

MINUTES OF THE ONE HUNDRED ELEVENTH MEETING OF THE
PROGRAM PLANNING COMMITTEE
HELD ON FEBRUARY 2, 2021

Pursuant to a notice and agenda dated January 15, 2021, and a revised agenda dated January 25, 2021, a copy of which is annexed hereto, the one hundred tenth (111th) meeting of the Program Planning Committee (the “Committee”) of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the “Authority”) was convened at 2:00 p.m. on Tuesday, February 2, 2021, by videoconference.

The following members of the Committee were present:

Mark Willis, *Committee Chair*
Richard Kauffman, *Chair of the Authority*
Sherburne Abbott
Charles Bell
Ken Daly
Marie Therese Dominguez
Jay Koh
Gil Quiniones

Also present were Doreen Harris, Acting President and CEO; Janet Joseph, Senior Vice President for Strategy and Market Development; John Williams, Vice President for Policy and Regulatory Affairs; Jeffrey J. Pitkin, Treasurer; Peter J. Costello, General Counsel; Sara L. LeCain, Senior Counsel and Secretary to the Committee; and various other staff of the Authority.

Mr. Willis called the meeting to order. The meeting notice and agenda were forwarded to the Committee Members and the press on January 15, 2021, and a revised agenda was forwarded to the Members on January 25, 2021 and to the press on January 26, 2021. The meeting was held via videoconference and the Mr. Willis asked Sara LeCain, to conduct a roll call. Each Member indicated their presence and Ms. LeCain confirmed a quorum was present.

Mr. Willis indicated that the first item on the agenda concerned the approval of the minutes of the one hundred tenth (110th) meeting of the Committee, held on June 23, 2020.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee members, the minutes of the hundred ninth (110th) meeting of the Committee, held on June 23, 2020 were approved.

Mr. Willis indicated that the next item on the agenda was a report on the Authority's Strategic Outlook 2021-2024. This item was presented by the Authority's Acting President and CEO, Doreen Harris, and the Senior Vice President for Strategy and Market Development, Janet Joseph.

Ms. Harris reported that as part of this effort this year, NYSERDA's executive team undertook a review of the mission and vision statements for the Authority in the context of the Strategic Outlook and notably within the context of the Climate Leadership and Community Protection Act ("CLCPA"), to ensure that the vision and mission align with the renewed and revised focus of New York State's effort. Our new mission is to advance clean energy innovations and investments to combat climate change and proving the health resiliency and prosperity of New Yorkers and delivering benefits equitably to all.

Ms. Harris explained that this Strategic Outlook includes a focus area on external facing equity and disadvantaged community efforts, specifically how benefits are delivered equitably to populations and communities who have been disproportionately burdened by marginalization and disinvestment. NYSERDA, as an organization will be undertaking a holistic review of its institutional practices and processes regarding diversity, equity, and inclusion, which are core to NYSERDA's mission. The Authority will be prioritizing opportunities within its own organization to include diverse perspectives and promote underrepresented voices wherever possible. In the coming months there will be tactical and communication plans established around the implementation of a broader strategic plan.

Ms. Harris then turned the presentation over to Janet Joseph. Ms. Joseph reported that there are five mission outcomes. The mission remains constant, though the magnitude of the accomplishments that need to be achieved for every one of these mission outcomes has increased quite substantially.

Ms. Joseph explained that the first mission outcome is greenhouse gas emissions reductions. The CLCPA outlines the goal of an 85% reduction in greenhouse gas emissions by 2050 and a 40% reduction in 10 years. There are four primary pillars to the greenhouse gas emission reduction strategies that are being pursued at NYSERDA. In New York State, first is producing a zero-emission electric system that can basically serve as the backbone of the decarbonization strategy. The second is moving toward electrification in a variety of venue sectors, and that could be from transportation to buildings and even parts of the industrial sector. The third pillar is around energy efficiency, to reduce waste and control costs associated with the decarbonization strategy. The fourth is around load flexibility and connectivity to the grid, building to grid or vehicle to grid.

