

# 2020 Budget vs. Actual Status

---

**Patrick Kelly**

Controller & Assistant Treasurer

**Budget & Priorities Working Group**

August 27, 2020

# Summary of Estimated Budget Impacts of COVID-19 as of July 2020

- 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 **\$6.8M**
- 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 an estimated spending overrun of **\$6.8M**
- The estimated total 2020 budget deficit is currently **\$13.6M**, driven by the combination of a Rate Schedule 1 shortfall and unanticipated budgetary spending

# Summary of Estimated Budget Impacts of COVID-19 as of July 2020

Projected 2020 Rate Schedule 1 Shortfall	\$ (6.8)
Projected Impact of COVID-19 on 2020 Budgetary Spending *	\$ (6.8)
<b>Total Projected 2020 Budget Deficit</b>	<b>\$ (13.6)</b>
NYISO 2020 Budgetary Spending Reductions	\$ 8.7
Funds Retained from 2019 Budget Cycle	\$ 6.4
Non-Physical Rate Schedule 1 Revenues (05/16 - 7/31)**	\$ 1.6
<b>Funds NYISO has Identified to Offset Projected 2020 Budget Deficit</b>	<b>\$ 16.7</b>
<b>Remaining Projected 2020 Budget Surplus (Deficit)</b>	<b>\$ 3.1</b>
<i>* Additional expenses incurred to date through June 2020</i>	<i>\$ 5.20</i>
<i>** Annualized 2020 revenues assuming constant run rate</i>	<i>\$ 4.50</i>

# NYISO 2020 Budget vs. Actual Rate Schedule 1 Recoveries

# Rate Schedule 1 Volume Statistics

STATISTICS ON MWH (in Millions) VOLUME PER YEAR												
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
January	15.3	14.5	14.5	14.1	14.8	16.0	15.4	13.9	13.6	14.6	14.2	13.3
February	12.9	12.9	12.8	12.7	13.6	14.4	14.8	12.8	11.8	12.0	12.4	12.2
March	13.3	13.0	13.5	12.8	13.9	14.5	14.8	12.5	13.1	12.8	12.6	11.7
April	12.3	11.8	12.3	12.2	12.5	12.2	12.3	11.8	11.4	11.8	11.2	10.5
May	12.7	13.2	13.1	13.3	12.9	12.5	13.1	12.5	12.0	12.4	11.6	10.8
June	13.1	15.1	14.6	14.4	14.3	14.2	13.9	13.8	13.6	13.4	13.1	13.1
July	14.8	17.9	17.6	17.5	17.8	15.7	16.2	16.7	15.5	16.5	16.9	16.6
August	16.2	16.5	15.9	16.8	15.3	14.9	16.2	17.3	14.9	16.8	15.3	13.9
Sept.	13.0	14.1	13.9	13.6	13.4	13.8	14.8	14.0	13.3	14.0	12.9	12.1
October	12.7	12.7	13.1	12.7	12.8	12.7	13.0	12.3	12.4	12.6	11.8	10.9
November	12.3	12.6	12.5	12.9	13.2	13.2	12.8	12.1	12.2	12.5	12.2	10.9
December	14.6	14.4	13.7	14.1	15.2	14.7	12.9	13.7	14.1	13.2	13.5	12.1
<b>Total by Year</b>	<b>163.2</b>	<b>168.7</b>	<b>167.5</b>	<b>167.1</b>	<b>169.7</b>	<b>168.8</b>	<b>170.2</b>	<b>163.4</b>	<b>157.9</b>	<b>162.6</b>	<b>157.7</b>	<b>148.1</b>
<b>Average</b>	<b>13.6</b>	<b>14.1</b>	<b>14.0</b>	<b>13.9</b>	<b>14.1</b>	<b>14.1</b>	<b>14.2</b>	<b>13.6</b>	<b>13.2</b>	<b>13.6</b>	<b>13.1</b>	<b>12.3</b>

