2023	1,376,313
2024	1,417,073
2025	1,442,908
2026	1,484,657
Thereafter	<u>7,831,858</u>
Total lease payments	<u>\$ 14,889,549</u>

**Note 8 - Employee Benefits**

WECC sponsors a 401(k) Retirement Savings Plan (the Plan) for eligible employees. The Plan requires WECC to make matching contributions equal to 50% of the first 6% of eligible compensation of the participating employees' contributions to the Plan. WECC may also make, at its discretion, supplemental contributions for eligible employees. The Plan expense reflected in the accompanying statements of activities was \$1,655,811 and \$1,589,411 for the years ended December 31, 2022 and 2021, respectively. In 2006, WECC adopted an elective 457(b) deferred compensation plan to provide certain employees of WECC with the benefit of additional tax-deferred retirement savings opportunities. The annual 457(b) deferral limitation for 2022 and 2021 was \$19,500. The Plan is entirely funded by elective employee salary deferrals.



May 25, 2023

To the Board of Directors  
Western Electricity Coordinating Council (WECC)  
Salt Lake City, Utah

We have audited the financial statements of WECC as of and for the year ended December 31, 2022, and have issued our report thereon dated May 25, 2023. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our letter dated March 13, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of WECC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.



## Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks:

- **Management Override of Controls** – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the organization may have the ability to override controls that the organization has implemented. Management may override the organization's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the organization's financial performance or with the intent of concealing fraudulent transactions.
- **Revenue Recognition** – We identified revenue recognition as a significant risk due to financial and operational incentives for the organization to overstate revenues.
- **Adoption of Accounting Standards Codification (ASC) Topic 842, *Leases*** – We identified adoption of ASC 842 as a significant risk due to potential improper capitalization and recognition related to the right-of-use assets and the related lease liability.

There were no significant matters, findings, or issues relating to the above significant risks identified during our audit procedures.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WECC is included in Note 1 to the financial statements. As described in Note 1, WECC adopted ASC Topic 842, *Leases* using the modified retrospective approach with an adjustment at the beginning of the adoption period. We noted no transactions entered by WECC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

*Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting WECC's financial statements relate to fair value of estimates of investment as described in Note 3 of the financial statements.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

**Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated **October 15, 2023** May 25, 2023.

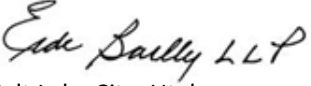
**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with WECC, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as WECC's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of WECC and is not intended to be, and should not be, used by anyone other than these specified parties.

  
Salt Lake City, Utah



May 25, 2023

To the Board of Directors  
Western Electricity Coordinating Council (WECC)  
Salt Lake City, Utah

In planning and performing our audit of the financial statements of WECC as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered WECC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of WECC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "EideBailly LLP".

Salt Lake City, Utah



# **WESTERN ELECTRICITY COORDINATING COUNCIL**

**Board and Management Discussion**

**June 14, 2023**

# YOUR ENGAGEMENT TEAM

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**Michael Michelsen**  
Engagement Partner



**Daniel Nuttall**  
Audit Senior Manager



**Brady Nelson**  
Audit Senior Associate



**Aly O'Rourke**  
Audit Associate

# AUDITOR'S REPORT

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## Opinion

- Unmodified opinion dated May 25, 2023.

## Basis for Opinion

- Performed audit in accordance with ethical standards (auditing standards generally accepted in the United States [GAAS]).
- Eide Bailly is independent of WECC.
- **Emphasis of Matter Paragraph**
  - Adoption of lease standard.

# AUDITOR'S REPORT – INDEPENDENCE

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GAAS requires that all covered members be independent of audit clients. Independence rules prohibit an ownership interest in audit clients. Covered members include:

- Partners and managers (including spouses and dependents) in the office performing the audit; and
- All participants in the audit engagement (associate through partner).

Independence requirements apply to all Eide Bailly offices and all audit clients. This means that as a firm, we are independent of WECC and any electric utilities we may audit.



# AUDITOR'S REPORT

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## Management Responsibilities – Management is responsible for:

- The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States;
- Establishing design, implementation and maintenance of internal controls; and
- Evaluating whether there are conditions or events that raise substantial doubt about the organization's ability to continue as a going concern.