Over the next three years of the planning horizon, Ms. Joseph noted that the work associated with the Climate Action Council is quite significant, both in everything from the leadership of the Council, which Doreen Harris co-chairs along with Commissioner Seggos, to the staffing of the council, supporting modeling work, supporting the panels, and ultimately developing the policies that will be advanced by the work of the council. This year 2021, the Council is slated to advance a draft set of recommendations for consideration in 2022. Finalizing those recommendations will really chart the course for NYSERDA's work for years ahead.

Ms. Joseph continued, stating that the second mission outcome is in renewable energy. The goals in renewable energy are 70% electricity by 2030, and a goal by 2040 of zero greenhouse gas emission electricity. The third mission outcome is focused on energy efficiency. The climate legislation also has an energy efficiency goal. The strategies on energy efficiency have a few strategic shifts, moving toward deeper energy and carbon savings in end use sectors in buildings. Another strategic shift is the dual track.

Ms. Joseph indicated that NYSERDA is working with equal vigor on a track that will identify a set of policies that can make structural changes in how energy is used in buildings. The necessary changes that will need to be made in the energy code, in construction code, and standards for appliances that align with the CLCPA targets. The next mission outcome is focused on the clean energy economy. Stimulating a clean energy economy has always been important for NYSERDA. The Governor has outlined a goal of making New York the green energy capital of the world. There is a tremendous opportunity to stimulate local job growth, through the supply chain, through service providers, and through installers.

The last mission outcome is related to building out a resilient and distributed energy system. Focus will be on a few things in this area over the planning horizon. One is refactoring resiliency goals and objectives into clean energy infrastructure investments, NYSERDA is investing billions of dollars in infrastructure. The second is NYSERDA partnering with other state agencies to identify and implement best practices around climate resilience. One is with the New York Department of Financial Services, with which NYSERDA established a memorandum of understanding and partnership back in September of 2020, to drive progress in terms of monetizing and addressing climate risk in New York State. Ms. Joseph stated that the other resiliency element in NYSERDA's work is to lead the next generation of climate adaptation research and climate data availability. This is being coordinated with some of the work that the Climate Action Council is focused on in adaptation.

In response to an inquiry from Mr. Kauffman, Ms. Joseph stated that the renewables must get built and need to get into load centers in the Clean Energy Standard, which has recently been updated through a Public Service Commission order. One of the elements of the Clean Energy Standard is a new focus, tier four renewable energy credits. The focus of tier four is to get renewable resources into the high-density areas of New York City.

Ms. Harris added that the broader investments being made by the state with respect to transmission, which are the subject of a power grid study that was issued earlier in 2021 that looked at where we need to be to integrate the quantity of renewables broadly. In addition to the investments that are already being made, NYSERDA is expecting 250 miles of transmission to be under construction.

In response to an inquiry from Mr. Daly, Ms. Joseph noted that the creation of the Energy Efficiency and Housing Advisory panel created a marriage of NYSERDA and housing community renewal. NYSERDA is working more closely than ever with housing renewal, trying to work through the joint objectives of providing affordable housing and energy.

Ms. Joseph then addressed a metrics question posed by Mr. Kauffman, stating that NYSERDA is very aggressively pursuing a voluntary partnership, market-based strategies with building owners, property owners, and portfolio owners across New York State. One of the things is a partnership on the Empire Building Challenge, where NYSERDA will be working with close to a dozen of the largest property owners in the New York City area to show how to decarbonize the building stock. In buildings, there are owners that are going above and beyond the requirements, and even in affordable housing.

In response to an inquiry from Ms. Abbott, Ms. Joseph explained that “next generation of climate adaptation research” is referring to the continuation of refinement of the models that are used in the climate impact area. It also builds upon some of the landmark work that NYSERDA did a few years ago on climate, where the first adaptation studies in the State were completed.

In response to an inquiry from Mr. Willis, Ms. Joseph stated that NYSERDA has a representative from New York City on the Energy Efficiency and Housing Advisory panel, and Ms. Joseph herself serves on the Local Law 97 advisory panel. There are several staff at NYSERDA who are engaged in the working groups of Local Law 97. That work is far from complete, but it is a top priority for NYSERDA to walk through several use cases in the New York City metropolitan area and make sure to understand what a state policy might mean for that.

