

New York State Energy Research and Development Authority

Fiscal Year 2017-18 Budget and Financial Plan  
(Revised September 2017)

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CERTIFICATION

I hereby certify that, to the best of my knowledge and belief after reasonable inquiry, the budget information contained herein for the fiscal year ending March 31, 2018 has been developed based on reasonable assumptions and methods of estimation.

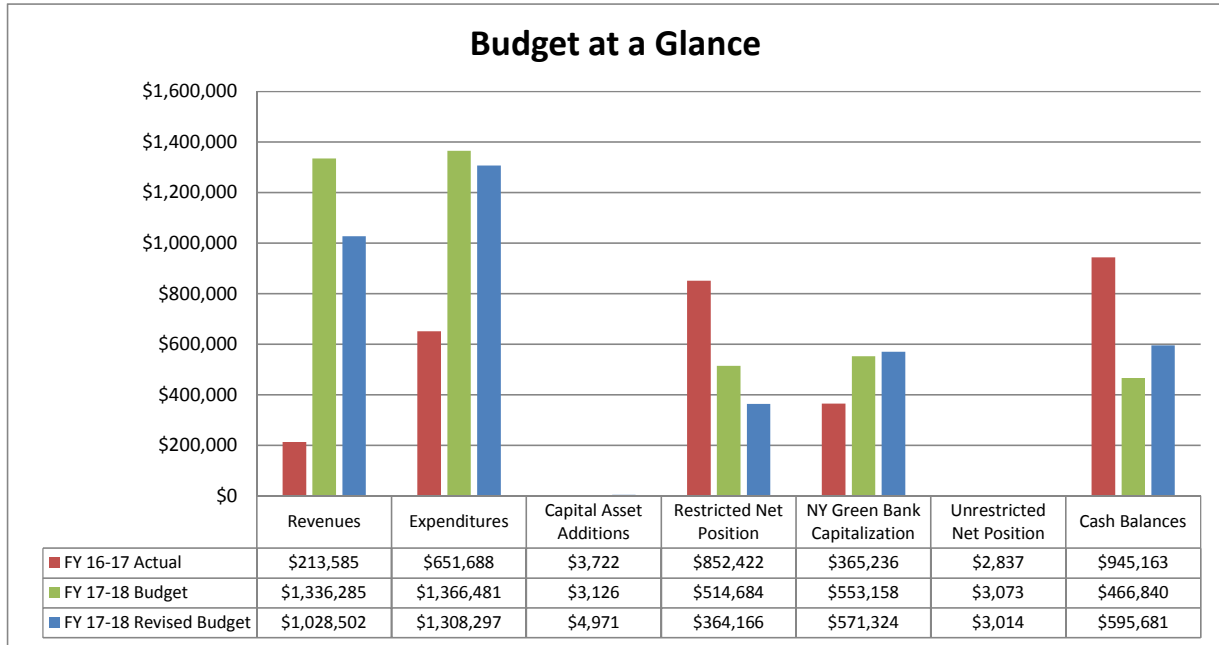
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Alicia Barton  
President and Chief Executive Officer

A handwritten signature in black ink, appearing to be 'Jeff Pitkin' in a cursive style.

Jeffrey J. Pitkin  
Treasurer and Chief Financial Officer

## Revised Budget FY 2017-18 (Amounts in thousands)



## INTRODUCTION

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

The Revised Budget for the fiscal year ending March 31, 2018 (FY 2017-18), and the Financial Plan for FY's 2018-19 to 2020-21 were prepared in accordance with accounting principles generally accepted in the United States of America.

## BUDGET PROCESS

NYSERDA's annual budget process starts with the preparation of the Authority's annual strategic program plan, which summarizes program goals and objectives using program funds anticipated to be available during the upcoming fiscal year. This document, *Toward A Clean Energy Future - A Strategic Outlook (2017-2020)*, was reviewed by the Program Planning Committee and approved by the NYSERDA Board on September 20, 2016.

NYSERDA's State Appropriation Request for FY 2017-18 was reviewed by the Board at a meeting on September 20, 2016 and was submitted to the Division of the Budget on October 3, 2016.

The FY 2017-18 Budget was originally approved by the Board at a meeting on January 24, 2017.

## PROGRAM SUMMARY

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

### Clean Energy Fund (CEF)

Pursuant to a January 2016 Order (CEF Order), the Public Service Commission (PSC) authorized a ten-year commitment through 2025 of approximately \$5.322 billion to clean energy programs through a CEF. The CEF is designed to meet four primary objectives: greenhouse gas emission reductions; energy affordability; statewide penetration and scale of energy efficiency and clean energy generation; and growth in the State's clean energy economy.

The CEF Order provided for a ten-year funding authorization of \$3.43 billion for the Market Development and Innovation & Research activities, and also provided for additional funding authorization of \$781.5 million for the NY Green Bank, \$960.6 million for NY-Sun, and \$150 million for the Renewable Portfolio Standard Program for a 2016 Main Tier solicitation. The NY Green Bank, NY-Sun, and Renewable Portfolio Standard programs are presented as separate Programs/Functions in the revised budget document as further described below.

### Market Development and Innovation & Research

The CEF Market Development activities are designed to reduce costs, accelerate customer demand, and increase private investment for energy efficiency and other behind-the-meter clean

energy solutions through strategies including financial support, technical knowledge, data, education to customers and service providers, and advanced workforce training. The CEF Innovation & Research activities are designed to invest in cutting-edge technologies that will meet increasing demand for clean energy including: smart grid technology, renewables and distributed energy resources, high performance buildings, transportation, and clean tech startup and innovation development.

#### NY Green Bank

Pursuant to a December 2013 Order of the PSC, initial funding of \$165.6 million was made available to the NY Green Bank from uncommitted NYSERDA and utility clean energy funds. In addition to the PSC Order, NYSERDA also contributed \$52.9 million of its own Regional Greenhouse Gas Initiative (RGGI) revenues to the NY Green Bank for a total initial capitalization of \$219.0 million. In accordance with a July 2015 Order, an additional \$150 million was transferred to the NY Green Bank during FY16-17. As discussed above, the CEF Order authorized incremental collections for the remaining \$631.5 million of NY Green Bank's \$1.0 billion capitalization.

The key elements of NY Green Bank's mission are partnering with private sector participants, implementing structures that overcome barriers and address gaps in current clean energy financing markets, and transforming those markets by enabling greater scale, new and expanded asset classes and liquidity. These factors combined have the objectives to motivate faster and more extensive implementation of clean energy assets within New York State, foster greater energy choices, reduce environmental impacts and accrue more green energy advantages per public dollar spent for the benefit of all New Yorkers.

#### New York Energy Smart (SBCIII)

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

#### Energy Efficiency Portfolio Standard (EEPS I-II)

Pursuant to a June 2008 and subsequent Orders, the PSC authorized an Energy Efficiency Portfolio Standard, which provided additional SBC funding for certain energy efficiency programs for program activities committed through December 31, 2011. In October 2011, the PSC authorized additional energy efficiency programs from January 1, 2012, through December 31, 2015 with collections for program funding continuing through December 2018. The CEF Order subsequently amended the period authorized for committing funds to February 29, 2016. NYSERDA is authorized to administer committed program funds until fully expended.