## Auditor Responsibilities

- Design and execute an audit to obtain reasonable, but not absolute, assurance about whether statements are free of material misstatements;
- Perform the audit in accordance with GAAS;

# AUDITOR'S REPORT

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## Auditor Responsibilities (continued)

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks;
- Obtain an understanding of internal controls to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WECC's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- Conclude whether there are conditions or events that raise substantial doubt about WECC's ability to continue as a going concern for a reasonable period of time.

# AUDIT PROCESS

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## Consideration of internal controls over financial reporting:

- Reviewed controls in place and documented conclusion about whether properly designed and in place;
- Most audit areas received a walkthrough of reconciliation process; and
- Did not test operating effectiveness of internal controls.

As the result of our consideration of internal controls over financial reporting, we did not report material weaknesses or significant deficiencies.

# REQUIRED AUDITOR COMMUNICATION

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## Significant Risks Identified

- Management override of controls – Management may override the organization's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the organization's financial performance or with the intent of concealing fraudulent transactions.
- Revenue recognition – Management may misstate revenue due to financial and operational incentives for the organization to overstate revenue.
- Adoption of Accounting Standards Codification Update Topic 842, *Leases* – Potential for misstatement of the right-of-use asset or related liability upon adoption of new standard.

# REQUIRED AUDITOR COMMUNICATION

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## Significant Accounting Policies

- Described in Note 1.
- Adopted Topic 842 related to leases during the year.
  - Resulted in recognition of a right-of-use asset of \$9,440,970 for the building lease and related lease liability of \$10,243,874 as of January 1, 2022.
  - Note 7 includes disclosures required by the new standard, as well as legacy disclosures under the old standard.

# REQUIRED AUDITOR COMMUNICATION

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## Uncorrected and Corrected Misstatements

None

## Difficulties Encountered in Performing the Audit

None

## Disagreements with Management

None

## Management Consultations with Other Independent Accountants

None

# FINANCIALS - OVERVIEW

		2022		2021
Total Assets		\$ 73,102,519		\$ 66,595,540
Total Liabilities		30,088,316		38,472,435
Net Assets Without Donor Restrictions		43,014,203		28,123,105
Liquid Financial Assets (Note 2)		\$ 40,569,718		\$ 41,589,980
Accounts Payable and Accrued Expenses		10,189,785		8,836,964
Operating Revenues		\$ 47,285,349		\$ 31,282,191
Change in Net Assets Without Donor Restrictions		14,891,098		1,504,993

# THANK YOU

Michael Michelsen, CPA, Partner  
Salt Lake City, Utah  
(801) 456-5457  
mmichelsen@eidebailly.com

Daniel Nuttall, CPA, Audit Senior Manager  
Salt Lake City, Utah  
(801) 308-0708  
dnuttall@eidebailly.com



**CPAs & BUSINESS ADVISORS**



&lt;Public&gt;

**April 2023 Financial Results****Jillian Lessner****June 13, 2023****Summary**

As of April 30, 2023, statutory programs were over budget by a net of \$10.1 million. The non-statutory program was under budget by a net of \$566,000. The main driver of the net statutory overrun relates to a timing difference of penalty revenue recognition allowed under Generally Accepted Accounting Principles (GAAP). For purposes of financial reporting, WECC recognizes penalties when FERC approves them, rather than in the year in which the penalties offset assessments. Penalties revenue is less than budget by \$10.9 million due to the accounting change. Additionally, other funding sources are \$490,000 over budget and expenditures are \$325,000 under budget through April 30, 2023.

Variances greater than \$100,000 are explained in subsequent sections. Two versions of the statutory year-to-date results are provided. The first table (Figure 1) represents GAAP reporting, with the penalty revenue recognition changes included. The second table (Figure 2) represents results without the penalty variance to isolate other and more relevant variances in the total net results.

