

**Western Energy Markets
Body of State Regulators**

2025 Business Plan and Budget

October 21, 2024

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

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Introduction

The Western Energy Market Body of State Regulators' (BOSR) proposed budget for 2025 is \$456,865. This amount is a \$10,649 (2.4%) increase over the BOSR's approved 2024 budget. The budget is based upon employment of 2.2 full-time equivalent (FTE) employees in 2025, an increase of 0.2 over the 2024 budget.

The BOSR's projected working capital reserve on December 31, 2024, is \$179,977. The BOSR's targeted working capital reserve on December 31, 2025, is \$54,800 which is equal to 12% of the proposed budget. The difference of \$125,177 is available to reduce the 2025 funding assessment. Therefore, the BOSR total funding assessment for 2025 is \$331,188. This is \$71,693 (17.8%) lower than the funding amount in the BOSR's approved 2024 budget. The decrease in this year's assessment is due to consolidated meeting expenses, reduced travel expenses, and direct labor vacancy savings of the program during 2024. The following table summarizes the BOSR proposed budget for 2025.

Table 1. BOSR Budget for 2025

BOSR - Total Resources	2025
Total FTEs	2.20
Total Expenses	\$ 456,865
Targeted Working Capital Reserve	\$ 54,800
Total Funding Requirement	\$ 511,665
Projected Working Capital Reserve	\$ 179,977
Increase or (Decrease) to Achieve Desired Working Capital Reserve	\$ (125,177)
2025 Funding Requirement	\$ 331,688
Less: 2025 Interest Income	\$ (500)
Total 2025 Funding Assessment	\$ 331,188

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 2025.

Table 2. BOSR Funding Allocation by State for 2025

State	2025 Funding Assessment
Arizona	\$ 38,710.27
California	\$ 38,710.27
Idaho	\$ 38,710.27
Montana	\$ 15,053.99
Nevada	\$ 38,710.27
New Mexico	\$ 15,053.99
Oregon	\$ 38,710.27
Texas	\$ 15,053.99
Utah	\$ 38,710.27
Washington	\$ 38,710.27
Wyoming	\$ 15,053.99
TOTAL	\$ 331,187.83