#### Technology & Market Development (SBC IV)

Pursuant to an October 2011 Order of the PSC, the Technology and Market Development Portfolio was established with continued funding from the SBC for program activities through December 31, 2016, and with program funding collections scheduled through December 2017. The CEF Order subsequently amended the period authorized for committing funds to February 29, 2016. NYSERDA is authorized to administer committed program funds until fully expended.

#### Renewable Portfolio Standard

Pursuant to a September 2004 and subsequent Orders, the PSC adopted a policy of increasing the percentage of electricity used by retail consumers in New York State, that is derived from renewable resources to at least 30 percent by 2015. The PSC adopted a Renewable Portfolio

Standard (RPS) that sets annual, incremental, renewable energy targets for the years 2006 through 2015, and subsequently extended through February 2016; requires the use of financial incentives to encourage the development and operation of renewable generation facilities; and adopts a central procurement model to be administered by NYSERDA. It is funded with a non-bypassable wires charge on certain customers of each of the State's investor-owned utilities scheduled through October 2024.

#### Clean Energy Standard (CES)

Pursuant to an August 2016 and subsequent Orders, the Clean Energy Standard was established adopting a State Energy Plan goal that 50% of New York's electricity is to be generated by renewable sources by 2030, as part of a strategy to reduce statewide greenhouse gas emissions by 40% by 2030. The CES is comprised of a series of deliberate and mandatory actions to enhance opportunities for customer choice necessary to achieve the State Energy Plan goal. The mandated actions are divided into two categories, a Renewable Energy Standard (RES) and a Zero-Emissions Credit (ZEC) requirement. The RES consists of an obligation on Load Serving Entities (LSE) in New York State to invest in new renewable generation resources to serve their retail customers evidenced by the procurement of qualifying renewable energy credits; an obligation on distribution utilities on behalf of all retail customers to continue to invest in the maintenance of existing at-risk renewable generation attributes; and a program to maximize the value potential of new offshore wind resources. The ZEC requirement consists of an obligation on LSEs in New York State to invest in the preservation of existing at-risk nuclear zero-emissions attributes to serve their retail customers evidenced by the procurement of qualifying zero emission credits. The RES component and the ZEC component are interrelated but the goals are additive; that is, the carbon benefits of preserving the nuclear zero-emissions attributes will not count toward achieving the required number of renewable resources to satisfy the 50% by 2030 goal. The RES and ZEC components will however, in combination, contribute toward the State's comprehensive greenhouse gas reduction goals.

#### NY-Sun

Approved through a 2012 PSC Order, the NY-Sun program is designed to develop a sustainable and subsidy-free solar electric industry through a megawatt block approach. The NY-Sun program was initially funded through \$216 million reallocated under the RPS program; as a result, certain expenditures for the NY-Sun program are included in the RPS program. The CEF Order established the incremental collection schedule and reallocation of uncommitted funds to support program activities approved through the 2012 Order.

#### Energy Research and Development

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

#### Regional Greenhouse Gas Initiative (RGGI)

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

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

#### Green Jobs-Green New York (GJGNY)

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

#### Energy and Environmental Analysis

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

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

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

Pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA is responsible for collecting information and providing regular reports to the Governor and Legislature on LLRW generation in the State. These activities are funded with a State appropriation sub-allocated from an appropriation provided to the NYS Department of Health, which is funded through an assessment collected on operating nuclear power plant licensees.

#### West Valley

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

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



## Other

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

## BUDGETARY ASSUMPTIONS

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

- The CEF Order established a “Bill-As-You-Go” approach for revenue collection under the CEF effective January 1, 2016. Under this approach, CEF ratepayer collections and the previously approved collections for New York Energy Smart, Energy Efficiency Portfolio Standard, Technology and Market Development, and Renewable Portfolio Standard programs will be held by the electric and gas utilities and used to reimburse NYSERDA for actual CEF program expenses through a monthly reimbursement process, provided that the reimbursement allows NYSERDA to maintain a sufficient cash balance based on projected expenses for the subsequent two-month period, subject to the collection amounts approved in the CEF Order. Utility surcharge assessments revenue is based on anticipated levels of FY 17-18 expenditures and NY Green Bank committed capital, prior fiscal year cash balances, and the resulting collections projected to maintain working capital pursuant to this approach.
- NY Green Bank loan interest and fees are based on estimates of committed and deployed capital.
- Allowance auction proceeds for the Regional Greenhouse Gas Initiative (RGGI) reflect the actual results for the June and September 2017 auctions and are based on a conservative adjustment to the modeling projections prepared for the RGGI Program Review.
- West Valley’s State appropriation revenue for FY 2017-18 through FY 2020-21 is based primarily on the State’s 10% share of West Valley Demonstration Project costs and the State’s share under the Consent Decree. These estimates assume future U.S. Department of Energy (DOE) annual funding of approximately \$65.0 million for FY 2017-18, FY 2018-19, FY 2019-20, and FY 2020-21, for its share of project costs.
- Interest income is based on assumed balances available for investment and based on current investment market yields.
- GJGNY budgeted loan interest income assumes additional loans to be issued during FY 2017-18 of up to \$31.9 million.
- Salary costs for current staff and funded vacant positions are based on salary grades equivalent to the State Management/Confidential (M/C) employees. Salaries also include performance-based salary increases and payments comparable to those which may be authorized for state employees.
- Fringe benefit costs are generally based on prior year actual costs as a percentage of salary costs. Post-employment health insurance premium costs for current employees and including retirees and pension expense under the Governmental Accounting Standards Board (GASB) No. 45 and GASB No. 68, respectively, are based on the most recent actuarial valuations.
- The NYS Cost Recovery Fee represents the fee paid to the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services. The FY 2017-18 Budget assumes that NYSERDA’s assessment will be \$11.6 million based on discussions with the Division of the Budget.

- The Budget includes no significant or non-recurring revenue-enhancement or cost-reduction initiatives which shift resources from one year to another.