**Statutory Program Statement of Activities****Major Drivers of Statutory Program Variances (Greater than \$100,000)**

**Figure 1: Statutory Year-to-Date Results  
(GAAP)**

	Actual 2023	Budget 2023	Variance (over) /under
<b>Funding</b>			
ERO Funding	20,050,537	30,969,183	(10,918,646)
Other Funding	512,054	22,100	489,954
<b>Total Funding</b>	<b>20,562,591</b>	<b>30,991,283</b>	<b>(10,428,692)</b>
<b>Expenses</b>			
Personnel Expenses	8,042,881	8,275,225	232,344
Meeting & Travel Expenses	347,580	187,307	(160,273)
Operating Expenses	1,878,050	2,211,506	333,456
Indirect Allocation	(183,701)	(210,760)	(27,059)
<b>Total Expenses</b>	<b>10,084,810</b>	<b>10,463,278</b>	<b>378,468</b>
Fixed Assets	67,528	13,950	(53,578)
<b>Total Expenditures</b>	<b>10,152,338</b>	<b>10,477,228</b>	<b>324,890</b>
<b>Funding Less Expenditures</b>	<b>10,410,253</b>	<b>20,514,055</b>	<b>(10,103,802)</b>

**Figure 2: Statutory Year-to-Date Results  
(Excluding Penalty Variance)**

	Actual 2023	Budget 2023	Variance (over) /under
<b>Funding</b>			
ERO Funding	30,969,183	30,969,183	-
Other Funding	512,054	22,100	489,954
<b>Total Funding</b>	<b>31,481,237</b>	<b>30,991,283</b>	<b>489,954</b>
<b>Expenses</b>			
Personnel Expenses	8,042,881	8,275,225	232,344
Meeting & Travel Expenses	347,580	187,307	(160,273)
Operating Expenses	1,878,050	2,211,506	333,456
Indirect Allocation	(183,701)	(210,760)	(27,059)
<b>Total Expenses</b>	<b>10,084,810</b>	<b>10,463,278</b>	<b>378,468</b>
Fixed Assets	67,528	13,950	(53,578)
<b>Total Expenditures</b>	<b>10,152,338</b>	<b>10,477,228</b>	<b>324,890</b>
<b>Funding Less Expenditures</b>	<b>21,328,899</b>	<b>20,514,055</b>	<b>814,844</b>

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**April 2023 Financial Results****Year-to-Date (GAAP)**

- ERO Funding: \$10,919,000 under budget due to a change in the revenue recognition of penalty funding per GAAP. The underrun represents the net of:
  - \$11,219,000 in penalties recognized as revenue in 2021 and 2022 for financial reporting purposes, but budgeted to offset assessments in the 2023 Business Plan and Budget; and
  - \$300,000 in penalties recognized as revenue in 2023 for financial reporting purposes but will offset assessments in the 2024 Business Plan and Budget.
- Other Funding: \$490,000 over budget due to higher-than-budget rates of return on cash and investments.
- Personnel Expenses: \$232,000 under budget primarily due to unbudgeted recruiting and retention initiatives as well as budgeted position levels and rates of pay compared to actual.
- Meeting & Travel Expenses: \$160,000 over budget due to inflationary impacts on travel rates and higher-than-budget travel activity.
- Operating Expenses: \$333,000 under budget primarily due to the timing of actual consulting expenses compared to budget.

**Figure 3: Statutory Year-end Forecast  
(GAAP)**

	Forecast 2023	Budget 2023	Variance (over) /under
<b>Funding</b>			
ERO Funding	20,050,537	30,969,183	(10,918,646)
Other Funding	1,658,054	248,100	1,409,954
<b>Total Funding</b>	<b>21,708,591</b>	<b>31,217,283</b>	<b>(9,508,692)</b>
<b>Expenses</b>			
Personnel Expenses	27,194,154	25,820,126	(1,374,028)
Meeting & Travel Expense	1,135,071	947,289	(187,782)
Operating Expenses	5,933,266	5,833,037	(100,229)
Indirect Allocation	(772,136)	(843,037)	(70,901)
<b>Total Expenses</b>	<b>33,490,355</b>	<b>31,757,415</b>	<b>(1,732,940)</b>
Fixed Assets	67,528	54,868	(12,660)
<b>Total Expenditures</b>	<b>33,557,883</b>	<b>31,812,283</b>	<b>(1,745,600)</b>
<b>Funding Less Expenditures</b>	<b>(11,849,292)</b>	<b>(595,000)</b>	<b>(11,254,292)</b>