Ms. Harris added that work is also part of NYSERDA’s DE&I strategic plan. She indicated that close metrics will be tracked and the progress is critical to its implementation.

Following this discussion, Ms. Joseph directed the Members’ attention to the next presentation addressing the strategic focus areas. First, Chris Coll, Director of Energy

Affordability and Equity, who is leading the work in energy affordability and equity across NYSERDA, discussed building an inclusive, clean energy economy.

Mr. Coll explained that in thinking about building out an inclusive, clean energy economy, advancing energy equity is a priority at NYSERDA. Thinking about engagements with the markets, and with communities, NYSERDA will need to really think about how to shift and adapt strategies and approaches to ensure that residents are benefiting in disadvantaged communities, and that they are able to benefit from, and engage in the clean energy economy. Thinking about low- and moderate-income communities and residents and our environmental justice communities of color and other frontline, or otherwise disadvantaged communities, there is some disproportionate impacts that those communities are facing when it comes to energy. Whether it is the energy burden and the cost of energy, air pollution, localized pollution that comes from fossil fuel combustion, transportation, buildings, or heating and cooling electric generation.

Mr. Coll explained that engagement with communities addressing barriers and challenges is a part of the strategies. Ensuring that there is a path to increase engagement from the communities into program planning and development along the way. The CLCPA as the underpinning, realizing the goals of the clean energy economy and making sure that benefits are driven to disadvantaged communities. In the CLCPA, the primary goal with respect to equity is to drive at least 35% of the benefits of clean energy and energy efficiency investments to disadvantaged communities, with the higher goal of 40%.

Mr. Coll continued, looking across the NYSERDA portfolio, the investments are in areas that continue to improve energy affordability for low- and moderate-income New Yorkers, reducing fossil fuel combustion emissions from fossil fuel combustion in environmental justice areas, and creating greater opportunities for economic development for residents of disadvantaged communities. There are several initiatives by the various portfolios, focusing on a few here for discussion. Number one, building community capacity and improving engagement. Providing a linkage from the community through a better understanding of the local needs or barriers within communities to engage and benefit from the clean energy economy, or increasing

just awareness and opportunity to participate in existing programs. One of the things NYSERDA is working on, with input in environmental justice of low- and moderate-income communities, is a clean energy health initiative that will essentially serve as the focal point for connecting residents to program workforce training opportunities and to build overall capacity within those communities. Also, developing more innovative solutions to develop community scale programs and interventions. For example, geographic eligibility for programs to really kind of focus resources on communities that in most need for services or assistance and streamline enrollment into programs.

Mr. Coll explained that prioritizing a workforce development for priority populations or disadvantaged communities is going to be a big focus here over the next few years. Building on the work that NYSERDA's done already to create apprenticeships and on the job training opportunities for priority populations, but taking that a step or two further focusing on developing a Climate Justice Corps that would support communities. On the innovation side, looking at how to create the next generation of cleantech entrepreneurs that would have participation from a more diverse population.

In addition, Mr. Coll indicated that NYSERDA will be developing models for decarbonization and to increase adoption of electrification. Within the low- and moderate-income space and within affordable housing, there are a lot of institutional barriers when it comes to electrifying. NYSERDA is investing in understanding what those barriers are and how to overcome them when it comes to electrification, to truly develop more scalable models. NYSERDA will also be focused on coordinating with the utilities in the state. There is a lot of work going into scaling up energy efficiency opportunities for low- and moderate-income households and affordable housing.

Mr. Coll stated that the last thing on affordable housing, was that the Governor, in the State of the State advanced the proposal called "Raise the Green Roof", which is a partnership to develop models for better integrating subsidies and incentives, pre-development support and clean energy financing into the affordable housing portfolio, specifically affordable housing finance tracks transactions.