# Summary of 2020 Estimated Rate Schedule 1 Recoveries

2020 MWH (in Millions) Comparison: Budget vs. Actual						
Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	13.5	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	10.6	(0.6)	(2.0)	\$ (0.7)	\$ (2.2)
May	11.8	10.8	(1.0)	(3.0)	\$ (1.1)	\$ (3.3)
Jun	13.0	13.1	0.1	(2.9)	\$ 0.1	\$ (3.2)
Jul	15.4	16.6	1.2	(1.7)	\$ 1.3	\$ (1.9)
Aug	14.8	13.9	(0.9)	(2.6)	\$ (1.0)	\$ (2.8)
Sep	13.0	12.0	(1.0)	(3.6)	\$ (1.1)	\$ (3.9)
Oct	11.8	10.9	(0.9)	(4.5)	\$ (1.0)	\$ (4.9)
Nov	11.8	10.9	(0.9)	(5.4)	\$ (1.0)	\$ (5.9)
Dec	12.9	12.1	(0.8)	(6.2)	\$ (0.9)	\$ (6.8)
<b>Total</b>	<b>154.3</b>	<b>148.1</b>	<b>(6.2)</b>			

Less: Funds Remaining from 2019 Budget Cycle \$ 6.4

Less: Non-Physical Rate Schedule 1 Revenues \$ 1.6

Remaining Estimated Rate Schedule 1 Excess (Shortfall) \$ 1.2

# 2020 Non-Physical Market Activity Retained by NYISO

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity					
Market Activity	2020 Billing Rate/Unit	MAY 15 - MAY 31	JUN	JUL	TOTAL
Transmission Congestion Contracts	\$0.0126/ TCC MWh	\$ 186	\$ 349	\$ 369	\$ 904
Virtual Trading	\$0.0862/ Cleared MWh	\$ 104	\$ 247	\$ 303	\$ 654
SCR/EDRP	2020 RS1 Rate for Physical Injections	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 290</b>	<b>\$ 596</b>	<b>\$ 672</b>	<b>\$ 1,558</b>

# NYISO 2020 Budget vs. Actual: Budgetary Results



# 2020 Budget vs. Actual Results

(\$ in millions)	Annual Amount as of 7/31/20			
Cost Category	Original Budget	COVID-19 Related Actuals	All Other Actuals	Variance
Capital	\$ 4.5	\$ 0.4	\$ 3.8	\$ (0.3)
Salaries & Benefits	\$ 55.8	\$ 3.5	\$ 56.3	\$ 4.0
Professional Fees (including Legal)	\$ 18.1	\$ 0.7	\$ 15.9	\$ (1.5)
Building Services	\$ 3.8	\$ 0.5	\$ 3.1	\$ (0.2)
Computer Services	\$ 11.2	\$ 0.1	\$ 10.5	\$ (0.6)
Insurance	\$ 1.7	\$ -	\$ 1.7	\$ -
Telecommunications	\$ 1.6	\$ -	\$ 1.7	\$ 0.1
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 2.2	\$ -	\$ 1.6	\$ (0.6)
<b>Current Year Needs</b>	<b>\$ 98.9</b>	<b>\$ 5.2</b>	<b>\$ 94.6</b>	<b>\$ 0.9</b>
Debt Service from Prior Year Financings	\$ 18.2	\$ -	\$ 17.2	\$ (1.0)
<b>Cash Budget</b>	<b>\$ 117.1</b>	<b>\$ 5.2</b>	<b>\$ 111.8</b>	<b>\$ (0.1)</b>
Less: Miscellaneous Revenues	\$ (3.0)	\$ -	\$ (3.4)	\$ (0.4)
Less: Proceeds from Debt	\$ (22.0)	\$ -	\$ (22.0)	\$ -
Add: Interest on Debt	\$ 0.1	\$ -	\$ 0.1	\$ -
<b>Rate Schedule #1 Revenue Requirement</b>	<b>\$ 92.2</b>	<b>\$ 5.2</b>	<b>\$ 86.5</b>	<b>\$ (0.5)</b>
<b>Volume (Over)/Under Collections</b>	<b>\$ (98.0)</b>	<b>\$ -</b>	<b>\$ (96.1)</b>	<b>\$ 1.9</b>
<b>Total Budget Deficit (Surplus)</b>				<b>\$ 1.4</b>
<b>Use of Funds from 2019 Budget Cycle</b>				<b>\$ (2.2)</b>
<b>Net Budget Deficit (Surplus)</b>				<b>\$ (0.8)</b>