**Figure 4: Statutory Year-end Forecast  
(Excluding Penalty Variance)**

	Forecast 2023	Budget 2023	Variance (over) /under
<b>Funding</b>			
ERO Funding	30,969,183	30,969,183	-
Other Funding	1,658,054	248,100	1,409,954
<b>Total Funding</b>	<b>32,627,237</b>	<b>31,217,283</b>	<b>1,409,954</b>
<b>Expenses</b>			
Personnel Expenses	27,194,154	25,820,126	(1,374,028)
Meeting & Travel Expenses	1,135,071	947,289	(187,782)
Operating Expenses	5,933,266	5,833,037	(100,229)
Indirect Allocation	(772,136)	(843,037)	(70,901)
<b>Total Expenses</b>	<b>33,490,355</b>	<b>31,757,415</b>	<b>(1,732,940)</b>
Fixed Assets	67,528	54,868	(12,660)
<b>Total Expenditures</b>	<b>33,557,883</b>	<b>31,812,283</b>	<b>(1,745,600)</b>
<b>Funding Less Expenditures</b>	<b>(930,646)</b>	<b>(595,000)</b>	<b>(335,646)</b>



&lt;Public&gt;

**April 2023 Financial Results****Year-End Forecast**

- ERO Funding: \$10,919,000 under budget due to:
  - Revenue recognition of penalty funding per GAAP compared to budget treatment. The underrun represents the net of:
    - \$11,219,000 in penalties recognized as revenue in 2021 and 2022 for financial reporting purposes, but budgeted to offset assessments in the 2023 Business Plan and Budget; and
    - \$300,000 in penalties recognized as revenue in 2023 for financial reporting purposes but will offset assessments in the 2024 Business Plan and Budget.
- Other Funding: \$1,400,000 over budget due to higher-than-budget rates of return on cash and investments.
- Personnel Expenses: \$1,374,000 over budget primarily due to the net of recruiting and retention initiatives and budgeted labor float rate assumptions compared to actual vacancy rates.
- Meeting & Travel Expenses: \$188,000 over budget primarily due to inflationary impacts on travel rates and higher-than-budget travel activity.
- Operating Expenses: \$100,000 over budget primarily due to the net of:
  - Unbudgeted webCDMS licensing fees related to delays in certain Align functionality;
  - Unbudgeted Reliability and Security Oversight consulting to assist in knowledge transfer on protection and controls standards;
  - Timing of consulting expenditures compared to budget; and
  - Higher-than-anticipated increases in business insurance policy premiums.

**Non-Statutory Program Statement of Activities****Major Drivers of Non-Statutory Program Variances (Greater than \$100,000)****Figure 3: Non-Statutory Year-to-Date Results**

	Actual 2023	Budget 2023	Variance
<b>Funding</b>			
ERO Funding	-	-	-
Other Funding	964,900	712,117	252,783
<b>Total Funding</b>	<b>964,900</b>	<b>712,117</b>	<b>252,783</b>
<b>Expenses</b>			
Personnel Expenses	307,677	328,958	21,281
Meeting & Travel Expenses	3,083	4,700	1,617
Operating Expenses	63,146	326,223	263,077
Indirect Allocation	183,701	210,760	27,059
<b>Total Expenses</b>	<b>557,607</b>	<b>870,641</b>	<b>313,034</b>
Fixed Assets	-	-	-
<b>Total Expenditures</b>	<b>557,607</b>	<b>870,641</b>	<b>313,034</b>
<b>Funding Less Expenditures</b>	<b>407,293</b>	<b>(158,524)</b>	<b>565,817</b>



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**April 2023 Financial Results***Year-to-Date*

- Other Funding: \$253K over budget primarily due to:
  - Higher-than-budgeted increases in program participation and certificate volume; and
  - Higher-than-budget rates of return on cash and investments.
- Operating Expenses: \$263K under budget primarily due to the timing of actual software licensing expenses compared to budget.

