

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 220th Meeting

Held on September 30, 2013

Pursuant to notice and an agenda dated September 17, 2013, the 220th meeting of the New York State Energy Research and Development Authority (“Authority” or “NYSERDA”) was convened on September 30, 2013, at 12:00 p.m., in the Authority’s Albany Office at 17 Columbia Circle, Albany, New York; and by video conference in the Authority’s New York City Office at 485 Seventh Avenue, 10th floor, New York, New York; and by video conference in the Authority’s West Valley Office at 9030-B Route 219, West Valley, New York.

The following Members of the Authority were present in Albany, unless otherwise indicated:

Richard L. Kauffman, Chair

George F. Akel, Jr.

Kevin Burke

Robert Catell (NYC)

David Elliman

Joan McDonald

Elizabeth W. Thorndike, Ph. D.

Audrey Zibelman

Members John Koelmel, Joseph Martens, and Mark Willis were unable to attend.

Also present were John B. Rhodes, President and CEO; Janet Joseph, Vice President for Technology and Strategic Planning; Thomas R. Barone, Acting Vice President for Operations and Energy Services; Jeffrey J. Pitkin, Treasurer; Hal Brodie, Esq., General Counsel and Secretary; Sara L. LeCain, Esq., Senior Counsel; Radmila Miletich, Independent Power Producers of New York; James Austin, New York State Department of Public Service; Alan

Warde, New York State Department of Transportation; Michael Bailey, Village of Malverne; and various other staff of the Authority.

Mr. Kauffman then called the meeting to order and noted the presence of a quorum. He stated that the meeting notice and agenda were mailed to the Members and press on September 17, 2013. Mr. Kauffman directed that a copy of the notice and agenda be annexed to the minutes of the meeting.

Mr. Kauffman began by asking John Rhodes, President and CEO, to make a few remarks. Mr. Rhodes indicated that this was his first report as President and CEO. His initial impressions are that staff are living up to their well-earned reputation for technical expertise and an ability to get things done. Mr. Rhodes indicated that all transitions present an opportunity for change, and he fully expects this transition will do the same. However, he asked the Members to recognize it is his view that the Authority is very much on track and is continuing to make good progress toward the State's energy goals and, indeed, is launching new and important initiatives.

First, after only a few months of intensive effort, staff submitted a well-supported petition to the New York State Public Service Commission ("PSC") for initial capitalization of the Green Bank. Mr. Rhodes noted that Jeffrey Pitkin and Kevin Hale led that effort, working with a core group of Authority staff and staff in the executive chamber. Mr. Rhodes indicated that the Program Planning Committee ("PPC") received a thorough briefing from Mr. Pitkin on the petition which will be summarized for the Members later in the meeting. The Green Bank will be a significant part of the Authority's work going forward.

Mr. Rhodes reported that shortly before submitting the Green Bank petition, staff submitted a petition to the PSC seeking funding for the NY-Sun Initiative photovoltaic program for the years 2014 and 2015 and proposing that the Authority be granted the flexibility to reorganize the NY-Sun Initiative into a cohesive program framework, across sectors and system sizes, that employs a transparent and regional megawatt block approach. Staff believe that this will result in a more robust, efficient, coordinated and successful program. Mr. Rhodes

acknowledged the work of Janet Joseph, Karen Hamilton and Peter Keane in developing this proposal.

Staff also submitted to the PSC the required 2013 review of progress in the Renewable Portfolio Standard (“RPS”) Main Tier. That review shows that as of the end of 2012, the Authority had achieved 47% of the RPS Main Tier goal while expending or committing 38% of the funding. The analysis shows a benefit-cost ratio of 5-1.

The Authority has continued to make progress toward the State’s energy efficiency goals and staff is now reviewing the New York State Department of Public Service’s (“DPS”) proposal to restructure the Energy Efficiency Portfolio Standard (“EEPS”) programs. Mr. Rhodes stated that the Members will receive a report on that proposal at the end of the meeting. He indicated that there are some promising developments in that regard on the horizon.

