

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

Case 15-E-0302

**PETITION REGARDING PROPOSED YEAR 2024 CLEAN ENERGY STANDARD
FUNDING AND RECONCILIATION OF YEAR 2022 ADMINISTRATIVE COSTS**

Introduction

The New York State Energy Research and Development Authority (NYSERDA) files this petition with the New York State Public Service Commission (Commission) seeking Commission approval to utilize certain funds to cover NYSEDA's costs and fees needed to administer the Clean Energy Standard (CES), comprised of the Renewable Energy Standard (RES) that includes the Tier 1, Tier 2, Tier 4 and Offshore Wind Renewable Energy Certificate (OREC) Programs, and the Tier 3/Zero-Emissions Credit Requirement (ZECR) program, for CES compliance year 2024, and to propose an administrative adder for CES compliance years 2024 and 2025 of the Tier 3/ZECR program. This petition also includes a reconciliation of CES compliance year 2022 administrative expenses.

Background

The Commission has designated NYSEDA as the administrator of all CES programs. In addition to establishing the various CES programs, the 2016 CES Order¹ acknowledged that additional measures, including those necessary to administer the CES programs, would be necessary to fully implement the CES, and would be determined during an implementation phase. NYSEDA's CES team has a core responsibility to manage the acquisition of CES resources as cost-effectively, timely, and efficiently as possible. For existing resources, this includes maintenance and fostering appropriate market conditions for RECs. For resources with a NYSEDA contract but that are not yet in commercial operation, the CES team's responsibilities include oversight of the projects as they progress through development, addressing

¹ 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).

issues as they arise (such as siting, permitting and interconnection challenges) and tracking economic and other benefits arising from the projects. The CES team also looks ahead with the goal of procuring sufficient resources to meet the State's clean energy goals. For resources still to be acquired, the CES team designs and administers solicitations that deliver the best opportunity for New York to acquire CES resources in the most cost-effective, timely and efficient manner.

The scale of New York's commitments has grown significantly over the past few years with the initiatives launched in response to the Climate Leadership and Community Protection Act (Climate Act), which was signed into law in July of 2019. The Climate Act mandates that at least 70% of New York State's electricity come from renewable energy sources such as wind and solar by 2030 and that the State's power system achieve zero emissions by 2040. The Climate Act also requires New York to install 3,000 megawatts (MW) of energy storage by 2030² and 9,000 MW of offshore wind by 2035.

In April of 2020 the Accelerated Renewable Energy Growth and Community Benefit Act (Accelerated Renewables Act) was signed which made significant changes in the permitting process for large-scale renewable projects. Specifically, the bill established a new large-scale renewable siting process to be managed by a new office within the Department of State and created a Build-Ready program, administered by NYSERDA, through which underutilized sites would be developed as renewable generation projects for private market construction and operation.

On June 18, 2020, to implement the Climate Act, New York Department of Public Service (DPS) Staff and NYSERDA jointly filed a White Paper on Clean Energy Standard Procurements to Implement New York's Climate Leadership and Community Protection Act.³

On October 15, 2020, the Commission issued its Order Adopting Modifications to the Clean Energy Standard (2020 CES Order).⁴ In the 2020 CES Order, the Commission adopted several modifications to the CES to align it with the Climate Act mandates and directed NYSERDA to file one comprehensive annual funding request for all CES programs for years 2022 and beyond. In the 2020 CES Order, the Commission also approved the anticipated 2021 administrative expenses for the CES. For 2021, the

² Case 18-E-0130, In the Matter of Energy Storage Deployment Program, New York's 6-GW Energy Storage Roadmap: Policy Options for Continued Growth in Energy Storage (filed December 28, 2022).

³ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, White Paper on Clean Energy Procurements to Implement New York's Climate Leadership and Community Protection Act (filed June 18, 2020).

⁴ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Adopting Modifications to the Clean Energy Standard (issued and effective October 15, 2020).

Commission approved NYSERDA's request to fund its administration through an adder mechanism through which NYSERDA's administrative costs for the respective programs would be allocated across the attributes NYSERDA sells to LSEs annually, and via a commensurately increased attribute price or an increased LSE rate depending on the approach taken to attribute disposition. The respective adders reflected the approved administrative costs for 12 months and the shortfall or surplus from previous years, with the adders being reduced by any revenues received in the previous years including bid fees, alternative compliance payments, and interest income.

The 2020 CES Order also adopted two new programs -- Competitive Tier 2 and Tier 4. The Competitive Tier 2 program supported "baseline resources," which are renewable resources that commenced operation prior to January 2015. NYSERDA issued the first and second Competitive Tier 2 Request for Proposals in 2021 and a third solicitation in 2022.⁵ NYSERDA issued a Tier 4 Request for Proposals on January 13, 2021.⁶ The Tier 4 solicitation generated a robust competition, and two recommended contracts were announced in September 2021 and submitted to the Commission for approval and public comment on November 30, 2021. On April 14, 2022, the Commission approved the contracts by Order.⁷

On November 20, 2020, the Commission issued its Order Authorizing Voluntary Modification of Certain Tier 1 Agreements.⁸ In response to this order, NYSERDA issued Request for Interest (RFI) RESVCO2021, "Voluntary Conversion of Eligible New York Renewable Portfolio Standard (RPS) or Renewable Energy Standard (RES) Agreements." Through this mechanism, eligible counterparties were able to participate in a conversion process to voluntarily modify their existing Tier 1 Renewable Energy Certificate (REC) agreements from a fixed as-bid REC price (Fixed REC) to a variable-priced Index REC pricing structure.

Tiers 2, 3/ZECR, and 4, and the OREC program all consists of an obligation that LSEs purchase RECs, or, in the case of the Tier 3/ZECR program, zero emissions credits (ZECs), from NYSERDA in proportion to their load served. The Tier 1 program obligation requires all LSEs to serve their retail

⁵ NYSERDA Clean Energy Standard: Competitive Tier 2 Program. Available at, <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Two-Competitive-Program>.

