

Estimated 2020 Budget Impacts of COVID-19

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Executive Summary

- NYISO's approved 2020 budget totals **\$168.0M**, allocated across a forecast of **154.3** million MWh, for a Rate Schedule 1 charge/MWh of **\$1.089**
- Given the impact of the COVID-19 pandemic on NYISO energy demand, the NYISO is anticipating a significant reduction in 2020 Mwh throughput and a resulting estimated shortfall in Rate Schedule 1 revenues of **\$10.1M**
- In addition, NYISO is experiencing unanticipated expenses required to maintain bulk system reliability during the COVID-19 pandemic and anticipates a shortfall in interest income, creating a spending shortfall of **\$6.8M**
- The estimated total 2020 budget deficit is currently **\$16.9M**, driven by the combination of a Rate Schedule 1 shortfall and unanticipated budgetary spending
- In response, NYISO has identified certain budget deficit mitigation measures and consideration of additional measures is ongoing

Estimated 2020 Impact of COVID-10 on Rate Schedule 1 Recoveries

Summary of 2020 Estimated Actual Rate Schedule 1 Recoveries

2020 MWH (in Millions) Comparison: Budget vs. Estimated Actual						
Invoice Month	Budgeted MWH	Estimated Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	13.5	13.3	(0.2)	(0.2)	\$ (0.2)	\$ (0.2)
Feb	12.5	12.2	(0.3)	(0.5)	\$ (0.3)	\$ (0.5)
Mar	12.6	11.7	(0.9)	(1.4)	\$ (1.0)	\$ (1.5)
Apr	11.2	10.4	(0.8)	(2.2)	\$ (0.9)	\$ (2.4)
May	11.8	11.0	(0.8)	(3.0)	\$ (0.9)	\$ (3.3)
Jun	13.0	12.1	(0.9)	(3.9)	\$ (1.0)	\$ (4.2)
Jul	15.4	14.5	(0.9)	(4.8)	\$ (1.0)	\$ (5.2)
Aug	14.8	13.9	(0.9)	(5.7)	\$ (1.0)	\$ (6.2)
Sep	13.0	12.0	(1.0)	(6.7)	\$ (1.1)	\$ (7.3)
Oct	11.8	10.9	(0.9)	(7.6)	\$ (1.0)	\$ (8.3)
Nov	11.8	10.9	(0.9)	(8.5)	\$ (1.0)	\$ (9.3)
Dec	12.9	12.1	(0.8)	(9.3)	\$ (0.9)	\$ (10.1)
Total	154.3	145.0	(9.3)			

Estimated 2020 Impact of COVID-19 on Budgetary Spending Results

2020 Budget vs. COVID-19 Impact Projection

(\$ in Millions)	Annual Amount		
Cost Category	Original Budget	COVID-19 Impact Projection	Variance
Capital	\$ 6.9	\$ 7.3	\$ (0.4)
Salaries & Benefits	\$ 95.2	\$ 99.9	\$ (4.7)
Professional Fees (including Legal)	\$ 30.7	\$ 31.1	\$ (0.4)
Building Services	\$ 6.6	\$ 7.4	\$ (0.8)
Computer Services	\$ 19.5	\$ 19.6	\$ (0.1)
Insurance	\$ 2.9	\$ 2.9	\$ -
Telecommunications	\$ 2.8	\$ 2.8	\$ -
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 3.9	\$ 3.9	\$ -
Current Year Needs	\$ 168.5	\$ 174.9	\$ (6.4)
Debt Service from Prior Year Financings	\$ 31.9	\$ 31.9	\$ -
Cash Budget	\$ 200.4	\$ 206.8	\$ (6.4)
Less: Miscellaneous Revenues	\$ (5.2)	\$ (4.8)	\$ (0.4)
Less: Proceeds from Debt	\$ (27.6)	\$ (27.6)	\$ -
Less: Proceeds from budget underrun net volume undercollections	\$ -	\$ -	\$ -
Add: Interest on Debt	\$ 0.4	\$ 0.4	\$ -
Rate Schedule #1 Revenue Requirement	\$ 168.0	\$ 174.8	\$ (6.8)

2020 COVID-19 Impact Projection

Variance Explanations

	Projected COVID-19 Impact Variance
Capital	The projected overrun of \$0.4M is due to the purchase of trailers to house the sequestered NYISO system operators and support staff, in order to maintain system reliability during the COVID-19 pandemic.
Salaries & Benefits	The projected overrun of \$4.7M is due to sequestration compensation for the NYISO system operators and support staff (assumes three-month duration) and additional overtime compensation due to COVID-19 pandemic response.
Professional Fees	The projected overrun of \$0.4M is due to consulting support required to implement sequestration of NYISO system operators and support staff.
Building Services	The projected overrun of \$0.8M is due to dining services to support the sequestration of NYISO system operators and support staff (assumes three-month duration).
Computer Services	The projected overrun of \$0.1M is due to the purchase of computer monitors to support NYISO employees working from home due to COVID-19 stay at home orders.
Misc. Revenues	The projected underrun of \$0.4M is due to lower interest rates resulting from the economic impact of the COVID-19 pandemic.

Summary of Estimated 2020 Budget Impacts of COVID-19

Projected 2020 Rate Schedule 1 Shortfall	\$ (10.1)
Projected Impact of COVID-19 on 2020 Budgetary Spending	\$ (6.8)
Total Projected 2020 Budget Deficit	<u>\$(16.9)</u>
Funds Retained from 2019 Budget Cycle	\$ 6.4
2020 Budgetary Spending Reductions	<u>\$ 6.0</u>
Funds Identified to Offset Projected 2020 Budget Deficit	<u>\$ 12.4</u>
Remaining Projected 2020 Budget Deficit	\$ (4.5)

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



Questions?