**Figure 3: Non-Statutory Year-to-Date Results**

	Forecast 2023	Budget 2023	Variance
Funding			
ERO Funding	-	-	-
Other Funding	2,932,644	2,679,861	252,783
<b>Total Funding</b>	<b>2,932,644</b>	<b>2,679,861</b>	<b>252,783</b>
Expenses			
Personnel Expenses	1,037,460	1,008,500	(28,960)
Meeting & Travel Expenses	18,752	20,970	2,218
Operating Expenses	633,167	980,399	347,232
Indirect Allocation	860,116	843,037	(17,079)
Total Expenses	2,549,495	2,852,906	303,411
Fixed Assets	-	4,132	(4,132)
<b>Total Expenditures</b>	<b>2,549,495</b>	<b>2,857,038</b>	<b>299,279</b>
<b>Funding Less Expenditures</b>	<b>383,149</b>	<b>(177,177)</b>	<b>560,326</b>

*Year-end Forecast*

- Other Funding: \$253K over budget primarily due to:
  - Higher-than-budgeted increases in program participation and certificate volume; and
  - Higher-than-budget rates of return on cash and investments.
- Operating Expenses: \$347K under budget primarily due to the timing of actual software licensing expenses compared to budget.



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# Year-to-Date Financial Results and 2023 Forecast

June 13, 2023

Jillian Lessner  
Chief Financial and  
Administrative Officer

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## Year-to-Date Statutory Funding

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- Total funding—\$31.0M (\$490K/1.6% over budget)
  - Assessments—\$19.8M (at budget)
  - Penalties—\$11.2M (at budget)
  - Other—\$512K (\$490K or 2,217% over budget)
    - Rates of return on cash and investments

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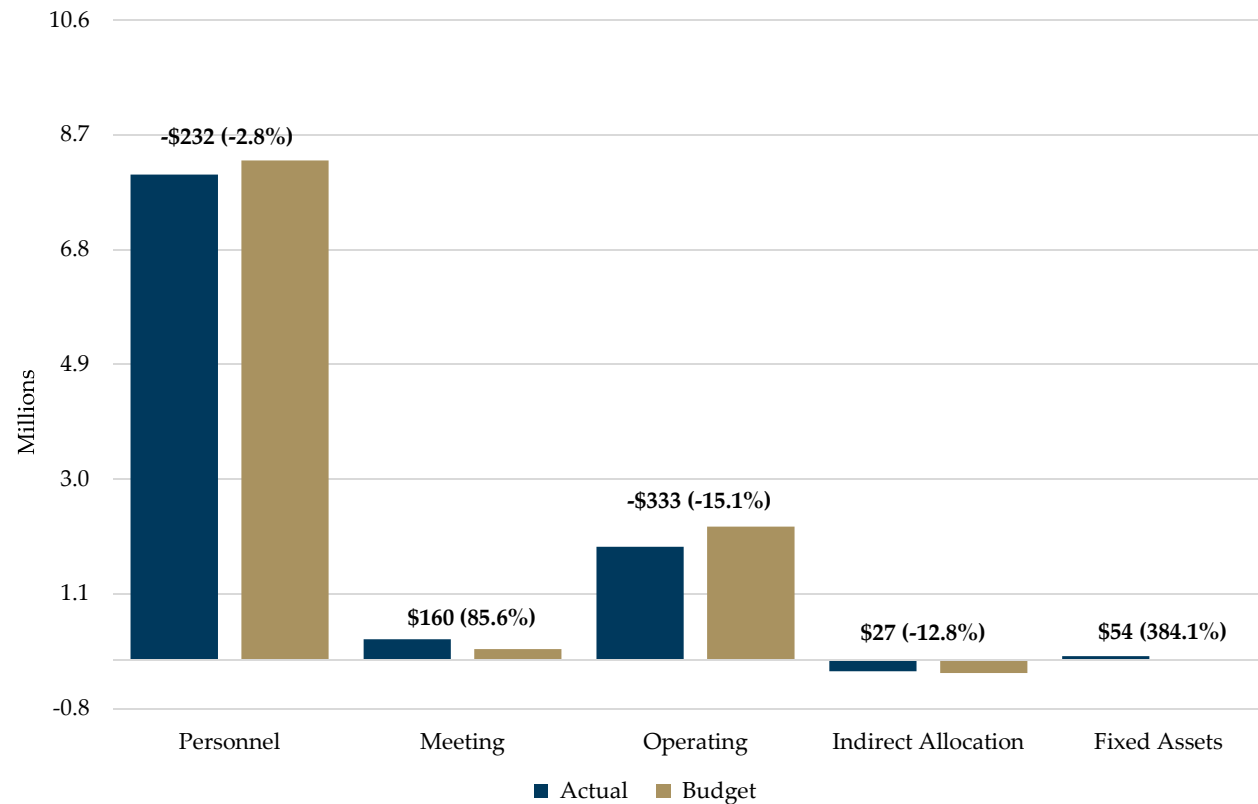
# Year-to-Date Statutory Expenditures