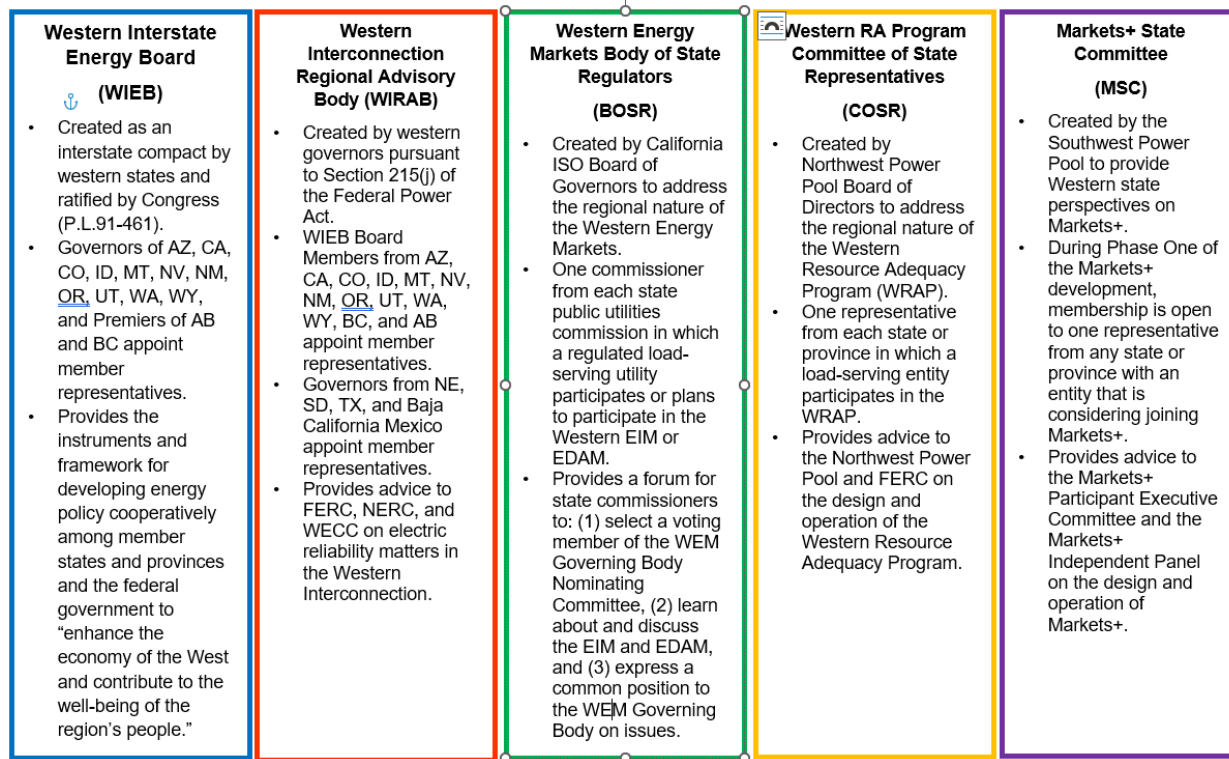
Organizational Overview

The 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, or real-time market. The BOSR provides a forum for state commissioners to (1) select a voting member of the WEM Governing Body Nominating Committee, (2) learn about and discuss the WEIM and Extended Day-Ahead Market (EDAM), and (3) express a common position in CAISO stakeholder processes or to the WEM Governing Body on WEIM or EDAM issues.

The BOSR has chosen 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. WIEB also provides staff support to the Western Resource Adequacy Program (WRAP) Committee of State Representatives (COSR) and the Southwest Power Pool (SPP) Markets+ States Committee (MSC). The COSR is an organization comprised of one representative from each state with a utility participating in the WRAP. The MSC is an organization of representatives from any of the states or provinces with entities that may plausibly choose to participate in the ultimate Markets+ day-ahead market structure of SPP. WIEB, WIRAB, BOSR, COSR, and MSC are independent sister organizations that share staff and office resources but maintain independent governance and decision-making. The following chart illustrates the relationships between the organizations.

Figure 1. Organizational Relationships



Membership and Governance

The 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	Kevin Thompson	Commissioner, Arizona Corporation Commission
California	Darcie Houck	Commissioner, California Public Utility Commission
Idaho	John Hammond	Commissioner, Idaho Public Utilities Commission
Montana	Tony O'Donnell	Commissioner, Montana Public Service Commission
Nevada	Hayley Williamson	Chair, Nevada Public Utilities Commission
New Mexico	Gabriel Aguilera	Commissioner, New Mexico Public Regulation Commission
Oregon	Letha Tawney	Commissioner, Oregon Public Utilities Commission
Texas	Jimmy Glotfelty	Commissioner, Public Utilities Commission of Texas
Utah	John Harvey	Chair, Utah Public Service Commission
Washington	Milt Doumit	Commissioner, Washington Utilities & Transportation Commission
Wyoming	Michael Robinson	Commissioner, Wyoming Public Service Commission

2025 Strategic Priorities and Goals

In June of 2024, the Federal Energy Regulatory Commission (FERC) approved CAISO's tariff filing for its Extended Day-Ahead Market (EDAM) design in its entirety. As the WIEM continues to evolve and EDAM implementation underway, 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 BOSR aims in 2025 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 BOSR meetings;
 - Holding monthly remote 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 BOSR, including those that relate to policy, market design, or governance. Active and upcoming initiatives that BOSR plans to track and participate in includes, but is not limited to, Price Formation Enhancements, Greenhouse Gas Coordination, Resource Adequacy Modeling and Program Design, and Resource Sufficiency Evaluation Enhancements.
 - Arranging or providing briefings and training on policy and technical matters.
 - Further developing internal technical expertise.
 - Facilitating BOSR members consideration of potential consensus positions relevant to CAISO initiatives.
 - Provide wholesale electricity market training.
- Engage with key stakeholders across the Western U.S., including the CAISO Department of Market Monitoring, the Market Surveillance Committee, as well as regulators, policymakers, and market operators from other regions, such as regional states committees and organized markets. Additionally, collaborate with national partners, including the Department of Energy (DOE) and FERC.