# 2020 COVID-19 Related Variance Explanations

	COVID-19 Related Actuals Year-To-Date Variance
<b>Capital</b>	The year-to-date 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.
<b>Salaries &amp; Benefits</b>	The year-to-date overrun of \$3.5M is primarily due to sequestration compensation for NYISO system operators and support staff of \$2.2M and overtime compensation of \$1.4M due to COVID-19 response.
<b>Professional Fees</b>	The year-to-date overrun of \$0.7M is due to consulting support required to implement and maintain sequestration of NYISO system operators and support staff.
<b>Building Services</b>	The year-to-date overrun of \$0.5M is due to dining services to support the sequestration of NYISO system operators and support staff.
<b>Computer Services</b>	The year-to-date 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.

# 2020 All Other Actuals Variance Explanations

All Other Actuals Year-To-Date Variance	
<b>Capital</b>	The year-to-date underrun of \$0.7M is primarily due to budget reductions for COVID-19 for hardware in support of the following projects (Distributed Energy Resource, Database Upgrade and IT Service Manager).
<b>Salaries &amp; Benefits</b>	The year-to-date overrun of \$0.5M is primarily due to the vacancy rate of \$0.4M resulting from a budgeted rate of 6% as compared to an actual average rate of 5.2%.
<b>Professional Fees</b>	The year-to-date underrun of \$2.2M is primarily due to \$1.4M of budget reductions for COVID-19 related to various projects of \$0.7M, System & Resource Planning consulting of \$0.3M and Security consulting of \$0.2M. In addition, there is approximately \$1.7M of timing related to project schedules (Distributed Energy Resource, Enterprise Information Management, Transmission and Generation Scheduling System), which is partially offset by \$0.6M of market monitor consulting.
<b>Building Services</b>	The year-to-date underrun of \$0.6M is primarily due to \$0.3M of budget reductions in dues & subscriptions and building maintenance for COVID-19 and \$0.3M of additional savings in building maintenance costs.
<b>Computer Services</b>	The year-to-date underrun of \$0.7M is primarily due to budget reductions for COVID-19 related to savings on various maintenance contracts.
<b>Other Expenses</b>	The year-to-date underrun of \$0.6M is primarily due to budget reductions in travel for COVID-19.
<b>Debt Service</b>	The year-to-date underrun of \$1.0M is due to \$0.6M in less principal repayments as 2019 borrowings were less than originally planned and \$0.3M in interest savings.
<b>Misc. Revenues</b>	The year-to-date overrun of \$0.4M is due to higher billable hours for Class Year 2019 than budgeted of \$0.7M, partially offset by an underrun of \$0.3M in interest income.

# Outstanding Debt Summary

Debt Facility	Loan Status	Maturity Date	Amount Borrowed	Principal Outstanding at 7/31/20
Revolving Credit Facility	\$50M Available	Dec-23	\$ 18.6	\$ 18.6
2020 Budget Loan	Principal Payments begin in 2021	Dec-23	\$ 22.0	\$ 22.0
2019 Budget Loan	Term Loan Repayment	Dec-22	\$ 26.0	\$ 21.6
2018 Budget Loan	Term Loan Repayment	Dec-21	\$ 25.3	\$ 12.0
EMS BMS Loan	Term Loan Repayment	Dec-22	\$ 30.0	\$ 7.4
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 9.8
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 29.1
<b>Total</b>				<b>\$ 120.5</b>

# Our mission, in collaboration with our stakeholders, is to serve the public interest and provide benefit 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 policymakers, stakeholders and investors in the power system



# Questions?