

**New York  
Regional Greenhouse Gas Initiative (RGGI)  
Advisory Group Meeting**

**Proposed RGGI Operating Plan**

*New York State Energy Research and  
Development Authority*

# Opening Remarks

*Joseph Martens*  
*Commissioner, NYSDEC*

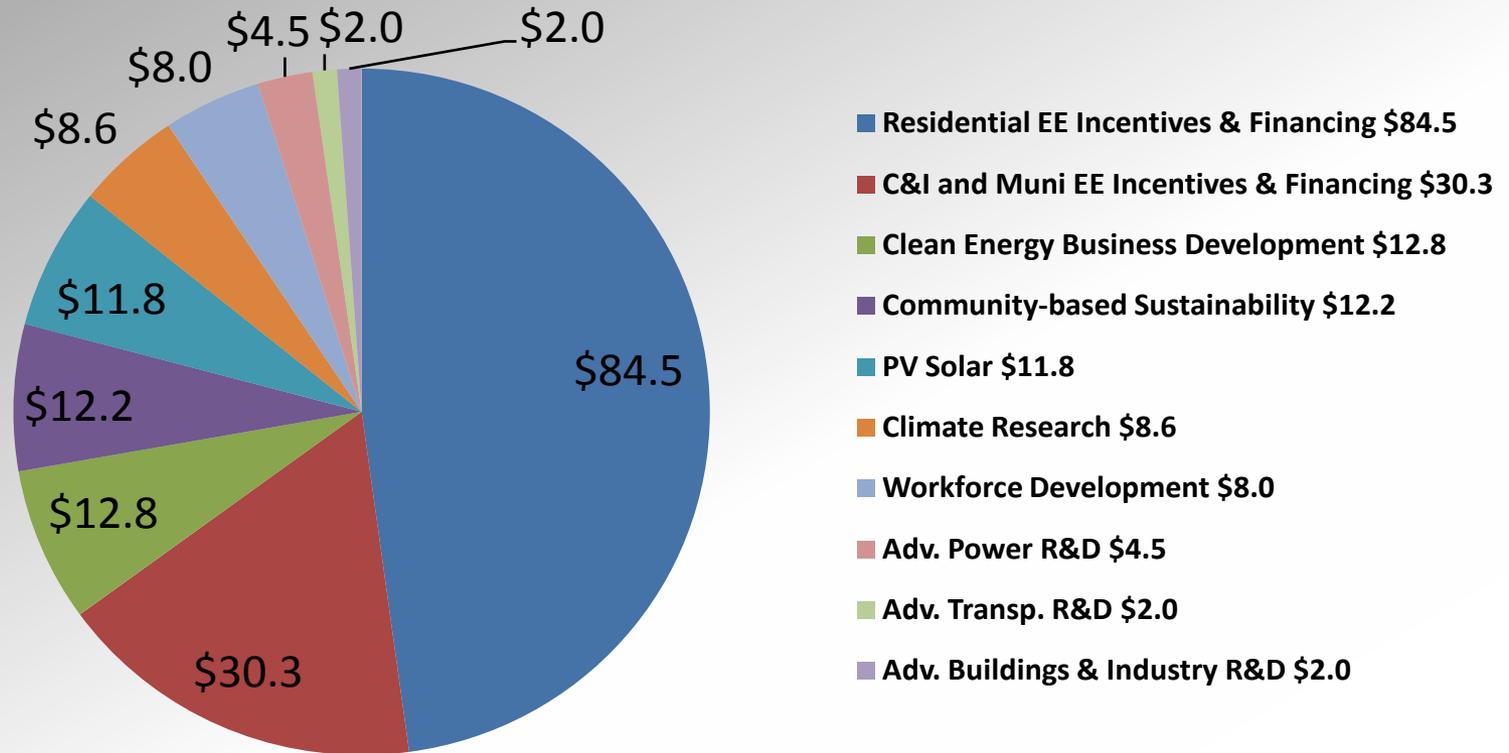
*Francis J. Murray*  
*President, NYSERDA*

