NYSERDA'S 122ND PROGRAM PLANNING COMMITTEE MEETING
January 24, 2024

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Sherburne Abbott:
Good afternoon and welcome. I call this meeting to order a notice and agenda for this meeting was provided to the Committee Members and press on January 17, 2024. This meeting is being conducted by video conference. The Authority will post a video and a transcript of this meeting on the web. To confirm that we have a quorum, I would like to ask the Committee Members to introduce themselves. I am Shere Abbott, Chair of the Committee, Member of the Board. Sorry Chuck/

Vice Chair Bell:
Chuck Bell, Member of the Committee. Member of the Board.

Sadie McKeown:
Sadie McKeown, Member of the Committee. Member of the Board.

Chair Kauffman:
Richard Kauffman, Chair of the Authority.

Sherburne Abbott:
Albany? No. All right, thank you. The first item on the agenda is the approval of the minutes of the 121st Committee meeting held on October 4, 2023. Are there any comments on either of the minutes? May I please have a motion approving The minutes?

Chair Kauffman:
So moved.

Vice Chair Bell:
Second.

Sherburne Abbott:
All in favor?

Members of the Committee:
Aye.

Sherburne Abbott:
Opposed? The minutes have been approved. The next item, the agenda opposed revisions to the Regional Greenhouse Gas Initiative operating plan. John Williams, Executive Vice President for Policy and Regulatory Affairs will present this item. John.

John Williams:
Thank you Shere. Good afternoon and everybody, the Members are asked to recommend approval of an amendment to the RGGI Operating Plan. As you'll recall, the operating plan is

amended each year providing a three-year proposal for both revenue assumptions from allowances as well as program allocations for those projected revenues. The proposal that is before the Board for consideration today has been presented to interested stakeholders. There was a webinar held on December 8th and that was done jointly with our RGGI agency partners at DEC and we did have a follow-up question and answer session as well with stakeholders on December 20th. The proposal was also issued for receipt of written comments which was made through NYSERDA's website and comments were received by December 29th. Three different written comment responses were submitted. The proposal before the Board for consideration accounts for comments received both at the webinar as well as through the written process.

Revenue projections this year are taking a look back average of the past 10 options, 10 options being the period of time in which the RGGI Program review with the other RGGI partner States has been underway. When we look at that, we have an allowance value of $12.32 and we'll maintain that as the allowance base for the revenue projections throughout the three year period and this historic average does allow for building and some conservatism in terms of program planning. We will certainly always be monitoring the RGGI allowance market for any significant price volatility and to the degree that volatility may result in any recommendation to revise that projection. We will certainly be back before you all for any such recommendations. With this revenue projection, we are providing our program portfolio table one in the materials that the Members have received does identify those initiatives that we are recommending for funding over the program period.

Just to give a flavor of the spectrum of those activities where we're looking at continued funding for the New York Sun program for solar installations at public schools and public buildings. Continued funding for an Agrivoltaics initiative looking at demonstration projects and we'll be doing that in close cooperation with the Department of Agriculture and Markets funding for the Empower Plus initiative, looking at energy efficiency and electrification options in low and moderate income projects in disadvantaged communities. Also looking at support for the climate resiliency risk assessment for clean energy and electrification assets initiative. Looking at research to help better understand the resiliency requirements that will be necessary to make sure we have durable energy investments, not only just at NYSERDA investments but throughout other State activities. Funds to help leverage federal program opportunities as they emerge are also part of the portfolio that we have. A couple of new initiatives maybe just to put on the table.

We have an innovative finance and risk management initiative that is looking to develop and test novel insurance product prototypes to help expand the capacity of new clean energy technology businesses to be able to find their footing in a marketplace. We're also looking to help provide some support for our clean energy business initiative, seeking to attract business into New York, which we also believe will help to accelerate the decarbonization activities as we can see in New York, as well as provide economic opportunity for New York businesses. One other thing to make note of is that in appendix two of the proposed amendment, we do look at investments of the portfolio that have been historic as of 2020 and through this program, four investments that we will make in disadvantaged communities based on the portfolio that we have and the projected program activity as we would understand it now, 45% of the investments that this portfolio will provide will be investments that will benefit individuals in disadvantaged communities. So certainly meeting the goals of the Climate Act for a minimum of 35% and a goal of 40% for clean energy investments for disadvantaged communities. So the Members do have all of the detailed information in the program plan and I'm happy to take any questions.

Sherburne Abbott:
Thanks John. Are there any questions for John? Richard?

Chair Kauffman:
Sorry. So a couple things. One, I remember that the RGGI dollars are the most flexible dollars that we have, so I don't want to go through line by line, but in terms of the ability to do things with these dollars that we can't do with other things or the ability to leverage dollars, I mean certainly Fed is a good example but maybe you could talk a little bit more about that. And then the second question is there are lots of different programs here and maybe you can also talk about the concentration philosophy about concentration of programs versus breadth of programs.

