

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on November 15, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair
Gregg C. Sayre
Diane X. Burman, abstaining
James S. Alesi

CASE 15-E-0302 - Proceeding on Motion of the Commission to
Implement a Large-Scale Renewable Program
and a Clean Energy Standard.

ORDER APPROVING 2019 ADMINISTRATION BUDGET

(Issued and Effective November 16, 2018)

BY THE COMMISSION:

INTRODUCTION

In the Clean Energy Standard (CES) Framework Order, the Public Service Commission (Commission) designated the New York State Energy Research and Development Authority (NYSERDA) as the administrator of both the Renewable Energy Standard (RES) and the Zero-Emissions Credit (ZEC) requirement programs.¹ On July 30, 2018, NYSERDA filed a petition seeking approval of administrative budgets associated with Tier 1 of the RES program and the ZEC program for the 2019 compliance period (the Petition).²

¹ Case 15-E-0302, Order Adopting a Clean Energy Standard (issued August 1, 2016) (CES Framework Order).

² The RES and the ZEC programs are on different program cycles. The 2019 RES compliance period is January 1 to December 31, 2019, while the 2019 ZEC compliance period is April 1, 2019 to March 31, 2020 (collectively and separately referred to as "the 2019 CES compliance period").

In this Order, the Commission approves NYSERDA's proposed 2019 compliance period program budgets. As detailed below, the Commission authorizes the reallocation of \$562,149 in remaining funds from the authorized 2017 compliance period budgets to cover a portion of the administrative costs for both the RES and the ZEC programs for the 2019 CES compliance period. In addition, the Commission directs the reallocation of additional uncommitted System Benefits Charge (SBC), Energy Efficiency Portfolio Standard (EEPS), and/or Renewable Portfolio Standard (RPS) funds, in the amount of \$8,040,048, to cover the remaining 2019 RES and ZEC administrative costs.

BACKGROUND

The CES Framework Order requires each jurisdictional load serving entity (LSE) that serves end-use customers in New York to procure renewable energy credits (RECs) from qualifying "Tier 1" renewable generation resources. LSEs are required to purchase RECs in increasing proportions of the total load they serve, and are permitted to meet their RES obligations by purchasing RECs from NYSERDA, from other sellers, or by making Alternative Compliance Payments (ACPs) to NYSERDA. The CES Framework Order established the RES compliance period as January 1 to December 31 of each year.

Additionally, the CES Framework Order requires each jurisdictional LSE that serves end-use customers in New York to purchase a percentage of ZECs that NYSERDA has purchased from qualifying generators during each compliance year. The percentage of ZECs represents the proportionate share 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 period. The CES Framework Order established the ZEC compliance period as April 1 to March 31 of each year.

On November 17, 2016, the Commission approved the RES and ZEC programs administrative budgets and funding for the 2017 compliance period.³ In addition, the Commission approved the use of existing uncommitted SBC, EEPS, and/or RPS funds to cover administrative costs related to both the RES and ZEC programs. These funds were reallocated to cover the RES program salary and overhead expenses, non-recurring expenses for both programs, one-time RES and ZEC system development costs, and the RES and ZEC Cost Recovery Fee (CRF) allocations.⁴ Further, the Commission established a ZEC adder charge to cover ZEC program salary and overhead expenses. Finally, the Commission directed any unspent administrative funds to be used for future ratepayer benefit.

On November 1, 2017, NYSERDA filed a petition requesting approval of its administrative budgets and funds to be used to cover its administration of the RES and ZEC requirements (ZECR) programs for the 2018 CES compliance period. The Commission approved NYSERDA's petition, with modifications, on March 16, 2018.⁵ The March 2018 Order approved the use of unspent funds from the 2017 compliance period, and authorized

³ Case 15-E-0302, Order Approving Administrative Cost Recovery, Standardized Agreements and Backstop Principles (issued November 17, 2016).