Next, Jamie Dickerson, Deputy Chief of Staff, continued the Strategic Outlook presentation, beginning with the second focus area. This area is focused on fostering healthy communities, which encompasses both new and expanded activities that are underway across several NYSERDA's teams. Communities currently lack sufficient resources in many cases, to adequately address many of the on the ground challenges associated with the energy transformation. Community level action reflects the reality that the state needs scale to succeed beyond a building-by-building approach, to a neighborhood-by-neighborhood model and ultimately striving for carbon neutral communities. The first key action will be the clean energy communities round, which will be focused on providing expanded clean energy training opportunities for local officials, and make use of the newly available remote models. Also, trying to meet communities where needs exist and where resources may be constrained. The other major category of work relates to the siting and construction of renewable and DER projects. The focus here being for us trying to provide community benefits. This includes developing new resources for developer and community collaboration, seeking opportunities to leverage community choice aggregation where possible, and trying to grow local partnerships to drive clean energy investment, especially on brownfields and under-utilized land.

Mr. Dickerson indicated that with respect to healthy communities, the disparate health and air quality impacts borne by disadvantaged communities because of environmental injustice remain front of mind were both underscored and exacerbated by COVID. With local action, to begin to reverse and repair these inequitable outcomes by pursuing decarbonized communities, which is going to bring improved outdoor air quality through the elimination of emissions from peaker plants and buildings, and transportation. Safer and healthier buildings, the indoor environment through electrification efficiency and measures to guard against airborne pathogens. The substantial job opportunities and increased economic activity as well, all working to foster healthy communities.

Mr. Dickerson explained that clean energy suffered significant job losses because of the pandemic, nearly 20,000 unemployment claims in April 2020. Continued investment is needed both to address the ongoing employment disruption in the near term, and then in the long-term,

to build the labor capacity that is necessary to deliver at the scale needed to meet the CLCPA goals. A major area of emphasis surrounding NYSERDA's work, is the transition from natural gas to a low carbon future, and the need to accelerate that transition. This is not a transition that can play out in the three-year planning horizon for this Outlook, but it is a multi-decade transition that is beginning to unfold in pursuit of long-term CLCPA goals for emissions reductions. It is necessary to ensure that low- to moderate-income New Yorkers are not bearing some disproportionate cost of the transition.

Mr. Dickerson stated that NYSERDA is focused in these areas on the analytical roadmap to guide the transition, building the markets and the scale for the efficient electric alternatives like heat pumps, and on accelerating research development and demonstration of the new technologies. The first roadmap is the comprehensive roadmap toward mid-century, to attain a carbon neutral building stock statewide, and the second being the complimentary nearer term roadmap, offering deep dives on electrification solutions and needs.

In conclusion, Mr. Dickerson stated that NYSERDA will also play an important role in making investments for gas innovations that will support deep de-carbonization and the transition away from gas, such as potential solutions like green hydrogen. A major focus area will be on those hard to electrify, tougher to replace, tougher to decarbonize gas use cases where they need new and better technological solutions in the financing and business models to accompany them.

In response to an inquiry from Ms. Abbott, Mr. Coll explained that the Climate Justice Working Group would define what is a disadvantaged community. The group is working on developing draft criteria for establishing a disadvantaged community now. In parallel, NYSERDA is developing a benefits framework. This includes, not only NYSERDA investments, but investments from other state agencies and utilities. There is a lot of work happening to develop that framework, but currently looking at directing investments with the full expectation that there will be shifts to account for benefits. NYSERDA will be tracking these initiatives in terms of impact to disadvantaged communities going back to January of 2020, when the law took effect.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present the following resolution was recommended for approval.

Resolution

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 2021-2024, 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; and

BE IT FURTHER RESOLVED, that it is recommended that the Members of the Authority do hereby approve the Authority's Mission Statement as presented at this February 2, 2021 meeting.

Mr. Willis indicated that the next item on the agenda was the proposed revision to the Regional Greenhouse Gas Initiative Operating Plan. This item was presented by John Williams, Vice President for Policy and Regulatory Affairs.

Mr. Williams stated that the members are asked to adopt a resolution that would approve an operating plan for the Regional Greenhouse Gas Initiative Program ("RGGI"). RGGI is annually amended, and a fresh look at the next three years is taken, both of revenues that are anticipated for program planning purposes, as well as looking at some new program opportunities. Several of them that the current proposal for the RGGI operating plan would be supporting activities in the Strategic Plan. There is an annual process prior to presenting this plan for consideration. A draft of this proposal is presented to stakeholders for them to provide feedback and information to help inform the plan.

