

WIRAB Monthly Meeting

May 4, 2023



Introductions



Outline



- **WECC Activities**
 - WECC Update
 - WECC's 2024 Business Plan and Budget
- **WIRAB Activities:**
 - WIRAB Advice on WECC's 2024 Business Plan and Budget
- **Upcoming WIRAB Meetings**



WECC Update

May 4, 2023

Victoria Ravenscroft
Sr. Policy and External
Affairs Manager

Board of Directors

- Save the dates: June 13–14
 - Hybrid in Salt Lake City.
 - If you are attending in person, please [click here](#) to register.
- Remaining meetings:
 - Annual Meeting: Vancouver, B.C., September 13–14.
 - Salt Lake City, December 5–6



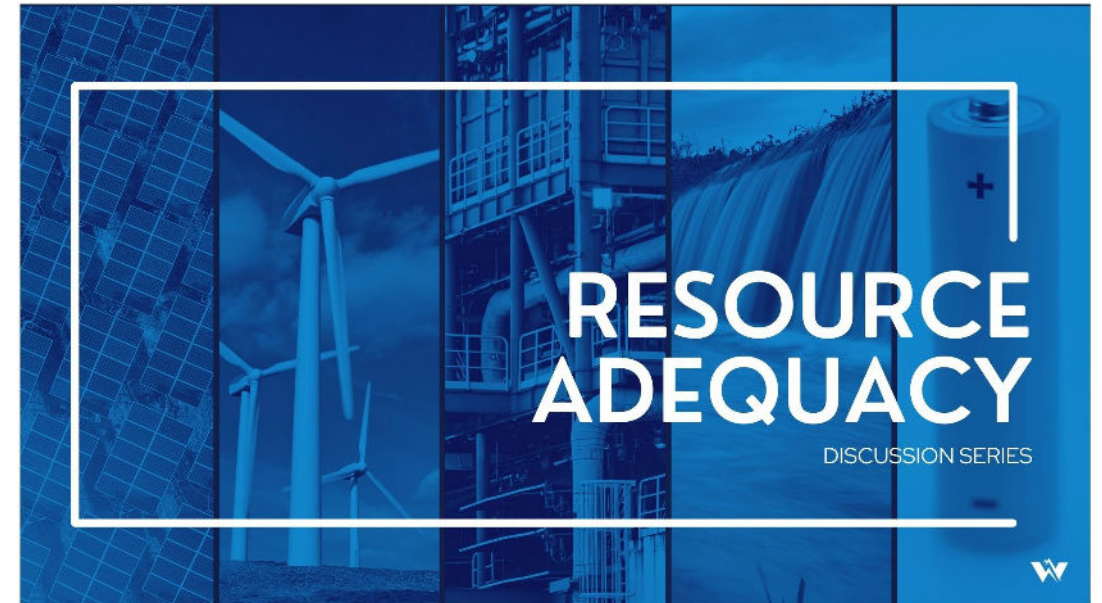
Summer Outlook 2023

- Two-part webinar: April [26](#) and [27](#), 2023—recordings available
 - Part 1—Summer Overview and Briefing
 - Weather, temperature, drought, aridification, and wildfire trends
 - Part 2—Summer Grid Operations
 - Moderated wildfire discussion, discussion on microgrids, and operational readiness for the coming summer



Resource Adequacy Discussion Series

- Today's webinar
 - Summer resource adequacy outlook
- Next webinar: June 8th
- We are considering additional discussion topics and dates
 - If you have an idea for a topic you would like to discuss, please let us know at engage@wecc.org





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2024 Draft Budget Overview to WIRAB

May 4, 2023

Melanie Frye, CEO
Jillian Lessner, CFAO
Branden Sudduth, VP, RPPA
Kim Israelsson, Director, Oversight
Planning & Analysis

2024 Budget Context

- Recognize growing complexity and pace of change
- Ensure adequate resources
- Maintain working capital reserves
- Honor assessment stabilization work
- Consider uncertainty of post-pandemic and economic impacts on meetings and travel

