

2026 Draft Budget Overview

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**Electric Reliability
& Security for the West**

May 5, 2025

Long-term Strategy



Impact Area 1
Risk Mitigation



Impact Area 2
Partnership



Impact Area 3
Perspective



Impact Area 4
Independence



Impact Area 5
People

**The Independent Voice of Bulk Power System
Reliability in the Western Interconnection**

The Work: Compliance Monitoring and Enforcement (CMEP)

- Promotes strong culture of reliability and security with Registered Entities
- Monitors and enforces reliability standards
- Mitigates risk in the Western Interconnection



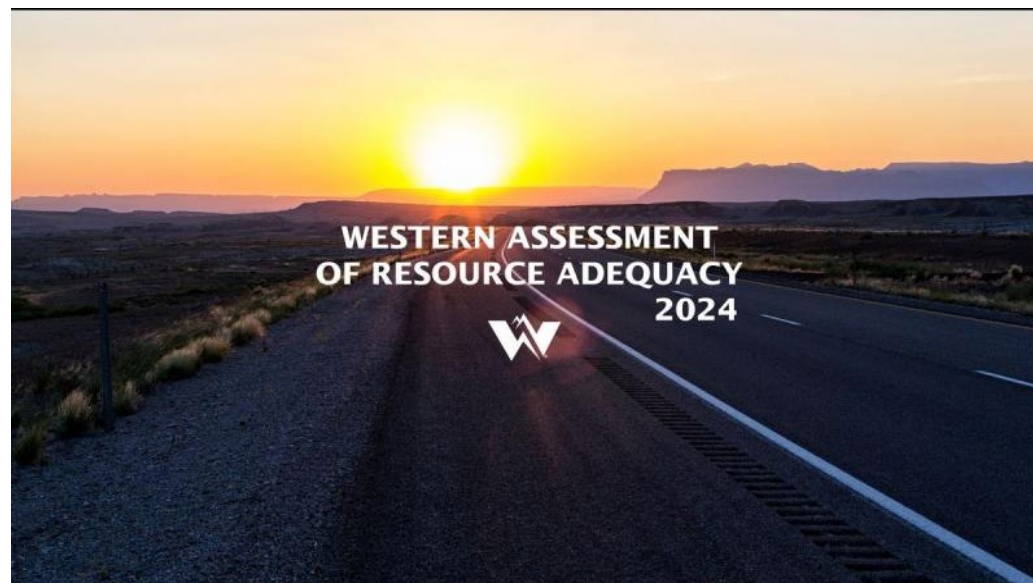
The Work: Reliability Assessment and Performance Analysis (RAPA)

- Conducts studies and assessments
- Compiles and distributes reports and analyses based on the data
- Mitigates risk in the Western Interconnection



The Work: Strategic Engagement

- Promotes understanding of dynamics within the Western Interconnection
- Informs and educates stakeholders on the work of CMEP and RAPA
- Facilitates discussions across diverse stakeholder groups for the benefit of reliability





2026 Budget Context

- **Recognize growing complexity and pace of change**
- **Ensure adequate resources to support increasing workload**
- **Maintain working capital reserves**



Statutory Budget Overview

- **Budget increase—\$808K (2.1%)**
 - Budget total—\$40.1 million
- **3 additional statutory FTE**
 - 2 in CMEP, 1 in RAPA
- **Assessments increase—\$2.6 million (8%)**
 - Assessments total—\$35.6 million
- **Penalties collected and released—\$42K**



Budget Comparison—2025 to 2026

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| | 2025 Budget | 2026 Budget | Variance \$ Incr(Decr) | Variance % Incr(Decr) | Primary Drivers (>\$100K) |
|----------------------------------|-----------------------|-----------------------|---------------------------|--------------------------|---|
| Funding | | | | | |
| Assessments | \$ 33,016,000 | \$ 35,657,280 | \$ 2,641,280 | 8.0% | Increase in budget, use 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 adjustment pool, vacancy rate adjustments |
| Meeting Expenses | 1,697,461 | 1,655,128 | (42,333) | -2.5% | |
| 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



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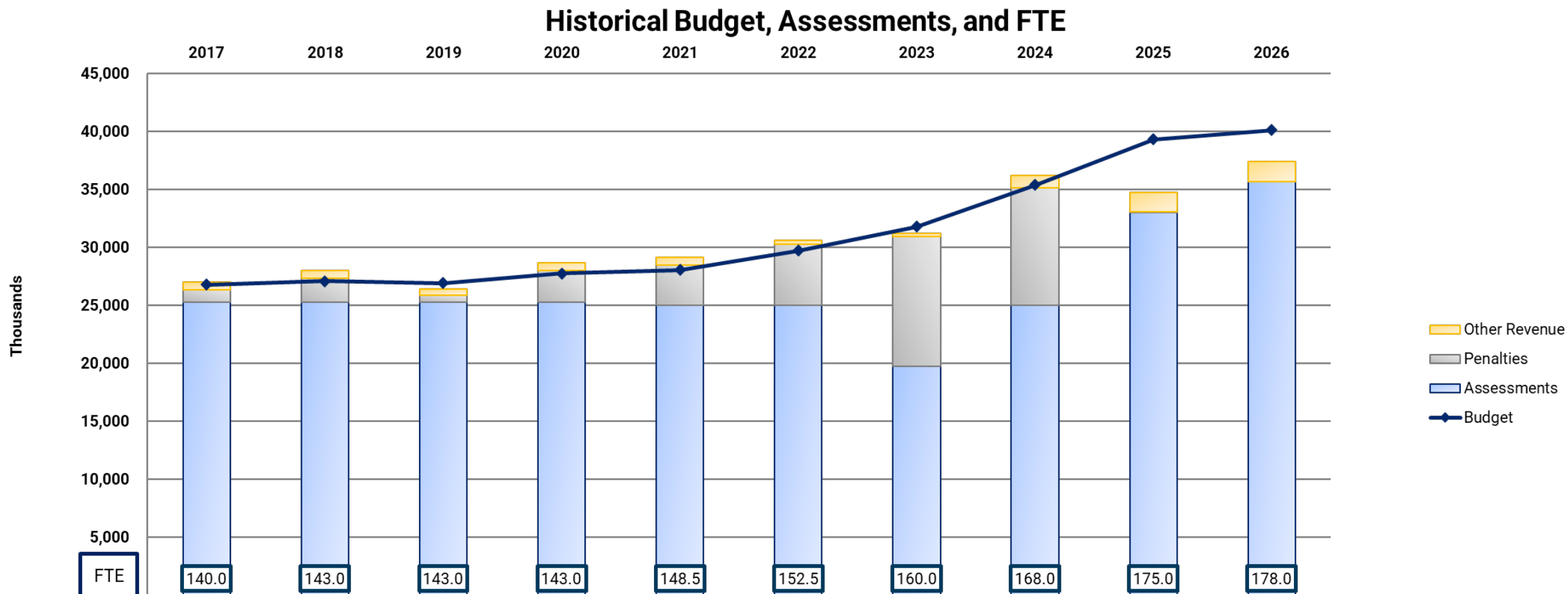
Budget Comparison—Draft #1 to Draft #2

| | 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 CMEP 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% | |



Trending—Budget and Funding

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Next Steps

- **April 28—May 16 stakeholder comment period**
- **May 5 & 15—stakeholder overview webinars**
- **June 11—Board of Directors approval**
- **August—NERC BOT; FERC filing**
- **October—FERC Order anticipated**
- **November 15—2026 assessment invoices distributed**



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