⁶ NYSERDA Clean Energy Standard: Tier 4-New York City Renewable Energy. Available at, <https://www.nyserda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Four>.

⁷ Id.

⁸ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Authorizing Voluntary Modification of Certain Tier 1 Agreements (issued and effective November 20, 2020).

customers by procuring new renewable resources, evidenced by the procurement of qualifying Tier 1 RECs or by making Alternative Compliance Payments (ACPs). On April 20, 2023, the Commission issued its Order Modifying Clean Energy Standard Tier 1 Obligations which modified the Tier 1 obligation to require all LSEs to purchase RECs from NYSERDA in a manner similar the other CES tiers starting in the 2025 compliance year.⁹

New York's clean energy targets set forth in the Climate Act are among the most rigorous of any major economy in the world, and the CES is a critical component of achieving these goals. NYSERDA has a demonstrated record of success in procuring clean energy generation attributes for New York State. These investments in New York's renewable energy transition include more than 120 onshore solar, wind, hydro, and offshore wind projects; as well as investments in transmission as part of constructing New York's clean energy future. However, this portfolio of in-development projects is facing significant headwinds. Multiple organizations filed petitions with the Commission in June 2023 seeking adjustments to contracts between NYSERDA and various clean energy generating projects.¹⁰ The petitions concern the majority of in-development projects in NYSERDA's Large-Scale Renewables (LSR) portfolio and span the Tier 1, Tier 4, and Offshore Wind programs. Furthermore, New York energy market changes concerning capacity accreditation will also affect both in-service and in-development clean energy generators in New York. Addressing these headwinds and market changes will be a central component of NYSERDA's CES team in the coming year and require additional technical, financial, and legal work to effectively manage the LSR project portfolio.

The initiatives and workstreams discussed in this petition are developed and prioritized to deliver the CES programs and meet the State's clean energy goals in the most cost-effective and efficient manner possible. The clean energy market in the United States overall, and New York in particular, are dynamic and the programmatic activities included herein are based upon current knowledge although they may be adjusted in the future as market conditions and programmatic needs change.

⁹ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Modifying Clean Energy Standard Tier 1 Obligation (issued and effective April 20, 2023).

¹⁰ See Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Petition of the Alliance for Clean Energy New York to Address Post COVID-19 Impacts on Renewable Development Economics and Contract Considerations (filed June 7, 2023, revised June 12, 2023), Verified Petition for Expedited Approval of Enhanced Offshore Renewable Energy Credits (filed by Empire Offshore Wind LLC and Beacon Wind LLC on June 7, 2023, revised June 30, 2023), Verified Petition of Sunrise Wind LLC for an Order Authorizing the New York State Energy Research and Development Authority to Amend the Offshore Wind Renewable Energy Certificate Purchase and Sale Agreement (filed June 7, 2023), and Petition of Clean Path New York LLC to Address Post-COVID Impacts and Associated Considerations Concerning the Tier 1 Eligible Generation Component of its Clean Energy Standard Tier 4 Renewable Energy Certificate Contract (filed June 14, 2023).

2024 Administration Proposal

Given the ambitious nature of the goals set forth in the Climate Act and the Accelerated Renewables Act, and the corresponding diverse and complex suite of activities needed to achieve these goals, the responsibilities of the NYSERDA CES team continue to expand.

The CES has developed in stages as described in the background section of this petition. For this reason, many documents, including the enabling Orders of the Commission, address the current components of the CES as individual programs:

- Tier 1 – Aims to increase new renewable energy development in New York State. Eligible Tier 1 resources include generators of electricity that use the following technologies: solar thermal, solar photovoltaics (PV), land-based and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity, that entered commercial operation on or after January 1, 2015.
- Tier 2 Competitive – Aimed to maximize the contributions and potential of New York’s existing renewable resources to ensure their continued operations. Eligible Competitive Tier 2 generators included existing non-state-owned run-of-river hydropower and existing wind resources located within the State that entered commercial operation prior to January 1, 2015.
- Tier 2 Maintenance – Aims to provide targeted, adequate, and prudent support to New York’s existing renewable resources to ensure their continued operations. Eligible Tier 2 maintenance generators include run-of-river hydroelectric facilities (5 MW or less) and wind resources that entered commercial operation prior to January 1, 2003.
- Tier 3/ZECR– Aims to place a value on New York’s upstate nuclear plants which avoid the emission of over 15 million tons of carbon dioxide per year. New York State’s LSEs must purchase zero-emission credits (ZECs) from NYSERDA every year. This annual obligation is based on an LSE’s proportional amount of statewide load in each compliance year.
- Tier 4 – The Tier 4 projects combine renewable generation and new transmission lines to increase the penetration of renewable energy into New York City and reduce reliance on fossil fuels.
- Offshore Wind – Aims to advance the responsible and cost-effective development of at least 9,000 MW of offshore wind energy by 2035, including investments in ports, manufacturing and supply chains and workforce training to support the growing offshore wind industry.

Administrative Funding

The administrative funding requested in this petition is used to support CES program development and operation, ultimately delivering the growth in and maintenance of clean energy supply. These funds are separate and distinct from awards made to clean energy projects under the various CES programs.

NYSERDA's administrative budget funding requested in this petition is divided into four categories:

1. **Salaries and Overhead** – salaries and overhead expenses for NYSERDA's employees working on current or in-development CES programs.
2. **Technical and Implementation Support** – the complicated issues addressed by the CES programs often require specialized consultant support, the purchase of proprietary data sets (for example, forecasts of future energy and capacity prices) and conducting stakeholder outreach and community engagement events.
3. **System Development** – the costs associated with developing and maintaining the business systems needed to operate CES programs including NYGATS and NYSERDA's Salesforce platforms dedicated to CES activities.
4. **New York State Cost Recovery Expense** - 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.

