

**Western Energy Imbalance Market
Body of State Regulators**

2021 Business Plan and Budget

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

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Introduction

The Western Energy Imbalance Market (EIM) Body of State Regulators (BOSR) proposed budget for 2021 is \$393,800. The budget is based upon employment of 2.05 full-time equivalent (FTE) employees in 2021. This is the BOSR's first proposed budget. The BOSR does not currently have a dedicated source of funding and therefore has not built-up a working capital reserve for unexpected contingencies. The BOSR's desired working capital reserve is equal to 5% of the proposed budget or \$19,700. Therefore, the BOSR total funding requirement for 2021 is \$413,500. The following table summarizes the BOSR proposed budget for 2021.

BOSR - Total Resources	2021 Budget
Total FTEs	2.05
Total Expenses	\$ 393,800
Desired Working Capital Reserve	\$ 19,700
Total Funding Requirement	\$ 413,500
Projected Working Capital Reserve	\$ -
Increase or Decrease to Achieve Desired Working Capital Reserve	\$ 19,700
Total Funding Assessment	\$ 413,500

Table 1. BOSR Budget for 2021

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 EIM 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 2021.

State	2021 Funding Assessment
Arizona	44,639
California	44,639
Colorado	44,639
Idaho	44,639
Montana	18,795
Nevada	44,639
New Mexico	18,795
Oregon	44,639
Utah	44,639
Washington	44,639
Wyoming	18,795
TOTAL	413,500

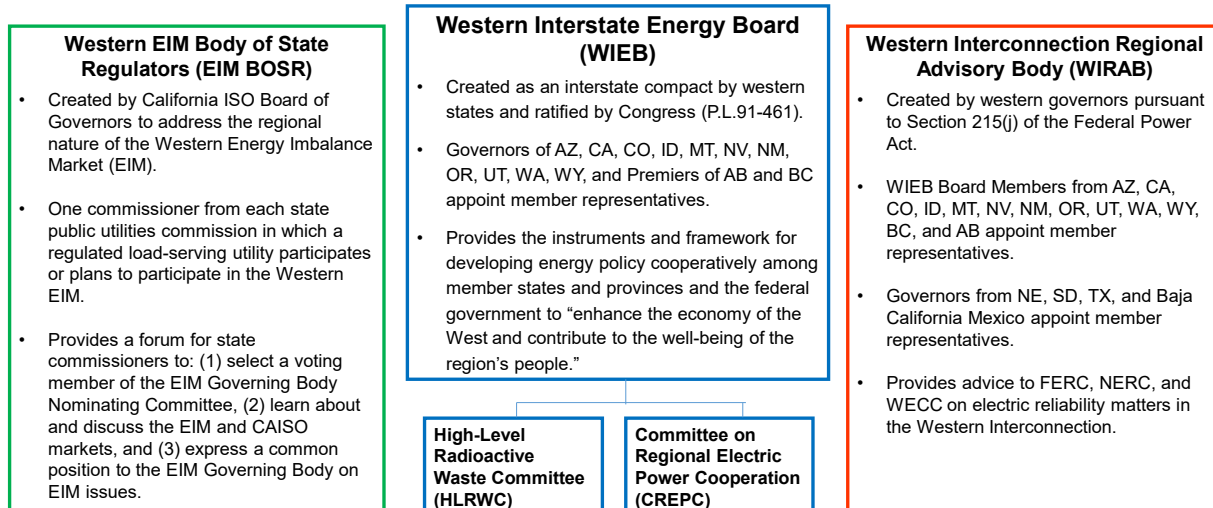
Table 2. BOSR Funding Allocation by State for 2021

Organizational Overview

The Western EIM BOSR was established in September 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 EIM Governing Body Nominating Committee, (2) learn about and discuss the EIM and CAISO markets, and (3) express a common position in CAISO stakeholder processes or to the EIM Governing Body on EIM 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. The

BOSR, WIEB, and WIRAB 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.



