

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
Minutes of the 118th Program Planning Committee Meeting
Held on January 25, 2023

Pursuant to a notice and agenda dated January 13, 2023, the one hundred eighteenth (118th) meeting of the Program Planning Committee (the “Committee”) of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the “Authority”) was convened at 12:30 p.m. on Wednesday, January 25, 2023 at the NY Green Bank (“NYGB”) Office located at 1333 Broadway, Suite 300, New York, New York and at the Authority’s Albany Office located at 17 Columbia Circle, Albany, New York. The two locations were connected by videoconference.

The following Members of the Committee were present:

Sherburne Abbott, *Committee Chair* attended from NYGB

Richard Kauffman, *Chair of the Authority* attended from NYGB

Arturo Garcia-Costas attended from NYGB

Jay Koh attended from NYGB

Sadie McKeown attended from NYGB

Frances Resheske attended from NYGB

Marie Therese Dominguez attended from NYGB

Member Charles Bell was unable to attend.

Also present were Doreen Harris, President and CEO; John Williams, Executive Vice President for Policy and Regulatory Affairs; Pam Poisson, Chief Financial Officer; Peter J. Costello, General Counsel and Secretary to the Authority; Sara L. LeCain, Senior Counsel and Secretary to the Committees; and various other staff of the Authority.

Committee Chair Abbott called the meeting to order and noted the presence of a quorum. Notice of this meeting was provided to the Committee Members January 13, 2023 and to the Press on January 17, 2023.

Committee Chair Abbott indicated that the first item on the agenda concerned the approval of the minutes of the one hundred seventeenth (117th) Committee meeting held on October 3, 2022.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members present, the minutes of the one hundred seventeenth (117th) Committee meeting held on October 3, 2022 were approved.

Committee Chair Abbott indicated that the next item on the agenda was consideration of *Toward a Clean Energy Future: A Strategic Outlook 2023-2026* (“Strategic Outlook”). The Authority’s President and CEO, Doreen Harris; Chief of Staff Jamie Dickerson; Senior Advisor Erich Sherer; and Executive Director of the Climate Action Council Sarah Osgood presented the Strategic Outlook and provided the PPC with an overview of the Climate Action Council Draft Scoping Plan.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members, the following resolution was adopted.

Resolution No.

RESOLVED, that the outlook for the Authority’s energy, economic environmental program priorities and strategic vision entitled *Toward a Clean Energy Future: A Strategic Outlook 2023-2026*, submitted to the Members for consideration at this meeting with such non-substantive, editorial changes and supplementary schedules as the President, in her discretion, may deem necessary or appropriate, is recommended to be adopted and approved by the Board as the Authority's updated Strategic Outlook.

Committee Chair Abbott indicated that the next item on the agenda was proposed revisions to the Regional Greenhouse Gas Initiative (“RGGI”) operating plan. Executive Vice President for Policy and Regulatory Affairs (“EVP”), John Williams stated that the Committee was being asked recommend the approval of an amendment to the “Operating Plan for Investments in New York under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program” (“RGGI Operating Plan”) for the period April 1, 2023 through March 31, 2026. EVP Williams stated that the RGGI Operating plan is amended each year and provides a three-year proposal for the

Members to consider for both revenue assumptions and program allocations and indicated that the proposal has been presented to a group of potential stakeholders at a webinar in December 2022 and was issued for receipt of written comments made available through January 6, 2023, on the Authority's website.

EVP Williams indicated that the revenue projections were developed this year by a lookback average of the past six auctions arriving at an \$11.85 value and reflects a degree of current pricing. The revenue projection advances the initiatives presented in the three-year program plan.

In response to an inquiry from Chair Kauffman, EVP Williams explained that the Authority maintains RGGI as the compliance track for power plants through the cap and invest program, keeping RGGI whole in partnership with partner States. Then the Authority will focus the economy-wide program on other sectors of the economy that are not currently captured by any emissions cap.

In response to an inquiry from Chair Kauffman, EVP Williams stated that Virginia has indicated that they are transitioning out, but have not taken formal action to exit.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members, the following resolution was adopted.

Resolution No.

RESOLVED, that revisions to the "Operating Plan for Investments in New York Under the CO₂ Budget Trading Program and the CO₂ Allowance Auction Program" as presented to the Members for consideration at this January 25, 2023 meeting, with such non-substantive, editorial changes and supplementary schedules as the President and Chief Executive Officer, in their discretion, may deem necessary or appropriate, are recommended for approval.

Committee Chair Abbott indicated that the next item on the agenda was to receive a report and to consider and act upon a resolution recommending the approval of the Authority's Fiscal

Year 2023-2024 Budget. The Authority's Chief Financial Officer ("CFO"), Pam Poisson and Controller and Assistant Treasurer, Peter Mahar presented this item.

CFO Poisson stated that Committee was being asked to approve a resolution recommending the approval of its portions of the Authority's Budget for the fiscal year ending March 31, 2024 ("FY 2023-24 Budget"). CFO Poisson stated that the FY 2023-24 Budget is conservative and does not reflect potential additional funding that may materialize through subsequent New York State Public Service Commission ("PSC") orders, nor federal infrastructure bill or Inflation Reduction Act funding.