Mr. Rhodes reported that the Authority is also proceeding with resiliency efforts stemming from Superstorm Sandy, the most prominent of which is the Gas Station Backup Power Program, which provides incentives for the installation of transfer switches to ready gas stations for backup power generators, as well as the creation of a New York State Strategic Fuel Reserve. The Gas Station Backup Power Program has received over three hundred applications and the Authority has entered into almost two hundred grant agreements. With respect to the New York State Strategic Fuel Reserve, staff collected information from industry and the public and issued a solicitation for a contractor to administer the reserve. Staff is currently evaluating the proposals received.

Finally, Mr. Rhodes reported that the Authority has advanced its work on performance management. The Performance Management and Evaluation Systems (“PMES”) group has made substantial improvements in the way the Authority tracks and reports data. The Officers review those reports regularly and work with the Directors to make changes to programs where needed. Also, the Authority has a healthy process of internal review and internal audit which continues to operate as intended in identifying opportunities for improvement.

Mr. Rhodes concluded his remarks by stating that it has been rewarding getting up to speed on the many efforts under way and he looks forward to continuing progress on these important initiatives.

Mr. Kauffman stated that the first item on the agenda is to consider a resolution commending Francis J. Murray, Jr. for his service to the Authority.

Mr. Murray has served the Authority in two capacities: first as Chairman from 1992 through 1994, and most recently for the past four years as President and Chief Executive Officer. His work expanded the Authority's existing research and development and deployment programs and established new programs such as the New York Battery Energy and Storage Technology Consortium ("NY-BEST") and Green Jobs-Green New York.

Mr. Murray's work was characterized by unwavering commitment, high standards, invaluable expertise and dedication to the Authority in harmony with the best interests of the citizens of New York State.

Mr. Rhodes and each of the Members present added their own words thanking Mr. Murray for his service.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1378

WHEREAS, during a distinguished career, Francis J. Murray, Jr. has twice served the New York State Energy Research and Development Authority with distinction, first as Chairman of the Authority from 1992 through 1994, then over the past four years as President and Chief Executive Officer; and

WHEREAS, during his tenure, on behalf of the citizens of New York State, the Authority continued and expanded its nationally prominent energy research, development, and demonstration programs; implemented and delivered nationally recognized energy efficiency and renewable energy public benefit deployment programs; advanced New York's participation in the Regional

Greenhouse Gas Initiative – the nation’s first carbon cap and trade program; oversaw a strong economic development program, including the continued development of the Saratoga Technology + Energy Park; established the New York Battery and Energy Storage Consortium and the New York State Smart Grid Consortium; implemented the American Recovery and Reinvestment Act programs; developed and implemented the Green Jobs – Green New York Program; safely managed its responsibilities at the Western New York Nuclear Service Center, and assisted in ensuring that the Authority is an accountable, transparent, and cost-effective New York State public authority; and

WHEREAS, Mr. Murray’s service on behalf of the Authority has been characterized by his unwavering commitment, high standards, invaluable expertise and his dedication to furthering the policies and programs of the Authority in harmony with the best interests of the People, the environment, and the economy of the State of New York; and

WHEREAS, the Members of the Authority wish to bestow special recognition on Francis J. Murray, Jr. for his exemplary service to the People of the State of New York and outstanding contributions to the mission of the Authority and the State and to memorialize that recognition;

NOW, THEREFORE, BE IT RESOLVED THAT, the Members of the New York State Energy Research and Development Authority, assembled on this 30th day of September, 2013, unanimously express to Francis J. Murray, Jr. their commendation and deep appreciation for his dedicated and exemplary service to the Authority and the State.

Mr. Kauffman indicated that the next item on the agenda was proposed revisions to the Authority’s current fiscal year budget. As the Chair of the PPC, Mark Willis, was unable to attend the Board meeting, Mr. Kauffman provided a report on the portion of the revised budget considered by the PPC.

The PPC met on September 16, 2013. The Authority’s Treasurer Jeffrey Pitkin reported briefly on the revisions to the Authority’s Budget for Fiscal Year 2013-14, which was originally approved at the January 2013 Board meeting. The details of the revisions are discussed in the memo included in the meeting package. The focus of the discussion was on the budget items that relate most closely to the proposed funding of the Green Bank which will be the subject of a report a bit later on this agenda.

The presented budget revisions assume a favorable decision and outcome by the PSC on the Green Bank Petition filed by the Authority on September 9, 2013. At the PPC meeting, Mr. Pitkin clarified questions from the PPC regarding the presentation and format of Green Bank financial information going forward, the ability of the Authority's accounting systems to absorb this new type of activity, and the nature of the Authority's financial commitments going forward.