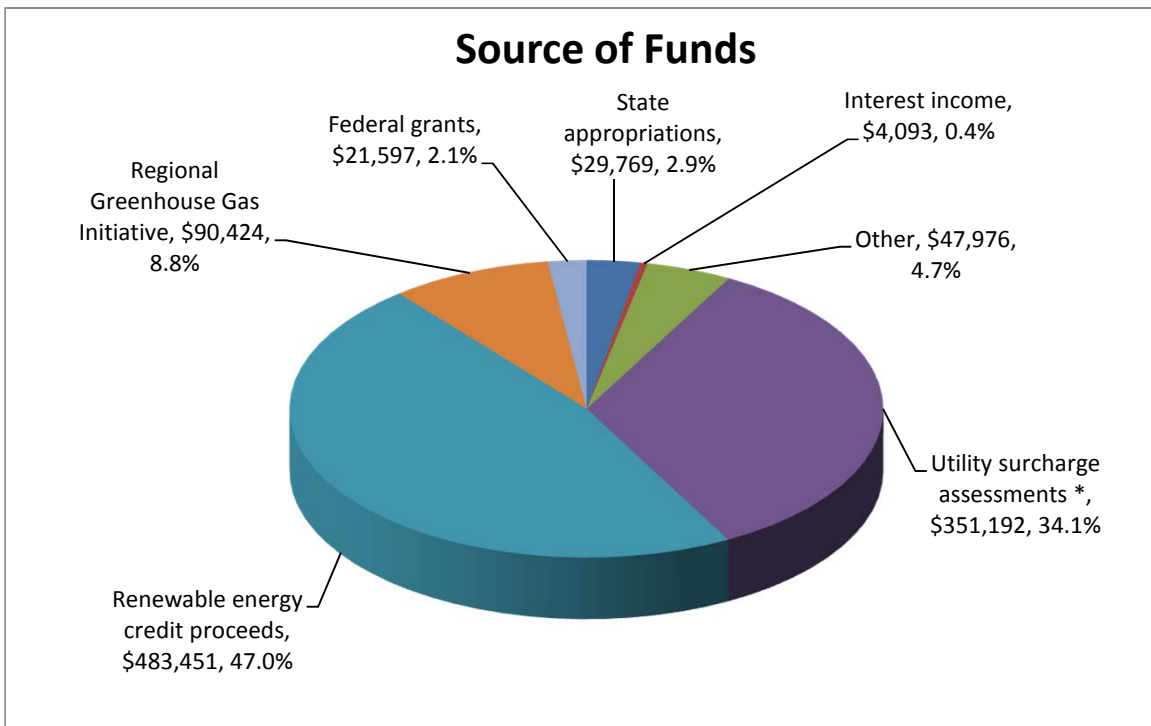
## BUDGETARY RISKS

The following is a summary of significant budgeting risks:

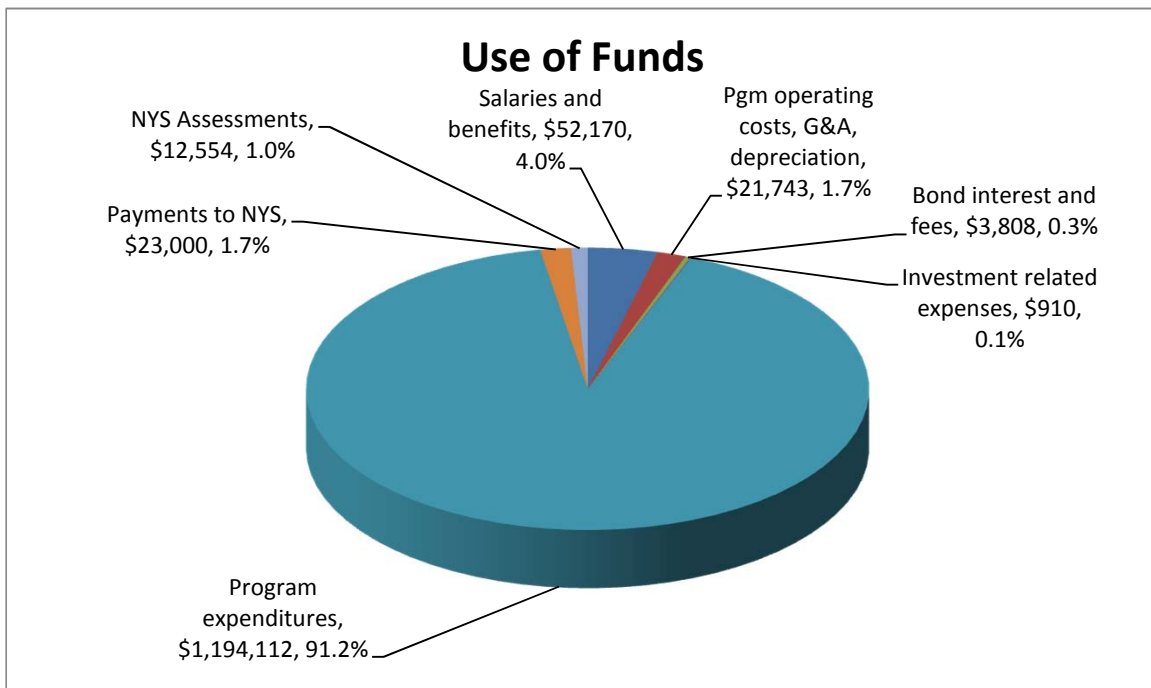
- NYSERDA's budgeting process is subject to inherent risks regarding the ability to accurately forecast revenues and expenditures.
- Over the past several years, NYSERDA has assumed responsibility for administering certain new programs, and additional program responsibilities may be added during FY 2017-18 that have not been included in the Budget.
- Recent results from auctions of allowances under the Regional Greenhouse Gas Initiative (RGGI) have shown some volatility in auction revenue. NYSERDA has developed a multi-year program planning approach for these revenues, but variations in actual proceeds realized makes it difficult to complete accurate long-term planning.
- Program expenditures for most programs are funded with revenues which are generally received in advance of expenditures. Under the modified accrual basis of accounting, these funds are recorded as revenue when received, with any unexpended funds recorded as Restricted Net Position. Timing of program activity may result in either: (1) revenues exceeding expenses during the Budget period; or (2) expenditures funded by unexpended revenues from prior fiscal periods. It is anticipated that under the CEF "Bill-As-You-Go" approach, NYSERDA will see more consistency in recording revenues in the same time period when expenditures are incurred.
- Expenditures for the West Valley program are based primarily on the amount anticipated to meet the State's share of costs for West Valley under the Cooperative Agreement and the Consent Decree which are dependent upon funds provided in the federal budget to the U.S. Department of Energy (DOE).
- Although DOE and NYSERDA have reached agreement on the allocation of costs (percentages) to be paid by each entity for remediating the West Valley site, the remedial action for several significant facilities will not be identified until 2020. In addition, DOE has taken the position that State will be responsible for waste disposal fees when high level waste on-site reaches an ultimate repository destination, a figure to be calculated at the time of disposal pursuant to the Nuclear Waste Policy Act, 42 U.S.C. 10101 et seq. The agreement between the parties left this issue unresolved, as no national repository option will be in place for many years. Although NYSERDA has advanced, and will continue to advance, legal arguments as to why this responsibility is not one that rightfully falls on the State, additional State funding may be required once the issue is resolved.
- GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, requires a biennial actuarial valuation to determine the actuarial present value of total projected post-employment health insurance benefits for retirees. The biennial valuation could be impacted by a number of assumptions, general economic conditions, and future events which could lead to higher estimated annual expenses.
- GASB 68, *Accounting and Financial Reporting for Pensions*, requires an annual valuation to determine the annual pension expense. Annual pension costs which are provided by the New York State Local Retirement System could be impacted by a number of assumptions, general economic conditions, and future events which could lead to higher estimated annual expenses.

