

2027 Business Plan & Budget Recommendations

MAC Budget Subcommittee

May 8, 2026

Executive Summary

The MAC Budget Subcommittee (MBS) was asked to review the WECC 2027 Business Plan and Budget¹ and to provide comments and recommendations to the Member Advisory Committee (MAC), Finance and Audit Committee (FAC), and the WECC Board of Directors. The MBS worked with WECC's chief financial and administrative officer through several meetings to discuss the 2027 budget and potential cost containment levers. The MBS supports the proposed 2027 Business Plan and Budget and provides comments and recommendations on elements of the 2027 budget.

Background

The MBS appreciates the opportunity to review the draft 2027 Business Plan and Budget. WECC staff has been very helpful in assisting the MBS to understand both the elements within the 2027 budget driving the cost and assessment increases and the cost containments considered to potentially reduce the proposed increases.

2027 Draft Budget

WECC's draft 2027 budget proposal is \$42.0 million, increasing approximately \$1.9 million (4.7%) from 2026 to 2027. The major driver of the proposed budget increase is the increase in the number of registered entities; having approximately 150 new Category 2 Generator Owner registrations become effective on May 15, 2026; and another 50 possible new registrations by year-end to total nearly 700 entities under WECC oversight. Other drivers include the addition of nine statutory FTE, employee merit and market adjustment pools, one-time gas-electric interdependence study, increase in indirect allocation to non-statutory, and increases in meeting and travel costs and travel activity. The reconciliation between the 2026 budget and the 2027 budget proposal is provided in the table below:

¹ Annually, WECC is required to prepare a Business Plan and Budget ([2027 Budget Overview](#)) in which it identifies its projected operating and capital costs as a Regional Entity. The annual assessment, which is allocated to all Balancing Authority Areas based upon Net Energy for Load (NEL), is the budget amount net of any collection of penalty dollars, use of Peak Reliability donation funds, and any use of or addition to working capital reserves.

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Comparison of 2026 to 2027 Statutory Budget – By Category

	2026 Budget	2027 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
Funding					
Assessments	\$ 35,657,280	\$ 38,509,860	\$ 2,852,580	8.0%	Budget increase, no penalties, assessment stabilization recommendation
Penalties	41,745	-	(41,745)	-100.0%	
Other Income	1,757,506	1,363,053	(394,453)	-22.4%	Lower interest rates, reduction of one R&S Workshop
Total Funding	\$ 37,456,531	\$ 39,872,913	\$ 2,416,382	6.5%	
Expenses					
Personnel Expenses	\$ 32,652,261	\$ 34,180,975	\$ 1,528,714	4.7%	9 FTE, 5% merit/market adj pool, refined tax/benefit rates
Meeting Expenses	1,655,128	1,552,548	(102,580)	-6.2%	Reduction of one R&S Workshop, increased travel costs and activity
Operating Expenses	7,153,710	7,838,874	685,164	9.6%	Gas-electric interdependence study, completion of WestTEC project
Indirect Expenses	(1,437,341)	(1,691,294)	(253,953)	17.7%	Increase in non-statutory FTE, increase in expense base for allocation
Total Expenses	\$ 40,023,758	\$ 41,881,103	\$ 1,857,345	4.6%	
Fixed Assets	\$ 109,116	\$ 132,187	\$ 23,071	21.1%	
Total Budget	\$ 40,132,874	\$ 42,013,290	\$ 1,880,416	4.7%	
Change in Working Capital	\$ (2,676,343)	\$ (2,140,377)	\$ 535,966		Lower use of reserves to offset assessments
FTEs	178.0	187.0	9.0	5.1%	

2027 Assessment

The proposed 2027 assessment increases to \$38.5 million— \$2.9 million (8.0%) increase, which is consistent with prior assessment stabilization work and MBS recommendations for a forecasted 8% assessment increase in both 2026 and 2027.

Comments and Recommendations

Commentary

The MBS determined the proposed 2027 statutory budget to be in alignment with WECC’s mission “to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection’s bulk power system.” The MBS provides the following background and commentary on key aspects of the budget.

Number of Registered Entities

With the new registration of Category 2 inverter-based resources (IBR), the number of registered entities under WECC’s purview will increase by more than 30% by 2027. While the majority of these Generator Owners and Generator Operators will fall into the low inherent risk category, most will be new to WECC and compliance with the NERC reliability standards. The MBS agrees that this will significantly increase the amount of work WECC must do for communications and Compliance Monitoring and Enforcement Program oversight.

The table below shows the number of Category 2 IBRs identified in each region. These are new facilities for which WECC must start monitoring this year.



