Markets+ State Committee

2025 Business Plan and Budget

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Approved by:
Members of the
Markets+ State Committee

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Introduction

The Markets+ State Committee (MSC) proposed budget for 2025 is $428,680. The budget is based upon employment of 1 full time equivalent (FTE) employee consisting of five Western Interstate Energy Board (WIEB) staff in 2025 and retention of the MSC consultants, currently through AESL Consulting, through Markets+ Phase 2 to continue supporting the MSC engagement in the Markets+ development process. The following table summarizes the proposed MSC budget for calendar year 2025:

Table 1. MSC Budget for 2025

Total Resources	2025
Total FTEs	1.00
Total Expenses	$ 389,680
Target Working Capital Reserve	$ 39,000
Total Funding Requirement	$ 428,680
Projected Working Capital Reserve	$ -
Increase or (Decrease) to Achieve Desired Working Capital Reserve	$ 39,000
2025 Funding Requirement	$ 428,680
Less: 2025 Other Income	$ -
Total 2025 Funding Assessment	$ 428,680

The MSC funding assessment is allocated to all Markets+ Market Participants, as described in the Markets+ Tariff.

Organizational Overview

The MSC is a standing committee of Markets+, a Western real-time and day-ahead market offering by the Southwest Power Pool (SPP). The Markets+ Tariff is currently under review by the Federal Energy Regulatory Commission (FERC) with anticipated approval by 2025. The purpose of the MSC is to effectively engage state members in the development and operation of Markets+ and to provide direction and input to the Markets+ Independent Panel

(MIP), the Markets+ Participant Executive Committee (MPEC), and any working group or task force on all matters deemed pertinent by the MSC and its members, including but not limited to initiative prioritization, market operations, and policy issues.

The MSC 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 operational resources with the Western Interconnection Regional Advisory Body (WIRAB), the Western Energy Market Body of State Regulators (WEM-BOSR), and the Western Resource Adequacy Program (WRAP) Committee of State Representatives (COSR). WIRAB was created by FERC in 2006 upon petition of the western Governors. WEM-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. COSR was created in 2023 with the approval of the WRAP tariff by FERC to address resource adequacy issues in the West and support the development of a resource adequacy program. WIEB, WIRAB, WEM-BOSR, COSR, and the MSC are independent sister organizations that share operational resources but maintain independent governance, decision-making, and funding. The following chart illustrates the organizational relationships:

Figure 1. Organizational Relationships

Western Interstate Energy Board

(WIEB)

- 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."

Western Interconnection Regional Advisory Body (WIRAB)

- 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.

Western EM Body of State Regulators

(WEM-BOSR)

- Created by California ISO Board of Governors to address the regional nature of the Western Energy Market (WEM).
- One commissioner from each state public utilities commission in which a regulated load-serving utility participates or plans to participate in the Western EM.
- 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 EM and CAISO markets, and (3) express a common position to the WEM Governing Body on EM issues.

Western RA Program Committee of State Representatives

(COSR)

- 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.

Markets+ State Committee

(MSC)

- Created in partnership with the Southwest Power Pool to provide Western state perspectives on Markets+.
- During the initial development of Markets+, membership is open to one representative from any state or province with an entity that is considering joining Markets+.
- Provides advice to the Markets+ Participant Executive Committee and the Markets+ Independent Panel on the design and operation of Markets+.

Membership and Governance

Because the Markets+ Tariff is currently under consideration by FERC and the market footprint is unknow, participation in the MSC is broad and consists of one representative from each state that has at least one entity plausibly considering joining Markets+. Upon approval of the Markets+ Tariff and future go-live, state participation in the MSC will be restricted to one representative from each state or province that regulates at least one Markets+ Market Participant. State and provincial representatives are appointed by the Chair or President of their respective public utility commission. The MSC 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 MSC member representatives:

Table 3. MSC Membership List

State/Province	Representative	Title/Agency	Leadership
Arizona	Nick Myers	Commissioner, Arizona Corporation Commission	Chair
California	Darcie Houck	Commissioner, California Public Utilities Commission	
Colorado	Eric Blank	Chairman, Colorado Public Utilities Commission	
Idaho	John Hammond	Commissioner, Idaho Public Utilities Commission	Vice Chair
Montana	Tony O'Donnell	Commissioner, Montana Public Service Commission	
Nebraska	Chuck Hutchison	Chairman, Nebraska Power Review Board	
Nevada	Tammy Cordova	Commissioner, Public Utilities Commission of Nevada	
New Mexico	Gabriel Aguilera	Commissioner, New Mexico Public Regulation Commission	
Oregon	Letha Tawney	Chair, Oregon Public Utility Commission	
South Dakota	Kristie Fiegen	Chairperson, South Dakota Public Utilities Commission	
Utah	Michele Beck	Director, Utah Office of Consumer Services	
Washington	Ann Rendahl	Commissioner, Washington Utilities and Transportation Commission	
Wyoming	Mike Robinson	Commissioner, Wyoming Public Service Commission	