# Revised Budget FY 2017-18

(Amounts in thousands)



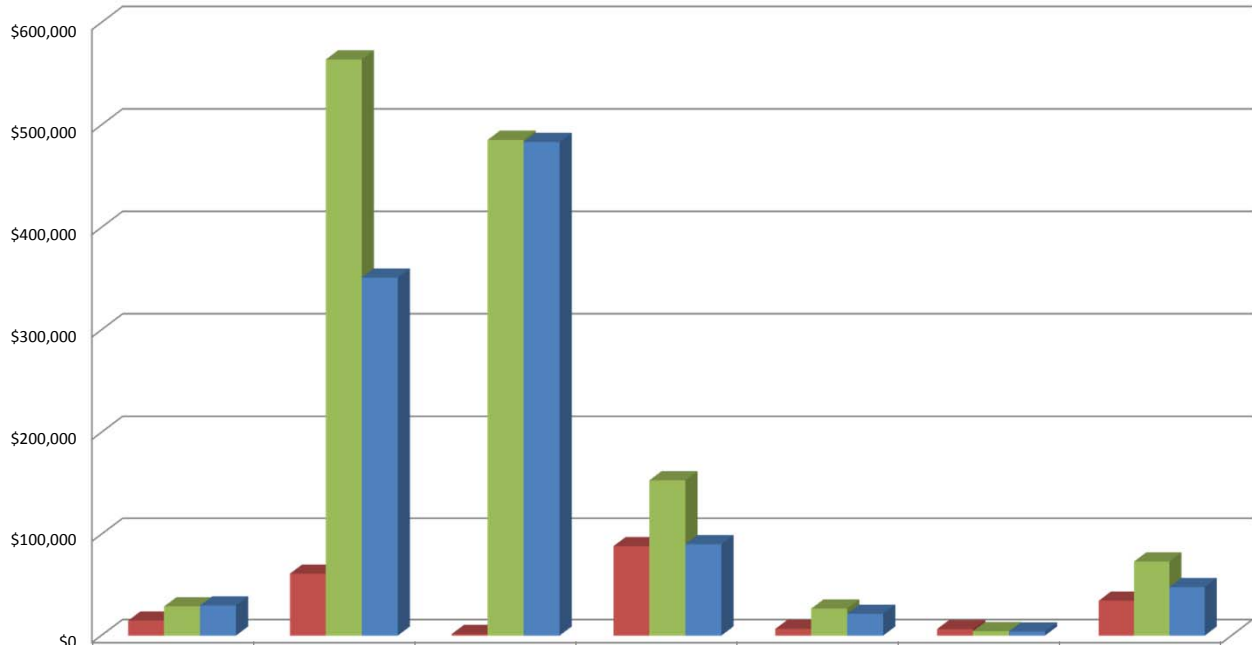
\* Represents amounts expected to be recognized by NYSERDA under Bill-As-You-Go approach while NYSERDA spends down current cash balances (utilities will hold additional amounts collected from customers which are not needed for NYSERDA's current and near-term expenditures).



## Revised Budget FY 2017-18

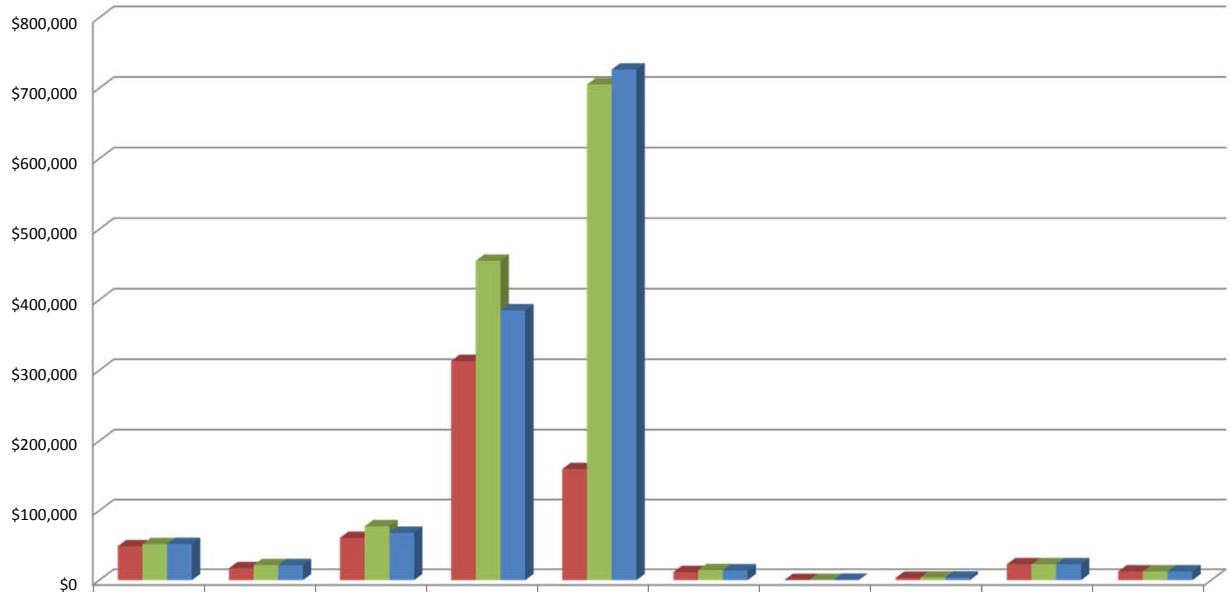
(Amounts in thousands)

### Budget Comparison: Revenues



FY 16-17 Actual	\$14,815	\$61,197	\$1,563	\$88,417	\$6,642	\$6,505	\$34,446
FY 17-18 Budget	\$28,853	\$564,090	\$485,591	\$153,370	\$26,740	\$4,385	\$73,256
FY 17-18 Revised Budget	\$29,769	\$351,192	\$483,451	\$90,424	\$21,597	\$4,093	\$47,976

### Budget Comparison: Expenses



FY 16-17 Actual	\$48,881	\$17,243	\$60,910	\$313,426	\$159,774	\$11,802	\$520	\$3,578	\$23,000	\$12,554
FY 17-18 Budget	\$51,888	\$21,750	\$77,595	\$455,387	\$705,336	\$14,606	\$485	\$3,880	\$23,000	\$12,554
FY 17-18 Revised Budget	\$52,170	\$21,743	\$68,193	\$385,187	\$726,439	\$14,293	\$910	\$3,808	\$23,000	\$12,554

NYSERDA  
 Revised Budget FY 2017-18  
 (Amounts in thousands)

