



Western Energy Imbalance Market Body of State Regulators

2022 Business Plan and Budget

October 15, 2021

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

1600 Broadway, Suite 1720
Denver, CO 80202
720-897-4600
www.westernenergyboard.org

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Introduction

The Western Energy Imbalance Market (EIM) Body of State Regulators (BOSR) proposed budget for 2022 is \$404,200. This amount is a \$10,400 (2.6%) increase over the EIM-BOSR's approved 2021 budget. The budget is based upon employment of 2 full-time equivalent (FTE) employees in 2022.

The BOSR's projected working capital reserve on December 31, 2021 is \$150,700. The BOSR's desired working capital reserve on December 31, 2022 is \$72,800 which is equal to 18% of the proposed budget. The remaining \$77,900 is available to reduce the 2022 funding assessment. Therefore, the BOSR total funding assessment for 2022 is \$326,300. This is \$87,200 (21.1%) lower than the funding amount in the EIM-BOSR's approved 2021 budget. The following table summarizes the BOSR proposed budget for 2022.

Table 1. BOSR Budget for 2022

BOSR - Total Resources	2022 Budget
Total FTEs	2.00
Total Expenses	\$ 404,200
Desired Working Capital Reserve	\$ 72,800
Total Funding Requirement	\$ 477,000
Projected Working Capital Reserve	\$ 150,700
Increase or Decrease to Achieve Desired Working Capital Reserve	\$ (77,900)
Total Funding Assessment	\$ 326,300

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 2022.

Table 2. BOSR Funding Allocation by State for 2022

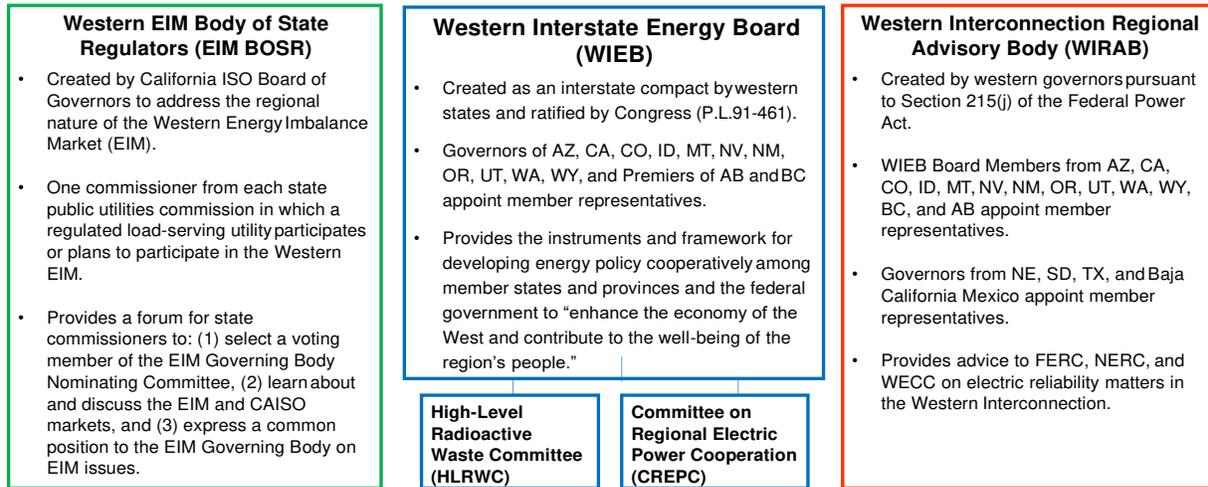
State	Allocation
AZ	\$ 35,225.57
CA	\$ 35,225.57
CO	\$ 35,225.57
ID	\$ 35,225.57
MT	\$ 14,831.82
NV	\$ 35,225.57
NM	\$ 14,831.82
OR	\$ 35,225.57
UT	\$ 35,225.57
WA	\$ 35,225.57
WY	\$ 14,831.82
Total	\$ 326,300.00

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.

