



2025 Draft Budget Overview

April 30, 2024

WECC Executive Team

2025 Budget Context

- Recognize growing complexity and pace of change
- Ensure adequate resources to support increasing workload
- Maintain working capital reserves
- Consider inflationary and distributed workforce impacts on meetings and travel

Compliance Monitoring and Enforcement

Administration					FTE: 2
Registration and Certification	Oversight Planning	Entity Monitoring	Enforcement and Mitigation	Program Analysis and Administration	
<ul style="list-style-type: none"> • Registration • BES exception process • Functional mapping • Certification and Certification Review 	<ul style="list-style-type: none"> • Compliance Oversight Plans • Coordination with Entity Monitoring on scoping • Entity internal compliance program assessments 	<ul style="list-style-type: none"> • Compliance Monitoring (audits, spots checks, self- certification, periodic data submittals, and investigations) • Compliance review of events • Subject Matter Expert review on SARs and standards under development 	<ul style="list-style-type: none"> • Review and validate potential noncompliance • Settlement activities • Noncompliance disposition • Self-Logging program 	<ul style="list-style-type: none"> • CMEP activity coordination • Multi-Regional Registered Entity Program for Coordinated Oversight • Document control • Metrics and trend reporting • Align implementation, outreach, and training 	
FTE: 4	FTE: 10	FTE: 33	FTE: 18	FTE: 10	

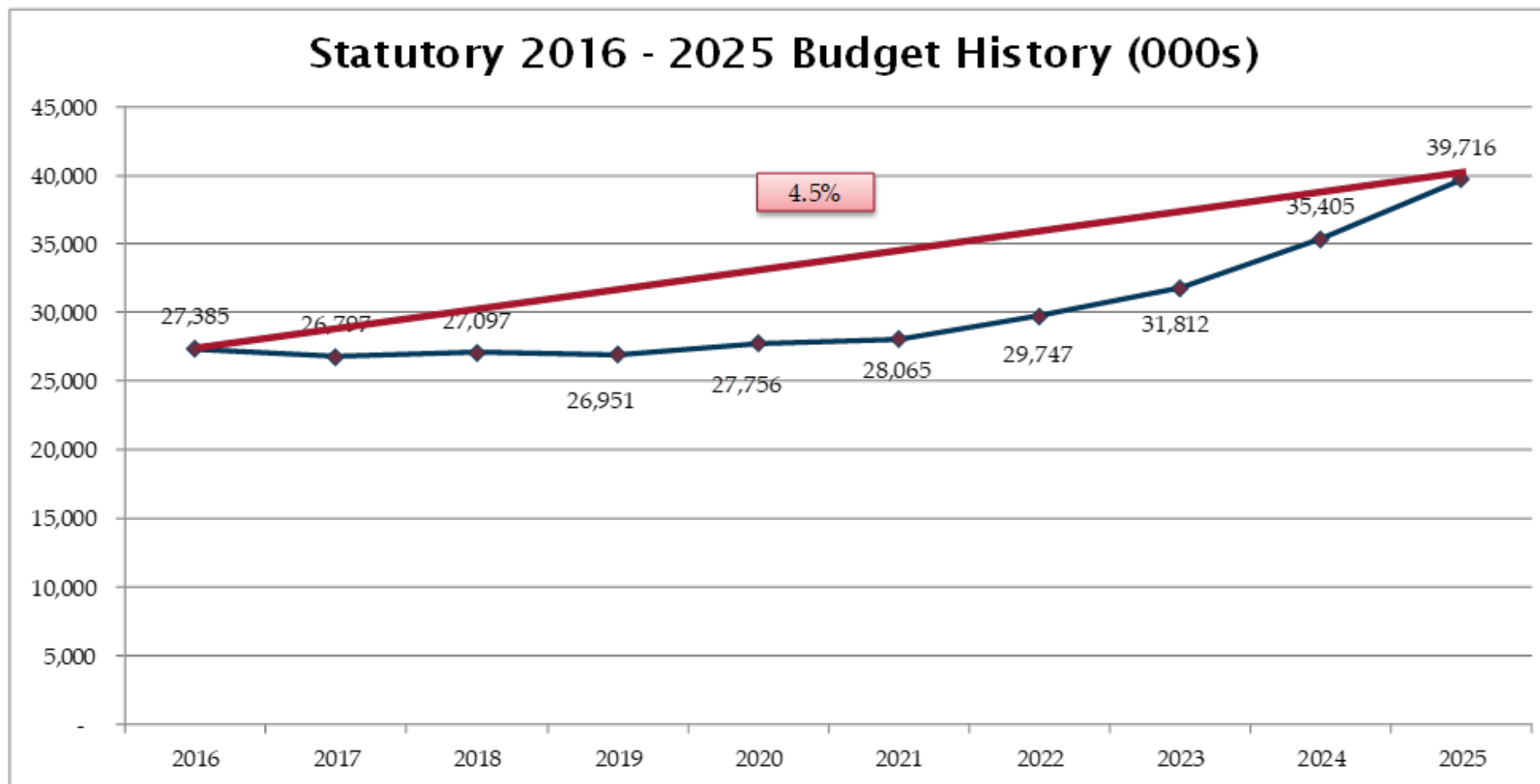
Reliability Assessment and Performance Analysis

