

2026 Draft Budget Overview

April 28, 2025

Introduction

Those who plan, operate, and care about the reliability of the interconnection continue to confront numerous and rapidly evolving challenges—increasingly recurrent extreme natural events, large-scale generator retirements to meet clean energy goals, massive amounts of new generators that present technological and dispatchability challenges, increasing cybersecurity and physical threats, the risks and opportunities of artificial intelligence, changing demand brought about by electrification, and the proliferation of data centers and other technologies with their accompanying large loads. The 2026 Business Plan and Budget assumes that all these challenges will continue, as will the challenges in the labor market, with the competition for talent and the increasing costs to attract and retain a highly skilled workforce.

Given this context, the 2026 draft budget was developed with these things in mind:

1. Recognizing the growing complexity and pace of change in the industry;
2. Ensuring WECC is adequately resourced to mitigate the increasing risks to reliability and to meet the resulting demands placed on the organization; and
3. Maintaining working capital reserves at adequate levels.

WECC's 2026 draft budget is developed based on operational needs and meeting the terms of our Delegation Agreement without presupposing the availability of penalties to offset assessments. The statutory budget is increasing approximately \$800K (2.1%) from 2025 to 2026. The major drivers of the proposed net budget increase are three full-time equivalent (FTE) additions, merit and market adjustment pools, and reduced consulting contributed to the final phase of the transmission planning study being undertaken by the Western Power Pool (WPP) through its WestTEC effort.

The 2026 assessment increases \$2.6 million (8.0%) to \$35.7 million due to the increase in budgeted expenditures and a reduction in the use of reserves to offset assessments. Additionally, there have been minimal penalties collected to date to offset 2026 assessments; therefore, the 2026 draft budget is funded mostly by assessments except for a small amount of investment, workshop, and sublease revenue, and the use of working capital and Peak Donation reserves. Our current proposed assessment increase is in line with the assessment stabilization analysis conducted last year, which recommended an 8% increase for 2026.

Statutory working capital reserves are anticipated to be approximately \$9.9 million by December 31, 2025, which is at the Reserve Policy ceiling (one to three months of operating expenses). Per this draft of the 2026 Business Plan and Budget, management proposes using approximately \$200,000 of Peak Reliability Donation reserves and \$2.5 million of working capital reserves to fund the 2026 budget.

Reconciliation of 2025 to 2026 Statutory Budget—Major Drivers

| | 2025 Budget | 2026 Budget | Variance \$ Incr(Decr) | Variance % Incr(Decr) | Primary Drivers |
|----------------------------------|-----------------------|-----------------------|---------------------------|--------------------------|---|
| Funding | | | | | |
| Assessments | \$ 33,016,000 | \$ 35,657,280 | \$ 2,641,280 | 8.0% | Increase in budget, \$2.5 million usage of working capital reserves |
| Penalties | 4,400 | 41,745 | 37,345 | 848.8% | |
| Other Income | 1,703,541 | 1,757,506 | 53,965 | 3.2% | |
| Total Funding | \$ 34,723,941 | \$ 37,456,531 | \$ 2,732,590 | 7.9% | |
| Expenses | | | | | |
| Personnel Expenses | \$ 31,121,337 | \$ 32,652,261 | \$ 1,530,924 | 4.9% | 3 FTE, 4% merit/market adj pool, labor float adj, refined tax/benefit rates |
| Meeting Expenses | 1,697,461 | 1,655,128 | (42,333) | -2.5% | Reduced travel costs |
| Operating Expenses | 7,502,719 | 7,153,710 | (349,009) | -4.7% | Enforcement contract labor, reduction in WestTEC project consulting |
| Indirect Expenses | (1,146,873) | (1,437,341) | (290,468) | 25.3% | Increase in non-statutory FTE and Corporate Services budget |
| Total Expenses | \$ 39,174,644 | \$ 40,023,758 | \$ 849,114 | 2.2% | |
| Fixed Assets | \$ 150,713 | \$ 109,116 | \$ (41,597) | -27.6% | |
| Total Budget | \$ 39,325,357 | \$ 40,132,874 | \$ 807,517 | 2.1% | |
| Change in Working Capital | \$ (4,601,416) | \$ (2,676,343) | \$ 1,925,073 | -41.8% | |
| FTEs | 175.00 | 178.00 | 3 | 1.7% | |

