

New York State Energy Research and Development Authority

Fiscal Year 2017-18 Budget and Financial Plan
(Fiscal Year Ending March 31, 2018)

Table of Contents

<u>Page</u>	
1	Certification
2	Fiscal Year 2017-18 Budget at a Glance
3	Introduction
3	Budget Process
3	Program Summary
7	Budgetary Assumptions
8	Budgetary Risks
9	Fiscal Year 2017-18 Budget Sources and Uses
10	Fiscal Year 2017-18 Budget Comparison
11	Fiscal Year 2017-18 Budget Summary
12-13	Fiscal Year 2017-18 Budget By Function/Programs
14-15	Reconciliation of Budget Changes
16	Budget Detail Schedule: Salaries and Benefits
17	Budget Detail Schedule: Program Operating Costs
18	Budget Detail Schedule: General & Administrative Expenses
19	Budget Detail Schedule: Capital Budget
20	Fiscal Year 2017-18 Financial Plan
21-22	Fiscal Year 2017-18 Cash-Based Budget

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.

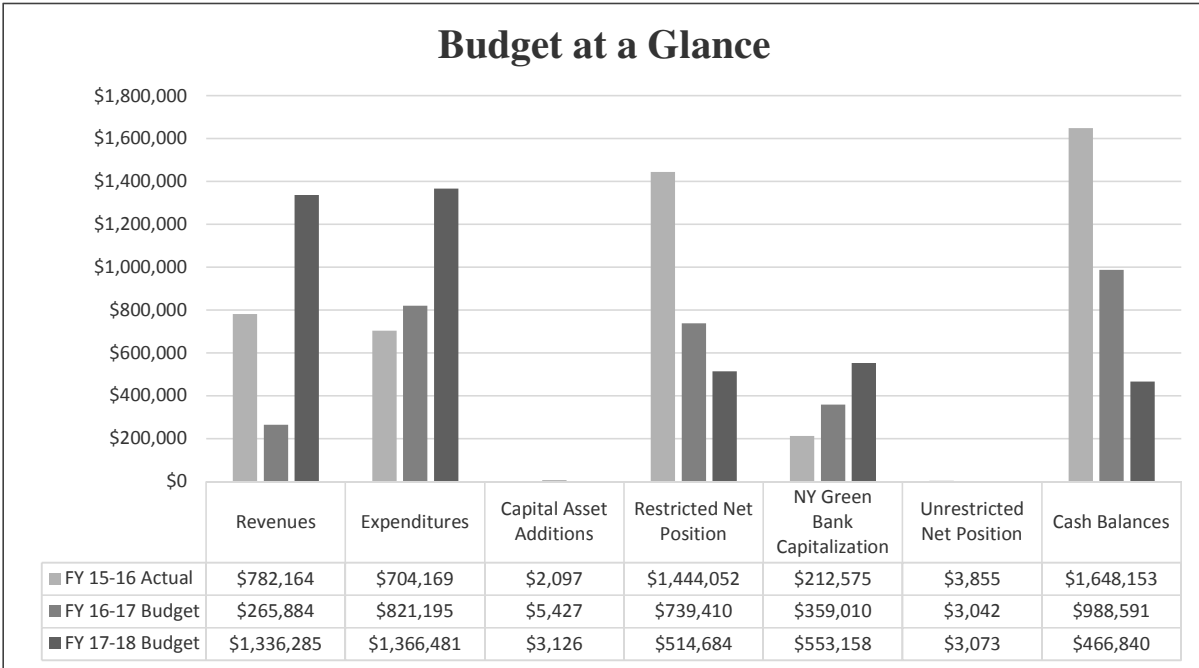
Handwritten signature of John B. Rhodes in black ink.

John B. Rhodes
President and Chief Executive Officer

Handwritten signature of Jeffrey J. Pitkin in black ink.

Jeffrey J. Pitkin
Treasurer and Chief Financial Officer

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 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.

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. This approach will result in a substantial reduction of Cash and Investment and Net Position Restricted for Specific Programs balances from FY 2016-17 levels.
- 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) are based on conservative assumptions applied to various market modeling analyses completed under the ongoing RGGI Program Review and assuming a successful outcome of the 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 \$83.8 million, of which \$58.7 million is expected to be reimbursed from financing proceeds, and \$27.0 million is anticipated to be authorized and transferred from the RGGI program.
- Salary costs for current staff and funded vacant positions are based on salary grades equivalent to the State Management/Confidential (M/C) employees. Salaries include cost of living adjustments in accordance with increases granted for NYS Management Confidential employees (2% effective April 1, 2017). 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 2016-17 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.

