

Enterprise Cost Management (ECM)

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March 31, 2015 Rensselaer, NY



Enterprise Cost Management

- Why?
 - To enhance NYISO's decision making capability
 - To identify cost management opportunities and implement additional cost management and cost reduction strategies
- What is it?
 - New Business Processes
 - New Automation Tools



Enterprise Cost Management

- Results?
 - Resource Optimization
 - Enhanced Planning Capability
 - Enhanced Reporting
 - Cost Reductions



ECM Program

- New Business Processes
 - Business Model
 - Activities that align to NYISO projects, operations, and markets
 - Cost allocation methodology to better align costs with NYISO projects, operations, and markets
- New Automation Tools
 - Enterprise Project Management (EPM Live)
 - Oracle Financials



New Business Processes

ECM Business Model Departmental Activities

• The NYISO is utilizing specific Departmental activities for time reporting that can support Activity Based Costing (ABC) and resource allocation

Example: Procurement Enhancement Project

- System setup/configuration
- Data Validation
- User Acceptance Testing
- Training & Education



New Automation Tools

EPM Live

- Time Reporting
- Enterprise Resource Management
- Product Portfolio Management

Oracle Financials

- General Ledger
- Cost allocation and reporting
- Budget management
- iProcurement



Time Reporting

- Time reporting integrated with project plans and departmental activities
 - Supports more accurate time reporting
 - Provides early indication of variance from plan enabling issues to be identified quickly and corrective action to be taken sooner
 - Provides comparison of actual hours reported to baseline estimates to improve estimating going forward
 - Provides enhanced visibility of actual time reported improving accountability



Resource Management

- Resource plans integrated with project plans and time reporting
 - Enables managers to commit resources in accordance with organizational priorities
 - Provides holistic view of how resources are planned to be allocated
 - Enables resource constraints and/or available resources to be more easily identified
 - Enables comparisons of project plans to resource plans and actual hours to improve accountability



Portfolio Management

- Integrated time reporting and resource plans enables effective portfolio management
 - Enables holistic view of how we plan to allocate resources according to organizational priorities
 - Provides regular feedback loop on how resources were actually expended
 - Identifies resource constraints and available resources to support prompt corrective actions
 - Enables what-if analysis to evaluate the impact of emerging business priorities for timely decision making



Oracle Financials

Enhanced Granularity of Cost Data - The addition of Activity Based Costing will supplement the existing cost structure to enable analysis, management and reporting by:

- Department
- Project
- Activity
- Budget Category
 - Capital
 - Salaries & Benefits
 - Professional Fees
 - Building Services

- Computer Services
- Insurance
- Telecommunications
- Training, Travel & Meetings



Procurement

ECM Procurement Goal

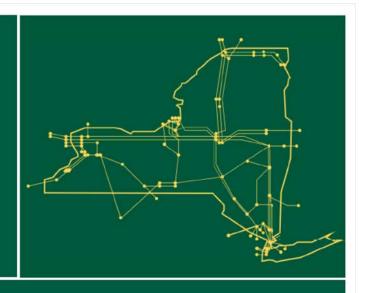
- Measures savings between the budgeted and actual cost of goods and services acquired via the NYISO's Procurement processes
- Resulted in 2014 savings of \$2.7M by
 - Enhanced automation and reporting via Oracle Financials and iProcurement
 - Maximizing competitive bidding opportunities and outcomes
- ECM Procurement Goal continued for 2015



QUESTIONS?



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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