Western Interstate Energy Board

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 Western EIM. All states with a regulated load-serving utility participating in the Western EIM (AZ, CA, ID, NV, OR, UT, WA, WY) have appointed members to the BOSR. In addition, regulated load-serving utilities from Montana and New Mexico should be participating in the EIM in 2021. Below is the list of current BOSR member representatives:

BOSR Member Representatives		
Arizona	Robert Burns	Chair, Arizona Corporation Commission
California	Cliff Rechtschaffen	Commissioner, California Public Utility Commission
Idaho	Kristine Raper	Commissioner, Idaho Public Utilities Commission
Nevada	Hayley Williamson	Chair, Public Utility Commission of Nevada
Oregon	Letha Tawney	Commissioner, Oregon Public Utility Commission
Utah	Thad Levar	Chair, Utah Public Service Commission
Washington	Ann Rendahl	Commissioner, Washington Utilities & Transportation Commission
Wyoming	Kara Fornstrom	Chair, Wyoming Public Service Commission

Figure 2. BOSR Membership List

2021 Strategic Priorities and Goals

The Western EIM is expanding and the California ISO is considering an Extended Day-Ahead Market. Early, consistent, and informed regulator engagement on regional market operations and developments is crucial to efficient and sustainable markets that deliver public benefits. To enable that engagement, the BOSR aims in 2021 to work with its staff to:

- Advance education and understanding among western commissioners regarding CAISO initiatives and organized electric markets generally.
- 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 BOSR updates calls; and
 - Organizing other meetings, as necessary.
- Engage in the Western EIM Governance Review to develop proposed revisions to the EIM governance structure for consideration by the Governing Body and the Board of Governors.
- Support the BOSR members' effective engagement in relevant CAISO processes by:

- Tracking CAISO initiatives, including those that relate to policy, market design or governance,
 - Arranging or providing briefings, trainings, policy, and technical expertise;
 - Facilitating BOSR members consideration of potential positions relevant to CAISO initiatives.
- 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.

2021 Budget and Assumptions

The BOSR proposed budget for 2021 is \$393,800. The budget is based upon employment of 2.05 FTE employees in 2021. This is the BOSR's first proposed budget. Therefore, the BOSR does not currently have a working capital reserve for unexpected contingencies. The BOSR's desired working capital reserve is equal to 5% of the proposed budget or \$19,700. The BOSR's total funding requirement for 2021 is \$413,500.

The BOSR 2021 budget is based on the following key assumptions:

- The BOSR will hold one in-person meeting in Fall 2021.
- The BOSR will organize and sponsor webinars and workshops on key EIM issues for state and provincial representatives, industry representatives, and other interested stakeholders.
- A BOSR representative will participate in all CAISO EIM Governing Body meetings.
- BOSR members will participate selected CAISO meetings and workshops on relevant topics.
- The BOSR leadership will visit with FERC in its offices in Fall 2021.

Personnel and Indirect Expenses

Personnel expenses in the BOSR's first budget total \$156,700. 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 staff time spent on BOSR activities. The indirect rate is 113% in the 2021 Budget. Table 3 shows personnel and indirect expenses per FTE for the BOSR first proposed budget.

BOSR - Personnel and Indirect Expense Analysis, 2021					
	Budget 2020	Projection 2020	Budget 2021	Variance 2021 Budget v 2020 Budget	Variance %
Salary Expense	\$ -	\$ -	\$ 156,700	\$ 156,700	
FTEs	-	-	2.05	2.05	
Cost per FTE	\$ -	\$ -	\$ 76,439	\$ 76,439	
Indirect Rate	0.0%	0.0%	113.0%		
Indirect Expense	\$ -	\$ -	\$ 177,100	\$ 177,100	
FTEs	-	-	2.05	2.05	
Cost per FTE	\$ -	\$ -	\$ 86,390	\$ 86,390	

Table 3. Personnel and Indirect Expense Analysis, 2021.

