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WIRAB Advice on the WECC 2026 Business Plan and Budget

May 16, 2025

Introduction:

The Western Interconnection Regional Advisory Body (WIRAB) appreciates the opportunity to provide advice on WECC's proposed 2026 Business Plan and Budget (BP&B). Established by the Federal Energy Regulatory Commission (FERC) at the request of Western Governors under Section 215(j) of the Federal Power Act, WIRAB's mandate includes advising FERC, WECC, and the North American Electric Reliability Corporation (NERC) on whether Reliability Standards, governance, fees, and other reliability matters proposed within the western region are reasonable and in the public interest.

WECC's proposed 2026 BP&B outlines a \$40.1 million statutory budget—a 2.1 percent increase over 2025. It is designed to ensure the organization is equipped to fulfill its mission of managing emerging reliability and security risks in the Western Interconnection and to carry out activities delegated to it from NERC. This proposed budget aligns with the projections made in 2023 that were included in WECC's 2024 BP&B and supports the organization's ongoing focus on proactive risk identification and mitigation.

The proposed statutory assessment for Load Serving Entities (LSEs) is \$35.7 million, representing a \$2.6 million (8.0 percent) increase over 2025. This equates to approximately 0.00379 cents per kWh and will ultimately be borne by electricity consumers in the Western Interconnection. While the budget increase contributes to the higher assessment, WECC is limiting the burden on LSEs by using approximately \$2.5 million in Working Capital Reserves to offset assessments. Additionally, WECC collected \$41,745 in penalty dollars which will be used to offset assessments in 2026.

WIRAB commends WECC for adjusting its early Draft 2026 Business Plan and Budget shared in March 2025 in response to feedback from the Member Advisory Committee (MAC) and other stakeholders. WECC's revisions demonstrate a strong commitment to balancing cost-consciousness with the need to adequately resource the organization to fulfill its critical reliability mission. WIRAB believes that the modest budget adjustments preserve key strategic investments while reducing the assessment increase to LSEs from what was initially proposed.

Key drivers behind the statutory budget increase, as outlined in WECC's budget, include:

- (1) **Personnel Expenses:** A \$1.5 million increase driven by the addition of 3.0 new Full-Time Equivalents (FTEs), merit and equity pools, and adjustments to taxes and benefits.

- (2) **Meetings & Travel Costs:** A \$137,000 decrease reflecting decreased travel costs and in-person meetings being hosted primarily in WECC's Salt Lake City offices.
- (3) **Consulting Expenses:** A \$349,000 reduction, largely due to enforcement contract labor and reduced use of Peak Donation Funds for the WestTEC initiative.
- (4) **Indirect Costs Allocation:** A \$290,000 decrease based on a smaller proportion of indirect costs being assigned to statutory programs.

WECC's statutory funding projections for 2026 include:

- (1) Statutory Assessments: \$35,700,000
- (2) Penalty Sanctions to be released: \$41,745
- (3) Workshop & Miscellaneous fees: \$757,500
- (4) Interest: \$1,000,000
- (5) Peak Donation Reserves: \$200,000
- (6) Working Capital Reserves: \$2,676,000

Comments and Recommendations:

WIRAB provides the following comments and recommendations regarding WECC's 2026 BP&B:

1. WIRAB Supports Continued Use of Peak Reliability Donation Funds to Advance the WestTEC Initiative.

WIRAB continues to support WECC's proposed allocation of \$200,000 in Peak Reliability Donation Funds in 2026 to advance the Western Power Pool's (WPP) Western Transmission Expansion Coalition (WestTEC) initiative.

In 2020, Peak Reliability donated approximately \$4.1 million in reserves to WECC upon ceasing its operations as a Reliability Coordinator. These funds were intended to support targeted projects that enhance reliability in the Western Interconnection beyond routine compliance with NERC standards. Following WIRAB's advice, WECC developed a strategic process to guide the use of these funds, including establishing priority themes and soliciting stakeholder input.

