



Western Energy Imbalance Market Body of State Regulators

2023 Business Plan and Budget

September 28, 2022

**Approved by:
Appointed Members of the
Western EIM Body of State Regulators**

1600 Broadway, Suite 1020
Denver, CO 80202
720-897-4600
www.westernenergyboard.org

TABLE OF CONTENTS

Introduction.....	3
Organizational Overview	4
Membership and Governance	5
2023 Strategic Priorities and Goals.....	6
2023 Budget and Assumptions	7
Working Capital Reserve.....	12
Budget Projections for 2024 & 2025	13

Introduction

The Western Energy Imbalance Market (WEIM) Body of State Regulators' (BOSR) proposed budget for 2023 is \$414,712. This amount is a \$10,512 (2.6%) increase over the WEIM-BOSR's approved 2022 budget. The budget is based upon employment of 2 full-time equivalent (FTE) employees in 2023.

The BOSR's projected working capital reserve on December 31, 2022 is \$129,382. The BOSR's desired working capital reserve on December 31, 2023 is \$74,600 which is equal to 18% of the proposed budget. The remaining \$54,782 is available to reduce the 2023 funding assessment. Therefore, the BOSR total funding assessment for 2023 is \$359,431. This is \$33,131 (10.2%) higher than the funding amount in the WEIM-BOSR's approved 2022 budget. The large increase in this year's assessment is due to an even larger decrease in last year's funding assessment. The following table summarizes the BOSR proposed budget for 2023.

Table 1. BOSR Budget for 2023

BOSR - Total Resources	2023
Total FTEs	2.00
Total Expenses	\$ 414,712
Desired Working Capital Reserve	\$ 74,600
Total Funding Requirement	\$ 489,312
Projected Working Capital Reserve	\$ 129,382
Increase or (Decrease) to Achieve Desired Working Capital Reserve	\$ (54,782)
2023 Funding Requirement	\$ 359,931
Less: 2023 Interest Income	\$ (500)
Total 2023 Funding Assessment	\$ 359,431

The BOSR funding assessment is allocated to State-Regulated Market Participants (SRMPs) using a two-tier allocation methodology. The funding assessment is first allocated to each state. States with small amounts of electric load participating in the WEIM receive a

discount. Second, each SRMP within a state is allocated a funding amount based on its percentage share of the electric load within the state. The following table summarizes the funding allocation by state for 2023.

Table 2. BOSR Funding Allocation by State for 2023

State	2023 Funding Assessment
Arizona	\$ 42,011.36
California	\$ 42,011.36
Colorado	\$ -
Idaho	\$ 42,011.36
Montana	\$ 16,337.75
Nevada	\$ 42,011.34
New Mexico	\$ 16,337.75
Oregon	\$ 42,011.36
Texas*	\$ 16,337.75
Utah	\$ 42,011.36
Washington	\$ 42,011.36
Wyoming	\$ 16,337.75
TOTAL	\$ 359,430.50

**Table updated November 7, 2022 to include Texas*

Organizational Overview

The WEIM-BOSR was established in September of 2015, as a part of the governance proposal adopted by the California Independent System Operator (CAISO) Board of Governors to address the regional nature of its energy imbalance market. The BOSR provides a forum for state commissioners to (1) select a voting member of the WEIM Governing Body Nominating Committee, (2) learn about and discuss the WEIM and CAISO markets, and (3) express a common position in CAISO stakeholder processes or to the WEIM Governing Body on WEIM issues.

The BOSR has chosen to rely on the Western Interstate Energy Board (WIEB) as the vehicle to obtain independent staff support. WIEB was formed in 1970 pursuant to the Western

Interstate Nuclear Compact, P.L. 91-461. WIEB provides the instruments and framework for developing energy policy cooperatively among member states and provinces and the federal government to enhance the economy of the West. WIEB currently shares staff resources and office space with the Western Interconnection Regional Advisory Body (WIRAB) WIRAB was created by the Federal Energy Regulatory Commission (FERC) in 2006 upon petition of the western Governors. In the future, WIEB will also share resources with the Western Resource Adequacy Program Committee of State Representatives (WRAP-COSR). The WRAP-COSR is an organization comprised of one representative from each state with a utility participating in the Western Resource Adequacy Program (WRAP). WIEB, WIRAB, WEIM-BOSR and WRAP-COSR are independent sister organizations that share a common staff and office space but maintain independent governance and decision-making. The following chart illustrates the organizational relationships.