Salaries and Overhead

NYSERDA's CES staff workload volume and complexity have increased exponentially in the past years and are expected to continue increasing in 2024 and beyond. In recognition of the significant work to administer the CES in pursuit of the State's climate and energy goals, the Commission approved a Salaries and Overhead budget for 2023 sufficient to add 14 new full-time employees to the CES team at NYSERDA.¹¹ The NYSERDA CES team's scope of work continues to expand as anticipated, and these positions remain critical for the success of the CES. This petition for 2024 administrative funding does not seek to add any new additional full-time employees and only maintains funding for existing positions.

¹¹ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Approving 2023 Clean Energy Standard Administrative Funding and Reconciliation of Year 2021 Administrative Costs (issued and effective December 15, 2022).

In recognition of the time that would be required to fill the new positions, NYSERDA’s 2023 CES administrative funding petition assumed a 70% fill rate for the requested new positions.¹² This 2024 petition represents a 100% fill rate for these positions which is the primary driver of the increase in the Salaries and Overhead budget lines contained herein, with smaller incremental increases coming from cost of living adjustments and merit adjustments for existing staff. CES staffing across all programs, including filled and currently open positions, totals 43.25 full time employees as shown in Table 1. Appendix A provides details on the status of new positions approved for 2023, while Appendix B contains a list of all positions funded through the CES administrative budget. All CES positions are fully funded through the CES administrative budget and do not include any additional funding sources, either from within the CES or without.

<i>Table 1. Full Time Equivalents by Fund</i>						
<i>Fund</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3/ZECR</i>	<i>Tier 4</i>	<i>OREC</i>	<i>FTE Total</i>
Full Time Equivalent	21.35	1.00	1.75	1.90	17.25	43.25

System Development

System Development includes annual costs of the administration, operation, and maintenance of the New York Generation Attribute Tracking System (NYGATS), anticipated revisions to NYGATS, and other business systems to implement and manage the expanding suite of CES programs and the related LSE compliance activities, such as Salesforce. System development and support is needed across all program areas. As new requirements are added to CES programs, such as statutory Prevailing Wage, the New York Buy American Act, and MWBE requirements, NYSERDA’s business systems must be enhanced to track and report on the expanded requirements. For 2024, the primary driver of system development costs are the regular costs associated with operation and maintenance of NYGATS as well as the system enhancements needed to enable the transition of Tier 1 obligations to a load share framework as approved by the Commission.¹³ System development budgets for OREC and Tier 4 have increased from 2023

¹² Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Petition Regarding Proposed Year 2023 Clean Energy Standard Funding and Reconciliation of Year 2021 Administrative Costs (filed July 29, 2022).

¹³ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Modifying Clean Energy Standard Tier 1 Obligation (issued and effective April 20, 2023).

primarily due to increased Salesforce license costs as these programs have migrated project management activities, including progress report intake and milestone and deliverable tracking, into the Salesforce platform.

Technical and Implementation Support

The Technical and Implementation Support administrative budget items include costs associated with ongoing program consultant support and implementation for the CES programs, development and issuance of procurements, technical and policy analysis, and technical evaluation panels for NYSERDA procurements. These workstreams are developed and prioritized to deliver the CES programs and meet the State's clean energy goals in the most cost-effective and efficient manner possible. The indicative scopes of work included below are based upon current knowledge and may be subject to re-allocation based on future legal, regulatory, market, and programmatic changes.

- Tier 1: The fifth annual Tier 1 REC solicitation, RESRFP21-1, closed in June 2022 and resulted in the largest land-based renewable energy award group in the history of New York, comprised of 2.4 gigawatts of solar nameplate capacity and 129 MW of energy storage capacity. In September of 2022, NYSERDA issued its sixth Tier 1 solicitation, RESRFP22-1, to procure at least 4.5 terawatt-hours of renewable energy with an anticipated commercial operation milestone date of May 31, 2028. The 2022 Tier 1 solicitation was the most sophisticated solicitation managed to date under the Tier 1 program and included multiple new legal and contractual requirements, including compliance with New York State Executive Order 16, domestic iron and steel requirements, statutory prevailing wage and other labor requirements consistent with Labor Law § 224-d and Public Service Law § 66-p. A number of third-party, technical contractors assisted NYSERDA in the development of the solicitation and the review of submitted bids to ensure that the proposed projects have viable pathways to achieving commercial operation and are properly sited and designed to deliver their energy to the grid. NYSERDA employed the assistance of these contractors to design stronger evaluation methodologies and study submitted projects in greater detail to preferentially evaluate projects that exhibit greater benefits to the grid and the State's achievement of its 70% renewable by 2030 target. Outside support was also enlisted to prescribe stronger requirements for assessing proposed sites' potential impacts on wetlands, to develop New York's most comprehensive Smart Solar Siting Scorecard to date, to map the State's priority soils to provide this data to developers to inform project siting decisions and avoid impacts on fertile soils, and to model projects for potential curtailment of other renewable energy generation in New York State. Awards under RESRFP22-1 are expected in the fall of 2023 and

will likely result in significant additional contracts to negotiate and administer through the development process. The new requirements in RESRFP22-1 create an improved renewable product for New York State and will need to be tracked and monitored for effective program administration and transparency.

As of the date of this filing, NYSERDA anticipates developing and launching the 2023 Tier 1 solicitation before the end of the 2023 calendar year to be concluded in 2024. NYSERDA also anticipates developing and issuing a 2024 Tier 1 solicitation in the 2024 calendar year. Costs associated with implementing the 2023 and 2024 solicitations are included in this petition. Such activities include strategic RFP development support, facilitation, and contracting with technical evaluators and specialist reviewers. As a result of these procurements, NYSERDA's Tier 1 portfolio will continue to grow.