	Revised Budget FY 2017-18	Original Budget FY 2017-18
Net position beginning of year	\$ 1,237,656	1,120,448
<u>Revenues:</u>		
State appropriations	29,769	28,853
Third party reimbursement	20,607	53,777
Utility surcharge assessments	351,192	564,090
Renewable energy credit proceeds	483,451	485,591
Allowance auction proceeds	90,424	153,370
Project repayments	384	600
Federal grants	21,597	26,740
Rentals from leases	1,131	1,091
Interest income	4,093	4,385
Loan interest	21,619	14,565
QECB interest subsidy	465	465
Fees and other income	3,770	2,758
Total Revenues	1,028,502	1,336,285
<u>Expenses:</u>		
Salaries and benefits	52,170	51,888
Program expenditures	1,194,112	1,252,924
Investment related expenses	910	485
Program operating costs	6,187	5,294
General & administrative expenses	12,770	13,670
Depreciation	2,786	2,786
NYS Assessments	12,554	12,554
Bond interest and fees	3,808	3,880
Payments to NYS	23,000	23,000
Total Expenses	1,308,297	1,366,481
Net (expense) revenue and change in net position	(279,795)	(30,196)
<u>Net position end of year:</u>		
Restricted for specific programs	364,166	514,684
NY Green Bank Capitalization	571,324	553,158
Net Investment in Capital Assets	19,357	19,337
Unrestricted	3,014	3,073
Total net position end of year	\$ 957,861	1,090,252

NYSERDA  
Revised Budget FY 2017-18  
(Amounts in thousands)

	<b>Functions/Programs</b>							
	Market Development / Innovation & Research	NY Green Bank	New York Energy Smart	Energy Efficiency Portfolio Standard	Technology and Market Development Portfolio	Renewable Portfolio Standard	NY-Sun	Clean Energy Standard
Net position, beginning of year	\$ 35,415	365,236	35,342	41,159	93,403	293,292	26,295	10,576
<b>Revenues:</b>								
State appropriations	-	-	-	-	-	-	-	-
Third party reimbursement	-	-	-	400	450	-	-	-
Utility surcharge assessments	150,636	64,867	-	51,233	-	-	64,756	-
Renewable energy credit proceeds	-	-	-	-	-	-	-	483,451
Allowance auction proceeds	-	-	-	-	-	-	-	-
Project repayments	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-
Interest income	16	347	141	313	517	1,589	-	35
Loan interest	-	14,205	-	-	-	-	-	-
QECB interest subsidy	-	-	-	-	-	-	-	-
Fees and other income	-	3,444	-	-	-	-	-	-
<b>Total Revenues</b>	<b>150,652</b>	<b>82,863</b>	<b>141</b>	<b>51,946</b>	<b>967</b>	<b>1,589</b>	<b>64,756</b>	<b>483,486</b>
<b>Expenses:</b>								
Salaries and benefits	20,784	5,721	56	3,739	3,710	1,274	2,596	1,274
Program expenditures	157,779	-	9,998	90,489	30,501	149,819	88,882	487,738
Investment related expenses	-	910	-	-	-	-	-	-
Program operating costs	1,469	1,791	-	343	216	35	510	58
General & administrative expenses	5,078	1,410	14	915	910	316	627	316
Depreciation	1,066	185	2	120	120	42	315	238
NYS Assessments	1,708	92	92	877	325	1,389	852	4,492
Bond interest and fees	-	-	-	-	-	-	-	-
Payments to NYS	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>187,884</b>	<b>10,109</b>	<b>10,162</b>	<b>96,483</b>	<b>35,782</b>	<b>152,875</b>	<b>93,782</b>	<b>494,116</b>
Net sources / (uses) of net position other than transfers	(37,232)	72,754	(10,021)	(44,537)	(34,815)	(151,286)	(29,026)	(10,630)
Inter-program transfers	41,877	133,334	(23,628)	19,535	(52,612)	(114,025)	20,519	-
Net Investment in Capital Assets	1,601	-	-	-	-	-	(233)	1,641
<b>Net Position End of Year:</b>								
Restricted for specific programs	37,359	-	1,693	16,157	5,976	27,981	16,972	(1,817)
NY Green Bank Capitalization	-	571,324	-	-	-	-	-	-
Net Investment in Capital Assets	2,701	-	-	-	-	-	816	1,763
Unrestricted	-	-	-	-	-	-	-	-
<b>Net position end of year</b>	<b>\$ 40,060</b>	<b>571,324</b>	<b>1,693</b>	<b>16,157</b>	<b>5,976</b>	<b>27,981</b>	<b>17,788</b>	<b>(54)</b>

NYSERDA  
Revised Budget FY 2017-18  
(Amounts in thousands)

(continued from page 12)

	Energy Research & Development	RGGI	GJGNY	Energy & Environmental Analysis	West Valley	Other	Revised Budget FY 2017-18	Original Budget FY 2017-18
Net position, beginning of year	27,149	130,939	111,607	1,535	-	65,708	1,237,656	1,120,448
<b>Revenues:</b>								
State appropriations	-	11,582	-	150	15,575	2,462	29,769	28,853
Third party reimbursement	-	-	-	-	2,342	17,415	20,607	53,777
Utility surcharge assessments	10,913	-	-	4,353	-	4,434	351,192	564,090
Renewable energy credit proceeds	-	-	-	-	-	-	483,451	485,591
Allowance auction proceeds	-	90,424	-	-	-	-	90,424	153,370
Project repayments	384	-	-	-	-	-	384	600
Federal grants	-	-	-	2,186	-	19,411	21,597	26,740
Rentals from leases	-	-	-	-	-	1,131	1,131	1,091
Interest income	155	693	181	-	-	106	4,093	4,385
Loan interest	-	-	7,414	-	-	-	21,619	14,565
QECB interest subsidy	-	-	465	-	-	-	465	465
Fees and other income	-	-	-	-	-	326	3,770	2,758
<b>Total Revenues</b>	<b>11,452</b>	<b>102,699</b>	<b>8,060</b>	<b>6,689</b>	<b>17,917</b>	<b>45,285</b>	<b>1,028,502</b>	<b>1,336,285</b>
<b>Expenses:</b>								
Salaries and benefits	2,006	2,988	820	3,199	2,342	1,661	52,170	51,888
Program expenditures	9,226	98,078	2,131	2,037	14,293	53,141	1,194,112	1,252,924
Investment related expenses	-	-	-	-	-	-	910	485
Program operating costs	121	213	102	510	247	572	6,187	5,294
General & administrative expenses	487	725	199	779	582	412	12,770	13,670
Depreciation	64	95	26	103	83	327	2,786	2,786
NYS Assessments	109	936	30	61	164	1,427	12,554	12,554
Bond interest and fees	-	-	3,808	-	-	-	3,808	3,880
Payments to NYS	-	23,000	-	-	-	-	23,000	23,000
<b>Total Expenses</b>	<b>12,013</b>	<b>126,035</b>	<b>7,116</b>	<b>6,689</b>	<b>17,711</b>	<b>57,540</b>	<b>1,308,297</b>	<b>1,366,481</b>
Net sources / (uses) of net position other than transfers	(561)	(23,336)	944	-	206	(12,255)	(279,795)	(30,196)
Inter-program transfers	561	(39,000)	14,000	-	-	(561)	-	-
Net Investment in Capital Assets	-	-	-	-	-	(813)	2,196	351
<b>Net Position End of Year:</b>								
Restricted for specific programs	27,149	68,603	126,551	1,535	-	36,007	364,166	514,684
NY Green Bank Capitalization	-	-	-	-	-	-	571,324	553,158
Net Investment in Capital Assets	-	-	-	-	206	13,871	19,357	19,337
Unrestricted	-	-	-	-	-	3,014	3,014	3,073
<b>Net position end of year</b>	<b>27,149</b>	<b>68,603</b>	<b>126,551</b>	<b>1,535</b>	<b>206</b>	<b>52,892</b>	<b>957,861</b>	<b>1,090,252</b>