Compliance Monitoring and Enforcement

Management and Support					FTE: 2
Registration	Oversight Planning	Entity Monitoring	Enforcement and Mitigation	Oversight Analysis and Administration	
<ul style="list-style-type: none"> • Registration requests • BES exception inclusions and exceptions • Functional mapping gap identification and investigation • Certification activities for BA, TOP, RC • Training on key initiatives and programs 	<ul style="list-style-type: none"> • Compliance Oversight Plan development • Recommendations for monitoring activities, scopes, and schedules • Entity internal compliance program assessments • Training on key initiatives and programs 	<ul style="list-style-type: none"> • Compliance Monitoring (audits, spots checks, self-certification, periodic data submittals, and investigations) • Screening of events for compliance assessment • Subject Matter Expert review on SARs and standards under development • Entity inquiry requests on technical questions • Training on key initiatives, compliance guidance, audit approaches, etc. • Recommendations and areas of concern follow up 	<ul style="list-style-type: none"> • Potential noncompliance validation • Settlement activities • Dispositions of Open Enforcement Actions • Self-Logging program 	<ul style="list-style-type: none"> • Program coordination of all CMEP activities • Multi-Regional Registered Entity Program for Coordinated Oversight • Document control • Metrics and trend reporting • Process integration • Align implementation, outreach, and training • Oversight monitoring schedule management 	
FTE: 2	FTE: 11	FTE: 33	FTE: 16	FTE: 9	

Reliability Assessment and Performance Analysis

Management and Support			FTE: 5
Reliability Risk Management	Reliability Assessments	Reliability Modeling and Data	
<ul style="list-style-type: none"> • Event analysis • Situation awareness • Performance analysis • Infrastructure security support • Assurance visits and operational coordination • Risk identification and mitigation management • Regional risk analysis • Entity risk assessment 	<ul style="list-style-type: none"> • ERO reliability assessment • Resource adequacy assessment • Transmission congestion analysis • Contingency analysis • Scenario analysis • Industry resource and transmission planning awareness • Planning services support (e.g., Path Rating Process) 	<ul style="list-style-type: none"> • ERO data collection efforts (e.g., GADS) • Data trending and analysis • Data visualization • Data management • Power flow and dynamics data modeling • Production cost modeling • Loads and resource modeling (RA) • Short-circuit data collection • Model and tool enhancements 	
FTE: 9	FTE: 11	FTE: 16	

2024 Budget Overview

- Statutory Budget increase—\$3.6 million (11.3%)
 - Budget total—\$35.4 million
- 8 additional statutory FTE
- Assessments increase—\$4.2 million (21.5%)
 - Assessments total—\$24.0 million
- Penalties collected and released—\$9.6 million

FTE Analysis

Total FTEs by Program Area	Budget 2023	Projection 2023	Direct FTEs 2024 Budget	Shared FTEs* 2024 Budget	Total FTEs 2024 Budget	Change from 2023 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.00	3.00	3.00	-	3.00	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	68.00	68.00	73.00	-	73.00	5.00
Reliability Assessment and Performance Analysis	38.00	38.00	41.00	-	41.00	3.00
Training and Outreach	8.50	8.50	8.50	-	8.50	-
Situation Awareness and Infrastructure Security	2.00	2.00	2.00	-	2.00	-
Total FTEs Operational Programs	119.50	119.50	127.50	-	127.50	8.00
Corporate Services						
Technical Committees and Member Forums	-	-	-	-	-	-
General and Administrative	18.00	16.50	18.00	-	18.00	-
Legal and Regulatory	4.50	5.00	3.50	-	3.50	(1.00)
Information Technology	11.00	11.00	12.00	-	12.00	1.00
Human Resources	4.00	4.00	4.00	-	4.00	-
Finance and Accounting	3.00	3.00	3.00	-	3.00	-
Total FTEs Corporate Services	40.50	39.50	40.50	-	40.50	-
Total FTEs	160.00	159.00	168.00	-	168.00	8.00