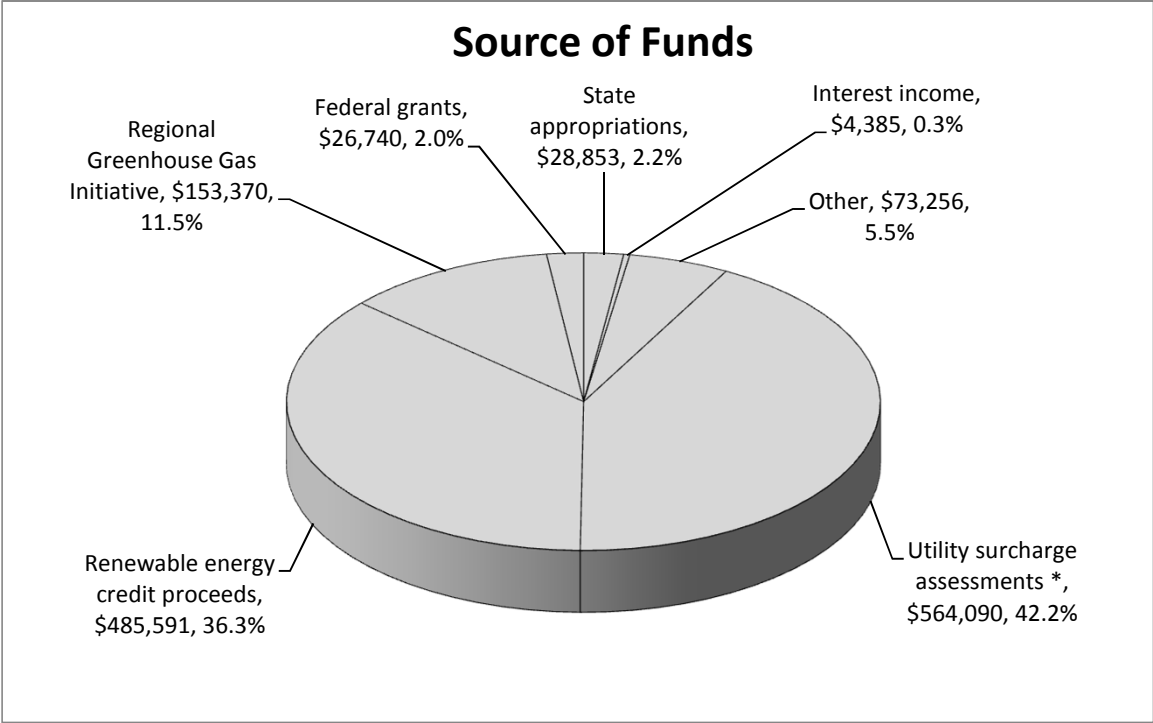
BUDGETARY RISKS

The following is a summary of significant budgeting risks:

