

Stakeholder Advisory Group Meeting

DRAFT 2021 Regional Greenhouse Gas Initiative
Operating Plan Amendment



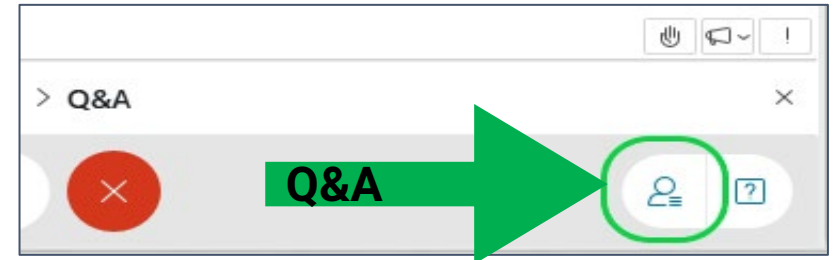
NYSERDA

December 16, 2020

Meeting Procedures

Before beginning, a few reminders:

- > This meeting is being recorded
- > For questions or comments, please use the Q&A function
- > The presentation will be made available following the meeting
- > If technical issues arise, please contact Karen Fusco at karen.fusco@nyserda.ny.gov



Opening Remarks

Agenda

- > Funding Assumptions
- > Proposed Budgets
- > Proposed Programs
- > Progress on Disadvantaged Communities Goal
- > Discussion
- > Next Steps

Funding Assumptions

Funding Assumptions

- > The Operating Plan for FY 21-22 through FY 23-24 assumes future auction allowance prices of \$6.82
 - This is the price of allowances sold during the September auction
- > NYSERDA proposes to base the future revenue prices on the September auction price, rather than the December price (\$7.41) to be conservative and in the event the December auction price is not sustained over the planning period

Funding Assumptions

Estimates of proceeds for FY 21-24 for planning purposes

	FY 21-22 Budget	FY 22-23 Forecast	FY 23-24 Forecast
Number of Allowances	21,874,920	20,993,401	19,447,553
Allowance Price	\$6.82	\$6.82	\$6.82
RGGI Auction Proceeds	\$149,186,951	\$143,174,997	\$132,632,308
Interest Earnings	\$101,000	\$73,000	\$52,000
Total Revenues	\$149,287,951	\$143,247,997	\$132,684,308

Overview of Proposed Budgets

Financial Status of RGGI Program Budgets

- > Maintains multi-year operating plan approach
- > Continues commitments in line with projected future revenue at the end of each fiscal year
- > Continues transfer to the Clean Energy Fund to align with original expectation of providing \$25 million annually by end of FY 23-24

Overview of Proposed Programs

New York RGGI Investment Strategies

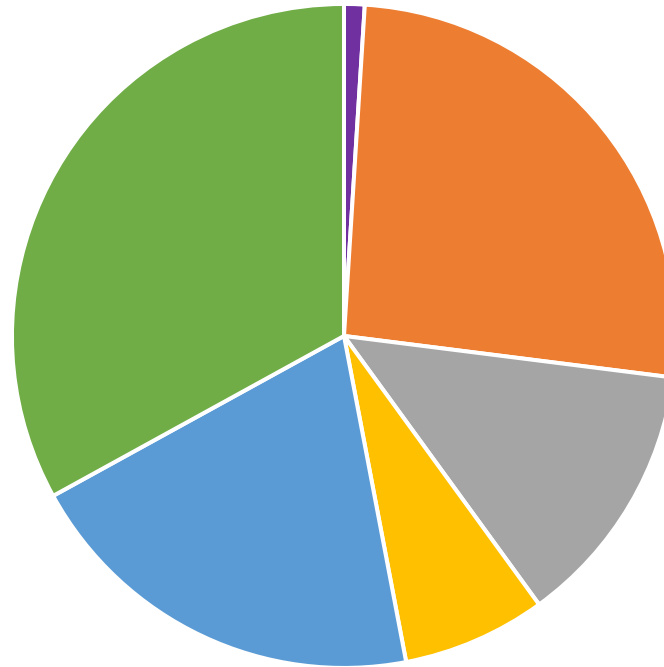
New York State invests RGGI proceeds to support comprehensive strategies that best advance the State's **CO₂** emission reduction goals through investments in energy efficiency, renewable energy, and carbon abatement technologies, pursuant to 21 NYCRR Part 507.