# Overview of Current Program Implementation

- States remain committed to program
- Marketplace is responding
- Broad dissemination of market information in the trade press
- Initiated program review stipulated in MOU

# Overview of Current Program Implementation

*Allocated \$177 million to a broad spectrum of programs . . .*



# Implementation Highlights

- Green Jobs – Green New York
  - Low-cost/no-cost audits; low-interest revolving loan funds; green jobs training; stakeholder input process
  - Residential, small business, not-for-profit, multifamily, disadvantaged populations, non-attainment zones
  - Constituency-based organizations(CBOs) for outreach – contracts soon to be announced; \$10M marketing and outreach budget
  - Multifamily, small business & not-for-profit audits underway, revolving loan funds in development
  - Residential audits and loan fund rolled out; more than 7,000 audit applications received and nearly 600 projects completed; nearly 250 loans closed; alternative loan qualification criteria
  - Approximately \$4M awarded for workforce development, more opportunities to be released May/June

# Implementation Highlights

- Residential Green Buildings
  - Formal rule-making process
  - 75 one-to-four family building applications received (106 units)
  - 352 one-to-four, 27 multifamily applications anticipated (839 units)
  - \$.5M expended
- Statewide PV Program
  - 142 projects for 1.4MW; 111 projects completed
  - \$5.7M contracted; \$4.7M invoiced
  - 36 counties

# Funding Assumptions - Approach

*Conservative assumptions were used . . .*

- Market buys only enough allowances to cover CO<sub>2</sub> emissions within a compliance period
- Used actual CO<sub>2</sub> emissions data from RGGI, Inc. through 2010 and IPM Modeling data from the RGGI Program Review for subsequent years
- Estimates assume that no change is made to the regional CO<sub>2</sub> cap as a result of the 2012 program review
- Auction clearing price of \$1.89 per allowance (reserve price)

**This Approach Was Taken to Create a Conservative Planning Budget  
It Does Not Represent Speculation About Market Behavior**

## Funding Assumptions - Results

- Estimated average auction proceeds of:
  - \$10 million per quarter during 2011 (last year of the first compliance period)
  - \$20 million per quarter during the second compliance period (2012 through 2014)
- NYSERDA's fiscal year begins on April 1<sup>st</sup>:
  - FY 2011-12 budget = \$10MM + \$10MM + \$10MM + \$20MM = \$50MM
  - FY 2012-13 budget = \$20MM x 4 = \$80 MM
  - FY 2013-14 budget = \$20MM x 4 = \$80 MM

# Current Actual and Estimated Future Funding

	<b>Proceeds through March 2011 (\$ millions)</b>	<b>FY 2011-12 (\$ millions)</b>	<b>FY 2012-13 (\$ millions)</b>	<b>FY 2013-14 (\$ millions)</b>
Auction Proceeds	\$312.3	\$50.0	\$80.0	\$80.0
Interest Earnings	\$0.9	\$0.5	\$0.8	\$0.8
DRP Transfer	(\$90.0)			
Litigation Settlement*	(\$12.3)			
Repayment of SBC Funds (for RGGI Inc. Start-up Costs)	(\$1.6)			
Estimated Ongoing New York Share of RGGI, Inc. Costs	(\$2.3)	(\$0.85)	(\$0.85)	(\$0.85)
Program Evaluation	(\$11.1)	(\$2.5)	(\$4.0)	(\$4.0)
Program Administration**	(\$15.5)	(\$4.0)	(\$6.4)	(\$6.4)
State Cost Recovery Fee	(\$3.8)	(\$0.85)	(\$1.4)	(\$1.4)
<b>Funds Available for Programs</b>	<b>\$176.6</b>	<b>\$42.3</b>	<b>\$68.2</b>	<b>\$68.2</b>

**Notes:** Fiscal years begin on April 1<sup>st</sup> and end on March 31<sup>st</sup>.

The "Proceeds through March 2011" column covers auctions from December 2008 through March 2011.