Figure 1. Organizational Relationships

<p style="text-align: center;">Western Interstate Energy Board (WIEB)</p> <ul style="list-style-type: none"> • Created as an interstate compact by western states and ratified by Congress (P.L.91-461). • Governors of AZ, CA, CO, ID, MT, NV, NM, OR, UT, WA, WY, and Premiers of AB and BC appoint member representatives. • Provides the instruments and framework for developing energy policy cooperatively among member states and provinces and the federal government to “enhance the economy of the West and contribute to the well-being of the region’s people.” 	<p style="text-align: center;">Western Interconnection Regional Advisory Body (WIRAB)</p> <ul style="list-style-type: none"> • Created by western governors pursuant to Section 215(j) of the Federal Power Act. • WIEB Board Members from AZ, CA, CO, ID, MT, NV, NM, OR, UT, WA, WY, BC, and AB appoint member representatives. • Governors from NE, SD, TX, and Baja California Mexico appoint member representatives. • Provides advice to FERC, NERC, and WECC on electric reliability matters in the Western Interconnection. 	<p style="text-align: center;">Western EIM Body of State Regulators (WEIM-BOSR)</p> <ul style="list-style-type: none"> • Created by California ISO Board of Governors to address the regional nature of the Western Energy Imbalance Market (EIM). • One commissioner from each state public utilities commission in which a regulated load-serving utility participates or plans to participate in the Western EIM. • Provides a forum for state commissioners to: (1) select a voting member of the EIM Governing Body Nominating Committee, (2) learn about and discuss the EIM and CAISO markets, and (3) express a common position to the EIM Governing Body on EIM issues. 	<p style="text-align: center;">Western RA Program Committee of State Representatives (WRAP-COSR)</p> <ul style="list-style-type: none"> • Created by Northwest Power Pool Board of Directors to address the regional nature of the Western Resource Adequacy Program (WRAP). • One representative from each state or province in which a load-serving entity participates in the WRAP. • Provides advice to the Northwest Power Pool and FERC on the design and operation of the Western Resource Adequacy Program.
--	--	--	---

Membership and Governance

The WEIM-BOSR is comprised of one commissioner from each of the state public

utilities commissions in which a regulated load-serving utility participates in the WEIM. All states with a regulated load-serving utility participating in the WEIM (AZ, CA, ID, MT, NM, NV, OR, TX, UT, WA, WY) have appointed members to the BOSR. Below is the list of current BOSR member representatives:

Figure 2. BOSR Membership List

BOSR Member Representatives		
Arizona	Jim O'Connor	Commissioner, Arizona Corporation Commission
California	Cliff Rechtschaffen	Commissioner, California Public Utility Commission
Idaho	John Chatburn	Commissioner, Idaho Public Utilities Commission
Montana	Brad Johnson	Vice Chair, Montana Public Service Commission
Nevada	Hayley Williamson	Chair, Nevada Public Utilities Commission
New Mexico	Cynthia Hall	Commissioner, New Mexico Public Regulation Commission
Oregon	Letha Tawney	Commissioner, Oregon Public Utilities Commission
Texas	Jimmy Glotfelty	Commissioner, Public Utilities Commission of Texas
Utah	Thad LeVar	Chair, Utah Public Service Commission
Washington	Ann Rendahl	Commissioner, Washington Utilities & Transportation Commission
Wyoming	Michael Robinson	Deputy Chair, Wyoming Public Service Commission

2023 Strategic Priorities and Goals

The WEIM is expanding, and the California ISO is considering an Extended Day-Ahead Market (EDAM). Early, consistent, and informed regulator engagement on regional market operations and developments is crucial to efficient and sustainable markets that deliver public benefits. To continue to enable that engagement, the WEIM-BOSR aims in 2023 to work with its staff to:

- Advance education and understanding among western commissioners regarding CAISO initiatives and organized wholesale electricity markets.

- Provide a forum for discussion and opportunities to form a common state perspective on issues relating to wholesale power markets. This includes:
 - Organizing two in-person WEIM-BOSR meetings;
 - Holding monthly remote WEIM-BOSR meetings; and
 - Organizing other meetings, as necessary.
- Support the BOSR members' effective engagement in relevant CAISO processes by:
 - Tracking and participating in the CAISO initiatives, most relevant to the EIM BOSR, including those that relate to policy, market design or governance, such as Resource Sufficiency Evaluation (RSE), Extending the Day Ahead Market to WEIM Entities (EDAM), and EDAM Governance.
 - Arranging or providing briefings and trainings on policy and technical matters.
 - Further developing internal technical expertise, for example, regular and targeted pricing analysis.
 - Facilitating BOSR members consideration of potential consensus positions relevant to CAISO initiatives.
 - Provide wholesale electricity market trainings
- Engage with other key organizations in the West, such as the CAISO Department of Market Monitoring and Market Surveillance Committee, and regulators, policymakers, and market operators from other regions such as the Federal Energy Regulatory Commission, other regional states committees and other organized markets.