The PPC unanimously recommended that the Members adopt the resolution approving revisions to the Fiscal Year 2013-14 Budget.

Mr. Kauffman then called upon Dr. Thorndike to report on the portion considered by the Waste and Facilities Management Committee ("W&FMC") at its September 16, 2013 meeting.

Dr. Thorndike explained that the W&FMC received a report from Mr. Pitkin outlining revisions to the approved Fiscal Year 2013-14 Budget, focusing on areas subject to the Committee's oversight. Regarding the West Valley Site Management Program, Mr. Pitkin reported that State appropriation revenue was decreased by \$5.5 million in recognition of State appropriation funds received but unexpended at the end of the prior fiscal year 2012-2013. The revisions do not change the total West Valley Site Management Program ("West Valley") expenditures, which remain at \$12 million. Regarding the Radioactive Waste Policy and Nuclear Coordination activities, Mr. Pitkin reported no changes in the aggregate, with the Budget remaining at \$150,000 in State appropriated funding. For both programs, Mr. Pitkin reported there are minor changes among expenditure categories, principally due to changes in indirect costs.

The W&FMC unanimously recommended that the Members adopt the resolution approving revisions to the Fiscal Year 2013-14 Budget for West Valley and Radioactive Waste Policy and Nuclear Coordination activities.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1379

RESOLVED, that the Fiscal Year 2013-14 Budget and Financial Plan (Revised September 2013) submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved.

Mr. Kauffman indicated that the next item on the agenda was approval of the Preliminary Spending Plan and the State Appropriation Request for Fiscal Year 2013-14. Mr. Kauffman stated that the PPC heard a report from Mr. Pitkin regarding the Authority's Preliminary Spending Plan and State Appropriation Request for the next fiscal year which is submitted annually to the Division of the Budget and sets forth the Authority's request for State appropriations. Mr. Pitkin specifically highlighted certain aspects of the proposed Fiscal Year 2014-15 Budget that are intended to partially offset the loss of the voluntary contribution of research and development ("R&D") funding from the Long Island Power Authority. Mr. Pitkin responded to some clarifying questions from the PPC regarding funding for certain programs beyond 2015, given that current funding is authorized by the PSC through either 2015 or 2016, depending on the program portfolio.

The PPC unanimously recommended that the Members adopt the resolution approving the Authority's Preliminary Spending Plan and State Appropriation Request for Fiscal Year 2014-15.

Next, Mr. Kauffman asked Dr. Thorndike to report on the portions of the Preliminary Spending Plan and State Appropriation Request for Fiscal Year 2014-15. Dr. Thorndike indicated that only minor changes are projected with respect to the areas subject to the W&FMC's oversight. The West Valley appropriation request includes a slight increase in funding to \$12.1 million from \$12 million, based upon the Authority's required share of costs under the West Valley Demonstration Project and the Consent Decree. No change is recommended in the request of \$150,000 for the Radioactive Waste Policy and Nuclear Coordination activities.

The W&FMC unanimously recommended that the Members adopt the resolution approving the proposed State Appropriation Request for Fiscal Year 2014-15 for West Valley and Radioactive Waste Policy and Nuclear Coordination activities.

In response to an inquiry from Mr. Burke, Mr. Pitkin indicated that staff will take into consideration requesting additional funding for transportation issues when Governor Cuomo issues his call letter to agencies and public authorities requesting legislative proposals. Ms. McDonald indicated that New York State Department of Transportation is also looking to maximize energy transportation funds whenever possible and will continue to work with the Authority for that goal.

Mr. Catell noted that the reduction in the R&D budget would affect consumers on Long Island that are not offered the benefit of system benefits charge (“SBC”) or EEPs programs because they do not pay into those programs as part of their utility bill payments.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Members present, the following resolution was adopted.

Resolution No. 1380

RESOLVED, that the proposed State Appropriation Request for Fiscal Year 2014-15 submitted to the Members for consideration at this meeting, with such non-material, editorial changes and supplementary schedules as the President and CEO, in his discretion, may deem necessary or appropriate, be and it hereby is approved for submission to, and at the request of, the New York State Division of the Budget.