John Williams:
So maybe to take on the first issue in terms of the flexibility, I do think that we see flexibility maybe in a couple of aspects, Richard, right? So flexibility with RGGI does allow us to utilize what I think we would say are successful program platforms and be able to utilize them on a statewide basis, right? So it provides us the flexibility to reach audiences in New York State that say the rate payer funded right payer directive activities coming out of commission don't otherwise allow us to hit. I do agree with you that there is a lot of potential flexibility like all of our program folks are here and we do run through, I would say like a creative process I would say every year to figure out what are the opportunities that are immediate that we know if that can get to these things. I would say maybe one might be for instance, the new insurance prototype development activity, which I do think we're actually already seeing other federal interest and you might be able to engage a little bit further that, but I do think that as we are developing the program plan, the various program teams are trying to understand what are the opportunity spaces that we're not reaching with programs and we do try to identify what that might these RGGI investments up, turn it over to colleagues if they have any examples to maybe grow on the team.

On the second point, which breadth versus depth, breadth versus depth, that is perhaps a challenge with the way that we do some program planning and we do try to maintain that. We are going to keep a little bit of focus on depth as opposed to breadth to make sure that we're creating degrees of impact with our program activity. That gets a little bit again to the idea of leveraging existing program platforms which are successful in other aspects. So it may look like some of the programs that we're touching, there are maybe a sprinkling of funds across a lot of activities, but a lot of them are really very much connected with other programs that are already going on. Again, making us able to provide all of those services on a statewide basis.

Chair Kauffman:
Just on that, is that a topping up of programs that we're already doing or is it enabling things that fills in a gap which to enable that other program to be more effective?

John Williams:
The second, the latter, right? It is gap filling and not just additional funds on activities that we're already doing. So I would say that in that exercise and depth versus breadth, I would say that there is a lot of competition for funds internally that we do try to manage towards. So we do keep degrees of focus, but I think that we do find that there are a lot of opportunities, gaps to fill. I think that that really are the guiding principles behind that. Appreciate though that there's a lot of different activities that help.

Jay Koh:
One comment, one question. The comment is when you look at the table three here, it's great to hear that the projected pricing, we continue to maintain this kind of three or forecast, which I think was an artifact of prior Board engagement on this topic because if you look at the cumulative price at $4.33, that's a far cry from the projected current position that we think will likely hold over. Looking back on last 10 options right to the $12.31 price and the flexibility here place in both directions, if we have a massive surplus then we could reprogram it and the three-year forecast I think was designed to make sure that if we had a lot of volatility that we had the ability recover over. So I strongly suggest that we continue to think about that multi-year planning process and if that volatility or that rate of change shifts, then I think it's worth revisiting that every so often two year or four year cycle that makes more sense what could happen in terms of the longevity of that forecast since I do think that that's going out to be a good practice in that sense. But I guess the second question, which is how much contingency planning there is and you mark that there was some conservatism in the forecast here, which is great, rather be under budget I suppose to some degree over. But again, like the other side of the discussion is then what would you direct that at or we have a prioritization for if it turns out we get a 10 15% windfall or a conservative margin, it turns out to be conservative design and we get more funding as opposed to the opposite which we've had in prior years too. How does that get allocated?

John Williams:
So that is a great question and one thing we do include in the plan is that if we do see a degree I suppose of windfall that we feel is manageable to program through the three year cycle, as you mentioned Jake, we've identified some activities that I think we feel would certainly be able to benefit from additional allocations pretty immediately. So I think what comes close to mind is the R electric vehicle rebate program, which that is an activity that has seen a very hot market as it were coming about and certainly our Empower Plus program does run through its budgets on a year to year basis, so there's still a lot of demand in those. So I think we would look at any kind of what we would call surplus within the course of the current calendar year and if we are feeling confident about the nature of that additional revenue, then we would allocate it to those types of identified activities.

I do think we do try to maintain the current budgets and work to those budgets and to the degree that we are seeing a surplus, we are on an annual budgetary cycle, so we're really back in front of you pretty quickly and the point there is to make sure that we are viewing any potential near term revenue dynamic to really be seen within the context of the three years and not just as we might be running a surplus this year, so we need just spend that money. So we do want to make sure that we keep that perspective, but we also do manage and try to figure out, well what does actually look like surplus over? That's great. Well, I also applaud that 45% forecast on the targeted communities part of it. I think that really demonstrates that with the use of the flexibility here trying to overachieve in those important areas.

Sherburne Abbott:
Just a comment about the LMI and disadvantaged communities in the RGGI budget piece is the only place where it's really spelled out, but it doesn't get reflected into the NYSERDA budget in a way that you can actually see that clarify as a benefit to the broader community. It seems to me that it's something that maybe is worth a look because here you've got real numbers and they can just be brought forward in a way that looks out more broadly from NYSERDA. The other thing I was just struck by in the public comments is the public face of RGGI and the sense the public of seeing the difference between their rate payer dollars and how we move on the other side in the private sector. And it seems to me that this is an opportunity in that one comment where this funding has really helped our local clean energy industry. That's an important message to keep getting out there, right? Because it is making a connection between these broad objectives and all these local communities.

John Williams:
Actually that's a good point actually something we can be thinking about when you hear about a program at the Board meeting and we're initiating some thought about statewide Cap-and-Invest. We'll be starting some of that consideration how you design a portfolio there as well.