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- Total expenditures—\$10.2M (\$325K/3.1% under budget)
  - Personnel Expenses—\$8.0M (\$232K/2.8% under budget)
    - Budgeted labor float rate assumptions compared to actual
    - Unbudgeted recruiting and retention initiatives
  - Meeting & Travel Expenses—\$348K (\$160K/85.6% over budget)
    - Inflationary impacts on travel rates
    - Unplanned travel activity
  - Operating Expenses—\$1,878M (\$333K/15% under budget)
    - Timing of consulting expenses

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# Year-to-Date Statutory Results





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# Year-to-Date Statutory Reserves

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- Reserves—\$35M
  - Working capital—\$22.1M
  - Unreleased penalties—\$9.4M
    - All to be released in 2024 budget year
  - Peak Reliability Donation—\$3.5M
    - PLEXOS trial license
    - Data management project

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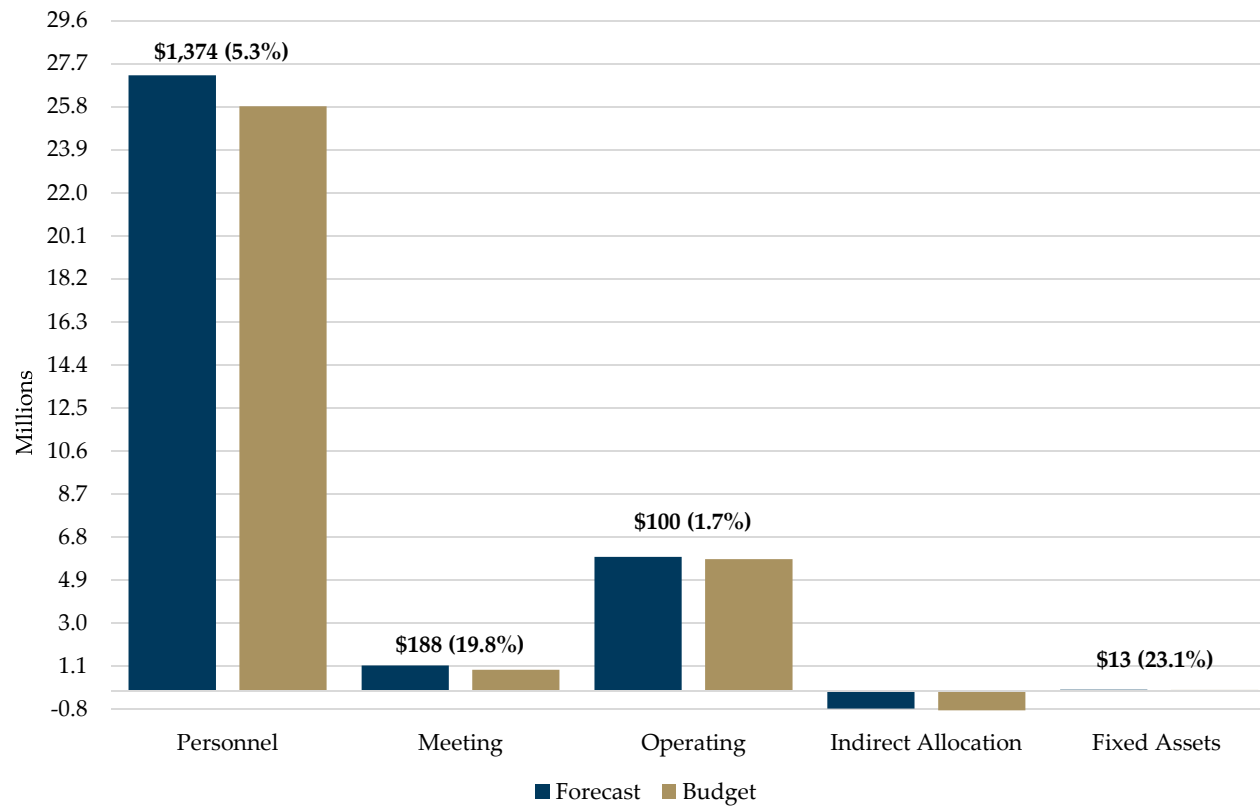
## Year-End Statutory Forecast