Mr. Kauffman indicated the next item on the agenda was a report on the remaining items discussed by the PPC. In addition to the two budget items, the PPC also received a status report on the Green Bank and a presentation on the Authority’s R&D portfolio.

Mr. Kauffman explained that the PPC had requested at its June 2013 meeting an update on activities related to the Green Bank. Mr. Pitkin provided the PPC with a summary of the

Green Bank Petition to provide the initial capitalization of the Green Bank that the Authority filed with the PSC on September 9, 2013.

The Green Bank is a \$1 billion initiative proposed by Governor Cuomo to leverage private sector financing for clean energy projects that will create jobs and make New York's communities more sustainable. As Governor Cuomo has also stated, the Green Bank uses a bold, new market-oriented approach to overcome market barriers that are currently preventing the widespread flow of private capital into the clean energy economy.

Mr. Pitkin described to the PPC the funding proposal which consists of uncommitted SBC funds, EEPS funds, RPS funds, as well as uncommitted utility EEPS funds.

Mr. Pitkin also briefly described the market assessment undertaken by Booz & Company on behalf of the Authority. In the course of his summary, Mr. Pitkin responded to several questions from the PPC regarding the Green Bank investment categories that were included in the Green Bank Petition.

At the June 2013 PPC meeting, several of the PPC members asked Authority staff to explore the merits of increasing funding for its R&D program with the results and value demonstrated to date. The PPC asked staff to review the impact of NYSERDA's R&D program, identify potential needs and opportunities, and present potential options for increasing R&D funding, within overall budget constraints.

In response to the request, staff provided a briefing on these findings. Mark Torpey, Director of the Clean Energy Research and Market Development Program, provided some highlights of the R&D impacts to date, including \$1 billion in net in-State economic value from \$182 million in the Authority's product development investment and good leveraging and commercialization statistics. With respect to private funding, Mr. Torpey reported that approximately three quarters of all of the clean tech venture investments in New York State resulted from Authority-funded projects. Mr. Kauffman indicated that these impacts, along with some further R&D opportunities, were provided in the report included in the meeting package.

While no action was taken on this item, a suggestion was made to review the materials and take the matter up at the January 2014 PPC meeting - with the goal of agreeing upon clear next steps to further capitalize on these R&D opportunities.

Ms. Joseph noted that the Authority has a Memorandum of Understanding with the U.S. Department of Energy that staff is in the process of renewing, which provides an opportunity to expand some of the transportation research that was discussed earlier in the meeting. The Authority is cognizant of budget constraints, but staff is looking to leverage other opportunities to expand the Authority's work. Ms. Joseph suggested that the next strategic plan will delve further into this topic.

Dr. Thorndike stated that she believes these are not unmet opportunities, but rather are unmet imperatives that should become priorities to the Authority.

Mr. Elliman indicated that there are philosophical questions for the Authority which involve the Authority's responsibility to channel the benefits of its efforts to those that are paying for those benefits.

Mr. Catell complimented the Authority staff on its excellent report stating that the value from R&D funding is high. He indicated that there should be more funding allocated towards R&D and specifically into basic research that develops new technologies. This type of research is critical to both the Authority's success as well as the State's success. Mr. Catell strongly recommends increasing R&D funding to try and channel the benefits to those who are paying for it. Mr. Catell also raised the issue of R&D on Long Island and indicated that there is a gap now that there is no funding for R&D on Long Island.

Mr. Pitkin clarified that for the energy efficiency deployment programs, the Long Island Power Authority ("LIPA") has traditionally run its own separate funded programs; therefore Long Island entities are not eligible for the Authority's energy efficiency programs that are funded by SBC. However, the Authority's R&D programs have been statewide, allowing the Authority to support R&D projects on Long Island. Mr. Pitkin stated that the Authority will be

able to continue to provide statewide R&D programs notwithstanding the loss of collecting funding from the ratepayers on Long Island.

Mr. Brodie clarified that some of the Authority's R&D funding comes from the Regional Greenhouse Gas Initiative funds which are not restricted by PSC jurisdiction.

Mr. Catell stated that it was always represented that a Long Island customer's utility bill included SBC payment although it was not identified as such. Mr. Catell indicated that a fund was set up under LIPA that specifically went to R&D; however, this fund has been eliminated completely.