Meeting Expense

Meeting costs in the first budget total to \$5,000. This amount reflects the expected impact of the COVID-19 pandemic on in-person meetings. The BOSR regularly holds two in-person meetings per year that include participation by state and provincial representatives. In 2021, the BOSR will hold one in-person meeting in Fall 2021. 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 \$5,000. This amount reflects the expected impact of the COVID-19 pandemic on travel. In 2021, BOSR members will make three trips to attend in-person meetings at the California ISO, which accounts for \$3,000. BOSR staff will make two trips to attend in-person meetings at the California ISO, which accounts for \$2,000 in travel expense. Hotel and travel costs are based on recent WIEB and WIRAB experience.

Consultants and Contracts

The budget includes \$50,000 in contract funding for technical expertise on issues related to the technical design of the Western EIM. This expertise will help the BOSR prepare technically-sound advice to submit to the Western EIM Governing Body.

Budget Comparison

Table 4 shows the 2021 Budget. Future versions of this table will compare the proposed budget to the currently approved budget.

BOSR - Statement of Activities and Change in Working Capital 2020 Budget & Projection, and 2021 Budget							
	2020 Budget	2020 Projection	Variance 2020 Projection v 2020 Budget		2021 Budget	Variance 2021 Budget v 2020 Budget	
			Over(Under)	% Change		Over(Under)	% Change
Funding							
Assessments	\$ -	\$ -	\$ -		\$ 413,500	\$ 413,500	100.0%
Interest	-	-	\$ -		-	\$ -	100.0%
Miscellaneous	-	-	-		-	-	
TOTAL FUNDING (A)	\$ -	\$ -	\$ -		\$ 413,500	\$ 413,500	100.0%
Expenses							
Personnel Expenses							
Salaries	-	-	-		156,700	\$ 156,700	100.0%
Payroll Taxes	-	-	-		-	-	
Benefits	-	-	-		-	-	
Retirement Costs	-	-	-		-	-	
Total Personnel Expenses	\$ -	\$ -	\$ -		\$ 156,700	\$ 156,700	100.0%
Meeting Expenses							
BOSR Meetings	\$ -	\$ -	\$ -		\$ 5,000	\$ 5,000	100.0%
State Travel	-	-	\$ -		3,000	\$ 3,000	100.0%
Staff Travel	-	-	\$ -		2,000	\$ 2,000	100.0%
Conference Calls	-	-	\$ -		-	\$ -	
Total Meeting Expenses	\$ -	\$ -	\$ -		\$ 10,000	\$ 10,000	100.0%
Operating Expenses							
Consultants & Contracts	\$ -	\$ -	\$ -		\$ 50,000	\$ 50,000	100.0%
Office Rent	-	-	-		-	-	-
Office Costs	-	-	-		-	-	-
Professional Services	-	-	-		-	-	-
Miscellaneous	-	-	-		-	-	-
Depreciation	-	-	-		-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -		\$ 50,000	\$ 50,000	100.0%
Total Direct Expenses	\$ -	\$ -	\$ -		\$ 216,700	\$ 216,700	100.0%
Indirect Expenses	\$ -	\$ -	\$ -		\$ 177,100	\$ 177,100	100.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	-
TOTAL BUDGET (B)	\$ -	\$ -	\$ -		\$ 393,800	\$ 393,800	100.0%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ -	\$ -	\$ -		\$ 19,700	\$ 19,700	100.0%
FTEs	-	-	-		2.00	2.00	100.0%

¹ Fixed Assets included in Indirect Expenses.

Table 4. Budget Comparison, 2020 to 2021.

Working Capital Reserve

The BOSR does not currently have a working capital reserve. The BOSR is targeting a working capital reserve equal to 5% of budgeted expenses beginning in 2021. The reserves are intended to provide a cushion to cover unexpected expenses. A 5% reserve may be insufficient. 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.

