PROGRAM PLANNING COMMITTEE
OF THE
NEW YORK STATE
ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

Minutes of the 82nd Meeting
Held on January 15, 2013

Pursuant to a Notice and Agenda dated January 3, 2013, the Program Planning Committee ("Committee") of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY held a meeting at 10:30 a.m. on Tuesday, January 15, 2013, at the Authority's Board Room at 17 Columbia Circle, Albany, New York, and by video conference in the Authority's New York City Office, located at 485 Seventh Avenue, 10th floor, New York, New York.

The following members of the Committee were present in Albany, unless otherwise noted:

Mark Willis, Acting Committee Chair
Kevin Burke
Robert B. Catell (participated by teleconference from New York City)
David D. Elliman (participated by teleconference from New York City)
Elizabeth W. Thorndike, Ph. D.

George F. Akel, Jr., did not attend.

Also in attendance in either Albany or New York City were: Francis J. Murray, Jr., President and CEO of NYSERDA; Janet Joseph, Vice President for Technology and Strategic Planning; Tom Barone, Acting Vice President for Operations and Energy Services; Jeffrey J. Pitkin, Treasurer; Hal Brodie, General Counsel; and Valerie S. Milonovich, Senior Counsel and Secretary to the Committee; and various other members of the Authority staff.

Mr. Murray opened the meeting by introducing Acting Chairman Mark Willis who agreed to succeed Mr. George Akel by assuming the responsibilities of Chair of the Program Planning Committee.

Acting Chairman Willis called the meeting to order, noted the presence of a quorum and stated that a Notice of the meeting (see Exhibit A) was mailed to Committee members and the press on January 3, 2013. Each of the Committee members introduced themselves.

The first item on the Agenda was to consider approval of the minutes of the Committee held on September 24, 2012. Noting no changes, upon motion duly made and seconded, and by unanimous voice vote, the minutes of the 81st meeting of the Committee held on September 24, 2012, were approved.

Mr. Willis turned the floor back to Mr. Murray who provided an update on recent Authority activities and announcements stemming from the Governor's State of the State address. Mr. Murray reported on the appointment of Richard Kauffman as the Cabinet-level Governor's "Energy Czar." Mr. Murray provided information on Mr. Kauffman's background, including that he worked at the U.S. Department of Energy and has a strong background in finance. Mr. Murray noted that Mr. Kauffman had reached out to the NYSERDA Officers for information and he is expected to begin his new duties during the first week of February 2013.

Mr. Murray reported that in the aftermath of Hurricane Sandy, Governor Cuomo appointed several commissions (the Ready Commission, the Response Commission, the 2100 Commission, and the Moreland Commission) to investigate state emergency planning and response, the Long Island Power Authority (LIPA) and utility performance, and to look at any overlapping jurisdictions of State entities whose primary mission involves energy. The State entities include the Public Service Commission (PSC), LIPA, the New York Power Authority (NYPA), and NYSERDA. Each of the Commissions is expected to release reports and recommendations. The Moreland Commission issued its interim report on January 7, 2013, and its primary focus was on LIPA, the PSC, and the utilities. There are also some important recommendations that directly affect the Authority and its relationship with other State entities with regard to energy policy. Mr. Murray mentioned four specific recommendations:

1. To provide a unified management structure for the Department of Public Service (DPS) and the Authority to achieve greater efficiencies and coordination for policy making. The core functional structures of both would be maintained by each, but common functions regarding energy planning, policy and implementation would be combined.
2. To synchronize clean energy program administration between the Authority and DPS to bolster the ability to meet the core functions.
3. To create a single office to combine staffs of both the Authority and DPS to address energy markets, energy policy and planning, and emergency response. The intent would be to create a more unified and effective implementation of these activities and a further streamlined State energy planning process.
4. To clearly delineate energy emergency activities between the Authority, PSC and the utilities to reduce program redundancy, overlap, and inefficiencies.

Mr. Murray provided a handout for Board members that extracts all sections of the Governor's 2013 State of the State Address that concern the Authority or addressed matters that the Authority has engaged in (such as economic development and storm response). These items represent initiatives that the Authority is either now responsible for or could be in the future. From the State of the State address, Mr. Murray provided highlights of a few of the key recommendations:

- To create a $1 billion Green Bank using fund from the Energy Efficiency Portfolio Standard (EEPS), Renewable Portfolio Standard (RPS) or System Benefits Charge (SBC) that will be leveraged to attract private investment. The Authority was named in the announcement as the administrator of the Green Bank which will be used to fund energy efficiency and clean energy improvements. There will also be efforts to achieve contract and project standardization, data collection and dissemination, and project aggregation.

