



## Board of Directors

### Meeting Agenda Salt Lake City, Utah

[Link](#), Password: WECC

Dial-in Number: 1-415-655-0003

Attendee Access Code: 2632 728 2987

Register [here](#) to see the meeting link.

## June 11, 2025

8:00 to 11:00 a.m. Mountain Time

1. **Welcome, Call to Order—Ric Campbell**
2. **Review WECC Antitrust Policy—Chris Albrecht**

The WECC Antitrust Policy can be found on [wecc.org](http://wecc.org).  
Please contact WECC legal counsel if you have any questions.
3. **Approve Agenda**
4. **Consent Agenda**

*Approval Item: Minutes of the meeting on March 12, 2025*  
*Approval Item: 2026 Board and Annual Meeting Location*  
*Approval Item: 2027 Board Meeting Dates*
5. **Review of June 10, 2025, Closed Session—Ric Campbell**
6. **NERC President and CEO Remarks—Jim Robb**
7. **Remarks and Reports**

WECC President and CEO—Melanie Frye  
*Approval Item: Regional Delegation Agreement Renewal*  
Reliability and Security Oversight—Steven Noess  
Member Advisory Committee—Brian Theaker  
Western Interconnection Regional Advisory Body—Mary Throne
8. **Public Comment**
9. **Board Committee Reports**

---

Finance and Audit Committee—Richard Woodward

*Approval Item: 2026 Business Plan and Budget*

*Approval Item: 2024 Audited Financial Statements*

Governance Committee—Ian McKay

Nominating Committee—Ian McKay

Human Resources and Compensation Committee—Felicia Marcus

WECC Standards Committee—Joe McArthur

*Approval Item: Retirement of WECC Regional Reliability Standard BAL-002-WECC-3*

**10. Technical Activities Update**

Reliability Planning and Performance Analysis—Branden Sudduth

Reliability Assessments Committee—Chelsea Loomis

Reliability Risk Committee—Tim Reynolds

**11. Review New Action Items**

**12. Review Upcoming Meetings**

September 17–18, 2025.....Salt Lake City, Utah

December 9–10, 2025.....Salt Lake City, Utah

March 10–11, 2026 .....Salt Lake City, Utah

**13. Adjourn**





## **Consent Agenda**

Approval Item  
Board of Directors Meeting  
June 11, 2025

### **Board Resolution**

The Consent agenda for this meeting consists of:

Approval of the minutes of the meeting on March 12, 2025

Approval of 2026 Board and Annual Meeting Location

Approval of the 2027 Board Meeting Dates

### **Recommendation**

Staff believe that these items do not require additional Board discussion, and each is non-controversial and appropriate for the consent agenda. Attached is background information on each item.

<Public>



**Board of Directors**  
**DRAFT Meeting Minutes**  
**March 12, 2025**  
**Salt Lake City, Utah**

**1. Welcome, Call to Order**

Ric Campbell, Board of Directors (Board) Chair, called the meeting to order at 8:30 a.m. MT on March 12, 2025. A quorum was present to conduct business. A list of attendees is attached as Exhibit A. Jeff Droubay, General Counsel and Vice President, served as secretary.

**2. Review WECC Antitrust Policy**

Mr. Droubay read aloud the WECC Antitrust Policy statement. The policy can be found on [wecc.org](http://wecc.org).

**3. Approve Agenda**

Mr. Campbell introduced the proposed meeting agenda.

**On a motion by Ian McKay, the Board approved the agenda.**

**4. Consent Agenda**

Mr. Campbell introduced the consent agenda.

**On a motion by Felicia Marcus, the Board approved the consent agenda, which consisted of:**

*Approval Item: Meeting Minutes from December 11, 2024*

*Approval Item: Member Advisory Committee (MAC) Charter*

*Approval Item: WECC Standards Committee (WSC) Charter*

**5. Review of January 22 and March 11, 2025, Closed Session**

Mr. Campbell reviewed the closed sessions held January 22, 2025, and March 11, 2025.

**6. Remarks and Reports**

- a. Melanie Frye, President and CEO, highlighted WECC's continued focus on its mission, the Long-term Strategy (LTS), and WECC's "why." Ms. Frye provided an update on the Western Transmission Expansion Coalition (WestTEC) project; progress on the renewal of WECC's Delegation Agreement; FERC, NERC, regional, and international activities; and closed with an update on 2025 Scorecard progress. Ms. Frye responded to questions on the Delegation Agreement revisions, and the WestTEC project;



&lt;Public&gt;

**Board Meeting Minutes—March 12, 2025**

- b. Steven Noess, Vice President Reliability and Security Oversight, provided an update on observations on compliance trends, Inverter-based Resources (IBR) Work Plan milestones, and cold weather preparedness activities. Mr. Noess responded to questions about total installed capacity, full-time equivalent (FTE) requests in the draft Business Plan and Budget (BP&B), expanded self-reporting, and timing of increases in IBR registrations;
- c. Brian Theaker, Member Advisory Committee (MAC) Chair, summarized the MAC's recent accomplishments and planned activities. Mr. Theaker responded to a question on MAC leadership terms;
- d. Mary Throne, Western Interconnection Regional Advisory Body (WIRAB) Chair, highlighted WIRAB collaboration on the Section 4.9 Work Group, efforts on addressing IBR risks, and topics for the April 2025 CREPC-WIRAB meeting.

**7. Public Comment**

No comments were made.

**8. Board Committee Reports**

Board committee reports were provided:

**a. Finance and Audit Committee**

Richard Woodard, Finance and Audit Committee (FAC) Chair, reported on the previous day's meeting in which the FAC reviewed the draft 2026 BP&B and 2024 year-end and January 2025 financial reports.

**b. Governance Committee**

Ian McKay, Governance Committee (GC) Chair, reported on the GC meeting held the previous day in which the GC recommended updates to the Principles of Corporate Governance (PCG) and discussed Director development and education opportunities. Mr. McKay closed with an update on the Section 4.9 Work Group work.

**On a motion by Ian McKay, the Board approved the following resolution:**

*Resolved*, that the Board of Directors (Board), acting on the recommendation of the Governance Committee (GC) at the meeting of the Board on March 12, 2025, approves the Principles of Corporate Governance as presented and attached.

Additional information is attached as [Exhibit B](#).



&lt;Public&gt;

**Board Meeting Minutes—March 12, 2025****c. Nominating Committee**

Mr. McKay, Chair, provided an update on NC activities, including Director candidate search and Board compensation discussions.

**d. Human Resources and Compensation Committee**

Felcia Marcus, Human Resources and Compensation Committee (HRCC), reviewed the January 22, 2025, closed session, which included year-end achievements and officer compensation.

**e. WECC Standards Committee**

Joe McArthur, WECC Standards Committee (WSC) Chair, reviewed WSC activities and summarized the meeting held on March 6, 2025.

**9. Technical Activities Update**

Branden Sudduth, Vice President of Reliability Planning and Performance Assessment, provided a technical activities report, including highlighting the western fires impacts and public safety power shutoffs (PSPS) implications and reviewed the approach on 2025 Corporate Scorecard: Impact Area 1, Initiative 1. He closed by summarizing WECC's modeling initiative including philosophy, tools, electromagnetic transient (EMT) modeling role, and collaboration. Mr. Sudduth responded to questions on wildfire investigations, PSPS thresholds, scorecard strategy approach, artificial intelligence use, base case data quality, and next steps for the Interregional Transfer Capability Study (ITCS).

Additional reports were provided as follows:

- a. Philip Augustin, RAC Co-chair, reported on RAC activities, including drivers for modeling improvements, data submissions coordination, and system utilization; and
- b. Dede Subakti, RRC Co-chair, provided an update on risk work and priorities.

**10. Review New Action Items**

There were no new action items created during this meeting.

**11. Upcoming Meetings**

June 10–11, 2025 .....	Salt Lake City, Utah
September 17–18, 2025 .....	Salt Lake City, Utah
December 9–10, 2025 .....	Salt Lake City, Utah

**12. Adjourn**

Mr. Campbell adjourned the meeting without objection at 10:30 a.m.



<Public>

**Board Meeting Minutes—March 12, 2025**

**Exhibit A: Attendance List**

**Members in Attendance**

James Avery .....	Vice Chair
Ric Campbell .....	Chair
Melanie Frye.....	CEO
Felicia Marcus .....	Director
Joe McArthur.....	Director
Ian McKay.....	Director
David Morton.....	Director
Sarah Mugel.....	Director
Richard Woodward .....	Director



&lt;Public&gt;

**Board Meeting Minutes—March 12, 2025****Exhibit B: Principles of Corporate Governance**

The Board adopted the Principles of Corporate Governance to provide a framework for the general governance of WECC, the Board, and Board committees. The GC is responsible for reviewing the Principles of Corporate Governance biennially and recommending changes for Board approval. The GC reviewed the full Principles of Corporate Governance in 2024, and now recommends the following additional changes related to selection of the Board chair and vice chair:

- Any director who has been a member of the WECC Board for at least one three-year term (unless a shorter time is otherwise approved by a majority of all directors), except for the CEO, is eligible to serve in these positions.
- The process for selecting the Board chair and vice chair will be led by the most recent past chair, previous past chairs, the chair of the Nominating Committee, the chair of the Governance Committee, the chair of the Human Resource and Compensation Committee, or the chair of the Finance and Audit Committee, whoever is available in this rank order.
- No one who has expressed a desire to be considered for the chair or vice chair position may lead this process.







---

## **2026 Board and Annual Meeting Location**

Approval Item  
Board of Directors Meeting  
June 11, 2025

### **2026 Board and Annual Meeting Location**

WECC staff recommend that the Board of Directors (Board) approve Salt Lake City, Utah, as the 2026 Board and Annual meeting location. Consideration for holding the annual meeting in Salt Lake City includes meeting space needs, difficulty contracting with off-site venues, and cost savings.



## **2027 Board Meeting Dates**

Approval Item  
Board of Directors Meeting  
June 11, 2025

### **2027 Board Meeting Dates**

The following dates are being proposed for the 2027 Board meetings. These dates are consistent with the schedule that WECC has historically followed.

March 9–10, 2027

June 8–9, 2027

September 14–15, 2027\* (Annual Members meeting)

December 7–8, 2027

\*The Annual meeting location has not been identified.

### **Recommendation**

WECC staff recommends approval of the 2027 Board meeting dates as presented.



**WECC Board of Directors**  
**Review of June 10, 2025, Closed Session**

Verbal Update  
Ric Campbell, Chair  
June 11, 2025



## James B. Robb

### NERC President and CEO

James (Jim) B. Robb assumed the role of NERC's president and CEO in April 2018. Robb oversees NERC's mission of assuring the reliability and security of the North American bulk power system. As president and CEO, Robb leads the Electric Reliability Organization (ERO) responsible for key programs, including those programs focused on development of mandatory NERC Reliability Standards, the Compliance Monitoring and Enforcement Program, situational awareness, event and risk analysis, reliability assessments and forecasting, and cyber and physical security, affecting approximately 1,400 bulk power system users, owners, and operators. He is also responsible for the performance of the Electricity Information Sharing and Analysis Center (E-ISAC) and key government partnerships.

As CEO, he is the chair of the ERO Enterprise Executive Committee, which oversees the operations of the six Regional Entities that support the reliability mission across North America. Robb joined the ERO Enterprise in 2013 when he was appointed the president and CEO of the Western Electricity Coordinating Council (WECC), the Regional Entity serving the Western Interconnection.

Robb has more than 35 years of experience in the energy sector as an engineer, consultant, and senior executive. Prior to becoming WECC's CEO, he held three major leadership roles in the industry as senior vice president at Northeast Utilities (now Eversource Energy); senior vice president at Reliant Energy (now part of NRG Energy); and partner at McKinsey & Company. During his 15-year career at McKinsey, he worked closely with prominent electric power companies in California, western Canada, the Pacific Northwest, and the Rocky Mountain states and served clients in Western Europe, South America, and New Zealand. He has been a frequent speaker at industry events on the evolution of the electric power system, cyber security, integration of variable generation, and the increasing interdependency of electric and natural gas reliability.

Robb is a member of the Electricity Subsector Coordinating Council (ESCC) and serves on the United States Energy Association Board as well as a NERC trustee. In 2020, he was appointed chair of the Group of Experts on Cleaner Energy Systems for the United Nations Economic Commission for Europe. He has served on the boards of the Wadsworth Atheneum Museum of Art in Hartford, Connecticut, the Houston Symphony, the Woodland Park Zoo in Seattle, and as a policy advisor to the Bay Area Economic Forum in San Francisco.

Robb earned a bachelor's degree in Chemical Engineering from Purdue University in Indiana and a master's degree in Business Administration from the Wharton School of Business at the University of Pennsylvania in Philadelphia.

<Public>



# CEO Report

**Melanie Frye**

*President and CEO*

**Electric Reliability  
& Security for the West**

June 11, 2025

<Public>



## WestTEC Update

---

- WestTEC work is on track
  - Fully funded as of May 2025
  - 10-year study cases posted for comment
  - Scenario development completed

&lt;Public&gt;



## FERC, NERC, and Regional Headlines

---

- **FERC**

- Commissioner-Led Technical Conference on Resource Adequacy in organized markets—June 4 and 5
- Annual Reliability Technical Conference—October 21
- Chair Mark Christie's term ends June 2025; Laura Swett named as replacement. Willie Phillips resigned in April; no replacement yet nominated

- **NERC**

- Level 3 NERC Alert on IBR performance and modeling issued
- 2025 Summer Reliability Assessment released
- Modernization of Standards Processes and Procedures task force continues; recommendations expected February 2026

- **Regional**

- BPA and Puget Sound declare for Markets+
- *Pathways* Enabling legislation (CA SB 540) moves to full Senate

<Public>

## International Updates

---

### British Columbia

- WECC is conducting three remote compliance audits in 2025. Audits will be conducted in Align.
- WECC continues to work closely with the BCUC on various registration, compliance monitoring, and enforcement-related activities, and provides regular outreach.

### Alberta

- WECC is conducting one compliance audit in Alberta in 2025. WECC continues to work closely with the MSA on compliance monitoring and provides outreach on key activities.

### Mexico

- WECC continues to engage with multiple stakeholders in Mexico City and Mexicali along with stakeholders in the U.S. No audits are scheduled for 2025 in Mexico.



&lt;Public&gt;

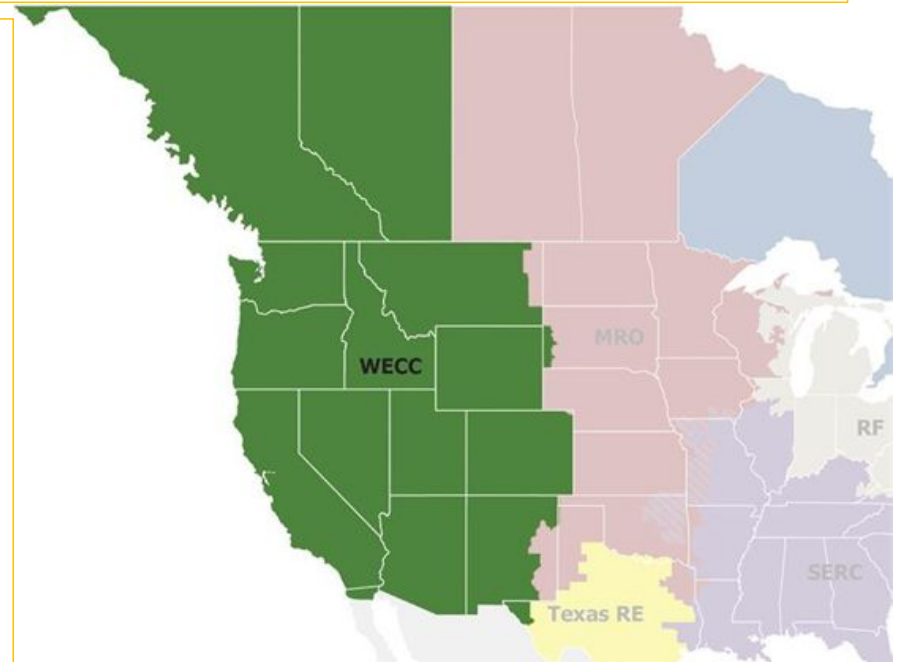


## Regional Delegation Agreement (RDA) Renewal

- WECC's current RDA with NERC expires on December 31, 2025.
- Over the past nine months WECC, NERC, and the other Regional Entities have been working on a new RDA.
- The draft RDA was circulated to the Board for review in April.
- NERC's Board of Trustees approved the new RDA at its meeting in May.

### Areas of Revision

- Affirming NERC oversight of delegated functions
- Ensuring proper coordination of reliability assessments and performance analyses
- Promoting consistency and efficiency in IT and cybersecurity
- Ensuring coordination in government outreach
- Encouraging engagement in E-ISAC and adoption of the E-ISAC code of conduct
- Streamlining the process for collection of assessments (WECC specific)



<Public>

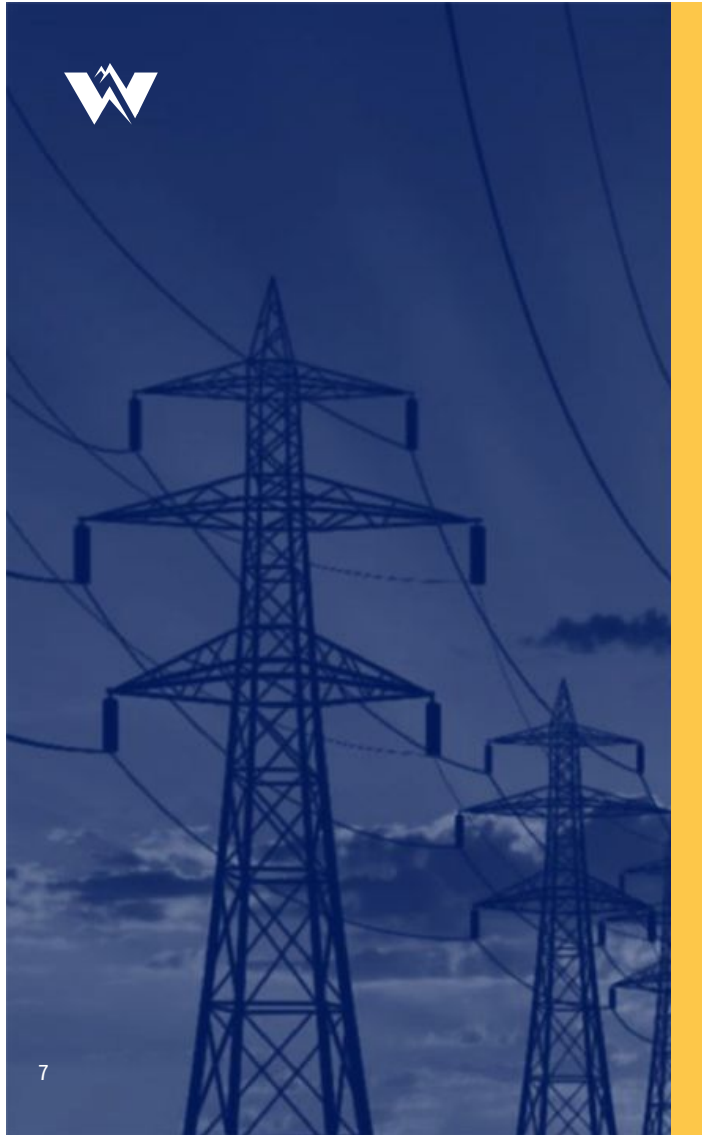


## Delegation Agreement Renewal

---

*Resolved*, that the WECC Board of Directors (Board) acting on the recommendation of WECC's CEO and its General Counsel approves the Regional Delegation Agreement (RDA) as presented and attached.

- *Further resolved*, that the Board authorizes WECC's CEO to execute the RDA and file it for regulatory approval, and to make any necessary non-material changes to the RDA prior to seeking said approval.



# 2025 Scorecard

&lt;Public&gt;



## IMPACT AREA

## METRICS

## INITIATIVES

IA1: Risk Mitigation—We are an organization aligned around risk reduction. Our holistic risk-based approach uses all the tools and skills available to deliver comprehensive risk mitigation strategies.



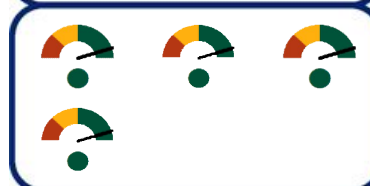
ON TRACK	COMPLETED	AT RISK	NOT COMPLETED
4	-	-	-

IA2: Partnership—We are sought after as a partner to address the most challenging reliability issues. We identify concerns and facilitate solutions with input from diverse and often conflicting stakeholder perspectives, focusing our resources on risks that pose the greatest threat to reliability and security.



ON TRACK	COMPLETED	AT RISK	NOT COMPLETED
2	-	-	-

IA3: Perspective—Our insights, analyses, and outreach promote industry action. We are renowned for providing clear and actionable communications supported by data and rigorous analysis.



ON TRACK	COMPLETED	AT RISK	NOT COMPLETED
3	-	-	-

IA4: Independence—Our resource and technology neutral, interconnection-wide perspective is respected and trusted to provide confidence to decision-makers that they have an independent partner to rely on.



ON TRACK	COMPLETED	AT RISK	NOT COMPLETED
3	-	-	-

IA5: People—Our highly skilled and engaged employees are champions for reliability.



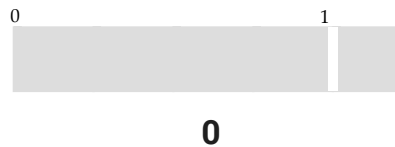
ON TRACK	COMPLETED	AT RISK	NOT COMPLETED
1	-	1	-

## Impact Area 1

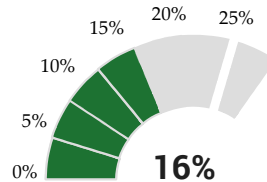
Risk Mitigation: We are an organization aligned around risk reduction. Our holistic risk-based approach uses all the tools and skills available to deliver comprehensive risk mitigation strategies.

### Metrics

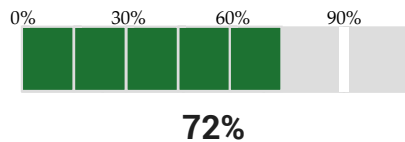
1. Number of Reliability Risk Priorities (RRP) that have a set of *comprehensive/holistic* mitigation strategies  
**Target: 1**



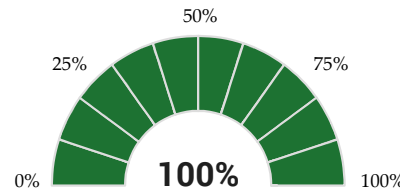
2. % reduction in violation inventory that is over two years old as of 1/1/25  
**Target: 25%**



3. % of newly registered IBR entities that WECC has, within 90 days of registration, conducted outreach discussion  
**Target: 90%**



4. % of completed mitigation and treatment strategies to address RRP  
**Target: 100%**



### Initiatives

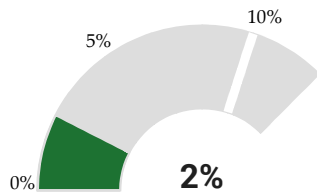
1. Move toward our vision of a holistic, risk-based approach by piloting a multi-year integrated oversight and risk mitigation strategy for inverter-based resources (IBR). This strategy will be a model for other RRP and the comprehensive, holistic strategies developed for them
2. Enhance WECC's capability to receive and incorporate technical advice from stakeholders in support of our holistic risk management process by targeted engagement with identified stakeholder groups
3. Improve resource adequacy (RA) assessments by expanding energy assessment capabilities and using results from transfer capability analyses to better model transmission constraints
4. Implement a collaborative extreme weather preparedness assurance program to facilitate sharing of best practices and assessment of interconnection-wide readiness

## Impact Area 2

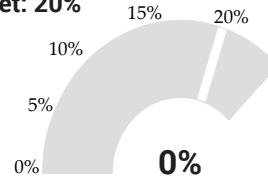
Partnership: We are sought after as a partner to address the most challenging reliability issues. We identify concerns and facilitate solutions with input from diverse and often conflicting stakeholder perspectives, focusing our resources on risks that pose the greatest threat to reliability and security.

### Metrics

1. % increase in new products initiated in collaboration with stakeholders  
**Target: 10%**



2. % reduction of the priority power flow model shortcomings identified in the previous year's operating cases  
**Target: 20%**



3. # of requests to participate in Western Interconnection reliability in collaborative groups/forums  
**Target: 8**



### Initiatives

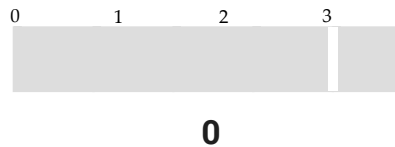
1. Implement a strategy for increasing engagement and responsiveness directly with WECC Member Representatives that specifically identifies the value to both WECC and WECC Members from such increased engagement
2. Increase the focus on risk mitigation across the interconnection by implementing a single, risk treatment strategy tracker that tracks, updates, and informs staff and stakeholders of prioritized treatment strategies that address known and emerging reliability and security risks within the Western Interconnection

## Impact Area 3

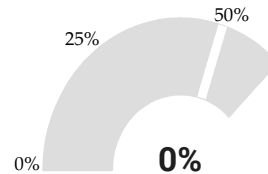
Perspective: Our insights, analyses, and outreach promote industry action. We are renowned for providing clear and actionable communications supported by data and rigorous analysis.

### Metrics

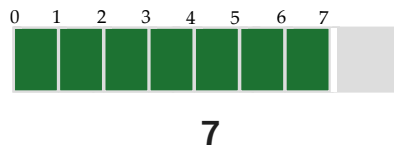
1. # of WECC recommendations for industry action that are specific, targeted, and tracked  
**Target: 3**



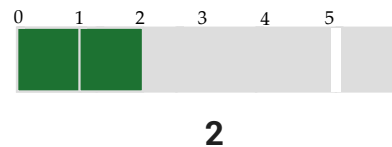
2. % of applicable stakeholders that have taken action to address WECC recommendations  
**Target: 50%**



3. # of WECC efforts that are newly created or enhanced to align to WECC's stakeholder outreach strategy and RRP's  
**Target: 7**



4. # of WECC multimedia products developed and posted regarding WECC's products  
**Target: 5**



### Initiatives

1. To further drive the rigor and quality of our analytical work, optimize our current industry-standard data management platform to create organization-wide governance around data management. This initiative will align with the ERO Enterprise Analytics strategy
2. Increase the impact of the recommendations contained in our technical work by ensuring the recommendations are actionable by industry and then following up with industry to verify progress on those recommendations. This initiative will include a recommendation vetting and tracking tool
3. Elevate our outreach by developing a holistic social media strategy including, but not limited to, targeted messaging through video presentations embedded in our products and posted separately on social media

## Impact Area 4

Independence: Our resource and technology neutral, interconnection-wide perspective is respected and trusted to provide confidence to decision-makers that they have an independent partner to rely on.

### Metrics

1. # of external citations of or references to our technical work in identified publications or forums

**Target: 12**



**25**

2. # of requests to participate in or collaborate with targeted industry groups focused on reliability initiatives and topics

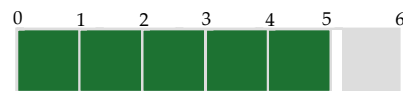
**Target: 6**



**7**

3. # of products that target a specific/identified group of decision-makers to educate them on our identified RRP

**Target: 5**



**5**

### Initiatives

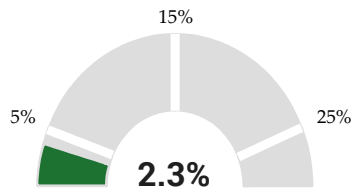
1. Implement an appropriate stakeholder relationship management tool to track engagement partners and activities that can assist in WECC's Mission
2. Develop metrics using data from the relationship management tool that enable us to measure our impact and respond quickly to the needs of stakeholders with the ability to mitigate key risks to reliability in the West. These metrics will include tracking citations, speaking engagements, collaborative partnerships, executive outreach, and outreach to identified stakeholders, etc.
3. Increase our impact and credibility with decision-makers by creating a series of Bulk Power Grid Reliability basics video presentations with non-technical decision-makers, legislators, etc. as the target audience



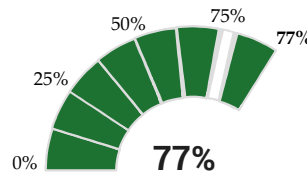
## Impact Area 5 | People: Our highly skilled and engaged employees are champions for reliability.

### Metrics

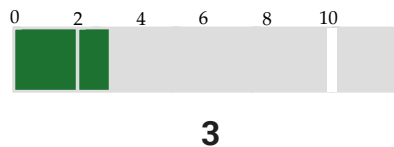
1. Voluntary employee turnover  
Target: <15%



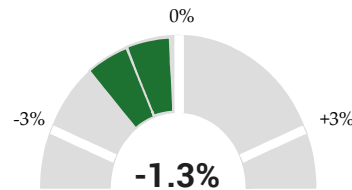
2. % of critical skills covered by staff expertise  
Target: 75%






3. # of processes improved  
Target: 10



4. % of statutory budgeted expenditures  
Target: +/-3%



### Initiatives

1. Further enhance employee engagement by:
  -  a. Assembling a cross-functional team to develop and implement plans to improve two Denison indices, including milestones and monitoring
  -  b. Develop and roll out a stay interview process to collect data related to employee engagement and departure risks, which includes action plans for addressing data gathered during the interviews
-  2. Build upon current college recruitment strategy by developing an internship program to create a pipeline of candidates, introduce students to WECC, and augment existing staff skillsets



[WWW.WECC.ORG](http://WWW.WECC.ORG) | (801) 582-0353



155 N 400 W, Salt Lake City, UT 84103, USA

<Public>



---

## Regional Delegation Agreement

Approval Item  
Board of Directors Meeting  
June 11, 2025

### Board Resolution

*Resolved*, that the WECC Board of Directors (Board) acting on the recommendation of WECC's CEO and its General Counsel approves the Regional Delegation Agreement (RDA) as presented and attached.

*Further resolved*, that the Board authorizes WECC's CEO to execute the RDA and file it for regulatory approval, and to make any necessary non-material changes to the RDA prior to seeking approval.

### Background

WECC operates as a Regional Entity under Section 215 of the Federal Power Act (16 USC § 824o) pursuant to a regional delegation agreement with NERC, the Electric Reliability Organization (ERO). WECC's current RDA with NERC has a five-year term that expires at the end of 2025. WECC and NERC have worked together on a renewed RDA under which WECC will operate as a Regional Entity for an additional five years.

### Issues and Risks

There are no known issues or risks.

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
AND WESTERN ELECTRICITY COORDINATING COUNCIL**

**AMENDED AND RESTATED DELEGATION AGREEMENT** (“Agreement”)  
Effective as of January 1, 2026, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the Bulk-Power System, and the Western Electricity Coordinating Council (“WECC”), an organization established to develop and enforce Reliability Standards within the geographic boundaries described in **Exhibit A** to this Agreement, and for other purposes. NERC and WECC may be individually referred to herein as “Party” or collectively as “Parties.”

**WITNESSETH**

**WHEREAS**, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824o) (hereafter the “Act”), which, among other things, provides for the establishment of an Electric Reliability Organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the Bulk-Power System;

**WHEREAS**, the Commission has adopted regulations for the implementation of the Act, which are set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39 (the “ERO Regulations”);

**WHEREAS**, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the Bulk-Power System, subject to certain delegation provisions described below;

**WHEREAS**, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

**WHEREAS**, the Act and Section 39.8 of the ERO Regulations provide for the delegation

by the ERO of authority to propose and enforce Reliability Standards to regional entities (“Regional Entities”) such as WECC, provided that:

- (A) The Regional Entity is governed by —
  - (i) an independent board; or
  - (ii) a hybrid board consisting of a combination of independent and balanced stakeholder members.
- (B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and
- (C) The agreement promotes effective and efficient administration of Bulk-Power System reliability;

**WHEREAS**, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk-power system reliability and should be approved;”

**WHEREAS**, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

**WHEREAS**, WECC is organized on an Interconnection-wide basis and therefore is entitled to the rebuttable presumptions accorded such an entity;

**WHEREAS**, NERC will work through WECC to carry out certain of its activities in furtherance of its responsibilities as the ERO under the Act;

**WHEREAS**, NERC has concluded that WECC meets all requirements of the Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Commission (“NERC Rules of Procedure”) necessary to qualify for delegation; and

**WHEREAS**, NERC and WECC, having operated under a predecessor agreement to this Agreement, have negotiated this amended and restated Agreement so as to incorporate the benefits

of their mutual experience and lessons learned while operating under the predecessor agreement and thereby provide for the more efficient and effective execution of their respective responsibilities in a transparent manner that is pursuant to Section 215 of the Act and the ERO Regulations;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, NERC and WECC agree as follows:

**1. Definitions.**

The capitalized terms used in this Agreement shall be defined as set forth in the Act, the ERO Regulations, the NERC Rules of Procedure, or the NERC Glossary of Terms Used in Reliability Standards, or, if not so defined, shall be defined as set forth in this Section 1 or elsewhere in the text of this Agreement:

(a) Breach means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) Cross-Border Regional Entity means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) Delegated Authority means the authority delegated by NERC to WECC to propose and enforce Reliability Standards, consistent with Section 4(d) and the boundaries described in **Exhibit A** pursuant to the Act and to undertake related activities set forth in this Agreement in furtherance of these delegated functions in accordance with the Act, the ERO Regulations and this Agreement.

(d) ERO Enterprise refers to NERC and the Regional Entities collectively.

**2. Representations.**

(a) For purposes of its Delegated Authority, WECC hereby represents and warrants to NERC that:

(i) WECC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that

no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. WECC is governed in accordance with its bylaws by an independent Board. Pursuant to these bylaws, no two industry sectors can control any WECC decision and no single industry sector can veto any WECC decision. The relevant criteria for the establishment of such bylaws are attached hereto in **Exhibit B**. No other WECC corporate governance documents shall be inconsistent with the criteria in **Exhibit B**.

(ii) WECC has and shall retain during the term of this Agreement a governing board with a sufficient number of independent members to perform certain oversight obligations, including those relating to: (A) nomination of independent governing board members, (B) compensation for the Regional Entity chief executive officer, and (C) compliance monitoring and enforcement program implementation. WECC has and shall retain, during the term of this agreement, fair and reasonable compensation for independent governing board members. WECC has and shall retain, during the term of this agreement, appropriate conflict of interest and recusal policies with respect to their employees, nonindependent and independent governing board members and will avoid any conflicts of interest, including but not limited to, significant commercial relationships with registered entities. Each Regional Entity's implementation of these requirements has been documented and accepted by NERC based on principles developed in consultation with the Regional Entities and such implementation will be reviewed in connection with renewal of this Agreement.

(iii) WECC has developed a standards development procedure, which provides the process that WECC may use to develop Regional Reliability Standards and Regional Variances that are proposed to NERC for adoption.

(iv) As set forth in **Exhibit D** hereto, WECC has adopted the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure, which provides for the enforcement of Reliability Standards for the registered entities assigned to WECC as reflected on NERC's Compliance Registry.

(b) NERC hereby represents and warrants to WECC that:

(i) NERC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and

fulfilling its obligations hereunder; and

(ii) NERC has been certified as the ERO by the Commission pursuant to the Act.

(iii) NERC shall comply with its Certificate of Incorporation, Bylaws and Rules of Procedure, as from time to time adopted, approved or amended.

### **3. General Covenants.**

(a) During the term of this Agreement, WECC shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend its Regional Entity Rules without NERC approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) WECC shall provide NERC with a copy of its Regional Entity Rules upon request by NERC. NERC shall maintain on its public website the currently effective versions of all Regional Entity bylaws and Regional Entity standard development procedures.

(c) During the term of this Agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 17 and 18 of this Agreement, NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed.

(d) During the term of this Agreement, NERC and WECC shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

(e) For purposes of this Agreement, NERC shall collaborate with the Regional Entities in the development of guidance, policies and procedures, and oversight parameters, as contemplated by this Agreement. In the event that collaboration is not successful on any such matter, the NERC President may issue a directive with respect to such matter pursuant to Section 8 herein, and such directive shall be binding upon WECC.



#### 4. **Delegation of Authority.**

(a) Based upon the representations, warranties and covenants of WECC in this Agreement, WECC's corporate governance documents, WECC's standards development process, and the compliance monitoring and enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to WECC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth in **Exhibit A**.

(b) Nothing in this Agreement shall prohibit WECC from entering into an arrangement between one or more other Regional Entities to perform compliance monitoring and enforcement activities outside of its region, on behalf of NERC and/or other Regional Entities, for Registered Entities that have registered functions monitored by more than one Regional Entity, subject to approval by NERC.

(c) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region described in **Exhibit A** that is within the United States. Any delegation of authority by Applicable Governmental Authorities in Canada or Mexico shall be governed by the law of such authority or a separate agreement and is outside the scope of this Agreement; provided, however, that both WECC and NERC shall endeavor to ensure that this Agreement and any such separate agreement are compatible.

(d) As a condition to this delegation of authority and subject to the provisions of Section 17 of this Agreement, WECC shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

#### 5. **Development and Proposal of Reliability Standards.**

(a) In connection with its Delegated Authority, WECC shall be entitled to:

(i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords WECC reasonable notice and opportunity to be heard; and

(ii) develop Regional Reliability Standards and Regional Variances through WECC's process. WECC's process shall be consistent with the NERC Rules of Procedure and Commission directives. Any changes to WECC's process shall be submitted to the NERC Board of Trustees for approval and upon approval, be submitted to the Commission for approval. Proposals approved through WECC's process shall be reviewed by the NERC Board of Trustees after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule of Procedure 312.3 as it may be amended from time to time. The NERC Board of Trustees shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the rebuttable presumption described in subsection 5(b) of this Agreement if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed Regional Reliability Standard or Regional Variance and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. WECC may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest. Any person challenging such proposal from the Regional Entity organized on an Interconnection-wide basis shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the Interconnection-wide Regional Entity during NERC's review of the proposal.

## **6. Enforcement of Compliance with Reliability Standards.**

(a) In connection with its delegated authority pursuant to this Agreement, WECC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the boundaries set forth in **Exhibit A** through the compliance monitoring and enforcement program set forth in **Exhibit D**. NERC and WECC agree that this compliance monitoring and enforcement program meets all applicable requirements of the Act, Order No. 672 of the

Commission, and the ERO Regulations, including, inter alia, the requirement for an audit program pursuant to Section 39.7(a) of the ERO Regulations, the assessment of penalties pursuant to Section 39.7(c) through 39.7(g) of the ERO Regulations and the requirements for due process. WECC may not change its compliance monitoring and enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed, and the approval of the Commission. Subject to the rights and limitations specified in Sections 17 and 18 of this Agreement, WECC agrees to comply with the NERC Rules of Procedure, with any directives issued pursuant to Section 8(c) of this Agreement, and with any guidance and directions issued by the NERC Board of Trustees or a Board committee pursuant to Section 8(d) of this Agreement, in implementing this program.

(b) WECC shall maintain a program of proactive monitoring and enforcement of compliance with Reliability Standards, in accordance with the NERC Compliance Monitoring and Enforcement Program and the annual ERO Compliance Monitoring and Enforcement Program Implementation Plan.

(c) WECC shall report promptly to NERC information regarding noncompliance with a Reliability Standard, and its eventual disposition by WECC, as set forth in, and subject to the confidentiality and disclosure provisions of, the NERC Rules of Procedure, the NERC Compliance Monitoring and Enforcement Program, this Agreement, compliance and enforcement program procedures and guidance that NERC may from time to time develop and the ERO Regulations. NERC shall promptly forward any such report associated with a U.S.-based registered entity to the Commission, as required by the ERO Regulations, or as the Commission shall from time to time direct. NERC and WECC shall cooperate in filing such periodic summary reports and analyses as the Commission shall from time to time direct. Any summary reports and analyses provided to the Commission shall be exclusively focused on U.S.-based registered entities.

(d) All dispositions by WECC of noncompliance with Reliability Standards shall be reported to NERC for review. NERC shall develop and implement policies and procedures for the review and, where appropriate, approval of dispositions of noncompliance.

(e) As part of its compliance monitoring and enforcement program, WECC shall maintain a conflict of interest policy that assures the integrity and independence of such program, including the integrity and independence of the persons or decision-making bodies making final

determinations in compliance enforcement actions under Section 5.0 of the NERC Compliance Monitoring and Enforcement Program. Subject to Section 2. (a) (i), WECC may have stakeholders participate in its board compliance committee so long as integrity and independence are assured through reasonable and appropriate recusal procedures.

## **7. Delegation-Related Activities.**

NERC will engage WECC on its behalf to carry out certain of its activities that are in furtherance of Bulk-Power System reliability and NERC's responsibilities as the ERO under the Act or in support of the Delegated Authority, as specified in the NERC Rules of Procedure and listed in **Exhibit E**. NERC may from time to time develop policies or procedures, which shall be used by WECC in the performance of the delegation-related activities. These delegation-related activities shall include, but are not limited to, those described in subsections (a) through (i), each of which shall be considered a statutory activity:

(a) **Certification of Bulk-Power System Entities.** The NERC Board of Trustees shall set criteria for certification in accordance with the NERC Rules of Procedure. Certifications shall be issued in accordance with the NERC Rules of Procedure.

(b) **Registration of owners, operators, and users of the Bulk-Power System as responsible for compliance with requirements of Reliability Standards.**

(i) The NERC Board of Trustees shall develop criteria for registration of owners, operators, and users of the Bulk-Power System as Registered Entities in the NERC Rules of Procedure and shall apply the registration criteria to register owners, operators and users of the Bulk-Power System as Registered Entities.

(ii) NERC shall maintain a registration database of Registered Entities, based on data and information provided by WECC and other Regional Entities. WECC shall provide timely and accurate information relating to registrations to NERC, as needed, to enable NERC to maintain a registration database that is accurate and up-to-date and to enable NERC to satisfy its monthly reporting obligation.

(iii) The NERC Board of Trustees Regulatory Oversight Committee shall hear and decide appeals from owners, operators and users of the Bulk-Power System contesting registration, in accordance with the NERC Rules of Procedure. If the NERC Board of Trustees

Regulatory Oversight Committee upholds the decision to register an owner, operator, or user, NERC shall defend the decision in any subsequent appeal of the decision by the Registered Entity to the Commission.

**(c) Reliability Assessment and Performance Analysis.**

(i) WECC shall develop assessments of the reliability of the Bulk-Power System, or ensure that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments, in accordance with the NERC Rules of Procedure, any NERC-issued directive under Section 8 of this Agreement, NERC policy, or any NERC or ERO Enterprise procedure or work plan for the development of reliability assessments. To support the efficient and effective use of ERO Enterprise resources, ensure common focus areas across the ERO Enterprise, where appropriate, and enhance uniformity and consistency in the development of reliability assessments, WECC shall (1) coordinate all its reliability assessments with NERC prior to conducting such assessments, (2) at NERC's direction, make every effort to collaborate with other Regional Entities on the development of a reliability assessment, and (3) to the greatest extent practicable, use the same assessment tools and assumptions agreed upon by NERC and other Regional Entities for the development of reliability assessments. WECC may conduct regional reliability assessments that WECC deems appropriate for reliability of its region, provided that (1) WECC coordinates with NERC to ensure, among other things, that WECC has sufficient resources to perform all the reliability assessments required by NERC, and (2) the performance of any such regional assessment conforms to any NERC-issued directive under Section 8 of this Agreement, NERC policy, or any NERC or ERO Enterprise procedure or work plan for the development of reliability assessments.

(ii) WECC shall also develop and maintain, and collect data in support of the development and maintenance of, reliability performance metrics and assessments of risks to the Reliable Operation of the Bulk-Power System, in accordance with the NERC Rules of Procedure and any NERC directives under Section 8 of this Agreement, NERC policies, and any NERC or ERO Enterprise procedures or work plans related to data-gathering, quality control, forms, and reporting mechanisms that NERC may from time to time develop. To support the efficient and effective use of ERO Enterprise resources, ensure common focus areas across the ERO Enterprise, where appropriate, and promote uniformity and consistency in the development of performance

metrics and assessments, WECC shall coordinate its development of performance metrics and assessments with NERC prior to developing such metrics and assessments and, at NERC's direction, make every effort to collaborate with other Regional Entities on the development of performance metrics and assessments. WECC may develop and conduct regional performance assessments and develop regional performance metrics that WECC deems appropriate for the reliability of its region, provided that (1) WECC coordinates with NERC to ensure, among other things, that WECC has sufficient resources to develop all of the performance metrics and assessments required by NERC, and (2) the development of any such regional performance metrics and assessment conforms to any NERC-issued directive under Section 8 of this Agreement, NERC policy, or any NERC or ERO Enterprise procedure or work plan for the development of performance metrics and assessments.

(d) **Event Analysis and Reliability Improvement.** WECC shall conduct event analysis pursuant to the NERC Rules of Procedure, applicable governmental regulations, any NERC directive under Section 8 of this Agreement, NERC policies, and NERC or ERO Enterprise procedures or work plans that NERC may be developed from time to time. NERC and WECC shall coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, WECC shall disseminate to the electric industry lessons learned and other information obtained or resulting from event analysis.

(e) **Training and Education.** WECC may provide training, education, and outreach to Registered Entities and other stakeholders, as it deems necessary, in support of its performance of delegated functions and related activities under this Agreement. NERC may also provide training, education, and outreach programs to Registered Entities and other stakeholders on topics relating to NERC's responsibilities as the ERO.

(f) **Situation Awareness.** WECC shall gather and assess situation awareness information provided by Registered Entities pursuant to the NERC Rules of Procedure, applicable governmental regulations, and policies and procedures that NERC may from time to time develop, and shall provide other data, information and assistance to NERC in support of NERC's activities in monitoring present conditions, and responding to events, on the Bulk-Power System.

(g) **Critical Infrastructure Security.** WECC shall collaborate with NERC in its

efforts to coordinate electric industry activities to promote critical infrastructure protection of the Bulk-Power System in North America. In furtherance of these efforts, WECC may engage with and support activities of NERC's Electricity Information Sharing and Analysis Center ("E-ISAC"), provided WECC adopts and complies with the E-ISAC Code of Conduct.

(h) **NERC and Regional Entity Information Technology and Security Program.** WECC shall develop and maintain a security program consistent with ERO Enterprise security principles and comply with any security process, procedures, or protocols adopted by the ERO Enterprise. Where practicable and in furtherance of shared goals, WECC shall strive to use common information technology and security tools adopted by NERC and other Regional Entities.

(i) **Government Engagement.** NERC and WECC shall collaborate in engaging governmental entities at the U.S. federal and state levels to advance the work of the ERO Enterprise. NERC is the principal representative for the ERO Enterprise with respect to U.S. federal government engagement. Prior to WECC engagements with, or outreach to, U.S. federal regulators, agencies, or Congress related to WECC's Delegated Authority under this Agreement or related reliability matters, WECC must coordinate with NERC on any such engagement or outreach. WECC shall engage with U.S. state regulators, agencies, and legislatures on matters related to WECC's Delegated Authority and related reliability matters in collaboration with NERC, where appropriate. NERC will coordinate with WECC on its engagements and outreach with state regulators, agencies and legislatures within WECC's footprint.

## **8. Oversight of Performance of Delegated Functions and Related Activities.**

This Section 8 sets forth processes and procedures which the Parties intend shall be used in NERC's oversight of WECC's performance of its Delegated Authority and related activities pursuant to this Agreement. It is the intent of NERC and WECC that matters relating to NERC's oversight of WECC's performance of its Delegated Authority and related activities shall be established or resolved by collaboration between NERC and WECC and, where applicable, other Regional Entities, to the maximum extent possible, consistent with the construct that NERC and the Regional Entities are operating together in a collaborative manner to carry out the responsibilities of the ERO under Section 215 of the Act and the ERO Regulations.

(a) (i) NERC shall develop, in collaboration with WECC and other Regional

Entities, performance goals, performance reports, measures and other parameters (including, without limiting the scope of such goals, financial performance goals), which shall be used to measure NERC's and WECC's performance of their respective functions and related activities. The performance goals, measures and parameters and the form of performance reports shall be approved by the NERC President and shall be made public. WECC shall provide data, information and reports to NERC, in accordance with established schedules, to enable NERC to calculate WECC's performance to the agreed-upon goals, measures and parameters.

(ii) NERC shall use the performance goals, measures and parameters, and performance reports to evaluate WECC's performance of its delegated functions and related activities and to provide advice and direction to WECC on performance improvements. The performance goals, measures and other parameters, and the values of such goals, measures and parameters, shall be reviewed by NERC, WECC and the other Regional Entities, revised if appropriate, and made public, on the same timeline as the annual business planning and budgeting process described in Section 9 of this Agreement.

(iii) At the request of the President of NERC, WECC shall be required to develop, submit for NERC approval, and implement action plans to address, areas of its performance that are reasonably determined by NERC, based on analysis of WECC's performance against the performance goals, measures and parameters, or performance of specific activities, to be unsatisfactory, *provided*, that prior to requiring WECC to adopt and implement an action plan or other remedial action, NERC shall issue a notice to WECC of the need and basis for an action plan or other remedial action and provide an opportunity for WECC to submit a written response contesting NERC's evaluation of WECC's performance and the need for an action plan. WECC may request that the President of NERC reconsider the request, and thereafter may request that the NERC Board of Trustees review and reconsider the request. NERC and WECC shall work collaboratively as needed in the development and implementation of WECC's action plan. A final action plan submitted by WECC to NERC shall be made public unless the President of NERC makes a written determination that the action plan or specific portions of the plan should be maintained as non-public.

(b) NERC shall make available to WECC standardized training and education programs, which shall be designed taking into account input from WECC and other Regional



Entities, for WECC personnel on topics relating to the delegated functions and related activities.

