

# 2024 DRAFT Corporate Incentive Goals

---

Cheryl L. Hussey

VICE PRESIDENT & CHIEF FINANCIAL OFFICER

**Budget & Priorities Working Group**

November 3, 2023

*There have been no changes since the  
October 12, 2023 BPWG presentation.*

# Background

- A portion of the NYISO's employee compensation is at-risk and determined by performance in achieving the Annual Incentive Plan
- Each year, annual goals are developed by NYISO management with input from the Board of Directors and from Market Participants
  - NYISO management reviews the proposed goals at the Budget & Priorities Working Group (BPWG) to allow for stakeholder discussion and input
- The Board of Directors is responsible for approving the goals identified in the Annual Incentive Plan
- Changes relative to the 2023 goals are noted in red text for ease of review

# Draft Gateway Goals

# Gateway Goals

## ■ Gateway goals

- Built around NYISO's core business responsibilities
  - Reliability
  - Markets
  - Planning

## ■ **Have no potential to increase the incentive payout**

- Can only have a negative impact -- if they are not achieved

# Reliability Gateway Goals

## GOAL 1

### ■ **Maintain Continuity of Bulk Power System**

- No uncontrolled loss of load as the result of a cascading outage on the NY Bulk Power System originating from an applicable NERC criteria contingency on the NY Bulk Power System consistent with applicable reliability criteria
- The successful achievement of this goal is based upon the NYISO staff operating the bulk power system in compliance with NERC, NPCC, and related NYISO operating procedures

### ■ **Consequences:**

- Failure to achieve this goal will result in a 100% reduction to the corporate incentive payout

# Reliability Gateway Goals

## GOAL 2

### ■ Reliability Standards Violations

- The NYISO will maintain compliance with NERC Reliability Standards including Planning and Critical Infrastructure Protection Standards

### ■ Consequences:

- Failure to achieve this goal will result in an annual incentive amount decrease equal to any financial penalty. (For example, if the NYISO is penalized \$50k for a reliability violation, the bonus pool for corporate goals and objectives will be reduced by such amount. If penalties exceed the total bonus pool amount then there will be no bonus payout in that year.)
- Consequences Continued on Next Slide

# Reliability Gateway Goals

## GOAL 2 continued

### ■ Consequences Continued:

- Formal notification of non-compliance with a NERC standard with a violation severity level of medium, high or severe and a medium to high risk factor will result in an incentive payout reduction with higher reductions for higher severity levels or risk factors. However, the penalty percentage will be reduced by half for self identified issues.

	Violation Severity Level			
Violation Risk Factor	Lower	Moderate	High	Severe
Lower	N/A	N/A	N/A	N/A
Medium	N/A	10% Reduction	10% Reduction	10% Reduction
High	N/A	10% Reduction	20% Reduction	20% Reduction

# Reliability Gateway Goals

## GOAL 2 continued

- **Reliability Standards Violations**

- The NYISO will maintain compliance with NYSRC Rules

- **Consequences:**

- NYSRC Rule non-compliance will result in a 10% reduction to the corporate incentive payout. However, the penalty percentage will be reduced by half for self identified issues. (This metric is based on the NYSRC maintaining its current policies. Should the NYSRC change its policies, the NYISO reserves the option of changing this metric.)



# Market Gateway Goals

## GOAL 3a & 3b

### ■ **Functionality**

- Day-Ahead Market (DAM) Schedules are posted 100% of the time, and
- Market Information System (MIS) Availability is greater than or equal to 99.75%

### ■ **Consequences:**

- Failure to achieve either of these goals will result in a 100% reduction in the corporate incentive payout

# Market Gateway Goals

## GOAL 4

### ■ Excellence in Execution

- The NYISO, through its actions, will not cause a Market Problem with a material, adverse impact on the market greater than \$100M in a year (12-month period)

### ■ Consequences:

- Failure to achieve this goal will result in a 100% reduction in the corporate incentive payout

# Draft Quality Goal

# Quality Goal

## GOAL 5 Quality Focus (1520%)

- **The NYISO will demonstrate a strong commitment to quality. The NYISO's work will be of a high quality as measured by a minimal number and magnitude of quality defects.**

### Higher Impact Defects Include:

- A market problem or a tariff violation (including those resulting from deployment defects) with an impact greater than \$1M (as measured up to five years prior to identification)
- Unplanned outages of critical systems greater than four hours due to, for example, operational or cyber security issues
- A qualified audit opinion on the Service Organization Controls (SOC 1) Report

### Lower Impact Defects Include:

- A market problem or a tariff violation (including those resulting from deployment defects) with an impact greater than \$100K, excluding those that are self identified (as measured up to five years prior to identification)
- Unplanned outages of critical systems greater than 1 hour and less than four hours due to, for example, operational or cyber security issues
- Failure to timely provide key Planning deliverables. The Gold Book will be posted for stakeholders no later than 4/30 and the **Reliability Needs Assessment by 11/30** ~~Comprehensive Reliability Plan by 12/31~~
- DAM schedules posted in time for Real-Time but after 11AM Tariff deadline