- To extend the NY SUN solar jobs program initiative beyond 2015 until 2023, at existing annual funding levels. This is expected to provide greater stability for solar developers and greater private investment in solar photovoltaic systems.

- To create the Charge NY Plan to spur the development of 3,000 electric vehicle charging stations across the State. Funding will be at $50 million over five years and will include funding for NYSERDA, NYPA and a new State tax credit. The goal is to create a Statewide public and private network of electric vehicle (EV) charging stations and to lay the foundation for greater private investment and deployment of plug-in vehicles. Regulatory reform will be needed at the State and local levels, as well as educational programs about benefits of plug in vehicles.

- To strengthen the Regional Greenhouse Gas Initiative (RGGI) by further reducing the cap and decreasing the level of greenhouse gas emissions below current limits. Program modifications for next phase of the RGGI program will occur in collaboration with nine other participating states. Other issues to address include investment in the repowering of certain existing power plants and addressing the reduced tax revenue challenges of the affected local communities upon any closures of coal-fired power plants.

Mr. Murray also mentioned that the State of the State address contained a number of very aggressive economic development initiatives, many of which mirror efforts in which the Authority is already engaged. The Authority will continue to work closely with the Department of Economic Development and the Governor's Office on these initiatives.

It is also anticipated that the Authority will be involved in Hurricane Sandy storm response activities. The Governor-appointed commissions are expected to report shortly and many of the discussions have shown their deep engagement in fuel inventories and addressing the gaps in information and system enhancements, as well as efforts to harden and improve resiliency of utility infrastructure and buildings. There are a number of recommendations regarding the potential deployment for new technologies (such as distributed generation, micro grids, and smart grids) although many details are still under development.

Dr. Thorndike expressed her agreement with the recognition that Hurricane Sandy was not an isolated incident and represents a real climate change issue. She is personally delighted to hear of the appointment of Mr. Kauffman and the recognition of the centrality of energy to everything related to the present and future of the State. She inquired as to whether there may be any additional funds associated with the Authority's responsibilities for the Green Bank, or whether it was meant to be a reallocation of funds and staff. Mr. Murray responded that there will be an assessment as to how and where the Authority has allocated resources, and to the extent possible, the Authority will manage with existing resources. However, if additional resources are required, Authority management will approach the Board and the PSC. Mr. Murray added that there is a modest increase in budget this year intended to fund about a half dozen positions, which should provide some additional flexibility. He also added that how storm response activities are managed will depend on the specific recommendations of the Governor, but the current expectations are that any new activities will be managed through existing resources, including the planned new positions. Mr. Willis added that his impression is that there would be no additional resources provided.

Mr. Burke reiterated Dr. Thorndike's comments regarding Hurricane Sandy, adding that one should not perceive the event as a 50-year or 100-year storm, but part of a continuing pattern of more volatile weather. He stated that a role of government should be to study the future effects of extreme weather on building code design and other infrastructure, as it is an area without adequate attention. Mr. Murray added that one of the items on the meeting agenda is a presentation on climate change and its effects and that there has been some recognition of the research supported by NYSERDA, notably the ClimAid Report, that contains a wealth of information. Mr. Murray felt that one of the most important State of the State statements made by the Governor is that climate change is real and needs to be addressed. Dr. Thorndike pointed out that this type of weather pattern was predicted 25 years ago, but it was predicted to occur much farther into the future.

Mr. Catell stated that, after hearing all that had been reported in Mr. Murray's remarks, the Authority will continue to have a full plate, and there could be a significant impact on where the Authority spends its dollars. He felt that the Board needs to focus on the implications of any reallocations and any corresponding changes in focus.

Mr. Willis, following up on Mr. Catell's statements, asked Mr. Murray his thoughts on the process and timing of all of the initiatives in order to gain some context. Mr. Murray responded that there are many unanswered questions at this time, but he anticipates that upon Mr. Kauffman's arrival, fairly quick action will occur. He expects that there will be discussions involving DPS on the reconfiguration of resources provided by the PSC funding to supplement the discussions that have begun internally. Mr. Murray added that, in his opinion, action on the major initiatives announced, such as the Green Bank, the extended solar program, and Charge NY, will occur very quickly.

