

Western Resource Adequacy Program
Committee of State Representatives

2024 Business Plan and Budget

April 04, 2024

Approved by:
Appointed Members of the
Western Resource Adequacy Program
Committee of State Representatives

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Introduction

The Western Resource Adequacy Program (WRAP) Committee of State Representatives' (COSR) proposed budget for 2024 is \$147,100. This is the first iteration of the COSR budget since the COSR was formally stood up in April 2023. The budget is based upon employment of 1 full time equivalent (FTE) employee consisting of three Western Interstate Energy Board (WIEB) staff in 2024. The following table summarizes the COSR proposed budget for calendar year 2024:

Table 1. COSR Budget for 2024

COSR – Total Resources	2024
Total FTEs	1.00
Direct Labor	\$75,400
Indirect Expense (95.1%)	\$71,700
Total Expense	\$147,100

The COSR funding assessment is allocated to State-Regulated WRAP Participants (SRWPs) using the following methodology as specified in the SRWP contract:

- 1) Determine SRWP's load for each applicable state (i.e., each state where the SRWP serves load that is subject to WRAP) using most recent publicly available EIA data.
- 2) For each state, add up the total WRAP load (which may be comprised of one or more SRWPs)
- 3) A limit is set to distinguish between small and large load states using a 10,000,000 MWh threshold.
- 4) If a state's total WRAP load is above the threshold, it is assigned an equal proportion of the total WIEB expense based on the total number of WRAP states, e.g., if there are ten WRAP states, the large load state receives one tenth of the total expense.
- 5) If a state's total WRAP load is below the threshold, it is assigned half the proportion of the total expense compared to large load states, e.g., if there are ten WRAP states, the small load state receives one-twentieth of the total expense.
- 6) This allocation method leaves a residual amount of a total expense that is then assigned equally to the large load states.
- 7) Each SRWP's load in each state is then assigned a proportion of the total state

allocation according to that SRWP's respective share of that state's WRAP load.

- 8) Each SRWP's total expense share by state is then added together to get each SRWP's compensation share of the total expense.

The following table summarizes the funding allocation by state for 2024:

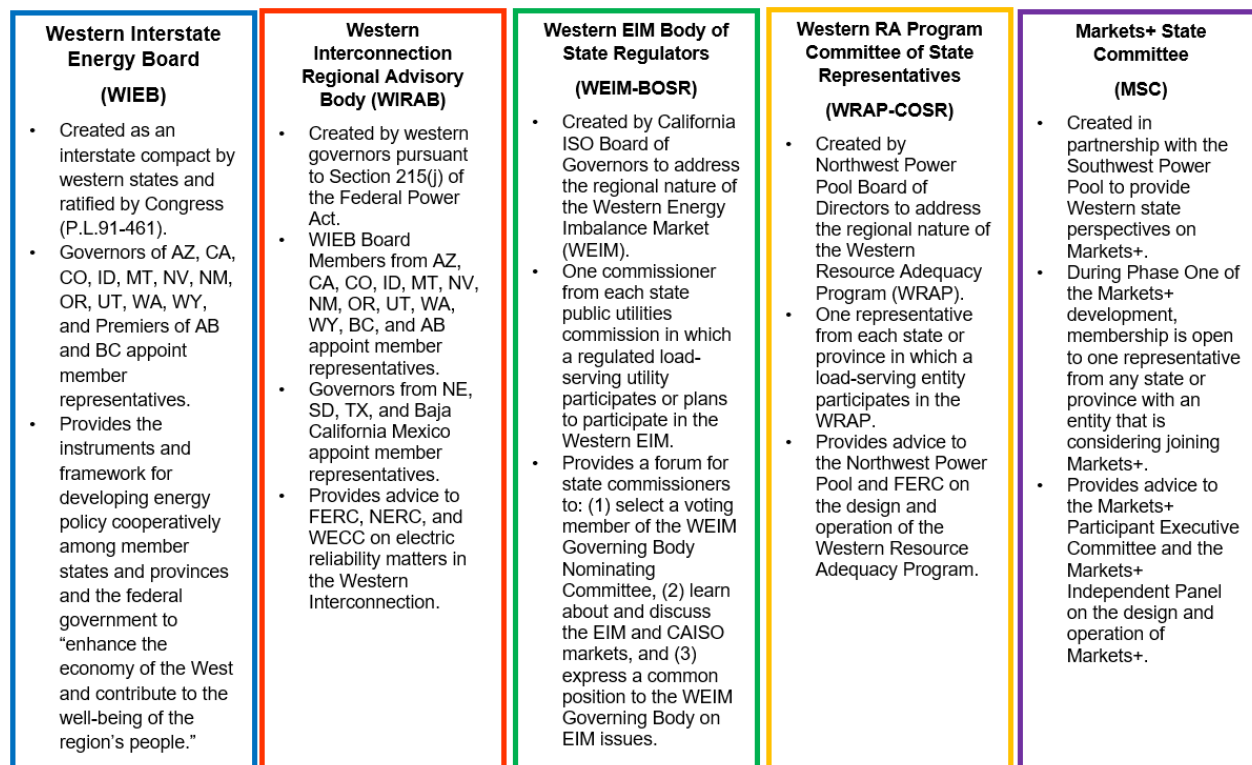
Table 2. COSR Funding Allocation by State for 2024

