

# 2017 Budget vs. Actual Status

---

Tracy Ryan

Accounting Manager

**Budget & Priorities Working Group**

November 2, 2017 Rensselaer, NY

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

# RS1 Volume Statistics

STATISTICS ON MWH (in Millions) VOLUME PER YEAR															
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
January	14.3	14.9	14.7	14.2	14.7	16.0	15.3	14.5	14.5	14.1	14.8	16.0	15.4	13.9	13.6
February	12.8	13.1	12.6	13.0	14.5	14.6	12.9	12.9	12.8	12.7	13.6	14.4	14.8	12.8	11.8
March	13.2	13.3	13.7	14.0	14.4	14.8	13.3	13.0	13.5	12.8	13.9	14.5	14.8	12.5	13.1
April	12.0	12.0	12.3	12.3	13.4	13.4	12.3	11.8	12.3	12.2	12.5	12.2	12.3	11.8	11.4
May	12.1	13.4	12.6	13.2	14.2	14.3	12.7	13.2	13.1	13.3	12.9	12.5	13.1	12.5	12.0
June	13.4	14.1	15.6	15.0	15.2	16.6	13.1	15.1	14.6	14.4	14.3	14.2	13.9	13.8	13.6
July	15.4	15.3	17.1	17.9	16.7	18.7	14.8	17.9	17.6	17.5	17.8	15.7	16.2	16.7	15.5
August	15.4	15.2	17.7	17.1	17.3	16.4	16.2	16.5	15.9	16.8	15.3	14.9	16.2	17.3	14.9
Sept.	13.1	13.5	15.2	13.4	14.7	14.6	13.0	14.1	13.9	13.6	13.4	13.8	14.8	14.0	13.3
October	12.7	12.4	13.8	13.2	14.1	13.5	12.7	12.7	13.1	12.7	12.8	12.7	13.0	12.3	12.1
November	12.4	12.2	13.2	13.1	13.7	13.8	12.3	12.6	12.5	12.9	13.2	13.2	12.8	12.1	11.9
December	14.0	14.0	14.9	13.9	15.3	14.6	14.6	14.4	13.7	14.1	15.2	14.7	12.9	13.7	13.1
Total by Year	160.8	163.4	173.4	170.3	178.1	181.3	163.2	168.7	167.5	167.1	169.7	168.8	170.2	163.4	156.3
Average	13.4	13.6	14.5	14.2	14.8	15.1	13.6	14.1	14.0	13.9	14.1	14.1	14.2	13.6	13.0

October – December 2017 MWH volumes represent projections as of June 2017.

# Summary of 2017

## Rate Schedule 1 Recoveries

2017 MWH (in Millions) Comparison: Budget vs. Estimated Actuals						
Invoice Month	Budgeted MWH	Estimated 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)	\$ (0.6)	\$ (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	12.1	(0.2)	(1.8)	\$ (0.2)	\$ (1.7)
Nov	12.0	11.9	(0.1)	(1.9)	\$ (0.1)	\$ (1.8)
Dec	13.2	13.1	(0.1)	(2.0)	\$ (0.1)	\$ (1.9)
<b>Total</b>	<b>158.3</b>	<b>156.3</b>	<b>(2.0)</b>			

October – December 2017 MWH volumes represent projections as of June 2017.



**DRAFT – FOR DISCUSSION PURPOSES ONLY**

©COPYRIGHT NYISO 2017. ALL RIGHTS RESERVED

# 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	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
Transmission Congestion Contracts	\$4.5M	\$0.0176/ TCC MWh	\$412,000	\$ 375,000	\$382,000	\$361,000	\$399,000	\$399,000	\$432,000	\$ 440,000	\$ 388,000	\$ 3,588,000
Virtual Trading	\$2.3M	\$0.0649/ Cleared MWh	\$156,000	\$ 136,000	\$153,000	\$170,000	\$179,000	\$196,000	\$202,000	\$ 179,000	\$ 154,000	\$ 1,525,000
SCR/EDRP	<\$10,000	2017 RS1 Rate for Physical Injections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$6.8M</b>		<b>\$568,000</b>	<b>\$ 511,000</b>	<b>\$535,000</b>	<b>\$531,000</b>	<b>\$578,000</b>	<b>\$595,000</b>	<b>\$634,000</b>	<b>\$ 619,000</b>	<b>\$ 542,000</b>	<b>\$ 5,113,000</b>