Mr. Williams stated that this past year that a stakeholder engagement process was conducted on December 10, 2020. A webinar was held for stakeholders to answer any questions on the plan, and to receive any comments at that time. There was a written comment process where stakeholders could submit their thoughts through a web portal. Comments on that proposal were accepted through January 6, 2021. Over 350 comments were received, a good number of

which were looking for NYSERDA investments in disadvantaged communities pursuant to directions established by the CLCPA. After the board takes final action on this proposal, those comments will be posted on the website for general information.

Mr. Williams noted that the plan has been outlined in materials that the members have received, NYSERDA has decided to base the revenue projection on the September 2020 auction results. \$6.82 was realized as the closing price for the auction at that time. This is a relatively conservative approach to the program planning. There was one auction in December that did have a closing price a little bit higher than that \$6.82. To ensure that NYSERDA is allocating revenues in an appropriate way for planning, it is recommended to adopt the \$6.82 September closing price auction level. Those revenues will be supporting a number of different programs that have been outlined, a number of initiatives are being sought for continuation, including support for electric vehicle market build out, continued allocations to the Clean Energy Fund as well as continued support for energy efficiency activities in the Long Island Power Authority (“LIPA”) service territory. Funds for continued support in the LIPA energy efficiency program are coming with a bit of a repurpose of previously approved dollars that were supporting a storage initiative on Long Island. LIPA has looked at different means to help support the growth of the storage market on Long Island, which has allowed us to look to a repurposing of those previously approved funds to continue to support energy efficiency.

Mr. Williams stated that they are looking at some new initiatives in the current program plan. One of them would be a \$37.4 million initiative to support energy efficiency in schools and buildings in disadvantaged communities. This would be building on an existing schools program that NYSERDA is implementing and will allow for statewide implementation of the school's program. NYSERDA is also looking at building better understanding on how it can look to strategies for electrification in public housing buildings. We are also looking for support for engagement of groups in environmental justice communities and climate justice communities, so to better inform the way that we are thinking about programs and initiatives supporting those communities going forward. There is also \$11 million supporting statewide on the job training, other HVAC training, and fellowships for individuals in disadvantaged communities to support their aspirations for careers in clean energy on a going forward basis.

Mr. Williams concluded with amendment documents, beginning to look at how investments from RGGI will be advancing investments in disadvantaged communities. Appendix two of the document shows contributions from each of the portfolio's investments and how they are contributing to our 35% minimum, 40% goal in achieving benefits from investments for disadvantaged communities. In that document, there is progress that will be made with the portfolio because of the proposal of the current three-year operating plan. Looking at the investments in RGGI from a pre-2019 basis, it was identified that 23% of those investments had been supporting disadvantaged communities. With the current operating plan, from a post-2020 investment projection, NYSERDA will be able to achieve a 39% investment level in disadvantaged communities. Significant progress is being made because of thinking about how we look to the RGGI portfolio to provide benefits for disadvantaged communities and how that will also help to advance NYSERDA's responsibilities in meeting the CLCPA goals.

In response to an inquiry from Mr. Daly, Mr. Williams explained that the change in allowances for the sale is a result of the way that NYSERDA was accounting for the overall cap system, and how adjustments were made in the cap because of the program review that occurred back in 2017. NYSERDA needed to make an adjustment in the way that they established the cap, so that they had the right allowance going into the market, so the market could best calculate how they would look to the purchase strategies for compliance.

In response to an inquiry from Mr. Kauffman, Mr. Williams thinks that there is interest from other States in RGGI as they are contemplating their own kind of climate strategies, and seeing the ability of RGGI as a successful program that can be relatively plug and play for several other States. If the federal government is looking to organize around a national program, they would certainly want to work with colleagues at the federal government to ensure that at a minimum RGGI is a linkable approach to any new program that might be established, considering we do have a platform that is well known. As developments in Washington proceed, that will help to shape some of the thinking of the way the States will want to be approaching the program over the next cycle of the program.