2025 Budget and Assumptions

The BOSR proposed budget for 2025 is \$456,865. The budget is based upon employment of 2.2 FTEs in 2025. The BOSR's projected working capital reserve on December 31, 2024, is \$179,977. The BOSR's targeted working capital reserve on December 31, 2025, is \$54,800 which is equal to 12% of the proposed budget. The BOSR total funding assessment for 2025 is \$331,188.

The BOSR 2025 budget is based on the following key assumptions:

- The BOSR will hold two in-person meetings—the Spring 2025 BOSR Meeting

and Fall 2025 BOSR Meeting—that are typically held in-conjunction with other state committees’ meetings WIEB provides staff support for.

- A BOSR representative will participate in all CAISO WEM Governing Body meetings.
- BOSR members will participate in selected CAISO meetings and workshops on relevant topics.
- The BOSR leadership will visit FERC in its offices in Fall/Winter 2025.
- The BOSR will engage the Program on Energy and Sustainable Development at Stanford University to provide market training for BOSR members and regulatory staff in 2025.

Personnel and Indirect Expenses

Personnel expenses in the BOSR’s budget total \$190,700 for a total of 2.2 FTEs. The FTE breakdown is allocated to 0.90 FTE to the Program Manager – Wholesale Electricity Markets, 0.90 FTE to the Analyst – Wholesale Energy Markets, 0.10 FTE to the Executive Director, 0.10 FTE to the Director of State, Federal, and International Affairs, and 0.20 to the Events and Logistics Manager. 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 95% in the 2025 budget. This is a 0.1% rate decrease from the 2024 budget. Table 3 shows personnel and indirect expenses per FTE for the BOSR first proposed budget.

Table 3. Personnel and Indirect Expense Analysis, 2025

Personnel and Indirect Expense Analysis 2024 & 2025					
	Budget 2024	Projection 2024	Budget 2025	Variance 2025 Budget v 2024 Budget	Variance %
Salary Expense	\$ 181,300	\$ 160,000	\$ 190,700	\$ 9,400	5.2%
FTEs	2.00	2.00	2.20	0.20	10.0%
Cost per FTE	\$ 90,650	\$ 90,650	\$ 86,682	\$ (3,968)	-4.4%
Indirect Rate	95.1%	95.1%	95.0%		-0.1%
Indirect Expense	\$ 172,416	\$ 152,080	\$ 181,165	\$ 8,749	5.1%
FTEs	2.00	2.00	2.20	0.20	10.0%
Cost per FTE	\$ 86,208	\$ 86,208	\$ 82,348	\$ (3,860)	-4.5%

Meeting Expense

Meeting costs in the 2025 budget total \$10,000, which is a slight decrease from 2024. These costs include hotel conference expenses and audio and visual services. The BOSR holds two in-person meetings per year that include participation by state and provincial representatives. In 2025, the BOSR will hold two in-person meetings, one in Spring 2025 and another in Fall 2025. 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- and EDAM-related issues.

Travel Expense

Travel costs total \$30,000, which is a decrease from 2024. In 2025, it's estimated that BOSR members will make up to 11 trips, as needed, to attend in-person meetings at CAISO, the markets training, and other appropriate in-person meetings that relate to the Body, which accounts for \$15,000. BOSR staff will make at least ten trips to attend in-person meetings, which accounts for \$15,000 in travel expenses.

Consultants and Training

The budget includes \$40,000 in contract funding for electricity market training for BOSR members and state regulatory staff; this remains unchanged from the 2024 budget. The BOSR plans to engage the Program on Energy and Sustainable Development at Stanford University to continue its 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 at least one in-person training session in 2025 that provides a basic session on electricity market operation and a relevant or emerging market operation issue, such as market interoperability with regional resource adequacy programs or greenhouse gas accounting. This training will help the BOSR prepare technically sound advice to submit to the WEM Governing Body. The budget also includes staff training to further develop internal technical expertise.