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

2023 to 2024 Budget Comparison

	2023 Budget	2024 Budget	Variance \$ Incr(Decr)	Variance % Incr(Decr)	Primary Drivers
Funding					
Assessments	\$ 19,750,537	\$ 24,000,000	\$ 4,249,463	21.5%	Penalties offset assessments
Penalties	11,218,646	9,587,948	(1,630,698)	-14.5%	Released from penalties collected
Other Income	248,100	1,075,250	827,150	333.4%	Additional R&S Workshop; higher interest rates
Total Funding	\$ 31,217,283	\$ 34,663,198	\$ 3,445,915	11.0%	
Expenses					
Personnel Expenses	\$ 25,820,126	\$ 28,895,986	\$ 3,075,860	11.9%	8 FTE, recruiting and retention initiatives, 3% merit pool, refined tax/benefit rates
Meeting Expenses	947,289	1,353,934	406,645	42.9%	Increased travel activity and rates; Additional R&S Workshop
Operating Expenses	5,833,037	6,008,620	175,583	3.0%	Software licensing and security tools
Indirect Expenses	(843,037)	(980,785)	(137,748)	16.3%	Increased WREGIS FTE and Statutory budget
Total Expenses	\$ 31,757,415	\$ 35,277,755	\$ 3,520,340	11.1%	
Fixed Assets	\$ 54,868	\$ 127,040	\$ 72,172	131.5%	Server refreshes and security upgrades to corporate WiFi
Total Budget	\$ 31,812,283	\$ 35,404,795	\$ 3,592,512	11.3%	
Change in Working Capital	\$ (595,000)	\$ (741,597)	\$ (146,597)		
FTEs	160.0	168.0	8.0	5.0%	

¹ Depreciation excluded from these values

2023 to 2024 Change Drivers

Reconciliation of 2023 to 2024 DRAFT Statutory Budget—Major Drivers

	<u>in 000s</u>	
2023 Approved Budget	31,812	
+ 8 FTE, 3% merit, recruiting and retention initiatives, refinement of taxes/benefits	3,076	
+ Second in-person Reliability & Security Workshop in October	227	
+ Increase in equipment due to refresh of storage arrays, WiFi security, server refresh, battery backup replacement	127	
+ Increase in software licensing for existing and new security and reporting tools	275	
+ Conversion of Plexos license from a trial	80	
+ Net increase in travel due to more in-person meetings and outreach, increase in remote employees, inflationary impact on travel costs, and increase in FTEs	189	
+ Increase in business insurance premiums	64	
+ Outside legal counsel fees	60	
+ OATI licensing fees (international entities)	50	
+ Security monitoring tools	50	
- Increase in indirect allocation to WREGIS	(149)	
- Net decrease in consulting across WECC due to the completion of various projects and work; decreased reliance on consultants	(525)	
- Other net changes	69	
2024 DRAFT Budget	35,405	11.3% increase

Changes from First Draft

Changes Between Draft #1 and Draft #2 of the 2024 Statutory Budget

in 000s

Draft #1 Total Statutory Budget

35,498

Reductions:

- Meeting costs for Annual meeting due to location change (37)
- Meeting costs for Reliability Risk Priorities Workshop due to location change (80)
- Refinement of IT consulting and project feasibility (450)

Additions:

- + Board compensation structure updates 47
- + Telephone expenses missed in first draft 24
- + Refined software licensing anticipated expenditures 275
- + Travel expense refinement due to current travel cost trends 117
- + Change to overhead allocation due to changes in second draft 11