Controller Mahar reported that total revenues are projected to decrease by \$208 million, about 12% from the FY 2022-23 approved budget to \$1.56 billion, primarily from decreases of \$401 million in Zero emissions credit and \$32 million in Utility Surcharge Assessments, offset in part by anticipated increases in NY State appropriations; RGGI auction proceeds; and interest earnings. Controller Mahar also reported that the decrease in Utility Surcharge Assessments is due to the timing of anticipated taxpayer expenditures and amounts projected to maintain a two-month working capital balance of funding under the Bill-As-You-Go funding mechanism. Furthermore, Controller Mahar indicated that the increase in NY State Appropriations is due to an increased investment of \$55 million in offshore wind infrastructure development and \$32 million under the recently passed NYS Environmental Bond Act and that the increase in RGGI allowance auction proceeds comes from a higher allowance price used for planning purposes.

Controller Mahar discussed the Program Expenditures noting that the total budget expenditures decreased by \$302 million from the fiscal year 2022-2023 approved budget to a total of \$1.46 billion. Program expenditures are projected to decrease by \$320 million to \$1.33 billion primarily from a projected decrease in Clean Energy Standard ZEC program payments.

With respect to salary and benefits, CFO Poisson explained to the Committee that given the ambitious agenda with which the Authority is charged with, it has carefully assessed its projected work scope and identified the human capital needed to successfully advance the goals established by the CLCPA and informed by the Scoping Plan. CFO Poisson also indicated that

the Authority has assessed relative costs of employees versus contractor positions in an effort to utilize the most economic mix of resources, proposing herein some small shifts of contractor employee roles in areas where there is high labor demand and clear ongoing need, such as in IT. Based on those assessments and given the recent PSC Orders; anticipated NYS Bond Act appropriations; the RGGI Operating Plan; and other approved work scope and funding, the budget reflected an assumed average employee headcount of just over 450 FTE's. Furthermore, CFO Poisson reported that the compensation budget reflects anticipated salary and fringe expenses based on this FTE planning assumption and noted other factors reflected in the budget: an assumed average vacancy rate of 2%, salaries aligned with the State Management/Confidential ("M/C") employee salary grades including an anticipated 2% cost-of-living-adjustment if/as authorized by the state, an allocation for potential adjustments from a pay equity study, and anticipated fringe benefits that reflect higher expected pension costs based on an average of the past ten years' pension expense, higher health premiums cost based on staffing levels and market trends, and higher retirement health insurance expense based on the most recent actuarial valuation.

CFO Poisson reported that the program operating costs are budgeted at \$5 million, an increase of \$237,000 or 5% from the FY 2022-23 budget primarily due to an increase in program travel costs to support the increased work scope to meet the CLCPA goals.

CFO Poisson discussed the general and administrative costs advising that such expenses are budgeted at \$18.3 million, an increase of \$1 million from the FY 2022-23 budget, reflecting higher investment in technology solutions to efficiently support growing program needs; expanded call center services for timely response to increased public inquiries in light of the Scoping Plan; Bond Act, and Inflation Reduction Act; and professional development to build staff skills and expertise in priority focus areas.

With respect to capital assets, CFO Poisson reported that the budget proposes up to \$4.1 million in capital asset investment, an increase of \$2.8 million from last year's budget which mainly represents our recommendation to set aside funds for a potential office update and consolidation. CFO Poisson noted that most of this proposed building investment is contemplated to support a potential update to the Authority's Albany headquarters configuration to reduce

overhead costs ongoing and allow for more sustainable reduction to the Authority's emissions consistent with the State EO22 guidance. Lastly, CFO Poisson reported that the capital budget also reflects \$1.3 million for information technology upgrades and \$51,000 for vehicle replacements per a standard update schedule as they approach end-of-life.

Lastly, CFO Poisson reported that the Restricted Net Position is projected to increase to \$730 million primarily due to the timing of program revenues and expenditures, and NYGB's net position is anticipated to remain around \$1.0 billion. In addition, CFO Poisson advised that the Unrestricted Net Position is anticipated to be \$5.7 million and provided sufficient resources to meet working capital needs and unanticipated expenditures.

In response to an inquiry from Chair Kauffman, CFO Poisson confirmed that the year-over-year change in the amount of Zero Energy Carbon ("ZEC") support payments does not affect the Authority's operations or programs.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee, the following resolution was adopted.

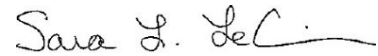
Resolution No.

RESOLVED, that the proposed fiscal year 2023-24 Budget and Financial Plan submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and Chief Executive Officer, in their discretion, may deem necessary or appropriate, be and it hereby is recommended for approval by the Board for submission to the persons designated in Sections 1867(4) and 2801 of the Public Authorities Law.

Committee Chair Abbott indicated that the last item on the agenda was other business. There being no other business, Committee Chair Abbott called for a motion to adjourn.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sara L. LeCain". The signature is written in a cursive style with a long horizontal flourish at the end.

Sara L. LeCain
Secretary to the Committee