In addition to supporting the growing pipeline of projects, NYSERDA staff will support the technical analysis associated with the attendant needs of and impacts to the transmission and distribution system. This work includes support for and close coordination DPS Staff's work on transmission planning, supporting workstreams related to Case number 20-E-0197, direct participation with and support for the Coordinated Grid Planning Process (CGPP), and coordination and collaboration with the New York Independent System Operator. In addition to this comprehensive transmission planning support, NYSERDA's transmission-related work also includes planning, modelling, and other technical analysis needed for the increasingly complex award group selection process. Funds for these critical transmission planning efforts are also included within this petition.

The two predominant technologies that are successfully competing in NYSERDA's recent Tier 1 solicitations are land-based wind and utility-scale solar. Land-based wind has a well-established global supply chain that is heavily influenced by global macro-economic factors. While the supply chain for utility-scale solar is also well-developed globally, it has been significantly affected by recent import restrictions, such as the U.S. Department of Commerce's ongoing investigation into alleged circumvention of anti-dumping and countervailing duties related to imported solar modules and additional import restrictions resulting from the Uyghur Forced Labor Prevention Act (UFPLA). Funding is requested to support analysis into these topics, and other market drivers, to better understand and respond to potential impacts to the cost-effective and timely implementation of the CES.

Funds have been requested to convert the existing Tier 1 portfolio from the current settlement formula to an updated formula to accommodate NYISO's new Capacity Accreditation methodology. In addition, funds are being requested to continue to support other legal needs, including addressing evolving U.S. iron and steel requirements, new and evolving labor, and disadvantaged community requirements, updating key agreements and legal documents, and timely provision of complex legal support.

As directed by the Commission in the 2020 CES Order, NYSERDA is supporting the CES biennial review due in July 2024, including an analysis of the performance of the CES to date as well as a forward looking forecast and gap analysis related to the Climate Act's goal that 70% of the State's electricity be sourced from renewable energy by 2030. The development of the biennial review is taking place in 2023 and 2024, and as such, this budget request includes support for studies germane to the review.

The recent passage of the federal Inflation Reduction Act of 2022 (IRA) is another workstream that the NYSERDA CES staff monitors and analyzes as the federal government releases iterative guidance on its implementation. NYSERDA CES staff consistently review such guidance to understand the potential economic impacts of the IRA on the existing portfolio and the development pipeline of projects intending to bid into future solicitations. While the IRA may present many opportunities for the State of New York and renewable energy developers, it is important that NYSERDA assess and monitor developments associated with the base Investment and Production Tax Credits as well as the several bonus tax credits included in the IRA, most notably the "energy community" and domestic content bonus adders. Funding is requested to continue to monitor and analyze these IRA incentives, and others related to manufacturing, to help ensure that they are maximized for the benefit of New York State ratepayers.

In addition to furthering opportunities for agricultural co-utilization, funding is requested to support continued coordination, facilitation, and technical support of three agriculture-related initiatives -- the Agricultural Technical Working Group, the Farmland Protection Working Group, and the Strategic Interagency Task Force Lessening Obstacles to Agriculture (SILO) Working Group.

Additionally, support for a solar panel and wind turbine blade recycling feasibility study is also requested to help inform policies related to end-of-use requirements and support the development of this industry in New York. Establishment of such a recycling industry in New York could serve to bring down project costs, and in turn reduce REC prices, while simultaneously bringing new economic benefits and jobs and reducing waste and raw material needs for clean energy manufacturing and supply chain development.

Coupled with supply chain development is workforce development. Workforce development and analysis are needed to implement training and apprenticeship programs throughout the State and particularly in disadvantaged communities. Funds have also been requested for technical assistance to support the seeding of a solar workforce development partnership between national industry organizations, local technical colleges, NYSERDA, and large-scale solar developers (projects 20 MW and larger).

- Tier 2: NYSERDA plans to initiate new activities to support market activity directly between generators and purchasers of RECs. The non-Tier 1 REC market, often informally referred to as the Tier 2 market, is experiencing substantially increasing demand, and support from NYSERDA can help create a robust and sustained competitive marketplace. NYSERDA also continues to administer Tier 2 Maintenance contracts as directed by the Commission.
- Tier 4: In the 2024 budget, support is requested for analysis related to assessing transmission constraints, monitoring new NYISO market developments and procedures related to internal controllable lines, evaluating coincident generation with offshore wind, as well as deliverability, and forecasting and working to maximize the volume of voluntary Tier 4 REC demand in future years. An in-depth analysis of these issues may be required in future years and 2024 will allow for an initial assessment of these needs. Additionally, the Tier 4 contracts will require new methods for monitoring contract compliance within NYSERDA business systems. The Tier 4 contracts and related Orders invoke requirements aligned with the Climate Act ensuring disadvantaged and traditionally underserved communities are engaged with and benefit from NYSERDA's projects, including a workforce development component and the encouragement to utilize project labor agreements. Support from subject matter experts is anticipated to help facilitate and develop the new opportunities presented by these initiatives embedded in the Tier 4 contracts.

- Offshore Wind: Offshore wind is a nascent and emerging industry in the U.S. and is expected to be a key source of renewable energy that is relatively proximate to New York’s load centers and that can generate thousands of family sustaining jobs. The industry is undergoing a period of rapid growth, and some of the first contracts procured by northeastern states are moving closer to construction. However, challenges remain. NYSERDA’s offshore wind program is designed to advance offshore wind cost-effectively and responsibly. The workstreams included in this budget request are minor in relation to the value they provide to New York in advancing offshore wind energy development. These activities are coordinated to align and support the procurement of the most cost-effective projects by reducing project risk through effective engagement with key stakeholders, recruiting supply chain opportunities to reduce bid prices and attracting workforce opportunities for New Yorkers, with a focus on disadvantaged communities. Programmatic activities either directly address risks and costs through engagement and supply chain development or provide technical support to understand where additional attention would bring value.

