

Disposition of Funds Remaining from 2021 Budget Cycle

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Background

- Final 2021 budget vs. actual results are contingent upon the completion of NYISO's financial statement audit (scheduled for mid-March)
- NYISO experienced an over-collection of \$7.9M on 2021 Rate Schedule 1 revenues
- Draft NYISO budget vs. actual results reflect a spending underrun of \$3.3M (2% variance against the 2021 budget)

Background (*continued*)

Recap of Draft 2021 Budget vs. Actual Results:

\$ 7.9M 2021 RS1 Over-collection

\$ 3.3M 2021 Budgetary Underspending

\$ 11.2M Funds Remaining from 2021 Budget Cycle

- The Management Committee motion that recommended the 2021 budget, indicated that if a Rate Schedule 1 over-collection and/or a spending under-run occurred, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings

Recommendation

- **NYISO recommends retaining \$4.5M to implement employee salary actions in response to on-going employee retention and recruitment challenges in this highly competitive labor market. Salary actions include:**
 - Immediate 3% salary adjustment for all current employees
 - Targeted salary adjustment and retention incentives
 - Funds to respond to potential issues identified through a comprehensive benchmarking process planned for 2022
- **If NYISO finds that the entire \$4.5M is not needed for these purposes, NYISO could still use these funds to pay down principal on outstanding debt in Q4 2022**
- **Pending completion of NYISO's 2021 financial statement audit, NYISO recommends retaining the remaining \$6.7M with the intent to pay down the principal amount of outstanding debt**

Next Steps

- Since this recommendation differs from the Management Committee Motion on the 2021 Budget, an advisory vote on the NYISO's recommendation to retain \$4.5M of funds remaining from the 2021 budget cycle to implement employee salary actions will be taken by the Management Committee on February 23rd
- NYISO's draft 2021 budget vs. actual results will be presented to the BPWG on February 23rd
- NYISO staff plans to recommend to the NYISO Board of Directors that NYISO retain \$4.5M to implement employee salary actions and retain the remaining \$6.7M with the intent to pay down the principal amount of outstanding debt
- On April 12, 2022, the NYISO Board of Directors will vote on the NYISO staff proposal
- On April 25, 2022, NYISO is scheduled to discuss the final disposition of the remaining funds from the 2021 budget cycle with Market Participants at the BPWG

Questions?