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- Total funding—\$32.6M (\$1.4M/4.5% over budget)
  - Rates of return on cash and investments
- Total expenditures—\$33.6M (\$1.7M/5.5% over budget)
  - Personnel Expenses—\$27.2M (\$1.4M/5.3% over budget)
    - Recruiting and retention initiatives
  - Meeting & Travel Expenses—\$1.1M (\$188K/19.9% over budget)
    - Inflationary impacts on travel rates; unplanned travel activity
  - Operating Expenses—\$5.9M (\$100K/1.7% over budget)
    - Unbudgeted webCDMS fees; unbudgeted consulting; timing of consulting; increased insurance premiums

<Public>

# Year-End Statutory Forecast



<Public>

# Year-End Projected Statutory Reserves

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- Total reserves—\$23.7M
  - Working capital—\$10.6M
  - Unreleased penalties—\$10.2M
  - Peak Reliability Donation—\$2.9M

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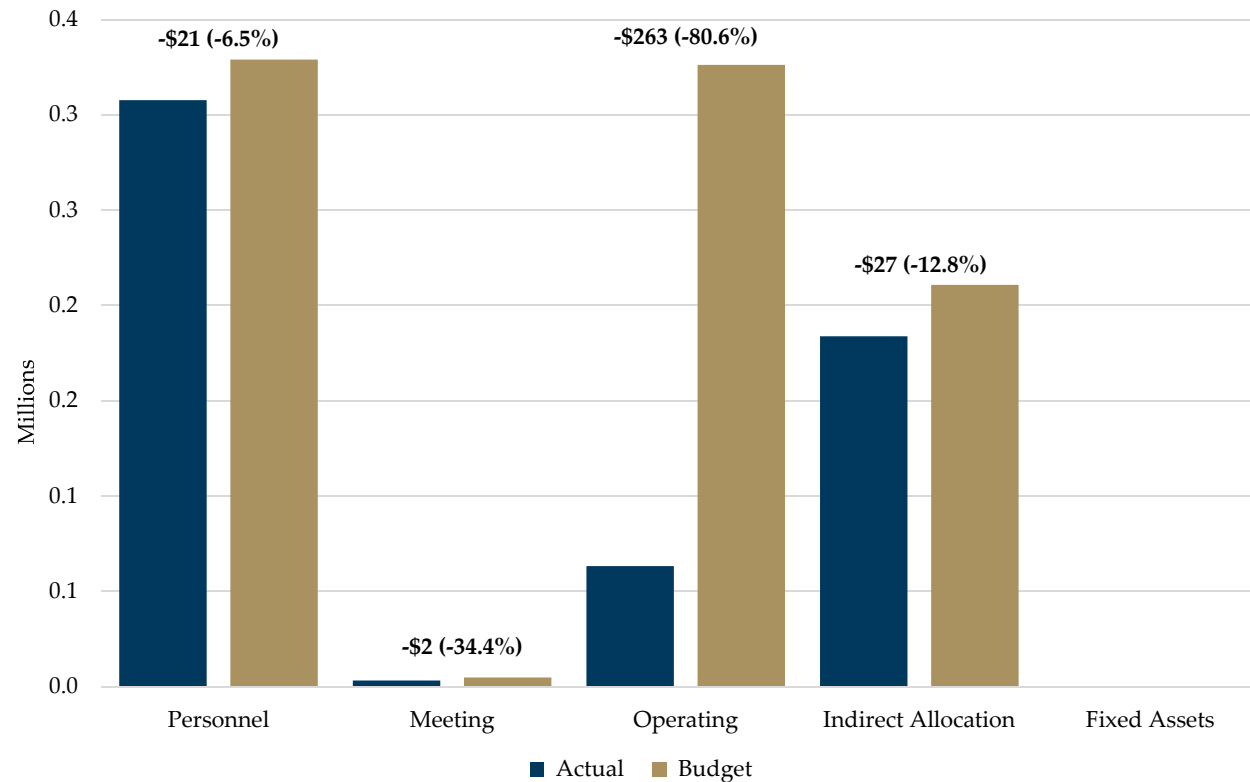
# Year-to-Date Non-Statutory Results