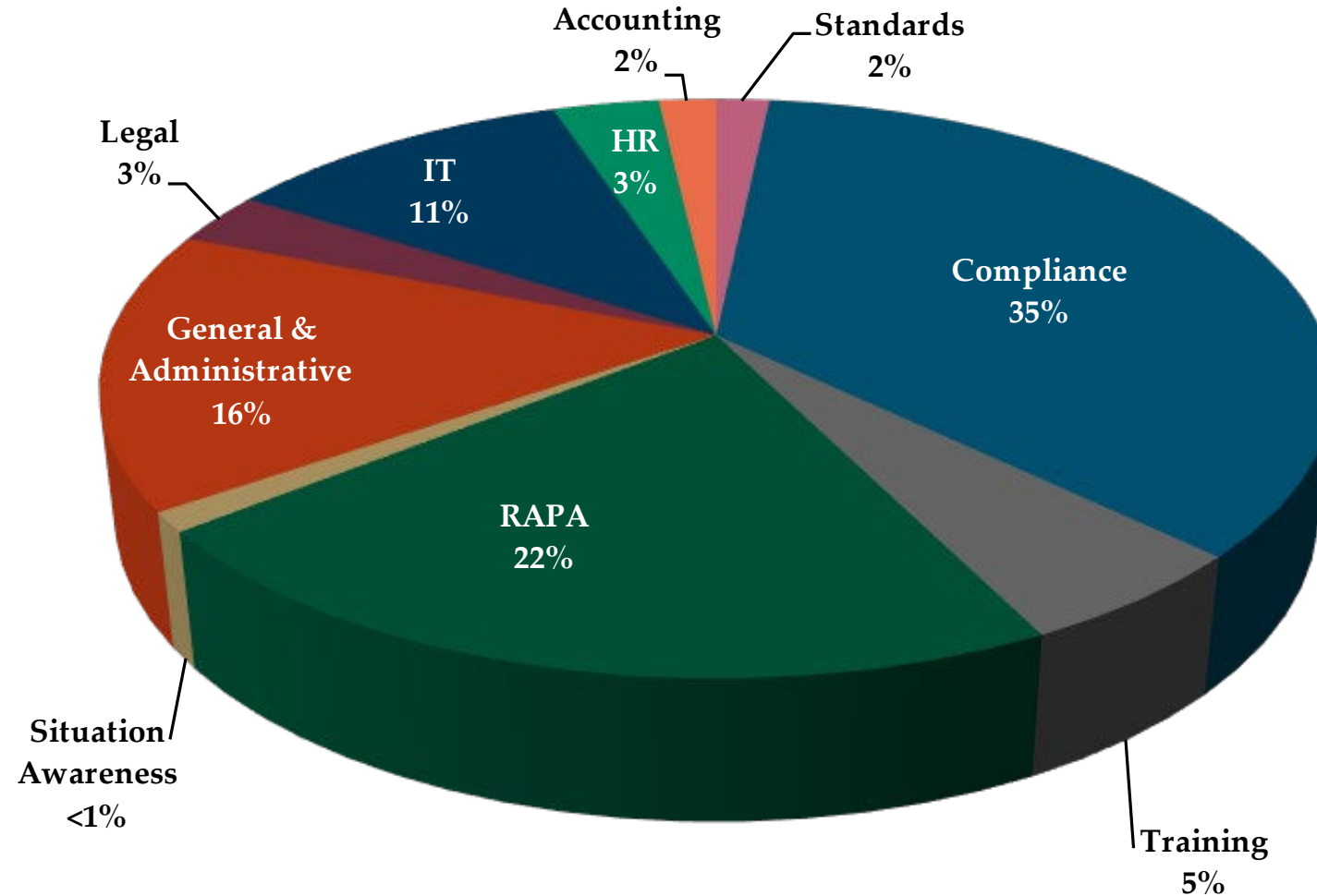
Draft #1 to #2 Change

(93)