2023 Budget and Assumptions

The BOSR proposed budget for 2023 is \$414,712. The budget is based upon employment of 2 FTEs in 2023. The BOSR's projected working capital reserve on December 31, 2022 is \$129,382. The BOSR's desired working capital reserve on December 31, 2023 is

\$74,600 which is equal to 18% of the proposed budget. The remaining \$54,782 is available to reduce the 2023 funding assessment. Therefore, the BOSR total funding assessment for 2023 is \$359,431.

The BOSR 2023 budget is based on the following key assumptions:

- The BOSR will hold two in-person meetings, the Spring 2023 WEIM-BOSR Meeting and a Fall 2023 WEIM-BOSR Meeting.
- The BOSR will organize and sponsor webinars and workshops on key WEIM and proposed EDAM issues for state and provincial representatives, industry representatives, and other interested stakeholders.
- A BOSR representative will participate in all CAISO WEIM Governing Body meetings.
- BOSR members will participate in selected CAISO meetings and workshops on relevant topics.
- The BOSR leadership will visit with FERC in its offices in Fall 2023.
- The BOSR will engage the Program on Energy and Sustainable Development at Stanford University to provide two training sessions—one in-person and one remote—for BOSR members and regulatory staff in 2023.

Personnel and Indirect Expenses

Personnel expenses in the BOSR's budget total \$163,812 for a total of two FTE's. The FTE breakdown is allocated to 0.75 FTE to the Program Manager – Wholesale Electricity Markets, 0.90 FTE to the Analyst – Wholesale Energy Markets, 0.15 FTE to the Government Relations Specialist, 0.10 FTE to the Executive Director, and 0.10 FTE to the Director of State, Federal, and International Affairs. The Western Interstate Energy Board uses a single rate method for indirect expenses. The indirect expenses include office expenses, medical and retirement expenses as well as holiday, vacation, and sick leave for BOSR staff. The indirect rate is a percent of direct labor expense associated with BOSR activities. The indirect rate is 96.7% in the 2023 budget. This is a 16% decrease from the 2022 budget. Table 3 shows personnel and indirect expenses per FTE for the BOSR first proposed budget.

Table 3. Personnel and Indirect Expense Analysis, 2023

BOSR - Personnel and Indirect Expense Analysis, 2023						
	Budget 2022	Projection 2022	Budget 2023	Variance 2023 Budget v 2022 Budget	Variance %	
Salary Expense	\$ 161,600	\$ 147,000	\$ 163,812	\$ 2,212	1.4%	
FTEs	2.05	2.05	2.00	(0.05)	-2.4%	
Cost per FTE	\$ 78,829	\$ 78,829	\$ 81,906	\$ 3,077	3.9%	
Indirect Rate	113.0%	113.0%	96.7%			
Indirect Expense	\$ 182,400	\$ 182,400	\$ 158,400	\$ (24,000)	-13.2%	
FTEs	2.05	2.05	2.00	(0.05)	-2.4%	
Cost per FTE	\$ 88,976	\$ 88,976	\$ 79,200	\$ (9,776)	-11.0%	

Meeting Expense

Meeting costs in the 2023 budget totals \$15,000, an increase of \$4,900 from 2022. The increase reflects higher costs of hotel conference room reservations and audio and visual services after the pandemic. The BOSR regularly holds two in-person meetings per year that include participation by state and provincial representatives. In 2023, the BOSR will hold two in-person meetings, one in Spring 2023 and another in Fall 2023. These meetings are open to the public. Wherever feasible, BOSR meetings will be coordinated with other meetings of the Western states and provinces. The BOSR also conducts monthly conference calls to update members on current activities and to develop positions on EIM-related issues.

Travel Expense

Travel costs total \$37,500, an increase of \$27,400. This amount reflects post pandemic conditions with an increase in number of in-person meetings scheduled to occur in 2023. In 2023, BOSR members will make 11 trips to attend in-person meetings at the California ISO as well as the BOSR sponsored Electricity Markets Training, which accounts for \$22,500. BOSR staff will make ten trips to attend in-person meetings at the California ISO, which accounts for \$15,000 in travel expense. Hotel and travel costs reflect recent inflation and are based on recent

travel experience.