In July of 2022, NYSERDA issued its third offshore wind solicitation, ORECRFP22-1, to procure at least 2,000 MW of offshore wind energy toward the Climate Act goal of 9,000 MW by 2035. The thoughtful design of the solicitation attracted more than 100 proposals for eight new projects from six offshore wind developers – representing a record-setting level of offshore wind competition. It also integrated the first tranche of \$500 million in State funds dedicated to the development of an offshore wind supply chain in New York (“Phase I”). These funds were included in ORECRFP22-1 to leverage the State’s offshore wind buying power to attract private investment to match State funds at least 2:1 and build the supply chain in New York. The solicitation also included innovative options for bidders to hedge risk, putting downward pressure on OREC prices. These included optional inflation adjustment and interconnection cost-sharing mechanisms, among other enhancements. Awards are expected later in 2023 and will result in additional contract(s) to negotiate, manage, and track. NYSERDA anticipates launching two additional supply chain development solicitations in 2023 (“Phase II and III”) with evaluations and awards in 2024. NYSERDA will also develop its 4th offshore wind solicitation (ORECRFP24-1) in 2024 to maintain the critical 2-year procurement cadence. This cadence moderates’ spikes in supply chain demands, helping to avoid unnecessarily overburdening supply chains, which can result in bid-price spikes, and pressure on regulators. ORECRFP24-1 will also integrate the Public Policy Transmission Needs (PPTN) process outputs, designed to help advance transmission planning efficiently and cost-effectively.

A strong, local supply chain is one of the keys to lowering the cost of offshore wind development and attracting the economic development benefits associated with offshore wind. Costs associated with evaluating supply chain development bids stemming from the pending Phase II and III RFPs, and the development and issuance of ORECRFP24-1 are contained in this funding request. This includes strategic RFP development support. To help maintain budget stability, costs associated with facilitation, evaluators and specialist reviewers required for ORECRFP24-1 are deferred to the 2025 budget. As procurements add new contracts and existing contracts mature to construction, the annual staff responsibilities for analysis, tracking, and reporting of NYSERDA's existing portfolio continues to grow. Funds have been included to develop an OREC and supply chain contract deliverables tracking system to ensure project milestones and economic benefits are collected, accounted for, and reported out accurately and efficiently. NYSERDA's Offshore Wind "Liaisons" provide technical support to NYSERDA representation in meetings. This arrangement has been effective in situations where services are highly specialized and ephemeral. Liaisons allow NYSERDA to monitor key activities without needing additional staff, helping to reduce costs. As such, funds to support industry liaisons for ports, labor, and construction have been included to help ensure selected supply chain investments are developed efficiently, helping to reduce the risk that the products are not available when needed by the offshore wind projects.

As directed by Governor Hochul in her 2022 State of the State address, NYSERDA is developing the "New York State Offshore Wind Masterplan 2.0: Deep Water." The development of the Masterplan is taking place over a 2.5-year period. To moderate budget demands, portions of that work were funded under the 2023 CES Admin budget, specifically the portions seeking to identify and encourage BOEM to advance additional, cost-effective, least-risk, greatest-opportunity lease areas. However, additional research and analytical studies are needed, as is the development and drafting of the comprehensive Masterplan 2.0 itself. This budget request includes support for studies relating to the following topics: floating offshore wind technology assessment, project cost estimates, cost-reduction pathways, workforce development, supply chain opportunities, disadvantaged community integration, environmental analysis, and other work to understand risks and opportunities associated with developing offshore wind in deeper waters in comparison to shallower waters that can host fixed foundations. Publication of the Masterplan 2.0 is planned for early 2025.

NYSERDA requests support for core programmatic workstreams in 2024, including those related

to stakeholder engagement and outreach, and environmental research initiatives. These initiatives create a climate where individuals and entities who have concerns about offshore wind can be engaged productively and meaningfully to help identify solutions and grow support for the industry.

Environmental and fisheries research projects focus on areas of development risk and uncertainty and will lead to more efficient and predictable regulatory processes, as well as enhanced environmental protection and stakeholder support. The activities not only support research needs identified by the industry and stakeholders, but they also seek to ensure greater coordination between data collection and research activities, maximizing the value of available data. Additionally, many development projects, renewable and otherwise, are impacted by stakeholder pushback, driving up uncertainty, delivery times, and development costs. Collaboration and education have been a cornerstone of NYSERDA's offshore wind program, effectively engaging stakeholders, and adapting strategies in response. Funding is requested to continue the coordination, facilitation, and technical support of the four offshore wind Technical Working Groups (TWGs) and the launch of the Environmental Justice TWG (EJ-TWG). Additionally, continued support for a recreational fisheries liaison, regional environmental research coordination, and fisheries compensation efforts are vital to New York's leading role in offshore wind development in the Northeast and Mid-Atlantic. These activities are core to the responsible development of offshore wind and are now supported under the CES rather than the Clean Energy Fund (CEF). This type of engagement helps to create and maintain an environment that is more supportive of offshore wind, reducing risks, costs, and helping to ensure projects continue to advance efficiently and with minimal disruption to existing industries.

As part of ORECRFP20-1, NYSERDA awarded \$166.5 million in State funds, leveraging \$447.5 million in private investments in New York ports to support offshore wind energy development. Building on this, ORECRFP22-1 included the first tranche of an additional \$500 million in State investment to support the development of the offshore wind supply chain in New York, which will be followed by Phase II and III in 2023/24 to build on the earlier awarded projects. While these investments are State funds, efforts to ensure these State investments are maximized are represented in this funding request. This includes support for supply chain forums, supplier database improvements and related activities. One example of the positive impact arising from these investments is in Advanced Foundation Components where a team has developed between the New York-headquartered Arvos Ljunstrom and New Jersey-headquartered Riggs Distler. This

group was awarded an \$86 million contract through Sunrise Wind and has coordinated on many other projects along the east coast that have been awarded by Orsted.

