

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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Proceeding on Motion of the Commission to  
Implement a Large Scale Renewable Program  
and a Clean Energy Standard

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Case 15-E-0302

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**PETITION REGARDING PROPOSED YEAR FOUR FUNDING AND RECONCILIATION OF  
YEAR TWO OF CLEAN ENERGY STANDARD ADMINISTRATION COSTS**

Introduction

The New York State Energy Research and Development Authority (NYSERDA) files this petition seeking identification and quantification of the funds to be used to cover NYSEDA's costs and fees needed to administer the Renewable Energy Standard (RES) and the Zero-Emissions Requirements (ZECR) program for Compliance Year 2020 (Year Four Administrative Funds).

Background

In establishing the RES and ZECR Programs, which comprise the Clean Energy Standard (CES), the Commission adopted the State Energy Plan goal that 50% of New York's electricity is to be generated by renewable sources by 2030 as part of a strategy to reduce statewide greenhouse gas (GHG) emissions by 40% by 2030.<sup>1</sup> The CES Order created the principal structure through which the State will channel its supply-side efforts to achieve the GHG goal.

These efforts also advance the requirements contained within the Climate Leadership and Climate Protection Act (CLCPA). The CLCPA, recently signed into law by Governor Andrew M. Cuomo, is a nation-leading clean energy and jobs mandate that puts New York on a path to carbon neutrality across all sectors of the economy through a globally unprecedented ramp-up of renewable energy, including commitments for 70 percent of the state's electricity to come from renewable sources by 2030 and a 100 percent carbon-free electricity sector by 2040. The CLCPA also directs New York State's agencies and authorities to work collaboratively with stakeholders to develop a plan to reduce greenhouse gas emissions 85% from 1990 levels by 2050, and to work toward a goal of investing 40 percent of clean energy and energy efficiency resources to benefit disadvantaged communities.

In the CES Order, the Commission directed a two-part initiative to increase the State's renewable energy supply and to impose obligations on load-serving entities (LSEs) to financially support the preservation of

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<sup>1</sup> Case 15-E-0302; Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, "Order Adopting a Clean Energy Standard," issued and effective August 1, 2016 (CES Order).

existing at-risk nuclear zero-emissions attributes to serve their retail customers. Under Tier 1 of the RES, the CES Order requires each LSE to serve their retail customers by procuring qualifying Tier-1 renewable energy credits (RECs) in a defined and increasing percentage of the total load served by the LSE. LSEs are permitted to meet their RES obligations by purchasing RECs from NYSEERDA, from other sellers, or by making Alternative Compliance Payments (ACPs) to NYSEERDA. The Order establishes the RES compliance period as January 1 to December 31 of each year, beginning in 2017.

Under the ZECR program, the CES Order requires each LSE that serves end-use customers in New York to purchase from NYSEERDA the percentage of ZECs purchased by NYSEERDA from qualifying generators during each compliance year that represents the portion of the electric energy load served by the LSE in relation to the total electric energy load served by all such LSEs during that compliance year. The CES Order established the ZECR compliance period as April 1 to March 31 of each year, beginning in 2017. The ZECR purchase obligation is divided into six two-year tranches, the last ending on March 31, 2029.

The Commission designated NYSEERDA as the administrator of both the RES and ZECR programs. In July of 2018, NYSEERDA filed a Petition seeking the identification and quantification of the funds to be used to cover its costs for year three (Year Three Administrative Funds) and reconciliation of year one administrative costs. The Commission approved NYSEERDA's Petition, with modifications, on November 16, 2018.<sup>2</sup> The November Order approved the use of existing unspent, 2017 compliance period funds, System Benefits Charge (SBC), Energy Efficiency Portfolio Standard (EEPS), and Renewable Portfolio Standard (RPS) funds for administrative costs for both the RES and ZECR programs.

#### Administration

NYSEERDA has filed quarterly itemized reports on costs associated with the administration and the development of the RES and ZECR programs. As is illustrated by Table 1,<sup>3</sup> NYSEERDA is projecting an unspent balance from the SBC, EEPS and RPS-funded portion of the Year Two Administrative Funds.

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<sup>2</sup> Id.: "Order Approving 2019 Administrative Budget," issued and effective November 16, 2018 (November Order).

<sup>3</sup> At the end of 2019, NYSEERDA will provide an end of year report demonstrating actual expenses; projected costs and unspent balances may differ slightly from those included in Table 1. NYSEERDA's available funding for Year Four costs will be adjusted accordingly. NYSEERDA will reflect uncommitted Year Three administrative costs, if any, in the context of the Year Five administrative cost filing.

<b>Table 1. Projected Unspent CES Compliance Period Funds - RES and ZECR Year Two</b>			
<b>Program Salary, Overhead and Cost Recovery Fee Expenses</b>	<b>Year 2 Budget</b>	<b>End of Year 2 Committed</b>	<b>Unspent Funds</b>
RES Salary and Overhead	\$1,822,000	\$1,574,949	\$247,051
RES NYS Cost Recovery Fee Expenses	\$53,000	\$38,709	\$14,291
ZECR Salary and Overhead	\$461,000	\$308,889	\$152,111
ZECR NYS Cost Recovery Fee Expenses	\$4,460,000	\$4,152,119	\$307,881
RES/ZEC Technical Support	\$1,875,000	\$1,291,553	\$583,447
RES System Development	\$350,000	\$829,990	-\$479,990
<b>Total</b>	<b>\$9,021,000</b>	<b>\$8,196,209</b>	<b>\$824,791</b>

NYSERDA’s administrative budgets typically include NYSERDA staff direct and indirect salaries, fringe benefits, and other direct program operating costs and allocated general and administrative expenses. Year Four costs will again include categories identified as “RES/ZEC Technical Support” and “CES System Development” for program and system development.