Consultants and Contracts

The budget includes \$40,000 in contract funding for electricity market training for BOSR members and state regulatory staff; this remains unchanged from the 2022 budget. The BOSR plans to engage the Program on Energy and Sustainable Development at Stanford University to obtain game-based electricity market simulation training. The game-based training provides BOSR members and regulatory staff “hands-on” familiarity with market mechanisms and concepts that are difficult to gain from more theoretical lectures. We envision two training sessions in 2023: first, a basic session on electricity market operation that is in-person, and second, an advanced session that takes a closer look at an emerging issue that is remote. Potential advanced topics include: transmission constraints and locational marginal pricing; day-ahead and real-time market interactions; and market interaction with regional resource adequacy programs. This training will help the BOSR prepare technically sound advice to submit to the Western EIM Governing Body.

Budget Comparison

The projection of actual 2022 expenses is \$375,130, which is \$29,071 (-7.2%) less than the authorized 2022 budget amount. The variance between actual expense and budgeted expenses are attributable to decreases in labor, contractor, and indirect expense, while travel and meeting expenses continued to increase.

Table 4. Budget Comparison, 2022 to 2023

BOSR - Statement of Activities and Change in Working Capital 2022 Budget & Projection, and 2023 Budget							
	2022 Budget	2022 Projection	Variance 2022 Projection v 2022 Budget		2023 Budget	Variance 2023 Budget v 2022 Budget	
			Over(Under)	% Change		Over(Under)	% Change
Funding							
Assessments	\$ 326,300	\$ 326,300	\$ -	0.0%	\$ 359,431	\$ 33,131	10.2%
Interest	-	-	\$ -		500	\$ 500	
Miscellaneous	-	-	-		-	-	
TOTAL FUNDING (A)	\$ 326,300	\$ 326,300	\$ -	0.0%	\$ 359,931	\$ 33,631	10.3%
Expenses							
Personnel Expenses							
Salaries	161,600	147,000	(14,600)	-9.0%	163,812	\$ 2,212	1.4%
Payroll Taxes						-	
Benefits						-	
Retirement Costs						-	
Total Personnel Expenses	\$ 161,600	\$ 147,000	\$ (14,600)	-9.0%	\$ 163,812	\$ 2,212	1.4%
Meeting Expenses							
BOSR Meetings	\$ 10,100	\$ 15,000	\$ 4,900	48.5%	\$ 15,000	\$ 4,900	48.5%
State Travel	7,100	\$ 16,000	\$ 8,900	125.4%	22,500	\$ 15,400	216.9%
Staff Travel	3,000	\$ 15,000	\$ 12,000	400.0%	15,000	\$ 12,000	400.0%
Conference Calls	-	-	\$ -		-	\$ -	
Total Meeting Expenses	\$ 20,200	\$ 46,000	\$ 25,800	127.7%	\$ 52,500	\$ 32,300	159.9%
Operating Expenses							
Consultants & Contracts	\$ 40,000	\$ 28,000	\$ (12,000)	-30.0%	\$ 40,000	\$ -	0.0%
Office Rent	-	-	-		-	-	
Office Costs	-	-	-		-	-	
Professional Services	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	\$ 40,000	\$ 28,000	\$ (12,000)	-30.0%	\$ 40,000	\$ -	0.0%
Total Direct Expenses	\$ 221,800	\$ 221,000	\$ (800)	-0.4%	\$ 256,312	\$ 34,512	15.6%
Indirect Expenses	\$ 182,400	\$ 154,130	\$ (28,271)	-15.5%	\$ 158,400	\$ (24,000)	-13.2%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
TOTAL BUDGET (B)	\$ 404,200	\$ 375,130	\$ (29,071)	-7.2%	\$ 414,712	\$ 10,512	2.6%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (77,900)	\$ (48,830)	\$ 29,071		\$ (54,782)	\$ 23,119	
FTEs	2.05	2.05	-	0.0%	2.00	(0.05)	-2.4%

¹ Fixed Assets included in Indirect Expenses.

Working Capital Reserve

The BOSR projects a working capital reserve on December 31, 2022 of \$129,382. The BOSR is targeting a working capital reserve equal to 18% of budgeted expenses in 2023. The reserves are intended to provide a cushion to cover unexpected expenses. The reserve policy will be reviewed in future years when budget risks can be more clearly identified. The adjustment to the funding requirement to meet the desired level of reserves is the mechanism by which the BOSR will ensure that budget surpluses in any given budget year will be used to reduce the funding requirement in the subsequent budget year. The following table shows the BOSR's analysis of its working capital reserves.