During this critical time when a local supply chain can bring down OREC prices and recruit economic benefits and jobs to New York State, supply chain forums and related activities to connect companies are critical. Activities such as the maintenance and expansion of a Supply Chain database and other activities to develop a durable ecosystem for offshore wind manufacturing in New York are included in this budget. Coupled with supply chain development is workforce development. Workforce development and analysis are needed to implement training and apprenticeship programs throughout the State and particularly in climate and environmental justice communities. The funds requested here will additionally leverage other state workforce development funds, such as CEF and RGGI funded efforts.

Finally, education and outreach via marketing campaigns, in-person community meetings, workshops, public facing materials, K-12 programming and the continuation of the highly successful and industry recognized “Learning from the Experts” webinar series will be continued with support from this proposed budget. These activities provide transparency, educating members of the public and building a climate of understanding and, by extension, support for offshore wind in New York, helping projects to advance through the development process efficiently.

New York State Cost Recovery Expense

The New York State Cost Recovery Fee (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 six fiscal years, the CRF assessment has averaged about 1.0% of NYSERDA’s annual expenses. NYSERDA allocates CRF across its programs by weighted average of programmatic expenditures and will allocate a proportionate share of the annual CRF to the CES program. Under this allocation, the programs comprising the CES are attributed slightly more than half of NYSERDA’s total Cost Recovery Fee obligation.

2024 Administrative Petition Summary

Given the work needed to continue to deliver a high-quality and effective CES program in furtherance of New York’s climate and energy goals, NYSERDA proposes a total administrative budget of \$33,549,661 for the 2024 compliance year as shown in Table 2.

The CES administrative budget presented in Table 2 includes NYSERDA CES staff salaries, fringe benefits, and other direct program operating costs and allocated general and administrative expenses. As directed in the 2020 CES Order, NYSERDA continues to keep a detailed account of all costs incurred in administering the CES programs and any unspent administrative funds are used for future ratepayer benefit.

Table 2. Proposed CES Year 2024 Budget						
Program Expenses	Tier 1	Tier 2	Tier 3/ZECR	Tier 4	OREC	Totals
Salaries and Overhead	\$6,659,230	\$374,478	\$679,498	\$661,094	\$5,546,437	\$13,920,737
Technical Support	\$2,847,992	\$116,600	\$156,600	\$1,510,600	\$7,836,100	\$12,467,892
System Development	\$426,487	\$0	\$592,042	\$25,000	\$50,000	\$1,093,528
Subtotal	\$9,933,709	\$491,078	\$1,428,140	\$2,196,694	\$13,432,537	\$27,482,158
NYS Cost Recovery Expense	\$845,688	\$4,911	\$5,060,596	\$21,969	\$134,339	\$6,067,504
Total	\$10,779,397	\$495,989	\$6,488,736	\$2,218,664	\$13,566,876	\$33,549,661

2022 Budget Reconciliation

NYSERDA files quarterly itemized reports on the costs associated with the administration and development of the CES programs. Table 3 through Table 6 reflect the reconciliation of CES compliance year 2022 administrative expenses by fund.

Table 3. CES Compliance Period Funds - Tier 1 and Tier 3/ZECR (2022)			
Program Expenses	Year 6 Budget	End of Year 6 Committed	Uncommitted Funds
Tier 1 Salary and Overhead	\$5,419,000	\$3,830,804	\$1,588,196
Tier 1 NYS Cost Recovery Fee Expenses	\$1,073,000	\$193,133	\$879,867
Tier 1 Non-Recurring Charges		\$0	\$0
Tier 1 Technical Support	\$3,165,000	\$3,723,773	(\$558,773)
Tier 1 System Development	\$150,000	-\$447,842	\$597,842
Tier 1 Total	\$9,807,000	\$7,299,868	\$2,507,132
Tier 3/ZECR Salary and Overhead	\$537,000	\$441,726	\$95,274
Tier 3/ZECR NYS Cost Recovery Fee Expenses	\$6,399,000	\$5,892,178	\$506,822
Tier 3/ZECR Non-Recurring Charges		\$0	\$0
Tier 3/ZECR Technical Support	75,000	\$27,500	\$47,500
Tier 3/ZECR System Development	582,000	\$1,131,239	(\$549,239)
ZEC Total	\$7,593,000	\$7,492,644	\$100,356
Total	\$17,400,000	\$14,792,512	\$2,607,488

Table 4. CES Compliance Period Funds - Tier 2 (2022)			
Program Salary Expenses	Yr. 2 (2022) Approved Budget	End of Year 2 Committed	Uncommitted Funds
Tier 2 Salary and Overhead	\$379,000	\$238,235	\$140,765
Tier 2 NYS Cost Recovery Fee Expenses	\$13,000	\$8,578	\$4,422
Tier 2 Technical Support	\$195,000	\$129,200	\$65,800
Tier 2 System Development	\$40,000	-\$29,846	\$69,846
Total	\$627,000	\$346,167	\$280,833

Table 5. CES Compliance Period Funds - Tier 4 (2022)			
Program Salary Expenses	Yr. 2 (2022) Approved Budget	End of Year 2 Committed	Uncommitted Funds
Tier 4 Salary and Overhead	\$443,000	\$252,799	\$190,201
Tier 4 NYS Cost Recovery Fee Expenses	\$6,000	\$10,949	(\$4,949)
Tier 4 Technical Support	\$60,000	\$48,834	\$11,166
Tier 4 System Development	\$20,000	\$0	\$20,000
Total	\$529,000	\$312,581	\$216,419

Table 6. OREC Compliance Period Funds - (2022)			
Program Salary Expenses	(2022) Approved Budget	End of 2022 Committed	Uncommitted Funds
OREC Salary and Overhead	\$2,995,000	\$2,211,982	\$783,018
OREC NYS Cost Recovery Fee Expenses	\$136,000	\$76,422	\$59,578
OREC Technical Support	\$8,502,000	\$8,891,885	(\$389,885)
OREC System Development	\$20,000	\$0	\$20,000
Total	\$11,653,000	\$11,180,288	\$472,712

Sources of Funds and Funding Proposal

NYSERDA proposes to fund its 2024 administration of the Tier 1, Tier 2, Tier 4 and OREC programs with revenues received in the previous years including bid fees, alternative compliance payments (ACP) and interest income, and to fund the Tier 3/ZECR program with an adder charge.