Sherburne Abbott:
Any other questions, comments? We're good? Okay. May I please have a motion recommending approval of the amendments to the Regional Greenhouse Gas Initiative Operating Plan?

Vice Chair Bell:
So moved.

Sherburne Abbott:
Second?

Chair Kauffman:
Second.

Sherburne Abbott:
All in favor?

Members of the Committee:
Aye.

Sherburne Abbott:
Opposed? The amendments to the RGGI operating plan are recommended for approval. Thank you John. That was great. The next item on the agenda is consideration of the Authority’s fiscal year 2024-2025 budget to be presented by the Authority’s Chief Financial Officer. Pam,

Pam Poisson:
Thank you and thank you. Excuse me as well to Peter Mahar who's there in Albany and the whole finance team helped us pulled this together working with program and policy teams and I may shift a couple of questions to Peter, but let me lead with the presentation here. So the Committee Members are requested to recommend the adoption of a resolution. The intern is recommending Board approval of its portions of the Authority's budget for the fiscal year ending March 31, 2025. From a macro perspective, NYSERDA budgets and our bandwidth to carry out our scope of work have naturally increased over time. Additional proof, work scope and funding were assigned to us. This year's budget surpasses the $2 billion mark reflecting an opportunity to leverage federal funding to compliment New York State investments and efficiently achieve substantive progress with our duty to deploy these funds wisely. We continue to use rigorous planning and budgeting processes working to ensure our team and tools are matched to the task while staying fiscally prudent and well controlled in that context.

The fiscal year 2025 budget presented today reflects continued momentum on initiatives enabled by the Clean Energy Fund, Clean Energy Standard, and Regional Greenhouse Gas allowances. As John just articulated, we are also seeing increased work scope associated with the New York State Environmental Bond Act and recently approved federal grants. These funds all work in concert to advance programs in support of CLCPA goals is further guided by the scoping plan. These programs compliment NYSERDA's ongoing. Other activities which are in turn funded mainly through New York State appropriations legislative allocations and federal energy planning grants. I'll aim to ensure a safe and secure energy supply through analysis, planning and proactive management. We do operate in a dynamic environment, so I want to stress two quick points consistent with past practice. This budget reflects only those funding amounts and sources that are at this time. Essentially assured additional work scope and funding may materialize over the year through additional PSC Orders under consideration such as the storage order or through competitive federal grants and sub-awards, some of which may be significant should these transpire.

We anticipate proposing a revised budget for consideration and a subsequent meeting. Also, this budget is informed by a combination of planned work scope, past trends and economic projections while US inflation and interest rates appear to be stabilizing after an atypical upswing post pandemic with heightened geopolitical tensions and national election outcomes, such factors may impact the realization of budgeted revenues and expenditures. Our operating model does ensure that funding commitments are made only after funding availability is confirmed. So overall financial risk is limited, but the timing of expenditures and collections may vary from the budget due to external developments. That said, we believe the budget put forward is realistic based on current data fiscally rigorous and generally sufficient to allow critical path efforts to proceed in line with approved orders and grants. There are many details in the memo in your Board package and in the budget change summary, but I will highlight a few points here.

Three key change drivers to note in terms of year over year adjustments would be first increased work scope and related expenditures as we begin work on previously appropriated funds from a New York State specifically for port infrastructure and also under New York State Environmental Bond Act funding for clean green schools and electric school buses. We also mentioned have some recently approved federal grants, most notably an expedited grant under the here application and some carryover of last year's ride to proceeds resulting from auction prices last year extended higher than budget that are now being put to work and turned into resulting expenditures. The second of the three key change drivers would be moderate staffing increases to ensure that we have sufficient resources in place to conduct the work that's ahead of us as defined by the orders in the plans. We have coupled that with some continued focus on education and skill building that's consistent with past discussions with this Committee and the Board and ultimately designed to reduce operating costs through lower turnover and improved outcomes. And finally, capital investments as discussed in the Waste and Facilities Management Committee meeting earlier today in order to allow office space updates and consolidations to reduce average per person cost for overhead and also enable timely progress on New York State goals for building renewable energy into government buildings.

Just a few key points as you look at the budget itself, starting with net position that basically represents the difference between cumulative revenues and expense over time per this budget that will also be just over the $2 billion mark at the end of this fiscal year. Our net position has four components, funds restricted for use on NYSERDA specific programs. Secondly, NY Green Bank’s net position, third net capital investment, and fourth, a small unrestricted portion that can serve as a temporary internal backstop should unforeseen but urgent needs arise. The restricted net position number one is projected to increase approximately $44 million to $894 million this coming fiscal year. That's primarily due to the timing of program revenues and expenditures. NY Green Bank's net position is also projected to increase by $53 million to $1.1 billion, mainly due to higher amounts of capital deployed into loans as well as ancillary effects of higher market interest rates.

