

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 THREE FUNDING AND RECONCILIATION
OF YEAR ONE OF CLEAN ENERGY STANDARD ADMINISTRATION COSTS**

Introduction

The New York State Energy Research and Development Authority (NYSERDA) files this petition seeking identification and quantification of the funds to be used to cover NYSEDA's costs and fees needed to administer the Renewable Energy Standard (RES) and the Zero-Emissions Requirements (ZECR) program for Compliance Year 2019 (Year Three Administrative Funds).

Background

In establishing the RES and ZECR Programs, which comprise the Clean Energy Standard (CES), the Commission adopted the State Energy Plan goal that 50% of New York's electricity is to be generated by renewable sources by 2030 as part of a strategy to reduce statewide greenhouse gas (GHG) emissions by 40% by 2030.¹ The CES Order created the principal structure through which the State will channel its supply-side efforts to achieve the GHG goal. In furtherance of that strategy, the Commission directed a two-part initiative to increase the State's renewable energy supply and to impose obligations on load-serving entities (LSEs) to financially support the preservation of existing at-risk nuclear zero-emissions attributes to serve their retail customers.

Under Tier 1 of the RES, the CES Order requires each LSE to serve their retail customers by procuring qualifying Tier-1 renewable energy credits (RECs) in a defined and increasing percentage of the total load served by the LSE. LSEs are permitted to meet their RES obligations by purchasing RECs from NYSEDA, from other sellers, or by making Alternative Compliance Payments (ACPs) to NYSEDA. The Order establishes the RES compliance period as January 1 to December 31 of each year, beginning in 2017.

Under the ZECR program, the CES Order requires each LSE that serves end-use customers in New York to purchase from NYSEDA the percentage of ZECs purchased by NYSEDA from qualifying

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 (CES Order).

generators during each compliance year that represents the portion of the electric energy load served by the LSE in relation to the total electric energy load served by all such LSEs during that compliance year. The CES Order established the ZECR compliance period as April 1 to March 31 of each year, beginning in 2017. The ZECR purchase obligation is divided into six two-year tranches, the last ending on March 31, 2029.

The Commission designated NYSERDA as the administrator of both the RES and ZECR programs. In November of 2017, NYSERDA filed a Petition seeking the identification and quantification of the funds to be used to cover its costs for year two (Year Two Administrative Funds). The Commission approved NYSERDA’s Petition, with modifications, on March 16, 2018.² The March Order approved the use of existing unspent, 2017 compliance period funds, System Benefits Charge (SBC), Energy Efficiency Portfolio Standard (EEPS), and Renewable Portfolio Standard (RPS) funds to cover administrative costs for both the RES and ZECR programs.

Administration/Administrative Adder

As directed by the March Order, NYSERDA has filed quarterly itemized reports on costs associated with the administration and the development of the RES and ZECR programs. As is illustrated by Table 1,³ NYSERDA is projecting an unspent balance from the SBC, EEPS and RPS-funded portion of the Year One Administrative Funds.

Table 1. Unspent Funds - RES and ZECR Yr.1			
Program Salary, Overhead and Cost Recovery Fee Expenses	Revised Year 1 Budget	End of Year 1 Committed	Unspent Funds
RES Salary and Overhead	\$1,220,027	\$1,220,027	-
RES NYS Cost Recovery Fee Expenses	\$24,954	\$24,954	-
ZECR Salary and Overhead	\$522,164	\$522,026	\$138
ZECR NYS Cost Recovery Fee Expenses	\$5,203,989	\$5,202,986	\$1,003
RES/ZEC Technical Support	\$600,000	\$594,162	\$5,838
CES System Development	\$1,911,525	\$1,356,355	\$555,170
Total	\$9,482,659	\$8,920,510	\$562,149

² Id.: “Order Approving Administrative Budget for 2018 Clean Energy Standard,” issued and effective March 16, 2018 (March Order).