In accordance with previously filed implementation plans, NYSERDA collects bid fees as part of the OREC, Tier 1, Tier 2 and Tier 4 programs and has collected funds due to contract security forfeitures as part of the Tier 1 program. The Commission has previously authorized NYSERDA to use these funds to offset the costs of administering these programs.¹⁴ For 2023, NYSERDA carried a balance of \$57,604,797 in surplus funds into 2023 as reflected in Table 6. The surplus represents expenditures and commitments through the 2022 compliance year.

¹⁴ See Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Approving 2022 Clean Energy Standard Administrative Budget (issued and effective December 16, 2021), and Order Approving 2023 Clean Energy Standard Administrative Funding and Reconciliation of Year 2021 Administrative Costs (issued and effective December 15, 2022).

Looking forward, NYSERDA forecasts collecting additional revenue when settling the 2023 compliance year which will manifest as revenue in the 2023 compliance year. NYSERDA therefore anticipates ending calendar year 2023 with approximately \$117,016,224 in revenues resulting in an overall surplus of \$91,315,435 as shown in Table 7. Table 7 also illustrates the necessary transfers to OREC, Tier 2, and Tier 4 to mitigate the ratepayer impact of CES program costs through funding these programs with surplus funds. NYSERDA proposes to continue to fund administration of the Tier 3/ZECR program through an administrative adder.

In compliance with the 2016 CES Order, NYSERDA has kept a detailed account of all costs in administering the CES program and any unspent administrative funds will be used for future ratepayer benefit. Any funds collected through the Tier 3/ZECR administrative adder will, if unspent, be returned to the LSEs who purchased ZECs, in a proportionate amount.

Table 7. Preliminary Estimate of CES RES surplus funding	
	Amount
Beginning Surplus/(Deficit), January 1, 2023¹	\$57,604,797
Revenue/Source of Funds (Tier 1)	
Renewable Energy Credit Proceeds	\$58,082,574
Alternative Compliance Payments	\$43,800,000
Voluntary Compliance Payments	\$5,865,006
Management/Bid Fees	\$2,650,000
Contract Security and Bid Deposits	\$2,101,428
Investment Income	\$4,517,216
Total Tier 1 Revenue	\$117,016,224
Expense/Use of Funds (Tier 1)	
Program Administration	\$6,094,206
Program Support	\$3,224,892
System Development Costs	\$202,046
REC Payments to Generating Facilities	\$58,082,574
NYS Cost Recovery Fee	\$471,197
Total Tier 1 Expense	\$68,074,915
Transfers to Other Funds	
Transfer to OREC	\$12,831,631
Transfer to Tier 2	\$988,799
Transfer to Tier 4	\$1,410,241
Total Transfer from Tier 1 to Other Funds	\$15,230,671
Surplus/(Deficit), 1/1/2023-12/31/2023	\$33,710,638
Cumulative Surplus/(Deficit), December 31, 2023	\$91,315,435

Conclusion

NYSERDA respectfully requests that the Commission approve the proposed CES compliance year 2024 administrative costs as proposed in this filing, and the corresponding proposal to fund these costs with revenues received in the previous years including bid fees, forfeited contract security funds, alternative compliance payments, and interest income, and to fund the Tier 3/ZECR program with an administrative adder charge as in previous years.

Dated: July 31, 2023

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas V. King". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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Appendix A – NEW POSITIONS APPROVED AS PART OF 2023 ADMINISTRATIVE FUNDING PETITION AND ORDER

NYSERDA has been diligently working to fill positions created by the approval of the 2023 Administrative Funding Petition¹⁵. At the time of this filing, five of the positions have been filled, two of the positions have finalist candidates undergoing internal vetting, and the remaining seven positions are in active recruitment status.

Clean energy industry job growth remains strong, and the labor market is highly competitive.¹⁶ With these dynamics in mind, NYSERDA remains committed to finding and hiring high-quality staff as quickly as possible to fill all open positions and has retained additional recruiting services to assist with filling roles that are in high demand or require specialized expertise, such as those roles related to transmission or clean energy analysis.

¹⁵ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Approving 2023 Clean Energy Standard Administrative Funding and Reconciliation of Year 2021 Administrative Costs (issued and effective December 15, 2022).

¹⁶ United States Department of Energy, United States Energy and Employment Report 2023, available at: <https://www.energy.gov/sites/default/files/2023-06/2023%20USEER%20EXEC%20SUMM-v2.pdf>.

Appendix B – INDICATIVE FULL TIME EMPLOYEE POSITIONS OF THE CURRENT CES PROGRAM TEAM

Listed below are indicative full-time positions across the CES programs based upon current workstreams and programmatic needs including filled and currently open positions. However, these positions may be re-allocated based on future legal, regulatory, market, and programmatic changes. Some positions also support multiple programs and are therefore split across multiple funds. For example, legal counsel supports all programs and therefore may be split across all funding codes to total 1 FTE for the position.