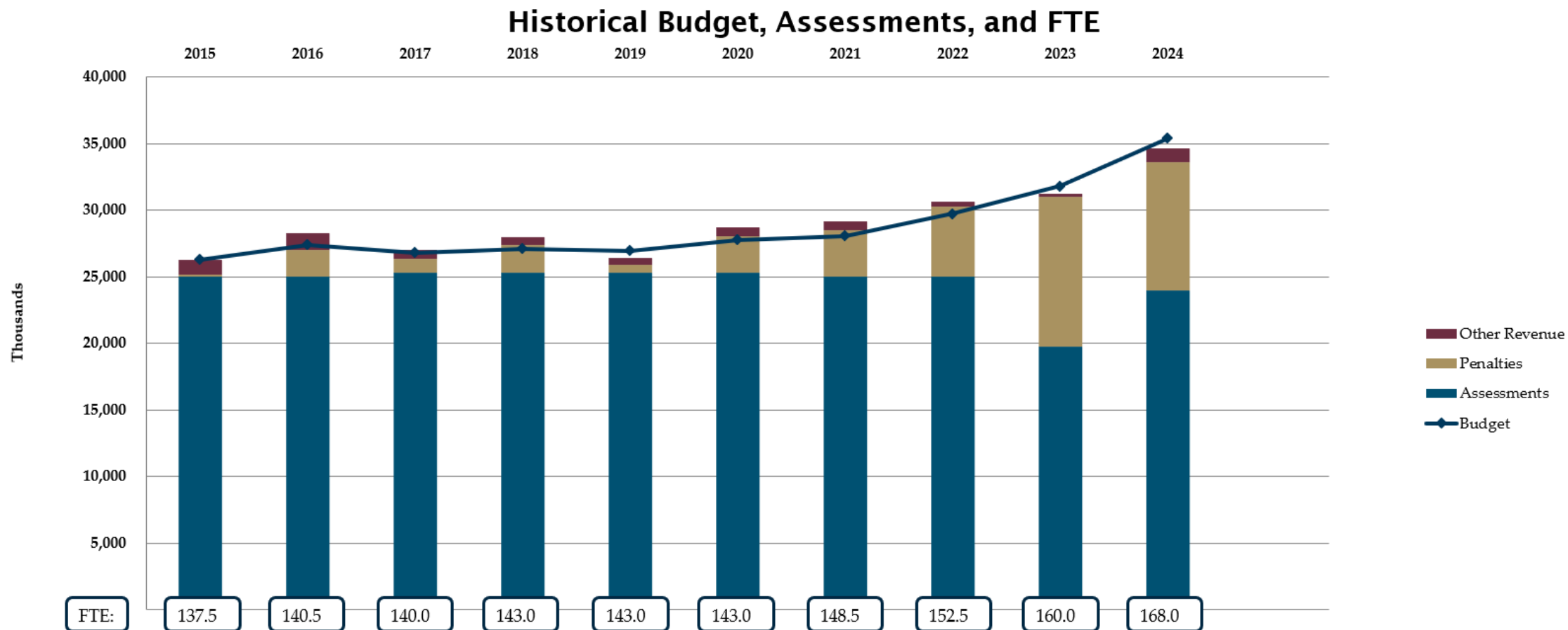
Draft #2 Total Statutory Budget

35,405

Statutory Program Areas



Trending



* Estimated based on current needs analysis.

Next Steps

- April 28—May 19 stakeholder comment period
- May 2 and 9—stakeholder overview webinars
- June 7—meeting with FERC budget staff
- June 14—Board of Directors meeting
- August—NERC BOT; FERC filing
- October—FERC Order anticipated
- November 15—2024 Assessment invoices distributed



Proposed WIRAB Advice: WECC's 2024 Business Plan and Budget



Support WECC's proposed increase of 5.0 FTEs to the Compliance Monitoring and Enforcement Program (CMEP)

- To ensure the program area has the leadership and technical expertise to account for the increased workload in CMEP activities.

Support WECC's proposed increase of 3.0 FTEs to the Reliability Assessment and Performance Analysis (RAPA) program area

- To support the build-out of WECC's capabilities to add value to expanding transmission planning in the West.

Proposed WIRAB Advice Continued



Support WECC's
proposed increase of 1.0
FTE to its Information
Technology department

- To provide administration and security monitoring of increased enterprise security tools.

Support WECC's
proposed net decrease
of 1.0 FTE in all other
areas

- Optimize WECC's most critical asset, its employees, while still fulfilling its critical mission.

Proposed WIRAB Advice Continued



Support the use of \$250,000 of Peak Reliability donation funds to fund projects to invest in WECC's modeling tools to improve WECC's reliability assessments.

Recommend that WECC consider cultural impacts when it assesses retention and recruitment initiatives to ensure that WECC has a workforce that is appreciated and celebrated for helping fulfill WECC's mission.

Proposed WIRAB Advice Continued



- **Overall Recommendation:** WIRAB Staff recommends that WIRAB advise the WECC Board to approve WECC's 2024 Business Plan and Budget and Assessment.
- **Next Steps:**
 - WIRAB comments, feedback and approval due: May 19, 2023
 - WECC comment period closes: May 19, 2023
 - WECC Board meeting for approval: June 14, 2023

Upcoming Meetings



WIRAB Monthly Meeting

Next Meeting: June 1, 2023 at 11:00 AM MT

WIRAB's Budget Overview

Fall 2023 Joint CREPC-WIRAB Meeting

October 4-6, 2023 in Seattle, WA

<https://westernenergyboard.org/>

Thank You!

Eric Baran

ebaran@westernenergyboard.org

720-897-4600 x 207