Budget Comparison

The projection of actual 2024 expenses is \$363,280, which is \$82,936 (-18.6%) less than the authorized 2024 budget amount. The variance, or budget underspend, between actual expenses and budgeted expenses are attributable to labor vacancies in 2024 and a decrease in consulting expenses as a result of only one of two in-person market training sessions held in 2024. The overall 2.4% increase in the budget for 2025 is due to the increase in FTEs from 2.0 to 2.2 and annual cost of living and merit increases of 4.0%.

Table 4. Budget Comparison, 2024 to 2025

BOSR - Statement of Activities and Change in Working Capital 2024 Budget & Projection, and 2025 Budget							
	2024 Budget	2024 Projection	Variance 2024 Projection v 2024 Budget		2025 Budget	Variance 2025 Budget v 2024 Budget	
			Over(Under)	% Change		Over(Under)	% Change
Funding							
Assessments	\$ 402,881	\$ 402,881	\$ -	0.0%	\$ 331,188	\$ (71,693)	-17.8%
Interest	500	500	\$ -		500	\$ -	
Miscellaneous	-	-	-		-	-	
TOTAL FUNDING (A)	\$ 403,381	\$ 403,381	\$ -	0.0%	\$ 331,688	\$ (71,693)	-17.8%
Expenses							
Personnel Expenses							
Direct Labor	181,300	160,000	(21,300)	-11.7%	190,700	\$ 9,400	5.2%
Total Personnel Expenses	\$ 181,300	\$ 160,000	\$ (21,300)	-11.7%	\$ 190,700	\$ 9,400	5.2%
Meeting Expenses							
BOSR Meetings	\$ 15,000	\$ 8,000	\$ (7,000)	-46.7%	\$ 10,000	\$ (5,000)	-33.3%
State Travel	22,500	\$ 12,000	\$ (10,500)	-46.7%	15,000	\$ (7,500)	-33.3%
Staff Travel	15,000	\$ 10,000	\$ (5,000)	-33.3%	15,000	\$ -	0.0%
Total Meeting Expenses	\$ 52,500	\$ 30,000	\$ (22,500)	-42.9%	\$ 40,000	\$ (12,500)	-23.8%
Operating Expenses							
Consultants & Contracts	\$ 40,000	\$ 20,000	\$ (20,000)	-50.0%	\$ 40,000	\$ -	0.0%
Staff Training	-	1,200	\$ 1,200		5,000	\$ 5,000	100.0%
Total Operating Expenses	\$ 40,000	\$ 21,200	\$ (18,800)	-47.0%	\$ 45,000	\$ 5,000	12.5%
Total Direct Expenses	\$ 273,800	\$ 211,200	\$ (62,600)	-22.9%	\$ 275,700	\$ 1,900	0.7%
Indirect Expenses	\$ 172,416	\$ 152,080	\$ (20,336)	-11.8%	\$ 181,165	\$ 8,749	5.1%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
TOTAL BUDGET (B)	\$ 446,216	\$ 363,280	\$ (82,936)	-18.6%	\$ 456,865	\$ 10,649	2.4%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (42,835)	\$ 40,101	\$ 82,936		\$ (125,177)	\$ (82,342)	
FTEs	2.00	2.00	-	0.0%	2.20	0.20	10.0%

¹ Fixed Assets included in Indirect Expenses.

Working Capital Reserve

The BOSR projects a working capital reserve on December 31, 2024, of \$179,977. The BOSR is targeting a working capital reserve equal to 12% of budgeted expenses in 2025. The reserves are intended to provide for unexpected expenses or losses. This contributes to a stable and financially prudent reserve policy for 2025. The reserve policy will continue to be reviewed annually to determine what, if any, changes need to be made to manage budget risks. The adjustment to the funding requirement to meet the targeted 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. In 2025 the benefit of these adjustments is evident as assessments were reduced by \$71,693 to achieve targeted working capital reserve. The following table shows the BOSR's analysis of its working capital reserves.