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, MT, NM, NV, OR, UT, WA, WY) have appointed members to the BOSR. In addition, a regulated load-serving utility from Texas should be participating in the EIM in 2023. Below is the list of current BOSR member representatives:

Figure 2. BOSR Membership List

EIM-BOSR Current Membership List		
Arizona	Jim O'Connor	Commissioner, Arizona Corporation Commission
California	Cliff Rechtschaffen	Commissioner, California Public Utility Commission
Idaho	Kristine Raper	Commissioner, Idaho Public Utilities Commission
Montana	Brad Johnson	Vice Chairman, Montana Public Service Commission
Nevada	Hayley Williamson	Chair, Public Utility Commission of Nevada
New Mexico	Cynthia Hall	Commissioner, New Mexico Public Regulation Commission
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	Michael Robinson	Deputy Chair, Wyoming Public Service Commission

2022 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 2022 to work with its staff to:

- Advance education and understanding among western commissioners regarding CAISO initiatives and organized wholesale electricity 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.
- 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 EIM Resource Sufficiency Evaluation Enhancements, Extending the Day Ahead Market to EIM Entities (EDAM) and Scarcity Pricing.

- 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.
- 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.

2022 Budget and Assumptions

The BOSR proposed budget for 2022 is \$404,200. The budget is based upon employment of 2 FTEs in 2022. The BOSR's projected working capital reserve on December 31, 2021 is \$150,700. The BOSR's desired working capital reserve on December 31, 2022 is \$72,800 which is equal to 18% of the proposed budget. The remaining \$77,900 is available to reduce the 2022 funding assessment. Therefore, the BOSR total funding assessment for 2022 is \$326,300.

The BOSR 2022 budget is based on the following key assumptions:

- The BOSR will hold two in-person meetings, the Spring 2022 EIM-BOSR Meeting and a Fall 2022 EIM-BOSR Meeting.
- 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 in selected CAISO meetings and workshops on relevant topics.
- The BOSR leadership will visit with FERC in its offices in Fall 2022.
- The BOSR will engage the Program on Energy and Sustainable Development at Stanford University to provide two remotely-delivered training sessions for BOSR members and regulatory staff in 2022.

Personnel and Indirect Expenses

Personnel expenses in the BOSR’s budget total \$161,600 for a total of two FTE’s. 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, 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 staff time spent on BOSR activities. The indirect rate is 112.9% in 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, 2022

BOSR - Personnel and Indirect Expense Analysis, 2022						
	Budget 2021	Projection 2021	Budget 2022	Variance 2022 Budget v 2021 Budget	Variance %	
Salary Expense	\$ 156,700	\$ 156,700	\$ 161,600	\$ 4,900	3.1%	
FTEs	2.05	2.05	2.00	(0.05)	-2.4%	
Cost per FTE	\$ 76,439	\$ 76,439	\$ 80,800	\$ 4,361	5.7%	
Indirect Rate	113.0%	113.0%	112.9%			
Indirect Expense	\$ 177,100	\$ 177,100	\$ 182,400	\$ 5,300	3.0%	
FTEs	2.05	2.05	2.00	(0.05)	-2.4%	
Cost per FTE	\$ 86,390	\$ 86,390	\$ 91,200	\$ 4,810	5.6%	

Meeting Expense

Meeting costs in the 2022 budget totals \$10,100, an increase of \$5,100 from 2021. This amount reflects in person meetings resuming in 2022 as we transition into post pandemic conditions. The BOSR regularly holds two in-person meetings per year that include participation by state and provincial representatives. In 2022, the BOSR will hold one in-person meeting in Fall 2022. 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 \$10,100, an increase of \$5,100. This amount reflects post pandemic conditions with in-person meetings resuming in 2022. In 2022, BOSR members will make three trips to attend in-person meetings at the California ISO, which accounts for \$7,100. BOSR staff will make two trips to attend in-person meetings at the California ISO, which accounts for \$3,000 in travel expense. Hotel and travel costs are based on recent WIEB and WIRAB experience.