The RGGI portfolio is designed to achieve greenhouse gas emission reductions by:

- Deploying commercially available energy efficiency and renewable energy technologies
- Building the State's capacity for long-term carbon reduction
- Empowering New York communities to reduce carbon emissions and transition to cleaner energy
- Stimulating entrepreneurship and growth of clean energy and carbon abatement companies in New York
- Creating innovative financing to increase adoption of clean energy and carbon abatement in the State

Program Investments of \$396M for FY 21-24

- Renewable Energy
- Energy Efficiency
- Innovative GHG Abatement Strategies
- Community Clean Energy
- Clean Energy Fund
- Directed

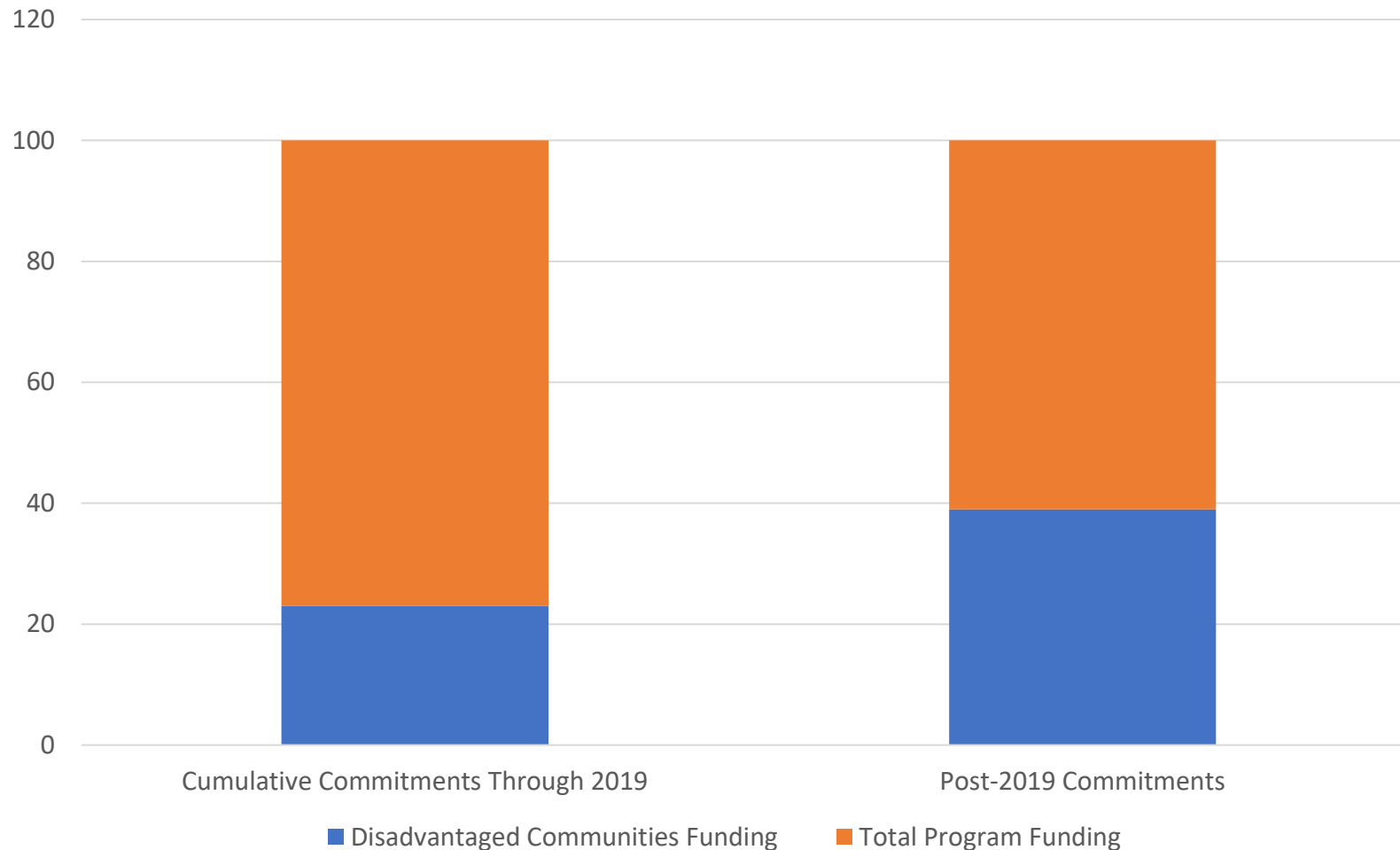


Progress to Disadvantaged Communities Goal

Disadvantaged Communities Approach

- > The 2021 Operating Plan portfolio builds on the 2020 portfolio, with an increasing focus on disadvantaged communities
- > NYSERDA's CO₂ Allowance Auction Program regulations reflect the provision of the Climate Leadership and Community Protection Act that disadvantaged communities receive no less than 35% of overall benefits of spending on clean energy and energy efficiency programs, with a goal of 40%
- > NYSERDA estimates that **39% of post-2019 commitments** are expected to provide benefits to Disadvantaged Communities, an increase from the estimate of 23% of pre-2020 portfolio commitments