¹ Depreciation excluded from these values

Reconciliation of Draft #1 to Draft #2 Changes

| | 2026 Budget Draft #1 | 2026 Budget Draft #2 | Variance \$ Incr(Decr) | Variance % Incr(Decr) | Primary Drivers |
|----------------------------------|----------------------------|----------------------------|---------------------------|--------------------------|--|
| Funding | | | | | |
| Assessments | \$ 38,689,079 | \$ 35,657,280 | \$ (3,031,799) | -7.8% | Decrease in budget, \$2.5 million additional use of working capital reserves |
| Penalties | - | 41,745 | 41,745 | 100.0% | |
| Other Income | 1,679,508 | 1,757,506 | 77,998 | 4.6% | |
| Total Funding | \$ 40,368,587 | \$ 37,456,531 | \$ (2,912,056) | -7.2% | |
| Expenses | | | | | |
| Personnel Expenses | \$ 32,847,939 | \$ 32,652,261 | \$ (195,678) | -0.6% | Deferred three FTE requests in CMPEP to 2027 |
| Meeting Expenses | 1,834,092 | 1,655,128 | (178,964) | -9.8% | Annual meeting location change to SLC, reduced travel activity |
| Operating Expenses | 7,195,290 | 7,153,710 | (41,580) | -0.6% | Reduced publication and subscription costs |
| Indirect Expenses | (1,418,100) | (1,437,341) | (19,241) | 1.4% | Decrease in statutory FTE |
| Total Expenses | \$ 40,459,221 | \$ 40,023,758 | \$ (435,463) | -1.1% | |
| Fixed Assets | \$ 109,366 | \$ 109,116 | \$ (250) | -0.2% | |
| Total Budget | \$ 40,568,587 | \$ 40,132,874 | \$ (435,713) | -1.1% | |
| Change in Working Capital | \$ (200,000) | \$ (2,676,343) | \$ (2,476,343) | 1238.2% | |
| FTEs | 181.00 | 178.00 | (3) | -1.7% | |

Proposed 2026 FTE Additions

In the 2026 budget, WECC is adding 3.0 statutory FTEs (6.0 FTEs in total) due to increasing organizational needs and priorities driven by the environment in which WECC is operating.

Compliance Monitoring and Enforcement

Two new FTEs are added to the Compliance Monitoring and Enforcement Program (CMPEP) and the Organization Registration and Certification budgets in 2026.

1. One Registration Engineer to enhance registration processing efficiency in line with increased registration activities related to IBRs.
2. One Risk Assessment Engineer to assist in oversight planning and analysis activities.

Reliability Assessment and Performance Analysis

One Generator Readiness Specialist is added to the Reliability Assessment and Performance Analysis (RAPA) program area to support a weather readiness program for generators in the Western Interconnection.

Corporate Services

No FTEs are added to Corporate Services; however, some positions are realigned within departments due to evolving organizational needs and priorities.

1. One FTE is transferred from General and Administrative to Information Technology for a Database Engineer to increase our capabilities related to data and reporting.
2. One half FTE is transferred from General and Administrative to Legal and Regulatory for an existing Corporate Secretary to enhance governance, compliance, and operational efficiency.