Administration				FTE: 3
Risk Analysis & Data Services	Reliability Assessments	Reliability Modeling	Operations Analysis	
<ul style="list-style-type: none"> • Risk identification and mitigation management • Regional risk analysis • Entity risk assessment • ERO data collection efforts (e.g., GADS) • Data trending and analysis • Data visualization • Data management 	<ul style="list-style-type: none"> • ERO reliability assessments • Resource adequacy • Transmission congestion and transfer capability • Contingency analysis • Scenario analysis • Industry resource and transmission planning awareness • Planning services (e.g., Path Rating Process) 	<ul style="list-style-type: none"> • Power flow and dynamics data • Production cost models • Loads and resources (RA) • Short-circuit data • EMT modeling • Model and tool enhancements • Model validation 	<ul style="list-style-type: none"> • Event analysis • Situation awareness • Performance analysis • Infrastructure security • Assurance visits and operational coordination 	
FTE: 9	FTE: 11	FTE: 13	FTE: 5	

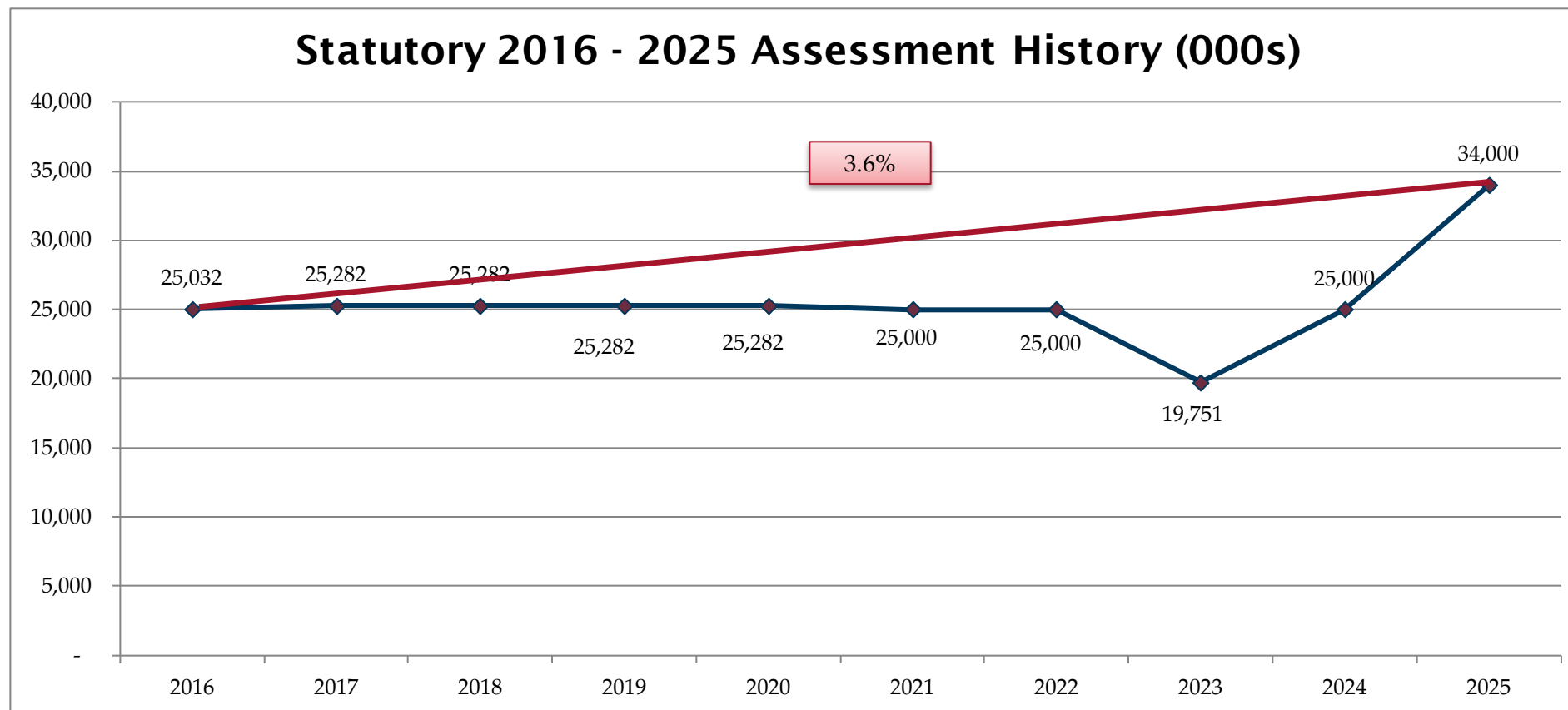
2025 Budget Overview

- Budget increase—\$4.3 million (12.2%)
 - Budget total—\$39.7 million
 - Increase excluding WestTEC project is \$2.8 million (7.9%)
- 7 additional statutory FTE
- Assessments increase—\$9.0 million (36%)
 - Assessments total—\$34.0 million
- Penalties collected and released—\$4K

Budget Trending



Assessments Trending



Assessment Stabilization

- 2015 Section 4.9 Review recommendation
- Two goals:
 - Predictable assessments while minimizing volatility of increases over time
 - Reserve levels remain within policy range
- Assists with LSE financial planning and budgeting
- Not intended to artificially cap or constrain WECC's budget
- Prior tranches: 2017-2019 and 2020-2022

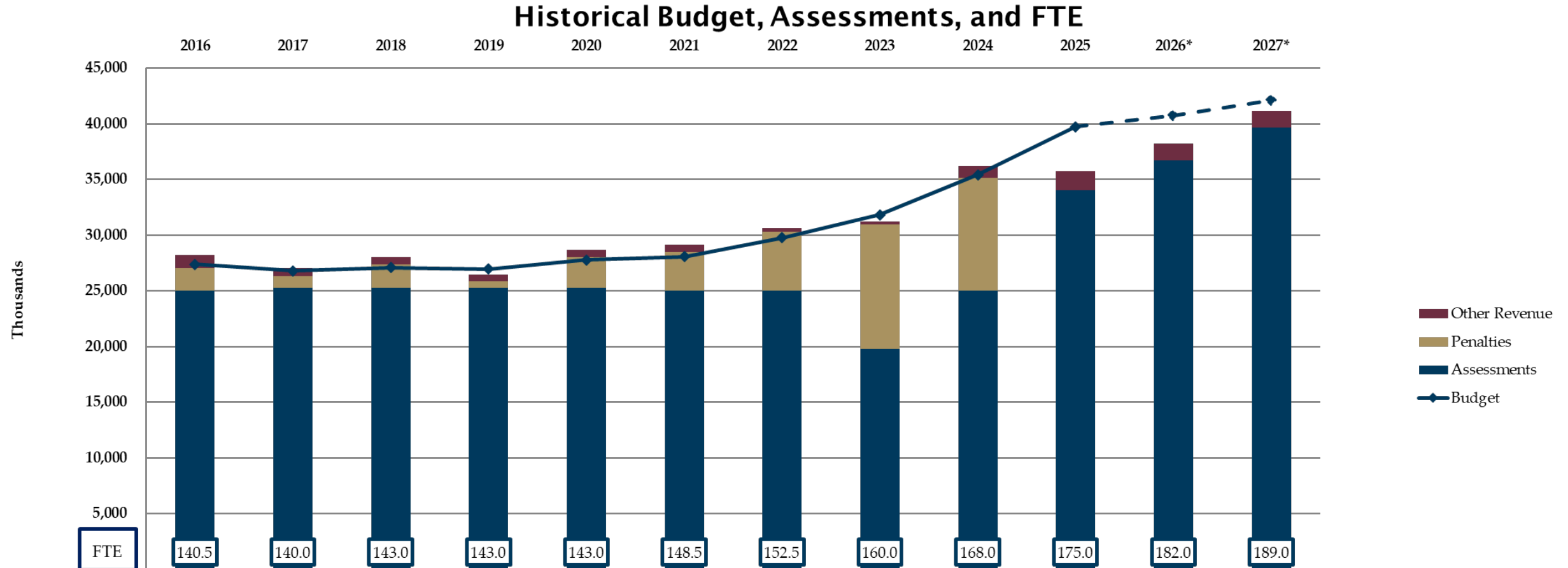
The Analysis

- 2025: draft budget
- 2026 & 2027: three budget scenarios developed
 - Low
 - Mid
 - High
- Sensitivity analysis performed to determine impact of scenarios on assessment increases and reserve levels
- Analysis was presented to the MBS
 - Working additional scenarios per their request