Mr. Willis inquired as to how much of the Authority funding is provided through legislation, how much is flexible and through regulation. Mr. Murray stated that very little of the funding (about $40 million annually) is provided through legislation to cover operations and manage the site at West Valley and implement Policy and Planning. The funding for the new initiatives will likely not be appropriated funds, which does provide more flexibility than if they were provided through the legislative and appropriations process.

Sewer Dedication at Saratoga Technology and Energy Park (STEP)

Mr. Brodie presented the item regarding the dedication of a sewer line for a new building at 20 Tech Trail at the Saratoga Technology and Energy Park (STEP) and consideration of a Deed of Dedication, a Permanent Right of Way and Easement, and a Guaranty with Saratoga County Sewer District No. 1 to allow the Authority to transfer the title for sewer lines and ancillary equipment located at STEP to the Saratoga County Sewer District No. 1. To effectuate the transfer, the Saratoga County Sewer District requested that the Authority's Board of Directors provide a resolution evidencing approval for the Authority to enter into the transaction.

Mr. Brodie explained that this type of transfer of a sewer system to a county sewer district is common and standard practice between developers of commercial and residential developments and municipalities. The Saratoga County Sewer District No. 1 will be responsible for maintaining and repairing the sewer system in perpetuity. The Board has approved similar transactions on two previous occasions for sewer lines at STEP.

In April, 2011, the Board approved a ground lease with STEP Tech, LLC which is associated with the Jersen Construction Group to build 20 Tech Trail. The lease called for Jersen to extend the sewer line and to connect the extended line to the building. This was done during 2011 and 2012.

Under the Deed of Dedication NYSERDA agrees to dedicate "all rights, title and interest in and to those pipes, conduits, manholes, pumps, sanitary sewer pump station and other related equipment and fixtures, exclusive of grinder pumps, constituting the sanitary sewer system installed within the easement areas..." to the Sewer District.

In the Permanent Right of Way and Easement NYSERDA grants the Sewer District a "permanent non-exclusive right of way and easement for the installation, maintenance, inspection, repair, relining, removal, replacement, improvement, use and operation of a sanitary sewer line."

The Guaranty obligates NYSERDA to reimburse the Saratoga County Sewer District No. 1 for any repair expenses incurred in the first year of transfer in excess of $3,000. After this one year period, the Sewer District will bear sole responsibility for all costs to maintain and repair the sewer system.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the resolution recommending that the Board approve the transfer of ownership of the sewer system at STEP to the Saratoga County Sewer District No. 1 was approved.

The Authority's Proposed Budget for Fiscal Year 2013-14

Mr. Pitkin presented highlights of the Authority's proposed Budget for the fiscal year ending March 31, 2014 (FY 2013-14). Mr. Pitkin reported that Authority revenues are budgeted at $672.6 million for FY 2013-14, an increase of $91.3 million (15.7%) from the prior year. Significant changes from last year's budget provided by Mr. Pitkin include:

- an increase in scheduled collections under the Energy Efficiency Portfolio Standard program pursuant to a PSC Order extending the program and which deferred collections from the original program authorization until 2013; and

- an increase in scheduled collections under the Renewable Portfolio Standard program. These increases are partially offset by reductions in the **New York Energy $mart**^SM^ Program collections based on the "wind down" of this program, and reductions in federal grants revenue due to the wind down of activities funded with Federal stimulus funding under the American Recovery and Reinvestment Act (ARRA).

The FY 2013-14 Budget expenditures total $820.9 million, an increase of $80.6 million (10.9%) over the prior year.

The Budget includes salary costs of $28.8 million, an increase of $2.8 million from the prior year. The majority of the increase ($1.6 million) is due to vacancies which existed in fiscal year 2012-13 and for which reduced salary costs were budgeted in fiscal year 2012-13, but a full year's salary is budgeted for fiscal year 2013-14. In addition, an increase of $835,000 is proposed to fund performance-based salary increases and payments comparable to those which may be authorized for state employees, presuming these are approved. There is a proposed increase of $387,000 to fund six additional staff positions. Based on increased program needs, five will be program positions and one will be an information technology (IT) programming position.