2025 Strategic Priorities and Goals

Since the finalization of the Markets+ service offering in February of 2023, interested entities and states have been working with SPP to develop the Markets+ Tariff through working groups and task forces designed to address specific elements of the Tariff. This process concluded at the end of March in 2024 with the submittal of the Markets+ Tariff to FERC. Throughout the rest of 2024, SPP, Markets+ participants, and the MSC have been completing the protocol development for Markets+. This work is ongoing, though multiple working groups and task forces have successfully completed their protocol work and are waiting to resume meetings with the approval of the Markets+ Tariff. With a deficiency letter issued by FERC in July 2024 and SPP's response in September 2024, SPP anticipations approval of the Tariff by the end of 2024 or early 2025. MSC members, staff, and consultants have been heavily engaged in the tariff and protocol development processes, participating in numerous working group and task force meetings, submitting questions and comments on behalf of the MSC, and educating members on the ongoing issues. As SPP anticipates the approval of the Markets+ Tariff and transitions to the next phase of development, consistent and informed regulator engagement in Markets+ remains crucial to enhancing state participation and successful market development and implementation. To continue to support that engagement in 2025, the MSC aims to work with its staff to:

- Advance education and understanding among MSC members, staff, and colleagues regarding Markets+ initiatives and coordination with other emerging wholesale electricity markets, such as the California Independent System Operator's Extended Day-Ahead Market (EDAM) and SPP's RTO Expansion.
- Provide a forum for discussion and opportunities to form a common state perspective on pertinent Markets+ matters. These forums include:
    - Organizing two in-person MSC meetings in 2025,
    - Holding virtual monthly MSC meetings,
    - Facilitating meetings, as necessary, with SPP, MIP, and MPEC, and

- Organizing other workshops, trainings, or webinars, as necessary.

- Support the MSC members' effective engagement in the Markets+ development by:
  - Tracking and participating in all Markets+ working groups and task forces
  - Providing briefings on policy and technical matters that develop in the working group and task force meetings as well as in other stakeholder committees
  - Further developing internal technical expertise to better engage the MSC members in conversation with Markets+ Market Participants and SPP
  - Facilitating MSC members consideration of potential consensus positions relevant to Markets+ development and MSC priorities
- Engage with other key organizations and partners in the West, such as WEM-BOSR, COSR, and WIRAB, regulators and policymakers from other regions, and FERC.

2025 Budget and Assumptions

The MSC proposed budget for 2025 is $428,680. The budget is based upon employment of 1 FTE in 2025, at a direct labor expense of $88,400 and indirect expense of $83,980. The budget is also based on contractual expenses in the amount of $17,200 per month for two AESL contractors. These contractors are funded by WIEB in the first quarter of 2025, and funded by MSC in the second, third, and fourth quarters, for a total MSC contractual expense of $154,800 in 2025. As this is the first MSC budget to be included in the overall Markets+ budget, the budget includes an adjustment of $39,000 to achieve targeted Working Capital Reserve.

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

- The MSC will hold regular monthly business meetings to address ongoing Markets+ activity and development.
- The MSC will organize and sponsor webinars and workshops on key Markets+ issues for state and provincial representatives, industry representatives, and other interested stakeholders.

- A MSC representative will participate in SPP Board of Directors meetings.
- A MSC representative will participate in MIP meetings, and the entire MSC will meet with the MIP in-person and virtually, as necessary, to address pertinent Markets+ matters.
- A MSC representative will participate in MPEC meetings and provide an update on MSC activities.
- A MSC representative will participate in working groups and task forces, as detailed in the respective charters.
- MSC members and staff will participate in relevant Markets+ educational webinars and trainings.

Personnel and Indirect Expenses

Total personnel expense in the MSC's budget is $172,380. Direct labor expense is $88,400 and indirect expense is $83,980 for 1 FTE allocated among five staff. The FTE breakdown is allocated to 0.10 FTE to the Executive Director, 0.05 to Director of State, Federal, and International Affairs, 0.40 to the Program Associate - Markets and Resource Adequacy, 0.40 to the Markets and Resource Adequacy Analyst, and 0.05 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 MSC staff. The indirect rate is a percentage of direct labor expense associated with MSC activities. The indirect rate is 95% in the 2025 budget.