Looking at the smaller components of net position, our net capital asset balance is budgeted to increase approximately $7 million. That reflects anticipated property improvements to expedite approved asset dispositions as well as office updates and consolidation. The unrestricted net position, again that's a bit of a backstop, should end next fiscal year close to $13.5 million. That's 0.6% of total funding. It's up slightly from last year, 0.4%, but it's a level we see as prudent in light of general economic and political uncertainty. We will continue to review potential needs ongoing and propose to work with the Audit and Finance Committee as well as this Committee to develop a reserve policy to ensure we remain adequately prepared for emergencies while not unnecessarily stockpiling funds.

I will move briefly onto some highlights of revenues and expenditures. Revenues are projected to increase $380 million, that's about 21% up from last year's revised budget, $2.22 billion. The majority of that increase, $292 million relates to anticipated draws against previously approved New York State appropriations for clean energy related port infrastructure development as well as the planned use of Bond Act funding to help schools make their buildings and buses healthier, more energy efficient. Also contributing to year over year revenue increases is slightly higher utility surcharge investments and that's consistent with the Clean Energy Fund Bill-as-You-Go. Funding mechanism that provides for expense reimbursement and for NYSERDA to also maintain a sufficient cash balance on projected expenditures.

We see some additional revenue drivers. There's $25 million more in expected draws upon federal grants. That again is the aforementioned home energy appliance rebate program. We have in this budget $30 million higher on loan interest based primarily on projected loan balances in market rates that's named with Green Bank and then $17 million from the expected collection of the outstanding ZEC payments. Some of you may recall through PSCs ZEC backstop Order issued last July, other funding components are budgeted to be largely flat year over year. We've hit basically a steady State momentum with CES and CEF in general. So that continues in approximately the same pace. I would note as mentioned in the last Board meeting with the approval of the investment policy statement and the additional two funds now available for us to utilize for interest earnings that we have included in this report as was requested, an allocation of how we would propose the funds to be invested among different portfolios.

We've essentially worked with our investment advisor to establish four portfolios based on relative liquidity. Those where we have an immediate ongoing working capital need are invested exclusively in money market instruments. That's the most liquid. The fourth category at the other end of the spectrum are those that do not need to be regularly accessed for six months or more and that is where we are going to be extending the duration of the investment somewhere in the 12 to 18 month range. We do 18 months as an outside window and we'll be working with Department of Tax and Finance to stay aligned with that. There is a detailed chart in your materials if you would like further information on that that provides the basis for the interest earnings that feed into this budget on expenditures. I will run through these quickly. The total expenditures increased by $324 million.

That's up 18%, so slightly less than revenues, but moving in tandem in large part as you would expect, that puts us at $2.12 billion total of those program expenditures constitute the vast majority of the increase, $314 million of the 324 that's primarily related to the ports and the bond Act work and then also reflects the work scope funded by the higher RGGI allowances last year as those are carried forward on salary and benefits. As a service organization, our people are obviously part of the equation and so we have carefully assessed our projected work scope and identified the human capital to carry that work out based on that assessment and as informed by recent PSE Orders, State appropriations RGGI Operating Plan with those funding sources mapped to the need of work scope and funding, the budget reflects an assumed average employee headcount of approximately 494 FTEs.

The budgeted compensation costs have naturally moved in tandem with that up a little bit, but as a share of the total budget compensation costs have actually declined from last year. Last year was 5% of last year of the budget. This year it's 4.4%, so still a larger share is going out to the programmatic work than just staffing. As is typical, we layer in modest vacancy rates for additions of new positions. We use salaries that are benchmarked to the State management confidential employee salary grades and we have folded in and anticipated 3% cost of living adjustment based on guidance that's been put forward by the State and obviously subject to final State approval, the fringe benefit costs are moving in tandem with the overall employee head count though we are seeing also slightly higher health premiums just as health costs tend to increase across the Board program.

Operating costs are increasing by $340,000, primarily associated with temporary staffing and consulting services for expanding programmatic work and just some general overall inflationary impact of the prevailing rates. And then g and a expenses are up $4.7 million including a plan tranche of investment in improved technology solutions, especially as we're shifting from capitalized solutions to software as a service and moving to a more current suite of tools there. And then the aforementioned training and professional development capital assets. Last point here is $9.1 million proposed that includes a $6.4 million set aside for building improvements, furniture and fixtures to expand preserve functioning and extend life. The majority of that is contemplated to support potential office space consolidations pending subsequent Board approval of those actions. And then finally we have a portion associated with a road upgrade to the step property to help facilitate timely sale of remaining portions of that property. I appreciate that. I know there's a lot to cover. I will pause there and see if there are any questions. Thank you, Shere.

Sherburne Abbott:
Thank you Pam for that comprehensive report. Are there any questions?

Jay Koh:
I have two. So a 20% increase in revenue and 18% roughly increase in expenditures driven primarily by the port infrastructure prior appropriations being broader than expended this year, right? That's correct. In characterizing for expenditures

Pam Poisson:
Correct.