Since 2022, WECC has allocated Peak funds to projects that strengthen risk assessments and data capabilities—including \$400,000 in 2022, \$595,000 in 2023, \$500,000 in 2024, and \$1.5 million in 2025. A portion of the 2024 and 2025 funds has supported the WestTEC effort, with a total commitment of \$2.2 million planned over three years. For 2026, WECC intends to use \$200,000 to fund the final portion of the WestTEC effort. While this amount is included in the statutory budget, this \$200,000 allocation is fully self-funded and outside of WECC's statutory obligations and assessments. After 2026, approximately \$1.0 million will be left in the Peak Donation Fund to potentially allocate to future projects.

WestTEC is a collaborative, interconnection-wide transmission planning initiative aimed at delivering actionable infrastructure recommendations to meet future grid reliability needs. WIRAB believes that supporting this effort aligns with the original purpose of the Peak funds and will benefit the long-term reliability and resilience of the Western Interconnection.

WIRAB appreciates WECC's transparency in engaging stakeholders throughout the Peak Fund allocation process and encourages WECC to continue ensuring that WestTEC adheres to principles of transparency, independence, and inclusivity. WIRAB also recommends regular updates on the initiative's progress and encourages WECC to maintain strong coordination in WestTEC.

By continuing to support WestTEC, WECC can help advance a more reliable and forward-looking transmission system. WIRAB endorses the use of Peak Donation Funds for this effort and stands ready to provide further advice to ensure the initiative delivers value across the Western Interconnection.

2. WIRAB Supports Modest Expansion of the Compliance Monitoring and Enforcement Program (CMEP) to Meet Growing Needs.

WIRAB supports WECC's proposal to expand its Compliance Monitoring and Enforcement Program (CMEP) by adding 2.0 Full-Time Equivalents (FTEs) in the 2026 budget. This targeted staffing increase is necessary to manage the growing volume and complexity of compliance activities, particularly those related to the rapid growth of inverter-based resources (IBRs).

The CMEP is essential to WECC's mission and delegated function of ensuring compliance with FERC-approved NERC Reliability Standards. With oversight of more than 400 registered owners, operators, and users of the Bulk Electric System (BES), the CMEP team plays a critical role in maintaining system reliability. Recent and upcoming changes to NERC Reliability Standards have led to an increase in new entity registrations, especially among entities operating IBRs. This has contributed to a higher compliance workload and a growing enforcement inventory.

To meet these demands, WECC proposes to add two new positions:

- One Registration Engineer to improve registration workflow efficiency and manage new IBR-related entities;
- One Risk Assessment Engineer to assist with oversight planning and risk-informed compliance strategies.

With these additions, CMEP staffing will rise to 79 FTEs—maintaining WECC's Registered Entity-to-Compliance Staff ratio with that of other Regional Entities at approximately 6:1.

The CMEP program area was the primary department to defer new FTE additions until 2027 from the budget shared in March 2025. This deferral may ultimately indicate that current staffing levels are sufficient to meet program goals and objectives. However, it may also demonstrate that additional personnel are necessary, and further staffing increases could be warranted in the 2027 Business Plan and Budget.

Over the past few years, WECC has made significant improvements in CMEP operations, including enhanced staff expertise in both Operations and Planning and Critical Infrastructure

Protection (CIP) standards. These improvements have contributed to more effective internal controls, increased proactive engagement with Registered Entities, and better risk-informed compliance assessments. These efforts have also contributed to a decline in penalty sanctions, suggesting greater industry adherence to standards and improved overall system reliability.

As grid complexity grows, particularly with the integration of IBRs and other emerging technologies, robust compliance oversight and proactive engagement becomes increasingly important. WECC's proposal reflects a forward-looking investment in risk mitigation and regulatory resilience. WIRAB supports this expansion as necessary to maintain a high standard of reliability oversight and to proactively manage emerging risks in the Western Interconnection.

3. WIRAB Supports Additional RAPA Staffing Focused on Generator Readiness to Address Reliability Risks Posed by Extreme Weather.

