

# Rate Schedule 1 Study Vote – Follow Up

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**Budget & Priorities Working Group**

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# July 27, 2022, Management Committee RS1 Study Vote – What We Heard

- **Cost and Resource Concerns**
  - Budgeted Project
- **Suggested tariff change to lock in Study date and going forward process**
  - Market Participant proposed alternative
  - NYISO – supports discussion of going forward alternatives as part of tariff changes following the conduct of a Cost of Services Study
- **Scope & Process Considerations**
- **What efforts has NYISO made to track cost and provide better data for study?**

# Enterprise Cost Management (ECM)

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- **What is it?**

- Program designed to provide NYISO with a better understanding of how costs are allocated, and resources are used in regard to supporting the NYISO's discrete products and services

- **Goal?**

- Enhance NYISO decision-making capability and cost management

- **Components?**

- Evolving current business model for cost tracking through activity-based costing, time reporting and resource allocation

# Benefits of ECM

- Identify and provide transparency to cost of routine business activities (Activity Based Costing)
- Enhance effectiveness of annual planning and budgeting process
- Better respond to dynamic, changing priorities
- Identify and manage risk related to stakeholder commitments and day-to-day departmental operations
- Identify resource needs for better workforce planning

# ECM Program

## ■ Business Initiatives

- Business Model
  - Cost categories that align to NYISO operations and markets
  - Cost allocation methodology to better align costs with beneficiaries

## ■ Business Processes and Automation

- Enterprise Project Management (EPM Live)
- Oracle Financials

# ECM Business Model

## COST CATEGORIES

- **Energy & Grid Operations**
  - Energy Markets
    - Day-Ahead Market
    - Real-Time Market
  - Grid Operations
- **Virtual Market**
- **Auxiliary Market**
- **Capacity Market**
- **Demand Response**
- **System Planning**
- **TCC Market**
- **Compliance**
- **Shared Services**
- **Departmental Activities**
  - The NYISO has rolled out specific departmental activities for time reporting that support the collection of data on resource time supporting the cost categories

# Enhanced Cost Data

- The addition of the cost categories supplements the existing budget data so that costs can be analyzed, managed and reported across:

- Departments
- Cost Categories
- Projects

- Budget Categories
  - Capital
  - Telecommunications
  - Professional Services

- Hardware/Software
- Building Services
- Training, Travel & Meetings



# Next Steps

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- **March BPWG** – Initial presentation in preparation for Q3 2023 vote
- **TBD BPWG** - if needed
- **June Management Committee** - Presentation of existing tariff requirements
- **July Management Committee** - Vote