



2016 Budget vs. Actual Status

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Executive Summary

- ◆ **2016 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March)**
- ◆ **NYISO experienced an overcollection of \$3.6M on 2016 Rate Schedule 1 revenues**
- ◆ **Draft NYISO budget vs. actual results reflect a spending underrun of \$3.7M (~2.5% variance against the 2016 budget)**

Executive Summary *(continued)*

Recap of 2016 Budget vs. Actual Results:

\$ 3.7M

2016 Budgetary Underspending

\$ 3.6M

2016 RS1 Overcollection

\$ 7.3M

**Funds Remaining from 2016
Budget Cycle**

- ◆ **Pending completion of NYISO's financial statement audit, NYISO staff recommends that NYISO retain the funds remaining from the 2016 budget cycle to pay down the principal amount of outstanding debt**

NYISO 2016 BUDGET VS. ACTUAL: *RATE SCHEDULE 1 RECOVERIES*

Summary of 2016 Rate Schedule 1 Recoveries

| 2016 MWH (in Millions) Comparison: Budget vs. Actual | | | | | | |
|--|--------------|--------------|--------------------------|-----------------------------|-------------------|----------------------|
| Invoice Month | Budgeted MWH | Actual MWH | Monthly Differential MWH | Cumulative Differential MWH | Monthly \$ Impact | Cumulative \$ Impact |
| Jan | 13.8 | 13.9 | 0.1 | 0.1 | \$ 0.1 | \$ 0.1 |
| Feb | 12.7 | 12.8 | 0.1 | 0.2 | \$ 0.1 | \$ 0.2 |
| Mar | 12.9 | 12.5 | (0.4) | (0.2) | \$ (0.4) | \$ (0.2) |
| Apr | 11.7 | 11.8 | 0.1 | (0.1) | \$ 0.1 | \$ (0.1) |
| May | 12.2 | 12.5 | 0.3 | 0.2 | \$ 0.3 | \$ 0.2 |
| Jun | 13.9 | 13.8 | (0.1) | 0.1 | \$ (0.1) | \$ 0.1 |
| Jul | 15.8 | 16.7 | 0.9 | 1.0 | \$ 0.8 | \$ 0.9 |
| Aug | 15.6 | 17.3 | 1.7 | 2.7 | \$ 1.6 | \$ 2.5 |
| Sep | 13.2 | 14.0 | 0.8 | 3.5 | \$ 0.7 | \$ 3.2 |
| Oct | 12.2 | 12.3 | 0.1 | 3.6 | \$ 0.1 | \$ 3.3 |
| Nov | 12.1 | 12.1 | - | 3.6 | \$ - | \$ 3.3 |
| Dec | 13.4 | 13.7 | 0.3 | 3.9 | \$ 0.3 | \$ 3.6 |
| Total | 159.5 | 163.4 | 3.9 | | | |

2016 Non-Physical Market Activity

| Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity | | | |
|--|--|---------------------------------------|---------------------|
| Market Activity | Projected 2016 Annual Revenue Requirement | 2016 Billing Rate/Unit | TOTAL |
| Transmission Congestion Contracts | \$4.8M | \$0.0234/ TCC MWh | \$ 6,243,000 |
| Virtual Trading | \$2.5M | \$0.0850/ Cleared MWh | \$ 2,791,000 |
| SCR/EDRP | <\$10,000 | 2016 RS1 Rate for Physical Injections | \$ - |
| Total | \$7.3M | | \$ 9,034,000 |