Working Capital Reserve

It has been determined that an appropriate working capital reserve in the amount of 10% will commence with the calendar year 2025 budget. A typical working capital reserve ranges from 5% to 20% of budgeted expenses. The reserves are intended to provide for unexpected expenses or losses. 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 MSC 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, 2025

Working Capital Reserve Analysis, 2025	
Beginning Working Capital Reserve (Deficit), December 31, 2023	0
Plus: 2024 Funding	0
Plus: 2024 Interest Income	0
Minus: 2024 Projected expenses & capital expenditures	0
Projected Working Capital Reserve (Deficit), December 31, 2024	**0**
Targeted Working Capital Reserve, December 31, 2025[1]	39,000
Minus: Projected Working Capital Reserve, December 31, 2024	0
Increase(decrease) in funding requirement to achieve Working Capital Reserve	39,000
2025 Expenses and Capital Expenditures	389,680
Less: 2025 Interest Income	0
Adjustment: To achieve targeted Working Capital Reserve	39,000
2025 MSC Assessment	428,680

[1] Targeted working capital reserve is 10 percent of budgeted expenses.

Budget Projections for 2026

The MSC projects a 15.5% increase to its 2026 annual budget due to annual 4% increases in direct labor for cost of living and merit adjustments, annual 3% inflationary adjustments to meeting/travel expenses, and a 33% increase in consultants to adjust to a twelve-month contract term in 2026, over a nine-month contract term in 2025 as described above in '**2025 Budget and Assumptions**'. The direct labor and meeting/travel increases are consistent with those approved by WIEB and WIRAB. The other increases are due to expected workload and engagement in the Markets+ process with the preparation of the Markets+ anticipated go-live date in early 2027.

Table 5. Projections of the 2025, 2026, and 2027 Budgets and Change in Working Capital

Statement of Activities and Change in Working Capital
2025 Budget and 2026 to 2027 Budget Projections

	Phase 2-1 2025 Budget	Phase 2-2 2026 Projection	Variance	% Change	Implementation 2027 Projection	Variance	% Change
Funding							
Budget Requirement	$ 428,680	$ 456,050	$ 27,370	6.4%	$ 471,728	$ 15,678	3.4%
TOTAL FUNDING (A)	**$ 428,680**	**$ 456,050**	**$ 27,370**	**6.4%**	**$ 471,728**	**$ 15,678**	**3.4%**
Expenses							
Personnel Expenses							
Direct Labor	88,400	91,936	3,536	4.0%	155,613	$ 63,677	69.3%
Total Personnel Expenses	**$ 88,400**	**$ 91,936**	**$ 3,536**	**4.0%**	**$ 155,613**	**$ 63,677**	**69.3%**
Meeting/Travel Expenses							
MSC Meetings	$ 15,000	$ 15,450	$ 450	3.0%	$ 15,914	$ 464	3.0%
State Travel	$ 30,000	$ 30,900	$ 900	3.0%	$ 31,827	$ 927	3.0%
Staff Travel	$ 15,000	$ 15,450	$ 450	3.0%	$ 15,914	$ 464	3.0%
Total Meeting Expenses	**$ 60,000**	**$ 61,800**	**$ 1,800**	**3.0%**	**$ 63,654**	**$ 1,854**	**3.0%**
Operating Expenses							
Consultants & Contracts	$ 154,800	$ 206,400	$ 51,600	33.3%	$ 100,000	$ (106,400)	-51.6%
Staff Training	$ 2,500	$ 2,575	$ 75	3.0%	$ 2,652	$ 77	3.0%
Total Operating Expenses	**$ 157,300**	**$ 208,975**	**$ 51,675**	**32.9%**	**$ 102,652**	**$ (106,323)**	**-50.9%**
Total Direct Expenses	**$ 305,700**	**$ 362,711**	**$ 57,011**	**18.6%**	**$ 321,920**	**$ (40,791)**	**-11.2%**
Indirect Expenses	**$ 83,980**	**$ 87,339**	**$ 3,359**	**4.0%**	**$ 147,833**	**$ 60,494**	**69.3%**
Other Non-Operating Expenses	**$ -**	**$ -**	**$ -**	**-**	**$ -**	**$ -**	**-**
TOTAL BUDGET (B)	**$ 389,680**	**$ 450,050**	**$ 60,370**	**15.5%**	**$ 469,752**	**$ 19,702**	**4.4%**
CHANGE IN WORKING CAPITAL (=A-B)[1]	**$ 39,000**	**$ 6,000**			**$ 1,975**		
FTEs	1.00	1.00	-	0.0%	2.00	1.00	100.0%