Consultants and Contracts

The budget includes \$40,000 in contract funding for electricity market training for BOSR members and state regulatory staff. 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 remotely delivered training sessions in 2022: first, a basic session on electricity market operation, and second, an advanced session that takes a closer look at an emerging issue. Potential advanced topics include: transmission constraints and locational marginal pricing; day-ahead and real-time market interactions; and long-term resource adequacy. This training will help the BOSR prepare technically sound advice to submit to the Western EIM Governing Body.

Budget Comparison

The projection of actual 2021 expenses is \$262,850, which is \$130,950 less than the authorized 2021 budget amount. The variance between actual expense and budgeted expenses is primarily attributable to matters associated with first-year start-up. EIM-BOSR spending was delayed until March 2021, pending finalization of the standard contracts between WIEB and each of the SRMP's. Personnel expenses are lower than expected due to hiring one new FTE in June 2021 instead of January 2021. Finally, meeting and travel expenses are lower than expected due to the COVID-19 pandemic. The impacts are all temporary and are not expected to persist in 2022.

Table 4. Budget Comparison, 2021 to 2022

BOSR - Statement of Activities and Change in Working Capital 2021 Budget and Projection, and 2022 Budget							
	2021 Budget	2021 Projection	Variance 2021 Projection v 2021 Budget		2022 Budget	Variance 2022 Budget v 2021 Budget	
			Over(Under)	% Change		Over(Under)	% Change
Funding							
Assessments	\$ 413,500	\$ 413,500	\$ -	0.0%	\$ 326,300	\$ (87,200)	-21.1%
Interest	-	-	\$ -		-	\$ -	
Miscellaneous	-	-	-		-	-	
TOTAL FUNDING (A)	\$ 413,500	\$ 413,500	\$ -	0.0%	\$ 326,300	\$ (87,200)	-21.1%
Expenses							
Personnel Expenses							
Salaries	156,700	115,000	(41,700)	-26.6%	161,600	\$ 4,900	3.1%
Payroll Taxes	-	-	-		-	-	
Benefits	-	-	-		-	-	
Retirement Costs	-	-	-		-	-	
Total Personnel Expenses	\$ 156,700	\$ 115,000	\$ (41,700)	-26.6%	\$ 161,600	\$ 4,900	3.1%
Meeting Expenses							
BOSR Meetings	\$ 5,000	\$ 5,000	\$ -	0.0%	\$ 10,100	\$ 5,100	102.0%
State Travel	3,000	\$ 900	\$ (2,100)	-70.0%	7,100	\$ 4,100	136.7%
Staff Travel	2,000	\$ 2,000	\$ -	0.0%	3,000	\$ 1,000	50.0%
Conference Calls	-	-	\$ -		-	\$ -	
Total Meeting Expenses	\$ 10,000	\$ 7,900	\$ (2,100)	-21.0%	\$ 20,200	\$ 10,200	102.0%
Operating Expenses							
Consultants & Contracts	\$ 50,000	\$ 10,000	\$ (40,000)	-80.0%	\$ 40,000	\$ (10,000)	-20.0%
Office Rent	-	-	-		-	-	
Office Costs	-	-	-		-	-	
Professional Services	-	-	-		-	-	
Miscellaneous	-	-	-		-	-	
Depreciation	-	-	-		-	-	
Total Operating Expenses	\$ 50,000	\$ 10,000	\$ (40,000)	-80.0%	\$ 40,000	\$ (10,000)	-20.0%
Total Direct Expenses	\$ 216,700	\$ 132,900	\$ (83,800)	-38.7%	\$ 221,800	\$ 5,100	2.4%
Indirect Expenses	\$ 177,100	\$ 129,950	\$ (47,150)	-26.6%	\$ 182,400	\$ 5,300	3.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
TOTAL BUDGET (B)	\$ 393,800	\$ 262,850	\$ (130,950)	-33.3%	\$ 404,200	\$ 10,400	2.6%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ 19,700	\$ 150,650	\$ 130,950		\$ (77,900)	\$ (97,600)	
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, 2021 of \$150,700. The BOSR is targeting a working capital reserve equal to 18% of budgeted expenses in 2022. The reserves are intended to provide a cushion to cover unexpected expenses. An 18% 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.

