

# **Disposition of Funds Remaining from 2019 Budget Cycle**

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Vice President & Chief Financial Officer

**Management Committee**

April 15, 2020

# Background

- NYISO's draft 2019 budget vs. actual results were presented to the Board Commerce & Compensation Committee and to Market Participants at the Budget & Priorities Working Group (BPWG) in February 2020
- NYISO's 2019 financial statement audit was completed in March. Final 2019 budget vs. actual results are as follows:
  - A Rate Schedule 1 over-collection of \$0.7M
  - A spending under-run of \$5.7M
  - Total funds remaining from 2019 budget cycle of \$6.4M
- The Management Committee motion that recommended the 2019 budget, indicated that if a Rate Schedule 1 over-collection and/or a spending under-run occurred, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings

# Background (*continued*)

- Following the February Board Commerce & Compensation Committee meeting, NYISO staff discussed with Market Participants at BPWG the proposal that NYISO retain these funds to pay down principal on outstanding debt
- However, NYISO staff is now proposing that NYISO retain these funds to potentially offset:
  - A significant shortfall in 2020 Rate Schedule 1 (RS1) recoveries;
  - Unplanned expenditures resulting from NYISO's response to the Coronavirus outbreak
- This revised recommendation was discussed with Market Participants at BPWG on March 31, 2020
- NYISO is making the revised recommendation for the disposition of funds remaining from the 2019 budget cycle to the Management Committee, since this recommendation differs from the Management Committee motion that recommended the 2019 budget

# Next Steps

- BPWG – March 31, 2020
- Management Committee – April 15, 2020
- NYISO staff plans to recommend to the NYISO Board of Directors that NYISO retain the remaining \$6.4M to potentially offset a significant shortfall in 2020 Rate Schedule 1 recoveries and unplanned expenditures resulting from NYISO's response to the Coronavirus outbreak
- On April 21, 2020, the NYISO Board of Directors will vote on the NYISO staff proposal
- If NYISO finds that these funds are not needed for these purposes, NYISO could still pay down principal on outstanding debt in Q4 2020

# 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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