(c) (i) NERC may issue directives to WECC concerning the manner in which WECC shall perform its delegated functions and related activities under this Agreement. The NERC Rules of Procedure, or any other ERO Rule requiring approval of the Commission, shall not be considered “directives.” NERC shall initiate the development of a directive through a collaborative process with WECC and, if applicable, other Regional Entities to which the directive will apply. Any directive developed through the collaborative process shall be approved by, and issued under the signature of, the NERC President.

(ii) If after a period of time that is reasonable under the circumstances, NERC and WECC and, if applicable, other Regional Entities, are unable to reach agreement on the contents of the directive, NERC may issue the directive with the approval of and under the signature of the NERC President.

(iii) Upon issuance of a directive by the NERC President, it shall be binding upon, and shall be complied with by, WECC, subject to reasonable time periods for adoption, implementation, and funding of any necessary resources. Upon request by WECC, the NERC Board of Trustees (or a committee of the Board to which the Board delegates appropriate authority) shall review and shall confirm, revise or revoke any directive that was issued by the NERC President without WECC’s agreement, *provided* that WECC shall request such review within thirty (30) days following issuance of the directive by the NERC President unless good cause can be shown for a later request.

(iv) NERC and WECC and, if applicable, other Regional Entities, shall collaborate in deciding whether a directive (whether issued pursuant to paragraph (ii) or paragraph (iii)) shall be made public. If no agreement is reached by the date of issuance as to whether the directive shall be made public, the NERC President shall decide whether the directive will be made public, *provided* that it is the intent of the Parties that the NERC President shall apply a presumption that directives should be made public, unless the NERC President makes a written determination stating a specific reason for maintaining a particular directive as non-public.

(d) In addition to the issuance of directives pursuant to subsection (c), the NERC Board of Trustees (or a Board committee to which the Board has delegated authority) may issue guidance or directions as to the manner in which WECC, and, if applicable, other Regional Entities, shall

perform delegated functions and related activities. The NERC Board of Trustees or Board committee shall also establish reasonable time periods for the implementation of any such guidance or directions, taking into account the impact on the reliability of the Bulk-Power System and the need for funding of additional resources. Any such guidance or directions shall be stated in writing and shall be public, unless the NERC Board of Trustees or Board committee makes a written determination stating a specific reason for maintaining particular guidance or directions as non-public. WECC, either individually or in conjunction with other Regional Entities, may request that the NERC Board of Trustees or Board committee reconsider or revise the guidance or direction.

(e) NERC shall conduct collaborative reviews with WECC, either individually or in conjunction with one or more other Regional Entities, that provide for the exchange of information on practices, experiences, and lessons learned in the implementation of the delegated functions.

(f) NERC shall perform reviews and audits of WECC on a reasonable periodicity to assess WECC's performance of its Delegated Authority and determine WECC's compliance with this Agreement, any policies or procedures established by NERC (and provided to WECC) or the ERO Enterprise, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8(c) and to monitor the implementation of guidance and directions issued by the NERC Board of Trustees pursuant to Section 8(d). All such periodic reviews and audits shall comply with the NERC Rules of Procedure and Commission directives and, to the greatest extent practicable, shall not be duplicative of other NERC oversight activities. These reviews and audits may be performed by NERC's Internal Audit department, any other NERC function, or a third party.

(g) The Commission and the Commission staff shall have full access to action plans and remedial actions, directives, directions and guidance, and audits and reviews issued or conducted pursuant to subsections (a)(iii), (c)(iv), (d), and (f), respectively, that are maintained as non-public.

## **9. Funding.**

WECC and NERC shall ensure, subject to Commission approval in accordance with the ERO Regulations, that the delegated functions and related activities described in Sections 5, 6 and

7 and listed in **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) WECC shall develop, through a collaborative process with NERC, and propose an annual business plan and budget, in accordance with ERO Regulations, Commission orders and NERC business planning and budgeting policies and instructions. WECC's proposed business plan and budget shall describe the activities necessary for, and provide a budget with adequate resources for, WECC to carry out its Delegated Authority under this Agreement, including the functions and activities described in Sections 5, 6 and 7 and listed in **Exhibit E**. WECC's business plan and budget shall show the funding sources and amounts to fund the proposed budget, including as applicable assessments to end users, penalty monies, and other sources of funds.

(b) WECC and NERC agree that the portion of WECC's approved budget for the functions and activities described in Sections 5, 6 and 7 and listed in **Exhibit E** that is to be funded by assessments, will be equitably allocated among end users within the geographic boundaries described in **Exhibit A** and recovered through a formula based on Net Energy for Load, or through such other formula approved by NERC and the Commission.

(c) NERC shall determine that the assessments to fund the costs for its statutory functions in its Commission-approved budget are first allocated fairly among the Interconnections and regions according to the applicability of this work to those Interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a Net Energy for Load basis will be presumed to satisfy this equity requirement.

(d) NERC shall provide WECC with the form or forms for business plan and budget submittal, and any accompanying instructions, in accordance with the schedule for preparation of the business plan and budget developed by NERC and the Regional Entities.

(e) WECC shall submit its proposed annual business plan and budget for carrying out its Delegated Authority functions and related activities described in Sections 5, 6 and 7 and listed in **Exhibit E**, as well as for all other activities of WECC, to NERC for review and approval in accordance with the annual schedule for the preparation of business plans and budgets, which shall be developed collaboratively by NERC and the Regional Entities, as more fully described in **Exhibit E**.

(f) NERC shall fund WECC's performance of its Delegated Authority and related activities in accordance with WECC's Commission- approved business plan and budget, in the amount of WECC's assessments to end users approved by the Commission. **Exhibit E** sets forth the procedures and timing for billing and collecting WECC's approved assessments from end users and other entities and payment of the approved assessment amount to WECC, unless otherwise modified and approved by NERC and the Commission. NERC shall not impose any material obligation or requirement regarding the Delegated Authority upon WECC that has not been provided for in an approved business plan and budget or an approved amended or supplemental business plan and budget, without WECC's consent.

(g) NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC and WECC fiscal year budget with the actual results at the NERC and Regional Entity levels. WECC shall follow NERC's prescribed system of accounts except to the extent that NERC permits a departure from the prescribed system of accounts. NERC shall make an informational filing with the Commission describing any such waiver it permits and providing an explanation supporting the permitted departure.

(h) WECC shall submit unaudited quarterly interim financial statements in a form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) WECC shall submit audited financial statements annually, including supporting materials, in a form provided by NERC, by no later than the date reasonably required and designated in writing by NERC to enable NERC to assemble and file the required annual budget to actual true up filing with the Commission.

(j) **Exhibit E** to this Agreement sets forth the mechanism through which WECC shall offset penalty monies it receives against its next year's annual budget for carrying out functions under this Agreement. Subject to approval by NERC and the Commission, WECC may propose and implement an alternative use of penalty monies to that set forth in **Exhibit E**.

**10. Assignment.**

This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. WECC may not delegate in whole or in part its Delegated Authority to any other entity without NERC's express consent; provided, however, that nothing in this provision shall prohibit WECC from contracting with other entities to assist it in carrying out its Delegated Authority, provided WECC retains control and responsibility for such Delegated Authority.

**11. Default and Cure.**

Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the "Default Notice"). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; *provided however*, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided in this Section 11, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 18 of this Agreement to resolve a dispute as to whether a Breach has occurred or been cured. The provisions of this Section 11 will survive termination of this Agreement.

**12. Term and Termination.**

- (a) This Agreement shall become effective on January 1, 2026 (the "Effective Date").
- (b) The term of this Agreement shall be five (5) years from the Effective Date

(“Term”), prior to which time NERC shall conduct an audit pursuant to the audit requirements of the NERC Rules of Procedure to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. If WECC meets such requirements, this Agreement may be renewed for another five (5) year term with Commission approval. This Agreement may be renewed for successive additional five (5) year renewal terms, with Commission approval, provided that prior to the end of each renewal term, NERC shall conduct an audit pursuant to the audit requirements of the NERC Rules of Procedure to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. Provided, that either Party may terminate this Agreement by providing written notice to terminate no later than one year prior to the then effective expiration of the Term. In such event, this Agreement shall terminate upon the expiration of then effective Term, unless otherwise mutually agreed to by the Parties.

(c) In the event of the termination of this Agreement, the Parties shall work to provide for a transition of WECC’s Delegated Authority to NERC or to another eligible entity and to provide for the resolution of any wind-up costs associated with termination of this Agreement.

(d) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed to by WECC and NERC.

(e) Notwithstanding any termination of this Agreement, provisions contained in Limitation of Liability (Section 13), No Third-Party Beneficiaries (Section 14) and Confidentiality (Section 15) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

**13. Limitation of Liability.**

WECC and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and WECC shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the performance of WECC's or NERC's responsibilities under this Agreement or in conducting activities under the authority of Section 215 of the Act, except to the extent that WECC or NERC is found liable for gross negligence or intentional misconduct, in which case WECC or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

**14. No Third-Party Beneficiaries.**

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party, except as otherwise specifically provided herein and in Section 15(c).

**15. Confidentiality.**

(a) During the course of the Parties' performance under this Agreement, a Party may receive proprietary, business sensitive, or critical infrastructure information ("Confidential Information") necessary to fulfill its respective obligations in connection with this Agreement. The Parties agree that their mutual objective under this provision is to provide appropriate protection for Confidential Information, while maintaining the ability to conduct their respective business activities.

(b) No obligation of confidentiality shall apply to any information that the recipient: (i) already possesses without obligation of confidentiality; (ii) develops independently; or (iii) rightfully receives without any obligation of confidentiality from a third party.

(c) The Parties may transfer or exchange such Confidential Information with and

between the other Regional Entities as third-party beneficiaries of the terms of this Agreement, provided the Parties and the other Regional Entities as third-party beneficiaries continue to maintain the confidentiality of such information.

(d) Except as set forth herein and within the NERC Rules of Procedure, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party or specified third-party beneficiary of this Agreement, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel. Unless prohibited from doing so under the NERC Rules of Procedure, the recipient shall provide the Party or specified third-party beneficiary of this Agreement that provided the Confidential Information with prompt notice of a request or requirement for disclosure of the Confidential Information in order to enable such issuing Party or specified third-party beneficiary of this Agreement to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or the issuing Party or specified third-party beneficiary of this Agreement waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In the event of any inconsistency or conflict between the provisions of this Section 15 and the provisions of Section 1500 of the NERC Rules of Procedure, the provisions of Section 1500 of the NERC Rules of Procedure shall control.

(e) Each Party shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein.

(f) This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement, nor does it prohibit permitted disclosures as set forth in the NERC Rules of Procedure.



**16. Amendment.**

Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

**17. Amendments to the NERC Rules of Procedure.**

NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations, or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed. To the extent WECC does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 18 and, if such effort fails to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules of Procedure. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of WECC under this Agreement, WECC shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by WECC to NERC and the Commission, or at such other time as may be mutually agreed to by WECC and NERC.

**18. Dispute Resolution.**

In the event a dispute arises under this Agreement between NERC and WECC (including disputes relating to NERC's performance of its obligations under this Agreement and/or disputes relating to WECC's performance of its obligations under this Agreement) which cannot be resolved through discussions between representatives of the Parties in the normal course of operations, the Parties shall use the following procedures ("Dispute Resolution") to attempt to resolve the dispute. WECC shall not suspend performance of any delegated function, and the Parties shall continue to make reasonable, good faith efforts to comply with their obligations under this Agreement, during the pendency of Dispute Resolution. All notices required to be sent pursuant to this Dispute Resolution procedure shall be sent in accordance with Section 19 of this Agreement. This Dispute Resolution procedure is separate from and in addition to all other processes provided for in this Agreement.

- (a) The Party invoking Dispute Resolution shall send a notice to the other Party

describing the dispute, stating the invoking Party's position with respect to the dispute, stating that the Party is invoking Dispute Resolution, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the invoking Party.

(b) Within three (3) business days after receipt of the notice invoking Dispute Resolution, the receiving Party shall send a notice to the invoking Party acknowledging receipt of the notice invoking Dispute Resolution, stating the receiving Party's position with respect to the dispute, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the receiving Party.

(c) During the period commencing three (3) business days and ending twenty (20) business days after the date of the receiving Party's notice, the designated representatives shall engage in good faith negotiations to attempt to resolve the dispute, provided, that the designated representatives may agree prior to the end of such twenty (20) business day period that the process should move to the next step of Dispute Resolution.

(d) If the designated representatives are unable to arrive at a resolution of the dispute by the end of the time period described in subsection (c), they shall notify the chief executive officers of their respective Parties. The chief executive officers of the Parties shall thereafter engage in good faith negotiations to attempt to resolve the dispute during the period of twenty (20) business days immediately following the time period described in subsection (c), provided, that the chief executive officers may agree prior to the end of such twenty (20) business day period that negotiations are at impasse and the process may move to the next step as described in subsection (f). Upon mutual agreement of the Parties, the twenty (20) business day period may be extended to pursue ongoing good faith negotiations.

(e) If a resolution of the dispute is achieved by the Parties, it shall be memorialized in a writing that is acceptable in form and substance to each Party and is signed by the designated representative or chief executive officer on behalf of each Party.

(f) If the Parties are unable to resolve the dispute pursuant to the process described in subsections (a) through (e), then either Party may invoke any other available dispute resolution mechanism, including, without limitation, filing a complaint or petition with the Commission

requesting resolution of the dispute by the Commission, or filing a complaint for relief in a court having jurisdiction over Parties and the subject matter of the dispute in accordance with Section 20. Provided, however, that: (i) it is the intent of the Parties that unresolved disputes shall be presented to and resolved by the Commission if the Commission has and accepts jurisdiction over the subject matter of the dispute, (ii) the Parties may, by mutual agreement, attempt to resolve the dispute through arbitration, mediation, or other process involving resort to an impartial neutral, and (iii) it is the intent of the Parties that resolution of disputes through Commission proceedings, arbitration, mediation, or other use of an impartial neutral, is preferred over resort to judicial proceedings.

(g) This Section 18 shall not apply to compliance enforcement actions against individual Registered Entities.

#### **19. Notice.**

All notices, demands, requests, and other communications required, permitted by, or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand, email or overnight courier:

If to NERC:

North American Electric Reliability  
Corporation  
1410 H Street NW, Suite 410  
Washington, DC 20005  
Attn: General Counsel  
Email: legal@nerc.net

If to WECC:

Western Electricity Coordinating Council  
155 North 400 West,  
Suite 200  
Salt Lake City, Utah 84103  
Attn: General Counsel  
Email: jdroubay@wecc.org

#### **20. Governing Law.**

When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of Delaware without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal

court of competent jurisdiction in Delaware. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in Delaware for the purpose of hearing and determining any action not heard and determined by the Commission.

**21. Headings.**

The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.

**19. Savings Clause.**

Nothing in this Agreement shall be construed to preempt or limit any authority that WECC may have to adopt reliability requirements or take other actions to maintain reliability of the Bulk-Power System within the geographic boundaries described in **Exhibit A** that are outside the Delegated Authority, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.

**22. Entire Agreement.**

This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

**23. Execution of Counterparts.**

This Agreement may be executed in counterparts and each shall have the same force and effect as the original.

**NOW THEREFORE**, the parties have caused this Agreement to be executed by its duly authorized representatives, effective as of the Effective Date.

**NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION**

By: James B. Robb

Name: James B. Robb

Title: President and CEO

Date: 5/19/2025

**WESTERN ELECTRICITY  
COORDINATING COUNCIL**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### **Exhibit A — Regional Boundaries**

WECC's physical boundaries coincide with the boundaries of the Western Interconnection. The Western Interconnection consists of the synchronously operated electric transmission grid in the western part of North America, which includes parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington and the Canadian Provinces of British Columbia and Alberta. The WECC region encompasses approximately 1.8 million square miles.

WECC's northern border runs along the northern border of British Columbia and Alberta. The western border extends along the western coast of North America from British Columbia into northern Baja California, Mexico. The southern border traverses northern Baja and extends along the southern United States border to Texas. The eastern border bisects North America from Alberta, Canada through the states of Montana, South Dakota, Wyoming, Nebraska, Texas and New Mexico to the southern United States border.

## **Exhibit B — Governance**

**The Regional Entity bylaws shall meet the following criteria:**

**CRITERION 1:** The Regional Entity shall be governed by an independent board or a hybrid board consisting of a combination independent and balanced stakeholder board members.

**CRITERION 2:** The Regional Entity has established rules that assure its independence from the users and owners and operators of the bulk power system, while assuring fair stakeholder representation in the selection of its directors. Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 699, 700.)

**CRITERION 3:** If the Regional Entity has members, the Regional Entity has established rules that assure that its membership is open, that it charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, and that membership is not a condition for participating in the development of or voting on proposed Regional Reliability Standards. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 170-173.)

**CRITERION 4:** The Regional Entity has established rules that assure balance in its decision-making committees and subordinate organizational structures and assure no two industry sectors can control any action and no one industry sector can veto any action. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶ 728.)

**CRITERION 5:** The Regional Entity has established rules that provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties. (Federal Power Act § 215(c)(2)(D) and (e)(4), 18 C.F.R. § 39.8(c)(2).)

**Exhibit C [Intentionally left blank]**

Amended and Restated WECC Regional Delegation Agreement  
Exhibit C



## **Exhibit D — Compliance Monitoring and Enforcement Program**

### **1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM**

WECC will implement the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure (which for purposes of this section 1.0 shall not include Attachment 2, Hearing Procedures), to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within WECC's geographic or electrical boundaries, and such other scope, set forth in **Exhibit A** of this Agreement.

### **2.0 REGIONAL HEARING OF COMPLIANCE MATTERS**

WECC has adopted the Consolidated Hearing Process consistent with Rules of Procedure 403.14.B. to conduct hearings and issue decisions concerning disputed compliance matters in accordance with Attachment 2, Hearing Procedures, of Appendix 4C.

However, consistent with the Rules of Procedure and WECC's bylaws, WECC may modify its selection of hearing process by notifying NERC six months prior to the decision becoming effective. WECC, to the extent required in the Rules of Procedure, shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be either WECC's board, a committee of the board, a balanced compliance panel reporting directly to WECC's board or an independent hearing panel.

To the extent required in the Rules of Procedure, WECC shall conduct all compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, proposed Mitigation Plan, or a proposed Remedial Action Directive, in accordance with Attachment 2, Hearing Procedures, to the NERC Compliance Monitoring and Enforcement Program, subject to the following deviations, if any: None.

### **3.0 OTHER DECISION-MAKING BODIES**

None.

## **Exhibit E — Funding**

### **1. Scope of Activities Funded through the ERO Funding Mechanism**

WECC shall include in its annual budget submission to NERC amounts for costs it will incur in performing its delegated functions and related activities as described in Sections 5, 6 and 7 of the Agreement. These activities shall include:

- Reliability Standard Development
- Compliance Monitoring and Enforcement  
This category includes activities under the WECC Reliability Management System
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis (including necessary data gathering activities)  
This category includes the WECC Transmission Expansion Planning Program, Loads and Resources Activities, and all necessary supporting activities
- Event Analysis and Reliability Improvement
- Training and Education  
This category includes WECC's Training Programs
- Situation Awareness
- Infrastructure Security

### **2. Preparation of Annual Business Plan and Budget**

(a) NERC and WECC, in conjunction with the other Regional Entities, shall collaboratively develop an annual schedule for the development, submission, review and approval of WECC's business plan and budget. The annual schedule for the preparation of business plans and budgets shall require WECC (i) to submit to NERC draft(s) of WECC's proposed business plan and budget and other preliminary documents and information, and (ii) to submit a final proposed business plan and budget that has been approved by the WECC Board of Directors to NERC by July 1 or such other agreed date as provides sufficient time for NERC's review, approval and submission of WECC's business plan and budget to the Commission 130 days in advance of the beginning of each fiscal year. The WECC business plan and budget submission shall include supporting materials, including WECC's complete business plan and organization chart, explaining the proposed collection of all assessments, dues, fees and charges, and the proposed expenditure of the funds to be collected in sufficient detail to justify the requested budgeted expenditures and assessments. WECC's business plan and budget and proposed assessments shall provide for reasonable reserve mechanisms for

unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(b) NERC shall review and approve WECC's proposed business plan and budget and proposed assessments for performing the delegated functions and related activities described in Sections 5, 6 and 7 of this Agreement and listed above in Section 1 of this **Exhibit E**, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved business plan and budget and proposed assessments to the Commission for approval as part of NERC's overall business plan and budget submission, in accordance with the ERO Regulations.

### 3. Allocation of Costs

Assessments to fund the costs of WECC's delegated functions and related activities pursuant to the Agreement shall be allocated among all load-serving entities on the basis of Net Energy for Load, unless a different method(s) of allocating and calculating such assessments has been submitted to and approved by NERC and the Commission in accordance with Section 9(b) of the Agreement. WECC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities or designees within its geographic boundaries that shall be responsible for paying WECC's assessment and the load-serving entities' proportionate Net Energy for Load, and such other data and information as is necessary to allocate and calculate the allocation of WECC's assessment to the load-serving entities or designees under the method(s) of allocation and calculation that will be used.

Entities on the list of LSEs or Balancing Authorities will be responsible for collection and/or payment of charges through the mechanism described in either Option 1 or 2 below. Each Balancing Authority will inform WECC by June 1st of each year of its choice of Option 1 or 2, and will give WECC at least 90 days' notice of its intention to change from one option to the other.

a. **OPTION 1** -- The Balancing Authority will provide WECC a list of all LSEs located within its area, including each LSE's name, contact information, and Net Energy for Load. This information will be updated annually and provided to WECC no later than June 1st of each year. WECC will use this list to bill each LSE for all costs on an annual basis.

b. **OPTION 2** -- WECC will bill the Balancing Authority for all costs on an annual basis. The Balancing Authority will be responsible for equitably allocating WECC costs among the LSEs in its area (if applicable) on the basis of Net Energy for Load, collecting the funds, and ensuring that WECC receives full payment on an annual basis.

### 4. Collection of Funding

(a) NERC and WECC agree that WECC shall act as the billing and collection agent on behalf of NERC to bill and collect the NERC, WECC, and WIRAB assessments from load-serving entities and designees (or such other entities as agreed by NERC and WECC). WECC

agrees that it shall (i) issue all invoices to each load-serving entity or Balancing Authority (depending on the Balancing Authority's choice of Option 1 or 2 above) in a prompt and timely manner after receipt from NERC of the information needed to issue the invoices, but no later than November 15<sup>th</sup> of each year; and (ii) exercise commercially reasonable efforts to collect invoices that are not paid as of the due date(s). WECC shall transfer the portion of funds collected constituting NERC statutory funding to NERC in a timely manner, as follows: Once per week until all billings are collected, WECC will electronically transfer to NERC, in immediately available funds, all payments received by WECC from load-serving entities or other entities for payment of the NERC assessments billed on the annual invoices. WECC shall transfer the portion of funds collected constituting WIRAB statutory funding to WIRAB as mutually agreed to by WECC and WIRAB. In the event that (1) a payment received is less than the total amount billed for the NERC, WECC, and WIRAB assessments; and (2) WECC does not know and, after due inquiry with the entity submitting the underpayment and consultation with NERC, is unable to determine which invoiced item accounts for the shortfall, WECC shall be permitted to prorate the shortfall among all assessments received from that entity. On the same day that WECC makes each electronic transfer of funds to NERC, WECC shall send an e-mail to the Chief Financial Officer or Controller of NERC detailing the collections being transmitted, including a listing of the load-serving entities or other entities from which payments were collected and the amount collected from each entity and the breakdown of the total payments collected among NERC statutory funding, WECC statutory funding, and WIRAB statutory funding.

WECC agrees that it shall not in any way use its position as billing and collection agent for NERC to attempt to influence NERC's policies or decisions on matters relating to adoption of Reliability Standards (including Regional Reliability Standards and Regional Variances), administration of the compliance monitoring and enforcement program and other compliance and enforcement matters, determination and imposition of penalties and sanctions, budgeting matters including review and approval of WECC's budgets and business plans, or any other NERC decisions, including by issuing invoices, engaging in collection activities or transferring funds collected to NERC in an untimely manner or other than in accordance with this Agreement. To the extent WECC uses another entity as collection agent, it will incorporate these safeguards in the arrangements with the collection agent.

(b) NERC shall pursue any non-payments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding and shall request assistance from Applicable Governmental Authorities as necessary to secure collection. To the extent reasonably practicable, WECC shall assist NERC in pursuing and collecting any non-payments. Notwithstanding the foregoing, WECC is not responsible and does not assume any liability for recovering non-payments or underpayments of assessment amounts. NERC shall retain sole responsibility for recovering non-payments or underpayments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding. NERC shall add the amount of any non-payments by end-users or designees within WECC's region, that are reasonably determined to be uncollectible, to NERC's assessments for a subsequent year with the amount of such non-payments to be allocated to end-users within WECC's region.

## 5. Application of Penalties

Amended and Restated WECC Regional Delegation Agreement  
Exhibit E

Except as otherwise approved by the Commission, all penalty monies received by WECC, other than penalty monies received from an operational function or division or affiliated entity of WECC, shall be applied as a general offset to WECC's budget requirements for U.S.-related activities under this Agreement for a subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Except as otherwise approved by the Commission, any penalty monies received from an operational function or division or affiliated entity of WECC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

#### 6. Budget and Funding for WECC's Non-Statutory Activities

In addition to its delegated functions and related activities, as specified in Sections 5, 6 and 7 of the Agreement and in Section 1 of this **Exhibit E** (such delegated functions and activities referred to in this Section 6 as "statutory activities"), WECC performs the following other functions and activities (such other functions and activities being referred to in this Section 6 as "non-statutory activities"): Western Renewable Generation Information System ("WREGIS").

WECC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory functions: WECC utilizes a fund accounting system with capabilities to segregate receipts and expenses based on function or activity. WECC has segregated non-statutory activities by assigning a separate fund code to those receipts and expenses. All expenditures or receipts that are entered into WECC's accounting system must include a fund code identifying whether the transaction is related to statutory or non-statutory activities.

General and administrative costs are allocated to non-statutory activities based on an FTE ratio that is consistent with NERC's accounting methodology for allocation of overhead to statutory activities. For these reasons, time records are not necessary for WECC to properly allocate costs between statutory and non-statutory activities.

WECC shall provide its budget for such non-statutory activities to NERC at the same time that WECC submits its proposed annual business plan and budget for statutory activities to NERC pursuant to Section 9 of the Agreement. WECC's budget for non-statutory activities that is provided to NERC shall contain a detailed list of WECC's non-statutory activities and a description of the funding sources for the non-statutory activities. WECC agrees that no costs (which shall include a reasonable allocation of WECC's general and administrative costs) of non-statutory activities are to be included in the calculation of WECC's assessments, dues, fees, and other charges for its statutory activities.

7. Amended or Supplemental Business Plans and Budgets

During the course of the fiscal year, if WECC determines it does not or will not have sufficient funds to carry out its delegated functions and related activities, WECC shall submit to NERC one or more proposed amended or supplemental business plans and budgets and requests for approval of supplemental assessments, reflecting costs, cost increases or funding shortfalls not provided for in WECC's approved business plan and budget for the fiscal year. NERC shall review and approve the proposed amended or supplemental business plan and budget and proposed supplemental assessment, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved amended or supplemental business plan and budget and proposed supplemental assessment to the Commission for approval.

8. NERC Review of Regional Entity Financial Records

Upon a request made to WECC with reasonable notice, NERC shall have access to and may review all financial records of WECC, including records used to prepare WECC's financial statements. NERC shall conduct reviews of the quarterly and annual financial statements submitted by WECC pursuant to Section 9(h) and (i) of the Agreement. WECC shall provide supporting documentation for the quarterly and annual financial statements as reasonably requested by NERC.

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
AND WESTERN ELECTRICITY COORDINATING COUNCIL**

**AMENDED AND RESTATED DELEGATION AGREEMENT (“Agreement”)**

Effective as of January 1, 202~~4~~<sup>6</sup>, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the Bulk-Power System, and the Western Electricity Coordinating Council (“WECC”), an organization established to develop and enforce Reliability Standards within the geographic boundaries described in **Exhibit A** to this Agreement, and for other purposes. NERC and WECC may be individually referred to herein as “Party” or collectively as “Parties.”

**WITNESSETH**

**WHEREAS**, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824o) (hereafter “the Act”), which, among other things, provides for the establishment of an Electric Reliability Organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the Bulk-Power System;

**WHEREAS**, the Commission has adopted regulations for the implementation of the Act, which are set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39 (the “ERO Regulations”);

**WHEREAS**, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the Bulk-Power System, subject to certain delegation provisions described below;

**WHEREAS**, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

**WHEREAS**, the Act and Section 39.8 of the ERO Regulations provide for the delegation

by the ERO of authority to propose and enforce Reliability Standards to regional entities (“Regional Entities”) such as WECC, provided that:

- (A) The Regional Entity is governed by —
  - (i) an independent board; or
  - (ii) a hybrid board consisting of a combination of independent and balanced stakeholder members.
- (B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and
- (C) The agreement promotes effective and efficient administration of Bulk-Power System reliability;

**WHEREAS**, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk-power system reliability and should be approved<sup>22</sup>.”

**WHEREAS**, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

**WHEREAS**, WECC is organized on an Interconnection-wide basis and therefore is entitled to the rebuttable presumptions accorded such an entity;

**WHEREAS**, NERC will work through WECC to carry out certain of its activities in furtherance of its responsibilities as the ERO under the Act;

**WHEREAS**, NERC has concluded that WECC meets all requirements of the Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Commission (“NERC Rules of Procedure”) necessary to qualify for delegation; and

**WHEREAS**, NERC and WECC, having operated under a predecessor agreement to this Agreement, have negotiated this amended and restated Agreement so as to incorporate the benefits



of their mutual experience and lessons learned while operating under the predecessor agreement and thereby provide for the more efficient and effective execution of their respective responsibilities in a transparent manner that is pursuant to Section 215 of the Act and the ERO Regulations;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, NERC and WECC agree as follows:

**1. Definitions.**

The capitalized terms used in this Agreement shall be defined as set forth in the Act, the ERO Regulations, the NERC Rules of Procedure, or the NERC Glossary of Terms Used in Reliability Standards, or, if not so defined, shall be defined as set forth in this Section 1 or elsewhere in the text of this Agreement:

(a) Breach means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) Cross-Border Regional Entity means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) Delegated Authority means the authority delegated by NERC to WECC to propose and enforce Reliability Standards, consistent with Section 4(d) and the boundaries described in **Exhibit A** pursuant to the Act and to undertake related activities set forth in this Agreement in furtherance of these delegated functions in accordance with the Act, the ERO Regulations and this Agreement.

(d) ERO Enterprise refers to NERC and the Regional Entities collectively.

**2. Representations.**

(a) For purposes of its Delegated Authority, WECC hereby represents and warrants to NERC that:

(i) WECC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that

no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. WECC is governed in accordance with its bylaws by an independent Board. Pursuant to these bylaws, no two industry sectors can control any WECC decision and no single industry sector can veto any WECC decision. The relevant criteria for the establishment of such bylaws are attached hereto in **Exhibit B**. No other WECC corporate governance documents shall be inconsistent with the criteria in **Exhibit B**.

(ii) WECC has and shall retain during the term of this Agreement a governing board with a sufficient number of independent members to perform certain oversight obligations, including those relating to: (A) nomination of independent governing board members, (B) compensation for the Regional Entity chief executive officer, and (C) compliance monitoring and enforcement program implementation. WECC has and shall retain, during the term of this agreement, fair and reasonable compensation for independent governing board members. WECC has and shall retain, during the term of this agreement, appropriate conflict of interest and recusal policies with respect to their employees, nonindependent and independent governing board members and will avoid any conflicts of interest, including but not limited to, significant commercial relationships with registered entities. Each Regional Entity's implementation of these requirements has been documented and accepted by NERC based on principles developed in consultation with the Regional Entities and such implementation will be reviewed in connection with renewal of this Agreement.

(iii) WECC has developed a standards development procedure, which provides the process that WECC may use to develop Regional Reliability Standards and Regional Variances that are proposed to NERC for adoption.

(iv) As set forth in **Exhibit D** hereto, WECC has adopted the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure, which provides for the enforcement of Reliability Standards for the registered entities assigned to WECC as reflected on NERC's Compliance Registry.

(b) NERC hereby represents and warrants to WECC that:

(i) NERC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and

fulfilling its obligations hereunder; and

(ii) NERC has been certified as the ERO by the Commission pursuant to the Act.

(iii) NERC shall comply with its Certificate of Incorporation, Bylaws and Rules of Procedure, as from time to time adopted, approved or amended.

### **3. General Covenants.**

(a) During the term of this Agreement, WECC shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend its Regional Entity Rules without NERC approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) WECC shall provide NERC with a copy of its Regional Entity Rules upon request by NERC. NERC shall maintain on its public website the currently effective versions of all Regional Entity bylaws and Regional Entity standard development procedures.

(c) During the term of this Agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 17 and 18 of this Agreement, NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed.

(d) During the term of this Agreement, NERC and WECC shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

(e) For purposes of this Agreement, NERC shall collaborate with the Regional Entities in the development of guidance, policies and procedures, and oversight parameters, as contemplated by this Agreement. In the event that collaboration is not successful on any such matter, the NERC President may issue a directive with respect to such matter pursuant to Section 8 herein, and such directive shall be binding upon WECC.

#### 4. **Delegation of Authority.**

(a) Based upon the representations, warranties and covenants of WECC in this Agreement, WECC's corporate governance documents, WECC's standards development process, and the compliance monitoring and enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to WECC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth in **Exhibit A**.

(b) Nothing in this Agreement shall prohibit WECC from entering into an arrangement between one or more other Regional Entities to perform compliance monitoring and enforcement activities outside of its region, on behalf of NERC and/or other Regional Entities, for Registered Entities that have registered functions monitored by more than one Regional Entity, subject to approval by NERC.

(c) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region described in **Exhibit A** that is within the United States. Any delegation of authority by Applicable Governmental Authorities in Canada or Mexico shall be governed by the law of such authority or a separate agreement and is outside the scope of this Agreement; provided, however, that both WECC and NERC shall endeavor to ensure that this Agreement and any such separate agreement are compatible.

(d) As a condition to this delegation of authority and subject to the provisions of Section 17 of this Agreement, WECC shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

#### 5. **Development and Proposal of Reliability Standards.**

(a) In connection with its Delegated Authority, WECC shall be entitled to:

(i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords WECC reasonable notice and opportunity to be heard; and

(ii) develop Regional Reliability Standards and Regional Variances through WECC's process. WECC's process shall be consistent with the NERC Rules of Procedure and Commission directives. Any changes to WECC's process shall be submitted to the NERC Board of Trustees for approval and upon approval, be submitted to the Commission for approval. Proposals approved through WECC's process shall be reviewed by the NERC Board of Trustees after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule of Procedure 312.3 as it may be amended from time to time. The NERC Board of Trustees shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the rebuttable presumption described in subsection 5(b) of this Agreement if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed Regional Reliability Standard or Regional Variance and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. WECC may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest. Any person challenging such proposal from the Regional Entity organized on an Interconnection-wide basis shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the Interconnection-wide Regional Entity during NERC's review of the proposal.

## **6. Enforcement of Compliance with Reliability Standards.**

(a) In connection with its delegated authority pursuant to this Agreement, WECC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the boundaries set forth in **Exhibit A** through the compliance monitoring and enforcement program set forth in **Exhibit D**. NERC and WECC agree that this compliance monitoring and enforcement program meets all applicable requirements of the Act, Order No. 672 of the

Commission, and the ERO Regulations, including, inter alia, the requirement for an audit program pursuant to Section 39.7(a) of the ERO Regulations, the assessment of penalties pursuant to Section 39.7(c) through 39.7(g) of the ERO Regulations and the requirements for due process. WECC may not change its compliance monitoring and enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed, and the approval of the Commission. Subject to the rights and limitations specified in Sections 17 and 18 of this Agreement, WECC agrees to comply with the NERC Rules of Procedure, with any directives issued pursuant to Section 8(c) of this Agreement, and with any guidance and directions issued by the NERC Board of Trustees or a Board committee pursuant to Section 8(d) of this Agreement, in implementing this program.

(b) WECC shall maintain a program of proactive monitoring and enforcement of compliance with Reliability Standards, in accordance with the NERC Compliance Monitoring and Enforcement Program and the annual ERO Compliance Monitoring and Enforcement Program Implementation Plan.

(c) WECC shall report promptly to NERC information regarding noncompliance with a Reliability Standard, and its eventual disposition by WECC, as set forth in, and subject to the confidentiality and disclosure provisions of, the NERC Rules of Procedure, the NERC Compliance Monitoring and Enforcement Program, this Agreement, compliance and enforcement program procedures and guidance that NERC may from time to time develop and the ERO Regulations. NERC shall promptly forward any such report associated with a U.S.-based registered entity to the Commission, as required by the ERO Regulations, or as the Commission shall from time to time direct. NERC and WECC shall cooperate in filing such periodic summary reports and analyses as the Commission shall from time to time direct. Any summary reports and analyses provided to the Commission shall be exclusively focused on U.S.-based registered entities.

(d) All dispositions by WECC of noncompliance with Reliability Standards shall be reported to NERC for review. NERC shall develop and implement policies and procedures for the review and, where appropriate, approval of dispositions of noncompliance.

(e) As part of its compliance monitoring and enforcement program, WECC shall maintain a conflict of interest policy that assures the integrity and independence of such program, including the integrity and independence of the persons or decision-making bodies making final

determinations in compliance enforcement actions under Section 5.0 of the NERC Compliance Monitoring and Enforcement Program. Subject to Section 2. (a) (i), WECC may have stakeholders participate in its board compliance committee so long as integrity and independence are assured through reasonable and appropriate recusal procedures.

## 7. **Delegation-Related Activities.**

NERC will engage WECC on its behalf to carry out certain of its activities that are in furtherance of Bulk-Power System reliability and NERC's responsibilities as the ERO under the Act or in support of the Delegated Authority, as specified in the NERC Rules of Procedure and listed in **Exhibit E**. NERC may from time to time develop policies or procedures, which shall be used by WECC in the performance of the delegation-related activities. These delegation-related activities shall include, but are not limited to, those described in subsections (a) through (ig), each of which shall be considered a statutory activity:

(a) **Certification of Bulk-Power System Entities.** The NERC Board of Trustees shall set criteria for certification in accordance with the NERC Rules of Procedure. Certifications shall be issued in accordance with the NERC Rules of Procedure.

(b) **Registration of owners, operators, and users of the Bulk-Power System as responsible for compliance with requirements of Reliability Standards.**

(i) The NERC Board of Trustees shall develop criteria for registration of owners, operators, and users of the Bulk-Power System as Registered Entities in the NERC Rules of Procedure and shall apply the registration criteria to register owners, operators and users of the Bulk-Power System as Registered Entities.

(ii) NERC shall maintain a registration database of Registered Entities, based on data and information provided by WECC and other Regional Entities. WECC shall provide timely and accurate information relating to registrations to NERC, as needed, to enable NERC to maintain a registration database that is accurate and up-to-date and to enable NERC to satisfy its monthly reporting obligation.

(iii) The NERC Board of Trustees ~~Compliance~~ Regulatory Oversight Committee shall hear and decide appeals from owners, operators and users of the Bulk-Power System contesting registration, in accordance with the NERC Rules of Procedure. If the NERC Board of

Trustees ~~Compliance~~ Regulatory Oversight Committee upholds the decision to register an owner, operator, or user, NERC shall defend the decision in any subsequent appeal of the decision by the Registered Entity to the Commission.

(c) **Reliability Assessment and Performance Analysis.**

(i) WECC shall develop assessments of the reliability of the Bulk-Power System, or ensure that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments, in accordance with the NERC Rules of Procedure, any NERC-issued directive under Section 8 of this Agreement, NERC policy, or any NERC or ERO Enterprise procedure or work plan for the development of reliability assessments. To support the efficient and effective use of ERO Enterprise resources, ensure common focus areas across the ERO Enterprise, where appropriate, and enhance uniformity and consistency in the development of reliability assessments, WECC shall (1) coordinate all its reliability assessments with NERC prior to conducting such assessments, (2) at NERC's direction, make every effort to collaborate with other Regional Entities on the development of a reliability assessment, and (3) to the greatest extent practicable, use the same assessment tools and assumptions agreed upon by NERC and other Regional Entities for the development of reliability assessments. WECC may conduct regional reliability assessments that WECC deems appropriate for reliability of its region, provided that (1) WECC coordinates with NERC to ensure, among other things, that WECC has sufficient resources to perform all the reliability assessments required by NERC, and (2) the performance of any such regional assessment conforms to any NERC-issued directive under Section 8 of this Agreement, NERC policy, or any NERC or ERO Enterprise procedure or work plan for the development of reliability assessments.

(ii) WECC shall also develop and maintain, and collect data in support of the development and maintenance of, reliability performance metrics and assessments of risks to the Reliable Operation of the Bulk-Power System, in accordance with the NERC Rules of Procedure and any NERC directives under Section 8 of this Agreement, ~~and NERC policies,~~ and any NERC or ERO Enterprise procedures or work plans related to data-gathering, quality control, forms, and reporting mechanisms that NERC may from time to time develop. To support the efficient and effective use of ERO Enterprise resources, ensure common focus areas across the ERO Enterprise, where appropriate, and promote uniformity and consistency in the development of performance



metrics and assessments, WECC shall coordinate its development of performance metrics and assessments with NERC prior to developing such metrics and assessments and, at NERC's direction, make every effort to collaborate with other Regional Entities on the development of performance metrics and assessments. WECC may develop and conduct regional performance assessments and develop regional performance metrics that WECC deems appropriate for the reliability of its region, provided that (1) WECC coordinates with NERC to ensure, among other things, that WECC has sufficient resources to develop all of the performance metrics and assessments required by NERC, and (2) the development of any such regional performance metrics and assessment conforms to any NERC-issued directive under Section 8 of this Agreement, NERC policy, or any NERC or ERO Enterprise procedure or work plan for the development of performance metrics and assessments.

(d) **Event Analysis and Reliability Improvement.** WECC shall conduct event analysis pursuant to the NERC Rules of Procedure, applicable governmental regulations, any NERC directive under Section 8 of this Agreement, and NERC policies, and NERC or ERO Enterprise procedures or work plans that NERC may be developed from time to time ~~develop~~. NERC and WECC shall coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, WECC shall disseminate to the electric industry lessons learned and other information obtained or resulting from event analysis.

(e) **Training and Education.** WECC may provide training, ~~and~~ education, and outreach to Registered Entities and other stakeholders, as it deems necessary, in support of its performance of delegated functions and related activities under this Agreement. NERC may also provide training, ~~and~~ education, and outreach programs to Registered Entities and other stakeholders on topics relating to NERC's responsibilities as the ERO.

(f) **Situation Awareness.** WECC shall gather and assess situation awareness information provided by Registered Entities pursuant to the NERC Rules of Procedure, applicable governmental regulations, and policies and procedures that NERC may from time to time develop, and shall provide other data, information and assistance to NERC in support of NERC's activities in monitoring present conditions, and responding to events, on the Bulk-Power System.

(g) **Critical Infrastructure Security.** WECC shall collaborate with NERC in its

efforts to coordinate electric industry activities to promote critical infrastructure protection of the Bulk-Power System in North America. In furtherance of these efforts, WECC may engage with and support activities of NERC's Electricity Information Sharing and Analysis Center ("E-ISAC"), provided WECC adopts and complies with the E-ISAC Code of Conduct.

(h) **NERC and Regional Entity Information Technology and Security Program.** WECC shall develop and maintain a security program consistent with ERO Enterprise security principles and comply with any security process, procedures, or protocols adopted by the ERO Enterprise. Where practicable and in furtherance of shared goals, WECC shall strive to use common information technology and security tools adopted by NERC and other Regional Entities.

(i) **Government Engagement.** NERC and WECC shall collaborate in engaging governmental entities at the U.S. federal and state levels to advance the work of the ERO Enterprise. NERC is the principal representative for the ERO Enterprise with respect to U.S. federal government engagement. Prior to WECC engagements with, or outreach to, U.S. federal regulators, agencies, or Congress related to WECC's Delegated Authority under this Agreement or related reliability matters, WECC must coordinate with NERC on any such engagement or outreach. WECC shall engage with U.S. state regulators, agencies, and legislatures on matters related to WECC's Delegated Authority and related reliability matters in collaboration with NERC, where appropriate. NERC will coordinate with WECC on its engagements and outreach with state regulators, agencies and legislatures within WECC's footprint.

## **8. Oversight of Performance of Delegated Functions and Related Activities.**

This Section 8 sets forth processes and procedures which the Parties intend shall be used in NERC's oversight of WECC's performance of its Delegated Authority and related activities pursuant to this Agreement. It is the intent of NERC and WECC that matters relating to NERC's oversight of WECC's performance of its Delegated Authority and related activities shall be established or resolved by collaboration between NERC and WECC and, where applicable, other Regional Entities, to the maximum extent possible, consistent with the construct that NERC and the Regional Entities are operating together in a collaborative manner to carry out the responsibilities of the ERO under Section 215 of the Act and the ERO Regulations.

(a) (i) NERC shall develop, in collaboration with WECC and other Regional

Entities, performance goals, performance reports, measures and other parameters (including, without limiting the scope of such goals, financial performance goals), which shall be used to measure NERC's and WECC's performance of their respective functions and related activities. The performance goals, measures and parameters and the form of performance reports shall be approved by the NERC President and shall be made public. WECC shall provide data, information and reports to NERC, in accordance with established schedules, to enable NERC to calculate WECC's performance to the agreed-upon goals, measures and parameters.

(ii) NERC shall use the performance goals, measures and parameters, and performance reports to evaluate WECC's performance of its delegated functions and related activities and to provide advice and direction to WECC on performance improvements. The performance goals, measures and other parameters, and the values of such goals, measures and parameters, shall be reviewed by NERC, WECC and the other Regional Entities, revised if appropriate, and made public, on the same timeline as the annual business planning and budgeting process described in Section 9 of this Agreement.

(iii) At the request of the President of NERC, WECC shall be required to develop, submit for NERC approval, and implement action plans to address, areas of its performance that are reasonably determined by NERC, based on analysis of WECC's performance against the performance goals, measures and parameters, or performance of specific activities, to be unsatisfactory, *provided*, that prior to requiring WECC to adopt and implement an action plan or other remedial action, NERC shall issue a notice to WECC of the need and basis for an action plan or other remedial action and provide an opportunity for WECC to submit a written response contesting NERC's evaluation of WECC's performance and the need for an action plan. WECC may request that the President of NERC reconsider the request, and thereafter may request that the NERC Board of Trustees review and reconsider the request. NERC and WECC shall work collaboratively as needed in the development and implementation of WECC's action plan. A final action plan submitted by WECC to NERC shall be made public unless the President of NERC makes a written determination that the action plan or specific portions of the plan should be maintained as non-public.

(b) NERC shall make available to WECC standardized training and education programs, which shall be designed taking into account input from WECC and other Regional

Entities, for WECC personnel on topics relating to the delegated functions and related activities.

(c) (i) NERC may issue directives to WECC concerning the manner in which WECC shall perform its delegated functions and related activities under this Agreement. The NERC Rules of Procedure, or any other ERO Rule requiring approval of the Commission, shall not be considered “directives.” NERC shall initiate the development of a directive through a collaborative process with WECC and, if applicable, other Regional Entities to which the directive will apply. Any directive developed through the collaborative process shall be approved by, and issued under the signature of, the NERC President.

(ii) If after a period of time that is reasonable under the circumstances, NERC and WECC and, if applicable, other Regional Entities, are unable to reach agreement on the contents of the directive, NERC may issue the directive with the approval of and under the signature of the NERC President.

(iii) Upon issuance of a directive by the NERC President, it shall be binding upon, and shall be complied with by, WECC, subject to reasonable time periods for adoption, implementation, and funding of any necessary resources. Upon request by WECC, the NERC Board of Trustees (or a committee of the Board to which the Board delegates appropriate authority) shall review and shall confirm, revise or revoke any directive that was issued by the NERC President without WECC’s agreement, *provided*, that WECC shall request such review within thirty (30) days following issuance of the directive by the NERC President unless good cause can be shown for a later request.

(iv) NERC and WECC and, if applicable, other Regional Entities, shall collaborate in deciding whether a directive (whether issued pursuant to paragraph (ii) or paragraph (iii)) shall be made public. If no agreement is reached by the date of issuance as to whether the directive shall be made public, the NERC President shall decide whether the directive will be made public, *provided*, that it is the intent of the Parties that the NERC President shall apply a presumption that directives should be made public, unless the NERC President makes a written determination stating a specific reason for maintaining a particular directive as non-public.

(d) In addition to the issuance of directives pursuant to subsection (c), the NERC Board of Trustees (or a Board committee to which the Board has delegated authority) may issue guidance or directions as to the manner in which WECC, and, if applicable, other Regional Entities, shall

perform delegated functions and related activities. The NERC Board of Trustees or Board committee shall also establish reasonable time periods for the implementation of any such guidance or directions, taking into account the impact on the reliability of the Bulk-Power System and the need for funding of additional resources. Any such guidance or directions shall be stated in writing and shall be public, unless the NERC Board of Trustees or Board committee makes a written determination stating a specific reason for maintaining particular guidance or directions as non-public. WECC, either individually or in conjunction with other Regional Entities, may request that the NERC Board of Trustees or Board committee reconsider or revise the guidance or direction.

(e) NERC shall conduct collaborative reviews with WECC, either individually or in conjunction with one or more other Regional Entities, that provide for the exchange of information on practices, experiences, and lessons learned in the implementation of the delegated functions.