# Quality Goal

## GOAL 5 Quality Focus Continued

- Achievement will be assessed based on the following:

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Higher Impact Defects	No more than 1 <i>And</i>	None <i>and</i>	None <i>and</i>
Lower Impact Defects	3 or fewer	2 or fewer	No more than 1
Possible Achievement	<del>7.510%</del>	<del>1520%</del>	<del>22.530%</del>

*Note: If there is one Higher Impact Defect then Threshold is the maximum achievement possible and can only be achieved if there are 3 or fewer Lower Impact Defects.*

# Draft Strategic Goals

# Strategic Goals

## GOAL 6 – Goal 6A Business Plan Projects (25%)

- The NYISO will deliver the ~~(4030)~~ (4030) major projects identified in the Business Plan during 2023.
- Achievement will be assessed based on the following:

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Possible Achievement	No more than 2 missed projects	No more than 1 missed projects	No missed projects
	12.5%	25%	37.5%

# Strategic Goals

## GOAL 6 Project Initiatives

- **Goal 6B – Key Project Initiatives (350%)**

- Achievement will be assessed based on the following:

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Possible Achievement	No more than 2 missed Key Projects	No more than 1 missed Key Project.	No missed Key Projects
	17.515%	350%	52.545%



# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives (350%)

- (#1) Interconnection Process Enhancements – **Deployment**
- (#2) **EMS/BMS Technologies Upgrade – Development Complete**
- (#3) Internal Controllable Lines – **Functional Requirements Specifications**
- (#4) Dynamic Reserves – **Functional Requirements Specifications**
- (#5) Balancing Intermittency – **Market Design Complete**
- (#6) Demand Curve Reset – **Study Complete**
- (#7) **Windows Server Hardware Upgrade - Deployment**
- (#8) **Capacity Analysis Commitment Tool - Deployment**

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives

- (#1) Interconnection Process Enhancements – **Deployment**

For 2023, the project is to study and identify opportunities for improvement to the interconnection process by working with key stakeholders (i.e., Interconnecting Developers, Transmission Owners, and NYISO Planning department). These identified opportunities will then be prioritized to create a plan that identifies a timeline for their implementation. The project will culminate in a final proposal for the enhancement of the interconnection process. For 2024, this continuing project will aim to file tariff revisions and implement interconnection process changes according to the Market Design that is being completed in 2023.

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

- **(#2) EMS/BMS Technologies Upgrade – Development Complete**

The NYISO's current hardware and operating system that the EMS/BMS platform runs on will be end of life in 2024, extended support ends June 2026. It is critical that the hardware and operating system the EMS/BMS platform runs on be upgraded so they remain stable and vendor-supported. Therefore, the NYISO cannot extend the use of the hardware and operating system past their extended support end-of-life dates. For the NYISO to move forward with an upgrade to a vendor-supported operating system version, the NYISO must make modifications to the existing Network Manager platform. This project is a multi-year effort to make the modification to the Network Manager software. The proposed Server Refresh project will replace the hardware and upgrade the operating system.

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

- (#3) Internal Controllable Lines – **Functional Requirements Specifications**

This project will build upon the 2023 Market Design Complete and develop the functional requirements that will be necessary to incorporate point-to-point internal controllable lines into NYISO markets. The 2024 milestone for this project will be Functional Requirements Specifications complete.

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

- (#4) Dynamic Reserves – **Functional Requirements Specifications**

The anticipated deliverable for 2024 will be Functional Requirements Specifications, based on the Market Design Complete from the 2023 Dynamic Reserves project.

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

- (#5) Balancing Intermittency – **Market Design Complete**

The 2023 effort reviewed the need for additional market products, appropriateness of existing operating reserve demand curves, re-evaluated system regulation requirements, and proposed market concepts with recommended next steps as needed. The 2024 project will more fully develop the recommended market concepts to meet a deliverable of Market Design Complete.

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

### ■ (#6) Demand Curve Reset (DCR)– **Study Complete**

The 2024 project deliverables will be **Study Complete**, which will include reports by the independent DCR consultant and the NYISO providing recommendations addressing the ICAP Demand Curves for the 2025/2026 Capability Year, as well as the parameters and assumptions to be used in conducting the subsequent annual updates to derive the ICAP Demand Curves for the 2026/2027, 2027/2028, and 2028/2029 Capability Years.

The DCR process culminates in a filing on or before November 30, 2024, of the proposed curves for the first year of the reset period (i.e., the 2025/2026 Capability Year), along with the assumptions and methodology to be used to set demand curves for the subsequent three Capability Years of the reset period (i.e., the 2026/2027, 2027/2028 and 2028/2029 Capability Years).