Jay Koh:
That's a pretty substantial increase year on year for our overall revenue and expenditure. So that balance makes sense. I'm just trying to think. Do we then expect on a future forecast basis, we three years of projection from the right G side, we have flexibility there, there's contributions that come from the Green Bank activity. We're going to see some federal activity we anticipate later this year, which should not be budgeted but will be revised. But are we anticipating that that series or pattern of draws against fixed specific programs will continue going forward? Because as a percentage of the overall budget, it makes sense that program activities are going to go up in terms of salaries and benefits, in terms of IT expenditures. But if these are lumpier jumps in revenue and expenditures, as long as those are mapped, that makes one thing, but those steady State of the underlying operations, we need to be thoughtful about that. That's my question because that's a pretty big chunk of history before.

Pam Poisson:
Yeah. Yes, agreed. Great question. And I think I can add some further context. So the ports one in particular is a notable up next year, although it's out of the $500 million or others, or sorry, $600 million actually in total over time. So that extends over the next three to four years. And then to your point Jay, is we are doing the longer term financial plan working with the finance team right now to carry a plan out all the way through 2030 so that we layer on the full duration of all of the grants at present and you'll hear more about it. So I won't go into details, but the federal grants that have been secured less far on average has three to four year durations, sometimes five or six. So as we're looking at the balance between the spending and the resources and investments, there is where with a very careful eye toward also laying on natural turnover that we expect to see.

So we'll have a long lead time, would we need to ever make an adjustment ratchet up or down? And then I think the other investments, like on the IT front, these are things that are sustainable improvements that ultimately are both addressing some of the things that we brought up earlier when we were addressing the risk discussion. And then for more productivity.

Doreen Harris:
Yeah, in addition, I'd say the more steady State increase that we anticipate is under the Clean Energy Standard. The delay of the projects that were to be paid obviously has an impact, but it is a more durable, I'd say shift as opposed to the points Pam was just making, which are admittedly 4, 5, 6 years. But the CES is where when those facilities become operational, that's where we're really see an increase. Admittedly, it all balances out with respect to expenditures. They're matched basically, but still something working

Jay Koh:
Transition effectively between $300 plus million of the port like appropriation for infrastructure into longer term rate generation. Effectively when these assets become operational, they become part of the overall base then? Correct. So you see the shift from, we're calling it revenue, it's really a draw that then turns in expenditures. It's almost a pass through in part or programmatic activity we're doing that leads to longer term infrastructure. And when that turns into an operating asset, the effective revenue generated for that on a longer yield duration will become part of the base of our revenue stream.

Chair Kauffman:
So just following up on this, so it means that when we look at budget in terms of the rate payer impact, it's very modest this year because the bulk of the increase in revenue are coming from the bond act and from budget. But it means that there isn't a greater rate payer impact is because we don't have the noble energy projects that are online.

Doreen Harris:
I would agree with that point, Pam or Peter, do you? Because that's certainly, that's a fair statement.

Jay Koh:
I shifted it. We've shifted the payer impact into the future because the products don't yet exist. Now we're pulling this in. So then the shape of your budget forecast is going to look potentially lumpier going forward into 2030. And then I would guess that there will be at least several other potential substantial federal awards that we have some opportunity to participate in. Certainly hope New York State gets its fair share of allocation there and as important component of the transition. And that may also result in multi-year, but lumpier kind of activity that could eventually convert it to, I don't know, think about it. So be by the Green Bond, the Green Bank's Federal Green Bank program, for example, how those expenditures come into the budget for NYSERDA, sort of what NYSERDA sort of gets out from a revenue and expenditures standpoint and whether that converts into longer term. So the shape of there'll be two, I mean I think you'll see this continuous programmatic activity we're doing on today's rate base that will transition as

we transition the energy mix. And then these kind of lumpy projects will be almost two tracks that we have to think about from.

Chair Kauffman:
So I guess the question here, and I don't know if we've ever done this in the past, is to tie what we think the budget is, what the budget is funding to what we think we're going to come back, John, to the earlier conversation, what we're actually getting from along the trajectory of the CLCPA.

Doreen Harris:
Right? That was consistent with our discussion we had earlier. The one caveat, to your point Jay, sorry, is that one major driver of Clean Energy Standard expenses right now is our payments for ZECs. So that's a bit of a different situation in which there's a finite period that we're obligated to pay those. So that will create it. And they're very high capacity factor projects, so the payments are significant. So I just would note that balance within that portfolio.

Jay Koh:
Okay, helpful. I just want to think when we're talking about percentage of overall revenue in terms of long-term operating costs and base, whether as we think about that analysis, what we think is lumpy versus what we think is the base thinking about the operating costs that will end up being part of that base operating expenditure. But that's, it's very helpful.

Sherburne Abbott:
Anything else? Nope. Okay. May I please have a motion recommending approval of the Authority’s fiscal year 2024-2025 budget.

Jay Koh:
So moved.

Chair Kauffman:
Second.

Sherburne Abbott:
All in favor?

Members of the Committee:
Aye. Aye.

Sherburne Abbott:
Opposed? Authority’s fiscal year 2024. 2025. Budget is recommended for approval. Thank you Pam. The next item on the agenda is an update on the Authority’s various federal work streams. Matt Brown, Government Affairs Program Manager and Courtney Moriarta, Director of Single Family Residential will present this item that.

