

DRAFT

New York State Energy Research and Development Authority

Fiscal Year 2016-17 Budget and Financial Plan
(Fiscal Year Ending March 31, 2017)

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CERTIFICATION

I hereby certify that, to the best of my knowledge and belief after reasonable inquiry, the budget information contained herein for the fiscal year ending March 31, 2017 has been developed based on reasonable assumptions and methods of estimation.



John B. Rhodes
President and Chief Executive Officer



Jeffrey J. Pitkin
Treasurer and Chief Financial Officer

INTRODUCTION

The New York State Energy Research and Development Authority (NYSERDA) is a public benefit corporation established in 1975 pursuant to Title 9 of Article 8 of the Public Authorities Law of the State of New York. NYSERDA is a component unit of the State of New York and, as such, the results of operation are reported in the State of New York's Comprehensive Annual Financial Report.

The Budget for the fiscal year ending March 31, 2017 (FY 2016-17), and the Financial Plan for FY's 2017-18 to 2019-20 were prepared in accordance with accounting principles generally accepted in the United States of America.

BUDGET PROCESS

NYSERDA's annual budget process starts with the preparation of the Authority's annual strategic program plan which summarizes program goals and objectives using program funds anticipated to be available during the upcoming fiscal year. This document, *Toward a Clean Energy Future - A Strategic Outlook (2015)*, was reviewed by the Program Planning Committee and approved by the NYSERDA Board on September 21, 2015.

NYSERDA's Preliminary Spending Plan for FY 2016-17 was reviewed by the Board at a meeting on September 21, 2015. At this meeting, the Members also approved the State Appropriation Request for FY 2016-17, which was submitted to the Division of the Budget on October 2, 2015, and summarizes NYSERDA's requests for State appropriations for FY 2016-17.

PROGRAM SUMMARY

Following is a summary of the functions/activities included in the Budget:

New York Energy Smart (SBCIII)

Pursuant to Orders of the State Public Service Commission (PSC), NYSERDA administers public benefit programs funded by a System Benefits Charge (SBC) on consumers of electricity sold in the State. The Orders provided funding for program activities committed through December 31, 2011. NYSERDA is authorized to administer committed program funds until fully expended.

Technology & Market Development (SBC IV)

Pursuant to an October 2011 PSC Order, the Technology and Market Development Portfolio was established with continued funding from the SBC for program activities through December 31, 2016, and with program funding collections scheduled through December 2017. NYSERDA is authorized to administer committed program funds until fully expended.

Energy Efficiency Portfolio Standard (EEPS I-II)

Pursuant to a June 2008 and subsequent Orders, the PSC authorized an Energy Efficiency Portfolio Standard, which provided additional SBC funding for certain energy efficiency programs for program activities committed through December 31, 2011. In October 2011, the PSC authorized additional energy efficiency programs from January 1, 2012, through February 2016 with collections for program funding continuing through December 2018. NYSERDA is authorized to administer committed program funds until fully expended.

Renewable Portfolio Standard

Pursuant to a September 2004 and subsequent Orders, the PSC adopted a policy of increasing the percentage of electricity used by retail consumers in New York State, that is derived from renewable resources to at least 30 percent by 2015. The PSC adopted a Renewable Portfolio Standard (RPS) that sets annual, incremental, renewable energy targets for the years 2006 through 2015, and subsequently extended through February 2016; requires the use of financial incentives to encourage the development and operation of renewable generation facilities; and adopts a central procurement model to be administered by NYSERDA. It is funded with a non-bypassable wires charge on certain customers of each of the State's investor-owned utilities scheduled through October 2024.

Clean Energy Fund (CEF)

Pursuant to the Order Commencing Proceeding on Motion of the Commission to consider a Clean Energy Fund (Case 14-M-0094) issued on May 8, 2014, NYSERDA submitted a Clean Energy Fund (CEF) proposal on September 23, 2014 and an information supplement on June 25, 2015 seeking a 10-year program that will work in coordination with other State efforts to advance cleaner, more resilient, and more affordable energy infrastructure. The intent of the CEF is to ensure the delivery and continuity of clean energy programs for the State's energy consumers, enhance program efficiency, and manage the transition of NYSERDA's program approaches to better align with the market outcomes envisioned through the Reforming the Energy Vision (REV) proceedings.

Focused on energy technology and market development, energy efficiency, and renewable energy, the CEF represents the next evolution of state programs. The CEF is comprised of the following four portfolios:

- NY Green Bank (NYGB), which seeks market transformation in the financial sector, leveraging public investments with private capital in a self sustaining manner while reaching new markets for clean energy services.
- NY-Sun, which seeks to create a robust and self-sustaining solar market in New York for solar electric technologies, and to build a program approach for other clean technologies to follow.
- Market Development, which will align with the REV Regulatory Proceeding and evolving utility strategies to reduce barriers, animate consumer demand for clean energy, and enable the private markets to provide the new products and services sought by an engaged consumer market.
- Innovation & Research, which will catalyze the development of innovative clean energy solutions, while growing New York's clean tech sector and accelerating the development and introduction of the new technologies that will be needed to foster increased levels of Green House Gas reductions.

The Budget includes revenues and expenditures consistent with the CEF Information Supplement, but is subject to a decision by the PSC which is anticipated in the first quarter of 2016.

Regional Greenhouse Gas Initiative (RGGI)

The Regional Greenhouse Gas Initiative, or RGGI, is an agreement among nine Northeastern and Mid-Atlantic States to reduce greenhouse gas emissions from power plants. The RGGI states (Participating States) have committed to cap and then reduce the amount of carbon dioxide that certain power plants are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels. The Participating States have agreed to implement RGGI through a

regional cap-and-trade program whereby the Participating States have agreed to auction annual regional emissions. Rules and regulations promulgated by the NYS Department of Environmental Conservation (DEC) call for NYSERDA to administer periodic auctions for annual emissions. Pursuant to these regulations, the proceeds will be used by NYSERDA to administer energy efficiency, renewable energy, and/or innovative carbon abatement programs, and to cover the costs to administer such programs.

Green Jobs-Green New York (GJGNY)

GJGNY is a statewide program created by legislation enacted in October 2009 to promote energy efficiency retrofits in residential, multifamily, small business and not-for-profit buildings, and authorizes NYSERDA to establish innovative financing approaches through revolving loan funds to finance such projects. The program supports sustainable community development and creates opportunities for green jobs. The legislation funded the program with \$112 million from RGGI auction proceeds, supplemented by additional RGGI funds subsequently allocated by NYSERDA, and restricts the use of interest earnings and revolving loan proceeds for additional programmatic spending.

Energy Research and Development

The goals of this program are to promote energy efficiency, encourage economic development, expand the use of New York State's indigenous and renewable energy resources, and reduce or mitigate adverse environmental effects associated with energy production and use. Base funding for the program comes from an assessment on the intrastate gas and electricity sales of the State's investor-owned utilities authorized under Section 18-a of Public Service Law.