In response to an inquiry from Mr. Willis, Mr. Williams stated that there is a lot of policy evolution that is occurring throughout the Northeast and among the RGGI participating States. That really becomes sort of a purpose for the program reviews that NYSERDA engages in. Looking at the targets of the CLCPA that have been enacted since the previous program review was completed, from New York's perspective, NYSERDA will look at how it is thinking about trajectories of emissions reduction over the next number of years that the program review will consider as well as the other States in the regional program. It will be those types of evolutions in the way NYSERDA is looking at programs that will inform program review, and how the States will look at the cap to the program over time.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was recommended for approval. Gil Quiniones joined the meeting during the RGGI presentation, and his vote was recorded for the approval of the amendments.

Resolution

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 27, 2021 meeting, with such non-substantive, editorial changes and supplementary schedules as the Acting President and Chief Executive Officer, in her discretion, may deem necessary or appropriate, are recommended for approval;

AND BE IT FURTHER RESOLVED, that the Members direct the Acting President and Chief Executive Officer to develop a revised operating plan incorporating such revisions as soon as reasonably possible.

Mr. Willis indicated that the next item on the agenda was a report on the Authority’s recent Clean Energy Fund (“CEF”) filing. Janet Joseph, the Authority’s Senior Vice President for Strategy and Market Development presented this item.

Ms. Joseph stated that when the CEF was established back in 2016, the commission was required to do a major review of the CEF at roughly three-year intervals. Looking at the first review of the CEF, NYSERDA filed a petition December 29, 2020, whereby they outlined the

progress that was made in the CEF, highlighted some proposed adjustments and refinements of the CEF going forward, and outlined proposed future directions.

Ms. Joseph noted that since NYSERDA is approximately halfway through the 10-year program, the target goal for most of these would be to be at a 50% level. NYSERDA has put about \$2.3 billion in commitments out into the market for fuel efficiency, exceeding the target. Same with emissions reductions, NYSERDA is above the 50% line as they are with participant bill savings, leveraged funding.

Ms. Joseph explained that NYSERDA has proposed some changes to goals and metrics to align with CLCPA, and a few other objectives including refinements and performance and portfolio management. In terms of the revised goals and metrics, NYSERDA is proposing some changes to align with CLCPA.

Next, Jennifer Meissner, Director of Performance Management, explained that in terms of revised goals and metrics, NYSERDA is putting forward a new framework proposing some performance targets which are carrying forward many of the traditional metrics, although in some cases more ambitious targets are being set. NYSERDA will be managing and maintaining the CEF around these performance targets going forward: energy efficiency, renewable capacity leveraged funds and the 40% of benefits to disadvantaged communities. And then there is another set of other anticipated benefits, which includes the carbon emission reductions and participant bill savings that have been part of important metrics through history, but adding clean energy jobs and improved air quality.

Ms. Meissner noted that in the petition NYSERDA addressed certain financial matters and requests. They are proposing a modification to the rate payer funding collection schedule by year, but not in aggregate or in total for the CEF. This is intended to address the slower than anticipated spend at the beginning of the CEF, and the large cash balance that exists at this time and will align well with the latest spending plan. The remaining funds needed are being requested for the recent expansion of the New York Sun program, for commitment and spending using legacy uncommitted funds. And lastly, NYSERDA is requesting to manage some anticipated longer-term shortfalls in CEF funding by using some of those uncommitted legacy

funds, or if need be through collections for New York Green Bank capitalization. In the case of New York Green Bank, that would be mitigated by the future implementation expected of a debt facility.

Ms. Meissner continued, stating that the New York State Public Service Commission (“PSC”) has issued the public comment opportunity commencing on January 29, 2021. Initial comments are due on March 29, 2021, and reply comment opportunity closes on April 12, 2021. In the interim, NYSERDA will be conducting some briefings with PSC commissioners. NYSERDA expects that the analysis and decision-making on the future of the CEF come Spring, in the form of a PSC order, applying any updates that are determined. NYSERDA will then refile its investment plans to get us up to date with the new framework, new expectations, including the shift in metrics from looking at a commitment basis to unexpended and acquired basis. This item was for information only. No action was needed.

Mr. Willis indicated that the next item on the agenda was the consideration of the Authority’s Fiscal Year 2021-2022 Budget, presented by the Authority’s Treasurer, Jeffrey Pitkin.