Matthew Brown:
Great. Thank you all for the time to meet with you today. Next slide please. So just a quick note, consistent with the Authority's' mission in the state and our mandates, these are the types of things that we're trying to use federal funds to. So no surprises on that list, but first and foremost, we're looking to reduce costs for New York rate payers and citizens support achievement in the Climate Act and to do so equitably. So we're working hard to stack and braid our federal funding into existing programs and resources. And you're going to hear about one of our primary efforts from Courtney in just a few minutes. And we're also looking at federal funds to use in places where we do not currently have any funds or not sufficient funds to achieve some of the work that we're looking to do in the market. So no surprises with what's on this slide, but that's just as a guiding principles of what we're trying to use federal funds for. Next slide please.

One important thing to understand about NYSERDA's role in federal funding is it's not just about funding that NYSERDA is either going to receive through direct formula grants or go after through competitive programs. Part of what we do is supporting the market. So in federal funds in the IRA and IJA, about 50% of the funding that was authorized by Congress and approved by the President is in the form of tax credits. So NYSERDA is not part of those transactions directly, but one thing that we do is from time to time we work with the market and provide feedback into proposed guidance as issued by IRS and Treasury to best reflect New York State interests. And then also we try to make sure that the market is aware of tax credits so that they can work with their attorneys and their tax professionals to take advantage of them to help make more projects funded in part through the tax credits.

One of the other things that we do is through letters of support, we have comprehensive work ongoing in the market. Many times the federal government looks to the State energy offices to confirm that projects have backing from State partners or that they have a longstanding history of success. So we provide when it's appropriate and possible letters of support to different market actors when they're going after federal funds directly. And then we have established partnerships with programs like the DOE'S loan program office where we're leveraging through some of our work then private industry to access federal funding through the loan program office. Next slide please. This next slide is just a very brief summary. The print is very small. I apologize, I wouldn't ask anybody to try to read it, but suffice to say we do have a mix of both formula grants and competitive programs that we're going after.

One notable line item in here is work through the great work through the Green Bank. They have been, we were not a direct applicant, we are a sub per the eligibility terms of the programs, but sub applicants to the CCIA and NCIF to the components out of the Greenhouse Gas Reduction Fund. The Green Bank worked and their team worked across the entire country very comprehensively. They did a great job establishing partnerships and we were a sub applicant in a number of proposals that went in. So we're waiting to hear what that will be. There was a mix of terms and program benefits there. So that number is open right now just because of the number of proposals that went in. That was part of the benefit of that program is that you could attach yourself to multiple proposals and DOE was okay with that or EPA, excuse me.

And then the secondary list, there is a series of formula grants and you can see there's a very wide disparity of the dollar amount <inaudible> through the two programs is administering over

$300 million of formula grants. Some of the other formula grants are as small as $3 million or so. So it's a wide mix of numbers all at targeted activities. Those are typically stipulated for NYSERDA as the state's energy office to go after. Next slide please. Just a couple of highlights here. Under the State Energy program, the bill authorization, there are three subsets of programs that we're going after. One is supporting energy system planning. So that's good work that Carl and his team are doing to help advance our future planning and modeling. Under Susanne's portfolio, there is some additional funding that will support flex tech audits for the industrial sector, which allows many of the industrial sites are not SBC eligible.

So this allows a very nice expansion of eligible projects there. And under Craig's portfolio and John Lochner, the new funding for new Upstate Innovation Hub, a couple of other smaller funding there. Navi obviously a big one in partnership with our friends and colleagues at the Department of Transportation. We're working to administer $175 million to expand EV charging across the state. And I won't dwell on it, but Courtney's going to give us a very good update on HER/HEAR funding in just a moment. Next slide please. Quick update on a couple of competitive programs. So again, under Susanne's portfolio, this was a very small grant under the Department of Agriculture, but Rural Energy for America. This was technical assistance where we're going out and doing marketing and outreach to the market to help them become aware and be eligible for other federal funding available through AG that they would apply for directly CFI program.

So this is David's portfolio, expanding our charging network. A bunch of good news there. Two programs that just recently got funded. Solar for all under David's portfolio, $400 million. We led a statewide coalition application to fund a significant expansion of deployment of solar across the State with particular focus on disadvantaged communities. I already mentioned briefly Green Bank Climate Pollution Reduction grant fund that we're in the planning phase right now. We haven't yet decided made final decisions on implementation grant funds, but the deadline for that is coming up. So we'll look forward to giving you an update on final decisions on what implementation funding requests might be for that. And then the last one is grip, which is grid resiliency. We're working with our friends and colleagues at DPS NYPA and other State agencies looking at eligible grants that are available under that funding allocation that just got launched about a month ago. Courtney, I know I went through things quickly, but if I turn it over to you.

Courtney Moriarta:
Sure. So yeah, so if you can advance the slides and I'm going to give us an overview of where we are with home energy rebate programs. I think you can go right ahead to the next slide. We had some sort of exciting developments in the last month and a half or so of the year and last year where DOE approached us to see if we could fast track some of our activity and applying for this funding. So we wanted to give you an update on that. So this slide is a review basically of the presentation that I gave to this group probably in November, I think of last year. So just to regroup on these two programs, this is the $317 million portfolio that Matt just mentioned under the Home Energy rebate programs. These are formula grants that are going to the states and specifically to the State energy offices to administer these two separate rebate programs aimed at housing.

