

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

Proposed RGGI Operating Plan

*New York State Energy Research and
Development Authority*

Opening Remarks

Francis J. Murray
President, NYSERDA

Joseph Martens
Commissioner, NYSDEC

RGGI 2012 Program Review: Overview

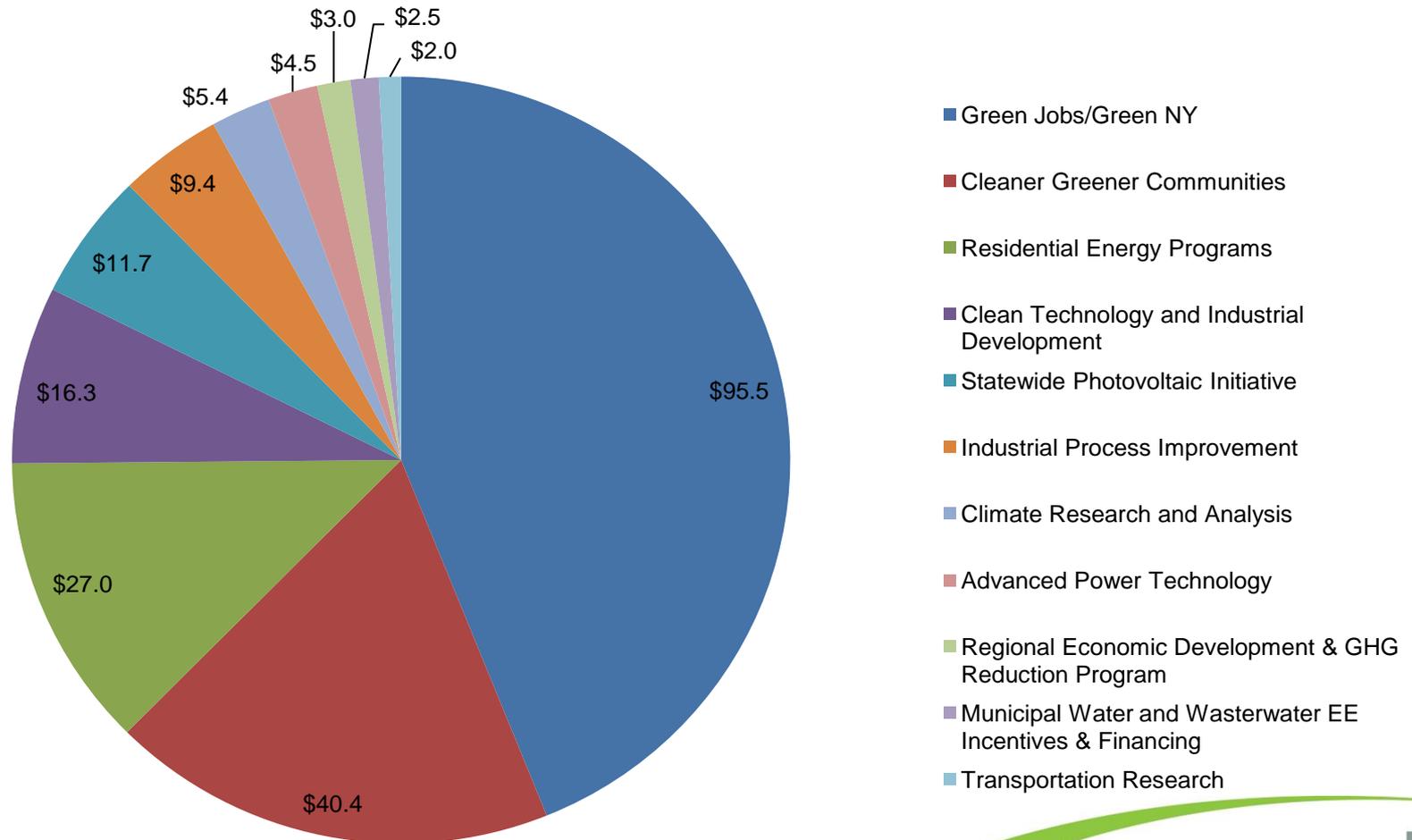
Lois New
Acting Director, Office of Climate Change
NYSDEC

Implementation of Current Programs

David Coup
Assistant Director, Energy Analysis
NYSERDA

Overview of Current Program Implementation

Allocated \$217.7 million to a broad spectrum of programs . . .