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Number of Category 2 IBR Facilities in Each Region²

Regional Entity	Number of Identified Cat.2 IBR Facilities	% of Cat.2 IBR Facilities In All NERC Regions
MRO	60	11.3%
NPCC	38	7.2%
ReliabilityFirst	60	11.3%
SERC	111	20.9%
Texas RE	32	6.0%
WECC	230	43.3%
TOTAL	531	100.0%

Staffing Increase

In the 2027 budget, WECC is adding nine statutory FTEs due to increasing organizational needs and priorities in the following areas:

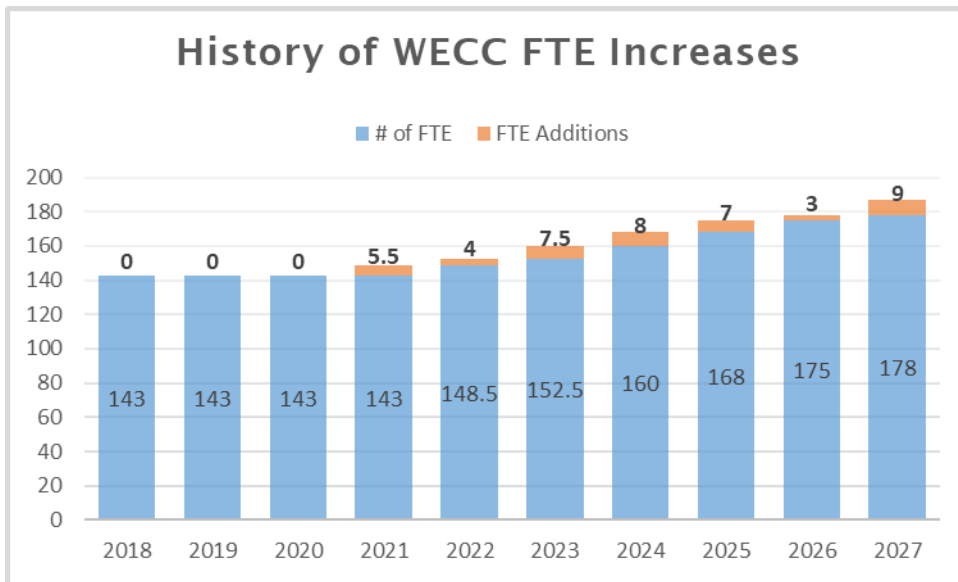
- Seven new FTEs in Compliance Monitoring and Enforcement Program and Organization Registration and Certification due to the increase in number of registered entities, reorganization of audit teams, and anticipation of increased engagements with entities. These seven FTEs will fill the positions of four auditors, one risk assessment engineer, and two compliance program coordinators.
- Two new FTEs in Information Technology to provide expertise in the cybersecurity of WECC's IT systems.

With these changes, the total number of statutory FTEs for WECC increases from 178 FTEs in 2026 to 187 FTEs in 2027. This represents the largest annual increase in WECC staffing in the past ten years. However, given the large influx this year of new registered entities under WECC's oversight, the MBS finds the staffing increase of nine FTEs to be reasonable when considering the justifications within each program area.

² IBR facility numbers are as of April 20, 2026, as provided in the [NERC IBR Work Plan Update](#) to FERC on April 29, 2026.



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Compliance Penalties

The penalty dollars collected from compliance violations of NERC reliability standards are used to offset WECC budget assessments. Penalties paid in the period of July 1, 2025, to June 30, 2026, are used to decrease the assessments for the 2027 budget year. The amount of penalties has been highly variable over the past decade, which has caused major fluctuations in WECC assessments. In fact, there has been a marked decrease in penalties over the last three years, and zero penalty dollars have been collected to date³ to offset the 2027 budget assessments.

The MBS does not support additional compliance penalties to offset WECC member assessments, but it is important to note the impact they can have on the budget calculations.

WECC Penalty Collection History by Budget Year

Year	Amount
2027*	-
2026	41,745
2025	4,400
2024	10,137,948
2023	11,218,646
2022	5,298,000
2021	3,499,000
2020	2,745,000
2019	587,686
2018	2,100,000

**not final until June 30, 2026*

³ As of April 27, 2026, WECC has collected zero penalty dollars to offset the 2027 budget assessments.



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WREGIS Future Budget Impact

The 2027 WECC budget allocates an additional \$253,953 in general and administrative expenses toward the non-statutory program known as the Western Renewable Energy Generation Information System (WREGIS). While this increase in cost allocation helps reduce the 2027 budget assessments, it increases the total indirect WREGIS costs allocation to \$1,691,294.

The MBS has noted that when WREGIS bifurcation from WECC is complete on January 1, 2028, WECC can no longer allocate these indirect costs on to WREGIS. This will act as a significant increase to WECC's 2028 budget and will impact future WECC Load Serving Entity (LSE) assessments.

Recommendations

- The MBS recommends the MAC:
 - Support the 2027 Business Plan and Budget, including the proposed additional nine statutory FTEs, and the proposed \$2.9 million (8.0%) increase in assessments for 2027 assessments; and
 - Recommend the WECC Board of Directors approve the 2027 Business Plan and Budget.
- Pursuant to the Delegation Agreement between NERC and WECC, assessments to fund the costs of WECC's delegated functions and related activities are allocated among all LSE within its geographic boundaries based on each LSE's annual Net Energy for Load (NEL). Given the significant increase in the number of registered entities related to the growing number of inverter-based resources (IBR) in the West, the MBS recommends that WECC staff explore with NERC how registered entities are allocated the annual assessments. This notable increase in registered entities results in WECC budget increases due to the need for more personnel for ongoing compliance assessment and oversight and for performing more complex reliability assessments.
- The MBS recommends supporting the Reserve usage of Peak Reliability Donation Reserves – \$1,145,000, and Working Capital Reserves – \$995,000.