Reforming the Energy Vision

Clean Energy Fund

NEW YORK STATE OF OPPORTUNITY. | NYSERDA

Frequently Asked Questions

The Clean Energy Fund (CEF) is designed to deliver on New York State's commitment to reduce ratepayer collections, drive economic development, and accelerate the use of clean energy and energy innovation.

Q: How does the Clean Energy Fund (CEF) tie into the Clean Energy Standard (CES)?

A: The CEF supports Governor Cuomo's aggressive CES commitment that will require 50% of New York State's electricity to be sourced from renewable energy sources by 2030, while reshaping the State's energy efficiency, clean energy, and energy innovation programs. It reduces the cost of clean energy by accelerating the adoption of energy efficiency to reduce load while increasing renewable energy to meet demand.

Q: How will the CEF reshape the State's clean energy programs?

A: The CEF reinforces New York State's commitment to accelerate the use of clean energy, improve its economic competitiveness, and protect the environment by reshaping the State's energy efficiency, renewable energy, and energy innovation programs. It is key to achieving the State's CES commitment that will require 50% of New York State's electricity to be sourced from renewable energy sources by 2030.

It delivers market solutions that:

- Reduce greenhouse gas emissions
- Accelerate growth and scale-up the State's clean energy economy
- Mobilize and increase private investment in clean energy
- Deliver energy bill savings due to reduced energy use
- Increase statewide energy efficiency and renewables
- Increase fuel diversity
- Ensure continued access to clean energy for low- to moderate-income customers

Q: Why is NYSERDA going in this new direction?

A: New York State is undertaking a substantial restructuring of its energy regulatory environment and clean energy programs through Reforming the Energy Vision (REV). Through the CES, it requires that 50% of New York State's electricity to be sourced from renewable energy sources by 2030. New approaches will meaningfully increase the scale of clean energy in New York State and achieve the level of energy savings and greenhouse gas reductions that are core State policy objectives.

Q: How much will ratepayer collections decline as a result of the CEF?

A: By 2025, total annual ratepayer collections for NYSERDA activities will be reduced by $1.5 billion, with $91 million of those reductions in this year alone. While collections are decreasing, the CEF will potentially create more than $39 billion in customer bill savings over the next 10 years. Through innovative projects and private-public partnerships, the focus will be on reducing greenhouse gas emissions, making energy more affordable through energy efficiency and distributed, renewable generation sources, and mobilizing private-sector capital. To tap this potential, all of the State's clean energy efforts need to become more efficient and strategic so that each dollar of clean energy spending achieves greater savings and animates market participation and investment.

Q: Given the CEF will result in a decline in collections, won't this hurt the progress made on the environment?

A: No. As the CEF progresses, private market investment will incrementally take the place of ratepayer funding. Through this strategy, the State will be better able to meet its climate and clean energy goals. The CEF is only one part of the broader State policy framework and we expect utilities and other partners to participate in the clean energy market and to further invest in clean energy.

Q: What is happening with NYSERDA incentives?

A: As part of the CEF, NYSERDA anticipates a continued role for incentives to aid in an orderly and smooth transition that does not disrupt progress while new solutions and initiatives begin to take hold. Many incentive-based programs will need to continue to fill market gaps and barriers that the private market is not yet addressing.

Q: How will the CEF support low- to moderate-income (LMI) energy customers?

NYSERDA recognizes that LMI energy customers must continue to have access to low- and no-cost clean energy opportunities. As a result, it will continue to provide incentives and financial support directly to LMI communities through existing programs, including over the next three years at least $234.5 million. It will complement these strategies with new initiatives that facilitate greater access to renewable energy and energy efficiency for LMI customers, including:

- Increasing clean energy in low-income affordable housing by working more closely with subsidized and public housing authorities
- Exploring opportunities to realize joint energy and health benefits of improved housing quality with other State agencies
- Building capacity in LMI communities to take control of their energy future through technical assistance and clean energy planning resources
- Developing new transaction and financing models that can attract private capital investment into the LMI sector

Q: How will the utilities and NYSERDA work together to support the State's goals?