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

### ■ (#7) Windows Server Hardware Upgrade – Deployment

This project is a multi-year effort to upgrade NYISO's aging Windows Systems. For 2024 the impacted systems include are:

- NYISO's Control Room Chart Workstations: used to display Phase 1 data to the Operators, which is required to maintain grid reliability
- Windows Corporate servers: supports the premises corporate services and applications offered by the Windows team in the NYISO datacenters
- Windows Server operating systems: with Windows server 2016 reaching end of life by January 2027, this effort will upgrade an estimated 700+ servers starting in 2024 and completing in 2025
- NYISO's Simulation Room Video Wall Server: replace end-of-life server with a display controller appliance that will be simpler to maintain and provide more consistent output to the Simulation Room wall.

This technology lifecycle project is necessary to maintain system reliability, performance, and availability, as well as ensure ongoing vendor support for critical systems.



# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives Continued

### ■ (#8) Capacity Analysis Commitment Tool - Deployment

With the advent of distributed energy resources and more small resources, the Capacity Analysis Commitment Tool (CACT) is necessary give the NYISO operators the capability to respond to the needs on the grid in a timely manner and with economic merit. The CACT will provide NYISO operators the capability to manually schedule/re-schedule resources to meet an additional MW need in certain hours of a study period. This functionality will support NYISO operators in the evaluation of requests for local reliability submitted by the Transmission Operators or the Distribution System Operators.

# Strategic Goals

## Goal 6 Project Reprioritization Process

**Reprioritization Process – If reprioritization of Project Initiatives is required a presentation to the Board of Directors will occur to identify the following:**

- 1) Reason for the reprioritization (i.e. Regulatory Action or Order, Market Inefficiency)
- 2) Project deliverables that will be adjusted
- 3) Newly identified projects that will be added to the work plan
- 4) Stakeholder feedback regarding the reprioritization as received from the Budget & Priorities Working Group
- 5) Project Status reporting will be reviewed and updated for impacted projects. The intent of this step is to provide transparency regarding the status and specific reasons projects are being deferred or eliminated. A recommendation will be provided to the Board of Directors regarding if there should be any project “misses” identified for the purpose of the incentive plan.

**The project plan will be modified to reflect the revisions and the incentive achievement will be measured against the revised plan, unless the Board of Directors provides definitive direction not to implement the reprioritization effort or recommends an alternate approach regarding the incentive plan.**

# Strategic Goals

## GOAL 7 – ~~Class Year 2023~~ Interconnection Process (15%)

- The NYISO will complete and present to stakeholders at the Operating Committee the final draft Class Year 2023 Facilities Study System Upgrade Facilities and System Deliverability Upgrades Report by: ~~All Large Facility SRIS studies completed in 2023 will be conducted within the following average durations:~~

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Possible Achievement	<del>Average of 365 days September 30, 2024</del>	<del>Average of 300 days August 31, 2024</del>	<del>Average of 240 days July 31, 2024</del>
	7.5%	15%	22.5%

# Strategic Goals

## GOAL 8 – Customer Satisfaction and Performance Index (5%)

- The Customer Satisfaction and Performance Index is comprised of multiple survey feedback channels (Annual Customer Survey, Customer Inquiry Survey, Ongoing Performance Assessment, and the CEO Strategic Outreach Survey). The feedback we receive from our customers is aggregated into a real-time, 12-month rolling average index to assure transparency and inform our stakeholders.
  - Achievement will be assessed for the customer satisfaction and performance objective as follows:

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Possible Achievement	84.5% Result	86% Result	87% Result
	2.5%	5%	7.5%

# Strategic Goals

## GOAL 9 – Professional Development (5%)

- ~~■ Fostering a learning culture will help enhance job satisfaction, provide development of essential skills, and a competitive advantage in alignment with NYISO’s mission. Participation in the following organization-wide programs centered on professional development will be expanded for this purpose:
  - ~~➤ Leadership Academy~~
  - ~~➤ Mentoring Program~~
  - ~~➤ Job Rotation Program~~~~
- ~~• Achievement will be assessed based on the following:~~

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Possible Achievement	276 Participants	359 Participants	442 Participants
	2.5%	5%	7.5%

# Strategic Goals

## GOAL 9 – NYC Public Policy Transmission Need (5%)

The NYISO will perform critical steps necessary to administer the NYC Public Policy Transmission Need process including:

- 1) Final Viability & Sufficiency Assessment filed with the NY Public Service Commission and
  - 2) Evaluate viable and sufficient transmission projects and identify top-tier projects by:
- Achievement will be assessed based on the following:

	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
Possible Achievement	Complete #1 by August 31, 2024	Complete #1 and #2 by December 31, 2024	Complete #1 and #2 by November 30, 2024
	2.5%	5%	7.5%

# Our Mission & Vision



## Mission

Ensure power system reliability and competitive markets for New York in a clean energy future



## Vision

Working together with stakeholders to build the cleanest, most reliable electric system in the nation

# Questions?