Other

Other programs represent an aggregate of smaller programs/initiatives. These activities are primarily funded through various third-party reimbursements and federal energy grants.

STEP® (Saratoga Technology + Energy Park®)

NYSERDA owns, on behalf of the State, a 280-acre parcel of land in Malta (Saratoga County), New York. The site was once used for rocket and weapons-testing programs and space-research activities. It was later subject to certain remediation measures under a March 1998 Consent Decree as a "Superfund" site. It was designated in 2001 as a business park devoted to the development of new, clean energy technologies. STEP currently has four private sector ground leases with approximately 19 clean energy tenants, one of which is at a commercialization stage of development.

Energy and Environmental Analysis

Through this program, NYSERDA provides objective and credible analyses of energy issues to various stakeholders. The program also includes activities for energy-related emergency planning and response, and support for State energy planning functions.

NYSERDA is also responsible for coordination of nuclear material matters, including serving as the State liaison with the Nuclear Regulatory Commission.

These activities are funded through an assessment authorized under Section 18-a of the Public Service Law.

Pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA is responsible for collecting information and providing regular reports to the Governor and Legislature on LLRW generation in the State. These activities are funded with a

State appropriation sub-allocated from an appropriation provided to the NYS Department of Health, which is funded through an assessment collected on operating nuclear power plant licensees.

Utility Bond Financing

As part of its Bond Financing Program, NYSERDA issues non-recourse bonds and notes for participating gas and electric utility companies and other private purpose users to finance certain energy-related projects. This program permits a private enterprise to obtain the benefits of tax-exempt financing for projects that qualify under NYSERDA's enabling statute and under relevant provisions of the Internal Revenue Code.

West Valley

NYSERDA manages, on behalf of the State, the Western New York Nuclear Service Center (West Valley), which is the site of a former plant for reprocessing used nuclear fuel. Through 1972, the former plant operator, Nuclear Fuel Services, Inc., generated as a by-product of its reprocessing operations, more than 600,000 gallons of liquid, high-level radioactive waste, which were stored at the site. In 1980, Congress enacted the West Valley Demonstration Project Act (West Valley Act). Pursuant to the West Valley Act, the U.S. Department of Energy (DOE) is carrying out a demonstration project to: (1) solidify the liquid high-level radioactive waste at West Valley; (2) transport the solidified waste to a permanent federal repository; and (3) decontaminate and decommission the reprocessing plant and the facilities, materials, and hardware used in the project.

NYSERDA also maintains, on behalf of the State, the State-Licensed Disposal Area (SDA), which is a shut-down commercial low-level radioactive waste disposal facility at West Valley. NYSERDA is evaluating how to remediate and close this facility in accordance with regulatory requirements.

BUDGETARY ASSUMPTIONS

The following are principal budget assumptions used in developing the Budget and Financial Plan:

- As proposed in the June 25, 2015 CEF Information Supplement, FY 2016-17 revenues under the Technology & Market Development, Energy Efficiency Portfolio Standard, Renewable Portfolio Standard, Market Development/Innovation & Research programs are budgeted on a new “Bill-As-You-Go” approach for revenue collection anticipated under the CEF. Under this approach, CEF ratepayer collections authorized by the Public Service Commission starting in 2016 will be held by the utilities and will be used to reimburse NYSERDA for actual program expenses. Based on preliminary discussions with Department of Public Service staff, the Budget assumes that these reimbursements would occur on a quarterly basis and would target to maintain a balance at the end of each quarter equal to approximately five months of anticipated program expenditures. This approach will result in a substantial reduction of Cash and Investment and Net Position Restricted for Specific Programs balances from FY 2015-16 levels.
- Created in 2013, NYGB’s initial capitalization of \$218.5 million was funded by a December 2013 Order of the PSC reallocating and repurposing \$165.6 million in uncommitted utility and NYSERDA funding, and from \$52.9 million allocated by NYSERDA from RGGI funding. A July 2015 PSC Order approved additional

capitalization of \$150 million of uncommitted funding from EEPS1, SBCIII, SBCIV, and RPS funds once \$150 million of the initial capitalization has been committed. The Budget assumes this condition is met and the funds are transferred during FY 2016-17.

- NY Green Bank loan interest and fees are based on estimates of committed and deployed capital.
- Allowance auction proceeds for the Regional Greenhouse Gas Initiative (RGGI) are projected based on recent secondary market trades placed for RGGI allowance future and options, escalated each subsequent year by the real cost of capital. This estimate seeks to reflect a realistic, market-based assumption to avoid over- or under-estimating the level of estimated future proceeds, and to be sensitive to potential changes which may have an unpredictable impact on the RGGI carbon markets, and to more predictably plan for consistent fund program activity reflected in the RGGI Operating Plan.
- West Valley's State appropriation revenue for FY 2016-17 through FY 2019-20 is based primarily on the State's 10% share of West Valley Demonstration Project costs and the State's share under the Consent Decree. These estimates assume future U.S. Department of Energy (DOE) annual funding of approximately \$62.5 million for FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, for its share of project costs.
- Interest income is based on assumed balances available for investment and based on current investment market yields.
- GJGNY budgeted loan interest income assumes additional loans to be issued during FY 2016-17 of up to \$98.8 million, of which \$62.6 million is expected to be reimbursed from financing proceeds, and \$36.2 million is anticipated to be authorized and transferred from the RGGI program.
- Salary costs for current staff and funded vacant positions are based on salary grades equivalent to the State Management/Confidential (M/C) employees. Salaries include cost of living adjustments in accordance with increases granted for NYS Management Confidential employees (2% effective April 1, 2016). Salaries also include performance-based salary increases and payments comparable to those which may be authorized for state employees.
- Fringe benefit costs are generally based on prior year actual costs as a percentage of salary costs. Post-employment health insurance premium costs for current employees and including retirees under the Governmental Accounting Standards Board (GASB) No. 45 are based on the most recent bi-annual actuarial valuation.
- The NYS Cost Recovery Fee represents the fee paid to the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services. The FY 2016-17 Budget assumes that NYSERDA's assessment will be \$11.6 million based on discussions with the Division of the Budget.
- The Budget includes no significant or non-recurring revenue-enhancement or cost-reduction initiatives which shift resources from one year to another.