# **NYISO 2017 BUDGET VS. ACTUAL: BUDGETARY RESULTS**

# 2017 Budget vs. Actual Results

(\$ in millions)	ANNUAL AMOUNT			YTD AMOUNTS AS OF 9/30/17		
<u>Cost Category</u>	<u>Original Budget</u>	<u>Year-End Projection</u>	<u>Variance</u>	<u>Original Budget</u>	<u>Actuals</u>	<u>Variance</u>
Capital	\$ 9.6	\$ 7.8	\$ (1.8)	\$ 8.6	\$ 5.5	\$ (3.1)
Salaries & Benefits	\$ 88.9	\$ 88.8	\$ (0.1)	\$ 67.4	\$ 67.2	\$ (0.2)
Professional Fees (including Legal)	\$ 31.8	\$ 26.1	\$ (5.7)	\$ 22.8	\$ 16.2	\$ (6.6)
Building Services	\$ 6.3	\$ 6.1	\$ (0.2)	\$ 4.7	\$ 4.4	\$ (0.3)
Computer Services	\$ 15.8	\$ 17.3	\$ 1.5	\$ 12.1	\$ 12.3	\$ 0.2
Insurance	\$ 2.9	\$ 2.8	\$ (0.1)	\$ 2.2	\$ 2.1	\$ (0.1)
Telecommunications	\$ 3.1	\$ 3.2	\$ 0.1	\$ 2.3	\$ 2.4	\$ 0.1
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 4.1	\$ 3.9	\$ (0.2)	\$ 3.1	\$ 2.3	\$ (0.8)
<b>Current Year Needs</b>	<b>\$ 162.5</b>	<b>\$ 156.0</b>	<b>\$ (6.5)</b>	<b>\$ 123.2</b>	<b>\$ 112.4</b>	<b>\$ (10.8)</b>
Debt Service from Prior Year Financings	\$ 27.2	\$ 34.3	\$ 7.1	\$ 20.6	\$ 25.3	\$ 4.7
<b>Cash Budget</b>	<b>\$ 189.7</b>	<b>\$ 190.3</b>	<b>\$ 0.6</b>	<b>\$ 143.8</b>	<b>\$ 137.7</b>	<b>\$ (6.1)</b>
Less: Miscellaneous Revenues	\$ (3.0)	\$ (4.6)	\$ (1.6)	\$ (2.2)	\$ (3.6)	\$ (1.4)
Less: Proceeds from Debt	\$ (39.1)	\$ (36.6)	\$ 2.5	\$ (29.2)	\$ (26.2)	\$ 3.0
Less: Proceeds from budget underrun and volume overcollections	\$ -	\$ (7.3)	\$ (7.3)	\$ -	\$ (4.6)	\$ (4.6)
Add: Interest on Debt	\$ 0.6	\$ 0.5	\$ (0.1)	\$ 0.3	\$ 0.3	\$ -
<b>Rate Schedule #1 Revenue Requirement</b>	<b>\$ 148.2</b>	<b>\$ 142.3</b>	<b>\$ (5.9)</b>	<b>\$ 112.7</b>	<b>\$ 103.6</b>	<b>\$ (9.1)</b>

# 2017 Budget vs. Actual Variance Explanations

	<u>Year-End Variance</u>	<u>Year-To-Date Variance</u>
<b><u>Capital</u></b>	The year-end underrun of \$1.8M is projected primarily due to timing of capital acquisitions related to the Backup Enhancements project.	The year-to-date underrun of \$3.1M is primarily due to timing of capital acquisitions related to the Backup Enhancements project of \$1.1M, timing of various technology initiatives of \$1.1M and timing of capital expenditures in support of the EMS/BMS System Upgrade project of \$0.6M.
<b><u>Professional Fees</u></b>	The year-end underrun of \$5.7M is projected primarily due to timing of consultancy in support of the EMS/BMS upgrade of \$2.0M, savings on external legal fees of \$2.0M, savings on various consulting efforts of \$1.9M and savings on planning efforts of \$0.5M, offset by additional Market Monitoring Unit costs of \$1.1M.	The year-to-date underrun of \$6.6M is primarily due to timing of the EMS/BMS upgrade of \$2.4M, a combination of timing and savings on various consulting efforts of \$3.6M and savings in external legal fees of \$1.3M, offset by additional Market Monitoring Unit costs of \$0.7M.
<b><u>Computer Services</u></b>	The year-end overrun of \$1.5M is projected primarily due to the acceleration of laptop and corporate workstation purchases into 2017 of \$0.8M, additional work to complete the telecommunication system build out of \$0.4M and higher software maintenance costs than budgeted of \$0.3M.	N/A
<b><u>Other Expenses</u></b>	N/A	The year-to-date underrun of \$0.8M is primarily due to timing of training and associated travel as well as timing of travel related to the EMS/BMS System Upgrade testing.
<b><u>Debt Service</u></b>	The year-end overrun of \$7.1M is projected due to additional principal payments on outstanding debt, offset with proceeds from a budget underrun and volume over collection from the prior year.	The year-to-date overrun of \$4.7M is due to additional principal payments on outstanding debt, offset with proceeds from a budget underrun and volume over collection from the prior year.
<b><u>Misc. Revenues</u></b>	The year-end overrun of \$1.6M is projected primarily due to higher than anticipated revenues generated from reimbursable planning studies.	The year-to-date overrun of \$1.4M is primarily due to higher than anticipated revenues generated from reimbursable planning studies.
<b><u>Proceeds from Debt</u></b>	The year-end underrun of \$2.5M is projected due to timing of the EMS/BMS project schedule and corresponding loan draw downs.	The year-to-date underrun of \$3.0M 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 9/30/17</u>
Revolving Credit Facility	\$50M Available	Dec-18	\$ 6.0	\$ 5.0
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 13.6
2015 Budget Loan	Term Loan Repayment	Dec-18	\$ 25.0	\$ 5.9
2016 Budget Loan	Term Loan Repayment	Dec-19	\$ 25.0	\$ 18.7
EMS BMS Loan	Term Loan Repayment	Dec-21	\$ 12.9	\$ 11.2
2017 Budget Loan *	Principal Payments begin in 2018	Dec-20	\$ 20.0	\$ 20.0
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 36.6
<b>Total</b>				<b>\$ 111.0</b>

\* Interest only Payments in 2017

# 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



**[www.nyiso.com](http://www.nyiso.com)**