³ At the end of 2018, NYSERDA will provide an end of year report demonstrating actual expenses; projected costs and unspent balances may differ slightly from those included in Table 1. NYSERDA’s available funding for Year Three costs will be adjusted accordingly. NYSERDA will reflect uncommitted Year Two administrative costs, if any, in the context of the Year Four administrative cost filing.

NYSERDA's administrative budgets typically include NYSERDA staff direct and indirect salaries, fringe benefits, and other direct program operating costs and allocated general and administrative expenses. Year Three costs will again include categories identified as "RES/ZEC Technical Support" and "CES System Development" for program and system development.

For the RES, the more administratively complicated of the two programs, Compliance Year Three will require an increase in staff time in Compliance Year Three to actively manage contracts resulting from the 2017 and 2018 RES solicitations. In March 2018, Governor Cuomo announced \$1.4 billion in awards from the 2017 RES RFP for 26 large-scale renewable energy projects, the largest single commitment to renewable energy by a state in U.S history. In addition, in 2019 NYSERDA staff must reconcile Year Two LSE compliance obligations for both RECs and ZECs and produce various compliance and progress reports. These increases in staff time are partially offset by the reallocation of 0.8 FTEs to the recently offshore wind-procurement related administrative expenses.⁴

Year Three categories include "RES/ZECR Technical Support" and "CES System Development." RES/ZECR Technical Support includes costs associated with the on-going program consultant support and implementation for the REC/ZEC programs; development and issuances of procurements and technical evaluation panels for proposal submission received by NYSERDA to procure Tier 1 eligible resources. CES System Development includes costs for anticipated revisions to NYGATS or other systems as outlined in the proposed ZEC Implementation Plan.⁵

NYSERDA will allocate a proportionate share of the annual New York State Cost Recovery Fee (CRF) to the CES program. The 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 three fiscal years, the CRF assessment has averaged about 1.89% of NYSERDA's annual expenses. NYSERDA has assumed an allocation of just under 50% of that amount to RES and ZECR program costs.

NYSERDA proposes to use unspent SBC/EEPS/RPS funds to cover administrative costs for both the RES and ZECR programs.

⁴ Case 18-E-0071; "Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement," issued and effective July 12, 2018.

⁵ "Clean Energy Standard Zero Emissions Credit (ZEC) Implementation Plan," to be filed July/August 2018.

Table 2. Proposed Budgets – RES and ZECR Yr.3			
Program Salary, Overhead and Cost Recovery Fee Expenses	NYSERDA's Proposed Year 3 Costs	Funded from Year 1 Unspent Funds	Additional to be funded through uncommitted SBC/EEPS/RPS Funds
RES Salary and Overhead	\$1,820,389	-	\$1,820,389
RES NYS Cost Recovery Fee Expenses ¹	\$142,284	-	\$142,284
ZECR Salary and Overhead	\$390,025	(138)	\$389,887
ZECR NYS Cost Recovery Fee Expenses ¹	\$4,349,499	(1,003)	\$4,348,496
RES/ZECR Technical Support	\$1,475,000	(5,838)	\$1,469,162
CES System Development	\$425,000	(555,170)	(130,170)
Total	\$8,602,197	(562,149)	\$8,040,048
¹ Cost Recovery amounts are estimates only. If actual cost allocations differ from the amounts requested and subsequently approved, NYSERDA will request approval for the use of any additional unspent funds or uncommitted unspent budgeted Cost Recovery funds.			

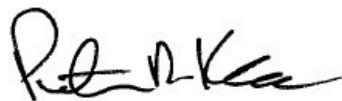
As directed in the November 16, 2016 Order, NYSERDA continues to keep detailed account of all costs in administering the CES program and any unspent administrative funds shall be used for future ratepayer benefit.

Conclusion

NYSERDA respectfully requests that the Commission approve the proposed CES Year Three costs, the reallocation of the unspent SBS/EEPS/RPS Year One program funds into Year Three and the use of additional unspent SBS/EEPS/RPS funds in Year Three as detailed herein.

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Respectfully submitted,



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