NYISO 2016 BUDGET VS. ACTUAL: *BUDGETARY RESULTS*

2016 Budget vs. Actual Results

| <i>(\$ in millions)</i> | <u>YTD AMOUNTS AS OF 12/31/16</u> | | |
|--|-----------------------------------|-----------------|-----------------|
| <u>Cost Category</u> | <u>Original Budget</u> | <u>Actuals</u> | <u>Variance</u> |
| Capital | \$ 11.5 | \$ 8.7 | \$ (2.8) |
| Salaries & Benefits | \$ 87.6 | \$ 85.9 | \$ (1.7) |
| Professional Fees (including Legal) | \$ 24.1 | \$ 26.0 | \$ 1.9 |
| Building Services | \$ 6.2 | \$ 5.8 | \$ (0.4) |
| Computer Services | \$ 15.5 | \$ 16.0 | \$ 0.5 |
| Insurance | \$ 3.1 | \$ 2.9 | \$ (0.2) |
| Telecommunications | \$ 3.0 | \$ 3.0 | \$ - |
| Other Expenses (BOD, Travel/Trng, NPCC Fees) | <u>\$ 3.9</u> | <u>\$ 3.6</u> | <u>\$ (0.3)</u> |
| Current Year Needs | \$ 154.9 | \$ 151.9 | \$ (3.0) |
| Debt Service from Prior Year Financings | <u>\$ 27.3</u> | <u>\$ 35.5</u> | <u>\$ 8.2</u> |
| Cash Budget | \$ 182.2 | \$ 187.4 | \$ 5.2 |
| Less: Miscellaneous Revenues | \$ (2.4) | \$ (3.3) | \$ (0.9) |
| Less: Proceeds from Debt | \$ (32.0) | \$ (31.7) | \$ 0.3 |
| Less: Proceeds from budget underrun and volume overcollections | \$ - | \$ (8.3) | \$ (8.3) |
| Add: Interest on Debt | <u>\$ 0.3</u> | <u>\$ 0.3</u> | <u>\$ -</u> |
| Rate Schedule #1 Revenue Requirement | \$ 148.1 | \$ 144.4 | \$ (3.7) |

2016 Budget vs. Actual Variance Explanations

| | <u>Year-End Variance</u> |
|---------------------------------------|--|
| <u>Capital</u> | The year-end underrun of \$2.8M is primarily due to savings on Storage Infrastructure Project expenditures of \$2.4M and EMS/BMS Upgrade project equipment purchases of \$0.6M. |
| <u>Salaries & Benefits</u> | The year-end underrun of \$1.7M is primarily due to a higher than budgeted vacancy rate. |
| <u>Professional Fees</u> | The year-end overspend of \$1.9M is primarily due to additional scope and custom modifications for the EMS/BMS Upgrade Project of \$1.6M. |
| <u>Building Services</u> | The year-end underrun of \$0.4M is primarily due to savings on subscriptions, copier lease expenses and utilities. |
| <u>Computer Services</u> | The year-end overrun of \$0.5M is primarily due to hardware and software maintenance costs. |
| <u>Insurance</u> | N/A |
| <u>Telecommunications</u> | N/A |
| <u>Other Expenses</u> | N/A |
| <u>Debt Service</u> | The year-end overrun of \$8.2M is due to additional principal payments on outstanding debt, offset with proceeds from a budget underrun and volume overcollection from the prior year. |
| <u>Misc. Revenues</u> | The year-end overrun of \$0.9M is primarily due to higher than anticipated revenues generated from reimbursable planning studies. |
| <u>Interest on Debt</u> | N/A |

Outstanding Debt Summary

| <u>Debt Facility</u> | <u>Loan Status</u> | <u>Maturity Date</u> | <u>Amount Borrowed</u> | <u>Principal Outstanding at 12/31/16</u> |
|---|----------------------------------|----------------------|------------------------|--|
| Revolving Credit Facility | \$50M Available | Dec-18 | \$ 6.0 | \$ - |
| 2005 Mortgage - Bldg Acq. & Renovations | Term Loan Repayment | Aug-25, Jan-27 | \$ 24.8 | \$ 14.4 |
| 2014 Budget Loan | Term Loan Repayment | Dec-17 | \$ 25.0 | \$ 0.7 |
| 2015 Budget Loan | Term Loan Repayment | Dec-18 | \$ 25.0 | \$ 16.7 |
| 2016 Budget Loan | Principal Payments begin in 2017 | Dec-19 | \$ 25.0 | \$ 25.0 |
| 2016 EMS BMS Loan | Principal Payments begin in 2017 | Dec-19 | \$ 6.7 | \$ 6.7 |
| Infrastructure Master Plan Mortgage | Term Loan Repayment | Aug-31 | \$ 45.0 | \$ 38.6 |
| Total | | | | \$ 102.1 |

The New York Independent System Operator (NYISO) is a not-for-profit corporation responsible for operating the state's bulk electricity grid, administering New York's competitive wholesale electricity markets, conducting comprehensive long-term planning for the state's electric power system, and advancing the technological infrastructure of the electric system serving the Empire State.



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