\* The litigation settlement value is an estimate for the first two compliance periods covering 2009 to 2014.

\*\* Based upon program administration budget rate approved by the Public Service Commission for public benefit energy efficiency and technology and market development programs funded through the System Benefits Charge.

# Revised Operating Plan – Guiding Priorities

*Initiatives represent the advancement of current programs to meet evolving priorities . . .*

- Reduce CO<sub>2</sub> emissions
- Empower communities
- Stimulate economic growth
- Reduce the use of petroleum fuels

# Cleaner, Greener Communities

- \$94.7 million 3-year budget (plus \$12.2 million already allocated)
- Will provide support for regional sustainability plans to help ensure infrastructure investments move communities toward a more environmentally sustainable future
- Two primary components:
  - 1) Development of regional sustainable growth plans
  - 2) Implementation of the sustainability plans
- Regional Economic Development Councils (REDCs) will play an advisory role
- Outreach and community support will be provided via Climate Smart Communities and Energy Smart Communities

# Industrial Process Improvements and Development

- \$36 million 3-year budget
- Funds are targeted for three industrial initiatives that seek to:
  - Supplant fossil-fired manufacturing processes with more efficient electrification and/or improve energy conversion and heat recovery efficiencies
  - Create, attract, and grow industries in New York that can exploit emerging business opportunities in clean energy and environmental technologies while supporting the goal of carbon mitigation
- The initiatives will be coordinated with the REDCs.

# Industrial Process Improvements and Development

*The program has three components . . .*

- 1) Accelerate the adoption of emerging and underutilized technologies that improve the energy efficiency of industrial processes and data centers
- 2) Provide assistance for development of manufacturing methods and tools to enable efficient mass production of clean energy technologies
- 3) Provide financial support to leverage private investment in early- and expansion-stage clean energy companies in NY and accelerate the market introduction of innovative energy efficiency, renewable energy and carbon abatement technologies

# Residential Space and Water Efficiency Program

- \$33 million 3-year budget
- Funds will continue to support fossil fuel efficiency through the following programs:
  - 1) Multifamily Performance Program
  - 2) Home Performance with ENERGY STAR®
  - 3) EmPower New York<sup>SM</sup>
- Proceeds will be used to mitigate the high cost of heating oil with special emphasis on low and moderate income homes (households using propane and wood fuels are also eligible)
- The Recharge NY Energy Efficiency Program will be created
  - Consistent with the enabling legislation, the program would serve National Grid, NYSEG and RG&E customers who no longer receive reduced cost hydroelectric power
  - Provide incentives for advanced electric-saving products (e.g., LED bulbs and fixtures or advanced power strips)

# Competitive Greenhouse Gas Reduction Pilot

- \$15 million budget
- Market-ready projects that reduce GHG emissions in New York will be sought through a competitive solicitation(s)
- Projects will be selected based on technical merit/replication potential and cost of delivering GHG reductions
- The Power sector will be the focus of the initial solicitation
- NYSERDA will work with the REDCs on program outreach

# Program Expansion Plan

- If additional revenue becomes available, the following potential funding opportunities could be considered:
  - Provide funds, not to exceed \$2 million per year, to the Green Residential Building Program
  - Accelerate/expand funding for the Competitive Greenhouse Gas Reduction (CGGR) program
  - Accelerate the funding of Cleaner, Greener Communities
  - Increase funding for residential oil heat efficiency programs
  - Provide funds to support the deployment of electric vehicle infrastructure

## Next Steps

- Submit written comments to [rggiprograms@nyserda.org](mailto:rggiprograms@nyserda.org) by close of business on May 27<sup>th</sup>
- A revised Operating Plan document will be provided to NYSERDA's Board of Directors for review at the June 20<sup>th</sup> meeting