FTE Overview

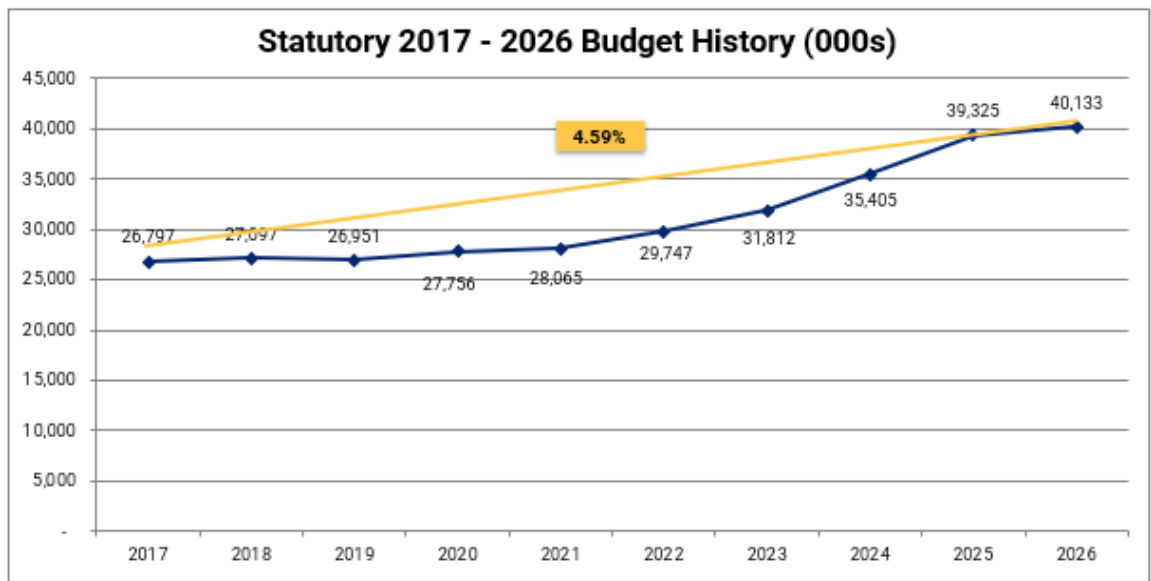
| Total FTEs by Program Area | Budget 2025 | Direct FTEs 2026 Budget | Shared FTEs* 2026 Budget | Total FTEs 2026 Budget | Change from 2025 Budget |
|--|----------------|----------------------------|-----------------------------|---------------------------|----------------------------|
| STATUTORY | | | | | |
| Operational Programs | | | | | |
| Reliability Standards | 3.00 | 3.00 | - | 3.00 | - |
| Compliance Monitoring and Enforcement and Organization Registration and Certification | 77.00 | 79.00 | - | 79.00 | 2.00 |
| Reliability Assessment and Performance Analysis | 41.00 | 42.00 | - | 42.00 | 1.00 |
| Training and Outreach | 9.50 | 9.50 | - | 9.50 | - |
| Situation Awareness and Infrastructure Security | 2.00 | 2.00 | - | 2.00 | - |
| Total FTEs Operational Programs | 132.50 | 135.50 | - | 135.50 | 3.00 |
| Corporate Services | | | | | |
| Technical Committees and Member Forums | - | - | - | - | - |
| General and Administrative | 19.00 | 17.50 | - | 17.50 | (1.50) |
| Legal and Regulatory | 3.50 | 4.00 | - | 4.00 | 0.50 |
| Information Technology | 13.00 | 14.00 | - | 14.00 | 1.00 |
| Human Resources | 4.00 | 4.00 | - | 4.00 | - |
| Finance and Accounting | 3.00 | 3.00 | - | 3.00 | - |
| Total FTEs Corporate Services | 42.50 | 42.50 | - | 42.50 | - |
| Total FTEs | 175.00 | 178.00 | - | 178.00 | 3.00 |

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



Budget and Assessments Trending

WECC’s 2026 budget increases 2.1% from 2025. Over the past decade, budget increases have varied depending on the operating environment and business needs each year. The average annual increase is 4.6% over that period.



Before 2025, assessments were stable, with each of the eight prior years being approximately \$25 million or less. When annualized over the nine years, the average assessment increase is 3.9%, which is slightly above Consumer Price Index (CPI) for that same period. The availability of penalties to offset assessments in that period created a scenario where higher assessments were not required to fully fund the annual budgets.