Mr. Kauffman commented that leverage is one of the frontiers the Authority is trying to explore; specifically, how to get more leverage from available resources that will benefit all New Yorkers.

Mr. Burke agreed that the Authority needs to look at it all in an integrated way. With respect to funding, Mr. Burke suggested that the Authority should be looking to funding outside of electricity customers and that this would help the Authority move farther and faster.

Mr. Kauffman indicated that the next item on the agenda was a report on the remaining items considered at the W&FMC meeting. Dr. Thorndike explained that the W&FMC received a status report from Director Paul Bembia on West Valley activities including items relating to the State-Licensed Disposal Area and the West Valley Demonstration Project (the "Project").

Regarding the State-Licensed Disposal Area, Mr. Bembia provided an update on the increase in the leachate level in disposal Trench 14, of which he first informed the W&FMC in April 2013. Mr. Bembia reported that because the increase is very slow, less than one inch this year, and the leachate level is more than 10 feet below the top of the trench, this increase does not present a threat to public health and safety or the environment. An investigation into the possible cause is ongoing. Mr. Bembia will keep the W&FMC informed about this development as the evaluation proceeds.

Regarding the Project, Mr. Bembia briefed the W&FMC on two items. First, Mr. Bembia reported that the U.S. Department of Energy has started construction on the new interim high-level waste storage facility, a dry-cask storage pad on which the High-Level Waste canisters will be stored inside large shielded storage casks. The pad is scheduled to be completed this calendar year.

In conclusion, Mr. Bembia provided an update on the federal Project budget. In April, Mr. Bembia reported that the President's proposed budget for federal fiscal year 2014 included \$64 million for the Project. However, in June 2013, the U.S. House of Representatives Committee markup cut the Project's budget by \$17 million to \$47 million. Subsequently, two members of the Western New York Congressional delegation were able to amend the House bill to restore \$19 million to the account from which the Project is funded, although not to the Project specifically. Mr. Bembia remains hopeful that the Project's budget will remain at the \$64 million level requested by the President at the end of the federal fiscal year 2014 process.

Mr. Kauffman indicated that the next item on the agenda was a report on items considered by the Audit and Finance Committee ("A&FC"). Robert Catell, the A&FC's Chair, reported on the first item on the A&FC agenda, the Green Jobs - Green New York ("GJGNY") financing program. Mr. Catell explained that Mr. Pitkin provided a status report on the GJGNY financing program. Mr. Pitkin announced that on August 13, 2013, the Authority completed an issuance of \$24.3 million Residential Energy Efficiency Financing Revenue Series 2013A Bonds ("2013A Bonds"). The 2013A Bonds were issued as Qualified Energy Conservation Bonds ("QECB"), which provide an interest subsidy from the federal government for a substantial portion of the interest cost on bonds issued for qualified purposes. The 2013A Bonds are guaranteed by the New York State Environmental Facilities Corporation ("EFC") through its State Revolving Fund, which allowed the 2013A Bonds to achieve a AAA rating from Standard and Poor's Financial Services, LLC. and Moody's Analytics, Inc.

Mr. Pitkin concluded his report by providing an overview of the structure of the 2013A Bonds.

Mr. Kauffman commented that with respect to the Green Bank, one strategy is to work on removing obstacles that exist in financing markets. With respect to energy efficiency financing, the Authority was the first to complete a bond financing of this kind. Mr. Kauffman stated that although the Authority only issued \$24 million of bonds, it represents a significant step forward in the development of a bond market for clean energy. Mr. Kauffman commended the staff for their leadership.

Mr. Kauffman indicated that the next item on the A&FC agenda was a report from the Director of Internal Audit, Mark Mitchell. Mr. Catell indicated that Mr. Mitchell provided the A&FC with a report on his recent activities. Mr. Mitchell discussed the results of recently completed audits, as well as provided a status of his ongoing activities. Mr. Mitchell also reported on the results of his investigation of an anonymous complaint referred by the New York State Inspector General. Mr. Catell indicated that the A&FC was able to ask questions and was satisfied with the discussion.

Mr. Catell added that the report from Mr. Mitchell was an example of the benefit that internal audit provides. Mr. Catell added that there was a discussion at the A&FC about the timing of recommendations that are to be completed by management and that Mr. Mitchell will keep the A&FC apprised of the timing of said recommendations and their implementation.

