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

- Residential EE Incentives & Financing $84.5
- C&I and Muni EE Incentives & Financing $30.3
- Clean Energy Business Development $12.8
- Community-based Sustainability $12.2
- PV Solar $11.8
- Climate Research $8.6
- Workforce Development $8.0
- Adv. Power R&D $4.5
- Adv. Transp. R&D $2.0
- Adv. Buildings & Industry R&D $2.0
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 CO₂ emissions within a compliance period
- Used actual CO₂ 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 CO₂ 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
• 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\textsuperscript{st}:
   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

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

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

- Reduce CO$_2$ emissions
- Empower communities
- Stimulate economic growth
- Reduce the use of petroleum fuels
$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
$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.
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℠
- 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
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 by close of business on May 27th

• A revised Operating Plan document will be provided to NYSERDA’s Board of Directors for review at the June 20th meeting