Investments Benefiting Disadvantaged Communities



Post-2019 Commitments

Program	Post-2019 Commitments	Estimated Investments Benefiting LMI/DAC	%
NY Sun NYPA Customer Incentives	\$20,293,954	\$7,102,884	35%
LIPA Efficiency and EE	\$85,000,000	\$25,500,000	30%
EmPower NY	\$1,371,674	\$1,371,674	100%
Assisted Home Performance with ENERGYSTAR	\$1,246,260	\$1,246,260	100%
Pilot Projects with Municipal Utilities	\$3,000,000	\$1,050,000	35%
Disadvantaged Communities Schools/Buildings	\$37,400,000	\$37,400,000	100%
EV/Charge NY	\$65,111,601	\$9,766,740	15%
Clean Energy Communities	\$11,186,157	\$3,600,000	32%
Community Energy Engagement	\$3,724,270	\$3,000,000	81%
Priority Population Workforce Development	\$11,000,000	\$7,150,000	65%
NYS Env. Tax Credits	\$92,000,000	\$13,800,000	15%
NYS Env. Protection Fund	\$20,000,000	\$7,000,000	35%
Elec. Gen. Facility Cessation Mitigation/Just Transition	\$20,000,000	\$20,000,000	100%
Green Jobs – Green NY – Original Legislation			
Green Jobs – Green NY – Additional Funding	\$85,718,656	\$53,401,530	62%
SUBTOTAL	\$489,764,167	\$191,389,088	39%

Discussion

Next Steps

- > Submit written comments to rggiprograms@nyserderda.ny.gov by close of business on **January 6, 2021**
- > The Operating Plan Amendment will be provided to NYSERDA's Board of Directors for consideration at its January 27 meeting

Appendix: Interim Approach to Disadvantaged Communities

Disadvantaged Communities

“Disadvantaged communities shall be identified based on geographic, public health, environmental hazard, and socioeconomic criteria, which shall include but are not limited to:

- a) Areas burdened by cumulative environmental pollution and other hazards that can lead to negative public health effects.*
- b) Areas with concentrations of people that are of low income, high unemployment, high rent burden, low levels of home ownership, low levels of educational attainment, or members of groups that have historically experienced discrimination on the basis of race or ethnicity.*
- c) Areas vulnerable to the impacts of climate change such as flooding, storm surges, and urban heat island effects.”*

- > Minimum of 35% of benefits of clean energy investments and goal of 40% of benefits of broader set of investments to Disadvantaged Communities (DACs)
 - clean energy and energy efficiency programs, projects or investments in the areas of housing, workforce development, pollution reduction, low-income energy assistance, energy, transportation and economic development
- > Criteria developed by CJWG based on input from 6 public statement hearings and published for public comment on DEC website
 - Considerations include available data and methodology for defining and applying Disadvantaged Communities criteria
- > Expect criteria and definition to be established in 12 months – summer 2021 – so requires some interim approach for CEF in the near-term to make progress

Disadvantaged Communities Criteria

- > CJWG working to identify priority indicators and criteria now
- > Rubric for screening of indicators under development
- > Draft criteria expected in Q1 of 2021
- > Final criteria expected Q3 of 2021
- > Developing disadvantaged communities criteria will require:
 - Evaluation of indicators for responsiveness to CLCPA objectives, availability and granularity of data, as well as frequency of updates
 - Methodological considerations for developing a composite through the scoring or indexing of indicators
 - Addressing the weighting of downstate/upstate
 - Stakeholder engagement

Interim Approach to Disadvantaged Communities

- > Near term need to direct investments (geo-based eligibility) by NYSERDA and utilities (e.g.: EV Make-Ready, NY-Sun)
- > Need to create consistency across NYS programming and in establishing eligibility for the market
- > Use criteria that is likely to be incorporated into a final definition of a Disadvantaged Community
- > Criteria used creates categorical eligibility for projects; already familiarity among developers, financiers, contractors
- > Traditional program eligibility for LMI and affordable housing remains unchanged
- > Additional considerations for addressing DAC may be necessary depending on the initiative (e.g. workforce development, innovation, etc)
- > In place until definition finalized by CJWG and DEC public comment process