BUDGETARY RISKS

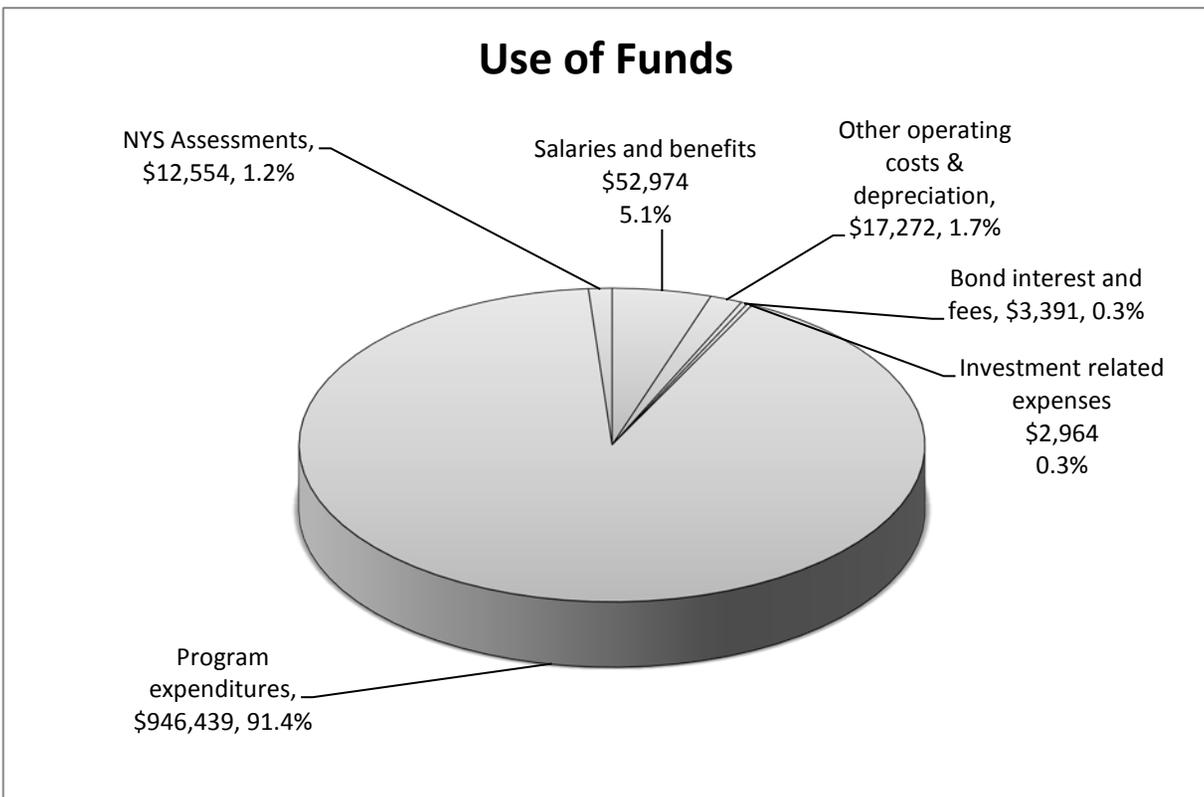
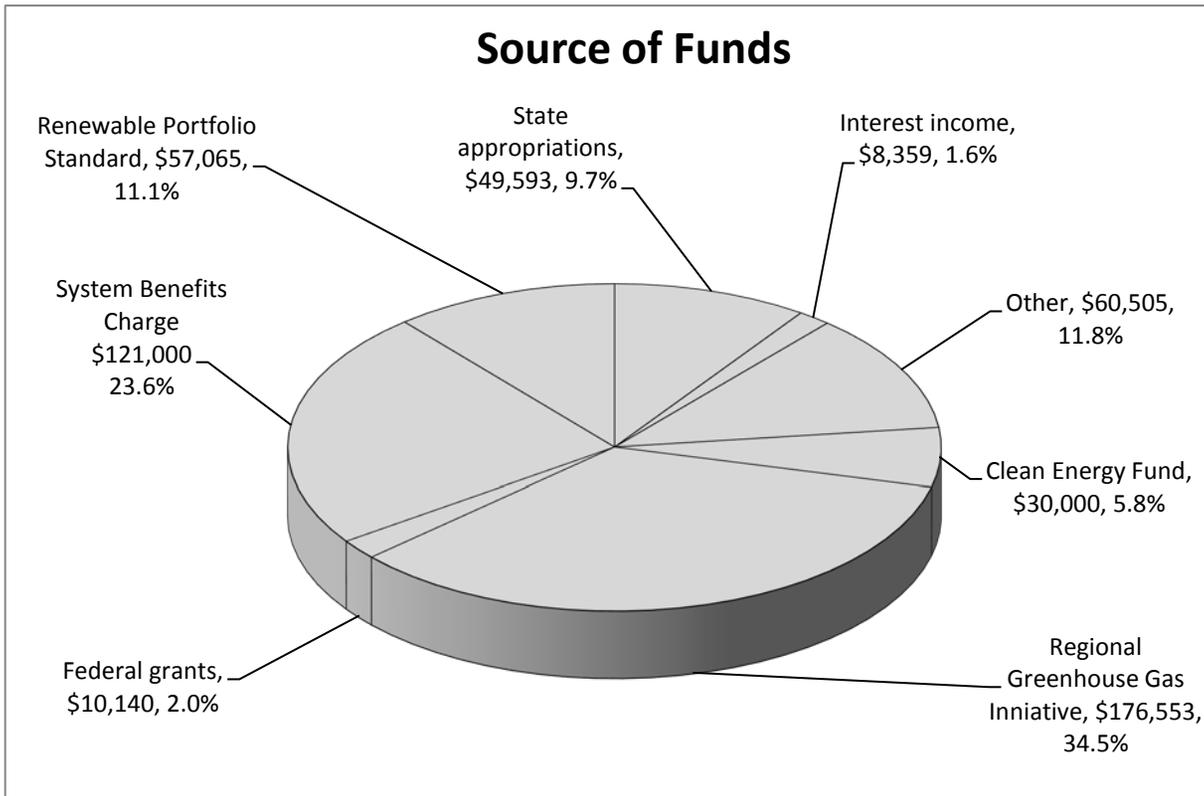
The following is a summary of significant budgeting risks:

- NYSERDA's budgeting process is subject to inherent risks regarding the ability to accurately forecast revenues and expenditures.
- Over the past several years, NYSERDA has assumed responsibility for administering certain new programs, and additional program responsibilities may be added during FY 2016-17 that have not been included in the Budget.
- Recent results from auctions of allowances under the Regional Greenhouse Gas Initiative (RGGI) have shown some volatility in auction revenue. NYSERDA has developed a

multi-year program planning approach for these revenues, but variations in actual proceeds realized makes it difficult to complete accurate long-term planning.

- Program expenditures for most programs are funded with revenues which are generally received in advance of expenditures. Under the modified accrual basis of accounting, these funds are recorded as revenue when received, with any unexpended funds recorded as Restricted Net Position. Timing of program activity may result in either: (1) revenues exceeding expenses during the Budget period; or (2) expenditures funded by unexpended revenues from prior fiscal periods.
- Expenditures for the West Valley program are based primarily on the amount anticipated to meet the State's share of costs for West Valley under the Cooperative Agreement and the Consent Decree which are dependent upon funds provided in the federal budget to the U.S. Department of Energy (DOE).
- Although DOE and NYSERDA have reached agreement on the allocation of costs (percentages) to be paid by each entity for remediating the West Valley site, the remedial action for several significant facilities will not be identified until 2020. In addition, DOE and NYSERDA have not resolved issues regarding payment of a fee under the Nuclear Waste Policy Act of 1982 (Public Law 97-425) for the disposal in a federal repository (which does not currently exist) of the solidified high-level radioactive waste at West Valley. Additional State funding may be required during this or ensuing fiscal years if and when negotiations or litigation is concluded.
- GASB 45 requires a biennial actuarial valuation to determine the actuarial present value of total projected post-employment health insurance benefits for retirees. The biennial valuation could be impacted by a number of assumptions, general economic conditions, and future events which could lead to higher estimated annual expenses.
- GASB 68, *Accounting and Financial Reporting for Pensions*, requires an annual valuation to determine the annual pension expense. The valuation cost is not presented in the budget as the valuation for FY 2016-17 to be provided by NYS was not available at the time the budget was developed. Pension costs are based on estimates provided by the New York State and Local Retirement System.