(f) NERC shall perform reviews and audits of WECC on a reasonable periodicity to assess WECC's performance of its Delegated Authority and determine WECC's compliance with this Agreement, any policies or procedures established by NERC (and provided to WECC) or the ERO Enterprise, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8(c) and to monitor the implementation of guidance and directions issued by the NERC Board of Trustees pursuant to Section 8(d). All such periodic reviews and audits shall comply with the NERC Rules of Procedure and Commission directives and, to the greatest extent practicable, shall not be duplicative of other NERC oversight activities. These reviews and audits may be performed by NERC's Internal Audit department, any other NERC function, or a third party.

(g) The Commission and the Commission staff shall have full access to action plans and remedial actions, directives, directions and guidance, and audits and reviews issued or conducted pursuant to subsections (a)(iii), (c)(iv), (d), and (f), respectively, that are maintained as non-public.

## 9. **Funding.**

WECC and NERC shall ensure, subject to Commission approval in accordance with the ERO Regulations, that the delegated functions and related activities described in Sections 5, 6 and

7 and listed in **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) WECC shall develop, through a collaborative process with NERC, and propose, an annual business plan and budget, in accordance with ERO Regulations, Commission orders and NERC business planning and budgeting policies and instructions. WECC's proposed business plan and budget shall describe the activities necessary for, and provide a budget with adequate resources for, WECC to carry out its Delegated Authority under this Agreement, including the functions and activities described in Sections 5, 6 and 7 and listed in **Exhibit E**. WECC's business plan and budget shall show the funding sources and amounts to fund the proposed budget, including as applicable assessments to end users, penalty monies, and other sources of funds.

(b) WECC and NERC agree that the portion of WECC's approved budget for the functions and activities described in Sections 5, 6 and 7 and listed in **Exhibit E** that is to be funded by assessments, will be equitably allocated among end users within the geographic boundaries described in **Exhibit A** and recovered through a formula based on Net Energy for Load, or through such other formula ~~as is proposed by WECC and~~ approved by NERC and the Commission. ~~If WECC proposes to use a formula other than Net Energy for Load beginning in the following year, WECC shall submit the proposed formula to NERC in sufficient time that NERC may review and approve the proposed formula and file it with the Commission by May 15 for approval, and the proposed formula shall be effective for the following year if approved by the Commission on or before the date the Commission approves the annual business plan and budget submitted by NERC and WECC to the Commission pursuant to the ERO Regulations for such year.~~

(c) NERC shall determine that the assessments to fund the costs for its statutory functions in its Commission-approved budget are first allocated fairly among the Interconnections and regions according to the applicability of this work to those Interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a Net Energy for Load basis will be presumed to satisfy this equity requirement.

(d) NERC shall provide WECC with the form or forms for business plan and budget submittal, and any accompanying instructions, in accordance with the schedule for preparation of the business plan and budget developed by NERC and the Regional Entities.

(e) WECC shall submit its proposed annual business plan and budget for carrying out

its Delegated Authority functions and related activities described in Sections 5, 6 and 7 and listed in **Exhibit E**, as well as for all other activities of WECC, to NERC for review and approval in accordance with the annual schedule for the preparation of business plans and budgets, which shall be developed collaboratively by NERC and the Regional Entities, as more fully described in **Exhibit E**.

(f) NERC shall fund WECC's performance of its Delegated Authority and related activities in accordance with WECC's Commission- approved business plan and budget, in the amount of WECC's assessments to end users approved by the Commission. **Exhibit E** sets forth the procedures and timing for billing and collecting WECC's approved assessments from end users and other entities and payment of the approved assessment amount to WECC, unless otherwise modified and approved by NERC and the Commission. NERC shall not impose any material obligation or requirement regarding the Delegated Authority upon WECC that has not been provided for in an approved business plan and budget or an approved amended or supplemental business plan and budget, without WECC's consent.

(g) NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC and WECC fiscal year budget with the actual results at the NERC and Regional Entity levels. WECC shall follow NERC's prescribed system of accounts except to the extent that NERC permits a departure from the prescribed system of accounts. NERC shall make an informational filing with the Commission describing any such waiver it permits and providing an explanation supporting the permitted departure.

(h) WECC shall submit unaudited quarterly interim financial statements in a form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) WECC shall submit audited financial statements annually, including supporting materials, in a form provided by NERC, by no later than the date reasonably required and designated in writing by NERC to enable NERC to assemble and file the required annual budget to actual true up filing with the Commission.

(j) **Exhibit E** to this Agreement sets forth the mechanism through which WECC shall

offset penalty monies it receives against its next year's annual budget for carrying out functions under this Agreement. ~~Provided, that, s~~Subject to approval by NERC and the Commission, WECC may propose and implement an alternative use of penalty monies to that set forth in **Exhibit E**.

#### **10. Assignment.**

This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. WECC may not delegate in whole or in part its Delegated Authority to any other entity without NERC's express consent; provided, however, that nothing in this provision shall prohibit WECC from contracting with other entities to assist it in carrying out its Delegated Authority, provided WECC retains control and responsibility for such Delegated Authority.

#### **11. Default and Cure.**

Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the "Default Notice"). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; *provided however*, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided in this Section 11, or if a Breach is not capable of being cured within the period provided for herein, the non-breaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 18 of this Agreement to resolve a dispute as to whether a Breach has occurred or been cured. The provisions of this Section 11 will survive termination of this Agreement.



## 12. **Term and Termination.**

(a) This Agreement shall become effective on January 1, 202~~6~~<sup>1</sup> (the “Effective Date”).

(b) The term of this Agreement shall be five (5) years from the Effective Date (“Term”), prior to which time NERC shall conduct an audit pursuant to the audit requirements of the NERC Rules of Procedure to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. If WECC meets such requirements, this Agreement may be renewed for another five (5) year term with Commission approval. This Agreement may be renewed for successive additional five (5) year renewal terms, with Commission approval, provided that prior to the end of each renewal term, NERC shall conduct an audit pursuant to the audit requirements of the NERC Rules of Procedure to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. Provided, that either Party may terminate this Agreement by providing written notice to terminate no later than one year prior to the then effective expiration of the Term. In such event, this Agreement shall terminate upon the expiration of then effective Term, unless otherwise mutually agreed to by the Parties.

(c) In the event of the termination of this Agreement, the Parties shall work to provide for a transition of WECC’s Delegated Authority to NERC or to another eligible entity and to provide for the resolution of any wind-up costs associated with termination of this Agreement.

(d) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed to by WECC and NERC.

(e) Notwithstanding any termination of this Agreement, provisions contained in Amended and Restated WECC Regional Delegation Agreement

page 19 of 26

Limitation of Liability (Section 13), No Third-Party Beneficiaries (Section 14) and Confidentiality (Section 15) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

**13. Limitation of Liability.**

WECC and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and WECC shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the performance of WECC's or NERC's responsibilities under this Agreement or in conducting activities under the authority of Section 215 of the Act, except to the extent that WECC or NERC is found liable for gross negligence or intentional misconduct, in which case WECC or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

**14. No Third-Party Beneficiaries.**

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party, except as otherwise specifically provided herein and in Section 15(c).

**15. Confidentiality.**

(a) During the course of the Parties' performance under this Agreement, a Party may receive proprietary, business sensitive, or critical infrastructure information ("Confidential Information") necessary to fulfill its respective obligations in connection with this Agreement. The Parties agree that their mutual objective under this provision is to provide appropriate protection for Confidential Information, while maintaining the ability to conduct their respective business activities.

(b) No obligation of confidentiality shall apply to any information that the recipient: (i) already possesses without obligation of confidentiality; (ii) develops independently; or (iii) rightfully receives without any obligation of confidentiality from a third party.

(c) The Parties may transfer or exchange such Confidential Information with and between the other Regional Entities as third-party beneficiaries of the terms of this Agreement, provided the Parties and the other Regional Entities as third-party beneficiaries continue to maintain the confidentiality of such information.

(d) Except as set forth herein and within the NERC Rules of Procedure, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party or specified third-party beneficiary of this Agreement, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel. Unless prohibited from doing so under the NERC Rules of Procedure, the recipient shall provide the Party or specified third-party beneficiary of this Agreement that provided the Confidential Information with prompt notice of a request or requirement for disclosure of the Confidential Information in order to enable such issuing Party or specified third-party beneficiary of this Agreement to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or the issuing Party or specified third-party beneficiary of this Agreement waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In the event of any inconsistency or conflict between the provisions of this Section 15 and the provisions of Section 1500 of the NERC Rules of Procedure, the provisions of Section 1500 of the NERC Rules of Procedure shall control.

(e) Each Party shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein.

(f) This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement, nor does it prohibit permitted disclosures as set forth in the NERC Rules of Procedure.

**16. Amendment.**

Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

**17. Amendments to the NERC Rules of Procedure.**

NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations, or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed. To the extent WECC does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 18 and, if such effort fails to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules of Procedure. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of WECC under this Agreement, WECC shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by WECC to NERC and the Commission, or at such other time as may be mutually agreed to by WECC and NERC.

**18. Dispute Resolution.**

In the event a dispute arises under this Agreement between NERC and WECC (including disputes relating to NERC's performance of its obligations under this Agreement and/or disputes relating to WECC's performance of its obligations under this Agreement) which cannot be resolved through discussions between representatives of the Parties in the normal course of operations, the Parties shall use the following procedures ("Dispute Resolution") to attempt to resolve the dispute. WECC shall not suspend performance of any delegated function, and the Parties shall continue to make reasonable, good faith efforts to comply with their obligations under this Agreement, during the pendency of Dispute Resolution. All notices required to be sent pursuant to this Dispute Resolution procedure shall be sent in accordance with Section 19 of this

Agreement. This Dispute Resolution procedure is separate from and in addition to all other processes provided for in this Agreement.

(a) The Party invoking Dispute Resolution shall send a notice to the other Party describing the dispute, stating the invoking Party's position with respect to the dispute, stating that the Party is invoking Dispute Resolution, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the invoking Party.

(b) Within three (3) business days after receipt of the notice invoking Dispute Resolution, the receiving Party shall send a notice to the invoking Party acknowledging receipt of the notice invoking Dispute Resolution, stating the receiving Party's position with respect to the dispute, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the receiving Party.

(c) During the period commencing three (3) business days and ending twenty (20) business days after the date of the receiving Party's notice, the designated representatives shall engage in good faith negotiations to attempt to resolve the dispute, provided, that the designated representatives may agree prior to the end of such twenty (20) business day period that the process should move to the next step of Dispute Resolution.

(d) If the designated representatives are unable to arrive at a resolution of the dispute by the end of the time period described in subsection (c), they shall notify the chief executive officers of their respective Parties. The chief executive officers of the Parties shall thereafter engage in good faith negotiations to attempt to resolve the dispute during the period of twenty (20) business days immediately following the time period described in subsection (c), provided, that the chief executive officers may agree prior to the end of such twenty (20) business day period that negotiations are at impasse and the process may move to the next step as described in subsection (f). Upon mutual agreement of the Parties, the twenty (20) business day period may be extended to pursue ongoing good faith negotiations.

(e) If a resolution of the dispute is achieved by the Parties, it shall be memorialized in a writing that is acceptable in form and substance to each Party and is signed by the designated representative or chief executive officer on behalf of each Party.

(f) If the Parties are unable to resolve the dispute pursuant to the process described in subsections (a) through (e), then either Party may invoke any other available dispute resolution mechanism, including, without limitation, filing a complaint or petition with the Commission requesting resolution of the dispute by the Commission, or filing a complaint for relief in a court having jurisdiction over Parties and the subject matter of the dispute in accordance with Section 20. Provided, however, that: (i) it is the intent of the Parties that unresolved disputes shall be presented to and resolved by the Commission if the Commission has and accepts jurisdiction over the subject matter of the dispute, (ii) the Parties may, by mutual agreement, attempt to resolve the dispute through arbitration, mediation, or other process involving resort to an impartial neutral, and (iii) it is the intent of the Parties that resolution of disputes through Commission proceedings, arbitration, mediation, or other use of an impartial neutral, is preferred over resort to judicial proceedings.

(g) This Section 18 shall not apply to compliance enforcement actions against individual Registered Entities.

#### **19. Notice.**

All notices, demands, requests, and other communications required, permitted by, or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand, email or overnight courier:

If to NERC:

North American Electric Reliability  
Corporation  
~~1325~~~~G~~1410 H Street NW, Suite ~~600~~410  
Washington, DC 20005  
Attn: General Counsel  
Email: legal@nerc.net

If to WECC:

Western Electricity Coordinating Council  
155 North 400 West,  
Suite 200  
Salt Lake City, Utah 84103  
Attn: General Counsel  
Email: ~~sgoodwill~~jdroubay@wecc.org~~biz~~

#### **20. Governing Law.**

When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of ~~Georgia~~Delaware without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or

primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal court of competent jurisdiction in ~~Georgia~~Delaware. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in ~~Georgia~~Delaware for the purpose of hearing and determining any action not heard and determined by the Commission.

**21. Headings.**

The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.

**19. Savings Clause.**

Nothing in this Agreement shall be construed to preempt or limit any authority that WECC may have to adopt reliability requirements or take other actions to maintain reliability of the Bulk-Power System within the geographic boundaries described in **Exhibit A** that are outside the Delegated Authority, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.

**22. Entire Agreement.**

This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

**23. Execution of Counterparts.**

This Agreement may be executed in counterparts and each shall have the same force and effect as the original.

**NOW THEREFORE**, the parties have caused this Agreement to be executed by its duly authorized representatives, effective as of the Effective Date.

**NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION**

**WESTERN ELECTRICITY  
COORDINATING COUNCIL**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



### **Exhibit A — Regional Boundaries**

WECC's physical boundaries coincide with the boundaries of the Western Interconnection. The Western Interconnection consists of the synchronously operated electric transmission grid in the western part of North America, which includes parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington and the Canadian Provinces of British Columbia and Alberta. The WECC region encompasses approximately 1.8 million square miles.

WECC's northern border runs along the northern border of British Columbia and Alberta. The western border extends along the western coast of North America from British Columbia into northern Baja California, Mexico. The southern border traverses northern Baja and extends along the southern United States border to Texas. The eastern border bisects North America from Alberta, Canada through the states of Montana, South Dakota, Wyoming, Nebraska, Texas and New Mexico to the southern United States border.

## **Exhibit B — Governance**

**The Regional Entity bylaws shall meet the following criteria:**

**CRITERION 1:** The Regional Entity shall be governed by an independent board or a hybrid board consisting of a combination independent and balanced stakeholder board members.

**CRITERION 2:** The Regional Entity has established rules that assure its independence from the users and owners and operators of the bulk power system, while assuring fair stakeholder representation in the selection of its directors. Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 699, 700.)

**CRITERION 3:** If the Regional Entity has members, the Regional Entity has established rules that assure that its membership is open, that it charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, and that membership is not a condition for participating in the development of or voting on proposed Regional Reliability Standards. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 170-173.)

**CRITERION 4:** The Regional Entity has established rules that assure balance in its decision-making committees and subordinate organizational structures and assure no two industry sectors can control any action and no one industry sector can veto any action. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶ 728.)

**CRITERION 5:** The Regional Entity has established rules that provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties. (Federal Power Act § 215(c)(2)(D) and (e)(4), 18 C.F.R. § 39.8(c)(2).)

**Exhibit C [Intentionally left blank]**

Amended and Restated WECC Regional Delegation Agreement  
Exhibit C

## **Exhibit D — Compliance Monitoring and Enforcement Program**

### **1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM**

WECC will implement the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure (which for purposes of this section 1.0 shall not include Attachment 2, Hearing Procedures), to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within WECC's geographic or electrical boundaries, and such other scope, set forth in **Exhibit A** of this Agreement.

### **2.0 REGIONAL HEARING OF COMPLIANCE MATTERS**

WECC has adopted the Consolidated Hearing Process consistent with Rules of Procedure 403.1~~45~~.B. to conduct hearings and issue decisions concerning disputed compliance matters in accordance with Attachment 2, Hearing Procedures, of Appendix 4C.

However, consistent with the Rules of Procedure and WECC's bylaws, WECC may modify its selection of hearing process by notifying NERC six months prior to the decision becoming effective. WECC, to the extent required in the Rules of Procedure, shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be either WECC's board, a committee of the board, a balanced compliance panel reporting directly to WECC's board or an independent hearing panel.

To the extent required in the Rules of Procedure, WECC shall conduct all compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, proposed Mitigation Plan, or a proposed Remedial Action Directive, in accordance with Attachment 2, Hearing Procedures, to the NERC Compliance Monitoring and Enforcement Program, subject to the following deviations, if any: None.

### **3.0 OTHER DECISION-MAKING BODIES**

None.

## **Exhibit E — Funding**

### **1. Scope of Activities Funded through the ERO Funding Mechanism**

WECC shall include in its annual budget submission to NERC amounts for costs it will incur in performing its delegated functions and related activities as described in Sections 5, 6 and 7 of the Agreement. These activities shall include:

- Reliability Standard Development
- Compliance Monitoring and Enforcement  
This category includes activities under the WECC Reliability Management System
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis (including necessary data gathering activities)  
This category includes the WECC Transmission Expansion Planning Program, Loads and Resources Activities, and all necessary supporting activities
- Event Analysis and Reliability Improvement
- Training and Education  
This category includes WECC's Training Programs
- Situation Awareness
- Infrastructure Security

### **2. Preparation of Annual Business Plan and Budget**

(a) NERC and WECC, in conjunction with the other Regional Entities, shall collaboratively develop an annual schedule for the development, submission, review and approval of WECC's business plan and budget. The annual schedule for the preparation of business plans and budgets shall require WECC (i) to submit to NERC draft(s) of WECC's proposed business plan and budget and other preliminary documents and information, and (ii) to submit a final proposed business plan and budget that has been approved by the WECC Board of Directors to NERC by July 1 or such other agreed date as provides sufficient time for NERC's review, approval and submission of WECC's business plan and budget to the Commission 130 days in advance of the beginning of each fiscal year. The WECC business plan and budget submission shall include supporting materials, including WECC's complete business plan and organization chart, explaining the proposed collection of all assessments, dues, fees and charges, and the proposed expenditure of the funds to be collected in sufficient detail to justify the requested budgeted expenditures and assessments. WECC's business plan and budget and proposed assessments shall provide for reasonable reserve mechanisms for

unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(b) NERC shall review and approve WECC's proposed business plan and budget and proposed assessments for performing the delegated functions and related activities described in Sections 5, 6 and 7 of this Agreement and listed above in Section 1 of this **Exhibit E**, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved business plan and budget and proposed assessments to the Commission for approval as part of NERC's overall business plan and budget submission, in accordance with the ERO Regulations.

### 3. Allocation of Costs

Assessments to fund the costs of WECC's delegated functions and related activities pursuant to the Agreement shall be allocated among all load-serving entities on the basis of Net Energy for Load, unless a different method(s) of allocating and calculating such assessments has been submitted to and approved by NERC and the Commission in accordance with Section 9(b) of the Agreement. WECC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities or designees within its geographic boundaries that shall be responsible for paying WECC's assessment and the load-serving entities' proportionate Net Energy for Load, and such other data and information as is necessary to allocate and calculate the allocation of WECC's assessment to the load-serving entities or designees under the method(s) of allocation and calculation that will be used.

Entities on the list of LSEs or Balancing Authorities will be responsible for collection and/or payment of charges through the mechanism described in either Option 1 or 2 below. Each Balancing Authority will inform WECC by June 1st of each year of its choice of Option 1 or 2, and will give WECC at least 90 days' notice of its intention to change from one option to the other.

a. **OPTION 1** -- The Balancing Authority will provide WECC a list of all LSEs located within its area, including each LSE's name, contact information, and Net Energy for Load. This information will be updated annually and provided to WECC no later than June 1st of each year. WECC will use this list to bill each LSE for all costs on an annual basis.

b. **OPTION 2** -- WECC will bill the Balancing Authority for all costs on an annual basis. The Balancing Authority will be responsible for equitably allocating WECC costs among the LSEs in its area (if applicable) on the basis of Net Energy for Load, collecting the funds, and ensuring that WECC receives full payment on an annual basis.

### 4. Collection of Funding

(a) NERC and WECC agree that WECC shall act as the billing and collection agent on behalf of NERC to bill and collect the NERC, WECC, and WIRAB assessments from load-serving entities and designees (or such other entities as agreed by NERC and WECC). WECC

agrees that it shall (i) issue all invoices to each load-serving entity or Balancing Authority (depending on the Balancing Authority's choice of Option 1 or 2 above) in a prompt and timely manner after receipt from NERC of the information needed to issue the invoices, but no later than November 15<sup>th</sup> of each year; and (ii) exercise commercially reasonable efforts to collect invoices that are not paid as of the due date(s). WECC shall, and (iii) transfer all the portion of funds collected constituting NERC statutory funding to NERC in a timely manner, as follows: Once per week until all billings are collected, WECC will electronically transfer to NERC, in immediately available funds, all payments received by WECC from load-serving entities or other entities for payment of the NERC, WECC, and WIRAB assessments billed on the annual invoices. WECC shall transfer the portion of funds collected constituting WIRAB statutory funding to WIRAB as mutually agreed to by WECC and WIRAB. In the event that (1) a payment received is less than the total amount billed for the NERC, WECC, and WIRAB assessments; and (2) WECC does not know and, after due inquiry with the entity submitting the underpayment and consultation with NERC, is unable to determine which invoiced item accounts for the shortfall, WECC shall be permitted to prorate the shortfall among all assessments received from that entity. On the same day that WECC makes each electronic transfer of funds to NERC, WECC shall send an e-mail to the Chief Financial Officer or Controller of NERC detailing the collections being transmitted, including a listing of the load-serving entities or other entities from which payments were collected and the amount collected from each entity and the breakdown of the total payments collected among NERC statutory funding, WECC statutory funding, and WIRAB statutory funding.

WECC agrees that it shall not in any way use its position as billing and collection agent for NERC to attempt to influence NERC's policies or decisions on matters relating to adoption of Reliability Standards (including Regional Reliability Standards and Regional Variances), administration of the compliance monitoring and enforcement program and other compliance and enforcement matters, determination and imposition of penalties and sanctions, budgeting matters including review and approval of WECC's budgets and business plans, or any other NERC decisions, including by issuing invoices, engaging in collection activities or transferring funds collected to NERC in an untimely manner or other than in accordance with this Agreement. To the extent WECC uses another entity as collection agent, it will incorporate these safeguards in the arrangements with the collection agent.

~~Within three (3) business days following receipt of an electronic transfer of collected assessments from WECC in accordance with Section 4(a) of this Exhibit E, NERC will electronically transfer (i) to WECC, in immediately available funds, the portion of the payment received from WECC constituting WECC statutory funding, and (ii) to WIRAB, in immediately available funds, the portion of the payment received from WECC constituting WIRAB statutory funding.~~

(e)(b) NERC shall pursue any non-payments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding and shall request assistance from Applicable Governmental Authorities as necessary to secure collection. To the extent reasonably practicable, WECC shall assist NERC in pursuing and collecting any non-payments. Notwithstanding the foregoing, WECC is not responsible and does not assume any liability

for recovering non-payments or underpayments of assessment amounts. NERC shall retain sole responsibility for recovering non-payments or underpayments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding. NERC shall add the amount of any non-payments by end-users or designees within WECC's region, that are reasonably determined to be uncollectible, to NERC's assessments for a subsequent year with the amount of such non-payments to be allocated to end-users within WECC's region.

#### 5. Application of Penalties

Except as otherwise approved by the Commission, all penalty monies received by WECC, other than penalty monies received from an operational function or division or affiliated entity of WECC, shall be applied as a general offset to WECC's budget requirements for U.S.-related activities under this Agreement for a subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Except as otherwise approved by the Commission, any penalty monies received from an operational function or division or affiliated entity of WECC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

#### 6. Budget and Funding for WECC's Non-Statutory Activities

In addition to its delegated functions and related activities, as specified in Sections 5, 6 and 7 of the Agreement and in Section 1 of this **Exhibit E** (such delegated functions and activities referred to in this Section 6 as "statutory activities"), WECC performs the following other functions and activities (such other functions and activities being referred to in this Section 6 as "non-statutory activities"): Western Renewable Generation Information System ("WREGIS").

WECC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory functions: WECC utilizes a fund accounting system with capabilities to segregate receipts and expenses based on function or activity. WECC has segregated non-statutory activities by assigning a separate fund code to those receipts and expenses. All expenditures or receipts that are entered into WECC's accounting system must include a fund code identifying whether the transaction is related to statutory or non-statutory activities.

General and administrative costs are allocated to non-statutory activities based on an FTE ratio that is consistent with NERC's accounting methodology for allocation of overhead to statutory activities. For these reasons, time records are not necessary for WECC to properly allocate costs between statutory and non-statutory activities.

WECC shall provide its budget for such non-statutory activities to NERC at the same time that WECC submits its proposed annual business plan and budget for statutory activities to NERC pursuant to Section 9 of the Agreement. WECC's budget for non-statutory activities



that is provided to NERC shall contain a detailed list of WECC's non-statutory activities and a description of the funding sources for the non-statutory activities. WECC agrees that no costs (which shall include a reasonable allocation of WECC's general and administrative costs) of non-statutory activities are to be included in the calculation of WECC's assessments, dues, fees, and other charges for its statutory activities.

7. Amended or Supplemental Business Plans and Budgets

During the course of the fiscal year, if WECC determines it does not or will not have sufficient funds to carry out its delegated functions and related activities, WECC shall submit to NERC one or more proposed amended or supplemental business plans and budgets and requests for approval of supplemental assessments, reflecting costs, cost increases or funding shortfalls not provided for in WECC's approved business plan and budget for the fiscal year. NERC shall review and approve the proposed amended or supplemental business plan and budget and proposed supplemental assessment, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved amended or supplemental business plan and budget and proposed supplemental assessment to the Commission for approval.

8. NERC Review of Regional Entity Financial Records

Upon a request made to WECC with reasonable notice, NERC shall have access to and may review all financial records of WECC, including records used to prepare WECC's financial statements. NERC shall conduct reviews of the quarterly and annual financial statements submitted by WECC pursuant to Section 9(h) and (i) of the Agreement. WECC shall provide supporting documentation for the quarterly and annual financial statements as reasonably requested by NERC.

<Public>



# Reliability and Security Oversight Update

**Steven Noess**

*Vice President, Reliability and Security Oversight*

**Electric Reliability  
& Security for the West**

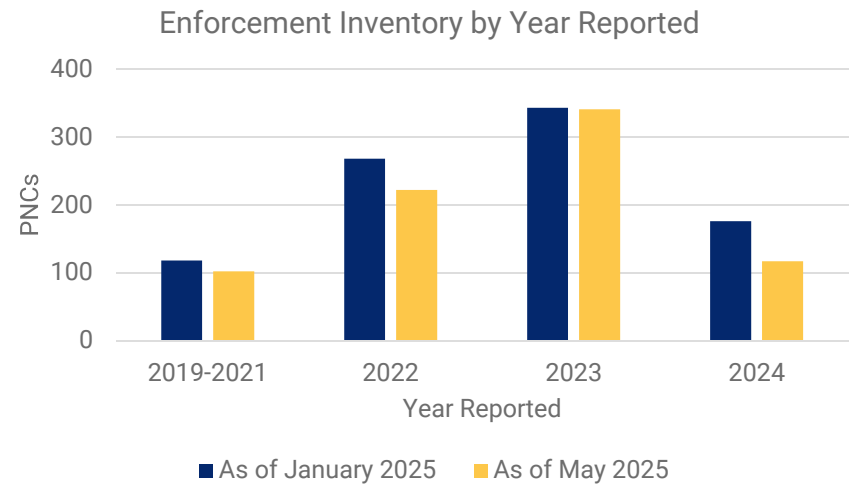
June 11, 2025

&lt;Public&gt;



## Trends Update

- [Q2 update now available](#)
- Observations—
  - Increasing self-reports from low inherent risk entities
  - Enforcement processing of new PNCs



<Public>



## Reliability & Security Workshop

---

- March 25–27 in Tempe, Arizona
- Highlights:
  - WECC and NERC program updates
  - Internal compliance programs and internal controls recommendations
  - Audit preparation recommendations
  - Presentations by entities
- Next workshop: October 14–15 in San Diego, California

&lt;Public&gt;



## Inverter-Based Resources

- Category 2 GO/GOP registration
- FERC Order 901 Milestone 2
  - 3 standards approved by FERC
  - 2 standards filed pending approval
- FERC Order 901 Milestone 3
  - 3 projects in progress
  - Due to FERC November 2025
- Project 2024-01

### IBR Work Plan Milestones

#### ✓ Phase 1: May 2023-May 2024

- Revise registration-related sections of ROP
- Seek NERC Board and FERC approval
- Begin outreach and education with Category 2 GO and GOP candidates

#### ✓ Phase 2: May 2024-May 2025

- Identify registration candidates
- Continue outreach and education.
- Develop approach to establish applicable standards

#### Phase 3: May 2025-May 2026

- Complete registration activities for Category 2 GO and GOP candidates, including technology updates, training, and onboarding
- Notify entities of registration and compliance responsibilities

<Public>



## Cold Weather Preparedness

---

- EOP-012-3
- Abeyance
- Monitoring
- Outreach
  - [Cold Weather Readiness Assessment](#)

&lt;Public&gt;



## Self-Certification

- February 2025—Reliability Risk Priorities (RRP)
  - 283 entities
  - 2,446 total requirements
  - Follow-up RFIs underway
- Quarterly—New IBR owners and operators

RRP	Standards	Functions
Extreme weather	BAL-002-WECC EOP-011	BA, RSG BA, TOP
Impact of IBRs	FAC-002 PRC-019 PRC-024	GO, PC, TP GO, TO GO
Planning coordination	FAC-001 MOD-033	GO, TO PC
Modeling quality	CIP-002 MOD-027	GO, GOP GO



[WWW.WECC.ORG](http://WWW.WECC.ORG) | (801) 582-0353



155 N 400 W, Salt Lake City, UT 84103, USA



<Public>



---

**Member Advisory Committee  
Report to the WECC Board of Directors**

Brian Theaker, Chair

June 11, 2025

&lt;Public&gt;

## Highlights

- MAC unanimously approves Nominating Committee recommendation on Board Compensation for 2026
- MAC unanimously approves MAC Budget Subcommittee recommendation on proposed 2026 Business Plan and Budget (BP&B)
- MAC Feedback on proposed Bylaw revisions from Section 4.9 review

## Purpose

The Member Advisory Committee (MAC) advises the Board of Directors (Board) on any matters the Board requests the committee to evaluate or consider, and advises the Board on policy, business planning, and budgetary matters as the committee deems appropriate. Per Section 6.4.4 of the WECC Bylaws, the MAC sets the annual compensation for the Board of Directors. The MAC Budget Subcommittee (MBS) also reviews and develops a recommendation on the BP&B proposed for the following year; the MAC acts on that recommendation.

## WECC Board Action Items

The MAC has no items for Board action at this meeting.

## Current Year Goals

- Accomplish the bylaw-directed MAC responsibilities related to the Nominating Committee (NC) and MBS.
- Advise the Board on the Section 4.9 Review.
- Review WECC and other industry reports and analyses and, as appropriate, share the MAC's perspective on those reports and analyses with the Board.

## Major Accomplishments and Planned Activities

### 1. Board Compensation.

On May 14, 2025, the MAC unanimously approved the NC's recommendation for Board compensation for 2026. The recommendation (1) increases the annual Director retainer to \$115,373, and (2) makes no changes to Board and Board committee chair premia.

MAC members serving on the Nominating Committee are Matt Weber, Class 1; Tim Kelley, Class 2; Duncan Brown, Class 3; Fred Heutte, Class 4; Grace Anderson, Class 5; and Yansong Leng, International.

### 2. Recommendation on the 2026 BP&B.

On May 14, 2025, the MAC unanimously approved the MBS recommendation to adopt the proposed 2026 BP&B.

The proposed BP&B:



&lt;Public&gt;

- Adds two Full-Time Equivalents (FTE) in Compliance Monitoring and Enforcement and one FTE in Reliability Assessment and Performance Analysis.
- Increases expenditures by 2.2% to \$40.0 million. Staff worked with the MBS to identify, consider, and adopt cost-containment measures that mitigated spending increases but also ensured WECC was appropriately funded to achieve its reliability mission.
- Increases assessments by 8% to \$35.7 million. Again, staff worked with the MBS to propose the use of reserves to mitigate increases to assessments while maintaining reserves within Board-approved levels.

The MBS appreciates staff's responsive engagement. The MBS finds that the 2026 BP&B appropriately funds WECC while mitigating cost and assessment increases.

MAC members serving on the MAC Budget Subcommittee are Shaun Foster, Class 1; Dale Dunckel, Class 2 (Chair); Brian Theaker, Class 3; Sophie Hayes, Class 4; Grace Anderson, Class 5; and Evan Valeriote, International.

**3. Review of and feedback on the proposed Bylaw revisions.**

At its June 10 meeting, the MAC will discuss the proposed Bylaw revisions stemming from the Section 4.9 review. The MAC will provide written feedback on these proposed revisions to WECC and the Board.

**4. Upcoming:**

- MAC Elections.** The MAC will hold membership and leadership elections in September.
- December Workshop.** The MAC will begin to scope the topic and arrangements for its traditional December workshop. Last year's workshop focused on the initial set of proposed Bylaw revisions.



<Public>



# Member Advisory Committee (MAC) Report

**Brian Theaker**

*MAC Chair*

**Electric Reliability  
& Security for the West**

June 11, 2025

&lt;Public&gt;



## Nominating Committee

---

- On April 11, 2025, the Nominating Committee conveyed its recommendation on 2026 Board Compensation to the MAC
  - Annual Director retainer increased 7.3% from \$107,500 to \$115,373
  - No changes to chair premia
- On May 14, 2025, the MAC unanimously approved that recommendation
- MAC NC representatives:
  - Class 1—Matt Weber
  - Class 2—Tim Kelley
  - Class 3—Duncan Brown
  - Class 4—Fred Heutte
  - Class 5—Grace Anderson
  - International—Yansong Leng

&lt;Public&gt;



## MAC Budget Subcommittee (MBS)

---

- On May 1, 2025, the MBS posted its recommendation on the proposed 2026 BP&B
  - Budget expenditures increased 2.2% to \$40.0 million
  - Assessments increased 8% to \$35.7 million
    - Assessment increase mitigated by use of reserves while maintaining Board-approved reserve levels
  - The MBS found that the proposed BP&B reflected (1) funding levels needed for WECC to achieve its reliability mission and (2) thoughtful and reasonable cost-containment measures
- On May 14, 2025, the MAC unanimously approved that recommendation
- MBS representatives:
  - Class 1—Shaun Foster
  - Class 2—Dale Dunckel, Chair
  - Class 3—Brian Theaker
  - Class 4—Sophie Hayes
  - Class 5—Grace Anderson
  - International—Evan Valeriotte

<Public>



## Other MAC Activities

---

- 4.9 Review—Chris Parker
  - MAC will develop written comments to submit to WECC
- MAC Leadership Committee to develop recommendation for MAC leadership for '25–'26
- Upcoming:
  - MAC Elections
  - December Workshop



[WWW.WECC.ORG](http://WWW.WECC.ORG) | (801) 582-0353



155 N 400 W, Salt Lake City, UT 84103, USA





## WIRAB Advice on the WECC 2026 Business Plan and Budget

May 16, 2025

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

**Mary Throne**  
Chair

**Lea Márquez Peterson**  
Vice Chair

**Laura Rennick**  
Executive Director

### Introduction:

The Western Interconnection Regional Advisory Body (WIRAB) appreciates the opportunity to provide advice on WECC's proposed 2026 Business Plan and Budget (BP&B). Established by the Federal Energy Regulatory Commission (FERC) at the request of Western Governors under Section 215(j) of the Federal Power Act, WIRAB's mandate includes 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 2026 BP&B outlines a \$40.1 million statutory budget—a 2.1 percent increase over 2025. It is designed to ensure the organization is equipped to fulfill its mission of managing emerging reliability and security risks in the Western Interconnection and to carry out activities delegated to it from NERC. This proposed budget aligns with the projections made in 2023 that were included in WECC's 2024 BP&B and supports the organization's ongoing focus on proactive risk identification and mitigation.

The proposed statutory assessment for Load Serving Entities (LSEs) is \$35.7 million, representing a \$2.6 million (8.0 percent) increase over 2025. This equates to approximately 0.00379 cents per kWh and will ultimately be borne by electricity consumers in the Western Interconnection. While the budget increase contributes to the higher assessment, WECC is limiting the burden on LSEs by using approximately \$2.5 million in Working Capital Reserves to offset assessments. Additionally, WECC collected \$41,745 in penalty dollars which will be used to offset assessments in 2026.

WIRAB commends WECC for adjusting its early Draft 2026 Business Plan and Budget shared in March 2025 in response to feedback from the Member Advisory Committee (MAC) and other stakeholders. WECC's revisions demonstrate a strong commitment to balancing cost-consciousness with the need to adequately resource the organization to fulfill its critical reliability mission. WIRAB believes that the modest budget adjustments preserve key strategic investments while reducing the assessment increase to LSEs from what was initially proposed.

Key drivers behind the statutory budget increase, as outlined in WECC's budget, include:

- (1) **Personnel Expenses:** A \$1.5 million increase driven by the addition of 3.0 new Full-Time Equivalents (FTEs), merit and equity pools, and adjustments to taxes and benefits.

WIRAB Advice on the WECC 2026 Business Plan and Budget  
May 16, 2025

- (2) **Meetings & Travel Costs:** A \$137,000 decrease reflecting decreased travel costs and in-person meetings being hosted primarily in WECC's Salt Lake City offices.
- (3) **Consulting Expenses:** A \$349,000 reduction, largely due to enforcement contract labor and reduced use of Peak Donation Funds for the WestTEC initiative.
- (4) **Indirect Costs Allocation:** A \$290,000 decrease based on a smaller proportion of indirect costs being assigned to statutory programs.

WECC's statutory funding projections for 2026 include:

- (1) Statutory Assessments: \$35,700,000
- (2) Penalty Sanctions to be released: \$41,745
- (3) Workshop & Miscellaneous fees: \$757,500
- (4) Interest: \$1,000,000
- (5) Peak Donation Reserves: \$200,000
- (6) Working Capital Reserves: \$2,676,000

**Comments and Recommendations:**

WIRAB provides the following comments and recommendations regarding WECC's 2026 BP&B:

**1. WIRAB Supports Continued Use of Peak Reliability Donation Funds to Advance the WestTEC Initiative.**

WIRAB continues to support WECC's proposed allocation of \$200,000 in Peak Reliability Donation Funds in 2026 to advance the Western Power Pool's (WPP) Western Transmission Expansion Coalition (WestTEC) initiative.

In 2020, Peak Reliability donated approximately \$4.1 million in reserves to WECC upon ceasing its operations as a Reliability Coordinator. These funds were intended to support targeted projects that enhance reliability in the Western Interconnection beyond routine compliance with NERC standards. Following WIRAB's advice, WECC developed a strategic process to guide the use of these funds, including establishing priority themes and soliciting stakeholder input.

Since 2022, WECC has allocated Peak funds to projects that strengthen risk assessments and data capabilities—including \$400,000 in 2022, \$595,000 in 2023, \$500,000 in 2024, and \$1.5 million in 2025. A portion of the 2024 and 2025 funds has supported the WestTEC effort, with a total commitment of \$2.2 million planned over three years. For 2026, WECC intends to use \$200,000 to fund the final portion of the WestTEC effort. While this amount is included in the statutory budget, this \$200,000 allocation is fully self-funded and outside of WECC's statutory obligations and assessments. After 2026, approximately \$1.0 million will be left in the Peak Donation Fund to potentially allocate to future projects.

WestTEC is a collaborative, interconnection-wide transmission planning initiative aimed at delivering actionable infrastructure recommendations to meet future grid reliability needs. WIRAB believes that supporting this effort aligns with the original purpose of the Peak funds and will benefit the long-term reliability and resilience of the Western Interconnection.

WIRAB Advice on the WECC 2026 Business Plan and Budget  
May 16, 2025

WIRAB appreciates WECC's transparency in engaging stakeholders throughout the Peak Fund allocation process and encourages WECC to continue ensuring that WestTEC adheres to principles of transparency, independence, and inclusivity. WIRAB also recommends regular updates on the initiative's progress and encourages WECC to maintain strong coordination in WestTEC.

By continuing to support WestTEC, WECC can help advance a more reliable and forward-looking transmission system. WIRAB endorses the use of Peak Donation Funds for this effort and stands ready to provide further advice to ensure the initiative delivers value across the Western Interconnection.

## **2. WIRAB Supports Modest Expansion of the Compliance Monitoring and Enforcement Program (CMEP) to Meet Growing Needs.**

WIRAB supports WECC's proposal to expand its Compliance Monitoring and Enforcement Program (CMEP) by adding 2.0 Full-Time Equivalents (FTEs) in the 2026 budget. This targeted staffing increase is necessary to manage the growing volume and complexity of compliance activities, particularly those related to the rapid growth of inverter-based resources (IBRs).

The CMEP is essential to WECC's mission and delegated function of ensuring compliance with FERC-approved NERC Reliability Standards. With oversight of more than 400 registered owners, operators, and users of the Bulk Electric System (BES), the CMEP team plays a critical role in maintaining system reliability. Recent and upcoming changes to NERC Reliability Standards have led to an increase in new entity registrations, especially among entities operating IBRs. This has contributed to a higher compliance workload and a growing enforcement inventory.

To meet these demands, WECC proposes to add two new positions:

- One Registration Engineer to improve registration workflow efficiency and manage new IBR-related entities;
- One Risk Assessment Engineer to assist with oversight planning and risk-informed compliance strategies.

With these additions, CMEP staffing will rise to 79 FTEs—maintaining WECC's Registered Entity-to-Compliance Staff ratio with that of other Regional Entities at approximately 6:1.

The CMEP program area was the primary department to defer new FTE additions until 2027 from the budget shared in March 2025. This deferral may ultimately indicate that current staffing levels are sufficient to meet program goals and objectives. However, it may also demonstrate that additional personnel are necessary, and further staffing increases could be warranted in the 2027 Business Plan and Budget.

Over the past few years, WECC has made significant improvements in CMEP operations, including enhanced staff expertise in both Operations and Planning and Critical Infrastructure

WIRAB Advice on the WECC 2026 Business Plan and Budget  
May 16, 2025

Protection (CIP) standards. These improvements have contributed to more effective internal controls, increased proactive engagement with Registered Entities, and better risk-informed compliance assessments. These efforts have also contributed to a decline in penalty sanctions, suggesting greater industry adherence to standards and improved overall system reliability.

As grid complexity grows, particularly with the integration of IBRs and other emerging technologies, robust compliance oversight and proactive engagement becomes increasingly important. WECC's proposal reflects a forward-looking investment in risk mitigation and regulatory resilience. WIRAB supports this expansion as necessary to maintain a high standard of reliability oversight and to proactively manage emerging risks in the Western Interconnection.

**3. WIRAB Supports Additional RAPA Staffing Focused on Generator Readiness to Address Reliability Risks Posed by Extreme Weather.**

WIRAB supports WECC's proposal to add 1.0 FTE to the Reliability Assessment and Performance Analysis (RAPA) program area, with a focus on generator readiness. This addition reflects WECC's proactive approach to addressing emerging reliability risks posed by extreme weather events.

The RAPA team plays a critical role in conducting studies, assessments, and analyses to support the reliable planning and operation of the Bulk Electric System (BES) in the Western Interconnection. In collaboration with stakeholders, RAPA helps identify potential reliability risks and provides essential data and insights to support system planning and decision-making at both the regional and local levels.

The 2026 Business Plan and Budget includes funding for a new staff member with expertise in generator performance and weather readiness. This position will support WECC's effort to expand its generator readiness program and assist Generator Owners in complying with the newly effective Reliability Standard EOP-012-1, Extreme Cold Weather Preparedness and Operations. This standard requires Generator Owners to develop and implement plans to mitigate the impact of extreme cold weather on generating units. WECC's program is intended to help entities meet these requirements and reduce system risk by improving generator preparedness ahead of future extreme weather events.

Given the increasing frequency and severity of weather-related disruptions, WIRAB believes this staffing addition is well-justified and aligned with WECC's strategic focus on reliability risk mitigation. A dedicated resource in this area will enhance WECC's ability to support Generator Owners, strengthen system resilience, and improve readiness across the Western Interconnection.

**4. WIRAB Supports the Optimization of WECC's Most Critical Asset, its Employees, While Still Fulfilling its Critical Mission.**

WIRAB Advice on the WECC 2026 Business Plan and Budget  
May 16, 2025

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 81 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 the critical program areas CMEP and RAPA, WECC's other staffing needs are remaining flat with minor shifts in FTEs between various corporate services.

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 Proposed 2026 Statutory Assessment Increase that Fully Funds the Budget.**

WIRAB supports WECC's proposed 2026 Statutory Assessment of \$35.7 million—a \$2.6 million (8.0 percent) increase over 2025—as it appropriately funds WECC's operations and avoids artificially capping the organization's budget due to the lack of one-time penalty offsets. WECC is limiting the burden on LSEs by using approximately \$2.5 million in Working Capital Reserves to offset assessments. Additionally, WECC collected \$41,745 in penalty dollars which will be used to offset assessments in 2026.

While this increase may present a budgeting challenge for some LSEs, WIRAB believes WECC's approach—building its budget based on actual costs rather than artificially suppressing its budget to previous assessments—is both transparent and in the public interest. It is not prudent for WECC to rely on unpredictable penalty revenues to fund core reliability functions, nor to constrain its budget to unsustainably low assessments previously offset by one-time enforcement penalties.

WIRAB does caution, however, that continued reliance on Working Capital Reserves to align annual assessments with historical levels may risk depleting reserves or deferring necessary assessment increases to future years. That said, WIRAB supports the planned use of reserves in 2026, noting that WECC will remain within its reserve policy target of holding one to three months of operating expenses in reserve.

In conclusion, WIRAB supports the 2026 Statutory Assessment as a necessary and prudent step to ensure WECC is adequately resourced to meet its reliability mission and delegated functions and supports the use of Working Capital Reserves support funding statutory programs.

**Advice:**

**Following review, WIRAB finds the proposed statutory budget and assessment for 2026 to be in the public interest and advises that the WECC Board approve WECC's 2026 Business Plan and Budget and Assessment.**



## 2026 Business Plan and Budget

Approval Item  
Board of Directors Meetings  
June 10–11, 2025

### Finance and Audit Committee Resolution

*Resolved*, that the Finance and Audit Committee (FAC), at its meeting on June 10, 2025, recommends the Board of Directors (Board) approve the 2026 Business Plan and Budget as presented and attached.

### Board Resolution

*Resolved*, that the WECC Board of Directors (Board), acting on the recommendation of the FAC at the meeting of the Board on June 11, 2025, approves the 2026 Business Plan and Budget (BP&B) as presented and attached.

*Further resolved*, that the Board authorizes the CEO to file the BP&B for regulatory approval when appropriate and to make changes to the BP&B as deemed necessary to prepare the BP&B for regulatory filing and approval.

### Background

A draft of the 2026 BP&B was presented to the FAC in March 2025 for preliminary review. On April 28, an updated draft of the 2026 BP&B was posted on the website for a comment period of 15 business days. WECC received two sets of comments from the Member Advisory Committee Budget Subcommittee (MBS) and the Western Interconnection Regional Advisory Body (WIRAB). WECC held two webinars to present stakeholders with an overview of the budget and key drivers during the comment period. WECC's Chief Financial and Administrative Officer also participated in several teleconferences with the MBS between February and May and in WIRAB's May monthly meeting. All comments are included in the June 2024 FAC meeting materials.

### Issues and Risks

Failure to approve the 2026 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:

- Early July: Final Board-approved BP&B due to NERC;
- August 13–14: Regional Entity (RE) BP&Bs presented to NERC Board of Trustees for approval;
- Late August: RE BP&Bs submitted to FERC for approval;
- October/November: FERC Order approving 2026 BP&Bs anticipated; and
- November 15: Billing date for 2026 assessment invoices.



---

## **2026 Business Plan and Budget**

Approved by: WECC Board of Directors

June XX, 2025

## Table of Contents

Introduction .....	1
Organizational Overview .....	1
Membership and Governance.....	2
2026 Strategic Goals .....	3
2026 Statutory Budget Overview .....	7
Budget and Funding Summary .....	7
Major Budget Drivers .....	7
Peak Reliability Donation.....	8
2025 Statutory Budget and Projection and 2026 Budget .....	9
Monetary Penalties.....	10
Major Budget Drivers—Statutory Programs.....	11
Personnel—Overview of FTEs and Expenses.....	13
Meeting Expenses .....	15
Consultants and Contracts .....	16
Overview of Changes in Reserves .....	17
Three-Year Budget Projections .....	18
Statutory Programs.....	19
Statutory Programs—Goals, Budget Assumptions, and Statements of Activities .....	20
Reliability Standards.....	20
Compliance Monitoring and Enforcement.....	23
Reliability Assessment and Performance Analysis.....	28
Training and Outreach .....	32
Situation Awareness and Infrastructure Security.....	35
Corporate Services .....	38
Non-Statutory Program.....	45
2026 Non-Statutory Budget Overview .....	46
Budget and Funding Summary .....	46
Major Budget Drivers .....	46
Personnel—Overview of FTEs and Expenses.....	49





---

Overview of Changes in Reserves ..... 50

Non-Statutory Program—Goals and Budget Assumptions ..... 51

WREGIS..... 51

Appendices ..... 53

Appendix A—2026 Statement of Activities by Program, Statutory and Non-Statutory ..... 54

Appendix B—Organizational Chart—Changes in FTE by Program..... 55

Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment..... 56

Appendix D—Statutory and Non-Statutory Budget History Charts..... 57

## Introduction

TOTAL RESOURCES (in whole dollars)				
	2026 Budget	U.S.	Canada	Mexico
Statutory FTEs*	178.0	To be updated when NEL data received		
Non-statutory FTEs	16.0			
<b>Total FTEs</b>	194.0			
Statutory Budget	\$ 40,132,874			
Non-Statutory Budget	\$ 4,637,860			
<b>Total Expenses</b>	\$ 44,770,735			
<b>Statutory Assessments</b>	\$ 35,657,280	29,424,702	3,591,298	-
<b>Non-Statutory Fees</b>	\$ 3,567,500	2,856,650	677,000	33,850
NEL**	-			
NEL%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

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

\*\*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 reduce risks to the reliability and security of the Western Interconnection's Bulk Power System (BPS). WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and in accordance with its Bylaws. WECC executes its mission while working with a broad community consisting of industry stakeholders and two advisory bodies: the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

The Western Interconnection is a geographic area in which the use and generation of electricity is 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 its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity registration and certification, compliance risk assessments, audits and investigations, and, when necessary, enforcement;
- Working with industry participants, policymakers, and other stakeholders in the Western Interconnection to conduct system modeling and information sharing, reliability assessments, performance analyses, situation awareness, and event analyses; and



- Targeted training, outreach, and engagement to better educate and inform stakeholders about the near- and long-term impacts their decisions have on the reliability and security of the Western Interconnection.

