



2019 Draft Budget vs. Actual Results

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Executive Summary

- Final 2019 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March)
- NYISO experienced an over-collection of \$0.7M on 2019 Rate Schedule 1 revenues
- Draft NYISO budget vs. actual results reflect a spending underrun of \$5.7M (~3.4% variance against the 2019 budget)

Executive Summary (*continued*)

Recap of Draft 2019 Budget vs. Actual Results:

\$ 5.7M 2019 Budgetary Underspending

\$ 0.7M 2019 RS1 Over-collection

\$ 6.4M Funds Remaining from 2019 Budget Cycle

- Pending completion of NYISO's financial statement audit, NYISO staff recommends that NYISO retain the funds remaining from the 2019 budget cycle to pay down the principal amount of outstanding debt

NYISO 2019 DRAFT BUDGET VS. ACTUAL:

- *RATE SCHEDULE 1 RECOVERIES*

2019 Rate Schedule 1 Recoveries

2019 MWH (in Millions) Comparison: Budget vs. Actual

Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	13.6	14.2	0.6	0.6	\$ 0.6	\$ 0.6
Feb	12.4	12.4	-	0.6	\$ -	\$ 0.6
Mar	12.9	12.6	(0.3)	0.3	\$ (0.3)	\$ 0.3
Apr	11.4	11.2	(0.2)	0.1	\$ (0.2)	\$ 0.1
May	12.1	11.6	(0.5)	(0.4)	\$ (0.5)	\$ (0.4)
Jun	13.4	13.1	(0.3)	(0.7)	\$ (0.4)	\$ (0.8)
Jul	15.9	16.9	1.0	0.3	\$ 1.1	\$ 0.3
Aug	15.3	15.3	-	0.3	\$ -	\$ 0.3
Sep	13.2	12.9	(0.3)	(0.0)	\$ (0.3)	\$ 0.0
Oct	12.0	11.8	(0.2)	(0.2)	\$ (0.2)	\$ (0.2)
Nov	11.9	12.2	0.3	0.1	\$ 0.3	\$ 0.1
Dec	13.0	13.5	0.5	0.6	\$ 0.6	\$ 0.7
Total	157.1	157.7	0.6			

2019 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2019 Annual Revenue Requirement	2019 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$4.7M	\$0.0163/ TCC MWh	\$ 6,193,000
Virtual Trading	\$2.4M	\$0.0795/ Cleared MWh	\$ 2,629,000
SCR/EDRP	<\$10,000	2019 RS1 Rate for Physical Injections	\$ -
Total	\$7.1M		\$ 8,822,000

NYISO 2019 DRAFT BUDGET VS. ACTUAL:

- *BUDGETARY SPENDING RESULTS*

2019 Budget vs. Actual Results

(\$ in millions)	ANNUAL AMOUNTS AS OF 12/31/19		
Cost Category	Original Budget	Actuals	Variance
Capital	\$ 6.8	\$ 5.6	\$ (1.2)
Salaries & Benefits	\$ 94.7	\$ 94.4	\$ (0.3)
Professional Fees (including Legal)	\$ 31.4	\$ 26.3	\$ (5.1)
Building Services	\$ 6.7	\$ 6.0	\$ (0.7)
Computer Services	\$ 18.0	\$ 18.1	\$ 0.1
Insurance	\$ 2.9	\$ 2.7	\$ (0.2)
Telecommunications	\$ 3.0	\$ 3.2	\$ 0.2
Other Expenses (BOD, Travel/Trng, NPCC Fees)	<u>\$ 4.1</u>	<u>\$ 3.8</u>	<u>\$ (0.3)</u>
Current Year Needs	\$ 167.6	\$ 160.1	\$ (7.5)
Debt Service from Prior Year Financings	<u>\$ 38.2</u>	<u>\$ 48.2</u>	<u>\$ 10.0</u>
Cash Budget	\$ 205.8	\$ 208.3	\$ 2.5
Less: Miscellaneous Revenues	\$ (4.9)	\$ (5.9)	\$ (1.0)
Less: Proceeds from Debt	\$ (33.3)	\$ (29.6)	\$ 3.7
Less: Proceeds from budget underrun net volume undercollections	\$ -	\$ (10.6)	\$ (10.6)
Add: Interest on Debt	<u>\$ 0.6</u>	<u>\$ 0.3</u>	<u>\$ (0.3)</u>
Rate Schedule #1 Revenue Requirement	\$ 168.2	\$ 162.5	\$ (5.7)

2019 Budget vs. Actual Variance Explanations

	<u>Year-End Variance</u>
<u>Capital</u>	The year-end underrun of \$1.2M is primarily due to budget transfers to Computer Services of \$0.9M and to Professional Fees of \$0.3M to fund maintenance cost in support of the Network Infrastructure Upgrade project, Amazon Web Services for the Enterprise Information Management Data Integration project and extended Ranger maintenance.
<u>Professional Fees</u>	The year-end underrun of \$5.1M is primarily due to the Enterprise Information Management Data Integration project revised deployment schedule and project restructuring resulting in savings of \$3.7M, savings on the Energy Storage Resource project of \$1.0M and savings on various projects and initiatives totaling \$1.0M, partially offset by an overrun on the EMS/BMS Upgrade project of \$0.5M, driven by the project schedule.
<u>Building Services</u>	The year-end underrun of \$0.7M is primarily due to savings of \$0.3M in Dues & Subscriptions and other minor underruns on various budget lines.
<u>Computer Services</u>	Budget transfers from Capital of \$0.9M are offset by savings on various hardware and software maintenance contracts.
<u>Debt Service From Prior Year Financings</u>	The year-end overrun of \$10.0M is due to additional principal payments on outstanding debt, funded with proceeds from the prior year budget cycle.
<u>Misc. Revenues</u>	The year-end overrun of \$1.0M is primarily due to higher than anticipated interest earnings.
<u>Proceeds from Debt</u>	The year-end underrun of \$3.7M is primarily due to savings on the Enterprise Information Management Data Integration and Energy Storage Resource projects and corresponding reduced Budget Facility loan draw downs of \$4.0M, partially offset by additional loan draws on the EMS/BMS Budget Facility of \$0.3M, driven by the project schedule.
<u>Proceeds from Prior Year Budget Cycle</u>	The \$10.6M in proceeds from the prior year budget cycle was utilized to fund additional principal payments on outstanding debt.

Outstanding Debt Summary

Debt Facility	Loan Status	Maturity Date	Amount Borrowed	Principal Outstanding at 12/31/19
Revolving Credit Facility	\$30M Available	Dec-23	\$ -	\$ -
2019 Budget Loan	Principal Payments begin in 2020	Dec-22	\$ 26.0	\$ 26.0
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 10.6
2018 Budget Loan	Term Loan Repayment	Dec-21	\$ 25.3	\$ 16.9
EMS BMS Loan	Term Loan Repayment	Dec-22	\$ 30.0	\$ 10.9
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 30.7
Total				\$ 95.1

The Mission of the New York Independent System Operator, in collaboration with its stakeholders, is to serve the public interest and provide benefits to consumers by:

- Maintaining and enhancing regional reliability
- Operating open, fair and competitive wholesale electricity markets
- Planning the power system for the future
- Providing factual information to policy makers, stakeholders and investors in the power system



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