Mr. Pitkin reported that the Budget reflects an increase in total revenues of \$180 million to about \$1.49 billion, primarily from an increase in utility surcharge assessments that reflects amounts that are recovered for expenditures. Amounts are required to maintain a two-month working capital balance for various activities that are funded under the bill-as-you-go mechanism. Other significant increases included an increase in zero emission credit assessments based upon a maximum exact price that was set in the PSC order for the next compliance period. Also, an increase in renewable energy credit proceeds due to an increase in the number of RECs to be sold, including the implementation of a new tier to a state mandated program. And lastly, an increase in RGGI auction allowance proceeds based upon the assumptions of allowance prices and number of allowances that were reviewed and were included in the RGGI Operating Plan.

Mr. Pitkin explained that on the expenditure side of the budget, total expenses are increasing \$267 million to about \$1.47 billion, a majority of that is program expenditures. The

various overall program expenditures are projected to increase by about \$263 million to \$1.37 billion, primarily due to increases in the Clean Energy Standard, ZEC and REC programs, Clean Energy Fund market development, innovation research program on New York Sun and energy storage. The program expenditures can be influenced by the economy and other factors.

Mr. Pitkin indicated that the salary cost is projected to decrease \$1.2 million based on decreases and assumed positions. As noted in the memorandum included in the meeting materials, funding for cost-of-living adjustments and performance-based salary increases were included in the event those are authorized for State employees.

Mr. Pitkin explained that the Budget for fringe benefits reflects an increase of \$3.3 million from the prior year, primarily reflecting an increase in pension costs from the most recent actuarially-determined pension expense allocated from the New York State retirement system. Due to market declines in the retirement systems, assets held as of March of 2020, NYSERDA's share of the actuarially-determined pension expense for the current fiscal year was \$9 million, an increase over the prior year's amount of \$4.4 million, and an increase over the \$4.8 million that was budgeted. Unfortunately, the State retirement system does not provide any forecast of expected future costs, they provide some projections on the contribution side and for most state government entities they work off a cash basis. This actuarially-determined expense amount is the amount that NYSERDA is carrying it on its Budget. In the absence of any information from the retirement system we discussed the situation with our auditors, KPMG, who also happened to serve as auditors and actuary for the retirement system. KPMG noted that since there has been a broader market rebound since March 2020, it is reasonable to anticipate that in the next actuarial valuation this added charge that we were assessed will go down and return to prior levels.

Mr. Pitkin explained that the amount budgeted, \$6.7 million, reflects taking an average of the prior year and the current year. The Budget for program operating costs is \$4.5 million, reflecting an increase of about \$960,000 due to increase in temporary service costs from NY Green Bank. The general and administrative costs reflected increase of \$2.4 million, primarily an increase in temporary service costs as well as increased costs in information technology investments in costs. The capital budget includes \$1.8 million for capital asset purchases, a

decrease of about a half a million dollars from the prior year. NSYERDA's overall net position, which reflects the difference between cumulative revenues and expenses, for the amount that is restricted for our program activities is about \$4 million increase to \$393 million principal just reflecting timing differences between revenues and expenses.

NY Green Bank's net position is anticipated to be approximately \$1 billion, an increase of \$241 million due to the net effect of the anticipated capital calls, maturing and recycling capital and the cumulative excess of revenues over operating expenses. The unrestricted net position, which reflects revenues that are unrestricted by legal restrictions, that are projected to stand at about \$4 million.

In response to an inquiry from Mr. Daly, Mr. Pitkin explained that the NY Green Bank Budget included amounts in the even that certain consulting resources were needed.

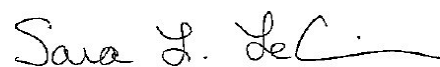
Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was recommended for approval. Ms. LeCain recorded each Member's vote.

Resolution

RESOLVED, that the proposed fiscal year 2021-22 Budget and Financial Plan submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the Acting President and Chief Executive Officer, in her 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.

Mr. Willis indicated that the last item on the agenda was other business. There being no other business, the meeting was adjourned.

Respectfully Submitted,



Sara L. LeCain

Secretary to the Committee