COSR 2024 Funding Allocation by State	
Arizona	\$19,613.33
California	\$7,355.00
Idaho	\$19,613.33
Montana	\$7,355.00
Nevada	\$19,613.33
New Mexico	\$7,355.00
Oregon	\$19,613.33
Utah	\$19,613.33
Washington	\$19,613.33
Wyoming	\$7,355.00
Total	\$147,100

Organizational Overview

The WRAP-COSR is a standing committee of the WRAP, a first-of-its-kind reliability program in the West operated by the Western Power Pool (WPP). The WRAP tariff was approved by the Federal Energy Regulatory Commission (FERC) at the beginning of 2023, and the COSR was established soon after in April 2023 in accordance with the WRAP Bylaws. The COSR aims to support state and provincial engagement in the WRAP and share perspectives on pertinent program matters with WRAP participants and stakeholders. The COSR provides advice to the WPP Board of Directors, Program Review Committee (PRC), Resource Adequacy Participants Committee (RAPC), any associated working groups or task forces, and FERC on matters related to WRAP governance, program design, and operations.

The COSR 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 with the Western Interconnection Regional Advisory Body (WIRAB) and the Western Energy Imbalance Market Body of State Regulators (WEIM-BOSR). WIRAB was created by the Federal Energy Regulatory Commission (FERC) in 2006 upon petition of the western Governors. WEIM-BOSR was created in 2015 as part of a governance proposal adopted by the California Independent System Operator (CAISO) Board of Governors to address the regional nature of its energy imbalance market. In addition to WIRAB, WEIM-BOSR, and WRAP-COSR, WIEB also provides staffing and support for the Southwest Power Pool Markets+ States Committee (SPP-MSC). Initial membership of the MSC is broad given the uncertainty about which states will ultimately participate in Markets+ and currently includes representatives from any states or provinces with entities that may plausibly choose to participate in the ultimate Markets+ day-ahead market structure. WIEB, WIRAB, WEIM-BOSR, WRAP-COSR, and SPP-MSC are independent sister organizations that share a common staff and organizational resources but maintain independent governance, decision-making, and funding. The following chart illustrates the organizational relationships:

Figure 1. Organizational Relationships

Membership and Governance

The WRAP-COSR is composed of one representative from each state or provincial jurisdiction that regulates at least one WRAP Participant. State and provincial representatives are nominated by the Chair or President of their respective public utility commission and may include representatives from the state or provincial energy offices or state or provincial funded consumer advocates. The COSR operates in a public setting and welcomes other regional stakeholders to attend committee meetings to foster engagement and collaboration. Below is the list of current COSR member representatives:

Table 3. COSR Membership List

State/Province	Representative	Title/Agency	Leadership
Arizona	Nick Myers	Commissioner, Arizona Corporation Commission	
California	Alice Reynolds	President, California Public	

		Utilities Commission	
Idaho	John Hammond	Commissioner, Idaho Public Utilities Commission	
Montana	James Brown	President, Montana Public Service Commission	
Nevada	Tammy Cordova	Commissioner, Public Utilities Commission of Nevada	Chair
New Mexico	James Ellison	Commissioner, New Mexico Public Regulation Commission	
Oregon	Megan Decker	Chair, Oregon Public Utility Commission	
Utah	Chris Parker	Director, Utah Division of Public Utilities	Vice Chair
Washington	Dave Danner	Chair, Washington Utilities and Transportation Commission	
Wyoming	Chris Petrie	Deputy Chair, Wyoming Public Service Commission	

2024 Strategic Priorities and Goals

Since the FERC approval of WRAP in early 2023, WRAP Participants and WPP have been developing the Business Practice Manual. This process has been the focus of the PRC and RAPC for the majority of 2023 with work continuing into 2024. The Business Practice Manual work is expected to conclude by Summer of 2024 with a final vote from the WPP Board of Directors to approve the Business Practice Manual. COSR staff have been engaged in this process, following the development of different aspects of the Business Practice Manual through PRC and RAPC meetings, and submitting questions and comments when applicable. As the WRAP continues its development to go-live, consistent, and informed regulator engagement on WRAP operations and developments is crucial to enhancing the reliability in the West. To continue to enable that engagement, the COSR aims in 2024 to work with its staff to:

- Advance education and understanding among western commissioners regarding WRAP initiatives and WRAP coordination with the emerging wholesale electricity markets. Over the past year, COSR representatives have been engaging with WPP to better understand the basic functions of the WRAP, and members will engage in more advanced conversation and learning as the WRAP matures to its later development stages.
- Provide a forum for discussion and opportunities to form a common state/provincial perspective on issues relating to reliability and resource adequacy. This includes:
 - Organizing two in-person WRAP-COSR meetings in 2024;
 - Holding virtual monthly WRAP-COSR meetings; and
 - Organizing other workshops or webinars, as necessary.
- Support the COSR members' effective engagement in relevant WRAP processes by:
 - Tracking and participating in the WRAP initiatives most relevant to the WRAP-COSR, including those that relate to policy, program design, or governance.
 - Arranging or providing briefings and training on policy and technical matters, such as technical program enhancements or other developments in the resource adequacy space that impact WRAP operations.
 - Further developing internal technical expertise to better engage the COSR members in conversation with WRAP Participants and WPP.
 - Facilitating COSR members consideration of potential consensus positions relevant to WRAP initiatives or other initiatives that could impact WRAP operations.
- Engage with other key organizations and partners in the West, such as WEIM-BOSR, SPP-MSR, and WIRAB, as well as WRAP Participants, regulators and policymakers from other regions, and the Federal Energy Regulatory Commission.

2024 Budget and Assumptions

The COSR proposed budget for 2024 is \$147,100. The budget is based upon employment of 1 FTE in 2024, at a direct labor expense of \$75,400 and indirect expense of \$71,700. The COSR's projected working capital reserve will be assessed in 2025 and based on actual spending in 2024.

The COSR 2024 budget is based on the following key assumptions:

- The COSR will hold regular monthly business meetings to address ongoing WRAP activity and stakeholder participation.
- The COSR will organize and sponsor webinars and workshops on key WRAP issues for state and provincial representatives, industry representatives, and other interested stakeholders.
- A COSR representative will participate in all WPP Board of Directors meetings.
- A COSR representative will participate in all PRC and RAPC meetings. A staff person will be appointed to monitor RAPC meetings in Executive Sessions, in accordance with a signed non-disclosure agreement.
- COSR members will participate in selected WRAP meetings and workshops on relevant topics.