Recommendation and Next Steps

- Tentative recommendation: 8% assessment increase for both 2026 and 2027
- Will continue to evaluate if the budget changes
- Anticipating formal feedback from the MBS
- Final recommendation will be presented in June

Budget Compared to Funding Sources



Statutory FTE Analysis

Total FTEs by Program Area	Budget 2024	Direct FTEs 2025 Budget	Shared FTEs* 2025 Budget	Total FTEs 2025 Budget	Change from 2024 Budget
STATUTORY					
Operational Programs					
Reliability Standards	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	73.00	77.00	-	77.00	4.00
Reliability Assessment and Performance Analysis	41.00	41.00	-	41.00	-
Training and Outreach	8.50	9.50	-	9.50	1.00
Situation Awareness and Infrastructure Security	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	127.50	132.50	-	132.50	5.00
Corporate Services					
Technical Committees and Member Forums	-	-	-	-	-
General and Administrative	18.00	19.00	-	19.00	1.00
Legal and Regulatory	3.50	3.50	-	3.50	-
Information Technology	12.00	13.00	-	13.00	1.00
Human Resources	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	-	3.00	-
Total FTEs Corporate Services	40.50	42.50	-	42.50	2.00
Total FTEs	168.00	175.00	-	175.00	7.00

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

2024 to 2025 Budget Comparison

	2024 Budget	2025 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
Funding					
Assessments	\$ 25,000,000	\$ 34,000,000	\$ 9,000,000	36.0%	Increase in budget, decrease in penalties
Penalties	10,137,948	4,400	(10,133,548)	-100.0%	Minimal penalties collected
Other Income	1,075,250	1,703,541	628,291	58.4%	Higher interest rates, sublease income
Total Funding	\$ 36,213,198	\$ 35,707,941	\$ (505,257)	-1.4%	
Expenses					
Personnel Expenses	\$ 28,895,986	\$ 31,514,167	\$ 2,618,181	9.1%	7 FTE, 3% merit/1% Equity pools, labor float adj, refined tax/benefit rates
Meeting Expenses	1,353,934	1,697,461	343,527	25.4%	Additional Travel, Inflationary impacts, increases in FTE, and on-site requirements for oversight activities
Operating Expenses	6,008,620	7,502,719	1,494,099	24.9%	Peak donation project with WPP
Indirect Expenses	(980,785)	(1,149,200)	(168,415)	17.2%	
Total Expenses	\$ 35,277,755	\$ 39,565,147	\$ 4,287,392	12.2%	
Fixed Assets	\$ 127,040	\$ 150,713	\$ 23,673	18.6%	Server, storage, and data center upgrades
Total Budget	\$ 35,404,795	\$ 39,715,860	\$ 4,311,065	12.2%	
Change in Working Capital	\$ 808,403	\$ (4,007,919)	\$ (4,816,322)		
FTEs	168.0	175.0	7.0	4.2%	