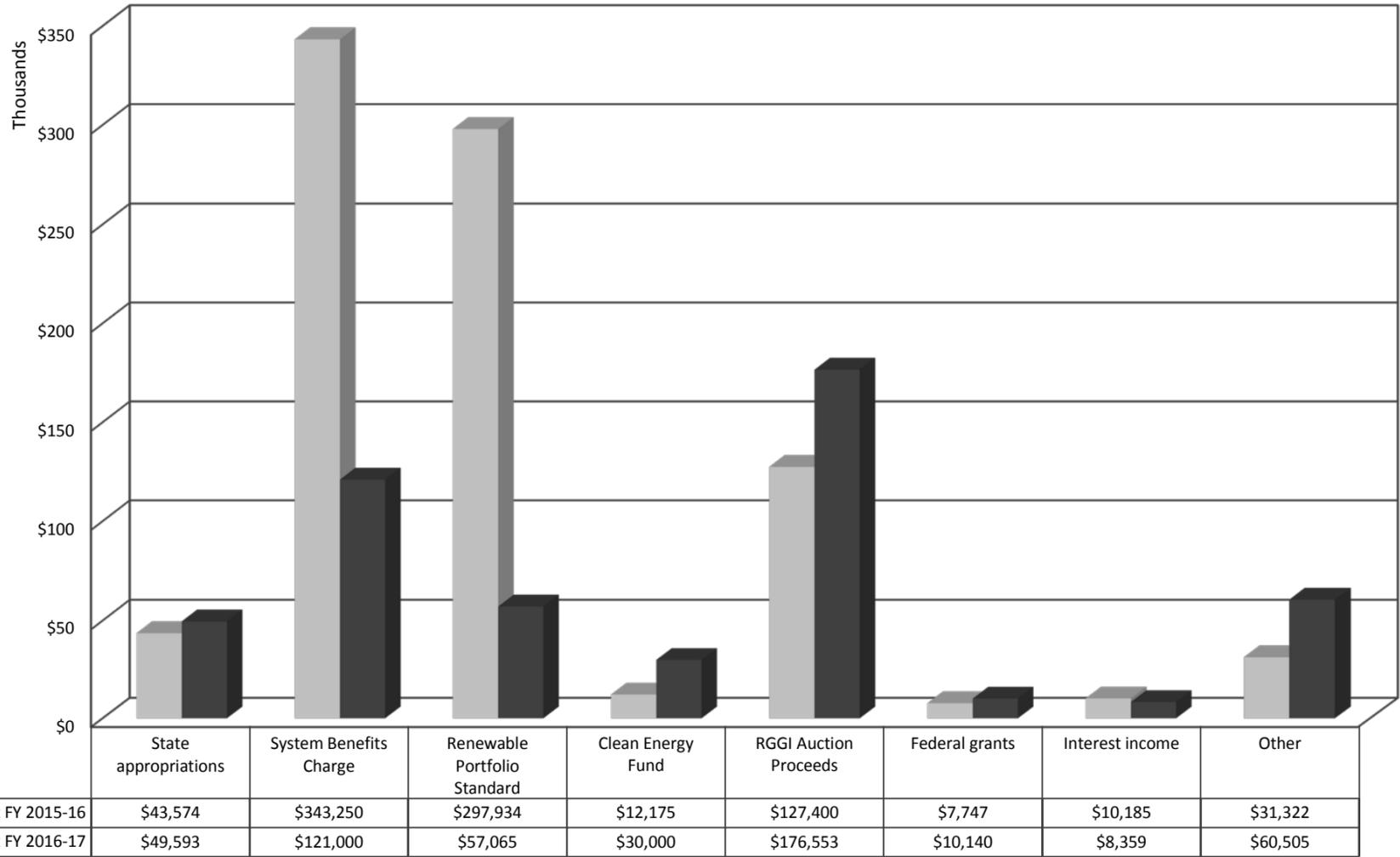
Budget FY 2016-17
(Amounts in thousands)