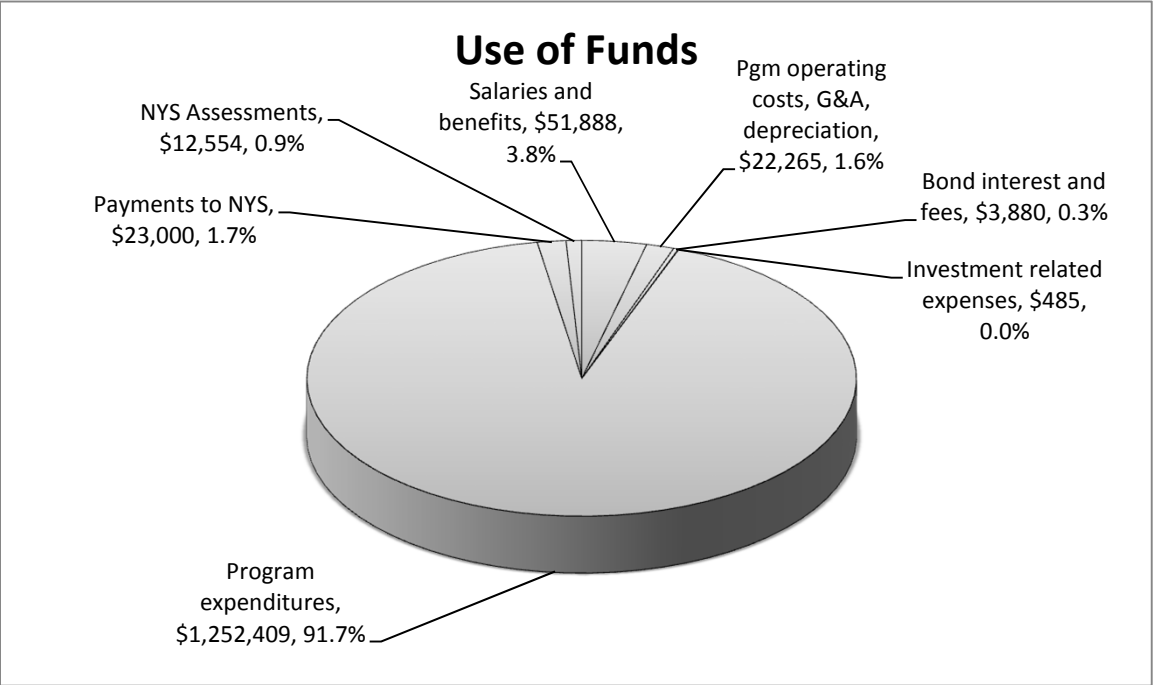
- NYSERDA's budgeting process is subject to inherent risks regarding the ability to accurately forecast revenues and expenditures.
- Over the past several years, NYSERDA has assumed responsibility for administering certain new programs, and additional program responsibilities may be added during FY 2017-18 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.

Budget FY 2017-18

(Amounts in thousands)



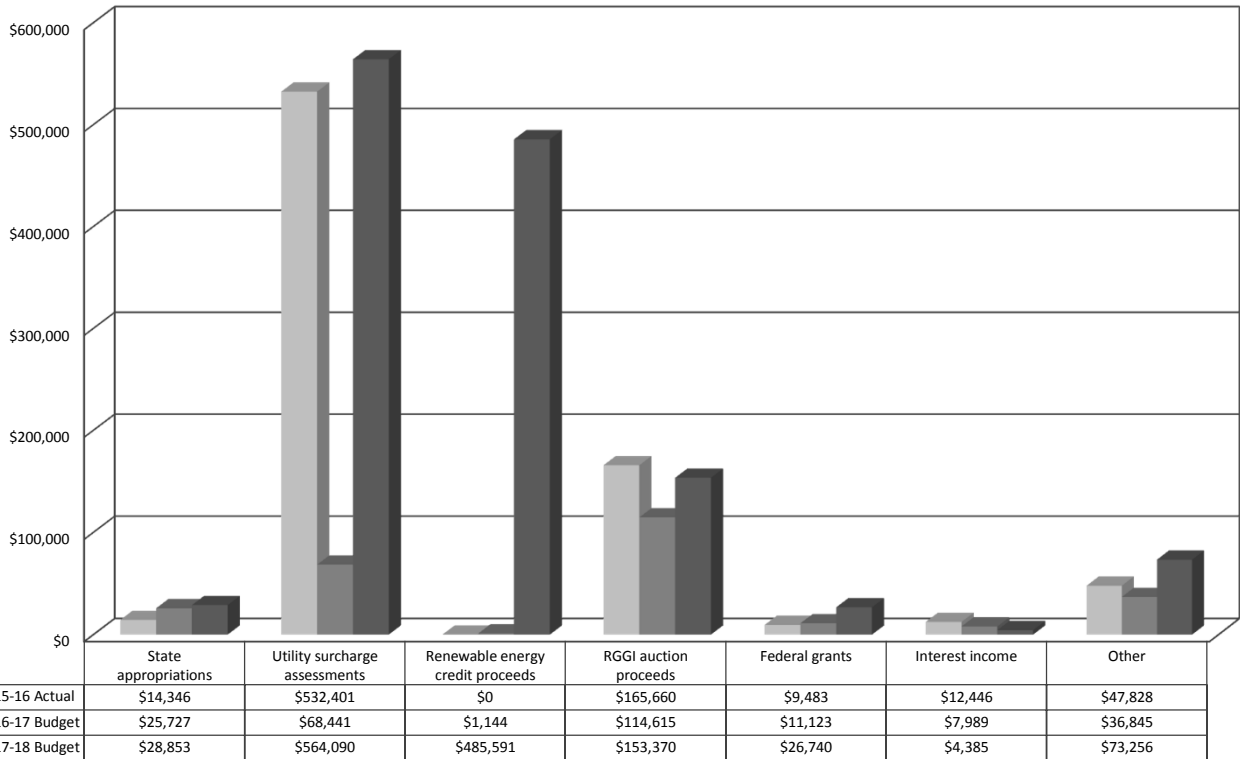
* Represents amounts expected to be recognized by NYSERDA under Bill-As-You-Go approach while NYSERDA spends down current cash balances (utilities will hold additional amounts collected from customers which are not needed for NYSERDA's current and near-term expenditures).