To ensure that WECC adds value to the Western Interconnection and delivers on its vital reliability and security mission, WECC's Long-Term Strategy focuses on five Impact Areas:

1. Risk Mitigation: WECC is an organization aligned around risk reduction. WECC's holistic risk-based approach uses all the tools and skills available to deliver comprehensive risk mitigation strategies.
2. Partnership: WECC is sought after as a partner to address the risks that pose the greatest threat to reliability. WECC identifies concerns and facilitates solutions with input and assistance from diverse and often conflicting stakeholder perspectives, focusing our resources on risks that pose the greatest threat to reliability and security.
3. Perspective: WECC's insights, analyses, and outreach promote industry action. WECC is renowned for providing clear and actionable communications supported by data and rigorous analysis.
4. Independence: WECC's resource- and technology-neutral, interconnection-wide perspective is respected and trusted to allow decision-makers to rely on WECC as an independent partner.
5. People: WECC's highly skilled and engaged employees are champions for reliability.

## Membership and Governance

WECC has 338 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 or any other stakeholder proceeding.<sup>2</sup>

WECC is governed by a nine-member independent Board of Directors (Board) elected by the WECC membership, and WECC's president and chief executive officer. The nine independent directors are compensated by WECC for their time.

<sup>1</sup> As of Feb. 19, 2025

<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.

WECC has four governance committees that 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 WECC Board, additional committees provide the Board with technical advice and policy recommendations:

- Joint Guidance Committee (JGC);
- Market Interface Committee (MIC);
- Member Advisory Committee (MAC);
- Operating Committee (OC);
- Reliability Assessment Committee (RAC); and
- WECC Standards Committee (WSC).

## 2026 Strategic Goals

The electric industry is undergoing profound changes, especially in the West. WECC's role continues to be the independent voice of Bulk Power System reliability and security in the Western Interconnection. WECC works closely with its broad stakeholder base to build trust, promote transparency, set priorities, and enhance the reliability and security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to 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 represents continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term Impact 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 2026 and beyond.

Additionally, at its June 2024 meeting, the Board approved [Reliability Risk Priorities \(RRP\)](#) intended to further focus WECC's work. Risks are now identified through an analytical process that begins with the Reliability Risk Committee (RRC). WECC is developing and implementing a more nimble approach to identify and mitigate reliability risks that engages stakeholders more broadly as risks arise and program area work plans are developed and modified. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the proper statutory program area sections of the business plan.



## Reliability Risk Priorities

### *Aridification and Associated Natural Events*

Aridification is the gradual, permanent change of a region to a drier climate. Aridification is a long-term process with a timespan well beyond our current planning horizons; however, natural events associated with aridification have a more immediate and tangible effect. Drought, heat events, and increased wildfire activity challenge the planning and operation of the system in the West. While changes in climate are experienced across the continent, the changes associated with aridification are particular to and highly concentrated in the West.

### *Impact of Inverter-based Resources*

Inverter-based resources (IBR) include wind turbines, solar photovoltaic, and battery energy storage systems. IBRs are facilities connected to the bulk power system that convert DC electricity from renewable sources into AC electricity, which allows power to flow into the grid. Over the next decade, entities in the West plan to add more than 100 GW of IBRs to the system to meet demand under clean and green energy policies.

### *Lack of Coordinated Resource and Transmission Planning*

Historically, transmission planning and resource planning have occurred separately. While some entities combine the two types of planning, this is not the case on regional or interconnection-wide levels. Recent events and analyses have highlighted the need to coordinate resource and transmission planning on an interconnection-wide basis. As the heat wave in August 2020 and the Bootleg Fire in 2021 showed, under certain circumstances, the ability to move power can be as limiting as the availability of that power. As the footprint of natural events increases, so too must the ability to effectively move power across the Interconnection.

### *Modeling Quality and Input Validation*

Modeling is the process of building computer models of energy systems to analyze and better understand them. Studying how assets on the grid will respond to disturbances or other changes (e.g., demand growth) helps prevent reliability issues on the bulk power system. With rapid changes occurring on the system, up-to-date, accurate models and data are critical to planning and operating the system.

### *Potential effects of energy policies in the West*

The West is a patchwork of different, sometimes contradicting, energy policies that address topics such as energy efficiency, clean energy, transportation, building codes, and protection of legacy generation types. These policies drive changes to the operation and planning of the bulk power system and can create an environment that introduces risk to the reliability and resilience of that system. In aggregate, these policies create a varied and complex tapestry that may introduce more risks to the power system in the West.

## ERO Enterprise



Electricity is a vital component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric for the benefit of nearly 400 million North Americans. The ERO Enterprise, which consists of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, works with users, owners, and operators of the bulk power system (BPS), government partners, and other stakeholders and industry participants, to pursue its mission of assuring the effective and efficient reduction of risks to the reliability and security of the BPS.

NERC and the Regional Entities play different, but important and complementary, roles in delivering ERO Enterprise programs. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents, while ensuring that registered entities follow NERC and Regional Reliability Standards. 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. The ERO Enterprise is explicitly committed to its collective success in achieving its vision of a highly reliable and secure North American BPS.



NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while acknowledging the unique differences across the Regional Entities, and the different corporate and governance responsibilities of each entity.

In 2024, the ERO Enterprise revised the [ERO Enterprise Long-Term Strategy](#). The WECC Board acknowledged this strategy in September 2024 as a valuable input to the WECC strategic planning process and recognized it as a beneficial collaboration with NERC and the Regional Entities. The strategy includes the following focus areas for achieving success in the ERO Enterprise vision and mission:

- Energy—Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.
- Security—Maintain cyber and physical security programs (E-ISAC, Standards, Compliance Monitoring and Enforcement Program (CMEP), technical committee work, outreach, and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.
- Engagement—Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.

- 
- **Agility and Sustainability**—Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas, but continually come together to ensure alignment 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, discussed in [Statutory Programs](#).

Risks to reliability and security are fluid and can be affected by recent events, therefore NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.



## 2026 Statutory Budget Overview

Those who plan, operate, and care about the reliability of the Western Interconnection continue to confront numerous and rapidly evolving challenges—increasingly recurrent extreme natural events, large-scale generator retirements to meet aggressive clean energy goals, massive amounts of new generators that present new technological and dispatchability challenges, evolving and increasing cybersecurity and physical threats, the risks and opportunities posed by artificial intelligence, rapidly 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, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.

## Budget and Funding Summary

WECC's proposed 2026 statutory budget is \$40,133,000, a \$808,000 (2.1%) increase from the 2025 statutory budget. WECC's proposed statutory assessment is \$35,657,000, a \$2,641,000 (8.0%) increase over the 2025 statutory assessment. Major drivers of the increase in budgeted expenditures are outlined below. 2026 funding includes the use of working capital reserves of \$2,476,000, Peak Donation reserves of \$200,000, and \$1,758,000 of other income.

## Major Budget Drivers

### Personnel Expenses

- Three new full-time equivalents (FTE) to support increasing demands on the organization:
  - Two FTE are added in Compliance Monitoring and Enforcement in response to different and new types of work, to build improved depth and breadth of skillsets, to address enforcement inventory, and in response to the downstream increase of all related work from new registrants;
  - One FTE is added in Reliability Assessment and Performance Analysis to support a weather readiness program for generators in the Western Interconnection;
- 3% merit and 1% market adjustment pools;
- Adjustments to compensation based on data from a salary survey to enable us to remain competitive with the market and hire and retain highly skilled employees;
- Refinement of payroll tax and benefits enrollment rates and premiums; and
- Labor float assumption changes based on actual turnover and vacancy rates.

### Operating Expenses

- Consulting decreases due to the anticipated wrap-up of the transmission planning project performed in conjunction with WPP and WestTEC, which Peak Reliability donation funds have contributed to.
- Contract labor increases to reduce the open Enforcement inventory backlog.





## 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 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 the [Overview of Changes in Reserves](#). Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects. The holdback period ends at the end of 2025, and the remaining holdback amount plus compounded interest of approximately \$312,000 will be converted from non-statutory to statutory reserves through the 2026 Business Plan and Budget cycle.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. Our final contribution to the WestTEC transmission project is included in the 2026 BP&B.

In 2024, following stakeholder feedback and confirmation of the independence of the work and content of the work product, WECC proposed to use a total of \$2.2 million over three budget years to further the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is a response to a widely recognized concern that current transmission planning frameworks in the West do not result in the identification of sufficient transmission solutions to support the reliability of the future energy grid. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide a range of transmission benefits to stakeholders throughout the West. WECC's investment of Peak reserve funds would help continue to finance the analytical work being conducted by an independent third party. The project duration is March 2024 through February 2026.

In 2024, WECC proposed to use approximately \$500,000 of the Peak Donation reserve in 2024; that amount has been deferred to 2025 due to project delays. \$1,500,000 from the Peak Donation reserve was budgeted to fund this project in 2025. In 2026, \$200,000 is budgeted for the final phase of the project.

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.



## 2025 Statutory Budget and Projection and 2026 Budget

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget & Projection, and 2026 Budget						
STATUTORY						
	2025 Budget	2025 Projection	Variance 2025 Budget v 2025 Projection Over(Under)	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>						
<b>Statutory Funding</b>						
WECC Assessments	\$ 33,016,000	\$ 33,016,000	\$ -	\$ 35,657,280	\$ 2,641,280	8.00%
Penalties Released <sup>1</sup>	4,400	4,400	\$ -	41,745	\$ 37,345	848.75%
<b>Total Statutory Funding</b>	<b>\$ 33,020,400</b>	<b>\$ 33,020,400</b>	<b>\$ -</b>	<b>\$ 35,699,025</b>	<b>\$ 2,678,625</b>	<b>8.11%</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	-	\$ -	
Services & Software	-	-	\$ -	-	\$ -	
Workshops & Miscellaneous	703,541	\$ 695,093	\$ (8,448.00)	757,500	\$ 53,959	7.67%
Interest	1,000,000	\$ 1,228,265	\$ 228,265.00	1,000,006	\$ 6	0.00%
<b>Total Revenue (A)</b>	<b>\$ 34,723,941</b>	<b>\$ 34,943,758</b>	<b>\$ 219,817</b>	<b>\$ 37,456,531</b>	<b>\$ 2,732,590</b>	<b>7.87%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 24,449,956	\$ 24,422,190	\$ (27,766.00)	\$ 26,016,824	\$ 1,566,868	6.41%
Payroll Taxes	1,536,792	1,612,311	\$ 75,519.00	1,577,297	\$ 40,505	2.64%
Benefits	2,934,023	2,903,909	\$ (30,114.00)	2,986,868	\$ 52,845	1.80%
Retirement Costs	2,200,566	2,105,751	\$ (94,815.00)	2,071,272	\$ (129,294)	-5.88%
<b>Total Personnel Expenses</b>	<b>\$ 31,121,337</b>	<b>\$ 31,044,161</b>	<b>\$ (77,176)</b>	<b>\$ 32,652,261</b>	<b>\$ 1,530,924</b>	<b>4.92%</b>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 635,316	\$ 608,639	\$ (26,677.00)	\$ 611,168	\$ (24,148)	-3.80%
Travel	1,062,145	944,525	\$ (117,620.00)	1,043,960	\$ (18,185)	-1.71%
<b>Total Meeting Expenses</b>	<b>\$ 1,697,461</b>	<b>\$ 1,553,164</b>	<b>\$ (144,297)</b>	<b>\$ 1,655,128</b>	<b>\$ (42,333)</b>	<b>-2.49%</b>
<b>Operating Expenses, Excluding Depreciation</b>						
Consultants & Contracts	\$ 1,897,400	\$ 1,786,453	\$ (110,947.00)	\$ 1,495,400	\$ (402,000)	-21.19%
Office Rent	1,328,263	1,328,747	\$ 484.00	1,326,433	\$ (1,830)	-0.14%
Office Costs	2,949,356	2,715,077	\$ (234,279.00)	2,964,652	\$ 15,296	0.52%
Professional Services	1,327,700	1,297,321	\$ (30,379.00)	1,367,225	\$ 39,525	2.98%
Miscellaneous	-	-	\$ -	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 7,502,719</b>	<b>\$ 7,127,598</b>	<b>\$ (375,121)</b>	<b>\$ 7,153,710</b>	<b>\$ (349,009)</b>	<b>-4.65%</b>
<b>Total Direct Expenses</b>	<b>\$ 40,321,517</b>	<b>\$ 39,724,923</b>	<b>\$ (596,594)</b>	<b>\$ 41,461,099</b>	<b>\$ 1,139,582</b>	<b>2.83%</b>
<b>Indirect Expenses</b>	<b>\$ (1,146,873)</b>	<b>\$ (1,072,725)</b>	<b>\$ 74,148</b>	<b>\$ (1,437,341)</b>	<b>\$ (290,468)</b>	<b>25.33%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2)</b>	
<b>Total Expenses (B)</b>	<b>\$ 39,174,644</b>	<b>\$ 38,652,198</b>	<b>\$ (522,446)</b>	<b>\$ 40,023,758</b>	<b>\$ 849,112</b>	<b>2.17%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (4,450,703)</b>	<b>\$ (3,708,440)</b>	<b>\$ 742,263</b>	<b>\$ (2,567,227)</b>	<b>\$ 1,883,478</b>	<b>-42.32%</b>
<b>Fixed Asset Additions, Excluding Right of Use Assets (C)</b>	<b>\$ 150,713</b>	<b>\$ 176,778</b>	<b>\$ -</b>	<b>\$ 109,116</b>	<b>\$ (41,597)</b>	<b>-27.60%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 39,325,357</b>	<b>\$ 38,828,976</b>	<b>\$ (522,446)</b>	<b>\$ 40,132,874</b>	<b>\$ 807,517</b>	<b>2.05%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (4,601,416)</b>	<b>\$ (3,885,218)</b>	<b>\$ 742,263</b>	<b>\$ (2,676,343)</b>	<b>\$ 1,925,075</b>	<b>-41.84%</b>
<b>FTEs</b>	175.00	175.00	-	178.00	3.00	1.71%
<b>HC</b>	175.00	175.00	-	178.00	3.00	1.71%

<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).



---

## 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, 2025, will be used to offset assessments in the 2026 WECC budget.

WECC collected \$4,400 in penalty monies between July 1, 2023, and June 30, 2024 to offset assessments for 2025.

WECC collected \$41,745 in penalty monies between July 1, 2024, and June 30, 2025 to offset assessments for 2026.

**Allocation Method:** Penalty monies collected and released to offset assessments are allocated to the following Statutory Programs:

- 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.



## Major Budget Drivers—Statutory Programs

Program Area	Budget 2025	Budget 2026	Variance \$	Variance %
Reliability Standards	\$ 954,606	\$ 947,690	\$ (6,916)	(0.72%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	21,348,588	23,077,423	1,728,835	8.10%
Reliability Assessment and Performance Analysis	13,294,184	12,313,881	(980,303)	(7.37%)
Training and Outreach	3,132,745	3,181,402	48,657	1.55%
Situation Awareness and Infrastructure Security	595,234	612,478	17,244	2.90%
<b>Total*</b>	<b>\$ 39,325,357</b>	<b>\$ 40,132,874</b>	<b>\$ 807,517</b>	<b>2.05%</b>

\*includes allocated Corporate Services costs

### Reliability Standards

No major budget drivers in this area.

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

#### Personnel Expenses

- Two new FTEs are added to the Compliance Monitoring and Enforcement (CMEP) and Organization Registration and Certification budget in 2026.
  - One Registration Engineer to enhance registration processing efficiency in line with increased registration activities related to IBRs.
  - One Risk Assessment Engineer to assist in oversight planning and analysis activities.
- A budgeted 3% merit pool, 1% market adjustment pool, some compensation adjustments resulting from a salary survey, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contribute to increases in personnel expenses in this area and across the organization.

#### Consultants and Contracts

- Consulting increases due to the use of law firm services to reduce the enforcement inventory backlog.

### Reliability Assessment and Performance Analysis

#### Personnel Expenses

- 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.



- A budgeted 3% merit pool, 1% market adjustment pool, some compensation adjustments resulting from a salary survey, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

#### *Consultants and contracts*

- Consulting decreases due to the anticipated completion of the transmission planning project performed in conjunction with WPP through its WestTEC effort.

#### **Training and Outreach**

- No major budget drivers in this area.

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

- No major budget drivers in this area.

#### **Corporate Services**

<b>Corporate Services</b> (in whole dollars) <b>Direct Expenses and Fixed Assets</b>						
	2025 Budget	2026 Budget	Increase (Decrease)	FTEs 2025 Budget	FTEs 2026 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 6,110,050	\$ 6,325,595	\$ 215,545	19.00	17.50	(1.50)
Legal and Regulatory	\$ 1,142,835	\$ 1,273,986	\$ 131,151	3.50	4.00	0.50
Information Technology	\$ 3,810,520	\$ 4,177,585	\$ 367,065	13.00	14.00	1.00
Human Resources	\$ 1,219,717	\$ 1,200,673	\$ (19,044)	4.00	4.00	-
Accounting and Finance	\$ 718,535	\$ 753,974	\$ 35,439	3.00	3.00	-
Total Corporate Services*	\$ 13,001,657	\$ 13,731,813	\$ 730,156	42.50	42.50	-

\*WECC's 2026 Corporate Services budget (expenses plus fixed assets) is \$13,731,813 of which \$1,450,225 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2026 statutory budget are \$12,281,588, which is a \$441,591 increase from the 2025 budget.

#### *Personnel Expenses*

- One FTE is transferred from General and Administrative to Information Technology for a Database Engineer to increase our capabilities related to data and reporting.
- One half FTE is transferred from General and Administrative to Legal and Regulatory to realign the budget with the evolving responsibilities of the Corporate Secretary related to enhancing governance, compliance, and operational efficiency.
- A budgeted 3% merit pool, 1% market adjustment pool, some compensation adjustments resulting from a salary survey, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.



## Personnel—Overview of FTEs and Expenses

Over the last several years, many events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, unexpected behavior of IBRs, 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 evident in the work of CMEP, RAPA and Strategic Engagement. WECC will require additional specific expertise and resources to effectively engage with stakeholders, manage the increasing workload, and minimize risks to the reliability and security of the Western Interconnection. Enhancing our stakeholder interaction, facilitation, and outreach will ensure that reliability remains paramount in the discussions with our wide range of stakeholders as the Interconnection transforms to meet policy objectives. As a result, in the 2026 budget, WECC is adding three statutory FTEs (with an additional three FTEs in its non-statutory program for a total of six FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

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

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



Personnel Expenses	Budget 2025	Budget 2026	Variance \$	Variance %
<b>Salaries</b>				
Salaries	\$ 24,449,956	\$ 26,016,824	\$ 1,566,868	6.4%
Employment Agency Fees	-	-	-	
Temporary Office Services	-	-	-	
<b>Total Salaries</b>	<b>\$ 24,449,956</b>	<b>\$ 26,016,824</b>	<b>\$ 1,566,868</b>	<b>6.4%</b>
<b>Total Payroll Taxes</b>	<b>\$ 1,536,792</b>	<b>\$ 1,577,297</b>	<b>\$ 40,505</b>	<b>2.6%</b>
<b>Benefits</b>				
Workers Compensation	\$ 19,800	\$ -	\$ (19,800)	(100.0%)
Medical Insurance	2,591,317	2,651,047	59,730	2.3%
Life-LTD-STD Insurance	122,759	125,545	2,786	2.3%
Education	172,151	207,277	35,126	20.4%
Relocation	-	-	-	
Other	28,000	3,000	(25,000)	(89.3%)
<b>Total Benefits</b>	<b>\$ 2,934,027</b>	<b>\$ 2,986,869</b>	<b>\$ 52,842</b>	<b>1.8%</b>
<b>Retirement</b>				
Discretionary 401(k) Contribution	\$ 2,170,566	\$ 2,071,272	\$ (99,294)	(4.6%)
Retirement Administration Fees	30,000	-	(30,000)	
<b>Total Retirement</b>	<b>\$ 2,200,566</b>	<b>\$ 2,071,272</b>	<b>\$ (129,294)</b>	<b>(5.9%)</b>
<b>Total Personnel Costs</b>	<b>\$ 31,121,341</b>	<b>\$ 32,652,262</b>	<b>\$ 1,530,921</b>	<b>4.9%</b>
<b>FTEs</b>	<b>175.0</b>	<b>178.0</b>	<b>3.0</b>	<b>1.7%</b>
<b>Cost per FTE</b>				
Salaries	\$ 139,714	\$ 146,162	\$ 6,448	4.6%
Payroll Taxes	8,782	8,861	80	0.9%
Benefits	16,766	16,780	14	0.1%
Retirement	12,575	11,636	(938)	(7.5%)
<b>Total Cost per FTE</b>	<b>\$ 177,836</b>	<b>\$ 183,440</b>	<b>\$ 5,603</b>	<b>3.2%</b>

### Explanation of Significant Variances

- FTEs increase by three. More detailed information is presented in [Major Budget Drivers—Statutory Programs](#).
- Merit pool of 3%.
- Market adjustment pool of 1%.
- Adjustments to compensation based on salary survey data.
- Labor float assumptions based on turnover and vacancy rates.
- Benefits enrollment rate refinement.



## Meeting Expenses

Meeting & Conference Call Expenses	Budget 2025	Budget 2026	Variance \$	Variance %
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization	-	-	-	
Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	38,676	16,746	(21,930)	(56.7%)
Training and Outreach	525,720	501,120	(24,600)	(4.7%)
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	70,920	93,302	22,382	31.6%
<b>Total Meeting Expenses</b>	<b>\$ 635,316</b>	<b>\$ 611,168</b>	<b>\$ (24,148)</b>	<b>(3.8%)</b>

Travel Expenses	Budget 2025	Budget 2026	Variance \$	Variance %
Reliability Standards	\$ 21,236	\$ 17,378	\$ (3,858)	(18.2%)
Compliance Monitoring and Enforcement and Organization	606,370	589,330	(17,040)	(2.8%)
Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	197,585	206,301	8,716	4.4%
Training and Outreach	46,080	31,846	(14,234)	(30.9%)
Situation Awareness and Infrastructure Security	19,250	10,849	(8,401)	(43.6%)
Corporate Services	171,624	188,256	16,632	9.7%
<b>Total Travel Expenses</b>	<b>\$ 1,062,145</b>	<b>\$ 1,043,960</b>	<b>\$ (18,185)</b>	<b>(1.7%)</b>

## Explanation of Significant Variances

- No major budget drivers in this area.





## Consultants and Contracts

Consultants	Budget 2025	Budget 2026	Variance \$	Variance %
<b>Consultants</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	12,000	12,000	-	0.0%
Reliability Assessment and Performance Analysis	1,608,400	318,400	(1,290,000)	(80.2%)
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	277,000	463,000	186,000	67.1%
<b>Consultants Total</b>	<b>\$ 1,897,400</b>	<b>\$ 793,400</b>	<b>\$ (1,104,000)</b>	<b>(58.2%)</b>

Contracts	Budget 2025	Budget 2026	Variance \$	Variance %
<b>Contracts</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	702,000	702,000	
Reliability Assessment and Performance Analysis	-	-	-	
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	-	-	-	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ 702,000</b>	<b>\$ 702,000</b>	
<b>Total Consulting and Contracts</b>	<b>\$ 1,897,400</b>	<b>\$ 1,495,400</b>	<b>\$ (402,000)</b>	<b>(21.2%)</b>

## Explanation of Significant Variances

### Corporate Services

- Consulting increases due to search fees for new Board Directors resulting from term limits and an independent Board compensation study.

### Reliability Assessment and Performance Analysis

- Consulting decreases due to the 2026 anticipated completion of the transmission planning study being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is an interregional transmission planning project employing analytical technologies to produce an actionable long-term transmission plan intended to provide a range of transmission benefits to stakeholders throughout the West. The expected project duration is March 2024 through February 2026. WECC proposes to use \$200,000 from the Peak Reliability Donation reserve to fund the final phase of this project in 2026.

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

- Contract labor increases to reduce the open enforcement inventory backlog.



## Overview of Changes in Reserves

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
<b>Beginning Reserve, January 1, 2025</b>	\$ 16,098,526	\$ 13,036,834	\$ 4,400	\$ 3,057,292
Plus: 2025 Funding (from Load-Serving Entities (LSE) or designees)	33,016,000	33,016,000	-	-
Plus: Penalties released	-	4,400	(4,400)	-
Plus: Penalties received	41,745	-	41,745	-
Plus: 2025 Other funding sources	1,923,358	1,923,358	-	-
Less: 2025 Projected expenses & capital expenditures	(38,828,976)	(36,681,424)	-	(2,147,552)
<b>Projected Reserve (Deficit), December 31, 2025</b>	<b>\$ 12,250,653</b>	<b>\$ 11,299,168</b>	<b>\$ 41,745</b>	<b>\$ 909,740</b>
Plus: 2026 Funding (from Load-Serving Entities (LSE) or designees)	35,657,280	35,657,280	-	-
Plus: Penalties released	-	41,745	(41,745)	-
Plus: 2026 Other funding sources	1,757,506	1,757,506	-	-
Plus: 2026 Transfer of Peak Holdback Reserves to Statutory	-	312,000	-	(312,000)
Less: 2026 Projected expenses & capital expenditures	(40,132,874)	(39,932,874)	-	(200,000)
<b>2026 Increase(Decrease) in Reserve</b>	<b>\$ (2,718,088)</b>	<b>(2,164,343)</b>	<b>\$ (41,745)</b>	<b>\$ (512,000)</b>
<b>Projected Reserve, December 31, 2026</b>	<b>\$ 9,532,565</b>	<b>\$ 9,134,825</b>	<b>\$ -</b>	<b>\$ 397,740</b>
2026 Expenses and Capital Expenditures	40,132,874			
Less: Penalties Released	(41,745)			
Less: Other Funding Sources	(1,757,506)			
Change to Working Capital & Peak Reliability Donation Reserves	(2,676,343)			
<b>2026 WECC Assessment</b>	<b>\$ 35,657,280</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.

In 2026, reserves are being used to fund a portion of the budget. Working capital reserves of \$2,476,000 are funding budgeted expenditures, and \$200,000 of the Peak Reliability Donation reserves are funding the WPP/WestTEC transmission planning project.

When Peak Reliability ceased operations, Peak requested WECC hold \$300,000 of the total donation amount 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. Any funds remaining after the five-year period will also be used to fund reliability and security projects. The holdback period ends at the end of 2025, and the remaining holdback amount plus compounded interest of approximately \$312,000 will be converted from non-statutory to statutory reserves through the 2026 Business Plan and Budget cycle and used to fund reliability and security projects in the future.

WECC received \$41,745 in penalty sanctions between July 1, 2024, and June 30, 2025. Each budget year, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, WECC proposes to release penalty sanctions collected during the applicable period to offset assessments in the Business Plan and Budget.



## Three-Year Budget Projections

Statement of Activities and Capital Expenditures 2026 Budget & Projected 2027 and 2028 Budgets							
	Statutory						
	2026 Budget	2027 Projection	\$ Change 26 v 27	% Change 26 v 27	2028 Projection	\$ Change 27 v 28	% Change 27 v 28
<b>Revenue</b>							
<b>Statutory Funding</b>							
WECC Assessments	\$ 35,657,280	\$ 38,509,862	\$ 2,852,582	8.0%	\$ 41,590,651	\$ 3,080,789	8.0%
Penalties Released	41,745	-	(41,745)	(100.0%)	-	-	-
<b>Total Statutory Funding</b>	<b>\$ 35,699,025</b>	<b>\$ 38,509,862</b>	<b>\$ 2,810,837</b>	<b>7.9%</b>	<b>\$ 41,590,651</b>	<b>\$ 3,080,789</b>	<b>8.0%</b>
Membership Fees	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Workshops & Miscellaneous	757,500	886,350	128,850	17.0%	942,285	55,935	6.3%
Interest	1,000,006	900,000	(100,006)	(10.0%)	900,000	-	0.0%
<b>Total Revenue (A)</b>	<b>\$ 37,456,531</b>	<b>\$ 40,296,212</b>	<b>\$ 2,839,681</b>	<b>7.6%</b>	<b>\$ 43,432,936</b>	<b>\$ 3,136,724</b>	<b>7.8%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 26,016,824	\$ 27,558,226	\$ 1,541,402	5.9%	\$ 28,955,609	\$ 1,397,383	5.1%
Payroll Taxes	1,577,297	1,685,198	107,901	6.8%	1,767,079	81,881	4.9%
Benefits	2,986,868	3,267,655	280,787	9.4%	3,512,836	245,181	7.5%
Retirement Costs	2,071,272	2,196,593	125,321	6.1%	2,301,766	105,173	4.8%
<b>Total Personnel Expenses</b>	<b>\$ 32,652,261</b>	<b>\$ 34,707,672</b>	<b>\$ 2,055,411</b>	<b>6.3%</b>	<b>\$ 36,537,290</b>	<b>\$ 1,829,618</b>	<b>5.3%</b>
<b>Meeting Expenses</b>							
Meetings & Conference Calls	\$ 611,168	\$ 617,548	\$ 6,380	1.0%	\$ 630,665	\$ 13,117	2.1%
Travel	1,043,960	1,158,107	114,147	10.9%	1,226,948	68,841	5.9%
<b>Total Meeting Expenses</b>	<b>\$ 1,655,128</b>	<b>\$ 1,775,655</b>	<b>\$ 120,527</b>	<b>7.3%</b>	<b>\$ 1,857,613</b>	<b>\$ 81,958</b>	<b>4.6%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 1,495,400	\$ 1,277,400	\$ (218,000)	(14.6%)	\$ 525,400	\$ (752,000)	(58.9%)
Office Rent	1,326,433	1,316,037	(10,396)	(0.8%)	1,300,000	(16,037)	(1.2%)
Office Costs	2,964,652	3,176,860	212,208	7.2%	3,284,844	107,984	3.4%
Professional Services	1,367,225	1,424,041	56,816	4.2%	1,480,197	56,156	3.9%
Miscellaneous	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 7,153,710</b>	<b>\$ 7,194,338</b>	<b>\$ 40,628</b>	<b>0.6%</b>	<b>\$ 6,590,441</b>	<b>\$ (603,897)</b>	<b>(8.4%)</b>
<b>Total Direct Expenses</b>	<b>\$ 41,461,099</b>	<b>\$ 43,677,665</b>	<b>\$ 2,216,566</b>	<b>5.3%</b>	<b>\$ 44,985,344</b>	<b>\$ 1,307,679</b>	<b>3.0%</b>
<b>Indirect Expenses</b>	<b>\$ (1,437,341)</b>	<b>\$ (1,487,648)</b>	<b>\$ (50,307)</b>	<b>3.5%</b>	<b>\$ (1,547,154)</b>	<b>\$ (59,506)</b>	<b>4.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 40,023,758</b>	<b>\$ 42,190,017</b>	<b>\$ 2,166,258</b>	<b>5.4%</b>	<b>\$ 43,438,190</b>	<b>\$ 1,248,173</b>	<b>3.0%</b>
<b>Change in Assets</b>	<b>\$ (2,567,227)</b>	<b>\$ (1,893,805)</b>	<b>\$ 673,423</b>	<b>(26.2%)</b>	<b>\$ (5,254)</b>	<b>\$ 1,888,551</b>	<b>(99.7%)</b>
<b>Fixed Assets</b>							
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 109,116</b>	<b>\$ 90,000</b>	<b>\$ (19,116)</b>	<b>(17.5%)</b>	<b>\$ 90,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 40,132,874</b>	<b>\$ 42,280,017</b>	<b>\$ 2,147,142</b>	<b>5.4%</b>	<b>\$ 43,528,190</b>	<b>\$ 1,248,173</b>	<b>3.0%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>(2,676,343)</b>	<b>(1,983,805)</b>	<b>692,539</b>	<b>(25.9%)</b>	<b>\$ (95,254)</b>	<b>\$ 1,888,551</b>	<b>(95.2%)</b>
FTEs	178.00	186.00	8.00	4.5%	187.00	1.00	0.5%
HC	178.00	186.00	8.00	4.5%	187.00	1.00	0.5%



## **Statutory Programs**

---

**Goals, Budget Assumptions, and Statements of Activities**

## Statutory Programs—Goals, Budget Assumptions, and Statements of Activities

### Reliability Standards

#### Program Scope, Purpose, and Impact

The WECC Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WECC Standards Committee (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.

In most instances a continent-wide standard addresses reliability risks because the physics of the electric grid are the same everywhere, but in a few instances a Regional Variance or Regional Reliability Standard is necessary to address risks that are based on the specific geographic conditions in the region.

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.

NERC recently rated all their Reliability Standards projects as high, medium, or low priority. Several high priority projects were completed in 2024, and the remaining high priority projects are expected to be completed in 2025. Several of these projects are related to IBRs and their potential impact on the BES. Medium and low priority projects are expected to be completed in 2025 or 2026.

#### 2026 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 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 stakeholders.
- 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 has resulted in several new or modified NERC Reliability Standards and could potentially result in new or revised 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. WECC standards staff, as well as other subject matter experts, will participate in the grading process if it is continued.

## 2026 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.
- 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.
- Evaluate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.



## Reliability Standards Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget RELIABILITY STANDARDS				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 816,294	\$ 855,914	\$ 39,620	4.85%
Penalties Released	100	924	\$ 824	824.00%
<b>Total Statutory Funding</b>	<b>\$ 816,394</b>	<b>\$ 856,838</b>	<b>\$ 40,444</b>	<b>4.95%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	3,873	5,513	\$ 1,640	
Interest	22,642	22,140	\$ (502)	-2.22%
<b>Total Revenue (A)</b>	<b>\$ 842,909</b>	<b>\$ 884,491</b>	<b>\$ 41,582</b>	<b>4.93%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 537,566	\$ 538,597	\$ 1,031	0.19%
Payroll Taxes	33,324	31,969	\$ (1,355)	-4.07%
Benefits	43,605	42,986	\$ (619)	-1.42%
Retirement Costs	47,843	43,088	\$ (4,755)	-9.94%
<b>Total Personnel Expenses</b>	<b>\$ 662,338</b>	<b>\$ 656,640</b>	<b>\$ (5,698)</b>	<b>-0.86%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	21,236	17,378	\$ (3,858)	-18.17%
<b>Total Meeting Expenses</b>	<b>\$ 21,236</b>	<b>\$ 17,378</b>	<b>\$ (3,858)</b>	<b>-18.17%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	2,957	1,755	\$ (1,202)	-40.65%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 2,957</b>	<b>\$ 1,755</b>	<b>\$ (1,202)</b>	<b>-40.65%</b>
<b>Total Direct Expenses</b>	<b>\$ 686,531</b>	<b>\$ 675,773</b>	<b>\$ (10,758)</b>	<b>-1.57%</b>
<b>Indirect Expenses</b>	<b>\$ 264,663</b>	<b>\$ 269,501</b>	<b>\$ 4,838</b>	<b>1.83%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 951,194</b>	<b>\$ 945,274</b>	<b>\$ (5,920)</b>	<b>-0.62%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (108,285)</b>	<b>\$ (60,783)</b>	<b>\$ 47,502</b>	<b>-43.87%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 3,412</b>	<b>\$ 2,416</b>	<b>\$ (996)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 954,606</b>	<b>\$ 947,690</b>	<b>\$ (6,916)</b>	<b>-0.72%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (111,697)</b>	<b>\$ (63,199)</b>	<b>\$ 48,498</b>	<b>-43.42%</b>
FTEs	3.00	3.00	-	0.00%
HC	3.00	3.00	-	0.00%



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

### Program Scope, Purpose, and Impact

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 emerging 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 471<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 five main areas:

1. Organization Registration and Certification;
2. Oversight Planning;
3. Entity Monitoring;
4. Enforcement and Mitigation; and
5. Program Analysis and Administration.

Staff will perform delegated activities, consistent with ERO Enterprise guidance, including:

- Regional Risk Assessments;
- Oversight planning activities, including 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;
- BES Exception Requests; and
- Targeted outreach activities.

<sup>3</sup> As of February 21, 2025.





## 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) and the British Columbia Utilities Commission (BCUC) under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection. Mexico is not currently participating in WECC and Western Interconnection-related CMEP activities<sup>4</sup>.

### 2026 Key Budget Assumptions

- The volume and complexity of registration activities will increase in accordance with FERC's Order on IBRs and integration of renewable resources and related energy storage devices in the Western Interconnection, which included modifications to the registration criteria that will result in more IBRs that must register.
- An increase in certification reviews is anticipated with FERC Order 881's deadline requiring all transmission providers to use ambient adjusted ratings (AAR) as the basis for evaluating near-term transmission service to increase the accuracy of near-term line ratings, as entities that make frequent or significant functionality changes to their Energy Management Systems to meet AAR implementation requirements may require a certification review.
- All Inherent Risk Assessment and oversight planning activities are aligned around identifying, prioritizing, and addressing risks to the Western Interconnection. With trends in registration requests, the changing reliability and security landscape, and risk mitigation strategies, workloads of all program areas of the Reliability and Security Oversight department will increase under the risk-based framework.
- Monitoring activities for non-U.S. jurisdictions will continue according to the approved agreements and applicable compliance monitoring programs with Canadian authorities. In accordance with the NERC Rules of Procedure, Appendix 5A, WECC staff continues to participate in NERC-led Registration Review Panels.
- 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.
- Legal fees related to any hearing that may arise are not budgeted and will be funded through working capital reserves. Costs related to hearing officers and procedures will be funded by NERC.

<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.



- WECC will continue to support development, design, testing, training, and implementation of ERO Enterprise-wide maintenance and enhancement of the risk-based CMEP practices and tools. Specifically, WECC staff resources will be allocated to these activities for the ERO Enterprise Align tool, and the Secure Evidence Locker (SEL).
- Increased outreach, training, travel, and monitoring and enforcement are anticipated to help enhance registered entity programs as new or modified Reliability Standards that tackle changing risks in the Western Interconnection are developed.
- Maintenance and license fees for software tools (e.g., Box) increased due to contract pricing escalations.
- Targeted outreach is performed on key reliability and security risks through monthly webinars, biannual workshops, and supporting ERO Enterprise wide data collection efforts, analysis efforts.
- Two FTEs are added in Compliance Monitoring and Enforcement and Organization Registration and Certification in response to different and new types of work, to build improved depth and breadth of skillsets, to address enforcement inventory, and in response to the downstream increase of all related work from new registrants.

## 2026 Goals and Deliverables

- Enhance CMEP oversight strategies focused on a holistic approach to enhance the efficiency and effectiveness of the ERO Enterprise Risk-Based Framework and enhance oversight planning processes and provide a targeted approach for monitoring and outreach.
- Continue to enhance and improve processing times to reduce backlog and inventory statistics.
- Work with the ERO Enterprise and industry on development and deployment of effective internal controls and internal controls programs to monitor, detect, correct, and report to prevent deficiencies in compliance, reliability, and security.
- 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 for international entities.
- Process BES Exception Requests and participate in NERC-led Review Panels.
- Provide continued outreach and training on the Align tool for staff and Registered Entities.
- 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.
- Increase scheduled monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) based on emerging BPS risk.



- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS sooner in the processing timeline, and use that information to craft more robust and comprehensive mitigation strategies.



## Compliance Monitoring and Enforcement Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget				
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 18,167,528	\$ 20,785,916	\$ 2,618,388	14.41%
Penalties Released	2,557	24,339	\$ 21,782	851.86%
<b>Total Statutory Funding</b>	<b>\$ 18,170,085</b>	<b>\$ 20,810,255</b>	<b>\$ 2,640,170</b>	<b>14.53%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	99,397	145,173	\$ 45,776	
Interest	581,132	583,029	\$ 1,897	0.33%
<b>Total Revenue (A)</b>	<b>\$ 18,850,614</b>	<b>\$ 21,538,457</b>	<b>\$ 2,687,843</b>	<b>14.26%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 10,754,742	\$ 11,513,585	\$ 758,843	7.06%
Payroll Taxes	688,366	710,244	\$ 21,878	3.18%
Benefits	1,136,519	1,130,885	\$ (5,634)	-0.50%
Retirement Costs	954,003	915,811	\$ (38,192)	-4.00%
<b>Total Personnel Expenses</b>	<b>\$ 13,533,630</b>	<b>\$ 14,270,525</b>	<b>\$ 736,895</b>	<b>5.44%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	606,370	589,330	\$ (17,040)	-2.81%
<b>Total Meeting Expenses</b>	<b>\$ 606,370</b>	<b>\$ 589,330</b>	<b>\$ (17,040)</b>	<b>-2.81%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 12,000	\$ 714,000	\$ 702,000	5850.00%
Office Rent	-	-	\$ -	
Office Costs	315,986	343,085	\$ 27,099	8.58%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 327,986</b>	<b>\$ 1,057,085</b>	<b>\$ 729,099</b>	<b>222.30%</b>
<b>Total Direct Expenses</b>	<b>\$ 14,467,986</b>	<b>\$ 15,916,940</b>	<b>\$ 1,448,954</b>	<b>10.01%</b>
<b>Indirect Expenses</b>	<b>\$ 6,793,018</b>	<b>\$ 7,096,866</b>	<b>\$ 303,848</b>	<b>4.47%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 21,261,004</b>	<b>\$ 23,013,806</b>	<b>\$ 1,752,802</b>	<b>8.24%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (2,410,390)</b>	<b>\$ (1,475,349)</b>	<b>\$ 935,041</b>	<b>-38.79%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 87,584</b>	<b>\$ 63,617</b>	<b>\$ (23,967)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 21,348,588</b>	<b>\$ 23,077,423</b>	<b>\$ 1,728,835</b>	<b>8.10%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (2,497,974)</b>	<b>\$ (1,538,966)</b>	<b>\$ 959,008</b>	<b>-38.39%</b>
FTEs	77.00	79.00	2.00	2.60%
HC	77.00	79.00	2.00	2.60%



## Reliability Assessment and Performance Analysis

### Program Scope, Purpose, and Impact

As the West continues to face ever-growing and complex threats to the reliability and security of the BPS, 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.
2. The **Risk Analysis and Data Services Department** performs two main functions. The first, Risk Analysis, 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. The second, Data Services, 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. Data Services specializes in data visualization used in reports, dashboards, and maps to help convey reliability risks to a wide stakeholder base.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms, time frames, and tools. These assessments are performed in close coordination with NERC, WECC's technical committees, and other stakeholders. Assessments include historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability analysis, and transmission utilization. Analysis is performed on a variety of future (up to 20 years out) scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC's prioritized risks 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.

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.

## 2026 Key Budget Assumptions

- Executive outreach to stakeholders increases.
- WECC and technical stakeholder group work will focus on understanding and treating priority reliability and security risks to the BES.
- WECC will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- WECC will continue to participate in external meetings concerning the reliability, security, and resiliency of the BES.
- WECC will focus on expanding resource adequacy studies through increased stakeholder outreach.
- WECC will expand its generator weather readiness program.
- WECC will focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- Regional Risk Assessment results provide input on focus areas in the ERO CMEP Implementation Plan.
- WECC will continue to explore opportunities and implement new activities to provide value in transmission planning.
- WECC and the ERO Enterprise will identify ways to incorporate transfer capability analysis into ongoing reliability assessments.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with IBRs and extreme natural events will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies and events.
- WECC will support various NERC reliability assessments and perform additional reliability assessments.

## 2026 Goals and Deliverables

- Work with stakeholders to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC prioritized risks.
- 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.
  - Deliver high-quality and influential work products focused on WECC's prioritized risks.
  - Use the Reliability Risk Management Process to align staff and stakeholder engagement on risk treatments within the Western Interconnection.
  - Ensure that WECC's RRA of the Western Interconnection is aligned with WECC prioritized risks and is refreshed annually.
  - Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.
  - Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, recommendations, 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, electromagnetic transient (EMT), 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 Reliability Standards drafting activities by providing subject matter expertise to appropriate Standards Drafting Teams.
  - Promote reliability of the future transmission system in the Western Interconnection by supporting the WestTEC effort.
  - Successfully carry out all other RAPA delegated responsibilities.
  - Expand the use of performance and geospatial data to enhance the analysis of WECC's prioritized risks and identify emerging trends.



## Reliability Assessment and Performance Analysis Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 11,374,924	\$ 11,092,619	\$ (282,305)	-2.48%
Penalties Released	1,362	12,939	\$ 11,577	850.00%
<b>Total Statutory Funding</b>	<b>\$ 11,376,286</b>	<b>\$ 11,105,558</b>	<b>\$ (270,728)</b>	<b>-2.38%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	52,926	77,181	\$ 24,255	
Interest	309,434	309,966	\$ 532	0.17%
<b>Total Revenue (A)</b>	<b>\$ 11,738,646</b>	<b>\$ 11,492,705</b>	<b>\$ (245,941)</b>	<b>-2.10%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,816,351	\$ 6,104,030	\$ 287,679	4.95%
Payroll Taxes	368,322	371,857	\$ 3,535	0.96%
Benefits	589,810	600,508	\$ 10,698	1.81%
Retirement Costs	516,630	484,879	\$ (31,751)	-6.15%
<b>Total Personnel Expenses</b>	<b>\$ 7,291,113</b>	<b>\$ 7,561,274</b>	<b>\$ 270,161</b>	<b>3.71%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 38,676	\$ 16,746	\$ (21,930)	-56.70%
Travel	197,585	206,301	\$ 8,716	4.41%
<b>Total Meeting Expenses</b>	<b>\$ 236,261</b>	<b>\$ 223,047</b>	<b>\$ (13,214)</b>	<b>-5.59%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 1,608,400	\$ 318,400	\$ (1,290,000)	-80.20%
Office Rent	-	-	\$ -	
Office Costs	494,713	404,321	\$ (90,392)	-18.27%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 2,103,113</b>	<b>\$ 722,721</b>	<b>\$ (1,380,392)</b>	<b>-65.64%</b>
<b>Total Direct Expenses</b>	<b>\$ 9,630,487</b>	<b>\$ 8,507,042</b>	<b>\$ (1,123,445)</b>	<b>-11.67%</b>
<b>Indirect Expenses</b>	<b>\$ 3,617,061</b>	<b>\$ 3,773,017</b>	<b>\$ 155,956</b>	<b>4.31%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 13,247,548</b>	<b>\$ 12,280,059</b>	<b>\$ (967,489)</b>	<b>-7.30%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (1,508,902)</b>	<b>\$ (787,354)</b>	<b>\$ 721,548</b>	<b>-47.82%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 46,636</b>	<b>\$ 33,822</b>	<b>\$ (12,814)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 13,294,184</b>	<b>\$ 12,313,881</b>	<b>\$ (980,303)</b>	<b>-7.37%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (1,555,538)</b>	<b>\$ (821,176)</b>	<b>\$ 734,362</b>	<b>-47.21%</b>
FTEs	41.00	42.00	1.00	2.44%
HC	41.00	42.00	1.00	2.44%





## Training and Outreach

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, the impact of policy on reliability, grid operations, and both cybersecurity and physical security.

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 stakeholders throughout the Western Interconnection. Providing education and information to policymakers is of particular importance. An understanding of the dynamics within the Western Interconnection through engagement with WECC's stakeholders is essential to effectively address reliability and security risks.

### 2026 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues, with specific focus on the greatest reliability risks.
- 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 stakeholder participation and to share subject matter expertise.
- Eventbrite fees for meeting registrations are anticipated to increase.

### 2026 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, and the broader reliability and security community.
- Engage in ongoing collaborations with national labs and educational institutions to match theory with practicality and actual grid response.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the importance of BPS reliability and security.
- Increase inclusion of stakeholder perspectives and opportunities for collaboration into the product development process with the use of advisory groups.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy and Reliability Risk Priorities.
- Continue to refine stakeholder engagement strategies and outreach.
- Use multimedia and design strategies to develop new, more engaging, forms of interactions with stakeholders.



- 
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
  - Increase utilization of digitally dynamic products to improve stakeholder outreach and education.
  - Deliver quantitative and qualitative results for Corporate Scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
  - Deliver Reliability & Security Oversight Monthly Update 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 three 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 & Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection.
  - Provide increased opportunities for stakeholder education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
    - Current and future transmission planning studies throughout the Western Interconnection;
    - The top challenges to reliability of the BPS: IBRs, large loads, data centers, AI, transportation electrification;
    - Regulatory issues and trends; and
    - Event analysis.