For the RES, the more administratively complicated of the two programs, Year Four will require an increase in staff time to manage and report on contracts resulting from the completed 2017 and 2018 RES solicitations, which have resulted in 43 new agreements resulting in approximately \$3 billion under active management. The projects awarded under the RES solicitations through the first two years of the program alone account for 20 percent more new renewable capacity than was awarded under the decade long RPS, the predecessor to the CES. Bid proposals for the third solicitation, RESRFP19-1, are due in September of 2019 and will result in additional contracts to negotiate and manage.

Given the ambitious nature and scale of the RES goals, NYSERDA is taking an even more active role in contributing to planning and project development processes for awarded projects with the aim to bring forth projects which are both cost-effective and responsibly developed. The resounding success of the RES solicitations and New York’s significantly expanding large scale renewable market results in the need for NYSERDA to allocate additional staff toward activities involving procurement, contract negotiations, contract management and analysis as well as other related market development activities such as the administration of the New York Generation Attribute Tracking System (NYGATS). In addition, the recently-passed CLCPA and the expanded mandate contained therein will require significant new efforts over a series of years to advance its timely and responsible achievement.

The state’s ambitious, long term large-scale renewable goals also call for continuous and committed support to site large-scale renewable energy projects across New York State. In June 2018, NYSERDA formed a new clean energy siting team to support communities hosting large-scale renewable energy development; clean energy siting staff is also included as part of the Year Four administrative funding. Many local governments and communities are encountering large-scale renewable energy projects for the first time and require assistance to efficiently and appropriately manage these developments. Increasing numbers of personnel are needed to develop long-term relationships between NYSERDA and local

governments, conduct frequent travel across the state for one-on-one meetings with host communities, develop and prepare best practices for local governments, manage incoming technical assistance requests from local officials, conduct targeted outreach and hold regional workshops.

Year Four categories include “RES/ZECR Technical Support” and “CES System Development.” RES/ZECR Technical Support includes costs associated with the on-going program consultant support and implementation for the REC/ZEC programs; development and issuance of procurements and technical evaluation panels for proposal submission received by NYSERDA to procure Tier 1 eligible resources.

CES System Development includes costs for anticipated revisions to NYGATS or other systems as outlined in the proposed ZEC Implementation Plan.<sup>4</sup> In addition, NYSERDA will seek through a competitive solicitation in late 2019, a project management software to support the legacy Main Tier Renewable Portfolio Standard and CES programs in procurement, contracting, invoicing and reporting activities. The Request for Proposals will be issued to select one or more software vendors for an initial term of up to 60 months.

NYSERDA will allocate a proportionate share of the annual New York State Cost Recovery Fee (CRF) to the CES program. The CRF is a fee assessed to NYSERDA and other public authorities by New York State for an allocable share of state governmental costs attributable to the provision of services to public benefit corporations pursuant to Section 2975 of the Public Authorities Law. For the past four fiscal years, the CRF assessment has averaged about 1.89% of NYSERDA’s annual expenses. NYSERDA has assumed an allocation of just under 50% of that amount to RES and ZECR program costs.

As has been the case in prior years, NYSERDA proposes to use unspent SBC/EEPS/RPS funds to cover administrative costs as illustrated by Table 2 for both the RES and ZECR programs for Compliance Year Two (Year Four).

<b>Table 2. Proposed CES Compliance Period Budget - RES and ZEC Year 4</b>			
<b>Clean Energy Standard - REC and ZEC Administrative Costs</b>	<b>NYSERDA's Proposed Year 4 Costs</b>	<b>Funded from Year 2 Unspent Funds</b>	<b>Additional to be funded through uncommitted SBC/EEPS/RPS Funds</b>
RES Salaries and Overhead	\$3,927,880	\$247,051	\$3,680,829
RES NYS Cost Recovery Expense <sup>1</sup>	\$177,894	\$14,291	\$163,603
ZECR Salaries and Overhead	\$437,716	\$152,111	\$285,605
ZECR NYS Cost Recovery Expense <sup>1</sup>	\$4,874,394	\$307,881	\$4,566,513
RES/ZECR Technical Support	\$1,595,000	\$103,457	\$1,491,543
CES System Development	\$1,950,000		\$1,950,000
<b>Total</b>	<b>\$12,962,884</b>	<b>\$824,791</b>	<b>\$12,138,093</b>
<sup>1</sup> Cost Recovery amounts are estimates only. If actual cost allocations exceed the amounts requested and subsequently approved, NYSERDA will request for approval for the use of any additional unspent funds.			

<sup>4</sup> “Clean Energy Standard Zero Emissions Credit (ZEC) Implementation Plan,” filed August 3, 2018.

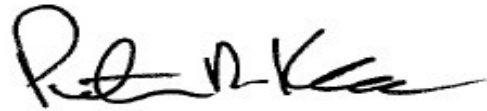
As directed in the November 16, 2016 Order, NYSERDA continues to keep detailed account of all costs in administering the CES program and any unspent administrative funds shall be used for future ratepayer benefit.

Conclusion

NYSERDA respectfully requests that the Commission approve the proposed CES Year Four costs, the reallocation of the unspent SBS/EEPS/RPS Year Two program funds into Year Four and the use of additional unspent SBS/EEPS/RPS funds in Year Four as detailed herein.

Dated: July 31, 2019

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter Keane". The signature is fluid and cursive, with the first name "Peter" and last name "Keane" clearly distinguishable.

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