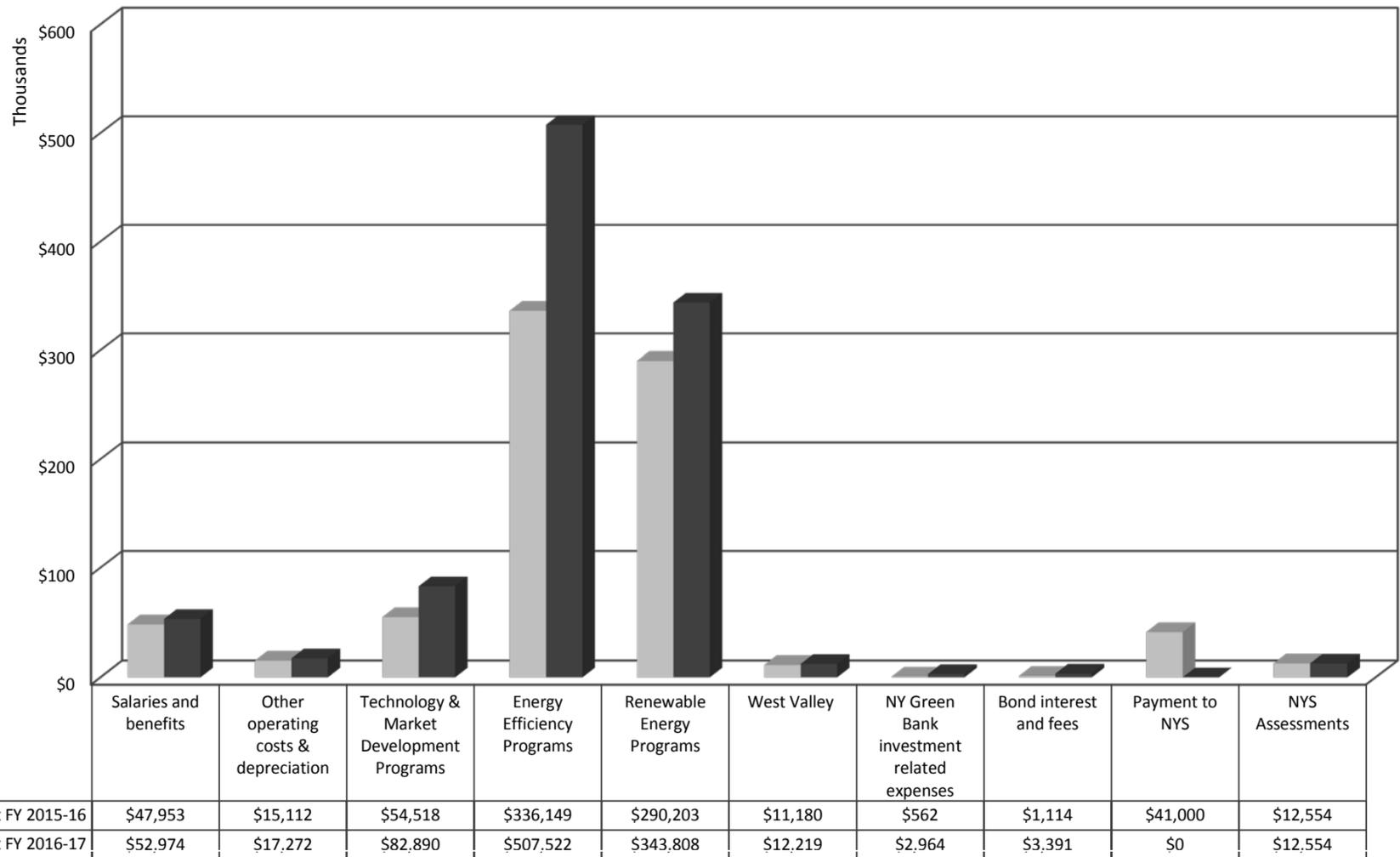
Budget FY 2016-17

(Amounts in thousands)

Budget Comparison: Revenues



Budget Comparison: Expenses



NYSERDA
 Budget FY 2016-17
 (Amounts in thousands)

	Budget FY 2016-17	Budget FY 2015-16
<u>Revenues:</u>		
State appropriations	\$ 49,593	43,574
Third party reimbursement	46,785	23,591
System Benefits Charge	121,000	343,250
Renewable Portfolio Standard	57,065	297,934
Clean Energy Fund	30,000	12,175
Allowance auction proceeds	176,553	127,400
Project repayments	700	694
Federal grants	10,140	7,747
Rentals from leases	1,249	1,249
Interest income	8,359	10,185
Loan interest	9,139	3,596
QECCB interest subsidy	492	507
Fees and other income	2,140	1,685
Total Revenues	513,215	873,587
<u>Expenses:</u>		
Salaries and benefits	52,974	47,953
Other operating costs	15,157	13,512
Depreciation	2,115	1,600
Program expenditures	946,439	692,050
Investment related expenses	2,964	562
Bond interest and fees	3,391	1,114
Payments to NYS	-	41,000
NYS Assessments	12,554	12,554
Total Expenses	1,035,594	810,345
Surplus (Deficit)	(522,379)	63,242
Net position beginning of year	1,660,931	1,597,689
<u>Net position end of year:</u>		
Restricted for specific programs	733,145	1,429,796
NY Green Bank Capitalization	385,316	211,907
Net Investment in Capital Assets	17,091	16,228
Unrestricted	3,000	3,000
Total net position end of year	\$ 1,138,552	1,660,931

NYSERDA
Budget FY 2016-17
(Amounts in thousands)

Functions/Programs	Clean Energy Fund								
	New York Energy Smart (SBC III)	Technology & Market Development (SBC IV)	Energy Efficiency Portfolio Standard (EEPS I-II)	Renewable Portfolio Standard	NY Green Bank	NY-Sun	Market Development / Innovation & Research	RGGI	Green Jobs-Green NY
Revenues:									
State appropriations	\$ -	-	-	-	-	-	-	10,000	-
Third party reimbursement	-	500	500	-	-	-	-	-	-
System Benefits Charge	-	60,500	60,500	-	-	-	-	-	-
Renewable Portfolio Standard	-	-	-	57,065	-	-	-	-	-
Clean Energy Fund	-	-	-	-	30,000	-	-	-	-
Allowance auction proceeds	-	-	-	-	-	-	-	176,553	-
Project repayments	-	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-	-
Interest income	607	1,108	1,086	2,102	944	-	-	1,854	340
Loan interest	-	-	-	-	1,926	-	-	-	7,213
QECCB interest subsidy	-	-	-	-	-	-	-	-	492
Fees and other income	-	-	-	-	1,732	-	-	-	-
Total Revenues	607	62,108	62,086	59,167	34,602	-	-	188,407	8,045
Expenses:									
Salaries and benefits	495	3,783	9,260	2,869	5,102	2,352	8,513	4,882	1,227
Other operating costs	119	886	2,265	839	2,823	699	1,760	1,297	305
Depreciation	19	109	316	99	178	83	286	180	47
Program expenditures	20,139	55,155	181,116	171,142	-	172,666	101,561	140,690	17,300
Investment related expenses	-	-	-	-	2,964	-	-	-	-
Bond interest and fees	-	-	-	-	-	-	-	-	3,391
Payments to NYS	-	-	-	-	-	-	-	-	-
NYS Assessments	237	684	2,203	1,997	126	2,007	1,280	1,679	216
Total Expenses	21,009	60,617	195,160	176,946	11,193	177,807	113,400	148,728	22,486
Surplus (Deficit)	(20,402)	1,491	(133,074)	(117,779)	23,409	(177,807)	(113,400)	39,679	(14,441)
Net position, beginning of year	117,133	223,786	181,252	492,149	211,907	-	(9,338)	273,681	70,394
Inter-program transfers	(76,900)	(197,631)	(1,862)	(303,145)	150,000	238,807	215,731	(61,200)	36,200
Use (source) of unrestricted net position	-	-	-	-	-	-	-	-	-
Net position end of year	\$ 19,831	27,646	46,316	71,225	385,316	61,000	92,993	252,160	92,153

NYSERDA
Budget FY 2016-17
(Amounts in thousands)

(continued from page 11)