## Training and Outreach Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget TRAINING AND OUTREACH				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 2,149,410	\$ 2,370,248	\$ 220,838	10.27%
Penalties Released	315	2,927	\$ 2,612	829.21%
<b>Total Statutory Funding</b>	<b>\$ 2,149,725</b>	<b>\$ 2,373,175</b>	<b>\$ 223,450</b>	<b>10.39%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	#DIV/0!
Services & Software	-	-	\$ -	#DIV/0!
Workshops & Miscellaneous	544,763	525,958	\$ (18,805)	-3.45%
Interest	71,698	70,111	\$ (1,587)	-2.21%
<b>Total Revenue (A)</b>	<b>\$ 2,766,186</b>	<b>\$ 2,969,244</b>	<b>\$ 203,058</b>	<b>7.34%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,310,264	\$ 1,373,830	\$ 63,566	4.85%
Payroll Taxes	80,854	81,182	\$ 328	0.41%
Benefits	136,291	133,268	\$ (3,023)	-2.22%
Retirement Costs	116,505	109,231	\$ (7,274)	-6.24%
<b>Total Personnel Expenses</b>	<b>\$ 1,643,914</b>	<b>\$ 1,697,511</b>	<b>\$ 53,597</b>	<b>3.26%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 525,720	\$ 501,120	\$ (24,600)	-4.68%
Travel	46,080	31,846	\$ (14,234)	-30.89%
<b>Total Meeting Expenses</b>	<b>\$ 571,800</b>	<b>\$ 532,966</b>	<b>\$ (38,834)</b>	<b>-6.79%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	68,125	89,854	\$ 21,729	31.90%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 68,125</b>	<b>\$ 89,854</b>	<b>\$ 21,729</b>	<b>31.90%</b>
<b>Total Direct Expenses</b>	<b>\$ 2,283,839</b>	<b>\$ 2,320,331</b>	<b>\$ 36,492</b>	<b>1.60%</b>
<b>Indirect Expenses</b>	<b>\$ 838,100</b>	<b>\$ 853,421</b>	<b>\$ 15,321</b>	<b>1.83%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 3,121,939</b>	<b>\$ 3,173,752</b>	<b>\$ 51,813</b>	<b>1.66%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (355,753)</b>	<b>\$ (204,508)</b>	<b>\$ 151,245</b>	<b>-42.51%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 10,806</b>	<b>\$ 7,650</b>	<b>\$ (3,156)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 3,132,745</b>	<b>\$ 3,181,402</b>	<b>\$ 48,657</b>	<b>1.55%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (366,559)</b>	<b>\$ (212,158)</b>	<b>\$ 154,401</b>	<b>-42.12%</b>
FTEs	9.50	9.50	-	0.00%
HC	9.00	9.00	-	0.00%



## Situation Awareness and Infrastructure Security

### Program Scope, Purpose, and Impact

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness of conditions and potential risks to the reliability and security of the BPS in the Western Interconnection. 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), as well as messaging systems used by the RCs notifying the SA team when there has been an outage to a line or generation source.

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.

### 2026 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid digitizes and evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Forums, 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.
- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

### 2026 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.
- 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 by hosting the annual Security Conference.



## Situation Awareness and Infrastructure Security Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital				
2025 Budget and 2026 Budget				
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 507,844	\$ 552,583	\$ 44,739	8.81%
Penalties Released	66	616	\$ 550	833.33%
<b>Total Statutory Funding</b>	<b>\$ 507,910</b>	<b>\$ 553,199</b>	<b>\$ 45,289</b>	<b>8.92%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	2,582	3,675	\$ 1,093	
Interest	15,094	14,760	\$ (334)	-2.21%
<b>Total Revenue (A)</b>	<b>\$ 525,586</b>	<b>\$ 571,634</b>	<b>\$ 46,048</b>	<b>8.76%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 314,564	\$ 338,501	\$ 23,937	7.61%
Payroll Taxes	20,700	21,658	\$ 958	4.63%
Benefits	30,426	30,592	\$ 166	0.55%
Retirement Costs	27,995	27,080	\$ (915)	-3.27%
<b>Total Personnel Expenses</b>	<b>\$ 393,685</b>	<b>\$ 417,831</b>	<b>\$ 24,146</b>	<b>6.13%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	19,250	10,849	\$ (8,401)	-43.64%
<b>Total Meeting Expenses</b>	<b>\$ 19,250</b>	<b>\$ 10,849</b>	<b>\$ (8,401)</b>	<b>-43.64%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	3,600	2,520	\$ (1,080)	-30.00%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 3,600</b>	<b>\$ 2,520</b>	<b>\$ (1,080)</b>	<b>-30.00%</b>
<b>Total Direct Expenses</b>	<b>\$ 416,517</b>	<b>\$ 431,200</b>	<b>\$ 14,665</b>	<b>3.52%</b>
<b>Indirect Expenses</b>	<b>\$ 176,442</b>	<b>\$ 179,667</b>	<b>\$ 3,225</b>	<b>1.83%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 592,959</b>	<b>\$ 610,867</b>	<b>\$ 17,908</b>	<b>3.02%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (67,373)</b>	<b>\$ (39,233)</b>	<b>\$ 28,140</b>	<b>-41.77%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 2,275</b>	<b>\$ 1,611</b>	<b>\$ (664)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 595,234</b>	<b>\$ 612,478</b>	<b>\$ 17,244</b>	<b>2.90%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (69,648)</b>	<b>\$ (40,844)</b>	<b>\$ 28,804</b>	<b>-41.36%</b>
FTEs	2.00	2.00	-	0.00%
HC	2.00	2.00	-	0.00%



## Corporate Services

<b>Corporate Services</b> (in whole dollars) <b>Direct Expenses and Fixed Assets</b>						
	2025 Budget	2026 Budget	Increase (Decrease)	FTEs 2025 Budget	FTEs 2026 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 6,110,050	\$ 6,325,595	\$ 215,545	19.00	17.50	(1.50)
Legal and Regulatory	\$ 1,142,835	\$ 1,273,986	\$ 131,151	3.50	4.00	0.50
Information Technology	\$ 3,810,520	\$ 4,177,585	\$ 367,065	13.00	14.00	1.00
Human Resources	\$ 1,219,717	\$ 1,200,673	\$ (19,044)	4.00	4.00	-
Accounting and Finance	\$ 718,535	\$ 753,974	\$ 35,439	3.00	3.00	-
<b>Total Corporate Services*</b>	<b>\$ 13,001,657</b>	<b>\$ 13,731,813</b>	<b>\$ 730,156</b>	<b>42.50</b>	<b>42.50</b>	<b>-</b>

\*WECC's 2026 preliminary Corporate Services budget (direct expenses plus fixed assets) is \$13,731,813 of which \$1,450,225 is allocated to non-statutory activities. As a result of the allocation of direct expenses and fixed assets to the non-statutory function, the final 2026 Corporate Services budget is \$12,281,588, which is a \$441,591 increase from the 2025 budget after direct expense and fixed asset allocations.

### Program Scope, Purpose, and Impact

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

- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

These support functions are foundational for the existence and successful operation of the organization. Corporate Services also provides executive leadership, corporate communications, 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.



## General and Administrative

### Program Scope, Purpose, and Impact

The General and Administrative Program provides executive leadership; enterprise security; communications; project management, and administrative support for staff, committees, and members to ensure successful business operations, consistency of service delivery, and high-quality customer service for internal and external stakeholders; as well as logistics support for the office and meeting facilities. In addition, this program accounts for indirect costs like Office Rent that benefit all areas of the organization.

### 2026 Key Budget Assumptions

- Executive outreach to stakeholders increases.
- WECC staff will provide the same level of meetings and meeting support as 2025 for the Board of Directors and Board Committees.
- Salt Lake City, Utah is the Board-approved location for the 2026 Annual Meeting.
- Board Directors will be compensated according to the 2025 Board compensation structure, and compensation is expected to increase.
- WECC's unused office space is subleased.

### 2026 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 to increase employee and stakeholder engagement.
- Continue to improve and enhance WECC's security posture and programs.

## Legal and Regulatory

### Program Scope, Purpose, and Impact

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. Legal is also responsible for enterprise risk management: identifying particular events or circumstances relevant to the organization, assessing their likelihood and their magnitude of impact, determining a response strategy, and monitoring risk status over time. This program is also responsible for WECC's Long-Term Strategy refreshes and Corporate Scorecard development and monitoring. 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.

### **2026 Key Budget Assumptions**

- The scope of current Legal operations will be maintained.
- Reliance on outside legal counsel is minimal.
- Business insurance premiums increase by a modest amount.
- FTEs increase by 0.5 due to the removal of an allocation to the General and Administrative area resulting from changes in scope of work.

### **2026 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 by participating in the development of products and ensuring protected information and data is not compromised.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

## **Information Technology**

### **Program Scope, Purpose, and Impact**

The Information Technology (IT) Program provides enterprise and desktop systems, applications, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation—including end-user training, and operational support for hardware, software, database, system administration, network, data center and cloud 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. System and operational enhancements enable higher levels of security and enhanced business capabilities for our hybrid workforce, including evolving cloud-based services and tools.

### **2026 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.
- Internal and external penetration tests on the network and systems will be performed annually.
- IT will select, implement, and train users on 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 Database Engineer is added for support of expanded data workloads.

## 2026 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.
- Create centralized database service, automated workflow processes, network and traffic monitoring, and other 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 and reporting tools to the Enterprise.

## Human Resources

### Program Scope, Purpose, and Impact

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 laws.

### 2026 Key Budget Assumptions

- Total WECC headcount increases by six in 2026.
- WECC's current benefit levels are maintained.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific focus will be on supporting and enhancing interactions and relationships with a distributed workforce.



- Management development and training will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- NERC's Learning Management System and LinkedIn Learning are used as training resources for employees.

## 2026 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.
- Target national markets for most positions, allowing WECC to hire from a larger candidate pool of highly skilled talent.
- Enhance all facets of the employee experience to achieve lower levels of turnover.
- Minimize employee skills gaps through the identification of critical technical skills, knowledge assessment criteria, and competency-based career pathing with a focus on targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct training on interpersonal skills; harassment prevention; and other topics for all employees and managers.
- 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, social media platforms, and employee referral programs.

## Finance and Accounting

### Program Scope, Purpose, and Impact

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting. 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. Accounting works with stakeholders and provides outreach to help increase understanding of annual budget requests.

### 2026 Key Budget Assumptions

- Interest rates remain steady, and investment income is conservatively budgeted.
- Bank and investment fees increase.
- Current accounting systems and controls are effective.
- Software licensing fees increase.



## 2026 Goals and Deliverables

- Continuously improve accounting 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 regular financial education to the management team and budget managers.
- 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, executives, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.



## Corporate Services Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget CORPORATE SERVICES				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	\$ -	
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	-	-	\$ -	
<b>Total Revenue (A)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,716,487	\$ 6,148,281	\$ 431,794	7.55%
Payroll Taxes	345,226	360,387	\$ 15,161	4.39%
Benefits	997,372	1,048,629	\$ 51,257	5.14%
Retirement Costs	537,590	491,183	\$ (46,407)	-8.63%
<b>Total Personnel Expenses</b>	<u>\$ 7,596,675</u>	<u>\$ 8,048,480</u>	<u>\$ 451,805</u>	<u>5.95%</u>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 70,920	\$ 93,302	\$ 22,382	31.56%
Travel	171,624	188,256	\$ 16,632	9.69%
<b>Total Meeting Expenses</b>	<u>\$ 242,544</u>	<u>\$ 281,558</u>	<u>\$ 39,014</u>	<u>16.09%</u>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 277,000	\$ 463,000	\$ 186,000	67.15%
Office Rent	1,328,263	1,326,433	\$ (1,830)	-0.14%
Office Costs	2,063,975	2,123,117	\$ 59,142	2.87%
Professional Services	1,327,700	1,367,225	\$ 39,525	2.98%
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<u>\$ 4,996,938</u>	<u>\$ 5,279,775</u>	<u>\$ 282,837</u>	<u>5.66%</u>
<b>Total Direct Expenses</b>	<u>\$ 12,836,157</u>	<u>\$ 13,609,813</u>	<u>\$ 773,656</u>	<u>6.03%</u>
<b>Indirect Expenses</b>	<u>\$ (12,836,157)</u>	<u>\$ (13,609,813)</u>	<u>\$ (773,656)</u>	<u>6.03%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Change in Net Assets (=A-B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>TOTAL BUDGET (B+C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
FTEs	42.50	42.50	-	0.00%
HC	43.00	43.00	-	0.00%



## **Non-Statutory Program**

---

**Goals, Budget Assumptions, and Statements of Activities**

## 2026 Non-Statutory Budget Overview

Over the last decade, the use of renewable energy and the need to have reliable, credible information for compliance and voluntary renewable usage has increased. States and provinces across the continent are increasing both the amount of renewable energy they are requiring and how they count this energy for compliance. Current and proposed legislation around the West anticipates the increased use of renewable energy through the end of the decade. The Western Renewable Energy Generation Information System (WREGIS) budget assumes that increased renewable energy penetration will require increased resources from WREGIS.

### Budget and Funding Summary

WECC's proposed 2026 non-statutory budget is \$4,638,000, a \$945,000 (26.0%) increase from the 2025 non-statutory budget. Non-statutory funding, derived predominantly from activity-based fees, is budgeted at \$3,568,000, a \$308,000 (9.4%) increase from 2025.

### Major Budget Drivers

#### Funding Sources

- Membership Fees increase due to an anticipated increase in program participation and expansions of some programs.
- Interest remains stable due to anticipated rates of return on investments.
- Training revenue derived from customer training course fees.

#### Personnel Expenses

- Three FTEs are added 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.
- 3% merit and 1% market adjustment pools.
- Adjustments to compensation based on data from a salary survey to enable us to remain competitive with the market and hire and retain highly skilled employees.
- Refinement of payroll tax and benefits enrollment rates and premiums.
- Labor float assumption changes based on actual turnover and vacancy rates.

#### Meeting Expenses

- Travel increases due to increased on-site audit activities to assist program participants with training and compliance and in-person staff training.

#### Indirect Expenses

- Indirect Expenses increase due to three FTEs 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.



### **Consultants and Contracts**

- Consulting increases to provide project management and documentation assistance for various software projects.

### **Computer/Software Maintenance & Licenses**

- Software costs increase due to escalations in software licensing fees as well as new software for a help desk solution.





## WREGIS Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget & Projection, and 2026 Budget NON-STATUTORY						
	2025 Budget	2025 Projection	Variance 2025 Budget v 2025 Projection Over(Under)	2026 Budget	Variance (\$)	Variance (%)
<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	\$ 3,077,375	\$ 3,196,796	\$ 119,421	3,385,000	\$ 307,625	10.00%
Federal Grants	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Miscellaneous	2,500	1,800	(700)	2,500	-	0.00%
Interest	180,000	304,713	124,713	180,000	-	0.00%
<b>Total Revenue (A)</b>	<u>\$ 3,259,875</u>	<u>\$ 3,503,309</u>	<u>\$ 243,434</u>	<u>\$ 3,567,500</u>	<u>\$ 307,625</u>	<u>9.44%</u>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 1,139,845	\$ 1,029,073	\$ (110,772)	\$ 1,390,198	\$ 250,353	21.96%
Payroll Taxes	72,898	69,230	(3,668)	85,687	12,789	17.54%
Benefits	174,656	140,508	(34,148)	201,563	26,907	15.41%
Retirement Costs	101,295	91,774	(9,521)	110,735	9,440	9.32%
<b>Total Personnel Expenses</b>	<u>\$ 1,488,694</u>	<u>\$ 1,330,585</u>	<u>\$ (158,109)</u>	<u>\$ 1,788,183</u>	<u>\$ 299,489</u>	<u>20.12%</u>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 5,200	\$ 3,439	\$ (1,761.00)	\$ 5,400	\$ 200	3.85%
Travel	46,830	43,299	(3,531)	46,080	(750)	-1.60%
<b>Total Meeting Expenses</b>	<u>\$ 52,030</u>	<u>\$ 46,738</u>	<u>\$ (5,292)</u>	<u>\$ 51,480</u>	<u>\$ (550)</u>	<u>-1.06%</u>
<b>Operating Expenses, excluding Depreciation</b>						
Consultants & Contracts	\$ -	\$ 264,000	\$ 264,000	\$ 100,000	\$ 100,000	
Office Rent	-	-	-	-	-	
Office Costs	990,968	1,004,960	13,992	1,247,972	257,004	25.93%
Professional Services	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
<b>Total Operating Expenses</b>	<u>\$ 990,968</u>	<u>\$ 1,268,960</u>	<u>\$ 277,992</u>	<u>\$ 1,347,972</u>	<u>\$ 357,004</u>	<u>36.03%</u>
<b>Total Direct Expenses</b>	<u>\$ 2,531,692</u>	<u>\$ 2,646,283</u>	<u>\$ 114,591</u>	<u>\$ 3,187,635</u>	<u>\$ 655,943</u>	<u>25.91%</u>
<b>Indirect Expenses</b>	<u>\$ 1,146,873</u>	<u>\$ 1,072,725</u>	<u>\$ (74,148)</u>	<u>\$ 1,437,341</u>	<u>\$ 290,468</u>	<u>25.33%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ 3,678,565</u>	<u>\$ 3,719,008</u>	<u>\$ 40,443</u>	<u>\$ 4,624,976</u>	<u>\$ 946,411</u>	<u>25.73%</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (418,690)</u>	<u>\$ (215,699)</u>	<u>\$ 202,991</u>	<u>\$ (1,057,476)</u>	<u>\$ (638,786)</u>	<u>152.57%</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 14,787</u>	<u>\$ -</u>	<u>\$ (14,787)</u>	<u>\$ 12,884</u>	<u>\$ (1,903)</u>	<u>-12.87%</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 3,693,352</u>	<u>\$ 3,719,008</u>	<u>\$ 25,656</u>	<u>\$ 4,637,860</u>	<u>\$ 944,508</u>	<u>25.57%</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<u>\$ (433,477)</u>	<u>\$ (215,699)</u>	<u>\$ 217,778</u>	<u>\$ (1,070,360)</u>	<u>\$ (636,883)</u>	<u>146.92%</u>
FTEs	13.00	13.00	-	16.00	3.00	23.08%
HC	13.00	13.00	-	16.00	3.00	23.08%



## Personnel—Overview of FTEs and Expenses

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 2025	Direct FTEs 2026 Budget	Shared FTEs* 2026 Budget	Total FTEs 2026 Budget	Change from 2025 Budget
<b>NON-STATUTORY</b>					
<b>Operational Programs</b>					
<b>Total FTEs Operational Programs</b>	-	-	-	-	-
<b>Administrative Programs</b>					
WREGIS	13.00	16.00	-	16.00	3.00
<b>Total FTEs Administrative Programs</b>	<b>13.00</b>	<b>16.00</b>	<b>-</b>	<b>16.00</b>	<b>3.00</b>
<b>Total FTEs</b>	<b>13.00</b>	<b>16.00</b>	<b>-</b>	<b>16.00</b>	<b>3.00</b>

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



## Overview of Changes in Reserves

Working Capital Reserve Analysis	
NON-STATUTORY	
	Total
<b>Beginning Reserve (Deficit), January 1, 2025</b>	\$ 7,305,200
Plus: 2025 Funding	3,503,309
Less: 2025 Projected expenses & capital expenditures	(3,719,008)
<b>Projected Working Capital Reserve (Deficit), December 31, 2025</b>	<b><u>\$ 7,089,501</u></b>
Plus: 2026 Funding	3,567,500
Less: 2026 Transfer of Peak Holdback Reserves from Non-Statutory to Statutory	(312,000)
Less: 2026 Projected expenses & capital expenditures	(4,637,860)
<b>Projected Working Capital Reserve, December 31, 2026</b>	<b><u>\$ 5,707,141</u></b>



## Non-Statutory Program—Goals and Budget Assumptions

### WREGIS

#### Program Scope, Purpose, and Impact

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;
- Testing software releases;
- 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.

#### 2026 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 may 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 current 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 remain stable.
- 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.
- One manager is added to assist with the growing staff loads and managerial duties.

## 2026 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.
- 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 each for Qualified Reporting Entities, REC-holding customers, and Generator Owners.
- Deliver two in-person customer training sessions and quarterly virtual customer training sessions.
- Deliver two virtual Qualified Reporting Entity training sessions.



# Appendices

---

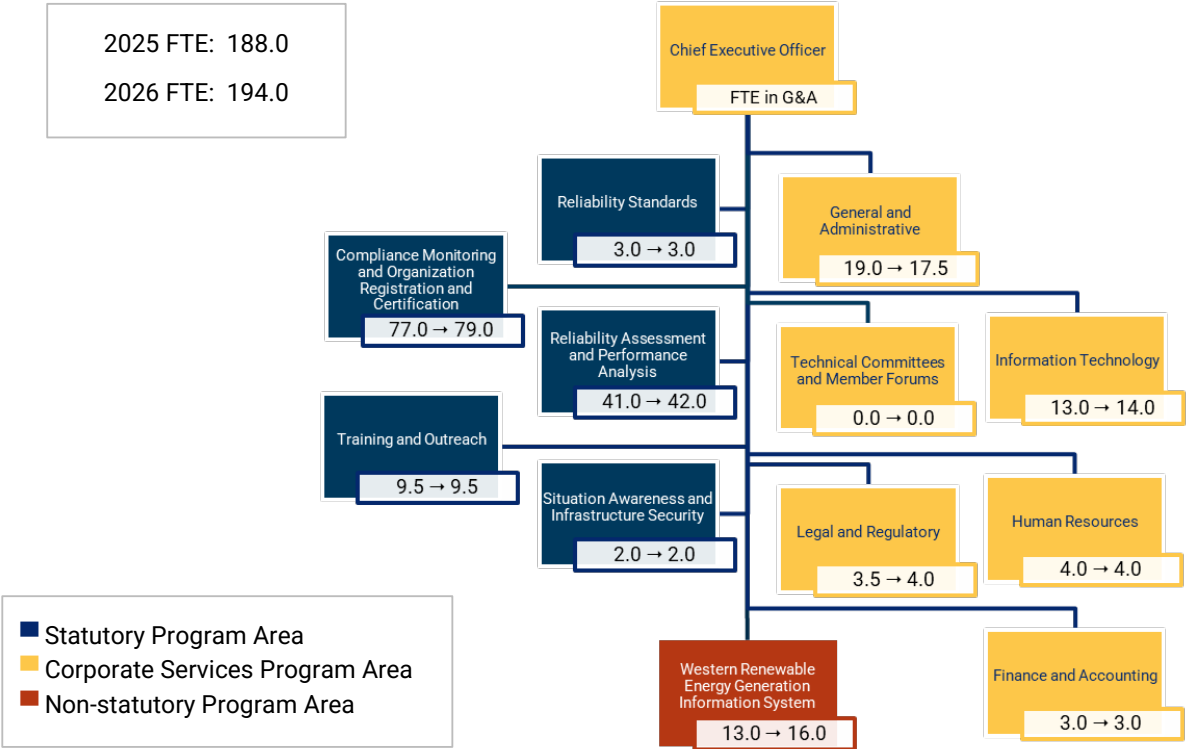
**Additional Information**

## Appendix A—2026 Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Programs							Non-Statutory Program	
				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	\$ 35,657,280	\$ 35,657,280	\$ -	\$ 35,657,280	\$ 855,914	\$ 20,785,916	\$ 11,092,619	\$ 2,370,248	\$ 552,583	\$ -	\$ -	\$ -
Penalties Released	41,745	41,745	-	41,745	924	24,339	12,939	2,927	616	-	-	-
Total Statutory Funding	\$ 35,699,025	\$ 35,699,025	\$ -	\$ 35,699,025	\$ 856,838	\$ 20,810,255	\$ 11,105,558	\$ 2,373,175	\$ 553,199	\$ -	\$ -	\$ -
Non-statutory Funding	\$ 3,385,000	\$ -	\$ 3,385,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,385,000	\$ 3,385,000
Workshops & Miscellaneous	760,000	757,500	2,500	757,500	5,513	145,173	77,181	525,958	3,675	-	2,500	2,500
Interest	1,180,006	1,000,006	180,000	1,000,006	22,140	583,029	309,966	70,111	14,760	-	180,000	180,000
Total Revenue (A)	\$ 41,024,031	\$ 37,456,531	\$ 3,567,500	\$ 37,456,531	\$ 884,491	\$ 21,538,457	\$ 11,492,705	\$ 2,969,244	\$ 571,634	\$ -	\$ 3,567,500	\$ 3,567,500
Expenses												
Personnel Expenses												
Salaries	\$ 27,407,022	\$ 26,016,824	\$ 1,390,198	\$ 26,016,824	\$ 538,597	\$ 11,513,585	\$ 6,104,030	\$ 1,373,830	\$ 338,501	\$ 6,148,281	\$ 1,390,198	\$ 1,390,198
Payroll Taxes	1,662,984	1,577,297	85,687	1,577,297	31,969	710,244	371,857	81,182	21,658	360,387	85,687	85,687
Benefits	3,188,431	2,986,868	201,563	2,986,868	42,986	1,130,885	600,508	133,268	30,592	1,048,629	201,563	201,563
Retirement Costs	2,182,007	2,071,272	110,735	2,071,272	43,088	915,811	484,879	109,231	27,080	491,183	110,735	110,735
Total Personnel Expenses	\$ 34,440,444	\$ 32,652,261	\$ 1,788,183	\$ 32,652,261	\$ 656,640	\$ 14,270,525	\$ 7,561,274	\$ 1,697,511	\$ 417,831	\$ 8,048,480	\$ 1,788,183	\$ 1,788,183
Meeting Expenses												
Meetings & Conference Calls	\$ 616,568	\$ 611,168	\$ 5,400	\$ 611,168	\$ -	\$ -	\$ 16,746	\$ 501,120	\$ -	\$ 93,302	\$ 5,400	\$ 5,400
Travel	1,090,040	1,043,960	46,080	1,043,960	17,378	589,330	206,301	31,846	10,849	188,256	46,080	46,080
Total Meeting Expenses	\$ 1,706,608	\$ 1,655,128	\$ 51,480	\$ 1,655,128	\$ 17,378	\$ 589,330	\$ 223,047	\$ 532,966	\$ 10,849	\$ 281,558	\$ 51,480	\$ 51,480
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 1,595,400	\$ 1,495,400	\$ 100,000	\$ 1,495,400	\$ -	\$ 714,000	\$ 318,400	\$ -	\$ -	\$ 463,000	\$ 100,000	\$ 100,000
Office Rent	1,326,433	1,326,433	-	1,326,433	-	-	-	-	-	1,326,433	-	-
Office Costs	4,212,624	2,964,652	1,247,972	2,964,652	1,755	343,085	404,321	89,854	2,520	2,123,117	1,247,972	1,247,972
Professional Services	1,367,225	1,367,225	-	1,367,225	-	-	-	-	-	1,367,225	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 8,501,682	\$ 7,153,710	\$ 1,347,972	\$ 7,153,710	\$ 1,755	\$ 1,057,085	\$ 722,721	\$ 89,854	\$ 2,520	\$ 5,279,775	\$ 1,347,972	\$ 1,347,972
Total Direct Expenses	\$ 44,648,734	\$ 41,461,099	\$ 3,187,635	\$ 41,461,099	\$ 675,773	\$ 15,916,940	\$ 8,507,042	\$ 2,320,331	\$ 431,200	\$ 13,609,813	\$ 3,187,635	\$ 3,187,635
Indirect Expenses	\$ -	\$ (1,437,341)	\$ 1,437,341	\$ (1,437,341)	\$ 269,501	\$ 7,096,866	\$ 3,773,017	\$ 853,421	\$ 179,667	\$ (13,609,813)	\$ 1,437,341	\$ 1,437,341
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 44,648,734	\$ 40,023,758	\$ 4,624,976	\$ 40,023,758	\$ 945,274	\$ 23,013,806	\$ 12,280,059	\$ 3,173,752	\$ 610,867	\$ -	\$ 4,624,976	\$ 4,624,976
Change in Net Assets (=A-B)	\$ (3,624,703)	\$ (2,567,227)	\$ (1,057,476)	\$ (2,567,227)	\$ (60,783)	\$ (1,475,349)	\$ (787,354)	\$ (204,508)	\$ (39,233)	\$ -	\$ (1,057,476)	\$ (1,057,476)
Fixed Assets, excluding Right of Use Assets (C)												
FTEs	\$ 122,000	\$ 109,116	\$ 12,884	\$ 109,116	\$ 2,416	\$ 63,617	\$ 33,822	\$ 7,650	\$ 1,611	\$ -	\$ 12,884	\$ 12,884
HC	\$ 44,770,734	\$ 40,132,874	\$ 4,637,860	\$ 40,132,874	\$ 947,690	\$ 23,077,423	\$ 12,313,881	\$ 3,181,402	\$ 612,478	\$ -	\$ 4,637,860	\$ 4,637,860
TOTAL BUDGET (B+C)	\$ 44,770,734	\$ 40,132,874	\$ 4,637,860	\$ 40,132,874	\$ 947,690	\$ 23,077,423	\$ 12,313,881	\$ 3,181,402	\$ 612,478	\$ -	\$ 4,637,860	\$ 4,637,860
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (3,746,703)	\$ (2,676,343)	\$ (1,070,360)	\$ (2,676,343)	\$ (63,199)	\$ (1,538,966)	\$ (821,176)	\$ (212,158)	\$ (40,844)	\$ -	\$ (1,070,360)	\$ (1,070,360)
FTEs	194.00	178.00	16.00	178.00	3.00	79.00	42.00	9.50	2.00	42.50	16.00	16.00
HC	194.00	178.00	16.00	178.00	3.00	79.00	42.00	9.00	2.00	43.00	16.00	16.00



Appendix B—Organizational Chart—Changes in FTE by Program





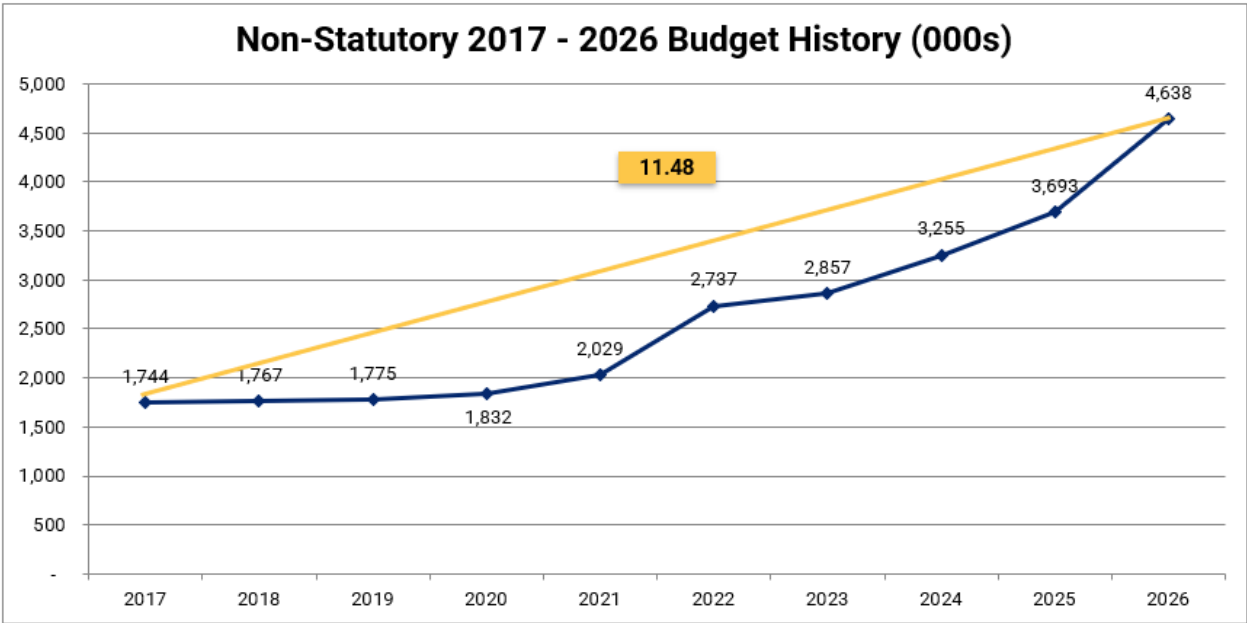
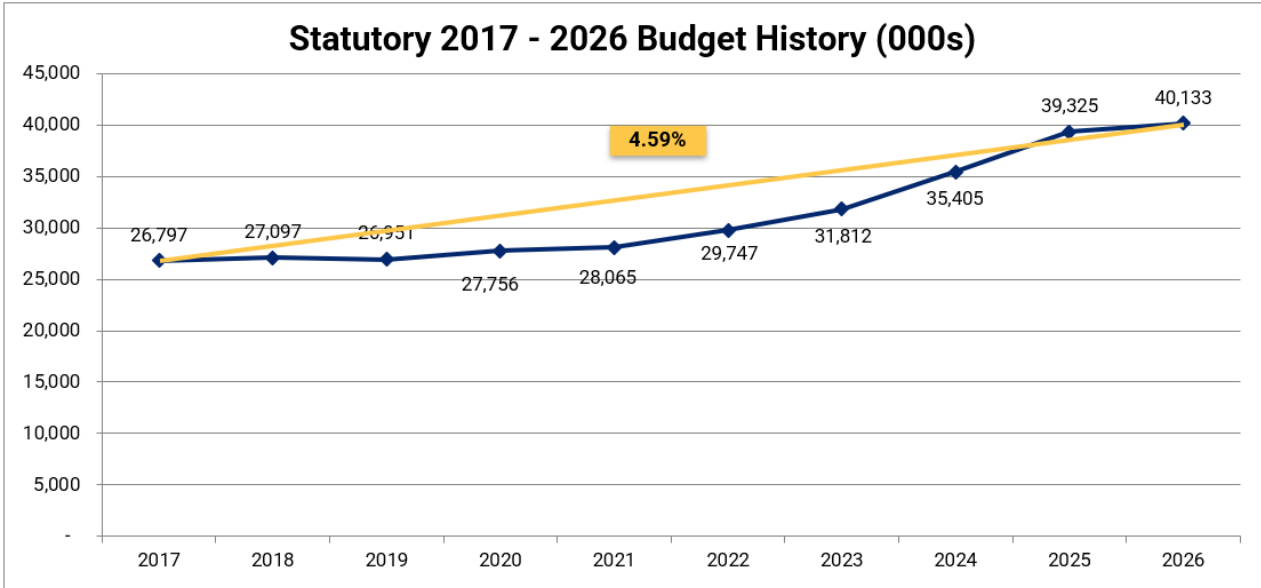
---

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

*To be calculated and inserted after NEL data is collected.*



Appendix D—Statutory and Non-Statutory Budget History Charts





---

## **2026 Business Plan and Budget**

Approved by: WECC Board of Directors

June XX, 2025

## Table of Contents

Introduction .....	1
Organizational Overview .....	1
Membership and Governance.....	2
2026 Strategic Goals .....	3
2026 Statutory Budget Overview .....	7
Budget and Funding Summary .....	7
Major Budget Drivers .....	7
Peak Reliability Donation.....	8
2025 Statutory Budget and Projection and 2026 Budget .....	9
Monetary Penalties.....	10
Major Budget Drivers—Statutory Programs .....	11
Personnel—Overview of FTEs and Expenses.....	13
Meeting Expenses .....	15
Consultants and Contracts .....	16
Overview of Changes in Reserves .....	17
Three-Year Budget Projections .....	18
Statutory Programs.....	19
Statutory Programs—Goals, Budget Assumptions, and Statements of Activities .....	20
Reliability Standards.....	20
Compliance Monitoring and Enforcement.....	23
Reliability Assessment and Performance Analysis.....	28
Training and Outreach .....	32
Situation Awareness and Infrastructure Security.....	35
Corporate Services .....	38
Non-Statutory Program.....	45
2026 Non-Statutory Budget Overview .....	46
Budget and Funding Summary .....	46
Major Budget Drivers .....	46
Personnel—Overview of FTEs and Expenses.....	49



---

Overview of Changes in Reserves ..... 50

Non-Statutory Program—Goals and Budget Assumptions ..... 51

WREGIS..... 51

Appendices ..... 53

Appendix A—2026 Statement of Activities by Program, Statutory and Non-Statutory ..... 54

Appendix B—Organizational Chart—Changes in FTE by Program..... 55

Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment..... 56

Appendix D—Statutory and Non-Statutory Budget History Charts..... 57

## Introduction

TOTAL RESOURCES (in whole dollars)				
	2026 Budget	U.S.	Canada	Mexico
Statutory FTEs*	178.0	To be updated when NEL data received		
Non-statutory FTEs	16.0			
<b>Total FTEs</b>	194.0			
Statutory Budget	\$ 40,132,874			
Non-Statutory Budget	\$ 4,637,860			
<b>Total Expenses</b>	\$ 44,770,735			
<b>Statutory Assessments</b>	\$ 35,657,280	29,424,702	3,591,298	-
<b>Non-Statutory Fees</b>	\$ 3,567,500	2,856,650	677,000	33,850
NEL**	-			
NEL%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

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

\*\*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 reduce risks to the reliability and security of the Western Interconnection's Bulk Power System (BPS). WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and in accordance with its Bylaws. WECC executes its mission while working with a broad community consisting of industry stakeholders and two advisory bodies: the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

The Western Interconnection is a geographic area in which the use and generation of electricity is 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 its mission through:

- Effective risk-based monitoring and enforcement of Reliability Standards through standards development, entity registration and certification, compliance risk assessments, audits and investigations, and, when necessary, enforcement;
- Working with industry participants, policymakers, and other stakeholders in the Western Interconnection to conduct system modeling and information sharing, reliability assessments, performance analyses, situation awareness, and event analyses; and



- Targeted training, outreach, and engagement to better educate and inform stakeholders about the near- and long-term impacts their decisions have on the reliability and security of the Western Interconnection.

To ensure that WECC adds value to the Western Interconnection and delivers on its vital reliability and security mission, WECC's Long-Term Strategy focuses on five Impact Areas:

1. Risk Mitigation: WECC is an organization aligned around risk reduction. WECC's holistic risk-based approach uses all the tools and skills available to deliver comprehensive risk mitigation strategies.
2. Partnership: WECC is sought after as a partner to address the risks that pose the greatest threat to reliability. WECC identifies concerns and facilitates solutions with input and assistance from diverse and often conflicting stakeholder perspectives, focusing our resources on risks that pose the greatest threat to reliability and security.
3. Perspective: WECC's insights, analyses, and outreach promote industry action. WECC is renowned for providing clear and actionable communications supported by data and rigorous analysis.
4. Independence: WECC's resource- and technology-neutral, interconnection-wide perspective is respected and trusted to allow decision-makers to rely on WECC as an independent partner.
5. People: WECC's highly skilled and engaged employees are champions for reliability.

## Membership and Governance

WECC has 338 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 or any other stakeholder proceeding.<sup>2</sup>

WECC is governed by a nine-member independent Board of Directors (Board) elected by the WECC membership, and WECC's president and chief executive officer. The nine independent directors are compensated by WECC for their time.

<sup>1</sup> As of Feb. 19, 2025

<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.

WECC has four governance committees that 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 WECC Board, additional committees provide the Board with technical advice and policy recommendations:

- Joint Guidance Committee (JGC);
- Market Interface Committee (MIC);
- Member Advisory Committee (MAC);
- Operating Committee (OC);
- Reliability Assessment Committee (RAC); and
- WECC Standards Committee (WSC).

## 2026 Strategic Goals

The electric industry is undergoing profound changes, especially in the West. WECC's role continues to be the independent voice of Bulk Power System reliability and security in the Western Interconnection. WECC works closely with its broad stakeholder base to build trust, promote transparency, set priorities, and enhance the reliability and security of the Western Interconnection. WECC's focus is to proactively address issues for which the impacts to 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 represents continent-wide risks and was vetted through a stakeholder process. WECC's Long-Term Strategy then identifies unique Western long-term Impact 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 2026 and beyond.

Additionally, at its June 2024 meeting, the Board approved [Reliability Risk Priorities \(RRP\)](#) intended to further focus WECC's work. Risks are now identified through an analytical process that begins with the Reliability Risk Committee (RRC). WECC is developing and implementing a more nimble approach to identify and mitigate reliability risks that engages stakeholders more broadly as risks arise and program area work plans are developed and modified. Much of the work related to the WECC RRP involves staff time; examples of activities supporting these priorities are noted in the proper statutory program area sections of the business plan.





## Reliability Risk Priorities

### *Aridification and Associated Natural Events*

Aridification is the gradual, permanent change of a region to a drier climate. Aridification is a long-term process with a timespan well beyond our current planning horizons; however, natural events associated with aridification have a more immediate and tangible effect. Drought, heat events, and increased wildfire activity challenge the planning and operation of the system in the West. While changes in climate are experienced across the continent, the changes associated with aridification are particular to and highly concentrated in the West.

### *Impact of Inverter-based Resources*

Inverter-based resources (IBR) include wind turbines, solar photovoltaic, and battery energy storage systems. IBRs are facilities connected to the bulk power system that convert DC electricity from renewable sources into AC electricity, which allows power to flow into the grid. Over the next decade, entities in the West plan to add more than 100 GW of IBRs to the system to meet demand under clean and green energy policies.

### *Lack of Coordinated Resource and Transmission Planning*

Historically, transmission planning and resource planning have occurred separately. While some entities combine the two types of planning, this is not the case on regional or interconnection-wide levels. Recent events and analyses have highlighted the need to coordinate resource and transmission planning on an interconnection-wide basis. As the heat wave in August 2020 and the Bootleg Fire in 2021 showed, under certain circumstances, the ability to move power can be as limiting as the availability of that power. As the footprint of natural events increases, so too must the ability to effectively move power across the Interconnection.

### *Modeling Quality and Input Validation*

Modeling is the process of building computer models of energy systems to analyze and better understand them. Studying how assets on the grid will respond to disturbances or other changes (e.g., demand growth) helps prevent reliability issues on the bulk power system. With rapid changes occurring on the system, up-to-date, accurate models and data are critical to planning and operating the system.

### *Potential effects of energy policies in the West*

The West is a patchwork of different, sometimes contradicting, energy policies that address topics such as energy efficiency, clean energy, transportation, building codes, and protection of legacy generation types. These policies drive changes to the operation and planning of the bulk power system and can create an environment that introduces risk to the reliability and resilience of that system. In aggregate, these policies create a varied and complex tapestry that may introduce more risks to the power system in the West.

## ERO Enterprise



Electricity is a vital component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric for the benefit of nearly 400 million North Americans. The ERO Enterprise, which consists of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, works with users, owners, and operators of the bulk power system (BPS), government partners, and other stakeholders and industry participants, to pursue its mission of assuring the effective and efficient reduction of risks to the reliability and security of the BPS.

NERC and the Regional Entities play different, but important and complementary, roles in delivering ERO Enterprise programs. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents, while ensuring that registered entities follow NERC and Regional Reliability Standards. 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. The ERO Enterprise is explicitly committed to its collective success in achieving its vision of a highly reliable and secure North American BPS.



NERC and the Regional Entities are continually refining their individual and collective operating and governance practices in support of strategic and operational goals and objectives that are designed to ensure the ERO fulfills its statutory obligations. This collaboration is done while acknowledging the unique differences across the Regional Entities, and the different corporate and governance responsibilities of each entity.

In 2024, the ERO Enterprise revised the [ERO Enterprise Long-Term Strategy](#). The WECC Board acknowledged this strategy in September 2024 as a valuable input to the WECC strategic planning process and recognized it as a beneficial collaboration with NERC and the Regional Entities. The strategy includes the following focus areas for achieving success in the ERO Enterprise vision and mission:

- **Energy**—Effectively leverage a broad range of data, tools, and approaches to assist stakeholders and policymakers in addressing existing BPS risks and proactively identifying and preparing for emerging and unknown risks to the grid.
- **Security**—Maintain cyber and physical security programs (E-ISAC, Standards, Compliance Monitoring and Enforcement Program (CMEP), technical committee work, outreach, and engagement) that are risk-based, efficient, coordinated, and effectively advance the security posture of industry.
- **Engagement**—Ensure that the increasingly diverse spectrum of stakeholders and policymakers find value in engagements with the ERO Enterprise, seek ERO Enterprise expertise to inform their decision-making, and have confidence in the integrity and independence of ERO Enterprise programs.

- 
- **Agility and Sustainability**—Perform as an effective and efficient team acting in coordination, ensuring its programs and efforts deliver value for stakeholders and policymakers as they manage changing reliability and security risk within the evolving industry landscape, and capturing cost efficiencies when practical.

As part of the business planning and budgeting process, NERC and the Regional Entities each have their own priorities and strategic focus areas, but continually come together to ensure alignment 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, discussed in [Statutory Programs](#).

Risks to reliability and security are fluid and can be affected by recent events, therefore NERC and each Regional Entity may also create annual work plan priorities that summarize the most critical goals and objectives for the year. In many cases, these work plan priorities are also used for individual, departmental, and company performance measurement.

## 2026 Statutory Budget Overview

Those who plan, operate, and care about the reliability of the Western Interconnection continue to confront numerous and rapidly evolving challenges—increasingly recurrent extreme natural events, large-scale generator retirements to meet aggressive clean energy goals, massive amounts of new generators that present new technological and dispatchability challenges, evolving and increasing cybersecurity and physical threats, the risks and opportunities posed by artificial intelligence, rapidly 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, where the competition for talent and the increasing costs to attract and retain a highly skilled workforce remain.

## Budget and Funding Summary

WECC's proposed 2026 statutory budget is \$40,133,000, a \$808,000 (2.1%) increase from the 2025 statutory budget. WECC's proposed statutory assessment is \$35,657,000, a \$2,641,000 (8.0%) increase over the 2025 statutory assessment. Major drivers of the increase in budgeted expenditures are outlined below. 2026 funding includes the use of working capital reserves of \$2,476,000, Peak Donation reserves of \$200,000, and \$1,758,000 of other income.

## Major Budget Drivers

### Personnel Expenses

- Three new full-time equivalents (FTE) to support increasing demands on the organization:
  - Two FTE are added in Compliance Monitoring and Enforcement in response to different and new types of work, to build improved depth and breadth of skillsets, to address enforcement inventory, and in response to the downstream increase of all related work from new registrants;
  - One FTE is added in Reliability Assessment and Performance Analysis to support a weather readiness program for generators in the Western Interconnection;
- 3% merit and 1% market adjustment pools;
- Adjustments to compensation based on data from a salary survey to enable us to remain competitive with the market and hire and retain highly skilled employees;
- Refinement of payroll tax and benefits enrollment rates and premiums; and
- Labor float assumption changes based on actual turnover and vacancy rates.

### Operating Expenses

- Consulting decreases due to the anticipated wrap-up of the transmission planning project performed in conjunction with WPP and WestTEC, which Peak Reliability donation funds have contributed to.
- Contract labor increases to reduce the open Enforcement inventory backlog.



## 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 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 the [Overview of Changes in Reserves](#). Non-statutory funds remaining after the five-year period will also be used to fund reliability and security projects. The holdback period ends at the end of 2025, and the remaining holdback amount plus compounded interest of approximately \$312,000 will be converted from non-statutory to statutory reserves through the 2026 Business Plan and Budget cycle.

Proposed projects are vetted with the executive team and stakeholders via targeted outreach, technical committees, and the Business Plan and Budget (BP&B) process. Our final contribution to the WestTEC transmission project is included in the 2026 BP&B.

In 2024, following stakeholder feedback and confirmation of the independence of the work and content of the work product, WECC proposed to use a total of \$2.2 million over three budget years to further the transmission planning endeavor being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is a response to a widely recognized concern that current transmission planning frameworks in the West do not result in the identification of sufficient transmission solutions to support the reliability of the future energy grid. WestTEC is an interregional transmission planning project that intends to employ analytical technologies to produce an actionable long-term transmission plan that will provide a range of transmission benefits to stakeholders throughout the West. WECC's investment of Peak reserve funds would help continue to finance the analytical work being conducted by an independent third party. The project duration is March 2024 through February 2026.

In 2024, WECC proposed to use approximately \$500,000 of the Peak Donation reserve in 2024; that amount has been deferred to 2025 due to project delays. \$1,500,000 from the Peak Donation reserve was budgeted to fund this project in 2025. In 2026, \$200,000 is budgeted for the final phase of the project.

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.