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- Total funding—\$965K (\$253K/35.5% over budget)
- Total expenditures—\$557K (\$313K/35.9% under budget)
  - Personnel Expenses—\$308K (\$21K/6.4% under budget)
  - Operating Expenses—\$63K (\$263K/80.7% under budget)
    - Timing of license fees for WREGIS software
  - Indirect Allocation—\$184K (\$27K/12.8% under budget)

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# Year-to-Date Non-Statutory Results



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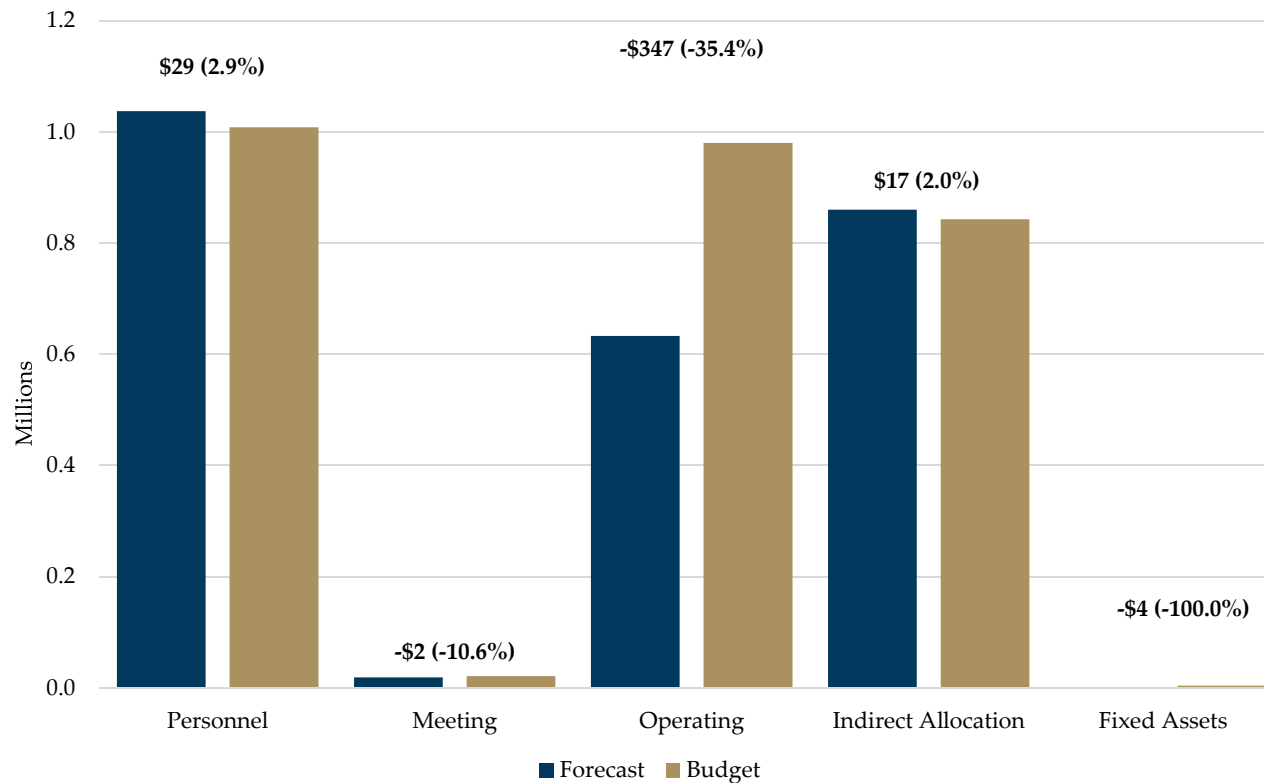
## Year-End Non-Statutory Forecast

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- Total funding—\$2.9M (\$253K or 9% over budget)
- Total expenditures—\$2.5M (\$299K/10.4% under budget)
  - Personnel Expenses—\$1.0M (\$29K/2.9% over budget)
  - Operating Expenses—\$633K (\$347K/35.4% under budget)
    - Timing of license fees for WREGIS software
  - Indirect Allocation—\$860K (\$17K/2% over budget)

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# Year-End Non-Statutory Forecast





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