Interim DAC Criteria

HUD 50% AMI Census Block Groups	Potential Environmental Justice Areas		NYS Opportunity Zones
<ul style="list-style-type: none"> • Top quartile of census block groups where the majority of population has an annual income at or below 50% of AMI, as defined by HUD. • Top quartile selected to target areas with highest concentrations of poverty. 	<ul style="list-style-type: none"> • Established by NYS DEC • U.S. Census block groups of approximately 250 to 500 households each that, had populations that met or exceeded at least one of the following statistical thresholds: <ul style="list-style-type: none"> • At least 52.42% of the population in an urban area are members of minority groups; or • At least 26.8% of the population in a rural area are members of minority groups; or • At least 22.82% of the population in an urban or rural area had household incomes below the federal poverty level. • With updated income and race/ethnicity metrics 	<p>or</p>	<ul style="list-style-type: none"> • Tracts were selected by ESD based on recommendations from the REDCs, local input, prior public investment and the ability to attract private investment • Federal program approved low-income census tract (ind. poverty rate of at least 20%, med. family income no greater than 80% area med.) • NY has 2000+ low-income census tracts • NY was able to designate 25% (514 tracts) of its low-income census tracts as Opportunity Zones

Interim DAC Population and Geographic Coverage

Population	5,447,090/ 19,618,453 27.8%
Census Block Groups	4,145/ 15,463 26.8%
Geographic Splits (pop/blocks as % of State Population):	
NYC	19.2%/ 17.1%
Downstate (Excluding NYC)	3.3%/ 2.8%
Upstate	5.3%/ 6.8%
Geographic Splits (pop/blocks as % of Interim Criteria):	
NYC	69.1%/ 63.9%
Downstate (Excluding NYC)	11.8%/ 10.6%
Upstate	19.1%/ 25.5%

REDC	Total State Population	% of REDC Pop within DAC
Capital Region	5.5%	12.5%
Central New York	4.0%	17.0%
Finger Lakes	6.2%	17.4%
Long Island	14.5%	6.8%
Mid-Hudson	11.8%	19.5%
Mohawk Valley	2.5%	18.6%
New York City	43.0%	44.6%
North Country	2.2%	13.8%
Southern Tier	3.3%	19.9%
Western New York	7.1%	20.6%

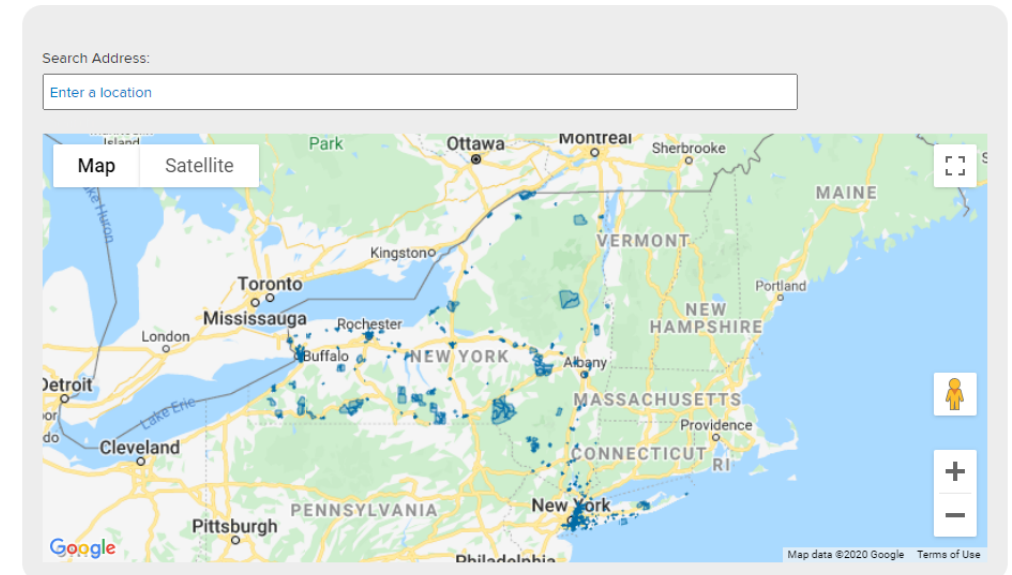
Resources

Available as an interactive map here:

<https://www.nyserda.ny.gov/ny/Disadvantaged-Communities>

The Climate Leadership and Community Protection Act (CLCPA) requires state agencies, authorities, and entities to direct funding in a manner designed to achieve a goal for disadvantaged communities to receive forty percent of overall benefits of spending on clean energy and energy efficiency programs. The CLCPA directs the [CJWG](#) to establish criteria for defining disadvantaged communities, however until the criteria is established, New York State has identified interim criteria for disadvantaged communities, which includes communities:

- Located within census block groups that meet the HUD 50% AMI threshold* (see below), that are also located within the [DEC Potential Environmental Justice Areas](#); and
- Located within [New York State Opportunity Zones](#)



**HUD 50% Threshold: Top quartile of census block groups in New York, ranked by the percentage of LMI Households in each census block. LMI Households are defined as households with annual incomes at or below 50% of the Area Median Income of the County or Metro area where the Census Block Group resides.*