	Energy Research & Development	Other Programs	Saratoga Technology & Energy Park	Energy & Environmental Analysis	Bond Financing Program	West Valley	Invested in Capital Assets	Unrestricted Net Position	Budget FY 2016-17	Budget FY 2015-16
Revenues:										
State appropriations	9,412	12,474	-	4,257	-	13,450	-	-	49,593	43,574
Third party reimbursement	-	43,563	-	-	-	2,222	-	-	46,785	23,591
System Benefits Charge	-	-	-	-	-	-	-	-	121,000	343,250
Renewable Portfolio Standard	-	-	-	-	-	-	-	-	57,065	297,934
Clean Energy Fund	-	-	-	-	-	-	-	-	30,000	12,175
Allowance auction proceeds	-	-	-	-	-	-	-	-	176,553	127,400
Project repayments	700	-	-	-	-	-	-	-	700	694
Federal grants	-	7,957	-	2,183	-	-	-	-	10,140	7,747
Rentals from leases	-	1,145	104	-	-	-	-	-	1,249	1,249
Interest income	152	167	-	-	-	-	-	-	8,359	10,185
Loan interest	-	-	-	-	-	-	-	-	9,139	3,596
QECCB interest subsidy	-	-	-	-	-	-	-	-	492	507
Fees and other income	-	-	-	-	408	-	-	-	2,140	1,685
Total Revenues	10,264	65,306	104	6,440	408	15,672	-	-	513,215	873,587
Expenses:										
Salaries and benefits	3,169	5,063	82	3,727	39	2,411	-	-	52,974	47,953
Other operating costs	712	1,378	280	1,018	9	767	-	-	15,157	13,512
Depreciation	108	191	277	123	2	97	-	-	2,115	1,600
Program expenditures	5,352	67,599	-	1,500	-	12,219	-	-	946,439	692,050
Investment related expenses	-	-	-	-	-	-	-	-	2,964	562
Bond interest and fees	-	-	-	-	-	-	-	-	3,391	1,114
Payments to NYS	-	-	-	-	-	-	-	-	-	41,000
NYS Assessments	107	1,760	7	72	1	178	-	-	12,554	12,554
Total Expenses	9,448	75,991	646	6,440	51	15,672	-	-	1,035,594	810,345
Surplus (Deficit)	816	(10,685)	(542)	-	357	-	-	-	(522,379)	63,242
Net position, beginning of year	23,554	57,185	-	-	-	-	16,228	3,000	1,660,931	1,597,689
Inter-program transfers	-	-	-	-	-	-	-	-	-	-
Use (source) of unrestricted net position	(816)	(232)	542	-	(357)	-	863	-	-	-
Net position end of year	23,554	46,268	-	-	-	-	17,091	3,000	1,138,552	1,660,931

NYSERDA
FY 2016-17 Budget
Reconciliation of Budget Changes
(Amounts in thousands)

	Actual FY 2014-15	Budget FY 2015-16	Change	Budget FY 2016-17	Explanation for change
Revenues:					
State appropriations					
RGGI	1,276	10,600	(600)	10,000	Represents a decrease in State capital budget appropriation reimbursement for anticipated RGGI Cleaner, Greener Community program expenditures (repayment of the FY 13-14 transfer of \$25 million to the State general fund).
Research and Development	\$ 14,043	12,361	(2,949)	9,412	Reflects a reallocation to Energy Analysis and Fuel NY programs
Other Programs - Urban Development Corporation projects	469	1,735	4,558	6,293	Reflects an increase in estimated reimbursable project expenditures funded from UDC Capital Budget appropriations.
Other Programs - Fuel NY Strategic Fuel Reserve Program	-	2,000	-	2,000	(No change)
Other Programs - Fuel NY Portable Generator Program	-	546	3,635	4,181	Reflects the use of funding provided in FY 14-15 to cover a portion of expenditures in FY 15-16 and from an increase in reimbursable project expenditures.
Energy & Environmental Analysis	3,447	3,943	314	4,257	Reflects a reallocation from Research and Development.
West Valley	9,171	12,389	1,061	13,450	Reflects an increase in anticipated program expenditures for NYSERDA's share of federal and state spending at West Valley.
Total state appropriations	28,406	43,574	6,019	49,593	
Third party reimbursement	52,911	23,591	23,194	46,785	Principally reflects an increase of \$27.3M in reimbursement funding from Con Edison due to timing of anticipated expenditures under the Indian Point Energy Center Reliability Contingency program offset in part by a reduction in anticipated collections under the National Fuel Gas gas efficiency program.
System Benefits Charge	238,834	343,250	(222,250)	121,000	Reflects the "Bill As You Go" approach anticipated in CEF Order.
Renewable Portfolio Standard	291,448	297,934	(240,869)	57,065	Reflects the "Bill As You Go" approach anticipated in CEF Order.
Market Development/ Innovation & Research	-	12,175	(12,175)	-	Reflects the "Bill As You Go" approach anticipated in CEF Order.
NY Green Bank	-	-	30,000	30,000	NYGB incremental collections for remaining capitalization; anticipated to be supplemented with external borrowing facility.
Allowance auction proceeds	140,568	127,400	49,153	176,553	Reflects revised estimates of future auction proceeds based on recent auction results and current options trading for allowances.
Project repayments	408	694	6	700	Minor change
Federal grants	14,384	7,747	2,393	10,140	Reflects an increase in anticipated reimbursement funding related to several Congestion Mitigation Air Quality grants.
Rentals from leases	1,438	1,249	-	1,249	(No change)
Interest income	17,042	10,185	(1,826)	8,359	Decrease is due to lower investment balances as compared to FY 15-16 budget, principally due to the "Bill As You Go" approach.
Loan interest income	1,655	3,596	5,543	9,139	Increase due to projections of additional loan origination and for NY Green Bank from deployed capital.
QECB interest subsidy	517	507	(15)	492	Reflects an increase in QECB subsidy payments to be received from the US Treasury from a change in the federal sequester reduction.
Fees and other income	818	1,685	455	2,140	Primarily due to an increase in anticipated fees for NY Green Bank from committed capital.
Total Revenues:	788,429	873,587	(360,372)	513,215	
Expenses:					
Salaries	28,410	32,665	4,132	36,797	Reflects salary increases authorized in FY15-16 and assumes all positions filled in FY 16-17. Also reflects a 2% cost-of-living adjustment and performance-based salary increases/awards assuming similar awards are approved for NYS employees.
Benefits	14,344	15,288	889	16,177	Reflects an increase in fringe benefit costs generally corresponding to increases in FTE's and salary costs.
Total salaries and benefits	42,754	47,953	5,021	52,974	

NYSERDA
FY 2016-17 Budget
Reconciliation of Budget Changes
(Amounts in thousands)