⁴ The CRF is a fee assessed on 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. The Director of the NYS Budget Division of the Budget is responsible for determining the amount owed by each public benefit corporation. NYSERDA allocates the CRF as an overhead cost across NYSERDA's program activities in proportion to its total annual expenses.

⁵ Case 15-E-0302, Order Approving Administrative Budget for 2018 Clean Energy Standard (issued March 16, 2018) (March 2018 Order).

the reallocation of additional funds from uncommitted SBC, EEPS, and RPS balances to cover the 2018 administrative costs for both the RES and ZEC programs.⁶

THE PETITION

The Petition requests approval of NYSERDA's 2019 CES compliance period program budgets and funding. As part of the Petition, NYSERDA seeks the use of previously approved, but uncommitted, 2017 CES compliance period funds, as well as uncommitted SBC, EEPS, and/or RPS funds to cover costs and fees needed to administer the RES and ZEC programs for the 2019 CES compliance period.

Table 1 below illustrates the derivation of the unspent 2017 CES compliance period funds. NYSERDA projects an unspent balance of \$562,149 from the 2017 CES compliance period. NYSERDA indicates that projected costs and unspent balances for the 2017 CES compliance period may differ slightly from those reflected in Table 1. Therefore, at the end of 2018, NYSERDA would provide a report on actual 2017 CES compliance period costs; NYSERDA indicates that its 2019 CES compliance period budgets will be adjusted accordingly to reflect any changes in the final determination of available 2017 CES compliance period funds.⁷

⁶ The 2017 compliance period funds used to offset the 2018 CES administrative budget were in addition to the funds proposed to be used in the Petition. To date, approximately \$3.3 million of 2017 CES administrative funds have been repurposed to fund the 2018 and 2019 CES administration budgets.

⁷ NYSERDA has indicated that it will identify and quantify any uncommitted 2018 CES compliance period administrative funds as part of its 2020 CES compliance period CES administrative budget filing.

Table 1
Unspent 2017 CES Compliance Period Funds - RES and ZEC

	Revised 2017 Budget	2017 Commitments	2017 Unspent Funds
RES Salary and Overhead	\$ 1,220,027	\$ 1,220,027	\$ -
RES NYS Cost Recovery Fee	\$ 24,954	\$ 24,954	\$ -
ZEC Salary and Overhead	\$ 522,164	\$ 522,026	\$ 138
ZEC NYS Cost Recovery Fee	\$ 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

Table 2 below presents NYSERDA's proposal for 2019 CES compliance period administrative budgets for the RES and ZEC programs. As illustrated in Table 2, the 2019 CES compliance period budget is \$8,602,197; approximately \$418,800 less than the approved budget for the 2018 CES compliance period. The 2019 CES compliance period expense categories include RES/ZEC Salary and Overhead, RES/ZEC NYS Cost Recovery Fee expenses, RES/ZEC Technical Support, and CES System Development costs.

Table 2
Proposed 2019 CES Compliance Period Budget

	NYSERDA Proposed 2019 Costs	2017 Unspent Funds	2019 Costs to be Funded though Uncommitted SBC/EEPS/RPS Funds
RES Salary and Overhead	\$ 1,820,389	\$ -	\$ 1,820,389
RES NYS Cost Recovery Fee	\$ 142,284	\$ -	\$ 142,284
ZEC Salary and Overhead	\$ 390,025	\$ (138)	\$ 389,887
ZEC NYS Cost Recovery Fee	\$ 4,349,499	\$ (1,003)	\$ 4,348,496
RES/ZEC 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

NYSERDA's 2019 CES compliance period administrative budget includes NYSERDA staff direct and indirect salaries, fringe benefits, and other direct program operating costs; as well as allocated general and administrative expenses. In support of its proposed budget, NYSERDA indicates that its staff will be managing contracts from the 2017 and 2018 RES solicitations, the two largest renewable solicitations in state history; as well as manage the LSE compliance obligations for both RECs and ZECs, and produce various compliance and progress reports.