The Budget for fringe benefit costs is $15.4 million, an increase of about $1 million from the prior year, primarily due to an increase in projected pension contributions based on estimates provided by the New York State Retirement System, and increases in benefit costs commensurate with the increase in number of employees and salary costs. These increases were offset by an anticipated reduction in costs anticipated for post-employment health insurance under Governmental Accounting Standards Board Statement 45 (GASB45) based on a reduction in the percentage of employee and retiree health insurance paid by the Authority (and a corresponding increase in the amount contributed by employees and retirees) in 2012 based on the latest round of State employee collective bargaining agreements.

The Budget includes $7.8 million for Other Operating Costs, an increase of $1.8 million from the prior year, primarily for consultant costs associated with a database integration project to improve the management and reporting of program management information through integration with the enterprise financial management system.

The Budget for Program expenditures is $745.7 million, an increase of $74.3 million from the prior year primarily due to anticipated increases in expenditures for the Renewable Portfolio Standard and Energy Efficiency Portfolio Standard programs.

The Authority pays to the State an annual fee assessed under Public Authorities Law Section 2975 for general governmental services, referred to as the "Cost Recovery Fee," which is allocated among program activities in proportion to each program's expenditures. The Budget includes $11.6 million for the assessment, an increase of $897,000 from the prior year based on an increase in the assessment imposed by the Division of the Budget this year. In addition, since fiscal year 2004-05, NYSERDA has been required to make a payment of up to $913,000 annually to the State general fund pursuant to Article VII budget bill language. This payment obligation is expected to continue and is included in the FY 2013-14 Budget.

The Budget includes $612,000 for capital assets purchases, a slight reduction from the prior year budget.

The Budget anticipates a balance of unrestricted net assets of $3.3 million as of March 31, 2014, representing approximately 0.5% of total funding, about the same as the prior year.

Authority management believes that this amount will provide sufficient resources to meet working capital needs and unanticipated expenditures necessary to maintain public health and safety at West Valley.

Mr. Burke sought clarification regarding an allocation for performance-based salary increases. Mr. Pitkin confirmed that the $835,000 figure described assumes that the increases, should they become approved, are indeed performance-based.

Mr. Elliman inquired as to where any revenues attributable to STEP are referenced in the Budget. Mr. Pitkin clarified that for FY 2013-14, no rental revenue is assumed in light of the Board's recent approval of a sale of 10 Hermes Road. However, additional ground lease payments in the amount of $150,000 are planned.

Mr. Catell commented that this proposed Budget assumes "business-as-usual," but based on Mr. Murray's program presentation, new initiatives and changes in program activities could have a significant impact on this Budget. Mr. Catell inquired as to where will money come from to fund the Governor's new initiatives. Mr. Murray acknowledged the concern and reaffirmed that any major changes in funding will be presented to the Board for approval. Mr. Murray also added that, for many of the initiatives, the Authority is not necessarily seeking new funding. For example, the extension of the NY Sun initiative through 2023 should have no effect on the proposed Budget and the NY Charge funds are currently presented in the proposed Budget. He added that any new RGGI revenues are unlikely to be reflected in the Budget before the next fiscal year due to the nature of the regulatory process and the time that it takes to amend the RGGI Operating Plan. However, Mr. Murray pointed out that addressing issues regarding Hurricane Sandy could involve shifting resources among categories, depending on the recommendations of the Commissions. In the short run, Mr. Murray stated that there are not likely to be major changes in the overall funding levels in the proposed Budgets. With regard to some of the shifting of the research dollars, Mr. Catell suggested that it may be necessary for the Board to determine if it is within the Authority's long-term mission.

Mr. Willis inquired as to whether any potential changes to the Budget would require special meetings or telephone meetings. Mr. Pitkin reminded the Committee that it receives any necessary mid-year budget revision for consideration at its September meeting and that other material deviations could be brought to the Board either at a regularly-scheduled meeting or through a special meeting, if necessary. He clarified that, pursuant to the Open Meetings Law, all meetings must be open meetings and telephone meetings are not permitted.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the Authority's proposed Budget for the fiscal year ending March 31, 2014 (FY 2013-14), was approved.

Introduction of New Staff

Mr. Murray introduced new members of the Authority's staff including Donna Rabito, Human Resources Director, and Allyson Zipp and Laura Khoury of Counsel's Office.