WIRAB supports WECC's proposal to add 1.0 FTE to the Reliability Assessment and Performance Analysis (RAPA) program area, with a focus on generator readiness. This addition reflects WECC's proactive approach to addressing emerging reliability risks posed by extreme weather events.

The RAPA team plays a critical role in conducting studies, assessments, and analyses to support the reliable planning and operation of the Bulk Electric System (BES) in the Western Interconnection. In collaboration with stakeholders, RAPA helps identify potential reliability risks and provides essential data and insights to support system planning and decision-making at both the regional and local levels.

The 2026 Business Plan and Budget includes funding for a new staff member with expertise in generator performance and weather readiness. This position will support WECC's effort to expand its generator readiness program and assist Generator Owners in complying with the newly effective Reliability Standard EOP-012-1, Extreme Cold Weather Preparedness and Operations. This standard requires Generator Owners to develop and implement plans to mitigate the impact of extreme cold weather on generating units. WECC's program is intended to help entities meet these requirements and reduce system risk by improving generator preparedness ahead of future extreme weather events.

Given the increasing frequency and severity of weather-related disruptions, WIRAB believes this staffing addition is well-justified and aligned with WECC's strategic focus on reliability risk mitigation. A dedicated resource in this area will enhance WECC's ability to support Generator Owners, strengthen system resilience, and improve readiness across the Western Interconnection.

4. WIRAB Supports the Optimization of WECC's Most Critical Asset, its Employees, While Still Fulfilling its Critical Mission.

WECC is an organization of knowledgeable, highly trained, and experienced professionals who make it possible for WECC to effectively and efficiently mitigate risks to the reliability and security of the Western Interconnection. As such, direct personnel costs account for nearly 81 percent of its overall budget. Therefore, it is critical for WECC to manage this critical asset. WECC is constantly optimizing its staff resources to meet the needs of the organization. Given the staff increases in the critical program areas CMEP and RAPA, WECC's other staffing needs are remaining flat with minor shifts in FTEs between various corporate services.

WIRAB supports WECC effectively using its existing resources to meet its needs. Still, when it's appropriate to fulfill the organization's and industry's changing needs, WIRAB supports WECC looking beyond its existing resources to create a well-staffed and effective Regional Entity for the Western Interconnection.

5. WIRAB Supports the Proposed 2026 Statutory Assessment Increase that Fully Funds the Budget.

WIRAB supports WECC's proposed 2026 Statutory Assessment of \$35.7 million—a \$2.6 million (8.0 percent) increase over 2025—as it appropriately funds WECC's operations and avoids artificially capping the organization's budget due to the lack of one-time penalty offsets. WECC is limiting the burden on LSEs by using approximately \$2.5 million in Working Capital Reserves to offset assessments. Additionally, WECC collected \$41,745 in penalty dollars which will be used to offset assessments in 2026.

While this increase may present a budgeting challenge for some LSEs, WIRAB believes WECC's approach—building its budget based on actual costs rather than artificially suppressing its budget to previous assessments—is both transparent and in the public interest. It is not prudent for WECC to rely on unpredictable penalty revenues to fund core reliability functions, nor to constrain its budget to unsustainably low assessments previously offset by one-time enforcement penalties.

WIRAB does caution, however, that continued reliance on Working Capital Reserves to align annual assessments with historical levels may risk depleting reserves or deferring necessary assessment increases to future years. That said, WIRAB supports the planned use of reserves in 2026, noting that WECC will remain within its reserve policy target of holding one to three months of operating expenses in reserve.

In conclusion, WIRAB supports the 2026 Statutory Assessment as a necessary and prudent step to ensure WECC is adequately resourced to meet its reliability mission and delegated functions and supports the use of Working Capital Reserves support funding statutory programs.

Advice:

Following review, WIRAB finds the proposed statutory budget and assessment for 2026 to be in the public interest and advises that the WECC Board approve WECC's 2026 Business Plan and Budget and Assessment.