	Actual FY 2014-15	Budget FY 2015-16	Change	Budget FY 2016-17	Explanation for change
<u>Expenses (continued):</u>					
Other operating costs	11,251	13,512	1,645	15,157	Net Increase is primarily due to increases in anticipated costs for NY Green Bank fund administration, NY Green Bank legal and consulting services, IT consulting services for corporate initiatives, and increases in web hosting costs, offset in part by a reduction in communication and consumer support services, a decrease in recruitment costs, and a decrease in other consulting support services.
Depreciation	1,324	1,600	515	2,115	Reflects an increase in projected depreciation resulting from existing capital assets and from planned additions for FY 15-16 (full year of expense) and FY 16-17 (a half year of expense).
Program expenditures					
System Benefits Charge (SBC III)	20,048	20,913	(774)	20,139	Based on level of anticipated expenditures.
Technology and Market Development (SBC IV)	49,484	36,246	18,909	55,155	Based on level of anticipated expenditures.
Energy Efficiency Portfolio Standard	197,994	178,420	2,696	181,116	Based on level of anticipated expenditures.
Renewable Portfolio Standard	190,313	244,592	(73,450)	171,142	Based on level of anticipated expenditures.
NY-Sun	-	45,611	127,055	172,666	Based on level of anticipated expenditures. Expenditures for funding from 2014 and 2015 for NY-SUN are included in RPS program expenditures.
Market Development / Innovation & Research	-	12,538	89,023	101,561	Based on level of anticipated expenditures.
Regional Greenhouse Gas Initiative	69,494	65,955	74,735	140,690	Based on level of anticipated expenditures.
Green Jobs-Green New York	14,088	24,815	(7,515)	17,300	Based on level of anticipated expenditures.
Research and Development	10,640	9,093	(3,741)	5,352	Based on level of anticipated expenditures.
Other Programs	43,407	41,154	26,445	67,599	Net Increase is primarily due to an increase in expenditures under the Indian Point Energy Center Reliability Contingency program and from several Congestion Mitigation Air Quality grants.
Energy & Environmental Analysis	366	1,533	(33)	1,500	Based on level of anticipated expenditures.
West Valley	8,969	11,180	1,039	12,219	Reflects an increase in anticipated program expenditures for NYSERDA's share of federal and state spending at West Valley.
Total program expenditures	604,803	692,050	254,389	946,439	
Investment related expenses - NY Green Bank	-	562	2,402	2,964	Represents anticipated legal, engineering and other professional service costs to support NY Green Bank transactions.
Interest	590	1,114	2,277	3,391	Represents an increase in bond interest expense related to the issuance of 2015 series Residential Energy Efficiency bonds and 2015 series Residential Solar bonds.
Payments to NYS	-	41,000	-	-	No assumption made for continuation of the funding support for renewable energy tax credits and the Environmental Protection Fund which were included in the enacted FY 15-16 State Budget.
NYS Assessments	14,348	12,554	-	12,554	(No change)
Total Expenses:	675,070	810,345	266,249	1,035,594	
Surplus (Deficit)	113,281	63,242	(585,621)	(522,379)	
Net position beginning of year	1,484,408	1,597,689	63,242	1,660,931	
<u>Net position end of year:</u>					
Restricted for specific programs	1,363,021	1,429,796	(696,651)	733,145	Projected decrease in restricted net assets is due to restricted expenditures exceeding restricted revenues.
NY Green Bank Capitalization	216,300	211,907	173,409	385,316	Primarily due to \$150 million transfer of uncommitted funds for additional capitalization as approved by PSC Order.
Net Investment in Capital Assets	14,799	16,228	863	17,091	Reflects anticipated asset purchases less depreciation.
Unrestricted	3,569	3,000	-	3,000	
Total net position end of year	\$ 1,597,689	1,660,931	(522,379)	1,138,552	

NYSERDA FY16-17 Budget
 Detail schedule: Salaries and benefits
 (Amounts in thousands)

	Actual <u>FY 2014-15</u>	Budget <u>FY 2015-16</u>	Budget <u>FY 2016-17</u>
Salaries **	\$ 28,410	32,665	36,797
Fringe Benefits:			
Social Security/Medicare taxes	2,080	2,394	2,694
Health insurance	3,372	3,877	4,367
Dental plan	313	360	406
Vision care plan	29	34	38
Dependent Care plan	17	19	22
Long-term disability insurance	71	81	91
Workers compensation	107	123	138
Unemployment	12	14	15
Pension	5,431	3,993	3,923
Tuition reimbursement	53	61	69
Increase (decrease) in compensated absence leave accruals	(202)	694	725
Voluntary Defined Contribution Plan	146	302	353
Postemployment health insurance (GASB 45)	2,915	3,336	3,336
sub-total benefits	14,344	15,288	16,177
Percentage of Salaries	50.5%	46.8%	44.0%
Total Salaries and Benefits	\$ 42,754	47,953	52,974
Number of employees	337	380	380
Number of full-time equivalent employees (FTEs)	332.3	357.3	380.0

** FY 2016-17 Salaries include cost of living adjustments in accordance with increases scheduled for NYS Management/Confidential employees (2% effective 04/01/2016). Salaries also include performance-based salary increases and payments equivalent to salary increases and total salary costs anticipated to be provided for NYS employees. Although included for budget purposes, the cost of living adjustment and the performance-based salary increases and payments will only be paid if the State provides similar payments.

NYSERDA FY16-17 Budget
 Detail schedule: Other Operating Costs
 (Amounts in thousands)

	<u>Actuals</u> <u>FY 2014-15</u>	<u>Budget</u> <u>FY 2015-16</u>	<u>Budget</u> <u>FY 2016-17</u>
Professional Services:			
Fiscal Agent, audit and third-party payroll and Human Resource services	\$ 429	482	466
Systems design and enhancement	3,121	2,213	2,608
Information security implementation project	-	166	216
Internal Audit support services	37	100	100
Marketing	401	470	562
Design & construction services - NYC office relocation	175	-	-
Communication and consumer support services	275	565	321
NY Green Bank Fund Administrator	-	100	1,020
NY Green Bank consulting support services	332	675	649
Strategic Operations consulting services	-	480	480
Website support services	115	285	260
Other Consulting	135	123	17
Computer Services and Software	1,986	2,652	3,335
Rent, Maintenance & Repairs, Utilities, Insurance	2,411	2,996	3,016
Travel and Outreach Costs	504	819	885
Temporary Staffing, Outside Technical Reviewer	750	503	474
Office Supplies, Equipment Rental, and Other	534	638	652
Training, Recruitment & Relocation	46	247	98
Total Other Operating Costs	<u>\$ 11,251</u>	<u>\$ 13,512</u>	<u>\$ 15,157</u>

NYSERDA FY16-17 Budget
 Detail schedule: Capital Budget
 (Amounts in thousands)

	<u>Actual</u> <u>FY 2014-15</u>	<u>Budget</u> <u>FY 2015-16</u>	<u>Budget</u> <u>FY 2016-17</u>
Building energy efficiency improvements	\$ -	-	35
Furniture, fixtures and equipment	513	380	187
Information technology upgrades	729	2,533	2,740
Leasehold improvements	1,952	50	-
STEP infrastructure	28	-	-
Vehicles	-	50	-
Total Capital Asset Additions	<u>\$ 3,222</u>	<u>3,013</u>	<u>2,962</u>

NYSERDA
 Budget FY 2016-17
 Financial Plan
 (Amounts in thousands)