Table 5. Working Capital Reserve Analysis, 2023

BOSR - Working Capital Reserve Analysis, 2023	
Beginning Working Capital Reserve (Deficit), December 31, 2021	177,661
Plus: 2022 Funding (from LSEs or designees)	326,300
Plus: 2022 Interest Income	550
Minus: 2022 Projected expenses & capital expenditures	(375,130)
Projected Working Capital Reserve (Deficit), December 31, 2022	<u>129,382</u>
Desired Working Capital Reserve, December 31, 2023¹	74,600
Minus: Projected Working Capital Reserve, December 31, 2022	(129,382)
Increase(decrease) in funding requirement to achieve Working Capital Reserve	<u>(54,782)</u>
2023 Expenses and Capital Expenditures	414,712
Less: 2023 Interest Income	(500)
Adjustment: To achieve desired Working Capital Reserve	(54,782)
2023 BOSR Assessment	<u>359,431</u>

¹ Desired working capital reserve is 18 percent of budgeted expenses.

Budget Projections for 2024 & 2025

The BOSR projects a 3.8% increase to its 2024 annual budget, and a 3.8% increase to its 2025 annual budget. These steady increases reflect expected cost-of-living adjustments to personnel expenses for employees and increased costs for meetings and travel. The increases are consistent with those approved by WIEB and WIRAB. The following table shows the detailed budget projections for 2024 and 2025.

Table 6. Comparison of 2023 Budget to 2024 and 2025 Projections

BOSR - Statement of Activities and Change in Working Capital 2023 Budget and 2024 to 2025 Budget Projections								
	2023 Budget	2024 Projection	Variance 2024 Projection v 2023 Budget		2025 Projection	Variance 2025 v 2024 Projections		
			Over(Under)	% Change		Over(Under)	% Change	
Funding								
Assessments	\$ 359,431	\$ 430,400	\$ 70,970	19.7%	\$ 462,000	\$ 31,600	7.3%	
Interest	500	500	\$ -	100.0%	500	\$ -		
Miscellaneous	-	-	-		-	-		
TOTAL FUNDING (A)	\$ 359,931	\$ 430,900	\$ 70,970	19.7%	\$ 462,500	\$ 31,600	7.3%	
Expenses								
Personnel Expenses								
Salaries	163,812	170,400	6,588	4.0%	177,200	\$ 6,800	4.0%	
Payroll Taxes								
Benefits								
Retirement Costs								
Total Personnel Expenses	\$ 163,812	\$ 170,400	\$ 6,588	4.0%	\$ 177,200	\$ 6,800	4.0%	
Meeting Expenses								
BOSR Meetings	\$ 15,000	\$ 15,500	\$ 500	3.3%	\$ 16,000	\$ 500	3.2%	
State Travel	\$ 22,500	\$ 23,200	\$ 700	3.1%	\$ 23,900	\$ 700	3.0%	
Staff Travel	\$ 15,000	\$ 15,500	\$ 500	3.3%	\$ 16,000	\$ 500	3.2%	
Conference Calls	\$ -	\$ -	\$ -		\$ -	\$ -		
Total Meeting Expenses	\$ 52,500	\$ 54,200	\$ 1,700	3.2%	\$ 55,900	\$ 1,700	3.1%	
Operating Expenses								
Consultants & Contracts	\$ 40,000	\$ 41,200	\$ 1,200	3.0%	\$ 42,400	\$ 1,200	2.9%	
Office Rent	-	-	-		-	-		
Office Costs	-	-	-		-	-		
Professional Services	-	-	-		-	-		
Miscellaneous	-	-	-		-	-		
Depreciation	-	-	-		-	-		
Total Operating Expenses	\$ 40,000	\$ 41,200	\$ 1,200	3.0%	\$ 42,400	\$ 1,200	2.9%	
Total Direct Expenses	\$ 256,312	\$ 265,800	\$ 9,488	3.7%	\$ 275,500	\$ 9,700	3.6%	
Indirect Expenses	\$ 158,400	\$ 164,800	\$ 6,400	4.0%	\$ 171,400	\$ 6,600	4.0%	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	
TOTAL BUDGET (B)	\$ 414,712	\$ 430,600	\$ 15,888	3.8%	\$ 446,900	\$ 16,300	3.8%	
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (54,782)	\$ 300			\$ 15,600			
FTEs	2.00	2.00	-	0.0%	2.00	-	0.0%	

¹ Fixed Assets included in Indirect Expenses.