Future WREGIS Structure

July 15, 2025

Introduction

In June, WECC's Board of Directors (Board) instructed WECC's management to gather stakeholder feedback on a recommended corporate structure and governance for WREGIS as a stand-alone entity. This paper contains the recommendations of WECC's management, and we would like feedback on those recommendations.

Background

WECC has been designated as a Regional Entity under the Federal Power Act and operates under a Regional Delegation Agreement with NERC. As a Regional Entity, WECC is responsible for monitoring and enforcing reliability standards in the Western Interconnection and for conducting reliability studies and event analyses for the interconnection (these functions are referred to as WECC's "statutory programs"). WECC's statutory programs are funded through assessments to Load-Serving Entities within the Western Interconnection.

WREGIS, WECC's only non-statutory program, is an independent, web-based tracking system for renewable energy certificates (REC) predominantly in the Western Interconnection and has been housed at WECC since 2006. WREGIS is funded through activity-based fees charged to its users. Although aligned with WECC's commitment to resource neutrality and interconnection-wide perspective, WREGIS's core activities are not part of WECC's core statutory business functions.

WREGIS's web-based tracking system operates using a third-party software solution. Until 2022, WREGIS contracted with APX for its tracking software. In November 2022, WREGIS went live with a new software provider, M-RETS (now known as CleanCounts). The transition to CleanCounts has not gone as planned, with users experiencing outages, gaps in functionality, and delays in meeting compliance deadlines. In October 2024, CleanCounts notified WECC that it would not renew its software agreement with WECC at the end of the agreement's term, December 31, 2027.

The expiration of WECC's software agreement with CleanCounts created an opportunity for WECC and its Board to evaluate how WREGIS can best meet the needs of its users and the programs it serves in the future. WECC's Board and management have undertaken a significant review of potential paths forward and have determined that separating WREGIS from WECC is the best path forward.

Rationale for Separating WREGIS from WECC

WECC's Board and management have determined that a stand-alone WREGIS offers the most focused, efficient, and sustainable long-term path for WREGIS. This structure allows WREGIS to own its software development, build the necessary infrastructure, and move quickly and nimbly to meet user needs and changes in state and provincial program requirements. As a stand-alone company, WREGIS's staff retains ownership and accountability for WREGIS operations, while WECC management will continue to provide transitional support to ensure continuity and success. This path also preserves the extensive institutional knowledge within WREGIS and supports a sole focus on WREGIS, free of internal competition for attention or resources.

The Structure of a Stand-Alone WREGIS

WECC's management recommends the following structure for a stand-alone WREGIS.

Corporate Structure

WECC recommends that WREGIS be established as a non-profit corporation under section 501(c)4 of the Internal Revenue Code. This recommendation is grounded in the following factors:

- Because neutrality and reputation are critical to the services WREGIS provides, organization as a nonprofit was deemed to be an imperative. This structure will allow WREGIS to operate free of financial conflicts and self-interest. It will also allow WREGIS to focus solely on providing stellar service without the distraction of delivering a financial result.
- As a 501(c)4 non-profit, WREGIS would establish itself as a mission-driven, social welfare organization focused solely on its mission. 501(c)4 nonprofits are required to further the common good and welfare of an entire community and not just benefit their members. This structure fits with WREGIS's mission of serving the community of renewable energy generators in the West as well as supporting RPS legislation in Western States.
- Organizing as a 501(c)4 will also permit WREGIS greater latitude in its interactions with key government stakeholder groups in the West. Other nonprofit structures are limited in their ability to advocate to government officials. As a 501(c)4, WREGIS will have the ability to advocate if the need arises.

