

Disposition of Funds Remaining from 2021 Budget Cycle

Cheryl L. Hussey

VICE PRESIDENT & CHIEF FINANCIAL OFFICER

Management Committee

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*Revisions discussed at the February 23, 2022
Management Committee meeting are noted in RED.*

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 ~~\$3.32.8M~~ (21.7% variance against the 2021 budget)

Background (*continued*)

Recap of Draft 2021 Budget vs. Actual Results:

\$ 7.9M	2021 RS1 Over-collection
\$ 3.32.8M	2021 Budgetary Underspending
\$ 11.210.7M	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 \$5.0M 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 during the comprehensive salary benchmarking process planned for Q2 2022
- Pending completion of NYISO's 2021 financial statement audit, NYISO recommends retaining the remaining \$6-25.7M until the comprehensive salary benchmarking process is completed, in the event results show additional salary actions are needed that would bring the total funds required to an amount in excess of \$5.0M
- Remaining funds from the 2021 budget cycle, following potential salary actions informed by the salary benchmarking, would be used to pay down the principal amount of outstanding debt in 2022

Next Steps

- Since this recommendation differs from the Management Committee Motion on the 2021 Budget, NYISO is seeking an advisory vote by the Management Committee, recommending that the Board of Directors approve the NYISO staff proposal for the disposition of funds from the 2021 budget cycle
- NYISO staff plans to recommend to the NYISO Board of Directors that:
 - NYISO retain \$5.0M to implement employee salary actions
 - NYISO retain the remaining \$~~6.25.7~~M until the comprehensive salary benchmarking process is completed, in the event results show additional salary actions are needed that would bring the total funds required to an amount in excess of \$5.0M
 - Any remaining funds from the 2021 budget cycle, following potential salary actions informed by the salary benchmarking, will be used to pay down the principal amount of outstanding debt in 2022
- On April 12, following Board acceptance of the NYISO's audited financial statements, the NYISO Board of Directors will vote on the NYISO staff proposal

Questions?