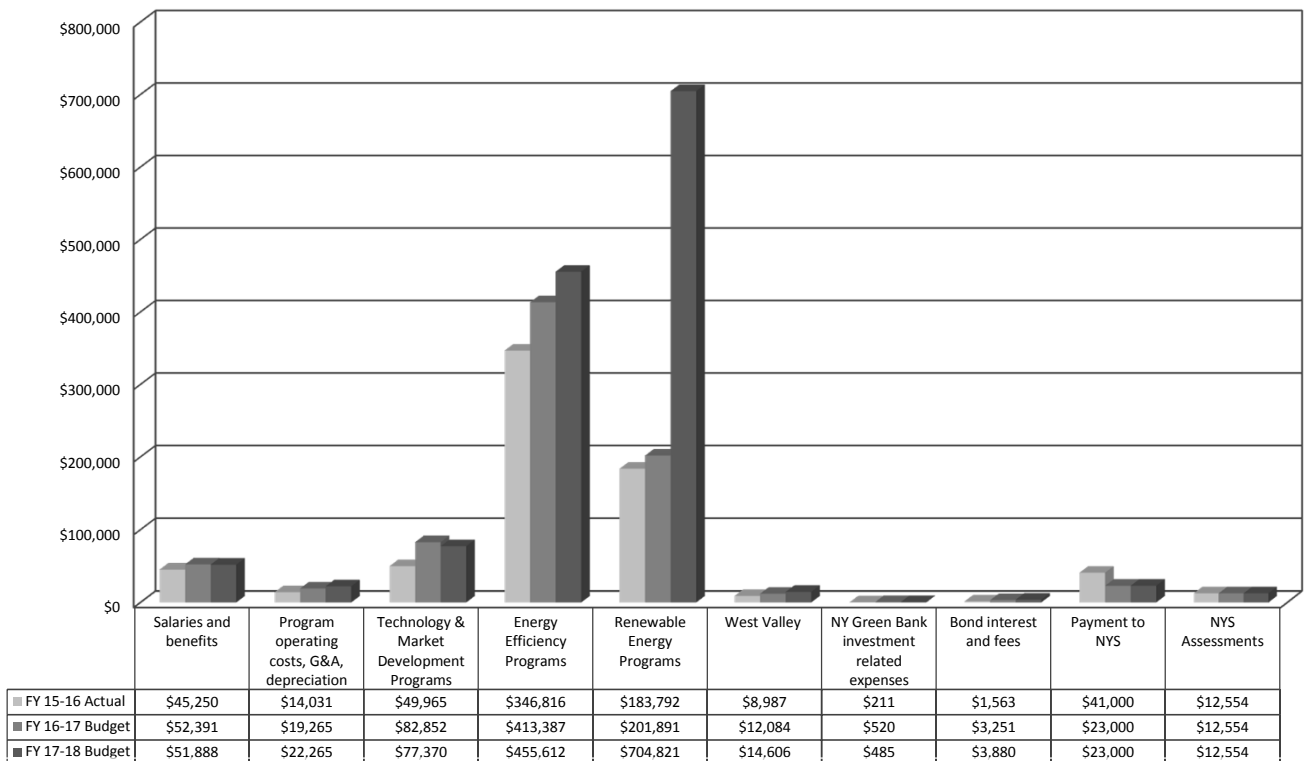
Budget FY 2017-18

(Amounts in thousands)

Budget Comparison: Revenues



Budget Comparison: Expenses



NYSERDA
 Budget FY 2017-18
 (Amounts in thousands)