Mr. Kaufmann indicated that management has put a process in place for the regular reporting of updates on audits to the A&FC.

Mr. Kauffman indicated that the next item on the A&FC agenda was a report on the status of the Authority's response to the internal Data Quality Audit. Mr. Catell stated that the A&FC received a report from Thomas Barone, Acting Vice President for Operations and Energy Services, on the status of management's response to the recommendations. The A&FC was able to ask questions and was satisfied with management's response. Mr. Barone will keep the A&FC advised.

Next, Mr. Kauffman indicated that the last item on the A&FC agenda was a report on audits of the Authority by the Office of the State Comptroller (“OSC”). Mr. Catell stated that Mr. Pitkin provided an overview of the audits and management’s response. The A&FC was able to ask questions and was satisfied with management’s response. Mr. Catell added that the audits by OSC are routine audits and that there was no specific pointing at the Authority with respect to these audits.

In response to an inquiry from Mr. Burke, Mr. Pitkin indicated that the audits are conducted by both internal audit and OSC. There is no set schedule as to when audits will be conducted and the types of audits that are being carried out are different. In both cases, the audits were reviewing internal controls and how the Authority performs in its role as steward of public monies.

Mr. Mitchell stated that there is a complementary relationship of coverage. In the past when he has performed internal audits that mirror audits planned by OSC, OSC has reviewed his approach and will rely on his work.

Mr. Kauffman stated that the next item on the agenda is the periodic procurement contracts report by Cheryl Earley, Director of Contract Management. Ms. Earley stated that pursuant to Public Authorities Law Section 2879, the Members are requested to adopt a resolution approving the Periodic Procurement Contracts Report. The Periodic Report covers the period May 16, 2013 through August 15, 2013. The report summarizes 3,298 procurement contracts exceeding \$5,000 that were initiated or modified during the period. Over 99% of the procurement contracts were competitively selected, and 97% of the dollars committed resulted from competitive procurement. All of the actions were in compliance with the procurement contract guidelines. The report also summarizes an additional 1,548 procurement contracts that are expected to be executed by the Authority, that have a period of expected performance in excess of one year. These contract actions total approximately \$487 million. Ms. Earley stated that the Members have also been provided with a periodic report on Authority compliance with Article 15-a of the Executive Law. Of the 11 contracts subject to Article 15-a which were

initiated or modified during the reporting period, all 8 were awarded to certified Minority and Women-Owned Business Enterprises, representing 73% of the total contract amounts.

Mr. Kauffman reported that counsel's office has compared the lists provided by Members of entities with which each Member is associated and which he or she believes may enter into contracts with NYSERDA to the list of contracts in the Periodic Procurement Contracts Report. Counsel's office reports just a few potential conflicts. Specifically, the Authority has entered into or anticipates entering into contracts with Willow Run Foods Inc., and Broome County Community College, identified by Mr. Akel; Con Edison Solutions, Consolidated Edison Company of New York, Inc., and Honeywell International Inc., identified by Mr. Burke; various SUNY campuses and affiliates, identified by Robert Catell; Urban Electric Power LLC, identified by Mr. Elliman; and Cornell University, and University of Rochester, identified by Dr. Thorndike.

Whereafter, upon motion duly made and seconded, and by voice vote of the Members present, the following resolution was adopted. Mr. Akel, Mr. Burke, Mr. Catell, Mr. Elliman, and Dr. Thorndike each abstained from the vote solely with regard to contracts involving the respective entities identified by each of them above.

Resolution No. 1381

RESOLVED, that the Periodic Procurement Contracts Report, covering the period May 16, 2013 through August 15, 2013, as presented at this meeting, including but not limited to the contracts identified therein which have been, or are expected to be, executed and which do have, or are expected to have, a period of performance in excess of one year, is hereby approved in accordance with Public Authorities Law Section 2879(3)(b)(ii).

Mr. Kauffman indicated that the next agenda item is a report from Acting Vice President for Operations and Energy Services Thomas Barone on the proposed restructuring of EEPS. Mr. Barone reported that the staff at DPS submitted a proposal to their Commissioners that lays out initial plans for the next generation of EEPS which would start in 2016. The proposal discusses significant changes in the roles and responsibilities for the PSC, DPS staff, and the Authority.