So both single family and multifamily homes statewide. So there's two provisions under the law. There's Section 50121, which represents what is currently called the Home Efficiency rebates, which was formerly known as the homes. And that is a performance-based incentive program aimed at energy efficiency packages of measures. And we got $159 million allocated to New York State that would cover combination of both the incentives and the administrative costs for implementing that program. The incentive schedule is varied based on income level and level of savings that you achieve, but essentially households, low-income households get double the incentive of non low-income households. And the maximum incentive is $8,000 per home or 80% of the total project costs for households that are 80% or below of area median income. Section 50122, which is the one I'm going to talk about more today is the home electrification and appliance rebates, which was also formerly referred to as HEAR.

That was $158 million that's been allocated to New York State. And these are prescriptive incentives that are aimed at electrification projects specifically. And this is commonly referred to as a low income program because it is income eligible, but it does go up to 150% of area meeting income. So it does cover a much larger swath of homes than what we typically think of as low and moderate income in our current programming. And these incentives max out at $14,000 per home or a hundred percent of the project costs for households that are below 80% AMI. The two programs can be stacked on a household or project level but not on a measure level. So that'll be something we'll need to be tracking. And then it has also been encouraged both by the law and by DOE for states to consider how we can use these funds to stack with existing State or rate payer funds that we currently use in our programs in the state. You can go to the next slide.

So we were approached in November, late November, right Thanksgiving week, DOE approached New York State and four other states to join a cohort of putting in fast track applications to begin to get some of these rebates available in the market sooner rather than later. And the proposal that they made to us is they would provide us some additional support, some sort of customized handholding to help us get through the application process to answer our questions as we were going along, and also to allow us to give them an application that represented just a partial scope of the programs so we didn't have to necessarily apply for the full scope of both programs in one fell swoop. So this enabled us to really think about how we could rapidly deploy some of this money into the market and make sure that we're sort of doing it with minimum disruption to our existing programs that might take more time to implement.

So how it ended up was there were four states that ended up submitting applications by the end of the year. New York was one together with California, New Mexico and Hawaii. We submitted our partial scope plan right at the end of December, December 28th with a day and a half to spare before the end of the year. And the total requested amount, they limited us to 25% of the total formula allocation for this partial application. So we focused on the home electrification appliance rebates and went for the full 25% amount. So the total amount that we applied for under that program now to date is $39.6 million. It's currently under review by DOE, so it hasn't been accepted yet. We're still responding to questions that we're receiving from them. It's going through a programmatic review first. Once it passes through the programmatic review, it'll go through a budget and finance review, which will happen after. Next slide please.

So just a couple of things on the proposed strategy. As I mentioned, we wanted to see if we could get this into the market as quickly as possible. So we wanted to figure out how we could layer these incentives fairly seamlessly into our existing program offers using our existing infrastructure. So we focused these rebates on layering into the Empower Plus program, which serves low and moderate income customers up to 80% of AMI. We would limited the application to just the one to four unit homes that currently are eligible for Empower Plus and we did not pursue a point of sale retail element to this proposal. So multifamily beyond four units and point of sale retail will come in a full scope application, which we're working on now, which will be submitted later in the year.

What this does is it would allow us to expand the current caps that we have on our LMI programs projects that we offer through the Empire Plus program, and it would also allow us to expand the eligibility from 50% of project costs up to a hundred percent of project costs for the moderate income segment, which we typically refer to as the 60 to 80% AMI segment of the market. Next slide please. This slide goes through kind of a summary of what that stackup looks like. So on the far right hand side is the prescriptive amounts that are in the law and the two columns in the middle are showing how we are looking at what the stackup will be, both for below 60% of AMI segment and then the 60 to 80%. So you can see what this does for us. It allows us to bump up the project level caps to $24,000 for low income customers below 60% of AMI and up to $19,000 for the 60 to 80%, which gives us some pretty significant money to put towards those projects.

And just two more quick slides, you can go to the next slide please. This slide just summarizes a couple of the details where we maybe have to make a little bit of tweaks to our operations to align with the DOE rules. The first was looking at the definition of disadvantaged communities and DOE has at least verbally so far agreed that New York State's definition of disadvantaged communities is acceptable for these programs. So we plan to go forward with that but continue to assess if we can add Justice 40 in and layer that in with our existing DAC definition. We'll continue to use the income verification protocols we already have in place. However, we will have to eliminate the geo eligibility income eligibility stream that we currently have. We'll be working on phasing that out because it won't be allowed under the DOE rules. We don't think that will have significant impact on the program as we have alternative methods to approve those customers.