	Budget FY 2017-18	Budget FY 2016-17
Net position beginning of year	1,120,448	1,675,759
<u>Revenues:</u>		
State appropriations	\$ 28,853	25,727
Third party reimbursement	53,777	24,533
Utility surcharge assessments	564,090	68,441
Renewable energy credit proceeds	485,591	1,144
Allowance auction proceeds	153,370	114,615
Project repayments	600	600
Federal grants	26,740	11,123
Rentals from leases	1,091	1,249
Interest income	4,385	7,989
Loan interest	14,565	6,761
QECCB interest subsidy	465	492
Fees and other income	2,758	3,210
Total Revenues	1,336,285	265,884
<u>Expenses:</u>		
Salaries and benefits	51,888	52,391
Program expenditures	1,252,409	710,214
Investment related expenses	485	520
Program operating costs	5,984	4,842
General & administrative expenses	13,495	12,689
Depreciation	2,786	1,734
NYS Assessments	12,554	12,554
Bond interest and fees	3,880	3,251
Payments to NYS	23,000	23,000
Total Expenses	1,366,481	821,195
Net (expense) revenue and change in net position	(30,196)	(555,311)
<u>Net position end of year:</u>		
Restricted for specific programs	514,684	739,410
NY Green Bank Capitalization	553,158	359,010
Net Investment in Capital Assets	19,337	18,986
Unrestricted	3,073	3,042
Total net position end of year	\$ 1,090,252	1,120,448

NYSERDA
Budget FY 2017-18
(Amounts in thousands)

	Functions/Programs							
	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	\$ 17,890	359,010	53,066	17,235	82,552	193,342	10,612	7,975
Revenues:								
State appropriations	-	-	-	-	-	-	-	-
Third party reimbursement	-	-	-	500	500	-	-	-
Utility surcharge assessments	145,754	193,000	-	134,643	-	-	70,993	-
Renewable energy credit proceeds	-	-	-	-	-	-	-	485,591
Allowance auction proceeds	-	-	-	-	-	-	-	-
Project repayments	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-
Interest income	-	800	352	164	437	928	-	-
Loan interest	-	6,000	-	-	-	-	-	-
QECB interest subsidy	-	-	-	-	-	-	-	-
Fees and other income	-	2,400	-	-	-	-	-	-
Total Revenues	145,754	202,200	352	135,307	937	928	70,993	485,591
Expenses:								
Salaries and benefits	15,710	4,938	365	5,361	4,778	1,134	2,831	1,205
Program expenditures	163,719	-	7,505	125,683	40,190	145,133	75,285	484,403
Investment related expenses	-	485	-	-	-	-	-	-
Program operating costs	1,080	1,129	-	510	204	31	810	566
General & administrative expenses	4,089	1,283	93	1,398	1,245	299	728	318
Depreciation	867	147	11	160	143	34	317	368
NYS Assessments	1,628	70	70	1,167	408	1,286	702	4,271
Bond interest and fees	-	-	-	-	-	-	-	-
Payments to NYS	-	-	-	-	-	-	-	-
Total Expenses	187,093	8,052	8,044	134,279	46,968	147,917	80,673	491,131
Net sources / (uses) of net position other than transfers	(41,339)	194,148	(7,692)	1,028	(46,031)	(146,989)	(9,680)	(5,540)
Inter-program transfers	25,000	-	(193)	(63)	(300)	(703)	-	1,259
Net Investment in Capital Assets	(61)	-	-	-	-	-	(233)	1,505
Net Position End of Year:								
Restricted for specific programs	61	-	45,181	18,200	36,221	45,650	-	706
NY Green Bank Capitalization	-	553,158	-	-	-	-	-	-
Net Investment in Capital Assets	1,490	-	-	-	-	-	932	2,988
Unrestricted	-	-	-	-	-	-	-	-
Net position end of year	\$ 1,551	553,158	45,181	18,200	36,221	45,650	932	3,694

NYSERDA
Budget FY 2017-18
(Amounts in thousands)

(continued from page 12)