Implementation Highlights

Green Jobs – Green New York

- Provides low/no-cost audits; low-interest revolving loan funds; green jobs training
- Targets wide range of customers: residential, small business, not-for-profit, multifamily, disadvantaged populations, customers in non-attainment zones
- 14 Constituency-based organizations selected through two solicitations to perform energy efficiency and/or workforce development outreach across NYS
- Residential audits and loan fund rolled out; more than 25,000 audit applications received, over 16,000 audits completed, and nearly 3,800 projects completed; 1,411 loans closed with 100 loans using alternative loan qualification criteria
- Residential component of On-Bill Recovery was launched on January 30, 2012 approximately four months ahead of the schedule required by the Power NY Act of 2011
- Multifamily, small business & not-for-profit audits underway, first not-for-profit loan, and one \$500,000 multifamily loan executed
- \$5 million invested and \$3 million remaining for opportunities in On-the-Job Training, training program accreditation support, and hands-on training

Implementation Highlights

Residential Energy Programs

- Use the same programs and delivery mechanisms as the Energy Efficiency Portfolio Standard (electricity and gas efficiency)
- RGGI funds target fossil fuel efficiency to provide a holistic and fuel-neutral approach
- Majority of initiatives (EmPower, Home Performance with ENERGY STAR, Multifamily Performance Program) focus on heating measures (HVAC, insulation, air sealing). Through December 30th, these initiatives are saving participants over 115,000 MMBtu/year
- Residential Green Buildings component provides incentives to building owners for having their building meet approved green building standards (e.g., LEED). 185 one-to-four family building applications received (168 paid); 2 multi-family applications received & paid
- Multifamily Carbon Emission Reduction Program supports conversions from #6 oil to less carbon intensive fuels (e.g., natural gas). As of December 30th, nearly \$6 million was allocated to 176 projects that are anticipated to serve ~30,000 units in 370 buildings

Implementation Highlights

Cleaner Greener Communities

- Announced by Governor Cuomo in 2011, will make \$100 million available to develop and implement 10 regional sustainable growth strategies
- Phase I: \$9.6 million for Regional Sustainability Planning
 - \$6.7 million awarded to 7 regions
 - Awards for remaining 3 regions to be announced in May
 - Plans to be completed by end of 2012
- Phase II: \$90 million for Implementation
 - Will fund projects that support the achievement of goals developed in the planning phase
 - Expected to launch 1st quarter of 2013
- Additional support provided by Climate Smart Communities for the development of GHG inventories, and Energy Smart Communities for outreach and engagement to support and promote NYSERDA programs throughout the state

Implementation of Current Programs

Discussion

Funding Assumptions

David Coup
Assistant Director, Energy Analysis
NYSERDA

Funding Assumptions - Approach

Conservative assumptions were used . . .

- Market buys only enough allowances to cover CO₂ emissions within a compliance period
- Used actual CO₂ emissions data from RGGI, Inc. through 2011 and IPM Modeling data from the RGGI Program Review for subsequent years
- Estimates assume that no change is made to the regional CO₂ cap as a result of the 2012 program review
- Auction clearing price of \$1.93 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:
 - \$16.735 million per quarter during the second compliance period (2012 through 2014), and 2015
- NYSERDA's fiscal year begins on April 1st:
 - FY 2012-13 budget = \$16.735 million x 4 = \$66.94 million
 - FY 2013-14 budget = \$16.735 million x 4 = \$66.94 million
 - FY 2014-15 budget = \$16.735 million x 4 = \$66.94 million