**NYSERDA**

**FY 2017-18 Revised Budget  
Reconciliation of Budget Changes**  
(Amounts in thousands)

	Actual FY 2016-17	Original Budget FY 2017-18	Change	Revised Budget FY 2017-18	Explanation for change
State appropriations					
RGGI	\$ 1,728	10,836	746	11,582	Represents an increase of \$3.5 in reimbursement funding provided for a project to be funded initially through State appropriation funding and the balance funded using RGGI funds provided a demonstration of funding sufficiency, offset in-part by a decrease in reimbursements for anticipated RGGI Cleaner, Greener Community program expenditures (repayment of the FY 13-14 transfer of \$25 million to the State general fund).
Other Programs - Energy/Environmental projects	2,149	2,292	170	2,462	Reflects an increase in estimated reimbursable project expenditures.
Energy & Environmental Analysis - Low-Level	150	150	-	150	(No change)
Radioactive Waste					
West Valley	10,788	15,575	-	15,575	(No change)
Total state appropriations	14,815	28,853	916	29,769	
Third party reimbursement	17,302	53,777	(33,170)	20,607	Primarily reflects a decrease in reimbursement funding from Con Edison due to revised expenditure projections under the Indian Point Energy Center Reliability Contingency program.
Utility surcharge assessments	61,197	564,090	(212,898)	351,192	Reflects revenues based on revised levels of projected expenditures and beginning cash balances (unspent revenues collected from prior years).
Renewable energy credit proceeds - Residential energy credit (REC)	611	1,188	(1,188)	-	Reflects the removal of all 2017 REC compliance period proceeds, as these proceeds were in the FY2016-17 financial statements.
Renewable energy credit proceeds - Zero emission credit (ZEC)	952	484,403	(952)	483,451	Reduction reflects the amount of ZEC revenues recorded in FY16-17 for Load Serving Entities who made compliance payments early.
Allowance auction proceeds	88,417	153,370	(62,946)	90,424	Reflects a decrease in estimated future auction proceeds based on recent auction results and a conservative adjustment to the modeling projections prepared for the RGGI program review.
Project repayments	259	600	(216)	384	Decrease due to revised recoupment projections.
Federal grants	6,642	26,740	(5,143)	21,597	Reflects a decrease in anticipated reimbursement funding based on estimated expenditures under the Fuel NY Permanent Generator Initiative program and from a Congestion Mitigation Air Quality grant.
Rentals from leases	1,316	1,091	40	1,131	Reflects a slight increase in revised rental income at the STEP facility.
Interest income	6,505	4,385	(292)	4,093	Decrease is due to lower investment balances principally due to the "Bill As You Go" approach.
Loan interest	11,255	14,565	7,054	21,619	Reflects an increase in NYGB loan activity partially offset by a decrease in loan activity under the GJGNY program.
QECB interest subsidy	492	465	-	465	(No change)
Fees and other income	3,822	2,758	1,012	3,770	Reflects an increase in anticipated fees for NY Green Bank and from a slight reduction in annual bond closing costs.
<b>Total Revenues:</b>	<b>213,585</b>	<b>1,336,285</b>	<b>(307,783)</b>	<b>1,028,502</b>	
<u>Expenses:</u>					
Salaries	31,822	33,721	1,543	35,264	Reflects a 4% "Pay bill" increase and a 2% retroactive payment effective April 1, 2016 partially offset by a decrease in FTEs budgeted.
Benefits	17,059	18,167	(1,261)	16,906	Decrease is primarily due to revised estimates for the post-employment health benefit and pension costs based on the most recent actuarial valuations, and from revised health insurance estimates, offset in part by an increase in other fringe benefit costs generally corresponding to the increase in salary expense.
<b>Total salaries and benefits</b>	<b>48,881</b>	<b>51,888</b>	<b>282</b>	<b>52,170</b>	



**NYSERDA**

**FY 2017-18 Revised Budget**

**Reconciliation of Budget Changes**

(Amounts in thousands)

	Actual FY 2016-17	Original Budget FY 2017-18	Change	Revised Budget FY 2017-18	Explanation for change
Program expenditures					
Market Development / Innovation & Research	46,708	163,719	(5,940)	157,779	Based on revised level of anticipated expenditures.
System Benefits Charge (SBC III)	8,585	7,505	2,493	9,998	Based on revised level of anticipated expenditures.
Energy Efficiency Portfolio Standard	89,756	125,683	(35,194)	90,489	Based on revised level of anticipated expenditures.
Technology and Market Development (SBC IV)	42,203	40,190	(9,689)	30,501	Based on revised level of anticipated expenditures.
Renewable Portfolio Standard	123,353	145,133	4,686	149,819	Based on revised level of anticipated expenditures.
NY-Sun	36,111	75,285	13,597	88,882	Based on revised level of anticipated expenditures.
Clean Energy Standard	310	484,918	2,820	487,738	Increase reflects revised estimates for program consultant costs to support the start up of the Clean Energy Standard.
Research and Development	7,580	9,245	(19)	9,226	Based on revised level of anticipated expenditures.
Regional Greenhouse Gas Initiative	122,918	92,605	5,473	98,078	Based on revised level of anticipated expenditures.
Green Jobs-Green New York	12,172	1,248	883	2,131	Based on revised level of anticipated expenditures.
Energy & Environmental Analysis	1,459	1,500	537	2,037	Based on revised level of anticipated expenditures.
West Valley	11,802	14,606	(313)	14,293	Reflects a slight decrease in anticipated program expenditures for NYSERDA's share of federal and state spending at West Valley.
Other Programs	42,955	91,287	(38,146)	53,141	Reflects decreased expenditures under the Indian Point Energy Center Reliability Contingency program, Fuel NY Generator Initiative Program, and for the NY Prize program.
<b>Total program expenditures</b>	<b>499,204</b>	<b>1,252,924</b>	<b>(58,812)</b>	<b>1,194,112</b>	
Investment related expenses - NY Green Bank	520	485	425	910	Based on revised level of anticipated expenditures.
Program operating costs	4,447	5,294	893	6,187	Primarily reflects an increase in anticipated NY Green Bank professional service costs, staff augmentation services, and Salesforce license fees, offset in-part by a decrease in travel and outreach costs.
General & administrative expenses	10,949	13,670	(900)	12,770	Reflects an anticipated decrease in systems design and enhancement, professional service, and software costs, offset in-part by an increase in anticipated costs for staff augmentation services.
Depreciation	1,847	2,786	-	2,786	(No change)
NYS Assessments	12,554	12,554	-	12,554	(No change)
Bond interest and fees	3,578	3,880	(72)	3,808	Reflects a slight decrease in anticipated bond interest expense.
Payments to NYS	23,000	23,000	-	23,000	(No change)
<b>Total Expenses:</b>	<b>604,980</b>	<b>1,366,481</b>	<b>(58,184)</b>	<b>1,308,297</b>	
Net (expense) revenue and change in net position	(438,103)	(30,196)	(249,599)	(279,795)	
Net position beginning of year	1,675,759	1,120,448	117,208	1,237,656	
<u>Net position end of year:</u>					
Restricted for specific programs	852,422	514,684	(150,518)	364,166	Principally reflects the "Bill As You Go" approach anticipated in CEF Order.
NY Green Bank Capitalization	365,236	553,158	18,166	571,324	Principally reflects an increase in NYGB capitalization based on committed capital.
Net Investment in Capital Assets	17,161	19,337	20	19,357	Reflects anticipated asset purchases less depreciation.
Unrestricted	2,837	3,073	(59)	3,014	
<b>Total net position end of year</b>	<b>\$ 1,237,656</b>	<b>1,090,252</b>	<b>(132,391)</b>	<b>957,861</b>	