The Authority is excited about the direction of the changes and wishes to thank Chair Zibelman and her staff for their insight and leadership.

In the next iteration of the programs, DPS staff would pull back from close oversight and day-to-day management of the program administrators. Instead, their primary role would be to establish broad, long-term guidelines, budgets, and metrics at the utility service territory and sector level, and to ensure goals are being met.

The Authority would assist DPS staff in assessing and evaluating all programs. This assistance would include developing a formal systematic multi-year program planning cycle that uses actual program data to plan for the next cycle of programs, a statewide evaluation plan, a statewide operating plan, and maintaining technical guidance documents such as the tech manual. Also the Authority would assist in helping DPS staff facilitate a new Advisory Council, contracting for technical support as needed, coordinating statewide potential studies and evaluation reports, and reviewing utility implementation plans. The Authority would help with managing major revisions to the statewide database to allow for a centralized information technology platform that warehouses the EEPS data from all program administrators to provide better sharing of program data, and managing guidelines and cost-effectiveness criteria.

The proposal also describes a new customer-centric model which involves a statewide energy program using a single statewide application form, an online fulfillment portal, a uniform marketing message and a coordinated outreach strategy. The Authority and the utilities would establish a new collaborative relationship where programs at the sector level would be integrated. The proposal provides 120 days for the Authority and the utilities to agree on a joint organizational structure to ensure program integration.

In addition to the new administrative functions, the Authority would remain the program administrator with primary responsibility for Advanced Programs defined as comprehensive, deep energy savings, and zero energy projects, and integrating financing and renewables with energy efficiency. Utilities would continue as program administrators with primary responsibility for Introductory Programs. The PSC would establish goals within each utility, but

at the individual sector level. Efforts of utility and Authority programs would each contribute toward meeting the goals.

Other key items contained in the proposal include creating a single, fuel-neutral fund instead of separate electric and natural gas funding streams, resolving the issue of data accessibility by establishing a commission item leading to the utilities sharing their customer data with the Authority, and revising the cost-effectiveness screening test.

All of the proposed changes would take place in the next iteration of EEPS, starting in 2016. However, there are a number of plan changes that are proposed to take effect prior to that start. These changes include eliminating the need for DPS approval to allow program administrators to reallocate budgets and targets within a sector and to allow program administrators to revise incentive levels. The requirement that each measure must pass a cost-effectiveness test and the need for DPS approval to allow program administrators to borrow funds from future years' program budgets will also be eliminated. Lastly, the reporting requirements will be reduced from monthly to quarterly and reporting requirements for outreach and marketing activities will either be reduced or eliminated.

The proposal has already been issued in accordance with the State Administrative Procedures Act and comments are due in October 2013. DPS staff hopes to implement EEPS program changes during the first quarter of 2014.

In response to an inquiry from Mr. Kauffman, Mr. Barone indicated that DPS and PSC do not have the staffing resources to manage EEPS the way it has been designed and that in combination with suggestions of the Moreland Commission, the administration of energy efficiency programs had to be revised. With the start of Chair Zibelman's tenure, DPS took the opportunity to take a look at its available resources and what its primary role should be. DPS made this proposal to reallocate its resources to make everything more efficient.

Ms. Zibelman added that when the PSC sat down as a Commission and reviewed the Moreland Commission report, it recognized that the DPS is better at setting goals and objectives

for programs and not micromanaging those programs. Ms. Zibelman stated that the PSC would like to put DPS in an oversight role where it is responsible for setting goals and objectives. In addition, the PSC wanted to allow the utilities to operate more standard programs. Ms. Zibelman stated that this approach will allow DPS to partner with the Authority as a sister agency to work together to get things done.

Mr. Rhodes commented that he appreciates the initiative and that it will go a long way to achieve more of the Authority's goals.

Mr. Burke stated that the objectives that have been laid out are the right ones and are moving the State in the right direction.

Mr. Kauffman then indicated that the last item on the agenda was other business.

Mr. Kauffman advised that Authority staff has contacted each of the Members' offices and provided meeting dates for Board and Committee meetings in 2014 in order to have the dates marked on Members' calendars. He encouraged everyone to keep those dates reserved so that the Board can obtain the quorums needed to do business, as well as have the benefit of the participation and expertise of as many Members as possible.

