

Draft 2018 Budget vs. Actual Status

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Executive Summary

- Final 2018 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 \$4.8M on 2018 Rate Schedule 1 revenues
- Draft NYISO budget vs. actual results reflect a spending underrun of \$5.9M (~4% variance against the 2018 budget)

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Executive Summary *(continued)*

Recap of 2018 Draft Budget vs. Actual Results:

\$ 5.9M	2018 Budgetary Underspending
<u>\$ 4.8M</u>	2018 RS1 Over-collection
\$ 10.7M	Funds Remaining from 2018 Budget Cycle

- Pending completion of NYISO's financial statement audit, NYISO staff recommends that NYISO retain the funds remaining from the 2018 budget cycle to pay down the principal amount of outstanding debt

NYISO 2018 BUDGET VS. ACTUAL: RATE SCHEDULE 1 RECOVERIES

Summary of 2018 Rate Schedule 1 Recoveries

2018 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	14.6	1.1	1.1	\$ 1.0	\$ 1.0
Feb	12.3	12.0	(0.3)	0.8	\$ (0.3)	\$ 0.7
Mar	12.7	12.8	0.1	0.9	\$ 0.2	\$ 0.9
Apr	11.5	11.8	0.3	1.2	\$ 0.2	\$ 1.1
May	12.1	12.4	0.3	1.5	\$ 0.3	\$ 1.4
Jun	13.7	13.4	(0.3)	1.2	\$ (0.3)	\$ 1.1
Jul	15.7	16.5	0.8	2.0	\$ 0.8	\$ 1.9
Aug	15.3	16.7	1.4	3.4	\$ 1.5	\$ 3.4
Sep	13.2	13.9	0.7	4.1	\$ 0.7	\$ 4.1
Oct	12.3	12.6	0.3	4.4	\$ 0.3	\$ 4.4
Nov	12.1	12.5	0.4	4.8	\$ 0.4	\$ 4.8
Dec	13.4	13.4	-	4.8	\$ -	\$ 4.8
Total	157.8	162.6	4.8			

2018 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
Market Activity	Projected 2018 Annual Revenue Requirement	2018 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$4.5M	\$0.0132/ TCC MWh	\$ 4,377,000
Virtual Trading	\$2.3M	\$0.0636/ Cleared MWh	\$ 1,842,000
SCR/EDRP	<\$10,000	2018 RS1 Rate for Physical Injections	\$ -
Total	\$6.8M		\$ 6,219,000

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NYISO Draft 2018 BUDGET VS. ACTUAL: BUDGETARY RESULTS

2018 Budget vs. Actual Results

(\$ in millions)	ANNUAL AMOUNTS AS OF 12/31/18		
Cost Category	Original Budget	Actuals	Variance
Capital	\$ 10.2	\$ 6.3	\$ (3.9)
Salaries & Benefits	\$ 91.8	\$ 93.4	\$ 1.6
Professional Fees (including Legal)	\$ 26.6	\$ 26.2	\$ (0.4)
Building Services	\$ 6.4	\$ 6.3	\$ (0.1)
Computer Services	\$ 16.4	\$ 17.4	\$ 1.0
Insurance	\$ 2.9	\$ 2.7	\$ (0.2)
Telecommunications	\$ 2.9	\$ 3.0	\$ 0.1
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 4.0	\$ 3.6	\$ (0.4)
Current Year Needs	\$ 161.2	\$ 158.9	\$ (2.3)
Debt Service from Prior Year Financings	\$ 32.0	\$ 35.6	\$ 3.6
Cash Budget	\$ 193.2	\$ 194.5	\$ 1.3
Less: Miscellaneous Revenues	\$ (3.7)	\$ (6.0)	\$ (2.3)
Less: Proceeds from Debt	\$ (34.2)	\$ (34.9)	\$ (0.7)
Less: Proceeds from budget underrun net volume undercollections	\$ -	\$ (4.2)	\$ (4.2)
Add: Interest on Debt	\$ 0.4	\$ 0.4	\$ -
Rate Schedule #1 Revenue Requirement	\$ 155.7	\$ 149.8	\$ (5.9)

2018 Budget vs. Actual Variance Explanations

	<u>Year-End Variance</u>
<u>Capital</u>	The year-end underrun of \$3.9M is primarily due to the acceleration of \$1.3M into 2017 in support of the Network Infrastructure Upgrade project, transfers to Computer Services for the EMS/BMS system upgrade and workstation upgrade projects of \$1.3M, transfers to various budget line items of \$0.5M and savings on various capital projects of \$0.5M.
<u>Salaries & Benefits</u>	The year-end overrun of \$1.6M is primarily due to actual annual corporate incentive achievement versus budget of \$0.8M and pension plan funding of \$0.8M.
<u>Professional Fees</u>	The year-end underrun of \$0.4M is primarily due to timing of the EMS/BMS system upgrade project of \$0.8M, offset by savings in market design consulting of \$0.6M, planning study support of \$0.5M and savings in external legal fees of \$0.4M.
<u>Computer Services</u>	The year-end overrun of \$1.0M is primarily due to the EMS/BMS system upgrade and workstation upgrade projects that were originally budgeted as Capital.
<u>Other Expenses</u>	The year-end underrun of \$0.4M is primarily due to savings in employee training and travel expenses.
<u>Debt Service</u>	The year-end overrun of \$3.6M is due to additional principal payments on outstanding debt, offset with proceeds from a budget underrun and volume over-collection from the prior year.
<u>Misc. Revenues</u>	The year-end overrun of \$2.3M is primarily due to higher than anticipated revenues generated from reimbursable planning studies of \$1.2M and interest income on cash deposits of \$1.1M.
<u>Proceeds from Debt</u>	The year-end overrun of \$0.7M is due to timing of the EMS/BMS system upgrade project schedule and corresponding loan draw downs.

Outstanding Debt Summary

Debt Facility	Loan Status	Maturity Date	Amount Borrowed	Principal Outstanding at 12/31/18
Revolving Credit Facility	\$50M Available	Dec-18	\$ 12.8	\$ -
2005 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 12.0
2016 Budget Loan	Term Loan Repayment	Dec-19	\$ 25.0	\$ 4.1
2017 Budget Loan	Term Loan Repayment	Dec-20	\$ 24.7	\$ 16.4
2018 Budget Loan	Principal Payments begin in 2019	Dec-21	\$ 25.3	\$ 25.3
EMS BMS Loan	Term Loan Repayment	Dec-21	\$ 24.4	\$ 18.5
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 33.3
Total				\$ 109.6

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Questions?

We are here to help. Let us know if we can add anything.

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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