The RES/ZEC Technical Support and CES System Development includes costs associated with on-going program consultant support, implementation of the RES/ZEC programs, development and issuance of procurements, including technical evaluation panels for proposals for the Tier 1 procurement process. CES System Development includes anticipated revisions to the New York Generation Attribute Tracking System (NYGATS) or other systems for the proposed ZEC Implementation Plan.⁸

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) regarding NYSERDA's Petition was published in the State Register on August 22, 2018 [15-E-0302SP36]. Pursuant to the Notice, the time for the submission of comments expired on October 22, 2018. No Comments were received.

DISCUSSION AND CONCLUSION

The Commission approves NYSERDA's proposed 2019 compliance period RES and ZECR program budgets. Overall, the requested 2019 CES compliance period budget is \$418,800 less

⁸ Case 15-E-0302, Clean Energy Standard Zero Emissions Credit (ZEC) Implementation Plan (filed August 3, 2018).

than the approved budget for the 2018 compliance period. The Commission finds NYSERDA's proposal to reallocate authorized, but unspent, 2017 CES compliance period funds toward the 2019 CES compliance period costs is reasonable. The Commission finds that it will be administratively efficient to use the unspent 2017 CES compliance period funds to cover 2019 administrative costs. In addition to the reallocation of the unspent 2017 CES compliance funds, the Commission authorizes NYSERDA to use additional uncommitted SBC, EEPS, and/or RPS funds to meet the remaining 2019 CES compliance period costs for the administration of the RES and the ZEC programs.

The approved 2019 compliance period RES and ZEC budget is contained in Table 3 below.

Table 3
Approved 2019 - RES and ZECR Year 3 Costs

Program Salary, Overhead and Cost Recovery Fee Expenses	NYSERDA's Approved 2019 Compliance Period Budgets
RES Salary and Overhead	\$ 1,820,389
RES NYS Cost Recovery Fee Expenses ¹	\$ 142,284
ZECR Salary and Overhead	\$ 390,025
ZECR NYS Cost Recovery Fee Expenses ¹	\$ 4,349,499
RES/ZEC Technical Support	\$ 1,475,000
CES System Development	\$ 425,000
Total Administrative Costs	\$ 8,602,197
Funded from Year 1 Unspent Funds	\$ 562,149
Funded through uncommitted SBC/EEPS/RPS Funds	\$ 8,040,048
 Total Funding Sources	 \$ 8,602,197

¹ Cost Recovery amounts are estimate 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.

The Commission orders:

1. The New York State Energy Research and Development Authority is authorized to expend up to \$8,602,197 for Salary and Overhead, New York State Cost Recovery Fee, Renewable Energy

Standard/Zero-Emission Credit Technical Support and Clean Energy Standard System Development, as discussed in the body of this Order.

2. The New York State Energy Research and Development Authority is authorized to repurpose up to \$562,149 of previously authorized, but unspent, 2017 Clean Energy Standard compliance period funding toward the administration of the 2019 Clean Energy Standard compliance period of the Renewable Energy Standard and Zero-Emission Credit programs, as discussed in the body of this Order.

3. The New York State Energy Research and Development Authority is authorized to repurpose up to \$8,040,048 of additional uncommitted System Benefits Charge, Energy Efficiency Portfolio Standard, and/or Renewable Portfolio Standard funds for the administration of the 2019 Clean Energy Standard compliance period of the Renewable Energy Standard and Zero-Emission Credit programs, as discussed in the body of this Order.

4. The New York State Energy Research and Development Authority is directed to identify and quantify any uncommitted 2018 Clean Energy Standard compliance period administrative funds that may become available as part of its 2020 Clean Energy Standard compliance period administrative budget filing. The New York State Energy Research and Development Authority shall continue to file quarterly reports containing itemized expenses associated with administration of the Renewable Energy Standard and Zero-Emission Credit programs.

5. In the Secretary's sole discretion, the deadlines set forth in this order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least one day prior to the affected deadline.

6. This proceeding is continued.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS
Secretary