

2021 Draft Budget vs. Actual Results

Patrick Kelly

Controller & Assistant Treasurer

Budget & Priorities Working Group

February 23, 2022

Executive Summary

- 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 \$2.8M (1.7% variance against the 2021 budget)

Executive Summary (continued)

Recap of Draft 2021 Budget vs. Actual Results:

\$ 7.9M 2021 RS1 Over-collection

\$ 2.8M 2021 Budgetary Underspending

\$10.7M Funds Remaining from 2021 Budget Cycle

NYISO 2021 DRAFT BUDGET VS. ACTUALS:

- *RATE SCHEDULE 1 REVENUES*
 - *SPENDING RESULTS*

2021 Rate Schedule 1 Revenues

2021 MWH (in Millions) Comparison: Budget vs. Actual						
Invoice Month	Budgeted MWH	Actual MWH	Monthly Differential MWH	Cumulative Differential MWH	Monthly \$ Impact	Cumulative \$ Impact
Jan	13.0	13.5	0.5	0.5	\$ 0.6	\$ 0.6
Feb	11.2	12.4	1.2	1.7	\$ 1.4	\$ 2.0
Mar	11.4	12.1	0.7	2.4	\$ 0.8	\$ 2.8
Apr	10.2	10.7	0.5	2.9	\$ 0.5	\$ 3.3
May	11.0	11.4	0.4	3.3	\$ 0.4	\$ 3.7
Jun	12.8	13.9	1.1	4.4	\$ 1.3	\$ 5.0
Jul	16.4	15.1	(1.3)	3.1	\$ (1.5)	\$ 3.5
Aug	15.2	15.9	0.7	3.8	\$ 0.9	\$ 4.4
Sep	11.9	12.8	0.9	4.7	\$ 1.0	\$ 5.4
Oct	11.0	11.8	0.8	5.5	\$ 1.0	\$ 6.4
Nov	10.9	11.6	0.7	6.2	\$ 0.8	\$ 7.2
Dec	12.3	13.0	0.7	6.9	\$ 0.7	\$ 7.9
Total	147.3	154.2	6.9			

2021 Non-Physical Market Activity

Allocation of Rate Schedule 1 Costs to Non-Physical Market Activity			
2021 MWH Comparison (in Millions): Budget vs. Actual	Projected 2021 Annual Revenue Requirement	2021 Billing Rate/Unit	TOTAL
Transmission Congestion Contracts	\$4.5M	\$0.0122/ TCC MWh	\$ 4,041
Virtual Trading	\$2.5M	\$0.0757/ Cleared MWh	\$ 1,829
SCR/EDRP	<\$10,000	2021 RS1 Rate for Physical Injections	\$ -
Total	\$7.0M		\$ 5,870

2021 Budget vs. Actual Results

(\$ in millions)	ANNUAL AMOUNTS AS OF 12/31/21		
Cost Category	Original Budget	Actuals	Variance
Capital	\$ 5.0	\$ 4.1	\$ (0.9)
Salaries & Benefits	\$ 96.1	\$ 98.0	\$ 1.9
Professional Fees (including Legal)	\$ 26.1	\$ 23.9	\$ (2.2)
Building Services	\$ 6.4	\$ 5.1	\$ (1.3)
Computer Services	\$ 21.0	\$ 21.4	\$ 0.4
Insurance	\$ 3.2	\$ 3.2	\$ -
Telecommunications	\$ 2.8	\$ 2.6	\$ (0.2)
Other Expenses (BOD, Travel/Trng, NPCC Fees)	\$ 3.0	\$ 2.4	\$ (0.6)
Current Year Needs	\$ 163.6	\$ 160.7	\$ (2.9)
Debt Service from Prior Year Financings	\$ 38.3	\$ 47.6	\$ 9.3
Cash Budget	\$ 201.9	\$ 208.3	\$ 6.4
Less: Miscellaneous Revenues	\$ (6.4)	\$ (5.5)	\$ 0.9
Less: Funds From Prior Year Budget Cycles	\$ -	\$ (10.1)	\$ (10.1)
Less: Proceeds from Debt	\$ (28.4)	\$ (28.4)	\$ -
Add: Interest on Debt	\$ 0.3	\$ 0.3	\$ -
Rate Schedule #1 Revenue Requirement	\$ 167.4	\$ 164.6	\$ (2.8)

2021 Budget vs. Actual Variance Explanations

	Year-End Variance
Capital	The year-end underrun of \$0.9M is due to budget reallocations primarily to fund the Network Infrastructure Upgrade Project totaling \$0.7M and capital acquisitions accelerated into 2020 totaling \$0.2M.
Salaries & Benefits	The year-end overrun of \$1.9M is due to actual at-risk compensation higher than budgeted of \$2.4M, targeted salary adjustment and retention incentives of \$0.8M and additional System Operator overtime cost of \$0.5M, partially offset by accelerating pension contributions of \$0.8M into 2020, the impact of a vacancy rate higher than budgeted of \$0.8M and reduced health insurance claims experience of \$0.2M.
Professional Fees	The year-end underrun of \$2.2M is due to savings on the following projects: \$1.1M for Enterprise Information Management through increased use of internal resources, \$0.5M for NextEra Transmission Owner Integration, \$0.4M for Climate Change & Grid in Transition and \$0.3M for Large Scale Solar on Dispatch, partially offset by \$0.5M of additional consultancy cost in support of the Distributed Energy Resources Integration project.
Building Services	The year-end underrun of \$1.3M is due to savings in building maintenance costs as a result of NYISO's remote work posture.
Other Expenses	The year-end underrun of \$0.6M is due to reduced training and travel driven by the COVID-19 pandemic.
Debt Service	The year-end overrun of \$9.3M is due to \$10.1M in additional principal payments on outstanding debt utilizing funds remaining from the 2019 and 2020 budget cycles, partially offset by interest expense savings on outstanding debt of \$0.5M and lower principal repayments from 2020 reduced loan draws of \$0.3M.
Misc. Revenues	The year-end underrun of \$0.9M is due to budgeted Public Policy revenue which did not materialize in 2021 totaling \$1.0M and \$0.5M in lower interest earnings driven by the interest rate environment, partially offset by additional Interconnection application fee revenue of 0.3M and proceeds from the sale of COVID-related temporary housing for System Operators of \$0.2M.
Funds From Prior Year Budget Cycles	The year-end overrun of \$10.1M is due to the use of funds remaining from 2019 and 2020 budget cycles to make early repayments on outstanding debt.

Outstanding Debt Summary

Debt Facility	Loan Status	Maturity Date	Amount Borrowed	Principal Outstanding at 12/31/21
Revolving Credit Facility	\$50M Available	Dec-23	\$ 10.0	\$ -
2021 Budget Loan	Term Loan Repayment	Dec-24	\$ 28.4	\$ 28.4
2020 Budget Loan	Term Loan Repayment	Dec-23	\$ 26.6	\$ 17.6
2019 Budget Loan	Term Loan Repayment	Dec-22	\$ 26.0	\$ -
2021 Mortgage - Bldg Acq. & Renovations	Term Loan Repayment	Aug-25, Jan-27	\$ 24.8	\$ 7.7
2018 Budget Loan	Term Loan Repayment	Dec-21	\$ 25.3	\$ -
EMS BMS Loan	Term Loan Repayment	Dec-22	\$ 30.0	\$ -
Infrastructure Master Plan Mortgage	Term Loan Repayment	Aug-31	\$ 45.0	\$ 25.2
Total				\$ 78.9

Questions?