NYSERDA FY 17-18 Budget  
 Detail schedule: Salaries and benefits  
 (Amounts in thousands)

	<b>Actual</b> <b><u>FY 2016-17</u></b>	<b>Original</b> <b>Budget</b> <b><u>FY 2017-18</u></b>	<b>Revised</b> <b>Budget</b> <b><u>FY 2017-18</u></b>
<b>Salaries **</b>	31,822	33,721	35,264
<b>Fringe Benefits:</b>			
Social Security/Medicare taxes	2,298	2,456	2,548
Health insurance	3,676	4,090	3,812
Dental plan	268	360	364
Vision care plan	22	34	24
Dependent Care plan	17	24	18
Long-term disability insurance	72	83	80
Workers compensation	4	128	147
Unemployment	29	20	32
Pension	5,996	5,917	5,521
Tuition reimbursement	49	90	54
Compensated absence leave accruals	554	748	736
Voluntary Defined Contribution Plan	393	535	557
Postemployment health insurance (GASB 45)	3,682	3,682	3,013
sub-total benefits	<u>17,059</u>	<u>18,167</u>	<u>16,906</u>
Percentage of Salaries	53.6%	53.9%	47.9%
<b>Total Salaries and Benefits</b>	<b><u>48,881</u></b>	<b><u>51,888</u></b>	<b><u>52,170</u></b>
Number of full-time equivalent employees (FTEs)	329.2	340.2	330.1

\*\* FY 2017-18 Salaries include a 4% "Pay bill" cost of living adjustment, a corresponding 2% "Pay bill" retroactive payment effective April 1, 2016, and a 2% "Parity bill" increase for NYS Management/Confidential employees. Salaries also include performance-based salary increases and payments equivalent to salary increases and total salary costs anticipated to be provided for NYS employees. Performance-based salary increases and payments are anticipated to be approved by the Division of the Budget and would be paid out in the fall of 2017.

NYSERDA FY 17-18 Budget  
 Detail schedule: Program Operating Costs  
 (Amounts in thousands)

	<b>Actuals</b>	<b>Original</b>	<b>Revised</b>
	<b><u>FY 2016-17</u></b>	<b><u>FY 2017-18</u></b>	<b><u>FY 2017-18</u></b>
Professional Services:			
Clean Energy Standard	23	-	-
NY Green Bank	578	1,067	1,501
Renewable Portfolio Standard	-	75	-
West Valley	1	20	20
STEP & Other Consulting	76	75	100
Computer Services and Software	1,612	1,577	1,806
Office Supplies, Equipment Rental, and Other	147	227	305
Temporary Staffing, Outside Technical Reviewer	1,369	1,103	1,385
Training, Recruitment & Relocation	25	-	75
Travel and Outreach Costs	336	713	580
West Valley/STEP Rent, Maintenance/Repairs/Utilities, Fuel NY Insurance	281	437	415
<b>Total Program Operating Costs</b>	<b><u>4,447</u></b>	<b><u>5,294</u></b>	<b><u>6,187</u></b>

NYSERDA FY 17-18 Budget  
 Detail schedule: General & Administrative Expenses  
 (Amounts in thousands)

	<b>Actuals</b>	<b>Original</b>	<b>Revised</b>
	<b><u>FY 2016-17</u></b>	<b><u>FY 2017-18</u></b>	<b><u>FY 2017-18</u></b>
Professional Services:			
Communication and consumer support services	166	215	215
Fiscal Agent, audit and third-party payroll and Human Resource services	467	510	474
Information security	386	216	216
Internal Audit support services	28	98	98
Marketing	185	654	301
Other Consulting	158	32	32
Website support services	294	280	280
Computer Services and Software	1,520	2,437	2,195
Office Supplies, Equipment Rental, and Other	304	411	353
Rent, Maintenance & Repairs, Utilities, Insurance	2,637	2,583	2,548
Systems Design and Enhancement	550	1,242	700
Temporary Staffing, Outside Technical Reviewer	3,734	4,446	4,859
Training, Recruitment & Relocation	274	187	156
Travel and Outreach Costs	246	359	343
Total General & Administrative Expense	<u>10,949</u>	<u>13,670</u>	<u>12,770</u>

NYSERDA FY 17-18 Budget  
 Detail schedule: Capital Budget  
 (Amounts in thousands)

	<b>Actual</b>	<b>Original</b>	<b>Revised</b>
	<b><u>FY 2016-17</u></b>	<b><u>FY 2017-18</u></b>	<b><u>FY 2017-18</u></b>
Building energy efficiency improvements	196	315	61
Clean Energy Fund system development costs	2,421	336	2,000
Clean Energy Standard system development costs	122	1,837	1,837
Furniture, fixtures and equipment	47	153	37
Information technology upgrades	890	455	991
STEP infrastructure	-	-	15
Vehicles	46	30	30
<b>Total Capital Asset Additions</b>	<b><u>3,722</u></b>	<b><u>3,126</u></b>	<b><u>4,971</u></b>

NYSERDA  
 Revised Budget FY 2017-18  
 Financial Plan  
 (Amounts in thousands)