Executive Session

Whereafter, upon motion duly made and seconded, and by unanimous voice vote, the Authority's Board convened in Executive Session for purposes of discussing potential litigation concerning the Renewable Portfolio Standard Program.

Upon conclusion of the Executive Session, Mr. Willis reconvened the meeting in open session and announced that no formal action was taken during the Executive Session.

Overview of Program Adjustments

Mr. Willis introduced Janet Joseph, Vice President for Technology and Strategic Planning and Tom Barone, Acting Vice President for Operations and Energy Services. Ms. Joseph and Mr. Barone presented some of the factors anticipated to have a major effect on future Authority programs and an overview of anticipated program changes that build on the initiatives mentioned during Mr. Murray's presentation.

Ms. Joseph began by mentioning three overarching factors affecting future Authority programs: 1) operating in a post-Hurricane Sandy world; 2) impacts and opportunities from the natural gas markets; and 3) the trend toward more clean energy financing options. Ms. Joseph began with a discussion of the need for resiliency and sustainability in a post-Hurricane Sandy environment. The reports to be released by the Post-Sandy Commissions are likely to provide many recommendations of relevance to NYSERDA, including recommendations to increase distributed generation and combined heat and power; advance electric vehicles; increase smart grid deployment; and change the State's approach to emergency energy response. Authority staff will review the final reports and develop implementation plans for the priority items that require NYSERDA action. The Authority's role in this arena is to focus on those areas and initiatives that advance resiliency and sustainability, as well as to continue to provide objective information on climate change impacts in New York. Initiatives being considered that align with the Authority's current mission and can, for the most part, be accommodated within the Authority's current program structure include:

- Strategies to design photovoltaic systems that can operate safely during a grid outage;
- Requiring CHP systems to use synchronous generators making them operable during grid outages;
- Considering incentives for CHP technologies installed at facilities of refuge;
- Considering incentives for energy storage in the RPS Customer-Sited Tier (CST) program;
- Repurposing the Advanced Building Consortium to focus on technologies and practices that improve both sustainability and resiliency;
- Seeking additional opportunities to include resiliency measures into the Existing Facilities and New Construction Programs to support energy storage and other technologies that advance the goals of demand reduction;
- Examining a range of smart grid technologies, including micro-grid concepts for reliability;
- Considering potential legislation that would mandate the provision of key fuel supply

information to better track petroleum fuel availability to garner more reliable and more real-time access to key information on fuel supply chain; and

- Developing a climate science clearinghouse and help to develop the climatic forecasts that can lead to smarter design of infrastructure in New York.

With regard to natural gas markets, Ms. Joseph highlighted ways that the increasing use of natural gas and its low projected prices over the near-to-mid-term affect the Authority's programs. She explained that, on the power production side, the low cost of natural gas leads to a low price in the wholesale power market, which is beneficial for the economy, yet makes it challenging to finance and build renewable power plants. This has caused a recalibration of the amount of renewable power that the Authority can deliver with a fixed budget of renewable incentives and, depending on the completed analysis, could affect the Main Tier RPS target.

Ms. Joseph also explained that, on the consumer side, lower natural gas prices make it more challenging to "sell" energy efficiency on a straight fuel cost-saving basis, necessitating a broader marketing message that includes all of the value propositions of energy efficiency including comfort, safety, environmental benefits, and reduced operation and maintenance.

The low price of natural gas also opens up new or renewed market opportunities, particularly in the transportation area with regard to compressed natural gas and liquefied natural gas.

In addressing the potential for financing options for the clean energy arena, Ms. Joseph stated that the Authority views financing as an additional tool to advance clean energy, to be added to deployment incentives and fostering innovation and business development, among others. She explained that the expansion of financing options is being explored, particularly in the context of the establishment of the Green Bank.

Mr. Burke suggested that, as the Authority considers the implications of the external drivers on its programs, they be tied to the program metrics. He suggested that this would result in a better sense of the market and lead to optimal incentive levels and financing terms.

In light of the lower natural gas prices, Mr. Elliman inquired as to whether the Authority is modeling natural gas emissions and the potential effect on climate remediation. Ms. Joseph responded that such modeling is ongoing and is factored into the RGGI program review.

Mr. Willis suggested that carbon sequestration with regard to natural gas, rather than coal, may provide another way to think differently about other program options. Turning back to financing, he also added that there is often a debate as to whether the barrier is access to financing or the cost of the financing. He also stated that it does not necessarily solve the problem when the financing is subsidized.