Mr. Kauffman asked if there was any other new business.

Dr. Thorndike stated that from December 2011 when Governor Cuomo named previous Chairman DeIorio to the Public Ethics Commission until June 2013 when Richard Kauffman assumed the position of Chairman, the Board had an 18 month period in which, because there was no Vice Chairman, the Chairman's responsibilities fell to the President. Dr. Thorndike stated that although Mr. Murray did well over those 18 months, she suggested implementing what the enabling act for the Authority provides – a Vice Chairman that is named by the Board Members.

Mr. Brodie advised that a Vice Chairman is permissible under the Authority's enabling statute. Dr. Thorndike urged the Members to name a Vice Chairman, stating that the only

responsibilities of a Vice Chairman would be to replace the Chairman when he or she is not present to run meetings.

Mr. Elliman suggested that the Governance Committee take up the issue of a Vice Chairman at its January 2014 meeting.

Mr. Kauffman acknowledged that Mr. Burke has announced he will be retiring and moving on to the next phase of his life and congratulated him on this announcement. Mr. Kauffman went on to acknowledge Mr. Burke's great contribution to the industry, to his company and his continued support to NYSERDA.

Upon motion duly made and seconded, and by unanimous voice vote of the Members, the meeting was adjourned.

A handwritten signature in black ink, appearing to read 'H. Brodie', is positioned above a horizontal line.

Hal Brodie
Secretary

September 17, 2013

NOTICE OF MEETING AND AGENDA

TO THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY:

PLEASE TAKE NOTICE that a regular Meeting (the 220th meeting) of the New York State Energy Research and Development Authority will be held in the Authority's Albany Office at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office at 485 Seventh Avenue, 10th Floor, New York, New York, and by video conference in the Authority's West Valley Office at 9030-B Route 219, West Valley, New York, on Monday, September 30, 2013, commencing at 12:00 noon, for the following purposes:

1. To consider and act upon a resolution commending Francis J. Murray, Jr. for his service to the Authority.
2. To receive from the Program Planning Committee and the Waste and Facilities Management Committee reports concerning, and to consider and act upon a resolution approving, revisions to the Authority's Fiscal Year 2013-14 budget.
3. To receive from the Program Planning Committee and the Waste and Facilities Management Committee reports concerning the Authority's Fiscal Year 2014-15 Preliminary Spending Plan and the Authority's State Appropriation Request For Fiscal Year 2014-15, and to consider and act upon a resolution approving the State Appropriation Request for Fiscal Year 2014-15.
4. To receive a report from the Program Planning Committee.
5. To receive from the Waste and Facilities Management Committee a report on activities related to West Valley Site Management and Radioactive Waste Policy and Nuclear Coordination.
6. With respect to matters considered by the Audit and Finance Committee:
 - a. to receive a report on the Green Jobs – Green New York financing program;
 - b. to receive a report on the recent activities of the Director of Internal Audit;
 - c. to receive a report on the status of the Authority's response to the internal Data Quality Audit; and

New York State Energy Research and Development Authority

Albany

17 Columbia Circle, Albany, NY 12203-6399
(P) 1 (866) NYSERDA | (F) (518) 862-1091
nyserda.ny.gov | info@nyserda.ny.gov

Buffalo

726 Exchange Street
Suite 821
Buffalo, NY
14210-1484
(P) (716) 842-1522
(F) (716) 842-0156

New York City

485 Seventh Avenue
Suite 1006
New York, NY
10018-6815
(P) (212) 971-5342
(F) (518) 862-1091

West Valley Site

Management Program
9030-B Route 219
West Valley, NY
14171-9500
(P) (716) 942-9960
(F) (716) 942-9961

- d. to receive a report on various audits of the Authority by the Office of the State Comptroller.
7. To consider and act upon a resolution approving a periodic procurement contracts report.
8. To receive a report on one of the Authority's ongoing programs.
9. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations. The Authority will be posting a video of the meeting to the web within two business days of the meeting. The video will be posted at <http://www.nyserda.ny.gov/en/About/Board-Governance/Board-and-Committee-Meetings.aspx>.



Hal Brodie
Secretary