	FY 2017-18 Budget	FY 2018-19 Projection	FY 2019-20 Projection	FY 2020-21 Projection
<b>REVENUES:</b>				
State appropriations	\$ 29,769	24,055	21,336	17,085
Third party reimbursement	20,607	26,942	24,976	20,862
Utility surcharge assessments	351,192	996,925	959,149	744,999
Renewable energy credit proceeds	483,451	501,088	441,965	492,027
Allowance auction proceeds	90,424	106,586	108,656	116,578
Federal grants	21,597	10,013	3,987	2,107
Other income	31,462	38,887	40,257	43,831
<b>TOTAL REVENUES</b>	<b>1,028,502</b>	<b>1,704,496</b>	<b>1,600,326</b>	<b>1,437,488</b>
<b>EXPENSES:</b>				
Salaries and benefits	52,170	53,736	55,347	57,010
Program expenditures	1,194,112	1,374,413	1,252,721	1,186,417
Investment related expenses	910	893	916	940
Program operating costs	6,187	6,606	6,863	6,972
General & administrative expenses	12,770	13,150	13,544	13,951
Depreciation	2,786	3,147	3,069	2,671
NYS assessments	12,554	12,554	12,557	12,555
Bond interest and fees	3,808	3,369	4,209	4,078
Payments to NYS	23,000	23,000	23,000	23,000
<b>TOTAL EXPENSES</b>	<b>1,308,297</b>	<b>1,490,868</b>	<b>1,372,226</b>	<b>1,307,594</b>
Net (expense) revenue and change in net position	(279,795)	213,628	228,100	129,894
Net position beginning of year	1,237,656	957,861	1,171,489	1,399,589
<b>Total net position end of year</b>	<b>\$ 957,861</b>	<b>1,171,489</b>	<b>1,399,589</b>	<b>1,529,483</b>

NYSERDA  
 FY 2017-18 Cash-Based Budget  
 (Amounts in thousands)

	<b>Functions/Programs</b>							
	Market Development / Innovation & Research	NY Green Bank	New York Energy \$mart	Energy Efficiency Portfolio Standard	Technology and Market Development	Renewable Portfolio Standard	NY-Sun	Clean Energy Standard
<b>RECEIPTS:</b>								
State appropriations	\$ -	-	-	-	-	-	-	-
Third party reimbursement	-	-	-	400	450	-	-	-
Utility surcharge assessments	139,447	64,867	-	36,578	-	-	53,402	-
Renewable energy credit proceeds	-	-	-	-	-	-	-	483,451
Allowance auction proceeds	-	-	-	-	-	-	-	-
Project repayments	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-
Interest income	16	347	141	313	517	1,589	-	35
Loan interest	-	14,205	-	-	-	-	-	-
Loan principal repayments	-	70,541	-	-	-	-	-	-
QECB interest subsidy	-	-	-	-	-	-	-	-
Fees and other income	-	3,444	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>139,463</b>	<b>153,404</b>	<b>141</b>	<b>37,291</b>	<b>967</b>	<b>1,589</b>	<b>53,402</b>	<b>483,486</b>
<b>DISBURSEMENTS:</b>								
Salaries and benefits	19,416	5,347	53	3,492	3,465	1,190	2,424	1,192
Program expenditures	157,779	-	9,998	90,489	30,501	149,819	88,882	367,047
Investment related expenses	-	910	-	-	-	-	-	-
Other Operating costs	1,469	1,791	-	343	216	35	510	58
General & administrative expenses	5,078	1,410	14	915	910	316	627	316
Capital asset additions	2,452	124	1	81	81	28	56	1,865
Deployed Capital	-	197,780	-	-	-	-	-	-
Bond interest and fees	-	-	-	-	-	-	-	-
Principal bond payment	-	-	-	-	-	-	-	-
Loan purchases	-	-	-	-	-	-	-	-
Long term debt	5	1	-	1	1	-	1	-
Payments to NYS	-	-	-	-	-	-	-	-
NYS Assessments	1,708	92	92	877	325	1,389	852	4,492
<b>TOTAL EXPENSES</b>	<b>187,907</b>	<b>207,455</b>	<b>10,158</b>	<b>96,198</b>	<b>35,499</b>	<b>152,777</b>	<b>93,352</b>	<b>374,970</b>
Net (expense) revenue and change in cash position	(48,444)	(54,051)	(10,017)	(58,907)	(34,532)	(151,188)	(39,950)	108,516
Cash and investments, beginning of year	39,685	105,676	36,477	47,639	97,857	310,656	28,087	10,111
Inter-program transfers	48,796	133,334	(24,767)	27,542	(57,348)	(131,487)	28,930	-
Cash and investments, end of year	\$ 40,037	184,959	1,693	16,274	5,977	27,981	17,067	118,626

NYSERDA  
FY 2017-18 Cash-Based Budget  
(Amounts in thousands)

(continued from page 21)

	Energy Research & Development	RGGI	GJGNY	Energy & Environmental Analysis	West Valley	Other	FY 2017-18 Cash Budget Total
<b>RECEIPTS:</b>							
State appropriations	-	11,582	-	150	15,575	2,462	29,769
Third party reimbursement	-	-	-	-	2,342	17,415	20,607
Utility surcharge assessments	10,913	-	-	4,353	-	4,434	313,994
Renewable energy credit proceeds	-	-	-	-	-	-	483,451
Allowance auction proceeds	-	90,424	-	-	-	-	90,424
Project repayments	384	-	-	-	-	-	384
Federal grants	-	-	-	2,186	-	19,411	21,597
Rentals from leases	-	-	-	-	-	1,131	1,131
Interest income	155	693	181	-	-	106	4,093
Loan interest	-	-	7,414	-	-	-	21,619
Loan principal repayments	-	-	14,899	-	-	-	85,440
QECB interest subsidy	-	-	465	-	-	-	465
Fees and other income	-	-	-	-	-	326	3,770
<b>TOTAL REVENUES</b>	<b>11,452</b>	<b>102,699</b>	<b>22,959</b>	<b>6,689</b>	<b>17,917</b>	<b>45,285</b>	<b>1,076,744</b>
<b>DISBURSEMENTS:</b>							
Salaries and benefits	1,873	2,789	766	2,988	2,187	1,551	48,733
Program expenditures	9,226	98,078	2,131	2,037	14,293	53,141	1,073,421
Investment related expenses	-	-	-	-	-	-	910
Other Operating costs	121	213	102	510	247	572	6,187
General & administrative expenses	487	725	199	779	582	412	12,770
Capital asset additions	44	65	18	69	51	36	4,971
Deployed Capital	-	-	-	-	-	-	197,780
Bond interest and fees	-	-	3,808	-	-	-	3,808
Principal bond payment	-	-	10,207	-	-	-	10,207
Loan purchases	-	-	31,873	-	-	-	31,873
Long term debt	-	1	-	1	1	-	12
Payments to NYS	-	23,000	-	-	-	-	23,000
NYS Assessments	109	936	30	61	164	1,427	12,554
<b>TOTAL EXPENSES</b>	<b>11,860</b>	<b>125,807</b>	<b>49,134</b>	<b>6,445</b>	<b>17,525</b>	<b>57,139</b>	<b>1,426,226</b>
Net (expense) revenue and change in cash position	(408)	(23,108)	(26,175)	244	392	(11,854)	(349,482)
Cash and investments, beginning of year	29,237	135,570	42,519	-	-	61,651	945,163
Inter-program transfers	-	(39,000)	14,000	-	-	-	-
Cash and investments, end of year	28,829	73,462	30,344	244	392	49,797	595,681