Mr. Pitkin added that the Authority is already engaged in Green Bank-type activities that provide financing and intervention strategies in conjunction with incentives. However, he stated that the current program efforts do not touch every sector, and there may be an opportunity to build on current efforts. He cautioned that not every consumer's needs are the same.

Mr. Willis took the opportunity to compliment the expertise within the Authority and the effort expended in the financing area to date.

Mr. Elliman added that it was his observation that the Green Bank effort seems to target a different market and a different source of collateral and security. He stated that it will be necessary to develop mechanisms to get the public comfortable with financing certain measures. Mr. Willis agreed and suggested examining multiple tools to see what makes sense.

The presentation continued with presentations by Ms. Joseph and Mr. Barone regarding descriptions of forthcoming program changes relative to the Authority's most recent Strategic Plan. Ms. Joseph began with the RPS. With regard to the RPS Main Tier Program, she briefly mentioned the submission of an Authority Petition to the PSC requesting a change to the eligibility requirements of the program to allow only New York State renewable facilities to bid into the Program in order to maximize the economic and environmental benefits of the program.

Ms. Joseph also noted that a 2013 RPS Program review is underway which may result in some program changes or downward adjustments in targets. She stated that although the production tax credit (PTC) has been renewed for one year, the low price of natural gas makes it somewhat difficult to finance new renewable power plants.

With regard to the RPS CST, Ms. Joseph reported that participation levels are very robust and that module prices continue to drop. She reported that, considering the projects in the pipeline, more PV capacity is being installed per ratepayer dollar than projected at the renewal of the program in 2011. That said, she stated that given the recently proposed increase in funding for the PV program, which could amount to about a 40% funding increase sustained through 2023, a careful look will need to be taken at the Authority's program delivery models to assess whether they can scale up or if they need to be redesigned.

Ms. Joseph also mentioned that some of the other CST markets are lagging, including the solar thermal, fuel cell, and digester markets. The Authority has just completed an evaluation of the digester market and submitted a petition to the PSC for changes to the program that should increase participation levels. Other "lagging" areas will be assessed within the 2013 RPS Review. The Authority is also evaluating whether to include a form of CST energy storage to address resiliency needs.

Ms. Joseph reported on the Authority's Technology and Market Development (T&MD) portfolio that was launched in 2013. She stated that the portfolio has nine major initiatives across power systems, advanced building systems, and clean energy infrastructure. The Authority recently received PSC funding approval for a Workforce Development initiative that will become part of the T&MD portfolio and funding for a Combined Heat and Power (CHP) Performance program that will become part of the T&MD portfolio. As previously discussed, CHP will be assessed as to how it can best play a role in improving resiliency, as will the Smart Grid, EV, Advanced Building, and Emerging Technology and Accelerated Commercialization (ETAC) Programs. Ms. Joseph pointed out that, within this portfolio, the Authority is given some degree of flexibility to adjust to the pressing needs and changing market conditions, and

Authority staff will be looking at these programs with an eye toward resiliency and sustainability.

Ms. Joseph reported that, on the policy side, there is a program review underway that would lower the RGGI cap, which as previously mentioned was endorsed by the Governor in his State of the State Address. This will likely have implications for RGGI revenue. On the program side, she mentioned an adjustment to the RGGI Operating Plan to be proposed at this meeting that would help to sustain the thriving PV market on Long Island. She also stated that the Authority has nearly completed the first phase of the Cleaner Greener Communities Program. This Program funded the development of sustainability plans for ten regions across the State. This year, the focus will be on launching a competitive process to implement individual projects that support the sustainability plans. With regard to the Green Jobs Program efforts, Ms. Joseph does not foresee any major changes over the next year, although the demand for loans in the different customer classes is being reviewed, and there may be some reallocations of funding based on any changes in demand.

Mr. Tom Barone, Acting Vice President for Operations and Energy Services, discussed the impacts of recent PSC Orders on Authority programs funded through EEPS. He noted that electric targets were reduced approximately 1 million megawatt hours (MWh) and gas targets were reduced approximately 1.6 million dekatherms. The Residential Point-of-Sale Lighting Program will receive $3.8 million from uncommitted EEPS funding and will, once again, provide incentives for certain compact fluorescent lights. The **EmPower New York** SM Program received $13.8 million in uncommitted EEPS funds to partially close a funding shortfall. As discussed earlier, approximately $58.6 million was approved for the CHP Performance Program in the T&MD Portfolio. The Workforce Development Program was approved to use $24 million in uncommitted funds, and the entire program was moved from the EEPS portfolio into the T&MD Portfolio.

