

2020 Draft Budget vs. Actual Results

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Executive Summary

- Final 2020 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March)
- NYISO experienced an under-collection of \$2.1M on 2020 Rate Schedule 1 revenues
- Draft NYISO budget vs. actual results reflect a spending underrun of \$5.8M (~3.5% variance against the 2020 budget)

Executive Summary (*continued*)

Recap of Draft 2020 Budget vs. Actual Results:

\$ 5.8M	2020 Budgetary Underspending
<u>\$(2.1M)</u>	2020 RS1 Under-collection
<u>\$ 3.7M</u>	Funds Remaining from 2020 Budget Cycle

- Pending completion of NYISO's financial statement audit, NYISO staff recommends that NYISO retain the funds remaining from the 2019 & 2020 budget cycles to pay down the principal amount of outstanding debt

\$ 3.7M	Funds Remaining from 2020 Budget Cycle
<u>\$ 6.4M</u>	Funds Remaining from 2019 Budget Cycle
<u>\$10.1M</u>	Total Funds to be applied

NYISO 2020 DRAFT BUDGET VS. ACTUAL:

- *RATE SCHEDULE 1 RECOVERIES*

2020 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	15.4	0.6	(1.1)	\$ 0.6	\$ (1.3)
Sep	13.0	12.4	(0.6)	(1.7)	\$ (0.6)	\$ (1.9)
Oct	11.8	11.6	(0.2)	(1.9)	\$ (0.2)	\$ (2.1)
Nov	11.8	11.5	(0.3)	(2.2)	\$ (0.3)	\$ (2.4)
Dec	12.9	13.2	0.3	(1.9)	\$ 0.3	\$ (2.1)
Total	154.3	152.4	(1.9)			

2020 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2020 Annual Revenue Requirement	2020 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$5.1M	\$0.0126/ TCC MWh	\$ 4,550,000
Virtual Trading	\$2.6M	\$0.0862/ Cleared MWh	\$ 2,804,000
SCR/EDRP	<\$10,000	2020 RS1 Rate for Physical Injections	\$ -
Total	\$7.7M		\$ 7,354,000

NYISO 2020 DRAFT BUDGET VS. ACTUAL:

- *BUDGETARY SPENDING RESULTS*

2020 Budget vs. Actual Results

(\$ in millions)	ANNUAL AMOUNTS AS OF 12/31/20					
	Results			Variance		
Cost Category	Original Budget	Actuals	Variance	COVID-19 Related Actuals	Budget Savings	All Other Variance
Capital	\$ 6.9	\$ 5.3	\$ (1.6)	\$ 0.4	\$ (2.4)	\$ 0.4
Salaries & Benefits	\$ 95.2	\$ 99.8	\$ 4.6	\$ 3.5	\$ (0.2)	\$ 1.3
Professional Fees (including Legal)	\$ 30.7	\$ 27.6	\$ (3.1)	\$ 0.7	\$ (2.2)	\$ (1.6)
Building Services	\$ 6.6	\$ 5.8	\$ (0.8)	\$ 0.5	\$ (0.4)	\$ (0.9)
Computer Services	\$ 19.5	\$ 18.5	\$ (1.0)	\$ 0.1	\$ (0.9)	\$ (0.2)
Insurance	\$ 2.9	\$ 3.0	\$ 0.1	\$ -	\$ -	\$ 0.1
Telecommunications	\$ 2.8	\$ 3.0	\$ 0.2	\$ -	\$ -	\$ 0.2
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 3.9	\$ 2.6	\$ (1.3)	\$ -	\$ (1.1)	\$ (0.2)
Current Year Needs	\$ 168.5	\$ 165.6	\$ (2.9)	\$ 5.2	\$ (7.2)	\$ (0.9)
Debt Service from Prior Year Financings	\$ 31.9	\$ 29.8	\$ (2.1)	\$ -	\$ (1.5)	\$ (0.6)
Cash Budget	\$ 200.4	\$ 195.4	\$ (5.0)	\$ 5.2	\$ (8.7)	\$ (1.5)
Less: Miscellaneous Revenues	\$ (5.2)	\$ (6.9)	\$ (1.7)	\$ -	\$ -	\$ (1.7)
Less: Proceeds from Debt	\$ (27.6)	\$ (26.6)	\$ 1.0	\$ -	\$ -	\$ 1.0
Add: Interest on Debt	\$ 0.4	\$ 0.3	\$ (0.1)	\$ -	\$ -	\$ (0.1)
Rate Schedule #1 Revenue Requirement	\$ 168.0	\$ 162.2	\$ (5.8)	\$ 5.2	\$ (8.7)	\$ (2.3)