Personnel and Indirect Expenses

Personnel expenses in the COSR's budget total \$75,400 for a total of 1 FTE. The FTE breakdown is allocated to 0.05 FTE to the Executive Director, 0.65 to the Government Relations Specialist, and 0.30 to the Markets and Resource Adequacy Analyst. 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 COSR staff. The indirect rate is a percentage of direct labor expense associated with COSR activities. The indirect rate is 95.1% in the 2024 budget.

Working Capital Reserve

The COSR will determine an appropriate working capital reserve commencing with the calendar year 2025 budget. The level of reserves will be based on actual year to date spending of the 2024 budget. A typical working capital reserve ranges from 5% to 20% of budgeted expenses. 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 COSR will ensure that budget surpluses in any given budget year will be used to reduce the funding requirement in the subsequent budget year.

Table 4. Working Capital Reserve Analysis, 2024

COSR - Working Capital Reserve Analysis 2024	
Beginning Working Capital Reserve (Deficit), December 31, 2024	0
Plus: 2024 Funding (from SRWPs)	147,100
Plus: 2024 Other funding sources	0
Minus: 2024 Projected expenses & capital expenditures	147,100
Projected Working Capital Reserve (Deficit), December 31, 2024	0
Desired Working Capital Reserve, December 31, 2024	0
Minus: Projected Working Capital Reserve, December 31, 2024	0
Increase(decrease) in funding requirement to achieve Working Capital Reserve	0
2024 Expenses and Capital Expenditures	147,100
Less: Penalty Sanctions	0
Less: Other Funding Sources	
Adjustment: To achieve desired Working Capital Reserve	-
2024 COSR Assessment	147,100

Budget Projections for 2025 & 2026

The COSR projects a 5.2% increase to its 2025 annual budget due to an increase in the indirect rate from 95.1% to 97.3%, and a 4% cost-of-living adjustment. The COSR projects a typical 4% increase to its 2026 annual budget. These steady increases reflect expected cost-of-living adjustments to personnel expenses for employees. The increases are consistent with those approved by WIEB and WIRAB.

Table 5. Comparison of 2024 Budget to 2025 Budget and Working Capital

Statement of Activities and Change in Working Capital 2024 Budget & Projection, and 2025 Budget							
	2024 Budget	2024 Projection	Variance Over(Under)	% Change	2025 Budget	Variance 2025 Budget v 2024 Budget Over(Under)	% Change
Funding							
COSR Funding							
Assessments	\$ 147,100	\$ 147,100	\$ -	0.0%	\$ 162,451	\$ 15,351	10.4%
	-	-	-		-	-	
Total COSR Funding	\$ 147,100	\$ 147,100	\$ -	0.0%	\$ 162,451	\$ 15,351	10.4%
Interest		-	\$ -			\$ -	
Miscellaneous	-	-	-		-	-	
Total Funding (A)	\$ 147,100	\$ 147,100	\$ -	0.0%	\$ 162,451	\$ 15,351	10.4%
Expenses							
Personnel Expenses							
Salaries	75,400	75,400	-	0.0%	78,416	\$ 3,016	4.0%
Total Personnel Expenses	\$ 75,400	\$ 75,400	\$ -	0.0%	\$ 78,416	\$ 3,016	4.0%
Meeting Expenses							
COSR Meetings			\$ -			\$ -	
State Travel			\$ -			\$ -	
Staff Travel			\$ -			\$ -	
		-	\$ -		-	\$ -	
Total Meeting Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Operating Expenses							
Consultants & Contracts			\$ -			\$ -	
Miscellaneous	-	-	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Direct Expenses	\$ 75,400	\$ 75,400	\$ -	0.0%	\$ 78,416	\$ 3,016	4.0%
Indirect Expenses	\$ 71,700	\$ 71,700	\$ -	0.0%	\$ 76,300	\$ 4,600	6.4%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
TOTAL BUDGET (B)	147,100	\$ 147,100	\$ -	0.0%	\$ 154,700	\$ 7,600	5.2%
CHANGE IN WORKING CAPITAL (=A-	\$ -	\$ -	\$ -	-	\$ 7,751	\$ 7,751	-
FTEs	1.00	1.00	-	0.0%	1.00	-	0.0%