And then we'll be layering and braiding all the funding sources that we currently already have in the Empower Plus program. So that program is currently funded through a combination of CEF RGGI, OTDA funds State funds, and now we'll be able to layer in the federal funds on top of that. And then last but not least, of course, we'll continue to coordinate with housing and community renewal on their weatherization assistance program and serving their customers as well. And then the last slide, if you want to just go to the next slide is just a very rough timeline of how we think this is going to play out. There's a lot of targets that we have to hit, A lot of pieces of the puzzle have to fall into place for this to work, but we are working on multiple parallel work streams to make this happen.

But it is our plan that we will be able to deploy those partial scope here rebates into the market within Q2 of 2024, while we simultaneously work on the full scope application. So we'll be prepared to deploy the full scope of both the here and her programs later this year, which we're aiming for Q4 deployment. And just last but not just want to mention that we are in the midst of some extensive stakeholder engagement supporting this effort as we kind of really put pen to paper on what the program design and what the details are and how that's going to work out and how it'll impact our stakeholders. So I'll stop there. I know we're close to time here.

Sherburne Abbott:
Great, thank you Matt and Courtney, so the Committee asked for an overview of the federal work streams and this is a nice overview and information item for, but if there are any questions?

Chair Kauffman:
Yes, so I understand that the feds have put certain constraints on the dough. I completely understand that, which is grants for specific things for projects, but what we're talking about if you just do back of the envelope, it's, I don't know, 12,000 homes, it's not going to move the needle. And so I guess I'm hoping that with our NYSERDA dollars, frankly rather than increasing the dollars per project, that we would try to be figuring out how to spread the federal dollars so that we could actually spend less per project by lowering customer acquisition costs or doing other things that would be market enabling. Because I'm concerned that we're going to get this flush of money, we're going to deploy it in whatever, 10 or 15,000 homes and there's going to be nothing beyond that that will sustain a market. So that's my comment.

Susanne DesRoches:
Richard, do you want me to respond to that? Good. Hi, nice to see you. So certainly that's top of mind for us as well. And the numbers that Courtney went through today are an on average and what we see in particular kinds of homes, the housing stock that we're dealing with in some cases does need some additional work prior to being able to be even weatherized and or electrified. So we're pushing on both sides of this coin, right? We're looking for ways to increase customer acquisition for less and less money. We're working with housing partners so that they're using their pipeline of projects, so there is no acquisition there on the actual work itself. We do look to the future to cost compression today. However, there are areas of the State where the housing stock is distressed, and so there are issues that need to be alleviated in order for us to get to a place where we can electrify or decarbonize. I think it's a true balancing act and doing the straight map and getting to tens of thousands of homes when we know we need hundreds of thousands of homes is really the challenge and what we're trying to get at from both how do we get projects in the door and also how do we work effectively with partners to really alleviate some of these issues.

Chair Kauffman:
Right, yeah, I mean I think we're in a line. We just want to, in so far as possible, use a federal money as a bridge for wherever we need to get to as opposed to just being up here.

Chair Kauffman:
Absolutely, okay good.

Sadie McKeown:
I want to just add Richard, I think that's the problem with all of the resources in the IRA. The $27 billion greenhouse gas is just not a lot of money when you're talking about national transition. And so I think an important component alongside of doing the investing is policy work. I think the number one thing that we've seen that has moved the needle is the gas band in Chester County in Lower Northern Bronx deal routinely come through now in those neighborhoods that are all electric without any source of capital to support the additional cost of electrification because developers are developing, that's what they do. And so if they have to comply with something different, that's what they will do. Now, if it's steeply affordable, they need additional resources and I think that's where these programs are very important. But if we're not at the same time that we're making the investments and driving the programs, also advocating for the regulatory change that's actually going to move the needle, then we're modeling on one side, but we're not trying to really create systemic change.

So I hope it's a part of NYSERDA's agenda as the biggest, you're the big fish to really work alongside of the PSC and I know it is obviously, but to raise up things like gas band really worked here. Now if you ask people in lower Westchester, they wish it would go away, but it's not. Right. And so we can transition, but the thing that moves the needle is regulation. So really trying to identify those opportunities to really push on regulation and using the resources that we have to bring up the bottom, I think is the right combination.

Jay Koh:
One last comment. I we're over time there, but I think you get back to, I think it's the right place to have this conversation program planning at the Board level. We've talked about several different flavors of capital that's available. The RGGI money being the most flexible, the Fed money coming with a very specific activity fee, different kinds of duration of programmatic funding. And so how we use that flexibility and lack of flexibility I think becomes really important in what risks we're willing to take and what we're going to do to try to actually whether some of these things actually work. Right. So I mean the biggest thing that net chart is someday, hopefully this year, I think by statute this year we'll find out who won the Green Bank federal procurements, and then that will have an entirely different set of much larger and much faster sense of requirements thinking how that chunk, which we should get our fair share of flows through the rest of our sources with restrictions of funding versus uses, I think is something that I would love to have a more structured way of thinking about applying any kind of guidance from the Board level that could be here.

Sherburne Abbott:
Okay. Thank you very much. This is very, very instructive. Is there any other business to come before the Committee? May I have a motion to adjourn?

Jay Koh:
So moved?

Sherburne Abbott:
Second?

Chair Kauffman:
Second.

Sherburne Abbott:
Meeting is adjourned.