2020 Budget vs. Actual Variance Explanations

	Year-End Variance
Capital	The year-end underrun of \$1.6M is primarily due to budget reductions of \$2.4M, implemented to offset projected COVID-19 related costs, partially offset by \$0.4M for the purchase of trailers to house NYISO System Operators and support staff and \$0.4M of additional software licensing fees.
Salaries & Benefits	The year-end overrun of \$4.6M is primarily due to COVID-19 related sequestration compensation for NYISO System Operators and support staff of \$3.5M, a lower vacancy rate than budgeted (5.0% vs. 6.0%) of \$0.9M, accelerated pension plan funding of \$0.8M, and additional annual incentive accruals of \$0.8M, partially offset by reduced health insurance claims experience of \$1.6M.
Professional Fees	The year-end underrun of \$3.1M is primarily due to budget reductions of \$2.2M, implemented to offset projected COVID-19 related costs, project portfolio savings of \$1.7M primarily driven by DER, Enhanced Fast Start Pricing and Expanding Capacity Eligibility, partially offset by consulting support required to implement and maintain sequestration of NYISO System Operators and support staff of \$0.7M.
Building Services	The year-end underrun of \$0.8M is primarily due to budget reductions of \$0.4M, implemented to offset projected COVID-19 related costs and additional savings of \$0.9M on various building services, partially offset by dining services to support sequestration of NYISO System Operators and support staff of \$0.5M.
Computer Services	The year-end underrun of \$1.0M is primarily due to budget reductions implemented to offset projected COVID-19 related costs.
Other Expenses	The year-end underrun of \$1.3M is primarily due to budget reductions in Travel and Training resulting from COVID-19.
Debt Service from Prior Year Financing	The year-end underrun of \$2.1M is primarily due to reduced 2020 outstanding debt repayments related to the amount of actual 2019 Budget Facility loan draw downs of \$1.5M and lower interest rates on outstanding debt of \$0.6M.
Misc. Revenues	The year-end overrun of \$1.7M is primarily due to forfeited developer deposits for Class Year 2019 of \$1.5M and higher than anticipated billable labor hours for Interconnection Studies of \$0.9M, partially offset by lower interest earnings resulting from economic conditions of \$0.7M.
Proceeds from Debt	The year-end overrun of \$1.0M is due to reduced 2020 Budget Facility loan draw downs resulting from Capital budget reductions.

Outstanding Debt Summary

Debt Facility	Loan Status	Maturity Date	Amount Borrowed	Principal Outstanding at 12/31/20
Revolving Credit Facility	\$50M Available	Dec-23	\$ -	\$ -
2020 Budget Loan	Principal Payments begin in 2021	Dec-23	\$ 26.6	\$ 26.6
2019 Budget Loan	Term Loan Repayment	Dec-22	\$ 26.0	\$ 17.3
2018 Budget Loan	Term Loan Repayment	Dec-21	\$ 25.3	\$ 8.4
EMS BMS Loan	Term Loan Repayment	Dec-22	\$ 30.0	\$ 5.6
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 9.2
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 28.0
Total				\$ 95.1

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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