BOSR - Working Capital Reserve Analysis, 2021	
Beginning Working Capital Reserve (Deficit), December 31, 2019	0
Plus: 2020 Funding (from LSEs or designees)	0
Plus: 2020 Other funding sources	0
Minus: 2020 Projected expenses & capital expenditures	0
Projected Working Capital Reserve (Deficit), December 31, 2020	0
Desired Working Capital Reserve, December 31, 2020¹	19,700
Minus: Projected Working Capital Reserve, December 31, 2019	0
Increase(decrease) in funding requirement to achieve Working Capital Reserve	19,700
2021 Expenses and Capital Expenditures	393,800
Less: Other Funding Sources	0
Adjustment: To achieve desired Working Capital Reserve	19,700
2021 BOSR Assessment	413,500
¹ Desired working capital reserve is 5 percent of budgeted expenses.	

Table 5. Working Capital Reserve Analysis, 2021.

Budget Projections for 2022 & 2023

The BOSR projects a 3.5% increase to its annual budgets in 2022 and 2023. These increases reflect expected cost-of-living adjustments to personnel expenses for employees working in Denver, Colorado 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 2022 and 2023.

BOSR - Statement of Activities and Change in Working Capital 2021 Budget & 2022 and 2023 Projections							
	2021 Budget	2022 Projection	Variance 2022 Projection v 2021 Budget		2023 Projection	Variance 2023 v 2022 Projections	
			Over(Under)	% Change		Over(Under)	% Change
Funding							
Assessments	\$ 413,500	\$ 408,100	\$ (5,400)	-1.3%	\$ 422,300	\$ 14,200	3.5%
Interest	-	200	\$ 200	100.0%	200	\$ -	
Miscellaneous	-	-	-		-	-	
TOTAL FUNDING (A)	\$ 413,500	\$ 408,300	\$ (5,200)	-1.3%	\$ 422,500	\$ 14,200	3.5%
Expenses							
Personnel Expenses							
Salaries	156,700	163,000	6,300	4.0%	169,500	\$ 6,500	4.0%
Payroll Taxes							
Benefits							
Retirement Costs							
Total Personnel Expenses	\$ 156,700	\$ 163,000	\$ 6,300	4.0%	\$ 169,500	\$ 6,500	4.0%
Meeting Expenses							
BOSR Meetings	\$ 5,000	\$ 5,200	\$ 200	4.0%	\$ 5,400	\$ 200	3.8%
State Travel	\$ 3,000	\$ 3,100	\$ 100	3.3%	\$ 3,200	\$ 100	3.2%
Staff Travel	\$ 2,000	\$ 2,100	\$ 100	5.0%	\$ 2,200	\$ 100	4.8%
Conference Calls	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Meeting Expenses	\$ 10,000	\$ 10,400	\$ 400	4.0%	\$ 10,800	\$ 400	3.8%
Operating Expenses							
Consultants & Contracts	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ 50,000	\$ -	0.0%
Office Rent	-	-	-	-	-	-	-
Office Costs	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Operating Expenses	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ 50,000	\$ -	0.0%
Total Direct Expenses	\$ 216,700	\$ 223,400	\$ 6,700	3.1%	\$ 230,300	\$ 6,900	3.1%
Indirect Expenses	\$ 177,100	\$ 184,200	\$ 7,100	4.0%	\$ 191,500	\$ 7,300	4.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
TOTAL BUDGET (B)	\$ 393,800	\$ 407,600	\$ 13,800	3.5%	\$ 421,800	\$ 14,200	3.5%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ 19,700	\$ 700			\$ 700		
FTEs	2.05	2.05	-	0.0%	2.05	-	0.0%

¹ Fixed Assets included in Indirect Expenses.

Table 6. Comparison of 2021 Budget to 2022 and 2023 Projections.