Table 5. Working Capital Reserve Analysis, 2022

BOSR - Working Capital Reserve Analysis, 2022	
Beginning Working Capital Reserve (Deficit), December 31, 2020	0
Plus: 2021 Funding (from LSEs or designees)	413,500
Plus: 2021 Other funding sources	0
Minus: 2021 Projected expenses & capital expenditures	(262,850)
Projected Working Capital Reserve (Deficit), December 31, 2021	150,700
Desired Working Capital Reserve, December 31, 2022¹	72,800
Minus: Projected Working Capital Reserve, December 31, 2021	(150,700)
Increase(decrease) in funding requirement to achieve Working Capital Reserve	(77,900)
2022 Expenses and Capital Expenditures	404,200
Less: Other Funding Sources	0
Adjustment: To achieve desired Working Capital Reserve	(77,900)
2022 BOSR Assessment	326,300

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

Budget Projections for 2023 & 2024

The BOSR projects a 3.9% increase to its 2023 annual budget, and a 3.8% increase to its 2024 annual budget. 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 2023 and 2024.

Table 6. Comparison of 2022 Budget to 2023 and 2024 Projections

BOSR - Statement of Activities and Change in Working Capital 2022 Budget and 2023 to 2024 Budget Projections							
	2022 Budget	2023 Projection	Variance 2023 Projection v 2022 Budget		2024 Projection	Variance 2024 v 2023 Projections	
			Over(Under)	% Change		Over(Under)	% Change
Funding							
Assessments	\$ 326,300	\$ 421,380	\$ 95,080	29.1%	\$ 437,480	\$ 16,100	3.8%
Interest	-	(780)	\$ (780)	100.0%	(780)	\$ -	
Miscellaneous	-	-	-		-	-	
TOTAL FUNDING (A)	\$ 326,300	\$ 420,600	\$ 94,300	28.9%	\$ 436,700	\$ 16,100	3.8%
Expenses							
Personnel Expenses							
Salaries	161,600	168,100	6,500	4.0%	174,800	\$ 6,700	4.0%
Payroll Taxes							
Benefits							
Retirement Costs							
Total Personnel Expenses	\$ 161,600	\$ 168,100	\$ 6,500	4.0%	\$ 174,800	\$ 6,700	4.0%
Meeting Expenses							
BOSR Meetings	\$ 10,100	\$ 10,400	\$ 300	3.0%	\$ 10,700	\$ 300	2.9%
State Travel	\$ 7,100	\$ 7,300	\$ 200	2.8%	\$ 7,500	\$ 200	2.7%
Staff Travel	\$ 3,000	\$ 3,100	\$ 100	3.3%	\$ 3,200	\$ 100	3.2%
Conference Calls	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Meeting Expenses	\$ 20,200	\$ 20,800	\$ 600	3.0%	\$ 21,400	\$ 600	2.9%
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	\$ 221,800	\$ 230,100	\$ 8,300	3.7%	\$ 238,600	\$ 8,500	3.7%
Indirect Expenses	\$ 182,400	\$ 189,700	\$ 7,300	4.0%	\$ 197,300	\$ 7,600	4.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
TOTAL BUDGET (B)	\$ 404,200	\$ 419,800	\$ 15,600	3.9%	\$ 435,900	\$ 16,100	3.8%
CHANGE IN WORKING CAPITAL (=A-B)¹	\$ (77,900)	\$ 800			\$ 800		
FTEs	2.00	2.00	-	0.0%	2.00	-	0.0%

¹ Fixed Assets included in Indirect Expenses.