

# 2025 DRAFT

# Corporate Incentive Goals

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# 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 2024 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 (15%)

- **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 **Comprehensive Reliability Plan (CRP) 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	None	None
Lower Impact Defects	<i>And</i> 3 or fewer	<i>and</i> 2 or fewer	<i>and</i> No more than 1
Possible Achievement	<b>7.5%</b>	<b>15%</b>	<b>22.5%</b>

*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 (34) major projects identified in the Business Plan during 2025.
- Achievement will be assessed based on the following:

Possible Achievement	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
	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 (35%)**
  - 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
	17.5%	35%	52.5%

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives (35%)

- (#1) **Capacity Market Structure Review – Issue Discovery**
- (#2) **EMS/BMS Technologies Upgrade – Deployment**
- (#3) **Integrating Champlain Hudson Power Express – Software Design Specifications**
- (#4) **Dynamic Reserves – Phase 1 – Software Design Specifications**
- (#5) **FERC Order 2222 Compliance – Software Design Specifications**
- (#6) **Winter Reliability Capacity Enhancements – Market Design Complete**
- (#7) **Hybrid Infrastructure Upgrade – Deployment**
- (#8) **Interconnection Cluster Study Process Improvement – Deployment**

# Strategic Goals

## GOAL 6 - Goal 6B Key Project Initiatives

- **(#1) Capacity Market Structure Review – Issue Discovery**

This project will investigate whether changes are needed to the structure of the capacity markets to ensure the markets continue to send accurate, transparent price signals that promote reliability and economic efficiency. The 2025 deliverable for this project would be an Issue Discovery.

# Strategic Goals

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

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

The NYISO's current hardware and operating system that the EMS/BMS platform runs on will be end of life in 2024, with extended support through June 30, 2026. It is critical that the hardware and operating system the EMS/BMS platform runs on be upgraded so they remain stable and supported by the vendor. 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 the continuation of a multi-year effort.

# Strategic Goals

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

- **(#3) Integrating Champlain Hudson Power Express – Software Design Specifications**

The objectives of this project are to develop an operating protocol with HQ and the U.S. owner/operator for the CHPE HVDC line, identify needed tariff revisions and software enhancements, and to map out the timeline of changes needed to effectively integrate this facility into the market systems and reliability tools (EMS). The project deliverable for 2025 will be Software Design.

# Strategic Goals

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

- (#4) Dynamic Reserves – **Phase 1 – Software Design Specifications**

The anticipated deliverable for 2025 will be Software Design Specification based on the Functional Requirements Specifications from the 2024 Dynamic Reserves project.

# Strategic Goals

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

- (#5) **FERC Order 2222 Compliance – Software Design Specifications**

Using the 2024 Functional Requirement Specifications (FRS) as a basis, the NYISO will complete the Software Design in 2025. The NYISO will then begin development of software based on the use cases and specifications identified to reflect requirements of Order No. 2222 compliance that were not in scope for previous DER project deployments and releases, including the new market rules from the 2024 FRS.

# Strategic Goals

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

- (#6) **Winter Reliability Capacity Enhancements – Market Design Complete**

The Winter Reliability Capacity Enhancements project will address issues identified in the 2024 Winter Reliability Capacity Enhancements report. In 2025, NYISO will explore specific market enhancements and propose design changes to support a winter peaking/winter risk system. The project deliverable for 2025 will be Market Design Complete.

# Strategic Goals

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

- (#7) **Hybrid Infrastructure Upgrade – Deployment**

This multi-year project includes two major efforts, 1) migration of commercial off the shelf software applications to the cloud, building off the experience of System Resource Planning applications currently running in the cloud and 2) migration of internally-developed applications to the cloud, taking advantage of containerization tooling and automated delivery pipelines currently being utilized for settlements and pricing data marts.

# Strategic Goals

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

- (#8) **Interconnection Cluster Study Process Improvement – Deployment**

The project will involve software changes within Salesforce to implement an Interconnection Portal and other changes that would increase the transparency and efficiency of the interconnection process. Additionally, to meet the FERC Order requirement for a HeatMap, the project will include the selection and implementation of a vendor solution. The chosen vendor solution will look to include providing a Queue map to replace the existing queue list process. The project goal for 2025 is to reach the Deployment milestone.

# 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 – Phase 1 Study Reports (5%)

The NYISO will provide the 1<sup>st</sup> draft Phase 1 Study Reports to customers and Transmission Owners of all Projects that NYISO leads the Phase 1 Study by:

- Achievement will be assessed based on the following :

Possible Achievement	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
	150 calendar days from Phase 1 Study commencement	135 calendar days from Phase 1 Study commencement	120 calendar days from Phase 1 Study commencement
	2.5%	5%	7.5%

# 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:

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

# Strategic Goals

## GOAL 9 – NYC Public Policy Transmission Need (NYC PPTN) (10%)

- The NYISO will complete the evaluation process for the NYC PPTN and, following an advisory vote of the Management Committee, will deliver the final draft report to the NYISO Board by:
- Achievement will be assessed based on the following:

Possible Achievement	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
	November 30	October 31	September 30
	5%	10%	15%

# Strategic Goals

## GOAL 10 – New Employee Workplace Integration Program

NYISO will implement a structured plan designed to integrate new employees into the NYISO and set them up for success. Employees hired from 10/1/24 – 9/30/25 will be included in this new program goal.

- Achievement will be assessed based on the following:

Possible Achievement	Threshold Payout (50%)	Target Payout (100%)	Superior Payout (150%)
	#1 Successful design and dissemination of program to NYISO and all managers trained to participate	#1 and #2 Implement Core Elements: DiSC Profiles, Mentor Matches, 30-60-90 Day Plans	#1, #2 and #3 Design and Implement New Employee Resource Group
	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?