A: NYSERDA and utilities' efforts will be designed to be complementary and deliver more comprehensive clean energy solutions. NYSERDA will collaborate actively with utilities and anticipates emergent utility clean energy programs will address critical energy efficiency program gaps.

Q: Why doesn't the CEF have specific targets for energy efficiency and renewable energy adoption?

A: The CEF estimates several key long-range outcomes – greenhouse gas emissions reduction, clean energy realized, bill savings, and private investment in the clean energy sector. Progress will be monitored and programs will be adjusted as needed to allow for greater responsiveness to changing market conditions and to optimize public investments for long-term success.

Q: What is the status of the Renewable Portfolio Standard (RPS) Main Tier?

A: The Public Service Commission has allocated $150 million for the development of new large-scale renewables power projects in 2016. As the Commission develops a CES, it will create new incentives for large-scale renewables and a new mechanism to prevent the premature retirement of safe, upstate nuclear power plants during this transition.

Q: How does the CEF tie into the New York State Energy Plan?

A: The CEF will help to implement the greenhouse gas reduction, renewable energy and energy efficiency targets in the New York State Energy Plan, which identifies policies that put the State on a pathway to achieve 80 percent greenhouse gas emissions reduction by 2050.

Q: What metrics will be used to measure progress, and how soon after the Public Service Commission issues the CEF Order will data and analytics be available to the public?

A: To have significant impact, NYSERDA will focus on – and measure – four primary outcomes:

- Greenhouse gas emission reductions
- Customer energy bill savings
- Energy efficiency and clean energy generation
- Mobilization of private sector capital

Annual investment plan filings will ensure that stakeholders are apprised of the near-term perspectives and opportunities for the Market Development and Innovation and Research portfolios. They will include a rolling 3-year budget projection as well as an estimate of benefits based on the 3-year budget allocation.

Progress reporting on CEF initiatives will measure whether they are making the quality of progress on a required timeline to achieve success. The initial 2-year investment plan review (in 2017) and the later 3-year reviews (starting in 2020) by the Public Service Commission will include SAPA and public comment periods.

Tracking and reporting methodologies are already being implemented by new initiatives such as NY Green Bank. As NY Green Bank's investments result in material clean energy outcomes, these results are regularly reported in public quarterly and annual reports.

Q: What is the budget for the CEF?

A: The CEF is a 10-year, $5 billion commitment from 2016 through 2025.

Q: Where is funding coming from for the CEF?

A: The CEF will continue the support for clean energy programs as currently assessed through the System Benefits Charge and RPS on the bills of ratepayers of investor-owned utilities (Central Hudson Gas and Electric Corp., Consolidated Edison of New York, National Grid, New York State Electric and Gas Corp (NYSEG), Rochester Gas and Electric, and Orange and Rockland Utilities Inc.). Collections will be reduced by $1.5 billion over its ten-year life.

Q: The CEF is fuel neutral. What does this mean?

A: Previously, many programs were limited to support for projects resulting in electricity or natural gas savings. Implementation of initiatives on a fuel neutral basis will enable customers to address cost barriers to achieve energy and bill savings no matter what fuel they use. Fuel neutrality will enable New York State to increase energy efficiency at the lowest overall cost, enable greater greenhouse gas emission reductions, and stimulate economic development.

Q: How long do you expect the transition to take?

A: The REV transition and move to self-sustaining markets for clean energy will take time. Therefore, the CEF has a 10-year budget that will provide needed long-term certainty and stability to catalyze greater investment in clean energy programs, cap total ratepayer contributions, and reduce ratepayer collections levels year-by-year. We are already making progress. For example, NY-Sun has already dispersed $270 million to support deployment of solar across 30,000 homes and businesses. NY Green Bank has committed $54 million to install over 160 wind turbines and thousands of residential solar systems, along with financing to support extension of loans to as many as 12,000 homeowners for energy efficiency work and to advance PACE financing for participating municipalities across the State.

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