¹ Depreciation excluded from these values

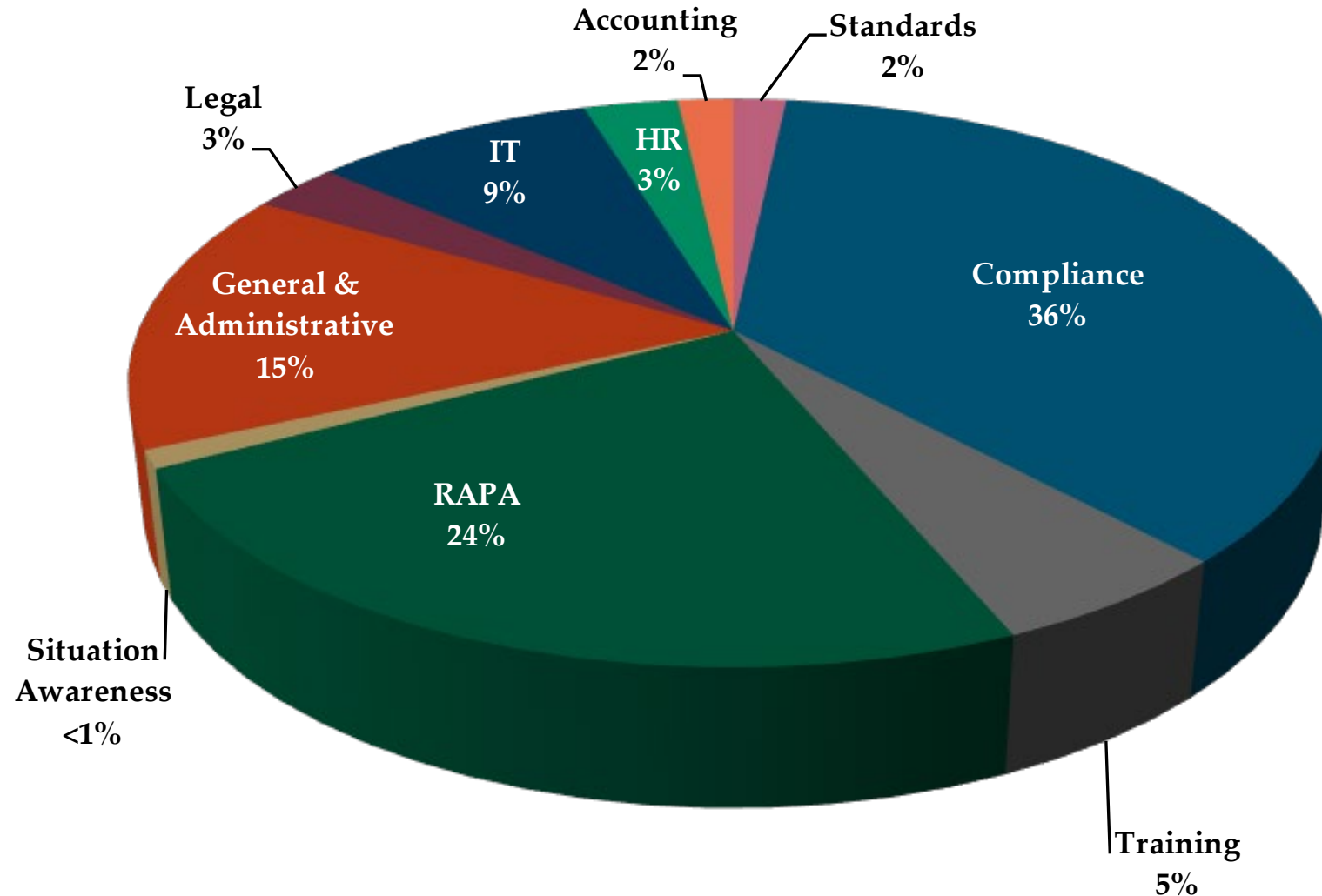
2024 to 2025 Budget Change Drivers

	<u>in 000s</u>	
2024 Approved Budget	35,405	
+ 7 FTE, 3% merit pool, 1% equity pool, labor float adj., refinement of taxes/benefits	2,618	
+ Transmission planning project in coordination with WPP and WestTEC	1,500	
- Changes in one-time IT consulting projects	(303)	
+ Net increase in travel due to an increase in on-site oversight activities, an increase in FTE, inflationary impacts on travel costs, and a more distributed workforce	313	
+ Escalation in software maintenance and licenses	229	
+ Indirect expense allocation to WREGIS increases	(168)	
+ Proposed increase in board compensation	68	
+ Consulting for implementation of new HRIS	50	
+ Other net changes	4	
2025 DRAFT Budget	39,716	12.2% increase

Changes from First Draft

	<u>in 000s</u>
Draft #1 Total Statutory Budget	39,760
Reductions:	
- Refinement of travel assumptions across the company	(113)
- Refinement benefit assumptions	(61)
- Meeting costs for Annual meeting due to location change	(51)
- Refinement of IT consulting and project feasibility	(12)
Additions:	
+ WebCDMS	180
+ Change to overhead allocation due to changes in second draft	12
Draft #1 to #2 Change	(44)
Draft #2 Total Statutory Budget	39,716

Statutory Program Areas



Peak Donation Project and Reserves

- Western Power Pool/WestTEC effort
- Two-year project—March 2024 through February 2026
- Actionable long-term transmission plan to benefit Western stakeholders
- Proposed approximate use of Peak Reliability Donation funds
 - \$500K in 2024
 - \$1.5M in 2025
 - \$200K in 2026

Mexico Assessments

Next Steps

- April 26—May 17 stakeholder comment period
- May 2 (WIRAB monthly) and May 13—stakeholder overview webinars
- May 17—stakeholder comment period ends
- June 10—NERC FAC webinar
- June 12—Board of Directors meeting
- June 20—meeting with FERC budget staff
- August—NERC BOT; FERC filing
- October—FERC Order anticipated
- November 15—2025 Assessment invoices distributed