Mr. Barone reported that Authority staff is working with the Governor's office on a proposal for backup generation at petroleum terminals, pipelines, and retail gas stations in the New York City area. Also, Authority staff is working with the Consolidated Edison Company of New York, Inc. staff on a filing due by the Company to the PSC on February 1, 2013, that will propose contingency plans in the event that the Indian Point nuclear reactor is not relicensed and subsequently shut down.

Mr. Burke asked about the reauthorization of incentives for compact fluorescent lighting and the status of market acceptance. Ms. Karen Hamilton, Director of Residential Energy Services, responded that, after additional analysis and despite the fact that many households have adopted this technology, it was found that there is still a significant amount of energy savings potential to be achieved.

Mr. Willis sought and received clarification on the schedule for the phase-in of the new lighting standards.

Amendment to Regional Greenhouse Gas Initiative (RGGI) Operating Plan

Mr. David Coup, Assistant Director for the Authority's Energy Analysis Program, presented a proposed amendment to the RGGI Operating Plan in response to Hurricane Sandy, whose impacts are unprecedented and have imposed significant financial hardship on several New York utilities and their ratepayers. During its recent 2013 budget review, LIPA) requested that RGGI funding be made available to help sustain support for its growing PV market. The proposed amendment would provide $14.6 million of RGGI funds to be allocated to support the solar programs administered by LIPA on Long Island. Mr. Coup explained that the use of RGGI funds to support LIPA PV initiatives has precedent since previous funding (about $6 million) was provided to support LIPA's Solar Pioneer Program under an earlier version of New York's RGGI Operating Plan.

In analyzing the request, Authority staff conducted a review of existing RGGI programs to identify a way to facilitate this transfer that would have the least adverse impact on the overall portfolio. The approach outlined in the proposal allows for existing program elements to remain intact on a scaled-back or deferred basis for those initiatives that are impacted by the transfer. Funding will be replenished from future auction proceeds. These adjustments will be factored into the development of the forthcoming 2013 RGGI Operating Plan Amendment that will be developed this spring and presented to the RGGI Advisory Group, as well as the Authority's Board of Directors.

Dr. Thorndike commented that the Authority is making plans to assist LIPA when, in fact, no one is sure it is an entity that will continue to exist. Mr. Murray responded that the request for help stems from the desire to avoid any retrenchment from the energy efficiency and renewable energy achievements on Long Island. The Authority is in a much better position financially to help LIPA with its renewable energy momentum.

Mr. Burke inquired as to whether LIPA was reducing its own support for this activity. Mr. Willis commented that this offered funding sustains an important effort. Mr. Murray added that that this is a one-year injection of funding.

In referring to LIPA's oversubscribed feed-in tariff for PV, Mr. Catell asked as to the justification for this additional subsidy. Ms. Joseph clarified that LIPA's Solar Pioneer Program supports a different market segment. Mr. Murray added that no other utilities are directly implementing PV programs, and he briefly mentioned other successful RGGI-funded efforts such as the College of Nanoscale Science and Engineering and the Cleaner, Greener Communities Program.

Whereafter, upon motion duly made and seconded, and by voice vote, the resolution approving the amendment of the Regional Greenhouse Gas Initiative Operating was approved, with Mr. Burke abstaining.

Program Highlight Report: Industrial Process and Efficiency Program (IPE)

A presentation was provided by Brian Platt, Program Manager in Energy Efficiency Services (EES) and Jennifer Meissner, Program Manager, Program Management and Evaluation

Services (PMES) on program highlights and evaluation activities regarding the Industrial and Process Efficiency Program (IPE).

Mr. Platt stated that the objective of the IPE is to promote industrial and data center process and efficiency improvements. He presented the most recent budgets and targets for the Program and stated that the Program has the largest electric (800,000 megawatt hours) and gas targets (2,940,000 million British thermal units) of any program in the EEPS portfolio. He also added that the Program delivers energy savings at the lowest cost per megawatt hour, or British thermal unit (Btu), than any program in the EEPS portfolio. To date, about 700,000 customers have been served by the Program.