Current Actual and Estimated Future Funding

	Proceeds through March 2012	Estimated Funding FY 2012-13	Estimated Funding FY 2013-14	Estimated Funding FY 2014-15
Auction Proceeds	\$362,047,824	\$66,940,000	\$66,940,000	\$66,940,000
Allocated Interest	\$2,222,051	--	--	--
Deficit Reduction Transfer	(\$90,000,000)	--	--	--
Litigation Settlement*	(\$13,242,504)	--	--	(\$1,120,000)
Repayment of SBC Funds (for RGGI Inc. Start-up Costs)	(\$1,598,204)	--	--	--
Estimated Ongoing New York Share of RGGI, Inc. Costs	(\$2,720,544)	(\$222,500)	(\$890,000)	(\$890,000)
Program Evaluation	(\$13,649,213)	(\$3,347,000)	(\$3,347,000)	(\$3,347,000)
Program Administration**	(\$20,738,746)	(\$5,355,200)	(\$5,355,200)	(\$5,355,200)
State Cost Recovery Fee	(\$4,662,588)	(\$1,137,980)	(\$1,137,980)	(\$1,137,980)
Funds Available for Programs	\$217,658,076	\$56,877,320	\$56,209,820	\$55,089,820

Notes: Fiscal years begin on April 1st and end on March 31st.

The "Proceeds through March 2011" column covers auctions from December 2008 through March 2012.

* The litigation settlement value is an estimate for the first two compliance periods covering 2009 to 2014. The value in the "FY 2014-15" column represents an estimate for the third compliance period.

** 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.

Funding Assumptions

Discussion

Proposed Program and Budget Review

Janet Joseph
Vice President for Technology & Strategic Planning
NYSERDA

Revised Operating Plan – Guiding Priorities

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

- Reduce CO₂ emissions
- Empower communities
- Stimulate economic growth
- Reduce the use of petroleum fuels

Cleaner, Greener Communities

\$79 million 3-year budget

- 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
- Plans to be completed by end of 2012
- Implementation Phase expected to launch 1st quarter of 2013
- 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

Residential Efficiency Programs

\$27.7 million 3-year budget

- Residential Efficiency Program funds are targeted for:
 - Multifamily Performance Program, Home Performance with Energy Star, and EmPower New York
 - Mitigation of high cost of heating oil, with emphasis on providing services to low and moderate income households.
 - Additionally, NYSERDA will establish the Recharge New York Efficiency Program
 - For residential customers who no longer received benefits of reduced rates from hydropower
 - Includes incentives from households to received advanced electric-savings products (e.g. LED lighting technology)

Regional Economic Development and GHG Reductions

\$15.5 million 3-year budget

- Will provide support for energy efficiency, renewable energy, and/or carbon abatement projects which are identified as priority initiatives by the REDCs
- Funding will complement other programs and funding available through NYSERDA
- Program will be coordinated with the REDCs

Industrial Process Improvements

\$15.1 million 3-year budget

- Funds are targeted for two 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
- Two programmatic Components seek to:
 - Accelerate the adoption of emerging and underutilized technologies that improve the energy efficiency of industrial processes and data centers
 - Provide assistance for development of manufacturing methods and tools to enable efficient mass production of clean energy technologies
- The initiatives will continue to be coordinated with the REDCs

Clean Technology Industrial Development

\$15.0 million 3-year budget

- Seeks to 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
- Two components:
 - Leverage private investment in early stage and expansion stage clean energy companies in New York, accelerating market introduction of new technologies
 - Advance transition of clean energy products from development/demonstration to launch of commercial scale manufacturing

Competitive Greenhouse Gas Reduction Pilot

\$12.5 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

Proposed Program and Budget Review

Discussion

Next Steps

- Submit written comments to rggiprograms@nyserda.org by close of business on May 10th
- A revised Operating Plan document will be provided to NYSERDA's Board of Directors for review at the June 18th meeting