

2017 Budget vs. Actual Status

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Executive Summary

- 2017 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March)
- NYISO experienced an undercollection of \$0.4M on 2017 Rate Schedule 1 revenues
- Draft NYISO budget vs. actual results reflect a spending underrun of \$5.2M (~3.5% variance against the 2017 budget)

Executive Summary *(continued)*

Recap of 2017 Budget vs. Actual Results:

\$ 5.2M	2017 Budgetary Underspending
<u>\$ (0.4M)</u>	2017 RS1 Undercollection
\$ 4.8M	Funds Remaining from 2017 Budget Cycle

- Pending completion of NYISO's financial statement audit, NYISO staff recommends that NYISO retain the funds remaining from the 2017 budget cycle to pay down the principal amount of outstanding debt

**NYISO 2017 BUDGET VS.
ACTUAL:
RATE SCHEDULE 1 RECOVERIES**

Summary of 2017 Rate Schedule 1 Recoveries

2017 MWH (in Millions) Comparison: Budget vs. Actual						
Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	13.7	13.6	(0.1)	(0.1)	\$ (0.1)	\$ (0.1)
Feb	12.4	11.8	(0.6)	(0.7)	\$ (0.5)	\$ (0.6)
Mar	12.8	13.1	0.3	(0.4)	\$ 0.3	\$ (0.4)
Apr	11.7	11.4	(0.3)	(0.7)	\$ (0.3)	\$ (0.6)
May	12.2	12.0	(0.2)	(0.9)	\$ (0.2)	\$ (0.8)
Jun	13.6	13.6	-	(0.9)	\$ -	\$ (0.8)
Jul	15.7	15.5	(0.2)	(1.1)	\$ (0.2)	\$ (1.0)
Aug	15.4	14.9	(0.5)	(1.6)	\$ (0.5)	\$ (1.5)
Sep	13.3	13.3	-	(1.6)	\$ -	\$ (1.5)
Oct	12.3	12.4	0.1	(1.5)	\$ 0.1	\$ (1.4)
Nov	12.0	12.2	0.2	(1.3)	\$ 0.2	\$ (1.2)
Dec	13.2	14.1	0.9	(0.4)	\$ 0.8	\$ (0.4)
Total	158.3	157.9	(0.4)			

2017

Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2017 Annual Revenue Requirement	2017 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$4.5M	\$0.0176/ TCC MWh	\$ 4,833,000
Virtual Trading	\$2.3M	\$0.0649/ Cleared MWh	\$ 2,022,000
SCR/EDRP	<\$10,000	2017 RS1 Rate for Physical Injections	\$ -
Total	\$6.8M		\$ 6,855,000

NYISO 2017 BUDGET VS. ACTUAL: BUDGETARY RESULTS

2017 Budget vs. Actual Results

<i>(\$ in millions)</i>	<u>ANNUAL AMOUNTS AS OF 12/31/17</u>		
<u>Cost Category</u>	<u>Original Budget</u>	<u>Actuals</u>	<u>Variance</u>
Capital	\$ 9.6	\$ 9.3	\$ (0.3)
Salaries & Benefits	\$ 88.9	\$ 89.4	\$ 0.5
Professional Fees (including Legal)	\$ 31.8	\$ 23.1	\$ (8.7)
Building Services	\$ 6.3	\$ 6.0	\$ (0.3)
Computer Services	\$ 15.8	\$ 17.2	\$ 1.4
Insurance	\$ 2.9	\$ 2.8	\$ (0.1)
Telecommunications	\$ 3.1	\$ 3.2	\$ 0.1
Other Expenses (BOD, Travel/Tmng, NPCC Fees)	\$ 4.1	\$ 3.6	\$ (0.5)
Current Year Needs	\$ 162.5	\$ 154.6	\$ (7.9)
Debt Service from Prior Year Financings	\$ 27.2	\$ 34.8	\$ 7.6
Cash Budget	\$ 189.7	\$ 189.4	\$ (0.3)
Less: Miscellaneous Revenues	\$ (3.0)	\$ (4.9)	\$ (1.9)
Less: Proceeds from Debt	\$ (39.1)	\$ (34.8)	\$ 4.3
Less: Proceeds from budget underrun and volume overcollections	\$ -	\$ (7.3)	\$ (7.3)
Add: Interest on Debt	\$ 0.6	\$ 0.6	\$ -
Rate Schedule #1 Revenue Requirement	\$ 148.2	\$ 143.0	\$ (5.2)

2017 Budget vs. Actual Variance Explanations

	<u>Year-End Variance</u>
<u>Salaries & Benefits</u>	The year-end overrun of \$0.5M is primarily due to budget assumptions used to estimate compensation.
<u>Professional Fees</u>	The year-end underrun of \$8.7M is primarily due to timing of the multi-year EMS/BMS upgrade of \$3.6M (offset with a corresponding reduction in loan proceeds), savings on various market design and project related consulting efforts of \$3.4M, savings on external legal fees of \$1.8M and savings on various planning study efforts of \$0.7M, partially offset by additional Market Monitoring costs of \$0.9M.
<u>Computer Services</u>	The year-end overrun of \$1.4M is primarily due to the acceleration of laptop and corporate workstation purchases into 2017 of \$0.7M, timing of the EMS/BMS upgrade of \$0.3M and higher than budgeted software maintenance costs of \$0.3M.
<u>Other Expenses</u>	The year-end underrun of \$0.5M is primarily due to savings on training and associated travel costs.
<u>Debt Service</u>	The year-end overrun of \$7.6M is due to additional principal payments on outstanding debt, offset with proceeds from a budget underrun and volume over collection from the prior year.
<u>Misc. Revenues</u>	The year-end overrun of \$1.9M is primarily due to higher than anticipated revenues generated from reimbursable planning studies of \$1.3M and interest income on cash deposits of \$0.5M.
<u>Proceeds from Debt</u>	The year-end underrun of \$4.3M is due to timing of the EMS/BMS project schedule and corresponding loan draw downs.

Outstanding Debt Summary

<u>Debt Facility</u>	<u>Loan Status</u>	<u>Maturity Date</u>	<u>Amount Borrowed</u>	<u>Principal Outstanding at 12/31/17</u>
Revolving Credit Facility	\$50M Available	Dec-18	\$ 6.0	\$ -
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 13.2
2015 Budget Loan	Term Loan Repayment	Dec-18	\$ 25.0	\$ 1.0
2016 Budget Loan	Term Loan Repayment	Dec-19	\$ 25.0	\$ 16.7
EMS BMS Loan	Term Loan Repayment	Dec-21	\$ 14.6	\$ 14.6
2017 Budget Loan	Principal Payments begin in 2018	Dec-20	\$ 24.7	\$ 24.7
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 36.0
Total				\$ 106.2

Questions?

We are here to help. Let us know if we can add anything.



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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