Mr. Platt described the primary IPE Program objectives as being: 1) customer-focused on process improvements; 2) leveraging future economic activity; and 3) fostering the implementation of more efficient technologies that reduce energy bills for participants. He also described the stakeholder process that informs program design and provided examples of changes made to the Program based on this input. Changes include increasing and customizing incentive caps for certain categories of customers, simplifying the application process, and creating key account managers to provide more personal service.

Ms. Meissner concluded the presentation on the IPE Program by presenting detailed information on the process and impact evaluation activities conducted during 2011 and 2012. Ms. Meissner described these efforts as assessing the effectiveness of the Program's outreach, marketing, and operational processes, as well as determining the electric and natural gas savings attributable to the Program.

With regard to the process evaluation efforts, Ms. Meissner reported key findings and recommendations, noting a high participant satisfaction with contractors, the amount of incentive payments, and the technical reviewers. Lower satisfaction rates were reported regarding application processing timeframes. Results also indicated a need for ongoing outreach activities, a stronger program "branding" effort, and clarification of energy savings calculation methodologies.

With regard to impact evaluation efforts, Ms. Meissner reported good realization rates for the electric, natural gas, and summer peak demand energy savings attributable to the Program. Future impact evaluation work will include incorporating the interactive effects of heating, ventilation and cooling on lighting. Efforts will also include instituting a longer program measurement and verification (M&V) period for large energy savers in response to results that indicate that projects receiving program-sponsored M&V more accurately captured actual energy savings.

Mr. Willis remarked that this information was very useful and asked how these results are incorporated into the management of the programs as a means of continually improving program efforts. Mr. Platt responded by stating that program staff have been working on efforts to continually improve programs long before the advent of the energy efficiency portfolio standard and such information is often used to determine whether to improve an existing program or to design a new program. Mr. Platt also mentioned the continual coordination with the Authority's stakeholders on program design and improvement.

Ms. Meissner responded by stating that the goal is to make evaluation results as relevant and timely as possible. Ms. Joseph added that, with the creation of the new PMES group, evaluation efforts are now structurally built into the corporate assessment.

Mr. Murray added that the Authority also works closely with the Empire State Development Corporation to ensure that the Authority's efforts continue to make a real difference. He stated that the success of the data center effort is a result of the partnership and cooperative relationship between the Authority and Consolidated Edison.

Mr. Willis indicated that the last item on the agenda was other business and asked if there were any other matters the Committee members wished to discuss. There being none, upon motion duly made and seconded, and by unanimous voice vote, the meeting was adjourned.

Respectfully submitted,

Valerie S. Milonovich

Valerie S. Milonovich
Secretary to the Program Planning Committee

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Exhibit A

NOTICE OF MEETING AND AGENDA

January 3, 2013

TO THE MEMBERS OF THE PROGRAM PLANNING COMMITTEE:

PLEASE TAKE NOTICE that a meeting of the Program Planning Committee (the 82nd 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, located at 485 Seventh Avenue, 10th floor, New York, New York, on Tuesday, January 15, 2013, commencing at 10:30 a.m., for the following purposes:

1. To receive a report from the President and CEO on various new initiatives and priorities of the Authority.

2. To consider and act upon the minutes of the 81st meeting of the Program Planning Committee held on September 10, 2012.

3. To consider and act upon recommending approval of a transfer of title of sewer-related ancillary equipment and for a Permanent Right-of-Way and Easement between the Authority and the Saratoga County Sewer District No. 1 at STEP.

4. To receive a report from the Treasurer and to consider and act upon a resolution recommending the approval of the Authority's fiscal year 2013-2014 Budget.

5. To consider and act upon a motion to enter into executive session for the purpose of discussing potential litigation concerning the Renewable Portfolio Standard Program.

6. To receive a report from the Vice President for Technology and Strategic Planning and the Acting Vice President for Operations and Energy Services on program directions.

7. To consider and act upon a resolution recommending that the Board approve revisions to the Regional Greenhouse Gas Initiative (RGGI) Operating Plan.

8. To receive a report on program highlights of the Authority's Industrial and Process Efficiency Program and Environmental Monitoring, Evaluation, and Protection Program.

9. To transact such other business as may properly come before the Committee.

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Members of the public may attend the meeting at either 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.

Valerie A. Milonovich

Valerie S. Milonovich
Secretary to the Program Planning Committee