<i>Table B.1. Full Time Equivalents by Fund</i>						
<i>Fund</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3/ZECR</i>	<i>Tier 4</i>	<i>OREC</i>	<i>FTE Total</i>
Full Time Equivalent	21.35	1.00	1.75	1.90	17.25	43.25

Tier 1 (REC) Staff

The 21.35 FTEs currently supporting the Tier 1 program are engaged in a variety of functions across several broad categories:

- Project Managers (6 FTE) – Project Managers perform a variety of tasks in support of the Tier 1 program with their primary tasks being the negotiation of contracts for new awards and active management of existing contracts with generators that are not yet in commercial operation. Each annual solicitation typically results in 18-25 new contracts to manage. Additionally, the Project Managers perform program and policy analysis, maintain expert working knowledge of the New York, national and global markets and apply that knowledge to the Tier 1 program to pursue cost-effective, timely and efficient resource development. This work includes developing expertise and informing programmatic activities on ad hoc issues such as capacity accreditation, inflation, federal policy on emerging issues, and other matters directly affecting the Tier 1 portfolio.
- Operations (11 FTE) – The operations staff provide a variety of services to enable the efficient and reliable functioning of the Tier 1 Program. This team manages the New York Generation Attributes Tracking System (NYGATS), settles contracts with generators in commercial operation, takes possession of the RECs and then sells the RECs to LSEs and the voluntary market (starting for the 2025 compliance year per the Commission’s Order modifying the Tier 1

obligation¹⁷). This team also manages all Tier 1 related data including internal tracking, Open-NY reporting and business system development and maintenance as well as CES financial tracking, reporting and management.

The operations team also includes an analyst position which is critical for developing program cost estimates, forecasting future cash flows, and analyzing the impact of various market changes on the program. The operations team includes transmission system experts supporting the annual solicitation and the team's engagement with NYISO and DPS Staff on issues such as the Commission's Case 20-E-0197, a Proceeding on the Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act. Origination specialists who conduct the annual Tier 1 solicitation are also included here. Finally, the operations team also includes a partial position for a communication specialist that assists with the many public notices and other public communications (for example, solicitations and webinars) conducted by the team.

- Legal (1.2 FTE) – Each Tier 1 award is memorialized in a purchase contract for Tier 1 RECs between the awarded generation project and NYSERDA. Each contract is individually tailored, negotiated, and executed. The legal team also supports program design, policy creation, regulatory filings, and works collaboratively with project managers and operations staff to address disputes or contractual issues as they arise.
- Siting (1.7 FTE) – NYSERDA offers several resources to help local governments understand how to manage responsible clean energy development in their communities. These resources include step-by-step instructions and tools to guide the implementation of clean energy related to permitting processes, property taxes, siting, and zoning. The members of the siting team develop these resources and act as a single point of contact for communities wishing to learn more or make use of the resources.
- Leadership (1.45 FTE) – These positions are shared functions across the programs and include the Vice President for Large-Scale Renewables and Directors actively engaged on Tier 1 issues. This team provides coordination and collaboration across the entire CES team, sets team

¹⁷ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Modifying Clean Energy Standard Tier 1 Obligation (issued and effective April 20, 2023).

priorities, and ensures that the programs under their guidance continue to innovate in pursuit of New York's clean energy goals while minimizing ratepayer impact and ensuring the most positive outcomes possible for all New Yorkers.

Tier 2 Staff

The Tier 2 staff is currently comprised of 1 FTE made up of partial allocations to a project manager, counsel, and operations specialist.

Tier 3 / ZECR Staff

The Tier 3 / ZECR staff is currently comprised of 1.75 FTE. This FTE is primarily a project manager who dedicates a sizeable portion of their time to determining LSE obligations, establishing LSE collections, making payments to the ZEC sellers, and reconciling the program at the end of each compliance year. There is also a smaller portion of time from several supporting areas accounted for in this total including legal, operations, communications, and leadership.

Tier 4 Staff

The Tier 4 staff is currently comprised of 1.9 FTE. This FTE is primarily a project manager dedicated to managing NYSEERDA's contracts with the two projects awarded under Tier 4. There is also a smaller portion of time from several supporting areas accounted for in this total including legal, operations, contracts, and leadership.

Offshore Wind (OREC) Staff

The 17.25 FTEs currently supporting the Offshore Wind program are engaged in a variety of functions across several broad categories:

- Project Managers (10.85 FTE) – The Offshore Wind project managers have primary responsibility to originate projects through periodic solicitations and to manage the existing portfolio of OREC contracts. New York is not just building offshore wind generation, but, rather, an entire offshore wind industry. This staff primarily originates awards and manages in-development contracts. Included here is also the Fisheries Liaison. This group also contains partial FTE funding for offshore wind related contract creation and analyst capabilities.
- Labor and Economic Development Manager (1 FTE): This position manages the funds being invested in port infrastructure including NYSEERDA's infrastructure development contracts and other supply chain investments in New York. This position also coordinates the significant

private investment (more than \$644 million) being made in the offshore wind industry in New York.

- Workforce Development Manager (1 FTE): To enable the buildout of the offshore wind projects and concomitant benefits to New York, there is a critical need to prioritize workforce training inclusive of disadvantaged communities. As the offshore wind supply chain investments are advanced, the workforce must be simultaneously developed to support the buildout of that supply chain, and the construction of offshore wind projects. This position builds close working relationships and coordinates across various stakeholders including academic institutions, technical trade groups, offshore wind suppliers, developers, disadvantaged communities, and many others to help create the workforce needed to support the offshore wind industry.
- Transmission Expertise (0.8 FTE) – Electric grid transmission expertise is a key part of advancing offshore wind. NYSERDA needs to have an informed and educated approach for both how the offshore electric grid should be configured and how and where to interconnect that energy into the existing onshore grid.
- Legal (1.1 FTE) – Each Offshore Wind program award results in a purchase contract for ORECs between the owner of an awarded generation project and NYSERDA. Each contract is individually negotiated and established. The legal team also supports program design and policy creation, regulatory filings and works collaboratively with project managers and operations staff to address disputes or contractual issues as they arise.
- Leadership (2.5 FTE) – These positions are shared functions across the programs and include the Vice President for Large-Scale Renewables and Directors actively engaged on offshore wind issues. This team provides coordination and collaboration across the entire CES team, sets team priorities, and ensures that the programs under their guidance continue to innovate in pursuit of New York’s clean energy goals while minimizing ratepayer impact and ensuring the most positive outcomes possible for all New Yorkers.