## 2025 Statutory Budget and Projection and 2026 Budget

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget & Projection, and 2026 Budget						
STATUTORY						
	2025 Budget	2025 Projection	Variance 2025 Budget v 2025 Projection Over(Under)	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>						
<b>Statutory Funding</b>						
WECC Assessments	\$ 33,016,000	\$ 33,016,000	\$ -	\$ 35,657,280	\$ 2,641,280	8.00%
Penalties Released <sup>1</sup>	4,400	4,400	\$ -	41,745	\$ 37,345	848.75%
<b>Total Statutory Funding</b>	<b>\$ 33,020,400</b>	<b>\$ 33,020,400</b>	<b>\$ -</b>	<b>\$ 35,699,025</b>	<b>\$ 2,678,625</b>	<b>8.11%</b>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	-	\$ -	
Services & Software	-	-	\$ -	-	\$ -	
Workshops & Miscellaneous	703,541	\$ 695,093	\$ (8,448.00)	757,500	\$ 53,959	7.67%
Interest	1,000,000	\$ 1,228,265	\$ 228,265.00	1,000,006	\$ 6	0.00%
<b>Total Revenue (A)</b>	<b>\$ 34,723,941</b>	<b>\$ 34,943,758</b>	<b>\$ 219,817</b>	<b>\$ 37,456,531</b>	<b>\$ 2,732,590</b>	<b>7.87%</b>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 24,449,956	\$ 24,422,190	\$ (27,766.00)	\$ 26,016,824	\$ 1,566,868	6.41%
Payroll Taxes	1,536,792	1,612,311	\$ 75,519.00	1,577,297	\$ 40,505	2.64%
Benefits	2,934,023	2,903,909	\$ (30,114.00)	2,986,868	\$ 52,845	1.80%
Retirement Costs	2,200,566	2,105,751	\$ (94,815.00)	2,071,272	\$ (129,294)	-5.88%
<b>Total Personnel Expenses</b>	<b>\$ 31,121,337</b>	<b>\$ 31,044,161</b>	<b>\$ (77,176)</b>	<b>\$ 32,652,261</b>	<b>\$ 1,530,924</b>	<b>4.92%</b>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 635,316	\$ 608,639	\$ (26,677.00)	\$ 611,168	\$ (24,148)	-3.80%
Travel	1,062,145	944,525	\$ (117,620.00)	1,043,960	\$ (18,185)	-1.71%
<b>Total Meeting Expenses</b>	<b>\$ 1,697,461</b>	<b>\$ 1,553,164</b>	<b>\$ (144,297)</b>	<b>\$ 1,655,128</b>	<b>\$ (42,333)</b>	<b>-2.49%</b>
<b>Operating Expenses, Excluding Depreciation</b>						
Consultants & Contracts	\$ 1,897,400	\$ 1,786,453	\$ (110,947.00)	\$ 1,495,400	\$ (402,000)	-21.19%
Office Rent	1,328,263	1,328,747	\$ 484.00	1,326,433	\$ (1,830)	-0.14%
Office Costs	2,949,356	2,715,077	\$ (234,279.00)	2,964,652	\$ 15,296	0.52%
Professional Services	1,327,700	1,297,321	\$ (30,379.00)	1,367,225	\$ 39,525	2.98%
Miscellaneous	-	-	\$ -	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 7,502,719</b>	<b>\$ 7,127,598</b>	<b>\$ (375,121)</b>	<b>\$ 7,153,710</b>	<b>\$ (349,009)</b>	<b>-4.65%</b>
<b>Total Direct Expenses</b>	<b>\$ 40,321,517</b>	<b>\$ 39,724,923</b>	<b>\$ (596,594)</b>	<b>\$ 41,461,099</b>	<b>\$ 1,139,582</b>	<b>2.83%</b>
<b>Indirect Expenses</b>	<b>\$ (1,146,873)</b>	<b>\$ (1,072,725)</b>	<b>\$ 74,148</b>	<b>\$ (1,437,341)</b>	<b>\$ (290,468)</b>	<b>25.33%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2)</b>	
<b>Total Expenses (B)</b>	<b>\$ 39,174,644</b>	<b>\$ 38,652,198</b>	<b>\$ (522,446)</b>	<b>\$ 40,023,758</b>	<b>\$ 849,112</b>	<b>2.17%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (4,450,703)</b>	<b>\$ (3,708,440)</b>	<b>\$ 742,263</b>	<b>\$ (2,567,227)</b>	<b>\$ 1,883,478</b>	<b>-42.32%</b>
<b>Fixed Asset Additions, Excluding Right of Use Assets (C)</b>	<b>\$ 150,713</b>	<b>\$ 176,778</b>	<b>\$ -</b>	<b>\$ 109,116</b>	<b>\$ (41,597)</b>	<b>-27.60%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 39,325,357</b>	<b>\$ 38,828,976</b>	<b>\$ (522,446)</b>	<b>\$ 40,132,874</b>	<b>\$ 807,517</b>	<b>2.05%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (4,601,416)</b>	<b>\$ (3,885,218)</b>	<b>\$ 742,263</b>	<b>\$ (2,676,343)</b>	<b>\$ 1,925,075</b>	<b>-41.84%</b>
<b>FTEs</b>	175.00	175.00	-	178.00	3.00	1.71%
<b>HC</b>	175.00	175.00	-	178.00	3.00	1.71%

<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).



---

## 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, 2025, will be used to offset assessments in the 2026 WECC budget.

WECC collected \$4,400 in penalty monies between July 1, 2023, and June 30, 2024 to offset assessments for 2025.

WECC collected \$41,745 in penalty monies between July 1, 2024, and June 30, 2025 to offset assessments for 2026.

**Allocation Method:** Penalty monies collected and released to offset assessments are allocated to the following Statutory Programs:

- 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.



## Major Budget Drivers—Statutory Programs

Program Area	Budget 2025	Budget 2026	Variance \$	Variance %
Reliability Standards	\$ 954,606	\$ 947,690	\$ (6,916)	(0.72%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	21,348,588	23,077,423	1,728,835	8.10%
Reliability Assessment and Performance Analysis	13,294,184	12,313,881	(980,303)	(7.37%)
Training and Outreach	3,132,745	3,181,402	48,657	1.55%
Situation Awareness and Infrastructure Security	595,234	612,478	17,244	2.90%
<b>Total*</b>	<b>\$ 39,325,357</b>	<b>\$ 40,132,874</b>	<b>\$ 807,517</b>	<b>2.05%</b>

\*includes allocated Corporate Services costs

### Reliability Standards

No major budget drivers in this area.

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

#### Personnel Expenses

- Two new FTEs are added to the Compliance Monitoring and Enforcement (CMEP) and Organization Registration and Certification budget in 2026.
  - One Registration Engineer to enhance registration processing efficiency in line with increased registration activities related to IBRs.
  - One Risk Assessment Engineer to assist in oversight planning and analysis activities.
- A budgeted 3% merit pool, 1% market adjustment pool, some compensation adjustments resulting from a salary survey, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contribute to increases in personnel expenses in this area and across the organization.

#### Consultants and Contracts

- Consulting increases due to the use of law firm services to reduce the enforcement inventory backlog.

### Reliability Assessment and Performance Analysis

#### Personnel Expenses

- 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.





- A budgeted 3% merit pool, 1% market adjustment pool, some compensation adjustments resulting from a salary survey, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.

### *Consultants and contracts*

- Consulting decreases due to the anticipated completion of the transmission planning project performed in conjunction with WPP through its WestTEC effort.

### **Training and Outreach**

- No major budget drivers in this area.

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

- No major budget drivers in this area.

### **Corporate Services**

<b>Corporate Services</b> (in whole dollars) <b>Direct Expenses and Fixed Assets</b>						
	2025 Budget	2026 Budget	Increase (Decrease)	FTEs 2025 Budget	FTEs 2026 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 6,110,050	\$ 6,325,595	\$ 215,545	19.00	17.50	(1.50)
Legal and Regulatory	\$ 1,142,835	\$ 1,273,986	\$ 131,151	3.50	4.00	0.50
Information Technology	\$ 3,810,520	\$ 4,177,585	\$ 367,065	13.00	14.00	1.00
Human Resources	\$ 1,219,717	\$ 1,200,673	\$ (19,044)	4.00	4.00	-
Accounting and Finance	\$ 718,535	\$ 753,974	\$ 35,439	3.00	3.00	-
Total Corporate Services*	\$ 13,001,657	\$ 13,731,813	\$ 730,156	42.50	42.50	-

\*WECC's 2026 Corporate Services budget (expenses plus fixed assets) is \$13,731,813 of which \$1,450,225 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2026 statutory budget are \$12,281,588, which is a \$441,591 increase from the 2025 budget.

### *Personnel Expenses*

- One FTE is transferred from General and Administrative to Information Technology for a Database Engineer to increase our capabilities related to data and reporting.
- One half FTE is transferred from General and Administrative to Legal and Regulatory to realign the budget with the evolving responsibilities of the Corporate Secretary related to enhancing governance, compliance, and operational efficiency.
- A budgeted 3% merit pool, 1% market adjustment pool, some compensation adjustments resulting from a salary survey, refinement of labor float percentages, and the refinement of payroll tax and benefits premiums and enrollment rates contributes to increases in personnel expenses in this area and across the organization.



## Personnel—Overview of FTEs and Expenses

Over the last several years, many events have highlighted increasing risks to reliability and security: extreme heat, severe cold weather, unexpected behavior of IBRs, 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 evident in the work of CMEP, RAPA and Strategic Engagement. WECC will require additional specific expertise and resources to effectively engage with stakeholders, manage the increasing workload, and minimize risks to the reliability and security of the Western Interconnection. Enhancing our stakeholder interaction, facilitation, and outreach will ensure that reliability remains paramount in the discussions with our wide range of stakeholders as the Interconnection transforms to meet policy objectives. As a result, in the 2026 budget, WECC is adding three statutory FTEs (with an additional three FTEs in its non-statutory program for a total of six FTEs) and realigning some positions within program areas due to evolving organizational needs and priorities.

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

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



Personnel Expenses	Budget 2025	Budget 2026	Variance \$	Variance %
<b>Salaries</b>				
Salaries	\$ 24,449,956	\$ 26,016,824	\$ 1,566,868	6.4%
Employment Agency Fees	-	-	-	
Temporary Office Services	-	-	-	
<b>Total Salaries</b>	<b>\$ 24,449,956</b>	<b>\$ 26,016,824</b>	<b>\$ 1,566,868</b>	<b>6.4%</b>
<b>Total Payroll Taxes</b>	<b>\$ 1,536,792</b>	<b>\$ 1,577,297</b>	<b>\$ 40,505</b>	<b>2.6%</b>
<b>Benefits</b>				
Workers Compensation	\$ 19,800	\$ -	\$ (19,800)	(100.0%)
Medical Insurance	2,591,317	2,651,047	59,730	2.3%
Life-LTD-STD Insurance	122,759	125,545	2,786	2.3%
Education	172,151	207,277	35,126	20.4%
Relocation	-	-	-	
Other	28,000	3,000	(25,000)	(89.3%)
<b>Total Benefits</b>	<b>\$ 2,934,027</b>	<b>\$ 2,986,869</b>	<b>\$ 52,842</b>	<b>1.8%</b>
<b>Retirement</b>				
Discretionary 401(k) Contribution	\$ 2,170,566	\$ 2,071,272	\$ (99,294)	(4.6%)
Retirement Administration Fees	30,000	-	(30,000)	
<b>Total Retirement</b>	<b>\$ 2,200,566</b>	<b>\$ 2,071,272</b>	<b>\$ (129,294)</b>	<b>(5.9%)</b>
<b>Total Personnel Costs</b>	<b>\$ 31,121,341</b>	<b>\$ 32,652,262</b>	<b>\$ 1,530,921</b>	<b>4.9%</b>
<b>FTEs</b>	<b>175.0</b>	<b>178.0</b>	<b>3.0</b>	<b>1.7%</b>
<b>Cost per FTE</b>				
Salaries	\$ 139,714	\$ 146,162	\$ 6,448	4.6%
Payroll Taxes	8,782	8,861	80	0.9%
Benefits	16,766	16,780	14	0.1%
Retirement	12,575	11,636	(938)	(7.5%)
<b>Total Cost per FTE</b>	<b>\$ 177,836</b>	<b>\$ 183,440</b>	<b>\$ 5,603</b>	<b>3.2%</b>

## Explanation of Significant Variances

- FTEs increase by three. More detailed information is presented in [Major Budget Drivers—Statutory Programs](#).
- Merit pool of 3%.
- Market adjustment pool of 1%.
- Adjustments to compensation based on salary survey data.
- Labor float assumptions based on turnover and vacancy rates.
- Benefits enrollment rate refinement.



## Meeting Expenses

Meeting & Conference Call Expenses	Budget 2025	Budget 2026	Variance \$	Variance %
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	
Reliability Assessment and Performance Analysis	38,676	16,746	(21,930)	(56.7%)
Training and Outreach	525,720	501,120	(24,600)	(4.7%)
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	70,920	93,302	22,382	31.6%
<b>Total Meeting Expenses</b>	<b>\$ 635,316</b>	<b>\$ 611,168</b>	<b>\$ (24,148)</b>	<b>(3.8%)</b>

Travel Expenses	Budget 2025	Budget 2026	Variance \$	Variance %
Reliability Standards	\$ 21,236	\$ 17,378	\$ (3,858)	(18.2%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	606,370	589,330	(17,040)	(2.8%)
Reliability Assessment and Performance Analysis	197,585	206,301	8,716	4.4%
Training and Outreach	46,080	31,846	(14,234)	(30.9%)
Situation Awareness and Infrastructure Security	19,250	10,849	(8,401)	(43.6%)
Corporate Services	171,624	188,256	16,632	9.7%
<b>Total Travel Expenses</b>	<b>\$ 1,062,145</b>	<b>\$ 1,043,960</b>	<b>\$ (18,185)</b>	<b>(1.7%)</b>

## Explanation of Significant Variances

- No major budget drivers in this area.



## Consultants and Contracts

Consultants	Budget 2025	Budget 2026	Variance \$	Variance %
<b>Consultants</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	12,000	12,000	-	0.0%
Reliability Assessment and Performance Analysis	1,608,400	318,400	(1,290,000)	(80.2%)
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	277,000	463,000	186,000	67.1%
<b>Consultants Total</b>	<b>\$ 1,897,400</b>	<b>\$ 793,400</b>	<b>\$ (1,104,000)</b>	<b>(58.2%)</b>

Contracts	Budget 2025	Budget 2026	Variance \$	Variance %
<b>Contracts</b>				
Reliability Standards	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	702,000	702,000	
Reliability Assessment and Performance Analysis	-	-	-	
Training and Outreach	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	
Corporate Services	-	-	-	
<b>Contracts Total</b>	<b>\$ -</b>	<b>\$ 702,000</b>	<b>\$ 702,000</b>	
<b>Total Consulting and Contracts</b>	<b>\$ 1,897,400</b>	<b>\$ 1,495,400</b>	<b>\$ (402,000)</b>	<b>(21.2%)</b>

## Explanation of Significant Variances

### Corporate Services

- Consulting increases due to search fees for new Board Directors resulting from term limits and an independent Board compensation study.

### Reliability Assessment and Performance Analysis

- Consulting decreases due to the 2026 anticipated completion of the transmission planning study being undertaken by the Western Power Pool (WPP) through its WestTEC effort. WestTEC is an interregional transmission planning project employing analytical technologies to produce an actionable long-term transmission plan intended to provide a range of transmission benefits to stakeholders throughout the West. The expected project duration is March 2024 through February 2026. WECC proposes to use \$200,000 from the Peak Reliability Donation reserve to fund the final phase of this project in 2026.

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

- Contract labor increases to reduce the open enforcement inventory backlog.



## Overview of Changes in Reserves

Working Capital Reserve Analysis				
STATUTORY				
	Total	Working Capital Reserve	Unreleased Penalties	Peak Reliability Donation
<b>Beginning Reserve, January 1, 2025</b>	\$ 16,098,526	\$ 13,036,834	\$ 4,400	\$ 3,057,292
Plus: 2025 Funding (from Load-Serving Entities (LSE) or designees)	33,016,000	33,016,000	-	-
Plus: Penalties released	-	4,400	(4,400)	-
Plus: Penalties received	41,745	-	41,745	-
Plus: 2025 Other funding sources	1,923,358	1,923,358	-	-
Less: 2025 Projected expenses & capital expenditures	(38,828,976)	(36,681,424)	-	(2,147,552)
<b>Projected Reserve (Deficit), December 31, 2025</b>	<b>\$ 12,250,653</b>	<b>\$ 11,299,168</b>	<b>\$ 41,745</b>	<b>\$ 909,740</b>
Plus: 2026 Funding (from Load-Serving Entities (LSE) or designees)	35,657,280	35,657,280	-	-
Plus: Penalties released	-	41,745	(41,745)	-
Plus: 2026 Other funding sources	1,757,506	1,757,506	-	-
Plus: 2026 Transfer of Peak Holdback Reserves to Statutory	-	312,000	-	(312,000)
Less: 2026 Projected expenses & capital expenditures	(40,132,874)	(39,932,874)	-	(200,000)
<b>2026 Increase(Decrease) in Reserve</b>	<b>\$ (2,718,088)</b>	<b>(2,164,343)</b>	<b>\$ (41,745)</b>	<b>\$ (512,000)</b>
<b>Projected Reserve, December 31, 2026</b>	<b>\$ 9,532,565</b>	<b>\$ 9,134,825</b>	<b>\$ -</b>	<b>\$ 397,740</b>
2026 Expenses and Capital Expenditures	40,132,874			
Less: Penalties Released	(41,745)			
Less: Other Funding Sources	(1,757,506)			
Change to Working Capital & Peak Reliability Donation Reserves	(2,676,343)			
<b>2026 WECC Assessment</b>	<b>\$ 35,657,280</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.

In 2026, reserves are being used to fund a portion of the budget. Working capital reserves of \$2,476,000 are funding budgeted expenditures, and \$200,000 of the Peak Reliability Donation reserves are funding the WPP/WestTEC transmission planning project.

When Peak Reliability ceased operations, Peak requested WECC hold \$300,000 of the total donation amount 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. Any funds remaining after the five-year period will also be used to fund reliability and security projects. The holdback period ends at the end of 2025, and the remaining holdback amount plus compounded interest of approximately \$312,000 will be converted from non-statutory to statutory reserves through the 2026 Business Plan and Budget cycle and used to fund reliability and security projects in the future.

WECC received \$41,745 in penalty sanctions between July 1, 2024, and June 30, 2025. Each budget year, with NERC and Commission approval pursuant to Section 1107.4 of the NERC Rules of Procedure, WECC proposes to release penalty sanctions collected during the applicable period to offset assessments in the Business Plan and Budget.



## Three-Year Budget Projections

Statement of Activities and Capital Expenditures 2026 Budget & Projected 2027 and 2028 Budgets							
	Statutory						
	2026 Budget	2027 Projection	\$ Change 26 v 27	% Change 26 v 27	2028 Projection	\$ Change 27 v 28	% Change 27 v 28
<b>Revenue</b>							
<b>Statutory Funding</b>							
WECC Assessments	\$ 35,657,280	\$ 38,509,862	\$ 2,852,582	8.0%	\$ 41,590,651	\$ 3,080,789	8.0%
Penalties Released	41,745	-	(41,745)	(100.0%)	-	-	-
<b>Total Statutory Funding</b>	<b>\$ 35,699,025</b>	<b>\$ 38,509,862</b>	<b>\$ 2,810,837</b>	<b>7.9%</b>	<b>\$ 41,590,651</b>	<b>\$ 3,080,789</b>	<b>8.0%</b>
Membership Fees	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
Workshops & Miscellaneous	757,500	886,350	128,850	17.0%	942,285	55,935	6.3%
Interest	1,000,006	900,000	(100,006)	(10.0%)	900,000	-	0.0%
<b>Total Revenue (A)</b>	<b>\$ 37,456,531</b>	<b>\$ 40,296,212</b>	<b>\$ 2,839,681</b>	<b>7.6%</b>	<b>\$ 43,432,936</b>	<b>\$ 3,136,724</b>	<b>7.8%</b>
<b>Expenses</b>							
<b>Personnel Expenses</b>							
Salaries	\$ 26,016,824	\$ 27,558,226	\$ 1,541,402	5.9%	\$ 28,955,609	\$ 1,397,383	5.1%
Payroll Taxes	1,577,297	1,685,198	107,901	6.8%	1,767,079	81,881	4.9%
Benefits	2,986,868	3,267,655	280,787	9.4%	3,512,836	245,181	7.5%
Retirement Costs	2,071,272	2,196,593	125,321	6.1%	2,301,766	105,173	4.8%
<b>Total Personnel Expenses</b>	<b>\$ 32,652,261</b>	<b>\$ 34,707,672</b>	<b>\$ 2,055,411</b>	<b>6.3%</b>	<b>\$ 36,537,290</b>	<b>\$ 1,829,618</b>	<b>5.3%</b>
<b>Meeting Expenses</b>							
Meetings & Conference Calls	\$ 611,168	\$ 617,548	\$ 6,380	1.0%	\$ 630,665	\$ 13,117	2.1%
Travel	1,043,960	1,158,107	114,147	10.9%	1,226,948	68,841	5.9%
<b>Total Meeting Expenses</b>	<b>\$ 1,655,128</b>	<b>\$ 1,775,655</b>	<b>\$ 120,527</b>	<b>7.3%</b>	<b>\$ 1,857,613</b>	<b>\$ 81,958</b>	<b>4.6%</b>
<b>Operating Expenses, excluding Depreciation</b>							
Consultants & Contracts	\$ 1,495,400	\$ 1,277,400	\$ (218,000)	(14.6%)	\$ 525,400	\$ (752,000)	(58.9%)
Office Rent	1,326,433	1,316,037	(10,396)	(0.8%)	1,300,000	(16,037)	(1.2%)
Office Costs	2,964,652	3,176,860	212,208	7.2%	3,284,844	107,984	3.4%
Professional Services	1,367,225	1,424,041	56,816	4.2%	1,480,197	56,156	3.9%
Miscellaneous	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 7,153,710</b>	<b>\$ 7,194,338</b>	<b>\$ 40,628</b>	<b>0.6%</b>	<b>\$ 6,590,441</b>	<b>\$ (603,897)</b>	<b>(8.4%)</b>
<b>Total Direct Expenses</b>	<b>\$ 41,461,099</b>	<b>\$ 43,677,665</b>	<b>\$ 2,216,566</b>	<b>5.3%</b>	<b>\$ 44,985,344</b>	<b>\$ 1,307,679</b>	<b>3.0%</b>
<b>Indirect Expenses</b>	<b>\$ (1,437,341)</b>	<b>\$ (1,487,648)</b>	<b>\$ (50,307)</b>	<b>3.5%</b>	<b>\$ (1,547,154)</b>	<b>\$ (59,506)</b>	<b>4.0%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Total Expenses (B)</b>	<b>\$ 40,023,758</b>	<b>\$ 42,190,017</b>	<b>\$ 2,166,258</b>	<b>5.4%</b>	<b>\$ 43,438,190</b>	<b>\$ 1,248,173</b>	<b>3.0%</b>
<b>Change in Assets</b>	<b>\$ (2,567,227)</b>	<b>\$ (1,893,805)</b>	<b>\$ 673,423</b>	<b>(26.2%)</b>	<b>\$ (5,254)</b>	<b>\$ 1,888,551</b>	<b>(99.7%)</b>
<b>Fixed Assets</b>							
<b>Incr(Dec) in Fixed Assets (C)</b>	<b>\$ 109,116</b>	<b>\$ 90,000</b>	<b>\$ (19,116)</b>	<b>(17.5%)</b>	<b>\$ 90,000</b>	<b>\$ -</b>	<b>0.0%</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 40,132,874</b>	<b>\$ 42,280,017</b>	<b>\$ 2,147,142</b>	<b>5.4%</b>	<b>\$ 43,528,190</b>	<b>\$ 1,248,173</b>	<b>3.0%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>(2,676,343)</b>	<b>(1,983,805)</b>	<b>692,539</b>	<b>(25.9%)</b>	<b>\$ (95,254)</b>	<b>\$ 1,888,551</b>	<b>(95.2%)</b>
FTEs	178.00	186.00	8.00	4.5%	187.00	1.00	0.5%
HC	178.00	186.00	8.00	4.5%	187.00	1.00	0.5%



## **Statutory Programs**

---

**Goals, Budget Assumptions, and Statements of Activities**



## Statutory Programs—Goals, Budget Assumptions, and Statements of Activities

### Reliability Standards

#### Program Scope, Purpose, and Impact

The WECC Reliability Standards Program supports the NERC Reliability Standards Program, and its employees work with the WECC Standards Committee (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.

In most instances a continent-wide standard addresses reliability risks because the physics of the electric grid are the same everywhere, but in a few instances a Regional Variance or Regional Reliability Standard is necessary to address risks that are based on the specific geographic conditions in the region.

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.

NERC recently rated all their Reliability Standards projects as high, medium, or low priority. Several high priority projects were completed in 2024, and the remaining high priority projects are expected to be completed in 2025. Several of these projects are related to IBRs and their potential impact on the BES. Medium and low priority projects are expected to be completed in 2025 or 2026.

#### 2026 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 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 stakeholders.
- 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 has resulted in several new or modified NERC Reliability Standards and could potentially result in new or revised 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. WECC standards staff, as well as other subject matter experts, will participate in the grading process if it is continued.

## 2026 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.
- 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.
- Evaluate audit, enforcement, and event analysis information to determine whether new RRSs or revisions are necessary.



## Reliability Standards Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget RELIABILITY STANDARDS				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 816,294	\$ 855,914	\$ 39,620	4.85%
Penalties Released	100	924	\$ 824	824.00%
<b>Total Statutory Funding</b>	<b>\$ 816,394</b>	<b>\$ 856,838</b>	<b>\$ 40,444</b>	<b>4.95%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	3,873	5,513	\$ 1,640	
Interest	22,642	22,140	\$ (502)	-2.22%
<b>Total Revenue (A)</b>	<b>\$ 842,909</b>	<b>\$ 884,491</b>	<b>\$ 41,582</b>	<b>4.93%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 537,566	\$ 538,597	\$ 1,031	0.19%
Payroll Taxes	33,324	31,969	\$ (1,355)	-4.07%
Benefits	43,605	42,986	\$ (619)	-1.42%
Retirement Costs	47,843	43,088	\$ (4,755)	-9.94%
<b>Total Personnel Expenses</b>	<b>\$ 662,338</b>	<b>\$ 656,640</b>	<b>\$ (5,698)</b>	<b>-0.86%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	21,236	17,378	\$ (3,858)	-18.17%
<b>Total Meeting Expenses</b>	<b>\$ 21,236</b>	<b>\$ 17,378</b>	<b>\$ (3,858)</b>	<b>-18.17%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	2,957	1,755	\$ (1,202)	-40.65%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 2,957</b>	<b>\$ 1,755</b>	<b>\$ (1,202)</b>	<b>-40.65%</b>
<b>Total Direct Expenses</b>	<b>\$ 686,531</b>	<b>\$ 675,773</b>	<b>\$ (10,758)</b>	<b>-1.57%</b>
<b>Indirect Expenses</b>	<b>\$ 264,663</b>	<b>\$ 269,501</b>	<b>\$ 4,838</b>	<b>1.83%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 951,194</b>	<b>\$ 945,274</b>	<b>\$ (5,920)</b>	<b>-0.62%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (108,285)</b>	<b>\$ (60,783)</b>	<b>\$ 47,502</b>	<b>-43.87%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 3,412</b>	<b>\$ 2,416</b>	<b>\$ (996)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 954,606</b>	<b>\$ 947,690</b>	<b>\$ (6,916)</b>	<b>-0.72%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (111,697)</b>	<b>\$ (63,199)</b>	<b>\$ 48,498</b>	<b>-43.42%</b>
FTEs	3.00	3.00	-	0.00%
HC	3.00	3.00	-	0.00%



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

### Program Scope, Purpose, and Impact

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 emerging 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 471<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 five main areas:

1. Organization Registration and Certification;
2. Oversight Planning;
3. Entity Monitoring;
4. Enforcement and Mitigation; and
5. Program Analysis and Administration.

Staff will perform delegated activities, consistent with ERO Enterprise guidance, including:

- Regional Risk Assessments;
- Oversight planning activities, including 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;
- BES Exception Requests; and
- Targeted outreach activities.

---

<sup>3</sup> As of February 21, 2025.



## 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) and the British Columbia Utilities Commission (BCUC) under which WECC performs various compliance monitoring and enforcement activities to help ensure reliability across international borders within the Western Interconnection. Mexico is not currently participating in WECC and Western Interconnection-related CMEP activities<sup>4</sup>.

### 2026 Key Budget Assumptions

- The volume and complexity of registration activities will increase in accordance with FERC's Order on IBRs and integration of renewable resources and related energy storage devices in the Western Interconnection, which included modifications to the registration criteria that will result in more IBRs that must register.
- An increase in certification reviews is anticipated with FERC Order 881's deadline requiring all transmission providers to use ambient adjusted ratings (AAR) as the basis for evaluating near-term transmission service to increase the accuracy of near-term line ratings, as entities that make frequent or significant functionality changes to their Energy Management Systems to meet AAR implementation requirements may require a certification review.
- All Inherent Risk Assessment and oversight planning activities are aligned around identifying, prioritizing, and addressing risks to the Western Interconnection. With trends in registration requests, the changing reliability and security landscape, and risk mitigation strategies, workloads of all program areas of the Reliability and Security Oversight department will increase under the risk-based framework.
- Monitoring activities for non-U.S. jurisdictions will continue according to the approved agreements and applicable compliance monitoring programs with Canadian authorities. In accordance with the NERC Rules of Procedure, Appendix 5A, WECC staff continues to participate in NERC-led Registration Review Panels.
- 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.
- Legal fees related to any hearing that may arise are not budgeted and will be funded through working capital reserves. Costs related to hearing officers and procedures will be funded by NERC.

<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.



- WECC will continue to support development, design, testing, training, and implementation of ERO Enterprise-wide maintenance and enhancement of the risk-based CMEP practices and tools. Specifically, WECC staff resources will be allocated to these activities for the ERO Enterprise Align tool, and the Secure Evidence Locker (SEL).
- Increased outreach, training, travel, and monitoring and enforcement are anticipated to help enhance registered entity programs as new or modified Reliability Standards that tackle changing risks in the Western Interconnection are developed.
- Maintenance and license fees for software tools (e.g., Box) increased due to contract pricing escalations.
- Targeted outreach is performed on key reliability and security risks through monthly webinars, biannual workshops, and supporting ERO Enterprise wide data collection efforts, analysis efforts.
- Two FTEs are added in Compliance Monitoring and Enforcement and Organization Registration and Certification in response to different and new types of work, to build improved depth and breadth of skillsets, to address enforcement inventory, and in response to the downstream increase of all related work from new registrants.

## 2026 Goals and Deliverables

- Enhance CMEP oversight strategies focused on a holistic approach to enhance the efficiency and effectiveness of the ERO Enterprise Risk-Based Framework and enhance oversight planning processes and provide a targeted approach for monitoring and outreach.
- Continue to enhance and improve processing times to reduce backlog and inventory statistics.
- Work with the ERO Enterprise and industry on development and deployment of effective internal controls and internal controls programs to monitor, detect, correct, and report to prevent deficiencies in compliance, reliability, and security.
- 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 for international entities.
- Process BES Exception Requests and participate in NERC-led Review Panels.
- Provide continued outreach and training on the Align tool for staff and Registered Entities.
- 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.
- Increase scheduled monitoring activities (e.g., spot-checks, self-certifications with supporting evidence, investigations, compliance assessments, and complaint evaluations) based on emerging BPS risk.



- Work strategically to enhance and improve tools and techniques to identify, understand, and quantify risk to the BPS sooner in the processing timeline, and use that information to craft more robust and comprehensive mitigation strategies.



## Compliance Monitoring and Enforcement Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget				
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 18,167,528	\$ 20,785,916	\$ 2,618,388	14.41%
Penalties Released	2,557	24,339	\$ 21,782	851.86%
<b>Total Statutory Funding</b>	<b>\$ 18,170,085</b>	<b>\$ 20,810,255</b>	<b>\$ 2,640,170</b>	<b>14.53%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	99,397	145,173	\$ 45,776	
Interest	581,132	583,029	\$ 1,897	0.33%
<b>Total Revenue (A)</b>	<b>\$ 18,850,614</b>	<b>\$ 21,538,457</b>	<b>\$ 2,687,843</b>	<b>14.26%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 10,754,742	\$ 11,513,585	\$ 758,843	7.06%
Payroll Taxes	688,366	710,244	\$ 21,878	3.18%
Benefits	1,136,519	1,130,885	\$ (5,634)	-0.50%
Retirement Costs	954,003	915,811	\$ (38,192)	-4.00%
<b>Total Personnel Expenses</b>	<b>\$ 13,533,630</b>	<b>\$ 14,270,525</b>	<b>\$ 736,895</b>	<b>5.44%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	606,370	589,330	\$ (17,040)	-2.81%
<b>Total Meeting Expenses</b>	<b>\$ 606,370</b>	<b>\$ 589,330</b>	<b>\$ (17,040)</b>	<b>-2.81%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 12,000	\$ 714,000	\$ 702,000	5850.00%
Office Rent	-	-	\$ -	
Office Costs	315,986	343,085	\$ 27,099	8.58%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 327,986</b>	<b>\$ 1,057,085</b>	<b>\$ 729,099</b>	<b>222.30%</b>
<b>Total Direct Expenses</b>	<b>\$ 14,467,986</b>	<b>\$ 15,916,940</b>	<b>\$ 1,448,954</b>	<b>10.01%</b>
<b>Indirect Expenses</b>	<b>\$ 6,793,018</b>	<b>\$ 7,096,866</b>	<b>\$ 303,848</b>	<b>4.47%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 21,261,004</b>	<b>\$ 23,013,806</b>	<b>\$ 1,752,802</b>	<b>8.24%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (2,410,390)</b>	<b>\$ (1,475,349)</b>	<b>\$ 935,041</b>	<b>-38.79%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 87,584</b>	<b>\$ 63,617</b>	<b>\$ (23,967)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 21,348,588</b>	<b>\$ 23,077,423</b>	<b>\$ 1,728,835</b>	<b>8.10%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (2,497,974)</b>	<b>\$ (1,538,966)</b>	<b>\$ 959,008</b>	<b>-38.39%</b>
FTEs	77.00	79.00	2.00	2.60%
HC	77.00	79.00	2.00	2.60%





## Reliability Assessment and Performance Analysis

### Program Scope, Purpose, and Impact

As the West continues to face ever-growing and complex threats to the reliability and security of the BPS, 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.
2. The **Risk Analysis and Data Services Department** performs two main functions. The first, Risk Analysis, 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. The second, Data Services, 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. Data Services specializes in data visualization used in reports, dashboards, and maps to help convey reliability risks to a wide stakeholder base.
3. The **Reliability Assessments Department** performs reliability assessments across multiple platforms, time frames, and tools. These assessments are performed in close coordination with NERC, WECC's technical committees, and other stakeholders. Assessments include historical operation of the Western Interconnection, forward-looking resource adequacy using deterministic and probabilistic methods, power flow and system stability analysis, and transmission utilization. Analysis is performed on a variety of future (up to 20 years out) scenarios of the Western Interconnection. The assessments are designed to address pertinent reliability risks informed by WECC's prioritized risks 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.

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.

## 2026 Key Budget Assumptions

- Executive outreach to stakeholders increases.
- WECC and technical stakeholder group work will focus on understanding and treating priority reliability and security risks to the BES.
- WECC will respond to unanticipated emerging reliability risks and work with stakeholders to develop timely and meaningful reliability outreach and assessments.
- WECC will continue to participate in external meetings concerning the reliability, security, and resiliency of the BES.
- WECC will focus on expanding resource adequacy studies through increased stakeholder outreach.
- WECC will expand its generator weather readiness program.
- WECC will focus on continuous improvement and development of staff capabilities. Current capabilities will be reviewed and improved to enhance reliability assessments.
- Regional Risk Assessment results provide input on focus areas in the ERO CMEP Implementation Plan.
- WECC will continue to explore opportunities and implement new activities to provide value in transmission planning.
- WECC and the ERO Enterprise will identify ways to incorporate transfer capability analysis into ongoing reliability assessments.
- Transmission planning activities in the West will expand to incorporate longer-term (greater than 10-year) horizons.
- Reliability challenges associated with IBRs and extreme natural events will create a need for new data and tools (e.g., EMT programs) to study the impacts of these technologies and events.
- WECC will support various NERC reliability assessments and perform additional reliability assessments.

## 2026 Goals and Deliverables

- Work with stakeholders to develop a clear understanding of emerging risks to the BPS and associated mitigation strategies, particularly for the WECC prioritized risks.
- 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.
  - Deliver high-quality and influential work products focused on WECC's prioritized risks.
  - Use the Reliability Risk Management Process to align staff and stakeholder engagement on risk treatments within the Western Interconnection.
  - Ensure that WECC's RRA of the Western Interconnection is aligned with WECC prioritized risks and is refreshed annually.
  - Ensure the Western Interconnection is represented in reliability matters by participating in regional and national stakeholder forums.
  - Add value for a wide variety of stakeholders by developing reliability guidelines, technical white papers and reports, recommendations, 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, electromagnetic transient (EMT), 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 Reliability Standards drafting activities by providing subject matter expertise to appropriate Standards Drafting Teams.
  - Promote reliability of the future transmission system in the Western Interconnection by supporting the WestTEC effort.
  - Successfully carry out all other RAPA delegated responsibilities.
  - Expand the use of performance and geospatial data to enhance the analysis of WECC's prioritized risks and identify emerging trends.



## Reliability Assessment and Performance Analysis Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 11,374,924	\$ 11,092,619	\$ (282,305)	-2.48%
Penalties Released	1,362	12,939	\$ 11,577	850.00%
<b>Total Statutory Funding</b>	<b>\$ 11,376,286</b>	<b>\$ 11,105,558</b>	<b>\$ (270,728)</b>	<b>-2.38%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	52,926	77,181	\$ 24,255	
Interest	309,434	309,966	\$ 532	0.17%
<b>Total Revenue (A)</b>	<b>\$ 11,738,646</b>	<b>\$ 11,492,705</b>	<b>\$ (245,941)</b>	<b>-2.10%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,816,351	\$ 6,104,030	\$ 287,679	4.95%
Payroll Taxes	368,322	371,857	\$ 3,535	0.96%
Benefits	589,810	600,508	\$ 10,698	1.81%
Retirement Costs	516,630	484,879	\$ (31,751)	-6.15%
<b>Total Personnel Expenses</b>	<b>\$ 7,291,113</b>	<b>\$ 7,561,274</b>	<b>\$ 270,161</b>	<b>3.71%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 38,676	\$ 16,746	\$ (21,930)	-56.70%
Travel	197,585	206,301	\$ 8,716	4.41%
<b>Total Meeting Expenses</b>	<b>\$ 236,261</b>	<b>\$ 223,047</b>	<b>\$ (13,214)</b>	<b>-5.59%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 1,608,400	\$ 318,400	\$ (1,290,000)	-80.20%
Office Rent	-	-	\$ -	
Office Costs	494,713	404,321	\$ (90,392)	-18.27%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 2,103,113</b>	<b>\$ 722,721</b>	<b>\$ (1,380,392)</b>	<b>-65.64%</b>
<b>Total Direct Expenses</b>	<b>\$ 9,630,487</b>	<b>\$ 8,507,042</b>	<b>\$ (1,123,445)</b>	<b>-11.67%</b>
<b>Indirect Expenses</b>	<b>\$ 3,617,061</b>	<b>\$ 3,773,017</b>	<b>\$ 155,956</b>	<b>4.31%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 13,247,548</b>	<b>\$ 12,280,059</b>	<b>\$ (967,489)</b>	<b>-7.30%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (1,508,902)</b>	<b>\$ (787,354)</b>	<b>\$ 721,548</b>	<b>-47.82%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 46,636</b>	<b>\$ 33,822</b>	<b>\$ (12,814)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 13,294,184</b>	<b>\$ 12,313,881</b>	<b>\$ (980,303)</b>	<b>-7.37%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (1,555,538)</b>	<b>\$ (821,176)</b>	<b>\$ 734,362</b>	<b>-47.21%</b>
FTEs	41.00	42.00	1.00	2.44%
HC	41.00	42.00	1.00	2.44%



## Training and Outreach

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, the impact of policy on reliability, grid operations, and both cybersecurity and physical security.

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 stakeholders throughout the Western Interconnection. Providing education and information to policymakers is of particular importance. An understanding of the dynamics within the Western Interconnection through engagement with WECC's stakeholders is essential to effectively address reliability and security risks.

### 2026 Key Budget Assumptions

- WECC will host an increasing number of training and outreach events to inform stakeholder awareness of critical reliability issues, with specific focus on the greatest reliability risks.
- 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 stakeholder participation and to share subject matter expertise.
- Eventbrite fees for meeting registrations are anticipated to increase.

### 2026 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, and the broader reliability and security community.
- Engage in ongoing collaborations with national labs and educational institutions to match theory with practicality and actual grid response.
- Participate regionally and nationally (where appropriate) in seminars and conferences to promote the importance of BPS reliability and security.
- Increase inclusion of stakeholder perspectives and opportunities for collaboration into the product development process with the use of advisory groups.
- Assist other program areas in ensuring key studies and initiatives are aligned with the WECC Long-Term Strategy and Reliability Risk Priorities.
- Continue to refine stakeholder engagement strategies and outreach.
- Use multimedia and design strategies to develop new, more engaging, forms of interactions with stakeholders.



- 
- Improve program processes and tools continuously to respond to stakeholder feedback and adapt to changes in the industry.
  - Increase utilization of digitally dynamic products to improve stakeholder outreach and education.
  - Deliver quantitative and qualitative results for Corporate Scorecard items and develop methods and metrics for ongoing evaluation of effectiveness and efficiency.
  - Deliver Reliability & Security Oversight Monthly Update 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 three 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 & Security Workshops to provide targeted outreach to address and mitigate key risks to reliability and security in the Western Interconnection.
  - Provide increased opportunities for stakeholder education through webinars and workshops to promote the reliability and security of the Western Interconnection. Topics include:
    - Current and future transmission planning studies throughout the Western Interconnection;
    - The top challenges to reliability of the BPS: IBRs, large loads, data centers, AI, transportation electrification;
    - Regulatory issues and trends; and
    - Event analysis.



## Training and Outreach Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital				
2025 Budget and 2026 Budget				
TRAINING AND OUTREACH				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 2,149,410	\$ 2,370,248	\$ 220,838	10.27%
Penalties Released	315	2,927	\$ 2,612	829.21%
<b>Total Statutory Funding</b>	<b>\$ 2,149,725</b>	<b>\$ 2,373,175</b>	<b>\$ 223,450</b>	<b>10.39%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	#DIV/0!
Services & Software	-	-	\$ -	#DIV/0!
Workshops & Miscellaneous	544,763	525,958	\$ (18,805)	-3.45%
Interest	71,698	70,111	\$ (1,587)	-2.21%
<b>Total Revenue (A)</b>	<b>\$ 2,766,186</b>	<b>\$ 2,969,244</b>	<b>\$ 203,058</b>	<b>7.34%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 1,310,264	\$ 1,373,830	\$ 63,566	4.85%
Payroll Taxes	80,854	81,182	\$ 328	0.41%
Benefits	136,291	133,268	\$ (3,023)	-2.22%
Retirement Costs	116,505	109,231	\$ (7,274)	-6.24%
<b>Total Personnel Expenses</b>	<b>\$ 1,643,914</b>	<b>\$ 1,697,511</b>	<b>\$ 53,597</b>	<b>3.26%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 525,720	\$ 501,120	\$ (24,600)	-4.68%
Travel	46,080	31,846	\$ (14,234)	-30.89%
<b>Total Meeting Expenses</b>	<b>\$ 571,800</b>	<b>\$ 532,966</b>	<b>\$ (38,834)</b>	<b>-6.79%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	68,125	89,854	\$ 21,729	31.90%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 68,125</b>	<b>\$ 89,854</b>	<b>\$ 21,729</b>	<b>31.90%</b>
<b>Total Direct Expenses</b>	<b>\$ 2,283,839</b>	<b>\$ 2,320,331</b>	<b>\$ 36,492</b>	<b>1.60%</b>
<b>Indirect Expenses</b>	<b>\$ 838,100</b>	<b>\$ 853,421</b>	<b>\$ 15,321</b>	<b>1.83%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 3,121,939</b>	<b>\$ 3,173,752</b>	<b>\$ 51,813</b>	<b>1.66%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (355,753)</b>	<b>\$ (204,508)</b>	<b>\$ 151,245</b>	<b>-42.51%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 10,806</b>	<b>\$ 7,650</b>	<b>\$ (3,156)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 3,132,745</b>	<b>\$ 3,181,402</b>	<b>\$ 48,657</b>	<b>1.55%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (366,559)</b>	<b>\$ (212,158)</b>	<b>\$ 154,401</b>	<b>-42.12%</b>
FTEs	9.50	9.50	-	0.00%
HC	9.00	9.00	-	0.00%



## Situation Awareness and Infrastructure Security

### Program Scope, Purpose, and Impact

The Situation Awareness and Infrastructure Security (SAIS) Program maintains near-real-time awareness of conditions and potential risks to the reliability and security of the BPS in the Western Interconnection. 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), as well as messaging systems used by the RCs notifying the SA team when there has been an outage to a line or generation source.

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.

### 2026 Key Budget Assumptions

- Cybersecurity and physical security threats will continue to increase as the grid digitizes and evolves. WECC will work with stakeholders and support the E-ISAC, WECC Cyber and Physical Security Forums, 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.
- Technical stakeholder groups will support the development of lessons learned and recommendations from events and reliability and security risks.

### 2026 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.
- 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 by hosting the annual Security Conference.



## Situation Awareness and Infrastructure Security Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital				
2025 Budget and 2026 Budget				
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ 507,844	\$ 552,583	\$ 44,739	8.81%
Penalties Released	66	616	\$ 550	833.33%
<b>Total Statutory Funding</b>	<b>\$ 507,910</b>	<b>\$ 553,199</b>	<b>\$ 45,289</b>	<b>8.92%</b>
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	2,582	3,675	\$ 1,093	
Interest	15,094	14,760	\$ (334)	-2.21%
<b>Total Revenue (A)</b>	<b>\$ 525,586</b>	<b>\$ 571,634</b>	<b>\$ 46,048</b>	<b>8.76%</b>
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 314,564	\$ 338,501	\$ 23,937	7.61%
Payroll Taxes	20,700	21,658	\$ 958	4.63%
Benefits	30,426	30,592	\$ 166	0.55%
Retirement Costs	27,995	27,080	\$ (915)	-3.27%
<b>Total Personnel Expenses</b>	<b>\$ 393,685</b>	<b>\$ 417,831</b>	<b>\$ 24,146</b>	<b>6.13%</b>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ -	\$ -	\$ -	
Travel	19,250	10,849	\$ (8,401)	-43.64%
<b>Total Meeting Expenses</b>	<b>\$ 19,250</b>	<b>\$ 10,849</b>	<b>\$ (8,401)</b>	<b>-43.64%</b>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ -	\$ -	\$ -	
Office Rent	-	-	\$ -	
Office Costs	3,600	2,520	\$ (1,080)	-30.00%
Professional Services	-	-	\$ -	
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<b>\$ 3,600</b>	<b>\$ 2,520</b>	<b>\$ (1,080)</b>	<b>-30.00%</b>
<b>Total Direct Expenses</b>	<b>\$ 416,517</b>	<b>\$ 431,200</b>	<b>\$ 14,665</b>	<b>3.52%</b>
<b>Indirect Expenses</b>	<b>\$ 176,442</b>	<b>\$ 179,667</b>	<b>\$ 3,225</b>	<b>1.83%</b>
<b>Other Non-Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Expenses (B)</b>	<b>\$ 592,959</b>	<b>\$ 610,867</b>	<b>\$ 17,908</b>	<b>3.02%</b>
<b>Change in Net Assets (=A-B)</b>	<b>\$ (67,373)</b>	<b>\$ (39,233)</b>	<b>\$ 28,140</b>	<b>-41.77%</b>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<b>\$ 2,275</b>	<b>\$ 1,611</b>	<b>\$ (664)</b>	<b>\$ (0)</b>
<b>TOTAL BUDGET (B+C)</b>	<b>\$ 595,234</b>	<b>\$ 612,478</b>	<b>\$ 17,244</b>	<b>2.90%</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<b>\$ (69,648)</b>	<b>\$ (40,844)</b>	<b>\$ 28,804</b>	<b>-41.36%</b>
FTEs	2.00	2.00	-	0.00%
HC	2.00	2.00	-	0.00%



## Corporate Services

<b>Corporate Services</b> (in whole dollars) <b>Direct Expenses and Fixed Assets</b>						
	2025 Budget	2026 Budget	Increase (Decrease)	FTEs 2025 Budget	FTEs 2026 Budget	Increase (Decrease)
Committee and Member Forums	\$ -	\$ -	\$ -	-	-	-
General and Administrative	\$ 6,110,050	\$ 6,325,595	\$ 215,545	19.00	17.50	(1.50)
Legal and Regulatory	\$ 1,142,835	\$ 1,273,986	\$ 131,151	3.50	4.00	0.50
Information Technology	\$ 3,810,520	\$ 4,177,585	\$ 367,065	13.00	14.00	1.00
Human Resources	\$ 1,219,717	\$ 1,200,673	\$ (19,044)	4.00	4.00	-
Accounting and Finance	\$ 718,535	\$ 753,974	\$ 35,439	3.00	3.00	-
<b>Total Corporate Services*</b>	<b>\$ 13,001,657</b>	<b>\$ 13,731,813</b>	<b>\$ 730,156</b>	<b>42.50</b>	<b>42.50</b>	<b>-</b>

\*WECC's 2026 preliminary Corporate Services budget (direct expenses plus fixed assets) is \$13,731,813 of which \$1,450,225 is allocated to non-statutory activities. As a result of the allocation of direct expenses and fixed assets to the non-statutory function, the final 2026 Corporate Services budget is \$12,281,588, which is a \$441,591 increase from the 2025 budget after direct expense and fixed asset allocations.

### Program Scope, Purpose, and Impact

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

- General and Administrative;
- Legal and Regulatory;
- Information Technology;
- Human Resources; and
- Finance and Accounting.

These support functions are foundational for the existence and successful operation of the organization. Corporate Services also provides executive leadership, corporate communications, 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.



## General and Administrative

### Program Scope, Purpose, and Impact

The General and Administrative Program provides executive leadership; enterprise security; communications; project management, and administrative support for staff, committees, and members to ensure successful business operations, consistency of service delivery, and high-quality customer service for internal and external stakeholders; as well as logistics support for the office and meeting facilities. In addition, this program accounts for indirect costs like Office Rent that benefit all areas of the organization.