Other Structures Considered

501(c)3 Non-profit	501(c)3 non-profits are typically public charitable institutions like religious organizations, educational institutions, scientific organizations, and charities. WECC management deems this structure a poor fit for WREGIS primarily because 1) WREGIS is funded through user fees, and 501(c)3 nonprofits must typically be funded, at least in part, by the general public or the government; and 2) WREGIS does not carry out a "charitable" mission.
501(c)6 Non-profit	501(c)6 non-profits are typically trade associations, business leagues (e.g., professional sports leagues), and other similar organizations. WECC management deems this structure a poor fit because 1) WREGIS is not a trade association with members and 2) 501(c)(6) nonprofits are constrained in the interaction they are permitted to have with government officials.
Employee-Owned B-Corporation	An employee-owned B-Corp (or benefit corporation) is a for-profit structure that allows focus on a social-welfare mission while generating profits for growth. B-Corps are different than other for-profit corporations because they are required to consider their impacts on a broad range of stakeholders (including their employees), the environment, and community. They do not focus solely on profit. While WREGIS is

	well-suited to be organized as a B-Corp, WECC management ultimately rejected this structure because WREGIS's sole focus is on providing outstanding service to its users, not on sustainable growth. Moreover, the certification process for B-Corps can be onerous and time-consuming, which could take focus away from WREGIS's core function.

Governance Structure

WECC management recommends that a stand-alone WREGIS be governed by a hybrid board of directors, comprising both independent and stakeholder directors, with the board being advised by a stakeholder advisory group. This recommendation is based upon the following rationale:

- Under a hybrid board, WREGIS will benefit from the industry expertise and stakeholder engagement/relationships brought to the board by its stakeholder board members while simultaneously benefiting from the focus on governance, independence, and fiduciary responsibilities brought by independent board members.
- A hybrid board will bring a diversity of views and experience.
- A hybrid board with a stakeholder advisory group will give WREGIS users confidence that the organization is not being run for the benefit of one or a subset of WREGIS's stakeholders while also allowing for more formal feedback loops to the board from stakeholders.

Other Structures Considered

Stakeholder Board	WECC management believes that a stakeholder-only board would not serve the best interests of an independent WREGIS. WREGIS's independence is one of its primary strengths, and a stakeholder-only board could potentially undermine this independence. Similarly, conflicts of interest within stakeholder boards are difficult to manage and address and could impair WREGIS's ability to make quick decisions in the best interests of all its stakeholders.
Independent Board	WECC management believes that a fully independent board is not optimal for an independent WREGIS. There is a risk that an independent board would be too far removed from the very specialized market and stakeholders that WREGIS serves. Moreover, independent directors must be paid, and paying all the members of a fully independent board will increase WREGIS's cost base.

Stakeholder Participation

As noted above, WECC management recommends that a stand-alone WREGIS should have a stakeholder advisory group to advise its board. The requirement for such an advisory body should be built into WREGIS's bylaws. A stakeholder advisory group will be critical to WREGIS because:

- The group will provide additional transparency into WREGIS's decision-making.
- The group will provide perspectives and ideas that may be otherwise missing from board decision-making and provide for a formal feedback loop with the board.

- The group will foster a sense of joint ownership of key WREGIS issues.
- The board will be able to leverage relationships across WREGIS's community of stakeholders.

Summary of Proposed Standalone WREGIS Structure and Governance

501(c)4 Non-profit Corporation	• Non-profit structure allows WREGIS to be 100% mission driven • 501(c)4 designation fits with WREGIS's focus on serving renewables generators and state/provincial renewables programs • 501(c)4 designation provides greater flexibility in government interactions than other nonprofit designations
Hybrid Board	• WREGIS benefits from industry expertise and stakeholder engagement/relationships while simultaneously benefiting from the focus on governance and fiduciary responsibilities • A diversity of views, expertise, and experience • Confidence that the organization is not being run for the benefit of one or a subset of WREGIS's stakeholders
Stakeholder Advisory Group	• Transparency into WREGIS's decision-making • Perspectives and ideas that may be otherwise missing • A sense of joint ownership of key WREGIS issues • Leverage relationships across WREGIS's stakeholder community • Formal feedback mechanism for stakeholders with the board

Organizational Structure