	FY 2016-17 Budget	FY 2017-18 Projection	FY 2018-19 Projection	FY 2019-20 Projection
<u>REVENUES:</u>				
State appropriations	\$ 49,593	42,700	34,424	32,700
Third party reimbursement	46,785	39,750	26,650	21,750
System Benefits Charge	121,000	152,500	101,400	64,100
Renewable Portfolio Standard	57,065	307,000	275,300	221,700
Clean Energy Fund	30,000	292,500	363,600	378,700
Allowance auction proceeds	176,553	179,331	180,928	182,423
Project repayments	700	694	694	694
Federal grants	10,140	7,624	5,724	5,724
Rentals from leases	1,249	1,104	1,104	1,104
Interest income	8,359	6,109	5,818	5,788
Loan interest	9,139	11,417	16,297	21,333
QECCB interest subsidy	492	450	396	328
Fees and other income	2,140	8,166	13,491	16,275
TOTAL REVENUES	513,215	1,049,345	1,025,826	952,619
<u>EXPENSES:</u>				
Salaries and benefits	52,974	54,562	56,199	57,885
Other operating costs	15,157	15,612	16,080	16,562
Depreciation	2,115	2,442	2,321	2,197
Program expenditures	946,439	892,139	862,323	814,920
Investment related expenses	2,964	3,408	4,564	6,648
Bond interest and fees	3,391	3,272	3,027	1,517
NYS Assessments	12,554	12,552	12,554	12,554
TOTAL EXPENSES	1,035,594	983,987	957,068	912,283
Surplus (Deficit)	(522,379)	65,358	68,757	40,336
Net position beginning of year	1,660,931	1,138,552	1,203,910	1,272,667
<u>Net position end of year:</u>				
Restricted for specific programs	733,145	772,243	810,184	816,578
NY Green Bank Capitalization	385,316	412,123	444,660	480,199
Net Investment in Capital Assets	17,091	16,544	14,823	13,226
Unrestricted	3,000	3,000	3,000	3,000
Total net position end of year	\$ 1,138,552	\$ 1,203,910	\$ 1,272,667	\$ 1,313,003

NYSERDA
FY 16-17 Cash-Based Budget
(Amounts in thousands)

Functions/Programs	Clean Energy Fund							
	New York Energy Smart	Technology & Market Development	EEPS	Renewable Portfolio Standard	Green Bank	NY-Sun	Market Development / Innovation & Research	RGGI
RECEIPTS:								
State appropriations	\$ -	-	-	-	-	-	-	10,000
Third party reimbursement	-	500	500	-	-	-	-	-
System Benefits Charge	-	60,500	60,500	-	-	-	-	-
Renewable Portfolio Standard	-	-	-	57,065	-	-	-	-
Clean Energy Fund	-	-	-	-	30,000	-	-	-
Allowance auction proceeds	-	-	-	-	-	-	-	176,553
Project repayments	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-
Interest income	607	1,108	1,086	2,102	944	-	-	1,854
Loan interest	-	-	-	-	1,926	-	-	-
Loan principal repayments	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-
QECCB interest subsidy	-	-	-	-	-	-	-	-
Fees and other income	-	-	-	-	1,732	-	-	-
TOTAL REVENUES	607	62,108	62,086	59,167	34,602	-	-	188,407
DISBURSEMENTS:								
Salaries and benefits	460	3,512	8,599	2,664	4,738	2,184	7,906	4,534
Other Operating costs	119	886	2,265	839	2,823	699	1,760	1,297
Capital asset additions	28	211	518	160	285	132	476	273
Program expenditures	20,139	55,155	181,116	171,142	-	172,666	101,561	140,690
Investment related expenses	-	-	-	-	2,964	-	-	-
Deployed Capital	-	-	-	-	77,740	-	-	-
Bond interest and fees	-	-	-	-	-	-	-	-
Principal bond payment	-	-	-	-	-	-	-	-
Loan purchases	-	-	-	-	-	-	-	-
Long term debt	-	1	3	1	2	1	3	1
Payments to NYS	-	-	-	-	-	-	-	-
NYS Assessments	237	684	2,203	1,997	126	2,007	1,280	1,679
TOTAL EXPENSES	20,983	60,449	194,704	176,803	88,678	177,689	112,986	148,474
Surplus (Deficit)	\$ (20,376)	1,659	(132,618)	(117,636)	(54,076)	(177,689)	(112,986)	39,933
Cash and investments, beginning of year	120,910	230,815	196,429	515,362	192,160	-	(9,545)	280,508
Inter-program transfers	(76,900)	(197,631)	(1,862)	(303,145)	150,000	238,809	215,731	(61,200)
Cash and investments, end of year	23,634	34,842	61,949	94,581	288,084	61,120	93,200	259,241

NYSERDA
FY 16-17 Cash-Based Budget
(Amounts in thousands)

(continued from page 19)

	Green Jobs- Green NY	Energy Research & Development	Other Programs	Saratoga Technology & Energy Park	Energy & Environmental Analysis	Bond Financing Program	West Valley	FY 2016-17 Cash Budget Total
RECEIPTS:								
State appropriations	-	9,412	12,474	-	4,257	-	13,450	49,593
Third party reimbursement	-	-	43,563	-	-	-	2,222	46,785
System Benefits Charge	-	-	-	-	-	-	-	121,000
Renewable Portfolio Standard	-	-	-	-	-	-	-	57,065
Clean Energy Fund	-	-	-	-	-	-	-	30,000
Allowance auction proceeds	-	-	-	-	-	-	-	176,553
Project repayments	-	700	-	-	-	-	-	700
Federal grants	-	-	7,957	-	2,183	-	-	10,140
Rentals from leases	-	-	1,145	104	-	-	-	1,249
Interest income	340	152	167	-	-	-	-	8,359
Loan interest	7,213	-	-	-	-	-	-	9,139
Loan principal repayments	12,994	-	-	-	-	-	-	12,994
Bond proceeds	62,600	-	-	-	-	-	-	62,600
QECB interest subsidy	492	-	-	-	-	-	-	492
Fees and other income	-	-	-	-	-	408	-	2,140
TOTAL REVENUES	83,639	10,264	65,306	104	6,440	408	15,672	588,809
DISBURSEMENTS:								
Salaries and benefits	1,140	2,943	4,702	76	3,461	37	2,239	49,195
Other Operating costs	305	712	1,378	280	1,018	9	767	15,157
Capital asset additions	69	177	283	5	208	2	135	2,962
Program expenditures	17,300	5,352	67,599	-	1,500	-	12,219	946,439
Investment related expenses	-	-	-	-	-	-	-	2,964
Deployed Capital	-	-	-	-	-	-	-	77,740
Bond interest and fees	3,391	-	-	-	-	-	-	3,391
Principal bond payment	9,760	-	-	-	-	-	-	9,760
Loan purchases	98,800	-	-	-	-	-	-	98,800
Long term debt	-	1	1	-	1	-	1	16
Payments to NYS	-	-	-	-	-	-	-	-
NYS Assessments	216	107	1,760	7	72	1	178	12,554
TOTAL EXPENSES	130,981	9,292	75,723	368	6,260	49	15,539	1,218,978
Surplus (Deficit)	(47,342)	972	(10,417)	(264)	180	359	133	(630,169)
Cash and investments, beginning of year	30,045	25,419	62,164	-	-	-	-	1,644,268
Inter-program transfers	36,200	-	408	264	(180)	(359)	(133)	2
Cash and investments, end of year	18,903	26,391	52,155	-	-	-	-	\$ 1,014,099