### 2026 Key Budget Assumptions

- Executive outreach to stakeholders increases.
- WECC staff will provide the same level of meetings and meeting support as 2025 for the Board of Directors and Board Committees.
- Salt Lake City, Utah is the Board-approved location for the 2026 Annual Meeting.
- Board Directors will be compensated according to the 2025 Board compensation structure, and compensation is expected to increase.
- WECC's unused office space is subleased.

### 2026 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 to increase employee and stakeholder engagement.
- Continue to improve and enhance WECC's security posture and programs.

## Legal and Regulatory

### Program Scope, Purpose, and Impact

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. Legal is also responsible for enterprise risk management: identifying particular events or circumstances relevant to the organization, assessing their likelihood and their magnitude of impact, determining a response strategy, and monitoring risk status over time. This program is also responsible for WECC's Long-Term Strategy refreshes and Corporate Scorecard development and monitoring. 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.

## 2026 Key Budget Assumptions

- The scope of current Legal operations will be maintained.
- Reliance on outside legal counsel is minimal.
- Business insurance premiums increase by a modest amount.
- FTEs increase by 0.5 due to the removal of an allocation to the General and Administrative area resulting from changes in scope of work.

## 2026 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 by participating in the development of products and ensuring protected information and data is not compromised.
- Coordinate with the ERO Enterprise legal group to identify and share best practices.

## Information Technology

### Program Scope, Purpose, and Impact

The Information Technology (IT) Program provides enterprise and desktop systems, applications, security monitoring and support, and technical expertise. This includes physical security and cybersecurity risk mitigation—including end-user training, and operational support for hardware, software, database, system administration, network, data center and cloud 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. System and operational enhancements enable higher levels of security and enhanced business capabilities for our hybrid workforce, including evolving cloud-based services and tools.

## 2026 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.
- Internal and external penetration tests on the network and systems will be performed annually.
- IT will select, implement, and train users on 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 Database Engineer is added for support of expanded data workloads.

## 2026 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.
- Create centralized database service, automated workflow processes, network and traffic monitoring, and other 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 and reporting tools to the Enterprise.

## Human Resources

### Program Scope, Purpose, and Impact

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 laws.

### 2026 Key Budget Assumptions

- Total WECC headcount increases by six in 2026.
- WECC's current benefit levels are maintained.
- Employee engagement efforts are continually refined and adjusted to retain talent and build on WECC's strong cultural foundation. Specific focus will be on supporting and enhancing interactions and relationships with a distributed workforce.



- Management development and training will continue to be prioritized with a focus on written and interpersonal communication, accountability, coaching, and process improvement.
- NERC's Learning Management System and LinkedIn Learning are used as training resources for employees.

## 2026 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.
- Target national markets for most positions, allowing WECC to hire from a larger candidate pool of highly skilled talent.
- Enhance all facets of the employee experience to achieve lower levels of turnover.
- Minimize employee skills gaps through the identification of critical technical skills, knowledge assessment criteria, and competency-based career pathing with a focus on targeted internal and external professional development/education, knowledge transfer efforts, and succession planning.
- Increase the effectiveness of performance management processes through manager training and development.
- Conduct training on interpersonal skills; harassment prevention; and other topics for all employees and managers.
- 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, social media platforms, and employee referral programs.

## Finance and Accounting

### Program Scope, Purpose, and Impact

The Finance and Accounting Program provides accounting and financial analysis and helps coordinate the financial reporting and budgeting cycles with stakeholders. The program is responsible for payroll, accounts payable, accounts receivable, budgeting, forecasting, fixed assets management, banking, cash management, tax filings, and financial reporting. 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. Accounting works with stakeholders and provides outreach to help increase understanding of annual budget requests.

### 2026 Key Budget Assumptions

- Interest rates remain steady, and investment income is conservatively budgeted.
- Bank and investment fees increase.
- Current accounting systems and controls are effective.
- Software licensing fees increase.



## 2026 Goals and Deliverables

- Continuously improve accounting 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 regular financial education to the management team and budget managers.
- 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, executives, the FAC, and the Board.
- Maintain secure and reliable cloud-based software.





## Corporate Services Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget and 2026 Budget CORPORATE SERVICES				
	2025 Budget	2026 Budget	Variance (\$)	Variance (%)
<b>Revenue</b>				
<b>Statutory Funding</b>				
WECC Assessments	\$ -	\$ -	\$ -	
Penalties Released	-	-	\$ -	
<b>Total Statutory Funding</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Membership Fees	\$ -	\$ -	\$ -	
Federal Grants	-	-	\$ -	
Services & Software	-	-	\$ -	
Workshops & Miscellaneous	-	-	\$ -	
Interest	-	-	\$ -	
<b>Total Revenue (A)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Expenses</b>				
<b>Personnel Expenses</b>				
Salaries	\$ 5,716,487	\$ 6,148,281	\$ 431,794	7.55%
Payroll Taxes	345,226	360,387	\$ 15,161	4.39%
Benefits	997,372	1,048,629	\$ 51,257	5.14%
Retirement Costs	537,590	491,183	\$ (46,407)	-8.63%
<b>Total Personnel Expenses</b>	<u>\$ 7,596,675</u>	<u>\$ 8,048,480</u>	<u>\$ 451,805</u>	<u>5.95%</u>
<b>Meeting Expenses</b>				
Meetings & Conference Calls	\$ 70,920	\$ 93,302	\$ 22,382	31.56%
Travel	171,624	188,256	\$ 16,632	9.69%
<b>Total Meeting Expenses</b>	<u>\$ 242,544</u>	<u>\$ 281,558</u>	<u>\$ 39,014</u>	<u>16.09%</u>
<b>Operating Expenses, excluding Depreciation</b>				
Consultants & Contracts	\$ 277,000	\$ 463,000	\$ 186,000	67.15%
Office Rent	1,328,263	1,326,433	\$ (1,830)	-0.14%
Office Costs	2,063,975	2,123,117	\$ 59,142	2.87%
Professional Services	1,327,700	1,367,225	\$ 39,525	2.98%
Miscellaneous	-	-	\$ -	
<b>Total Operating Expenses</b>	<u>\$ 4,996,938</u>	<u>\$ 5,279,775</u>	<u>\$ 282,837</u>	<u>5.66%</u>
<b>Total Direct Expenses</b>	<u>\$ 12,836,157</u>	<u>\$ 13,609,813</u>	<u>\$ 773,656</u>	<u>6.03%</u>
<b>Indirect Expenses</b>	<u>\$ (12,836,157)</u>	<u>\$ (13,609,813)</u>	<u>\$ (773,656)</u>	<u>6.03%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Change in Net Assets (=A-B)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>TOTAL BUDGET (B+C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>TOTAL CHANGE IN WORKING CAPITAL (A-B-C)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
FTEs	42.50	42.50	-	0.00%
HC	43.00	43.00	-	0.00%



## **Non-Statutory Program**

---

**Goals, Budget Assumptions, and Statements of Activities**

---

## 2026 Non-Statutory Budget Overview

Over the last decade, the use of renewable energy and the need to have reliable, credible information for compliance and voluntary renewable usage has increased. States and provinces across the continent are increasing both the amount of renewable energy they are requiring and how they count this energy for compliance. Current and proposed legislation around the West anticipates the increased use of renewable energy through the end of the decade. The Western Renewable Energy Generation Information System (WREGIS) budget assumes that increased renewable energy penetration will require increased resources from WREGIS.

### Budget and Funding Summary

WECC's proposed 2026 non-statutory budget is \$4,638,000, a \$945,000 (26.0%) increase from the 2025 non-statutory budget. Non-statutory funding, derived predominantly from activity-based fees, is budgeted at \$3,568,000, a \$308,000 (9.4%) increase from 2025.

### Major Budget Drivers

#### Funding Sources

- Membership Fees increase due to an anticipated increase in program participation and expansions of some programs.
- Interest remains stable due to anticipated rates of return on investments.
- Training revenue derived from customer training course fees.

#### Personnel Expenses

- Three FTEs are added 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.
- 3% merit and 1% market adjustment pools.
- Adjustments to compensation based on data from a salary survey to enable us to remain competitive with the market and hire and retain highly skilled employees.
- Refinement of payroll tax and benefits enrollment rates and premiums.
- Labor float assumption changes based on actual turnover and vacancy rates.

#### Meeting Expenses

- Travel increases due to increased on-site audit activities to assist program participants with training and compliance and in-person staff training.

#### Indirect Expenses

- Indirect Expenses increase due to three FTEs 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.



### **Consultants and Contracts**

- Consulting increases to provide project management and documentation assistance for various software projects.

### **Computer/Software Maintenance & Licenses**

- Software costs increase due to escalations in software licensing fees as well as new software for a help desk solution.



## WREGIS Statement of Activities

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2025 Budget & Projection, and 2026 Budget NON-STATUTORY						
	2025 Budget	2025 Projection	Variance 2025 Budget v 2025 Projection Over(Under)	2026 Budget	Variance (\$)	Variance (%)
<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	\$ 3,077,375	\$ 3,196,796	\$ 119,421	3,385,000	\$ 307,625	10.00%
Federal Grants	-	-	-	-	-	
Services & Software	-	-	-	-	-	
Workshops & Miscellaneous	2,500	1,800	(700)	2,500	-	0.00%
Interest	180,000	304,713	124,713	180,000	-	0.00%
<b>Total Revenue (A)</b>	<u>\$ 3,259,875</u>	<u>\$ 3,503,309</u>	<u>\$ 243,434</u>	<u>\$ 3,567,500</u>	<u>\$ 307,625</u>	<u>9.44%</u>
<b>Expenses</b>						
<b>Personnel Expenses</b>						
Salaries	\$ 1,139,845	\$ 1,029,073	\$ (110,772)	\$ 1,390,198	\$ 250,353	21.96%
Payroll Taxes	72,898	69,230	(3,668)	85,687	12,789	17.54%
Benefits	174,656	140,508	(34,148)	201,563	26,907	15.41%
Retirement Costs	101,295	91,774	(9,521)	110,735	9,440	9.32%
<b>Total Personnel Expenses</b>	<u>\$ 1,488,694</u>	<u>\$ 1,330,585</u>	<u>\$ (158,109)</u>	<u>\$ 1,788,183</u>	<u>\$ 299,489</u>	<u>20.12%</u>
<b>Meeting Expenses</b>						
Meetings & Conference Calls	\$ 5,200	\$ 3,439	\$ (1,761.00)	\$ 5,400	\$ 200	3.85%
Travel	46,830	43,299	(3,531)	46,080	(750)	-1.60%
<b>Total Meeting Expenses</b>	<u>\$ 52,030</u>	<u>\$ 46,738</u>	<u>\$ (5,292)</u>	<u>\$ 51,480</u>	<u>\$ (550)</u>	<u>-1.06%</u>
<b>Operating Expenses, excluding Depreciation</b>						
Consultants & Contracts	\$ -	\$ 264,000	\$ 264,000	\$ 100,000	\$ 100,000	
Office Rent	-	-	-	-	-	
Office Costs	990,968	1,004,960	13,992	1,247,972	257,004	25.93%
Professional Services	-	-	-	-	-	
Miscellaneous	-	-	-	-	-	
<b>Total Operating Expenses</b>	<u>\$ 990,968</u>	<u>\$ 1,268,960</u>	<u>\$ 277,992</u>	<u>\$ 1,347,972</u>	<u>\$ 357,004</u>	<u>36.03%</u>
<b>Total Direct Expenses</b>	<u>\$ 2,531,692</u>	<u>\$ 2,646,283</u>	<u>\$ 114,591</u>	<u>\$ 3,187,635</u>	<u>\$ 655,943</u>	<u>25.91%</u>
<b>Indirect Expenses</b>	<u>\$ 1,146,873</u>	<u>\$ 1,072,725</u>	<u>\$ (74,148)</u>	<u>\$ 1,437,341</u>	<u>\$ 290,468</u>	<u>25.33%</u>
<b>Other Non-Operating Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Total Expenses (B)</b>	<u>\$ 3,678,565</u>	<u>\$ 3,719,008</u>	<u>\$ 40,443</u>	<u>\$ 4,624,976</u>	<u>\$ 946,411</u>	<u>25.73%</u>
<b>Change in Net Assets (=A-B)</b>	<u>\$ (418,690)</u>	<u>\$ (215,699)</u>	<u>\$ 202,991</u>	<u>\$ (1,057,476)</u>	<u>\$ (638,786)</u>	<u>152.57%</u>
<b>Fixed Assets, excluding Right of Use Assets (C)</b>	<u>\$ 14,787</u>	<u>\$ -</u>	<u>\$ (14,787)</u>	<u>\$ 12,884</u>	<u>\$ (1,903)</u>	<u>-12.87%</u>
<b>TOTAL BUDGET (B+C)</b>	<u>\$ 3,693,352</u>	<u>\$ 3,719,008</u>	<u>\$ 25,656</u>	<u>\$ 4,637,860</u>	<u>\$ 944,508</u>	<u>25.57%</u>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<u>\$ (433,477)</u>	<u>\$ (215,699)</u>	<u>\$ 217,778</u>	<u>\$ (1,070,360)</u>	<u>\$ (636,883)</u>	<u>146.92%</u>
FTEs	13.00	13.00	-	16.00	3.00	23.08%
HC	13.00	13.00	-	16.00	3.00	23.08%



## Personnel—Overview of FTEs and Expenses

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 2025	Direct FTEs 2026 Budget	Shared FTEs* 2026 Budget	Total FTEs 2026 Budget	Change from 2025 Budget
<b>NON-STATUTORY</b>					
<b>Operational Programs</b>					
<b>Total FTEs Operational Programs</b>	-	-	-	-	-
<b>Administrative Programs</b>					
WREGIS	13.00	16.00	-	16.00	3.00
<b>Total FTEs Administrative Programs</b>	<b>13.00</b>	<b>16.00</b>	<b>-</b>	<b>16.00</b>	<b>3.00</b>
<b>Total FTEs</b>	<b>13.00</b>	<b>16.00</b>	<b>-</b>	<b>16.00</b>	<b>3.00</b>

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



## Overview of Changes in Reserves

Working Capital Reserve Analysis	
NON-STATUTORY	
	Total
<b>Beginning Reserve (Deficit), January 1, 2025</b>	\$ 7,305,200
Plus: 2025 Funding	3,503,309
Less: 2025 Projected expenses & capital expenditures	(3,719,008)
<b>Projected Working Capital Reserve (Deficit), December 31, 2025</b>	<b><u>\$ 7,089,501</u></b>
Plus: 2026 Funding	3,567,500
Less: 2026 Transfer of Peak Holdback Reserves from Non-Statutory to Statutory	(312,000)
Less: 2026 Projected expenses & capital expenditures	(4,637,860)
<b>Projected Working Capital Reserve, December 31, 2026</b>	<b><u>\$ 5,707,141</u></b>



## Non-Statutory Program—Goals and Budget Assumptions

### WREGIS

#### Program Scope, Purpose, and Impact

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;
- Testing software releases;
- 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.

#### 2026 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 may 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 current 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 remain stable.
- 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.
- One manager is added to assist with the growing staff loads and managerial duties.

## 2026 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.
- 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 each for Qualified Reporting Entities, REC-holding customers, and Generator Owners.
- Deliver two in-person customer training sessions and quarterly virtual customer training sessions.
- Deliver two virtual Qualified Reporting Entity training sessions.



## Appendices

---

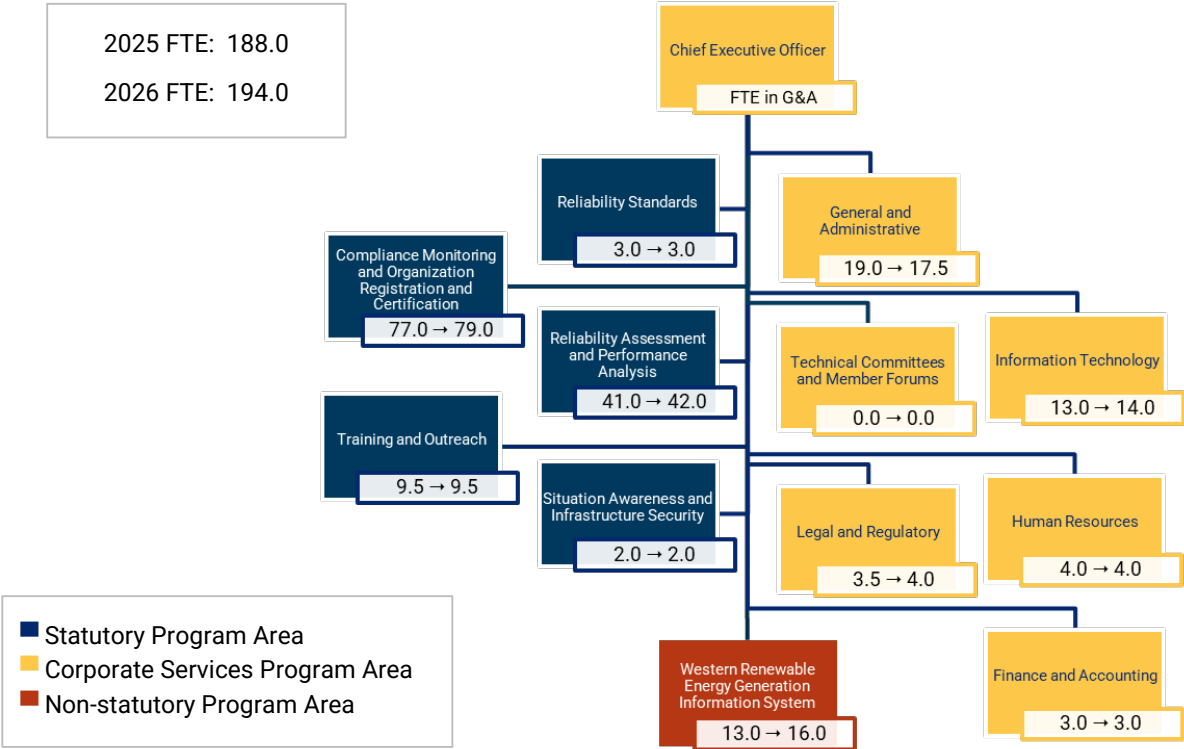
**Additional Information**

## Appendix A—2026 Statement of Activities by Program, Statutory and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Programs							Non-Statutory Program	
				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	\$ 35,657,280	\$ 35,657,280	\$ -	\$ 35,657,280	\$ 855,914	\$ 20,785,916	\$ 11,092,619	\$ 2,370,248	\$ 552,583	\$ -	\$ -	\$ -
Penalties Released	41,745	41,745	-	41,745	924	24,339	12,939	2,927	616	-	-	-
Total Statutory Funding	\$ 35,699,025	\$ 35,699,025	\$ -	\$ 35,699,025	\$ 856,838	\$ 20,810,255	\$ 11,105,558	\$ 2,373,175	\$ 553,199	\$ -	\$ -	\$ -
Non-statutory Funding	\$ 3,385,000	\$ -	\$ 3,385,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,385,000	\$ 3,385,000
Workshops & Miscellaneous	760,000	757,500	2,500	757,500	5,513	145,173	77,181	525,958	3,675	-	2,500	2,500
Interest	1,180,006	1,000,006	180,000	1,000,006	22,140	583,029	309,966	70,111	14,760	-	180,000	180,000
Total Revenue (A)	\$ 41,024,031	\$ 37,456,531	\$ 3,567,500	\$ 37,456,531	\$ 884,491	\$ 21,538,457	\$ 11,492,705	\$ 2,969,244	\$ 571,634	\$ -	\$ 3,567,500	\$ 3,567,500
Expenses												
Personnel Expenses												
Salaries	\$ 27,407,022	\$ 26,016,824	\$ 1,390,198	\$ 26,016,824	\$ 538,597	\$ 11,513,585	\$ 6,104,030	\$ 1,373,830	\$ 338,501	\$ 6,148,281	\$ 1,390,198	\$ 1,390,198
Payroll Taxes	1,662,984	1,577,297	85,687	1,577,297	31,969	710,244	371,857	81,182	21,658	360,387	85,687	85,687
Benefits	3,188,431	2,986,868	201,563	2,986,868	42,986	1,130,885	600,508	133,268	30,592	1,048,629	201,563	201,563
Retirement Costs	2,182,007	2,071,272	110,735	2,071,272	43,088	915,811	484,879	109,231	27,080	491,183	110,735	110,735
Total Personnel Expenses	\$ 34,440,444	\$ 32,652,261	\$ 1,788,183	\$ 32,652,261	\$ 656,640	\$ 14,270,525	\$ 7,561,274	\$ 1,697,511	\$ 417,831	\$ 8,048,480	\$ 1,788,183	\$ 1,788,183
Meeting Expenses												
Meetings & Conference Calls	\$ 616,568	\$ 611,168	\$ 5,400	\$ 611,168	\$ -	\$ -	\$ 16,746	\$ 501,120	\$ -	\$ 93,302	\$ 5,400	\$ 5,400
Travel	1,090,040	1,043,960	46,080	1,043,960	17,378	589,330	206,301	31,846	10,849	188,256	46,080	46,080
Total Meeting Expenses	\$ 1,706,608	\$ 1,655,128	\$ 51,480	\$ 1,655,128	\$ 17,378	\$ 589,330	\$ 223,047	\$ 532,966	\$ 10,849	\$ 281,558	\$ 51,480	\$ 51,480
Operating Expenses, excluding Depreciation												
Consultants & Contracts	\$ 1,595,400	\$ 1,495,400	\$ 100,000	\$ 1,495,400	\$ -	\$ 714,000	\$ 318,400	\$ -	\$ -	\$ 463,000	\$ 100,000	\$ 100,000
Office Rent	1,326,433	1,326,433	-	1,326,433	-	-	-	-	-	1,326,433	-	-
Office Costs	4,212,624	2,964,652	1,247,972	2,964,652	1,755	343,085	404,321	89,854	2,520	2,123,117	1,247,972	1,247,972
Professional Services	1,367,225	1,367,225	-	1,367,225	-	-	-	-	-	1,367,225	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 8,501,682	\$ 7,153,710	\$ 1,347,972	\$ 7,153,710	\$ 1,755	\$ 1,057,085	\$ 722,721	\$ 89,854	\$ 2,520	\$ 5,279,775	\$ 1,347,972	\$ 1,347,972
Total Direct Expenses	\$ 44,648,734	\$ 41,461,099	\$ 3,187,635	\$ 41,461,099	\$ 675,773	\$ 15,916,940	\$ 8,507,042	\$ 2,320,331	\$ 431,200	\$ 13,609,813	\$ 3,187,635	\$ 3,187,635
Indirect Expenses	\$ -	\$ (1,437,341)	\$ 1,437,341	\$ (1,437,341)	\$ 269,501	\$ 7,096,866	\$ 3,773,017	\$ 853,421	\$ 179,667	\$ (13,609,813)	\$ 1,437,341	\$ 1,437,341
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 44,648,734	\$ 40,023,758	\$ 4,624,976	\$ 40,023,758	\$ 945,274	\$ 23,013,806	\$ 12,280,059	\$ 3,173,752	\$ 610,867	\$ -	\$ 4,624,976	\$ 4,624,976
Change in Net Assets (=A-B)	\$ (3,624,703)	\$ (2,567,227)	\$ (1,057,476)	\$ (2,567,227)	\$ (60,783)	\$ (1,475,349)	\$ (787,354)	\$ (204,508)	\$ (39,233)	\$ -	\$ (1,057,476)	\$ (1,057,476)
Fixed Assets, excluding Right of Use Assets (C)												
FTEs	\$ 122,000	\$ 109,116	\$ 12,884	\$ 109,116	\$ 2,416	\$ 63,617	\$ 33,822	\$ 7,650	\$ 1,611	\$ -	\$ 12,884	\$ 12,884
HC	\$ 44,770,734	\$ 40,132,874	\$ 4,637,860	\$ 40,132,874	\$ 947,690	\$ 23,077,423	\$ 12,313,881	\$ 3,181,402	\$ 612,478	\$ -	\$ 4,637,860	\$ 4,637,860
TOTAL BUDGET (B+C)	\$ 44,770,734	\$ 40,132,874	\$ 4,637,860	\$ 40,132,874	\$ 947,690	\$ 23,077,423	\$ 12,313,881	\$ 3,181,402	\$ 612,478	\$ -	\$ 4,637,860	\$ 4,637,860
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (3,746,703)	\$ (2,676,343)	\$ (1,070,360)	\$ (2,676,343)	\$ (63,199)	\$ (1,538,966)	\$ (821,176)	\$ (212,158)	\$ (40,844)	\$ -	\$ (1,070,360)	\$ (1,070,360)
FTEs	194.00	178.00	16.00	178.00	3.00	79.00	42.00	9.50	2.00	42.50	16.00	16.00
HC	194.00	178.00	16.00	178.00	3.00	79.00	42.00	9.00	2.00	43.00	16.00	16.00



Appendix B—Organizational Chart—Changes in FTE by Program

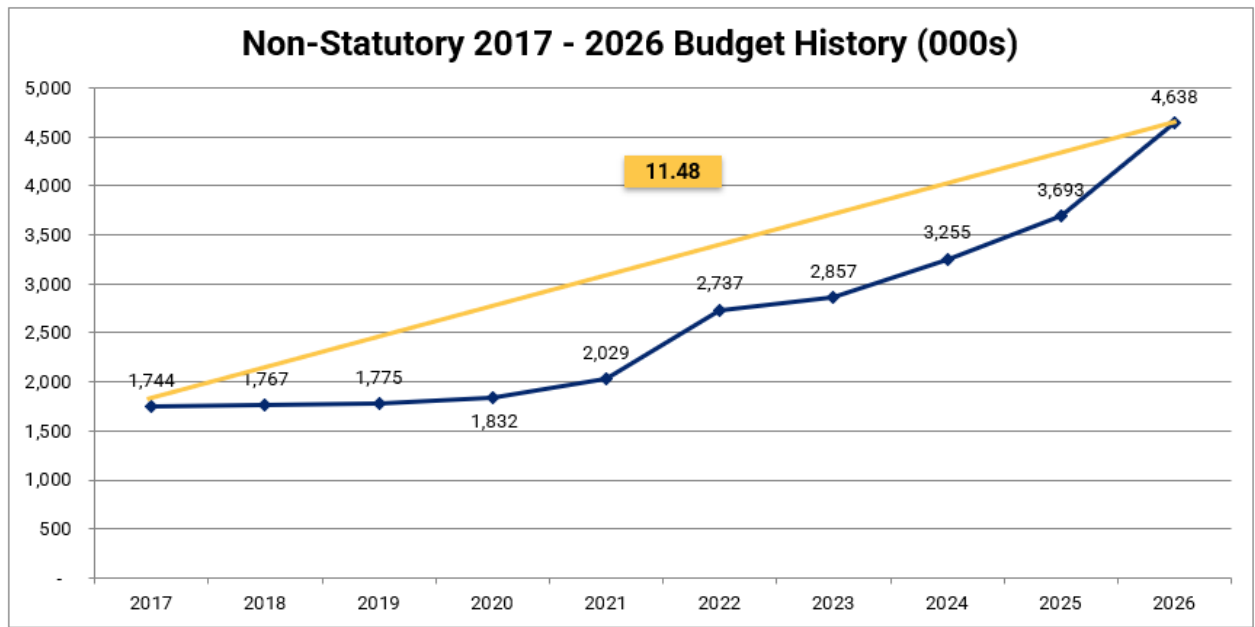
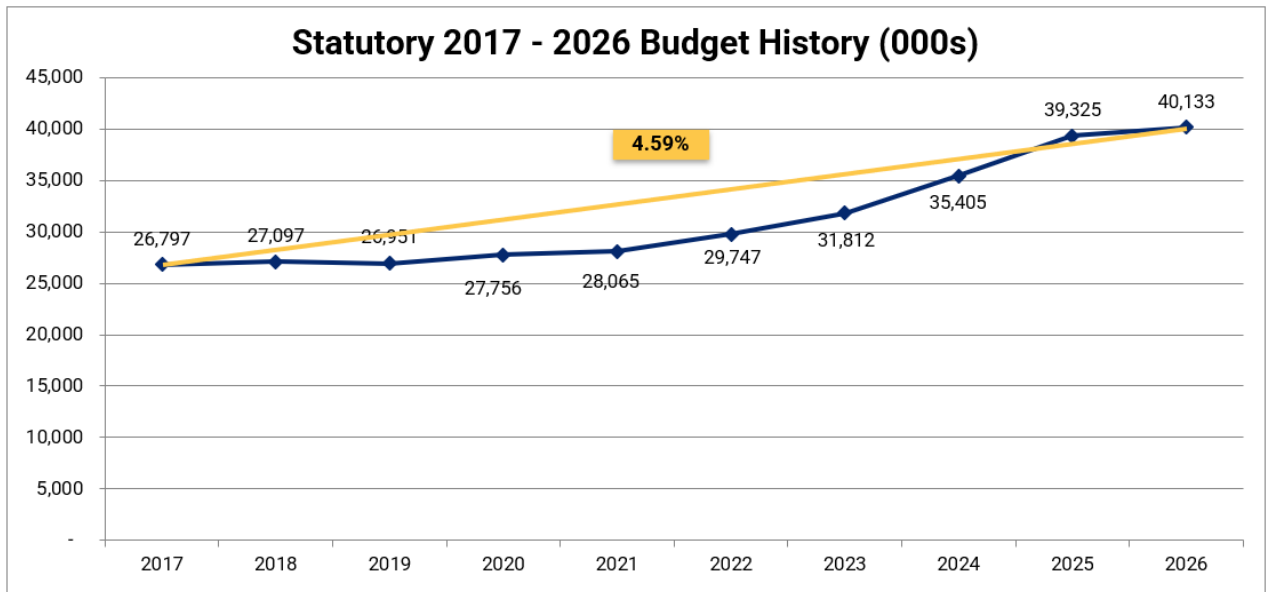


## Appendix C—Adjustment to the Alberta Electric System Operator (AESO) Assessment

*To be calculated and inserted after NEL data is collected.*



Appendix D—Statutory and Non-Statutory Budget History Charts



<Public>



## 2024 Audited Financial Statements

Approval Item  
Board of Directors Meetings  
June 10–11, 2025

### Finance and Audit Committee Resolution

*Resolved*, that the Finance and Audit Committee (FAC), at its meeting on June 10, 2025, recommends the Board of Directors (Board) accepts the 2024 Audited Financial Statements as presented and attached.

### Board Resolution

*Resolved*, that the WECC Board of Directors (Board), acting on the recommendation of the FAC at the meeting of the Board on June 11, 2025, accepts the 2024 Audited Financial Statements as presented and attached.

### Background

WECC received a clean opinion on its 2024 financial statements from Eide Bailly, which did not note any material weaknesses or significant deficiencies related to internal controls.

### Issues and Risks

The financial statements present fairly, in all material respects, WECC's financial position as of December 31, 2024. There are no organizational issues or risks related to the Board's acceptance of the attached financial statements.



Financial Statements  
December 31, 2024 and 2023

## Western Electricity Coordinating Council (WECC)



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, 2024 and 2023, 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, 2024 and 2023, 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.

#### ***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.

*Eide Bailly LLP*

Salt Lake City, Utah  
May 2, 2025

WECC  
Statements of Financial Position  
December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 38,753,988	\$ 29,670,009
Contractually restricted cash and cash equivalents	4,180	10,920,442
Certificates of deposit	1,002,558	496,533
Investments	15,272,372	12,105,717
Accounts receivable, net of allowance for credit losses	770,533	3,209,239
Prepaid expenses and other assets	1,219,050	790,281
Property and equipment, net	1,087,629	1,849,969
Operating lease right-of-use asset	6,792,379	7,734,678
<b>Total assets</b>	<b>\$ 64,902,689</b>	<b>\$ 66,776,868</b>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 9,720,202	\$ 8,497,302
Accrued expenses	5,029,799	4,884,992
Deferred revenue	19,209,894	11,387,303
Other liabilities	388,223	238,887
Operating lease liability	7,837,684	8,809,515
<b>Total liabilities</b>	<b>42,185,802</b>	<b>33,817,999</b>
<b>Net Assets</b>		
Without donor restrictions	22,716,887	32,958,869
<b>Total liabilities and net assets</b>	<b>\$ 64,902,689</b>	<b>\$ 66,776,868</b>

## WECC

## Statements of Activities

Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Electric Reliability Organization funding	\$ 25,004,400	\$ 20,800,537
Western Renewable Energy Generation Information System (WREGIS)	3,148,803	2,828,689
Meetings and workshops	432,702	246,700
Net investment return	1,681,529	1,929,772
Other income	116,005	-
Total revenues	30,383,439	25,805,698
Expenses		
Program expenses		
Statutory	25,362,379	21,826,523
Non-statutory	2,813,540	2,659,427
Total program expenses	28,175,919	24,485,950
Supporting expenses		
Management and general	12,449,502	11,375,082
Total expenses	40,625,421	35,861,032
Change in Net Assets without Donor Restrictions	(10,241,982)	(10,055,334)
Net Assets without Donor Restrictions, Beginning of Year	32,958,869	43,014,203
Net Assets without Donor Restrictions, End of Year	\$ 22,716,887	\$ 32,958,869

See Notes to Financial Statements

4

WECC  
Statement of Functional Expenses  
Year Ended December 31, 2024

	Program Services			Management and General	Total
	Statutory	Non-Statutory	Total		
Labor	\$ 21,444,607	\$ 1,133,695	\$ 22,578,302	\$ 6,963,293	\$ 29,541,595
Office and equipment	939,574	989,565	1,929,139	3,049,718	4,978,857
Depreciation	4,167	666,667	670,834	158,275	829,109
Contract labor and consultants	184,400	-	184,400	782,665	967,065
Meetings	937,839	23,613	961,452	259,380	1,220,832
Professional services	-	-	-	1,177,667	1,177,667
Excise taxes	-	-	-	58,504	58,504
Other	1,851,792	-	1,851,792	-	1,851,792
Total expenses included in the statement of activities	<u>\$ 25,362,379</u>	<u>\$ 2,813,540</u>	<u>\$ 28,175,919</u>	<u>\$ 12,449,502</u>	<u>\$ 40,625,421</u>

See Notes to Financial Statements

## WECC

Statement of Functional Expenses  
Year Ended December 31, 2023

	Program Services			Management and General	Total
	Statutory	Non-Statutory	Total		
Labor	\$ 19,937,218	\$ 1,037,852	\$ 20,975,070	\$ 6,590,020	\$ 27,565,090
Office and equipment	735,742	879,348	1,615,090	2,753,670	4,368,760
Depreciation	4,167	666,667	670,834	173,219	844,053
Contract labor and consultants	333,403	-	333,403	306,507	639,910
Meetings	814,593	13,560	828,153	324,548	1,152,701
Professional services	1,400	-	1,400	1,179,740	1,181,140
Excise taxes	-	-	-	47,378	47,378
Other	-	62,000	62,000	-	62,000
Total expenses included in the statement of activities	<u>\$ 21,826,523</u>	<u>\$ 2,659,427</u>	<u>\$ 24,485,950</u>	<u>\$ 11,375,082</u>	<u>\$ 35,861,032</u>

See Notes to Financial Statements

## WECC

## Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ (10,241,982)	\$ (10,055,334)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	829,109	844,053
Credit losses	1,851,792	62,000
Realized and unrealized loss on operating investments	80,270	140,795
Changes in assets and liabilities		
Accounts receivable	586,914	(1,832,494)
Prepaid expenses and other assets	(428,769)	1,020
Accounts payable	1,222,900	1,841,896
Accrued expenses	144,807	1,350,613
Deferred revenue	7,822,591	1,251,274
Other liabilities	149,336	182,444
Operating lease asset and liability	(29,532)	8,545
Net Cash from (used for) Operating Activities	<u>1,987,436</u>	<u>(6,205,188)</u>
Investing Activities		
Purchases of property and equipment	(66,769)	(144,250)
Purchases of investments and certificates of deposit	(10,800,275)	(6,970,929)
Proceeds from sales of investments and certificates of deposit	<u>7,047,325</u>	<u>6,747,648</u>
Net Cash used for Investing Activities	<u>(3,819,719)</u>	<u>(367,531)</u>
Net Change in Cash, Cash Equivalents and Contractually Restricted Cash	(1,832,283)	(6,572,719)
Cash, Cash Equivalents and Contractually Restricted Cash, Beginning of Year	<u>40,590,451</u>	<u>47,163,170</u>
Cash, Cash Equivalents and Contractually Restricted Cash, End of Year	<u>\$ 38,758,168</u>	<u>\$ 40,590,451</u>
Cash, Cash Equivalents and Contractually Restricted Cash are presented as follows on the statements of financial position:		
Cash and cash equivalents	\$ 38,753,988	\$ 29,670,009
Contractually restricted cash and cash equivalents	<u>4,180</u>	<u>10,920,442</u>
	<u>\$ 38,758,168</u>	<u>\$ 40,590,451</u>



**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 2021 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, Cash Equivalents and Contractually Restricted Cash**

For the purpose of the statements 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, 2024 and 2023, were \$4,180 and \$10,920,442, 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.

## WECC

Notes to Financial Statements  
December 31, 2024 and 2023**Accounts Receivables and Allowance for Credit Losses**

Accounts receivable consist primarily of noninterest-bearing amounts due for statutory funding and other fees receivable. 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. WECC has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due).

Management believes that the historical loss information it has compiled is a reasonable basis on which to determine expected credit losses for accounts receivable held at December 31, 2024 and 2023 because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at December 31, 2024 and 2023 totaled \$127,613 and \$138,641, respectively.

Changes in the allowance for credit losses for receivables are as follows for the years ended December 31:

	2024	2023
Allowance for Credit Losses, Beginning of Year	\$ 138,641	79,914
Provision for credit losses	1,851,792	62,000
Charge-offs	(1,862,820)	(3,273)
Allowance for Credit Losses, End of Year	<u>\$ 127,613</u>	<u>\$ 138,641</u>

**Property and Equipment**

WECC records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. 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 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, 2024 and 2023.

**Right of Use Leased Assets and Liabilities**

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. 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, 2024 and 2023, WECC did not have any net assets with donor imposed 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.

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 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.

## WECC

Notes to Financial Statements  
December 31, 2024 and 2023

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, 2024 and 2023:

	January 1,	
	2024	2023
Accounts receivable, net of allowance for credit losses	\$ 3,209,239	\$ 1,438,745
Deferred revenue	11,387,303	10,136,029

For the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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

Notes to Financial Statements  
December 31, 2024 and 2023

---

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, 2024 and 2023, WECC had approximately \$30,970,000 and \$20,735,000, respectively, of cash, cash equivalents, and contractually restricted cash and cash equivalents, in excess of FDIC-insured limits. Additionally, at December 31, 2024 and 2023, WECC had \$7,273,170 and \$19,514,734, respectively, 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 WECC 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.

**Subsequent Events**

WECC has evaluated subsequent events through May 2, 2025, the date the consolidated financial statements were available to be issued.

## WECC

Notes to Financial Statements  
December 31, 2024 and 2023**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:

	2024	2023
Cash and cash equivalents	\$ 38,753,988	\$ 29,670,009
Certificates of deposit	1,002,558	496,533
Investments	15,272,372	12,105,717
Accounts receivable, net	770,533	3,209,239
	<u>\$ 55,799,451</u>	<u>\$ 45,481,498</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, 2024 and 2023

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 WECC's assessment of the quality, risk or liquidity profile of the asset or liability.

WECC invests in U.S. Government asset backed securities and mutual funds 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, 2024:

		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 obligations	\$ 9,437,658	\$ -	\$ 9,437,658	\$ -
Debt securities	2,090,817	-	2,090,817	-
Mutual funds	3,743,897	-	3,743,897	-
	<u>\$ 15,272,372</u>	<u>\$ -</u>	<u>\$ 15,272,372</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2023:

		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 obligations	\$ 8,750,973	\$ -	\$ 8,750,973	\$ -
Mutual funds	3,354,744	-	3,354,744	-
	<u>\$ 12,105,717</u>	<u>\$ -</u>	<u>\$ 12,105,717</u>	<u>\$ -</u>

## WECC

Notes to Financial Statements  
December 31, 2024 and 2023**Note 4 - Property and Equipment**

Property and equipment consists of the following at December 31, 2024 and 2023:

	2024	2023
Equipment	\$ 1,247,728	\$ 1,189,686
Software	2,353,669	2,344,943
Furniture and fixtures	272,649	272,649
Leasehold improvements	1,959,412	1,959,412
	5,833,458	5,766,690
Less accumulated depreciation	(4,745,829)	(3,916,721)
	<u>\$ 1,087,629</u>	<u>\$ 1,849,969</u>

**Note 5 - 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, 2024 and 2023, the breakdown of such earnings included in net assets without donor restrictions consisted of the following:

	2024	2023
Non-statutory earnings	\$ 7,344,541	\$ 7,657,737
Statutory earnings	15,372,346	25,301,132
	<u>\$ 22,716,887</u>	<u>\$ 32,958,869</u>

**Note 6 - Leases*****Operating Leases as Lessee***

WECC leases office space under a long-term, non-cancelable operating lease agreement. The lease expires during 2031. 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 lease provides for increases in future minimum annual rental payments. Also, the agreement generally requires WECC to pay real estate taxes, insurance, and repairs.



## WECC

Notes to Financial Statements  
December 31, 2024 and 2023

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 years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Operating lease cost	\$ 1,270,304	\$ 1,336,047

The following table summarizes the supplemental cash flow information for the years ended December 31, 2024 and 2023:

	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating cash flows from operating leases	\$ 1,307,302	\$ 1,286,877

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	2024	2023
Weighted-Average Remaining Lease Term in Years		
Operating leases	6.2	7.2
Weighted-Average Discount Rate		
Operating leases	4.00%	4.00%

The future minimum lease payments under non-cancelable operating leases with terms greater than one year are listed below as of December 31, 2024.

<u>Years Ending December 31,</u>	<u>Operating</u>
2025	\$ 1,346,521
2026	1,386,917
2027	1,428,524
2028	1,471,380
2029	1,515,522
Thereafter	<u>1,991,268</u>
Total lease payments	9,140,132
Less interest	<u>(1,302,448)</u>
Present value of lease liabilities	<u><u>\$ 7,837,684</u></u>

## WECC

Notes to Financial Statements  
December 31, 2024 and 2023

**Operating Leases as Lessor**

WECC subleases a portion of its facility to a retail tenant under a non-cancelable operating lease agreement. The lease commenced in May 2024, and is scheduled to expire April 2029. Lease payments under the agreement are \$13,638 per month, with annual increases of 3%. The lease agreement includes a renewal option for an additional twenty-two-month term, that is exercisable at the tenant's discretion.

The following table sets forth the lease income recognized from the operating lease:

	2024
Lease income realting to lease payments	\$ 116,005

Revenue from operating leases is included in other income in the statement of activities.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of December 31, 2024:

<u>Years Ending December 31,</u>	
2025	\$ 166,923
2026	171,931
2027	177,089
2028	182,401
2029	61,397
Total lease payments	\$ 759,741

**Note 7 - 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 \$1,983,454 and \$1,830,472 for the years ended December 31, 2024 and 2023, 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 2024 and 2023 was \$23,000 and \$22,500, respectively. The Plan is entirely funded by elective employee salary deferrals.



**WECC Board of Directors  
Governance Committee**

Verbal Update  
Ian McKay, Chair  
June 11, 2025



**WECC Board of Directors  
Nominating Committee**

Verbal Update  
Ian McKay, Chair  
June 11, 2025



**WECC Board of Directors**  
**Human Resources and Compensation Committee**

Verbal Update  
Felicia Marcus, Chair  
June 11, 2025



---

**WECC Standards Committee (WSC)**  
**Report to the WECC Board of Directors**

Joe McArthur, WSC Chair

Steve Rueckert, WECC Director of Standards

June 11, 2025

## Highlights

- The WECC-0156 drafting team (DT) met several times to discuss potential revisions to the WECC Regional Variance to NERC VAR-001-5, and the majority agreed to move forward with a recommendation of “no changes.” Page 2.
- The WECC-0142 DT developed a white paper to justify retirement of BAL-002-WECC-3 Regional Reliability Standard. Page 2.
- FERC approved revisions to WECC Regional Reliability Standard BAL-004-WECC-4. Page 2.

## Purpose

The purpose of the WECC Standards Committee (WSC) is to oversee the implementation of the WECC Reliability Standards Development Procedures (Procedures).

The WSC will—

1. Maintain and administer the Procedures, including:
  - a. Due process,
  - b. Balloting,
  - c. Annual review of the WECC Glossary of Terms and Naming Conventions, and
  - d. Meeting the quality control attributes of FERC Order 672.
2. Administer each Standard Authorization Request (SAR) to ensure the project:
  - a. Is within WECC’s authority to develop,
  - b. Is appropriate for development by WECC, and that it,
  - c. Remains within the scope of the SAR, as may be changed by the WSC.
3. Monitor and manage drafting teams, including:
  - a. Team selection, and
  - b. Provision of general oversight and guidance to include a description and explanation of the project to be drafted and time prioritization where needed.
4. Monitor and manage the development of projects created per the Procedures, including prioritization.
5. Perform other duties assigned by the Board of Directors (Board).

## WECC Board Action Items

The WSC requests Board approval for the retirement of WECC Regional Reliability Standard BAL-002-WECC-3 Contingency Reserve. The drafting team worked on this project for nearly five years and provided a white paper outlining reasons for retiring the standard. The white paper was posted for comment, and comments were addressed. The final ballot for retirement achieved a 93% quorum and a 100% weighted segment approval. There were five abstentions that count for quorum but do not count for or against approval, and four votes were not cast. If approved by the Board for retirement, the request will be forwarded to the NERC Board of Trustees for consideration.



## Current Year Goals

- Keep the WECC Standards Development Process moving forward by overseeing the drafting teams.
- Act on requests and recommendations from the drafting teams.
- Review the WSC Charter and WECC Procedures to revise and improve them.

## Major Accomplishments and Planned Activities

### 1. **WECC-0156 drafting team recommendation to make no revisions to the WECC Regional Variance to NERC Reliability Standard VAR-001-5 Voltage and Reactive Control**

The drafting team reviewed the language in the existing FERC-approved variance and concluded no changes were necessary. As worded, the variance requires the Transmission Operator (TOP) to provide a voltage or reactive schedule to each Generator Operator (GOP) connected to the Bulk Electric System. The question the SAR raised was with the recent approval of Category 2 GOPs (not connected to the BES)—whether the language of the variance needed to be changed. The DT concluded that not all Category 2 GOPs could have any real impact on voltage levels. This, combined with the GOP interconnection agreement, would provide the TOP with the necessary authority to provide a voltage or reactive schedule if necessary, but did not need to be specifically called out in the standard. The drafting team voted that no changes were necessary to the Regional Variance, with one vote opposing this position. Since the recommendation from the drafting team was no change, action is not needed by the Board.

### 2. **WECC-0142 drafting team recommendation to retire WECC Regional Reliability Standard BAL-002-WECC-3 Contingency Reserve.**

The original SAR to retire this Regional Reliability Standard was received in 2020. During the COVID pandemic, drafting was put in abeyance. When drafting was restarted, the DT developed a white paper with strong reasoning for retirement of this more restrictive Regional Reliability Standard. The main reason is that resources being held for Contingency Reserves would be better suited for serving load, and that the continent-wide NERC Contingency Reserve Standard is adequate to meet WECC's needs. From May 1–15, 2025, a ballot was conducted, and the request to retire the Regional Reliability Standard BAL-002-WECC-3 achieved a 93% quorum and a 100% weighted segment approval. The complete voting record is included in the WSC packet to the Board.

### 3. **Revisions to WECC Regional Reliability Standard BAL-004-WECC-3 approved by FERC.**

On April 23, 2025, FERC approved revisions to WECC Regional Reliability Standard BAL-004-WECC-3, resulting in BAL-004-WECC-4. The approved revisions were to improve clarity in the language of several of the requirements and to address a situation in the language that would result in a new Balancing Authority automatically being non-compliant during their first year of operation.

### 4. **WSC accepts a new SAR to update the WECC Regional Variance to NERC PRC-006-5 Automatic Undervoltage Load Shedding**





On May 21, 2025, the WSC will be asked to accept a new SAR to revise the language in the WECC Regional Variance to NERC PRC-006-5 Automatic Undervoltage Load Shedding. The revisions will address a concern pointed out by the enforcement department that there is not a requirement or deadline for developing a Corrective Action Plan if studies indicate that a Regional Underfrequency Load Shedding Plan is not sufficient to meet performance requirements.





## **Retirement of BAL-002-WECC-3 Regional Reliability Standard**

Approval Item  
Board of Directors Meeting  
June 11, 2025

### **Board Resolution**

*Resolved*, that the WECC Board of Directors (Board), acting on the recommendation of the WECC Standards Committee (WSC) at the meeting of the Board on June 11, 2025, approves the retirement of BAL-002-WECC-3 presented and attached.

### **Background**

On August 14, 2020, WECC received a Standards Authorization Request (SAR) asking for the retirement of BAL-002-WECC-3. On July 8, 2021, the drafting team ask to have the project placed in abeyance due to their heavy workload. The drafting team continued to meet unofficially and harvested data to support the retirement of the Regional Standard. The drafting team developed a strong list of justifications for retirement of the Regional Standard, including stating that resources being saved for contingency reserves would be better suited for serving load. On a ballot that closed on May 15, 2025, the ballot pool received a 93% quorum and a 100% approval. There were five abstentions and four votes not cast.

### **Issues and Risks**

There are no major risks in retiring this Regional Standard because the NERC continent-wide standard addressing contingency reserves would apply to entities in the Western Interconnection.



## Attachment N—Final Ballot Results

WECC-0142

### Request to Retire BAL-002-WECC-3, Contingency Reserve

Ballot Name: WECC-0142: Request to Retire BAL-002-WECC-3, Contingency Reserve

Overview: This project comes from a request that the Reliability Standard BAL-002-WECC-3 be retired in its entirety. The drafting team has written a white paper with justification to do so, and this white paper was put out for industry comment. The result of that comment period was 100% support for the retirement of the Standard based on the rationale presented in the white paper.