Table 5. Working Capital Reserve Analysis, 2025

Working Capital Reserve Analysis 2025	
Beginning Working Capital Reserve (Deficit), December 31, 2023	139,876
Plus: 2024 Funding (from LSEs or designees)	402,881
Plus: 2024 Interest Income	500
Minus: 2024 Projected expenses & capital expenditures	(363,280)
Projected Working Capital Reserve (Deficit), December 31, 2024	<u>179,977</u>
Targeted Working Capital Reserve, December 31, 2025¹	54,800
Minus: Projected Working Capital Reserve, December 31, 2024	(179,977)
Increase(decrease) in funding requirement to achieve Working Capital Reserve	<u>(125,177)</u>
2025 Expenses and Capital Expenditures	456,865
Less: 2025 Interest Income	(500)
Adjustment: To achieve targeted Working Capital Reserve	(125,177)
2025 BOSR Assessment	<u>331,188</u>

Budget Projections for 2026 & 2027

The BOSR projects a 3.8% increase to its 2026 annual budget, and a 3.8% increase to its 2027 annual budget. These steady increases reflect expected cost-of-living adjustments to personnel expenses for employees. The increases are consistent with those projected for and approved by WIEB and WIRAB. The following table shows the detailed budget projections for 2026 and 2027.

Table 6. Comparison of 2025 Budget to 2026 and 2027 Projections

BOSR - Statement of Activities and Change in Working Capital 2025 Budget and 2026 to 2027 Budget Projections								
	2025 Budget	2026 Projection	Variance 2026 Projection v 2025 Budget		2027 Projection	Variance 2027 v 2026 Projections		
			Over(Under)	% Change		Over(Under)	% Change	
Funding								
Assessments	\$ 331,188	\$ 419,100	\$ 87,912	26.5%	\$ 492,000	\$ 72,900	17.4%	
Interest	500	500	\$ -	0.0%	500	\$ -	0.0%	
TOTAL FUNDING (A)	\$ 331,688	\$ 419,600	\$ 87,912	26.5%	\$ 492,500	\$ 72,900	17.4%	
Expenses								
Personnel Expenses								
Direct Labor	190,700	198,300	7,600	4.0%	206,200	\$ 7,900	4.0%	
Total Personnel Expenses	\$ 190,700	\$ 198,300	\$ 7,600	4.0%	\$ 206,200	\$ 7,900	4.0%	
Meeting Expenses								
BOSR Meetings	\$ 10,000	\$ 10,300	\$ 300	3.0%	\$ 10,600	\$ 300	2.9%	
State Travel	\$ 15,000	\$ 15,500	\$ 500	3.3%	\$ 16,000	\$ 500	3.2%	
Staff Travel	\$ 15,000	\$ 15,500	\$ 500	3.3%	\$ 16,000	\$ 500	3.2%	
Total Meeting Expenses	\$ 40,000	\$ 41,300	\$ 1,300	3.3%	\$ 42,600	\$ 1,300	3.1%	
Operating Expenses								
Consultants & Contracts	\$ 40,000	\$ 41,200	\$ 1,200	3.0%	\$ 42,400	\$ 1,200	2.9%	
Staff Training	5,000	5,200	\$ 200	4.0%	\$ 5,400	\$ 200	3.8%	
Total Operating Expenses	\$ 45,000	\$ 46,400	\$ 1,400	3.1%	\$ 47,800	\$ 1,400	3.0%	
Total Direct Expenses	\$ 275,700	\$ 286,000	\$ 10,300	3.7%	\$ 296,600	\$ 10,600	3.7%	
Indirect Expenses	\$ 181,165	\$ 188,400	\$ 7,235	4.0%	\$ 195,900	\$ 7,500	4.0%	
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	
TOTAL BUDGET (B)	\$ 456,865	\$ 474,400	\$ 17,535	3.8%	\$ 492,500	\$ 18,100	3.8%	
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (125,177)	\$ (54,800)			\$ -			
FTEs	2.20	2.20	-	0.0%	2.20	-	0.0%	

¹ Fixed Assets included in Indirect Expenses.