Ballot Pool Open: 04/13/2025      Ballot Pool Closed: 04/28/2025

Ballot Opened: 05/01/2025      Ballot Closed: 05/15/2025

Total Ballot Pool: 57      Total Votes: 53

Quorum: 93.0%      Weighted Votes: 100%

Ballot Results: Pass

Voting Sectors	Total in Ballot Pool	In-Pool Affiliates Excluded	Votes Non-Abstain	Sector Weight	Yes Votes	Weighted Segment Vote	No Votes	Abstain	Total Votes for Quorum	Did Not Vote
Transmission Owners	15		13	1	13	100.0%	0	1	14	1
Regional Transmission Organizations (RTO) and Independent System Operators (ISO)	2		1	0.1	1	10.0%	0	1	2	0
Load-Serving Entities (LSE)	11		10	1	10	100.0%	0	1	11	0
Transmission Dependent Utilities (TDU)	5		5	0.5	5	50.0%	0	0	5	0
Electric Generators	12		9	0.9	9	90.0%	0	1	10	2
Electricity Brokers, Aggregators, and Marketers	12		10	1	10	100.0%	0	1	11	1
Large Electricity End Users	0		0	0	0	0.0%	0	0	0	0
Small Electricity Users	0		0	0	0	0.0%	0	0	0	0
Federal, State, Provincial Regulatory, other Gov. Entities	0		0	0	0	0.0%	0	0	0	0
Regional Entities	0		0	0	0	0.0%	0	0	0	0
<b>Totals</b>	<b>57</b>	<b>0</b>	<b>48</b>	<b>4.5</b>	<b>48</b>	<b>100.0%</b>	<b>0</b>	<b>5</b>	<b>53</b>	<b>4</b>

Title	Company	Sector	Vote	Comments Submitted	Name of Voter
<b>WECC-0142</b>	Arizona Public Service Company	Transmission Owners	Abstain		Daniela Atanasovski
<b>WECC-0142</b>	Arizona Public Service Company	Load-Serving Entities (LSE)	Abstain		Jessica Lopez
<b>WECC-0142</b>	Arizona Public Service Company	Electric Generators	Abstain		Andrew Smith
<b>WECC-0142</b>	Arizona Public Service Company	Electricity Brokers, Aggregators, and Marketers	Abstain		Marcus Bortman
<b>WECC-0142</b>	Black Hills Corporation	Transmission Owners	Yes	Black Hills Corporation supports the rationale presented in the drafting team's white paper requesting that BAL-002-WECC-3 be retired.	Josh Schumacher
<b>WECC-0142</b>	Black Hills Corporation	LSEs	Yes	Black Hills Corporation supports the rationale presented in the drafting team's white paper requesting that BAL-002-WECC-3 be retired.	Josh Schumacher
<b>WECC-0142</b>	Black Hills Corporation	Electric Generators	Yes	Black Hills Corporation supports the rationale presented in the drafting team's white paper requesting that BAL-002-WECC-3 be retired.	Josh Schumacher



## WECC-0142 FINAL BALLOT RESULTS

<b>WECC-0142</b>	Black Hills Corporation	Electricity Brokers, Aggregators, and Marketers	Yes	Black Hills Corporation supports the rationale presented in the drafting team's white paper requesting that BAL-002-WECC-3 be retired.	Josh Schumacher
<b>WECC-0142</b>	California Independent System Operator	Regional Transmission Organizations (RTO) and Independent System Operators (ISO)	Yes		Darcy O'Connell
<b>WECC-0142</b>	Puget Sound Energy, Inc	Transmission Owners	Yes		Anna Lavik
<b>WECC-0142</b>	Puget Sound Energy, Inc	LSEs	Yes		Anna Lavik
<b>WECC-0142</b>	Puget Sound Energy, Inc	Electric Generators	No Vote		Kellie Anderson
<b>WECC-0142</b>	Public Utility District No. 2 of Grant County	Transmission Owners	Yes		Joanne Anderson
<b>WECC-0142</b>	Public Utility District No. 2 of Grant County	LSEs	Yes		Joanne Anderson
<b>WECC-0142</b>	Public Utility District No. 2 of Grant County	Electric Generators	Yes		Joanne Anderson
<b>WECC-0142</b>	Public Utility District No. 2 of Grant County	Electricity Brokers, Aggregators, and Marketers	Yes		Joanne Anderson



## WECC-0142 FINAL BALLOT RESULTS

<b>WECC-0142</b>	Xcel Energy – PSCo	Transmission Owners	No Vote		Joseph Gatten
<b>WECC-0142</b>	Xcel Energy – PSCo	Electricity Brokers, Aggregators, and Marketers	No Vote		Joseph Gatten
<b>WECC-0142</b>	Bonneville Power Administration	Electricity Brokers, Aggregators, and Marketers	Yes		Tanner Brier
<b>WECC-0142</b>	Bonneville Power Administration	LSEs	Yes		Ron Sporseen
<b>WECC-0142</b>	Bonneville Power Administration	Electric Generators	Yes		Milli Chennell
<b>WECC-0142</b>	Bonneville Power Administration	Transmission Owners	Yes		Kammy Rogers-Holliday
<b>WECC-0142</b>	Tacoma Power	Transmission Owners	Yes	This change is needed in order to align the Western Interconnection with the other regions. Tacoma Power strongly supports this initiative.	Jennie Wike
<b>WECC-0142</b>	Tacoma Power	LSEs	Yes	See previous comments.	Jennie Wike
<b>WECC-0142</b>	Tacoma Power	Transmission Dependent Utilities (TDU)	Yes	See previous comments.	Jennie Wike
<b>WECC-0142</b>	Tacoma Power	Electric Generators	Yes	See previous comments.	Jennie Wike



## WECC-0142 FINAL BALLOT RESULTS

<b>WECC-0142</b>	Tacoma Power	Electricity Brokers, Aggregators, and Marketers	Yes	See previous comments.	Jennie Wike
<b>WECC-0142</b>	Southwest Power Pool	RTOs and ISOs	Abstain	As stated in the white paper “[t]here has never been a technical study proving that holding reserves more than that required under NERC BAL-002-X enhances the reliability of the Western Interconnection,” which makes it difficult to determine whether NERC BAL-002-X is sufficient to support reliability in the Western Interconnect. Accordingly, SPP would agree to retire WECC BAL-002-3 if a study is performed to show that there is adequate availability and deliverability of reserves under NERC BAL-002-X.	Alan Wahlstrom
<b>WECC-0142</b>	Powerex, Inc.	Electricity Brokers, Aggregators, and Marketers	Yes		Raj Hundal



<b>WECC-0142</b>	British Columbia Hydro and Power Authority	Transmission Owners	Yes	<p>BC Hydro is supportive of this Standard's retirement and appreciates the opportunity to comment.</p> <p>BC Hydro requests that the implementation of Standard retirement have an associated timeline of at least two calendar quarters. This would allow all entities that are part of the same Reserve Sharing Group to have the same retirement date of BAL-002-WECC. Specifically, the implementation time would allow for a retirement date in British Columbia in alignment with the U.S.</p>	Adrian Andreoiu
<b>WECC-0142</b>	British Columbia Hydro and Power Authority	LSEs	Yes	<p>BC Hydro is supportive of this Standard's retirement and appreciates the opportunity to comment.</p> <p>BC Hydro requests that the implementation of Standard retirement have an associated timeline of at least two calendar quarters. This would allow all entities that are part of the same Reserve Sharing Group to have the same retirement date of BAL-002-WECC. Specifically, the implementation time would allow for a</p>	Adrian Andreoiu





				retirement date in British Columbia in alignment with the U.S.	
<b>WECC-0142</b>	British Columbia Hydro and Power Authority	Electric Generators	Yes	<p>BC Hydro is supportive of this Standard's retirement and appreciates the opportunity to comment.</p> <p>BC Hydro requests that the implementation of Standard retirement have an associated timeline of at least two calendar quarters. This would allow all entities that are part of the same Reserve Sharing Group to have the same retirement date of BAL-002-WECC. Specifically, the implementation time would allow for a retirement date in British Columbia in alignment with the U.S.</p>	Adrian Andreoiu
<b>WECC-0142</b>	Tucson Electric Power	Transmission Owners	Yes		Jessica Cordero
<b>WECC-0142</b>	Western Power Pool	TDUs	Yes	My compliments to the drafting team that completed the whitepaper. Their hard work and diligence have paid off!	Kevin Conway



<b>WECC-0142</b>	Public Utility District No. 1 of Chelan County	Transmission Owners	Yes	<p>1. Redundant Reserve Requirements Without Demonstrated Benefit BAL-002-WECC-3 requires entities to maintain Contingency Reserve equal to the greater of their Most Severe Single Contingency (MSSC) or 3% of generation plus 3% of load. In contrast, the continent-wide standard, BAL-002-3, ensures reliable system performance by requiring sufficient reserves to recover from an MSSC event. Requiring additional reserves beyond the MSSC needlessly restricts the use of resources that could otherwise support resource adequacy and may contribute to artificial scarcity in energy markets—without any demonstrated improvement in reliability.</p> <p>2. Overly Restrictive 60-Minute Usage Window BAL-002-WECC-3 limits the use of Contingency Reserve to just 60 minutes following an event, forcing entities to schedule emergency power outside the standard hourly market timeline. Aligning with BAL-002-3's more flexible timeline would enable entities to rely on normal hourly scheduling processes, improving market efficiency and reducing the need for manual interventions.</p> <p>3. Lack of Data-Driven Justification. There is no empirical evidence that the reserve requirements under</p>	Rebecca Zahler
------------------	--	---------------------	-----	--	----------------



				<p>BAL-002-WECC-3 result in materially improved reliability outcomes beyond what is achieved through BAL-002-3 and other applicable NERC reliability standards. The existing continent-wide standard has proven sufficient, particularly in the Eastern Interconnection, for maintaining reliable operations.</p> <p>4. Supports Harmonization and Reduces Regulatory Burden Retiring BAL-002-WECC-3 promotes consistency and harmonization across the ERO, helping to avoid regional compliance fragmentation. This action is consistent with the ERO Enterprise’s goal of reducing regulatory burden by eliminating low-value or duplicative standards that no longer serve a unique or necessary purpose.</p>	
--	--	--	--	--	--



<b>WECC-0142</b>	Public Utility District No. 1 of Chelan County	LSEs	Yes	<p>1. Redundant Reserve Requirements Without Demonstrated Benefit BAL-002-WECC-3 requires entities to maintain Contingency Reserve equal to the greater of their Most Severe Single Contingency (MSSC) or 3% of generation plus 3% of load. In contrast, the continent-wide standard, BAL-002-3, ensures reliable system performance by requiring sufficient reserves to recover from an MSSC event. Requiring additional reserves beyond the MSSC needlessly restricts the use of resources that could otherwise support resource adequacy and may contribute to artificial scarcity in energy markets—without any demonstrated improvement in reliability.</p> <p>2. Overly Restrictive 60-Minute Usage Window BAL-002-WECC-3 limits the use of Contingency Reserve to just 60 minutes following an event, forcing entities to schedule emergency power outside the standard hourly market timeline. Aligning with BAL-002-3's more flexible timeline would enable entities to rely on normal hourly scheduling processes, improving market efficiency and reducing the need for manual interventions.</p> <p>3. Lack of Data-Driven Justification. There is no empirical evidence that the reserve requirements under</p>	Rebecca Zahler
------------------	--	------	-----	--	----------------



				<p>BAL-002-WECC-3 result in materially improved reliability outcomes beyond what is achieved through BAL-002-3 and other applicable NERC reliability standards. The existing continent-wide standard has proven sufficient, particularly in the Eastern Interconnection, for maintaining reliable operations.</p> <p>4. Supports Harmonization and Reduces Regulatory Burden Retiring BAL-002-WECC-3 promotes consistency and harmonization across the ERO, helping to avoid regional compliance fragmentation. This action is consistent with the ERO Enterprise’s goal of reducing regulatory burden by eliminating low-value or duplicative standards that no longer serve a unique or necessary purpose.</p>	
--	--	--	--	--	--



<b>WECC-0142</b>	Public Utility District No. 1 of Chelan County	Electric Generators	Yes	<p>1. Redundant Reserve Requirements Without Demonstrated Benefit BAL-002-WECC-3 requires entities to maintain Contingency Reserve equal to the greater of their Most Severe Single Contingency (MSSC) or 3% of generation plus 3% of load. In contrast, the continent-wide standard, BAL-002-3, ensures reliable system performance by requiring sufficient reserves to recover from an MSSC event. Requiring additional reserves beyond the MSSC needlessly restricts the use of resources that could otherwise support resource adequacy and may contribute to artificial scarcity in energy markets—without any demonstrated improvement in reliability.</p> <p>2. Overly Restrictive 60-Minute Usage Window BAL-002-WECC-3 limits the use of Contingency Reserve to just 60 minutes following an event, forcing entities to schedule emergency power outside the standard hourly market timeline. Aligning with BAL-002-3's more flexible timeline would enable entities to rely on normal hourly scheduling processes, improving market efficiency and reducing the need for manual interventions.</p> <p>3. Lack of Data-Driven Justification. There is no empirical evidence that the reserve requirements under</p>	Rebecca Zahler
------------------	--	---------------------	-----	--	----------------



				<p>BAL-002-WECC-3 result in materially improved reliability outcomes beyond what is achieved through BAL-002-3 and other applicable NERC reliability standards. The existing continent-wide standard has proven sufficient, particularly in the Eastern Interconnection, for maintaining reliable operations. 4. Supports Harmonization and Reduces Regulatory Burden Retiring BAL-002-WECC-3 promotes consistency and harmonization across the ERO, helping to avoid regional compliance fragmentation. This action is consistent with the ERO Enterprise’s goal of reducing regulatory burden by eliminating low-value or duplicative standards that no longer serve a unique or necessary purpose.</p>	
--	--	--	--	---	--



<b>WECC-0142</b>	Public Utility District No. 1 of Chelan County	Electricity Brokers, Aggregators, and Marketers	Yes	<p>1. Redundant Reserve Requirements Without Demonstrated Benefit BAL-002-WECC-3 requires entities to maintain Contingency Reserve equal to the greater of their Most Severe Single Contingency (MSSC) or 3% of generation plus 3% of load. In contrast, the continent-wide standard, BAL-002-3, ensures reliable system performance by requiring sufficient reserves to recover from an MSSC event. Requiring additional reserves beyond the MSSC needlessly restricts the use of resources that could otherwise support resource adequacy and may contribute to artificial scarcity in energy markets—without any demonstrated improvement in reliability.</p> <p>2. Overly Restrictive 60-Minute Usage Window BAL-002-WECC-3 limits the use of Contingency Reserve to just 60 minutes following an event, forcing entities to schedule emergency power outside the standard hourly market timeline. Aligning with BAL-002-3's more flexible timeline would enable entities to rely on normal hourly scheduling processes, improving market efficiency and reducing the need for manual interventions.</p> <p>3. Lack of Data-Driven Justification. There is no empirical evidence that the</p>	Rebecca Zahler
------------------	--	---	-----	---	----------------





				<p>reserve requirements under BAL-002-WECC-3 result in materially improved reliability outcomes beyond what is achieved through BAL-002-3 and other applicable NERC reliability standards. The existing continent-wide standard has proven sufficient, particularly in the Eastern Interconnection, for maintaining reliable operations.</p> <p>4. Supports Harmonization and Reduces Regulatory Burden Retiring BAL-002-WECC-3 promotes consistency and harmonization across the ERO, helping to avoid regional compliance fragmentation. This action is consistent with the ERO Enterprise's goal of reducing regulatory burden by eliminating low-value or duplicative standards that no longer serve a unique or necessary purpose.</p>	
<b>WECC-0142</b>	Sacramento Municipal Utility District (SMUD)	Transmission Owners	Yes	<p>SMUD supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of Area Control Error (ACE) for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining the reliability</p>	Tim Kelley



				of the Bulk Power System.	
<b>WECC-0142</b>	SMUD)	LSEs	Yes	SMUD supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of ACE for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining the reliability of the Bulk Power System.	Tim Kelley
<b>WECC-0142</b>	SMUD	TDUs	Yes	SMUD supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of ACE for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining the reliability of the Bulk Power System.	Tim Kelley



<b>WECC-0142</b>	SMUD	Electric Generators	Yes	SMUD supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of ACE for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining the reliability of the Bulk Power System.	Tim Kelley
<b>WECC-0142</b>	SMUD	Electricity Brokers, Aggregators, and Marketers	Yes	SMUD supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of ACE for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining the reliability of the Bulk Power System.	Tim Kelley
<b>WECC-0142</b>	Balancing Authority of Northern California (BANC)	Transmission Owners	Yes	BANC supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of ACE for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining	Tim Kelley



				the reliability of the Bulk Power System.	
<b>WECC-0142</b>	BANC	Electricity Brokers, Aggregators, and Marketers	Yes	BANC supports retiring the WECC regional reliability standard BAL-002-WECC-3. We believe that the NERC reliability standard BAL-002-3 adequately ensures the timely recovery of ACE for Balancing Authorities and Reserve Sharing Groups, which is essential for maintaining the reliability of the Bulk Power System.	Tim Kelley
<b>WECC-0142</b>	Seattle City Light	TDUs	Yes		Hao Li
<b>WECC-0142</b>	Avista Corp.	Transmission Owners	Yes	This request to retire BAL-002-WECC-3 in favor of following the continent-wide Reliability Standard NERC BAL-002-3 is justified and needed for the Western Interconnection. The simple facts clearly articulated in the white paper that system reliability is not impacted negatively by this change, and is likely enhanced,	Mike Magruder



				while ensuring better use of existing generating resources, both variable and base, should be clear enough justification to retire BAL-002-WECC-3.	
<b>WECC-0142</b>	Avista Corp.	Electric Generators	No Vote		Glen Farmer
<b>WECC-0142</b>	Salt River Project	Transmission Owners	Yes	SRP agrees to retire the standard.	Israel Perez
<b>WECC-0142</b>	Salt River Project	LSEs	Yes	SRP agrees to retire the standard.	Israel Perez
<b>WECC-0142</b>	Salt River Project	Electric Generators	Yes	SRP agrees to retire the standard.	Israel Perez
<b>WECC-0142</b>	Salt River Project	Electricity Brokers, Aggregators, and Marketers	Yes	SRP agrees to retire the standard.	Israel Perez
<b>WECC-0142</b>	Imperial Irrigation District	Transmission Owners	Yes		Sammy Alcarez
<b>WECC-0142</b>	Imperial Irrigation District	LSEs	Yes		Sammy Alcarez
<b>WECC-0142</b>	Imperial Irrigation District	Electric Generators	Yes		Sammy Alcarez



## WECC-0142 FINAL BALLOT RESULTS

---

<b>WECC-0142</b>	Imperial Irrigation District	TDUs	Yes		Sammy Alcarez
<b>WECC-0142</b>	Imperial Irrigation District	Electricity Brokers, Aggregators, and Marketers	Yes		Sammy Alcarez



<Public>



# WECC Standards Committee (WSC)

**Joe McArthur**

*WSC Chair*

**Donovan Crane**

*Sr. Engineer, Standards*

**Electric Reliability  
& Security for the West**

June 11, 2025

<Public>



## **Approval to Retire WECC Regional Standard BAL-002-WECC-3**

---

- Original Standards Authorization Request (SAR) received in 2020
- On July 8, 2021, the drafting team (DT) asked that the project be placed in abeyance
- The DT developed a strong list of justifications to retire the Regional Reliability Standard
- A 93% quorum was achieved
- 100% approval to retire with five abstentions and four votes not cast



<Public>



## **Retirement of BAL-002-WECC-3 Regional Reliability Standard**

---

*Resolved*, that the WECC Board of Directors (Board), acting on the recommendation of the WECC Standards Committee (WSC) at the meeting of the Board on June 11, 2025, approves the retirement of BAL-002-WECC-3 presented and attached.



[WWW.WECC.ORG](http://WWW.WECC.ORG) | (801) 582-0353



155 N 400 W, Salt Lake City, UT 84103, USA



## **Technical Activities Update to the WECC Board of Directors**

Branden Sudduth, VP of Reliability Planning and Performance Analysis

Kris Raper, VP of Strategic Engagement and External Affairs

Philip Augustin and Chelsea Loomis, RAC Co-chairs

Dede Subakti and Margaret Albright, RRC Co-chairs

June 11, 2025

This report is a compilation of activities being undertaken by the Reliability Planning and Performance Analysis department, the Strategic Engagement and External Affairs department, and the WECC technical committees.

## **New Initiatives and Recent Activity Highlights**

### **Cold Weather Preparedness Efforts**

In Q1 2025, a cross-departmental WECC team and a few external participants conducted on-site visits to three generation facilities in the West. These site visits were part of an effort to address Winter Storm Elliot Report Recommendation 1c, which calls for Regional Entities to perform targeted cold weather verifications pursuant to a risk-based approach. During these visits, several positive actions were identified that were taken by generator owners to remain operational during extreme cold weather, as well as some opportunities for improvement. To further promote cold weather readiness and to address a 2025 WECC Scorecard initiative, WECC is in the process of creating an Assurance Program for working directly with entities in the West to mitigate reliability risks. While the initial program is focused on extreme weather preparedness, assurance work has proven highly effective in the past. As such, WECC may consider expanding the coverage of the new Assurance Program to other areas of risk to the Western Interconnection. Completion of the Assurance Program process is set for Q4 2025.

Recommendation 3 of the Winter Storm Elliott report asks NERC and the Regional Entities to perform a readiness review of the black start generation fleet across North America. Responses to industry Requests for Information have been received and have been reviewed by an ERO Enterprise team. The team also worked with gas suppliers to account for fuel supply challenges during extreme cold conditions. This effort will be documented in an industry report that is scheduled to be completed in Q2 of 2025.

### **Interregional Transfer Capability Study (ITCS)**

The ERO Enterprise met the congressional mandate for the ITCS by successfully completing the study report in November 2024. While not required through the congressional mandate, NERC and the Regional Entities also performed a similar analysis for the Canadian provinces as an addendum. The results of the Canadian analysis are complete and available on NERC's [website](#).

### **Western Interconnection Wildfire Update**

WECC staff continues to monitor and assess the impacts of wildfires on the reliable operation of the BPS through real-time situation awareness responsibilities and through the annual Wildfire Data Request that was initiated in February. U.S. and Canadian entities have submitted their data, and the initial analysis has begun. Additionally, we are working with entities who were affected by the January wildfires in California to identify any lessons learned that can be shared with industry and to understand what mitigation efforts are happening to minimize future events.

For the upcoming summer season, meteorologists predict there will be an increase in fires based on previous patterns. Long-range forecasters say potential wildfires could come from areas like Northern California into the northwest interior and deep forest areas like the Rockies. Forecasters predict



Northern California could be more susceptible this summer due to the late surge of rain in the spring that brought more vegetation, which can turn into wildfire fuel. For Southern California, we could see an earlier start to offshore Santa Ana winds, which could begin in late August or early September. Typically, the Santa Ana season starts in October. The summer forecast for Western Canada suggests potentially soaring temperatures, with heat beginning as early as May in many parts of British Columbia. With warmer-than-average temperatures and dry conditions forecast in the coming months, BC Hydro is taking proactive steps to address wildfire risk and encouraging customers to prepare.

## Reliability in the West Discussion Series

WECC continued its “Reliability in the West” Discussion Series in April, May, and June with discussions about modeling and data, the summer outlook, and system security.

- **April: Modeling and Data**—the session explored how we use models and data and emphasized the importance of high-quality inputs. Panelists discussed areas for improvement to help ensure we have the model capabilities necessary to assess risks to the system in the future.
- **May: Summer Outlook**—the session provided a look at the summer forecast, including temperatures, precipitation, and wildfires. The panel also discussed IBRs, batteries, and changes to system flow patterns during summer operations.
- **June: System Security**—the June session will focus on cybersecurity and physical security, with an exploration of the cybersecurity threat landscape and strategies for risk mitigation, including the use of AI and cloud services.

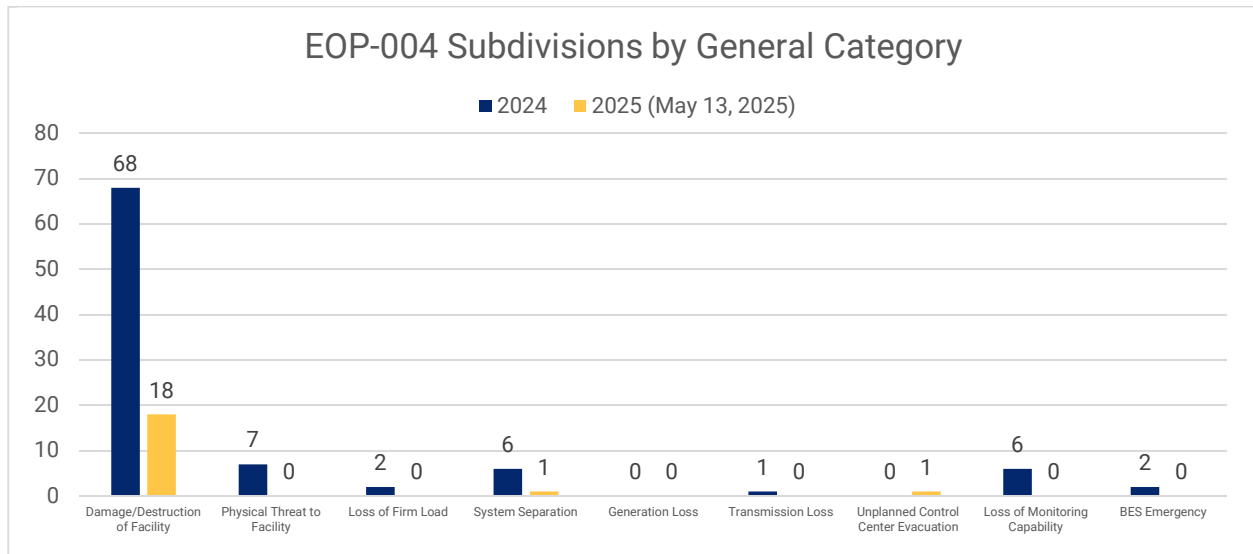
The series will take its usual break in July and resume on August 8, 2025.

## System Performance Data and Metrics

### Event Analysis (EA)/Situation Awareness (SA)

WECC maintains situation awareness through various means, including mandatory reporting of events through the Department of Energy’s OE-417 and the NERC Reliability Standard’s EOP-004-4 processes. Substation break-ins for copper or equipment theft have dominated the reports over the last 18 months.





There were four inverter-based resource generation reduction events that WECC investigated in 2024. Each of these had generation reductions of over 500 MW. The WECC team is preparing a report sharing the details of these events. This report will also relay the partnership between WECC, NERC and CAISO in analyzing these events and steps taken to improve plant performance. These efforts are aimed at improving device settings so IBRs respond optimally during future system events.

WECC is leading a joint FERC-ERO Enterprise team to analyze the Moss Landing Battery Energy Storage System (BESS) fire that took place on January 16, 2025. The purpose of the analysis will be to share lessons entities should consider when connecting BESS to the BPS. This report is expected to be published in Q3 2025.

## Status of Ongoing Activities

### Base Case Development

Base Case Activity (as of 5/15/2025)		
Base Case Name	Status	Date Posted
2025-26 Light Winter 1	Final	4/25/2025
2026 Heavy Spring 1	In Review	2/24/2025
2026 Light Spring 1 Specialized	Final	3/6/2025
2025-26 Heavy Winter 3	Final	3/19/2025
2030-31 Heavy Winter 2	In Review	3/28/2025
2031 Heavy Summer 2	Approved	5/14/2025



## Base Case Data Quality

WECC, in coordination with base case data submitters, has identified four types of model shortcomings that are being targeted for improvement in 2025:

1. Generator terminal bus voltages outside the range of 0.95 to 1.05 pu when regulating a non-terminal bus,
2. Loads missing long ID,
3. Loads missing BA, and
4. Generators missing turbine type.

Reducing model shortcomings on the targeted items enhances the quality of the cases and allows users to spend more time evaluating reliability risks. Populating the generator turbine type helps with several quality control measures, such as making sure solar is not generating power during a night scenario. The 2026 Heavy Summer 3 Operating case will be used to evaluate the 20% reduction target. WECC issued the data request for the case on March 14, 2025, and responses are due on June 6, 2025.

## 2025 Reliability Assessments

### Subregional Map

WECC has adjusted its subregional map to provide better continuity across its assessment work and its work on NERC assessments. The new subregions will be used in all WECC assessments that include analysis at the subregion level.

### Summer Reliability Assessment

WECC's new subregions are used in the NERC Summer Reliability Assessment (SRA), which was published in May. Since the NERC SRA focuses on sharing patterns observed across the entire map, WECC will publish a separate and complementary summer reliability assessment to highlight the specific findings and items of interest to the West.

### Long-Term Reliability Assessment

WECC has begun working with NERC on the 2025 LTRA and 2026 LTRA Pilot. The 2025 LTRA process and analysis are similar to last year other than results being shared using the new subregion map. The 2026 LTRA Pilot is a highly cooperative effort across the ERO Enterprise to incorporate consistent transfer capability analysis and energy assessment tools and methods across the ERO Enterprise. WECC has completed some test runs with the new tools and data with no serious problems.

The development of the 2025 WECC Western Assessment of Resource Adequacy (Western Assessment) is underway and will build on the success and positive feedback of the 2024 Western Assessment. The 2025 Western Assessment will again include sensitivities on resource additions and, this year, will also include load sensitivities in response to increasing questions about load uncertainty created primarily by large data centers.

## WECC Risk Management Program Update

The WECC Risk Management Program (RMP) continues to develop as the foundation for addressing reliability risks to the Western Interconnection. This year, WECC is working to improve the process by



including expanded stakeholder engagement. WECC aims to identify specific and sustainable ways of engaging with a wider range of stakeholders through the RMP. An overview of these changes will be presented at the next RRC/RAC meeting.

WECC is working with NERC's Power Risk Issues and Strategic Management (PRISM) team to create an ongoing dialog throughout the ERO Enterprise on risk information and ideas for process improvements. Due to the great work from staff, WECC has been asked to help with the ERO Work Priority #1a—create an ERO documented process to measure identified risks, prioritize them, and identify necessary treatment plans. This work has started and is expected to be complete before the end of the year.

## WECC Power Systems Security Conference

WECC will host the third annual Power Systems Security Conference on August 12 through 14 at the WECC office in Salt Lake City. There will be sessions focused on cybersecurity and physical security with presentations from experts from the Department of Homeland Security, the Cybersecurity and Infrastructure Security Agency, the FBI, Idaho National Labs, and experts from WECC. These will be interactive sessions where utility security experts can learn about current threats and effective ways to help mitigate them.

## Reliability Risk Priorities and Other Risks

To ensure an intentional, holistic approach to addressing the board-approved Reliability Risk Priorities (RRP), WECC has created cross-functional teams to address each of the risks. Part of WECC's work in 2025 is focused on advancing its capability to develop holistic strategies for addressing reliability risks. To that end, the risk teams will consider strategies for assessing, understanding, sharing information on, and, where appropriate, acting to mitigate risks. The strategies will include the use of appropriate tools, information, expertise, and subject matter knowledge from across the organization and its stakeholders.

## Inverter-based Resource (IBR) Risk

In addition to the IBR activities described above, WECC's Scorecard Initiative 1, under Impact Area 1 is to *"Move toward our vision of a holistic risk-based approach by piloting a multi-year integrated oversight and risk mitigation strategy for inverter-based resources (IBR). This strategy will be a model for other RRP, and the comprehensive, holistic strategies developed for them."*

At present, WECC is in the final stages of developing this model/method for a holistic, risk-based approach. At the same time, there are other RRP that are being addressed, and, though the model/method per the above scorecard item is under development, it is important that we do what we can in the meantime to approach these other RRP holistically and use the model/method for these other RRP as it is developed.

## Energy Policy Risk

Energy policies can affect the three foundational elements of Bulk Power System (BPS) operations and planning: generation, transmission, and load composition. Energy policies, from the state to the federal level, can affect the reliability of the Bulk Power System in a host of ways, including:





- Driving change in the resource mix toward carbon-free or carbon-neutral sources,
- Directing the shift to electrification for buildings, industrial processes, or transportation,
- Limiting the imports from carbon-producing resources, and
- Affecting the timelines and siting for the construction of new transmission—positively by encouraging transmission development and streamlining permitting processes, and negatively by creating barriers that hinder construction.

WECC's strategy for addressing energy policy matters is heavily focused on sharing information with policymakers, regulators, and decision-makers that helps them understand the ecosystem in which energy policies are being made, potential externalities of those policies, and possible impacts to BPS reliability. This outreach focuses heavily on the need for harmonization between energy policies and the reliability needs of the BPS.

## Modeling and Data Quality Risk

Under the Electromagnetic Transient (EMT) Strategy, WECC is planning to host a workshop in the fall which will engage various stakeholders in a discussion around EMT modeling and study approaches for the West. A major objective of the workshop will be to identify potential roles for WECC concerning EMT.

RPPA and the Reliability and Security Oversight program areas continue to explore ways they can work together to enhance model data quality.

## Large Loads Risk

WECC is actively participating in the NERC Large Loads Task Force as well as multiple project teams under the ESIG Large Loads Task Force. The NERC Large Loads Task Force is writing a white paper to define large loads and is expecting to complete it in July or August.

Ongoing WECC-wide discussions about large loads have made clear that additional data and models are necessary to properly study and consider other mitigation efforts. WECC is evaluating a high priority recommendation to collect additional operating data to facilitate quality models, data, assessments, etc. related to large loads.

<Public>



# Technical Activities Update

**Branden Sudduth**

*VP, RPPA*

**Tim Reynolds**

*Director, Reliability Risk Management (RRC liaison)*

**Chelsea Loomis**

*RAC Co-chair*

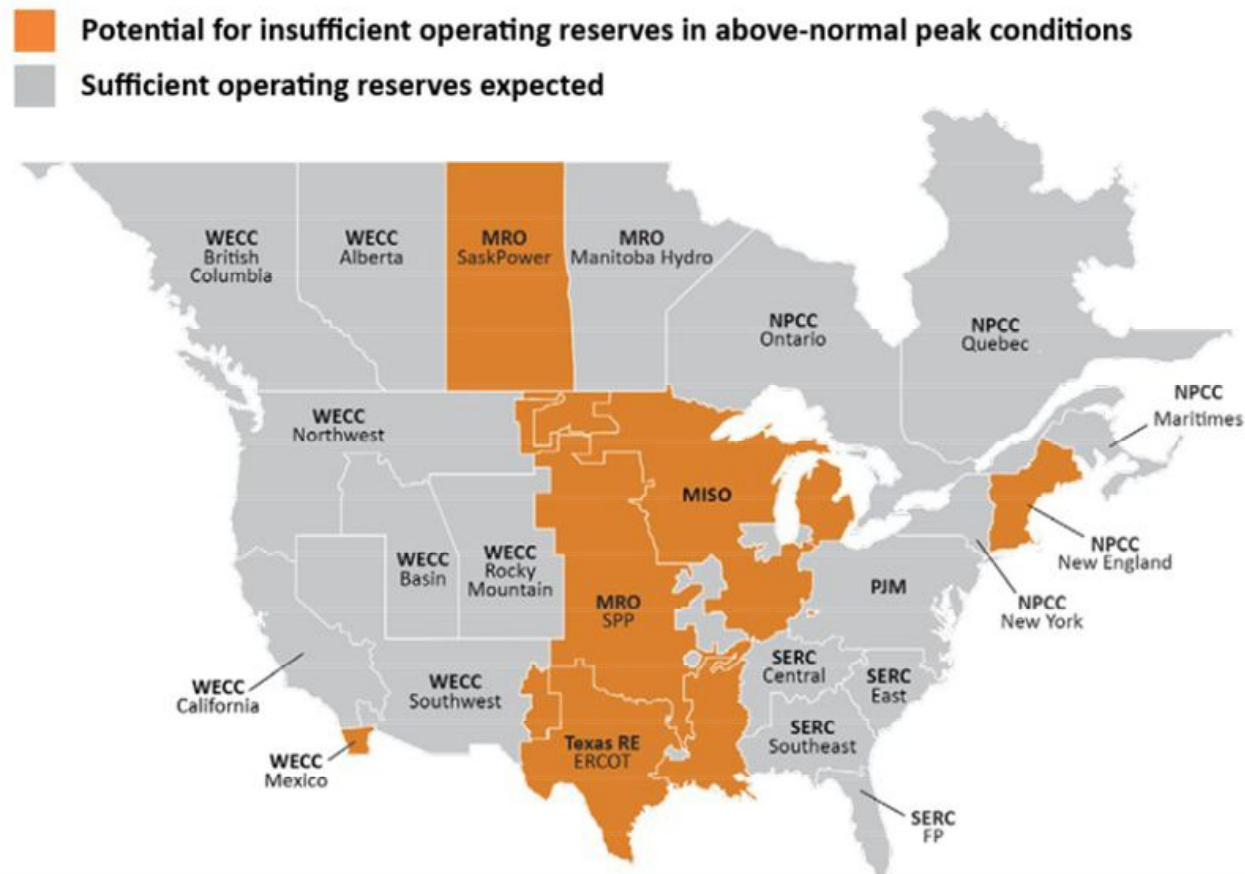
**Electric Reliability  
& Security for the West**

June 11, 2025

<Public>



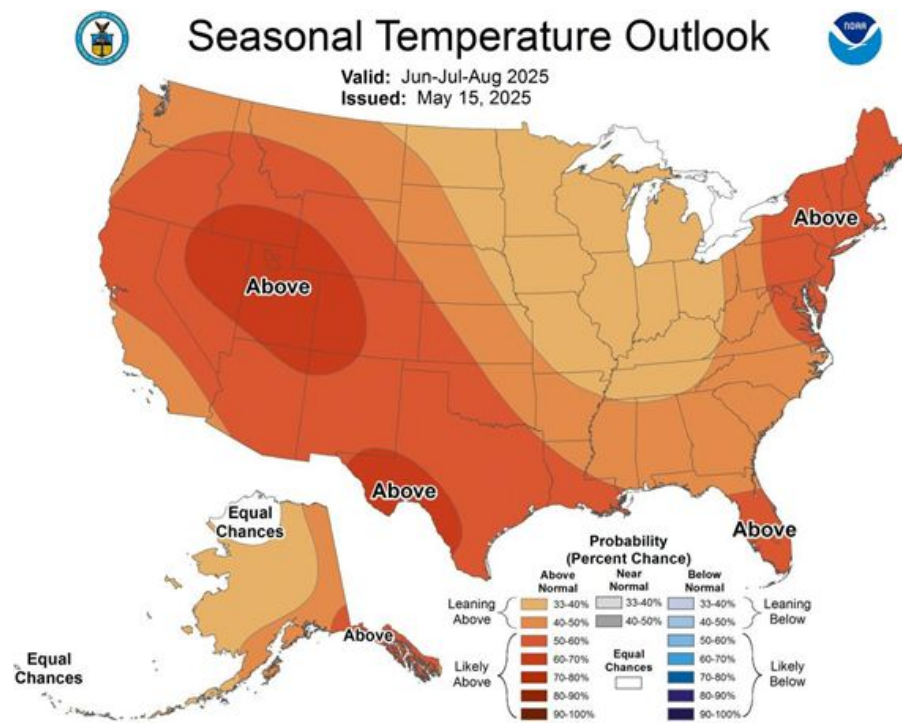
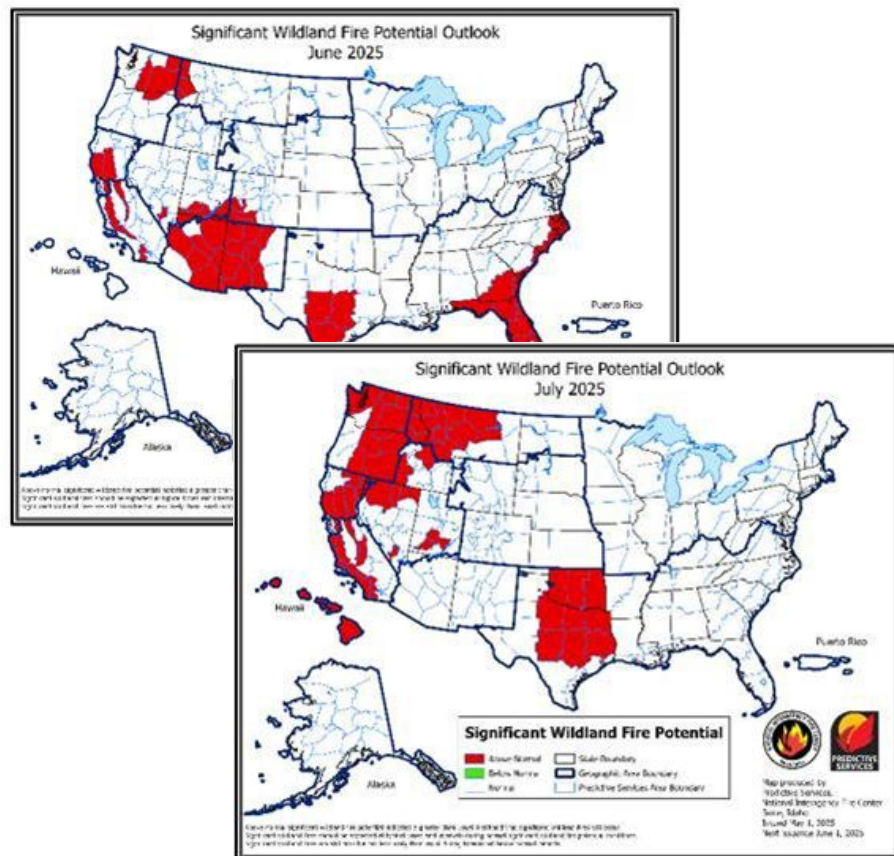
## 2025 NERC Summer Reliability Assessment



&lt;Public&gt;



## Wildfire and Temperature Outlook

Source: NOAA Climate Prediction Center ([www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov))3 Source: National Interagency Fire Center ([www.nifc.gov](http://www.nifc.gov))

&lt;Public&gt;



## Supply Chain Issues

- Transformers (2–4 years)  
+1 year, +100% cost
- Circuit Breakers (2–4 years)  
+0.5 years, ↑ cost
- Switchgears (1.5–2 years)  
+0.5 years, +10% cost
- Insulators (1 year)
- Substation Switches (1–2 years)  
+10 weeks
- Transmission Poles (0.5 years)  
-0.5 years, ↑ cost

Rank	Equipment	Percentage of WECC BAs Citing Procurement Concerns
1	Transformers	59%
2	Circuit Breakers	52%
3	Switchgears	31%
4	Insulators	28%
Tied-5	Substation Switches	24%
Tied-5	Transmission Poles	24%

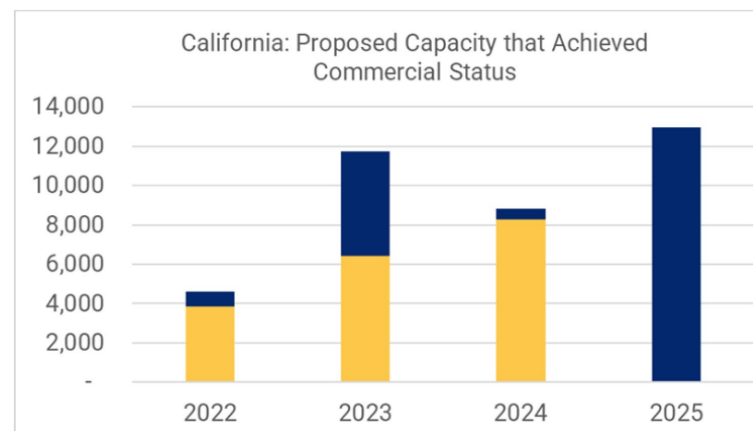
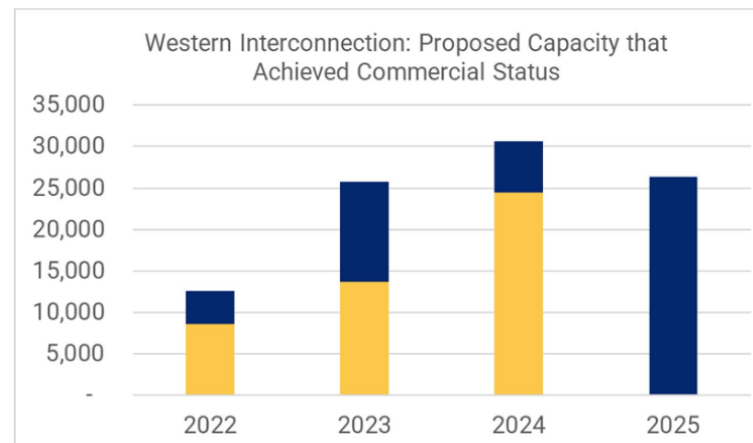
&lt;Public&gt;



## Proposed vs. Completed Resources

- Vastly improved resource completion percentage in 2024 in comparison to 2023
- Delayed resources in 2022 & 2023 becoming operational
- Mitigation strategies for supply chain issues making an impact

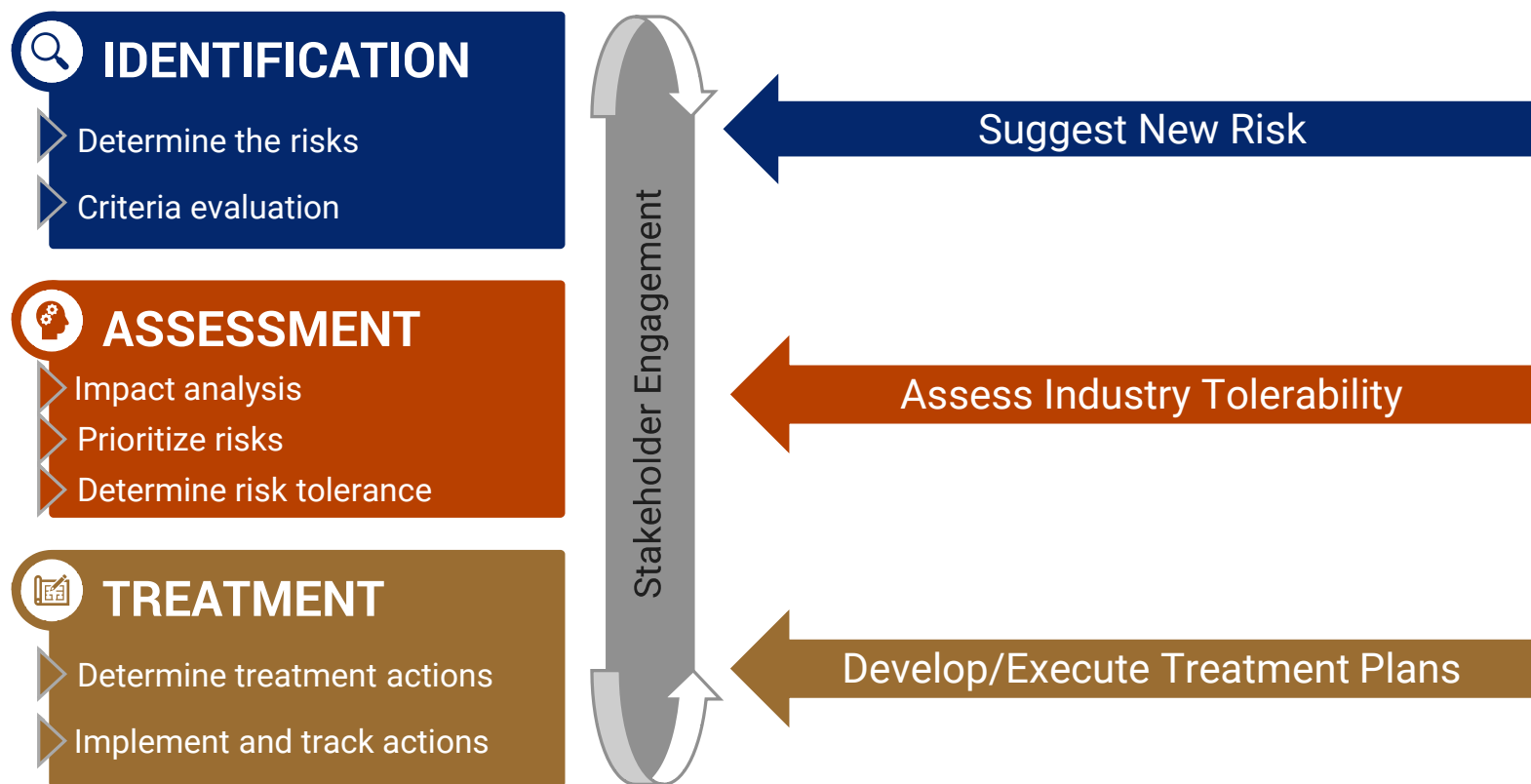
Year	Western Interconnection
2022	69%
2023	53%
2024	80%
3-Year Avg.	67%



<Public>



## WECC Risk Management Process—External Engagement



<Public>



## RRC Update

---



Evaluate Risks



Discuss Treatment Plans



Risk Process Updates



<Public>



## RAC Update



### Long-Term Transmission Planning

Starting the development of a Year 20 dataset (Power Flow and Production Cost Model)



### Data and Model Quality Focused

Support WECC's goals to improve data and model quality



### Coordination with RRC

Model-related Risk Register items looking for treatment plans that include the RAC



[WWW.WECC.ORG](http://WWW.WECC.ORG) | (801) 582-0353



155 N 400 W, Salt Lake City, UT 84103, USA