	Energy Research & Development	RGGI	GJGNY	Energy & Environmental Analysis	West Valley	Other	Budget FY 2017-18	Budget FY 2016-17
Net position, beginning of year	24,944	160,750	113,931	1,329	2,295	75,517	1,120,448	1,675,759
Revenues:								
State appropriations	-	10,836	-	150	15,575	2,292	28,853	25,727
Third party reimbursement	-	-	-	-	2,342	50,435	53,777	24,533
Utility surcharge assessments	11,353	-	-	3,918	-	4,429	564,090	68,441
Renewable energy credit proceeds	-	-	-	-	-	-	485,591	1,144
Allowance auction proceeds	-	153,370	-	-	-	-	153,370	114,615
Project repayments	600	-	-	-	-	-	600	600
Federal grants	-	-	-	2,337	-	24,403	26,740	11,123
Rentals from leases	-	-	-	-	-	1,091	1,091	1,249
Interest income	154	1,051	415	-	-	84	4,385	7,989
Loan interest	-	-	8,565	-	-	-	14,565	6,761
QECB interest subsidy	-	-	465	-	-	-	465	492
Fees and other income	-	-	-	-	-	358	2,758	3,210
Total Revenues	12,107	165,257	9,445	6,405	17,917	83,092	1,336,285	265,884
Expenses:								
Salaries and benefits	2,545	3,756	1,117	3,436	2,245	2,467	51,888	52,391
Program expenditures	9,245	92,605	1,248	1,500	14,606	91,287	1,252,409	710,214
Investment related expenses	-	-	-	-	-	-	485	520
Program operating costs	116	216	86	427	246	563	5,984	4,842
General & administrative expenses	660	966	287	885	593	651	13,495	12,689
Depreciation	76	111	33	101	71	347	2,786	1,734
NYS Assessments	111	857	24	56	156	1,748	12,554	12,554
Bond interest and fees	-	-	3,880	-	-	-	3,880	3,251
Payments to NYS	-	23,000	-	-	-	-	23,000	23,000
Total Expenses	12,753	121,511	6,675	6,405	17,917	97,063	1,366,481	821,195
Net sources / (uses) of net position other than transfers	(646)	43,746	2,770	-	-	(13,971)	(30,196)	(555,311)
Inter-program transfers	646	(52,000)	27,000	-	-	(646)	-	-
Net Investment in Capital Assets	-	-	-	-	-	(860)	351	3,709
Net Position End of Year:								
Restricted for specific programs	24,944	152,496	143,701	1,329	2,098	44,097	514,684	739,410
NY Green Bank Capitalization	-	-	-	-	-	-	553,158	359,010
Net Investment in Capital Assets	-	-	-	-	197	13,730	19,337	18,986
Unrestricted	-	-	-	-	-	3,073	3,073	3,042
Net position end of year	24,944	152,496	143,701	1,329	2,295	60,900	1,090,252	1,120,448

NYSERDA

FY 2017-18 Budget

Reconciliation of Budget Changes

(Amounts in thousands)

	Actual FY 2015-16	Budget FY 2016-17	Change	Budget FY 2017-18	Explanation for change
State appropriations					
RGGI	\$ 1,616	10,354	482	10,836	Represents an increase in reimbursement 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	739	1,773	519	2,292	Reflects an increase in estimated reimbursable project expenditures.
Energy & Environmental Analysis - Low-Level	141	150	-	150	(No change)
Radioactive Waste West Valley	11,850	13,450	2,125	15,575	Reflects an increase in anticipated program expenditures for NYSERDA's share of federal and state spending at West Valley.
Total state appropriations	14,346	25,727	3,126	28,853	
Third party reimbursement	41,224	24,533	29,244	53,777	Principally reflects an increase in reimbursement funding from Con Edison due to timing of anticipated expenditures under the Indian Point Energy Center Reliability Contingency program.
Utility surcharge assessments	532,401	68,441	495,649	564,090	Reflects revenues for expenditures and for NY Green Bank committed capital not funded by prior unspent revenues collected (Net Position).
Renewable energy credit proceeds	-	1,144	484,447	485,591	Reflects the projected sale of renewable energy credits and zero-emission credits to Load Serving Entities as directed by the Clean Energy Standard Orders of the Public Service Commission.
Allowance auction proceeds	165,660	114,615	38,755	153,370	Reflects an increase in estimated future auction proceeds based on conservative assumptions applied to various market modeling analyses completed under the ongoing RGGI Program Review and assuming a successful outcome of the Program Review.
Project repayments	484	600	-	600	(No change)
Federal grants	9,483	11,123	15,617	26,740	Reflects an increase in anticipated reimbursement funding based on estimated expenditures under the Fuel NY Permanent Generator Initiative program and from several Congestion Mitigation Air Quality grants.
Rentals from leases	1,327	1,249	(158)	1,091	Principally reflects a reduction in the annual lease payment for the outfall structure at the Indian Point Nuclear Power Plan in Buchanan NY pursuant to the terms of a recent lease renewal.
Interest income	12,446	7,989	(3,604)	4,385	Decrease is due to lower investment balances principally due to the "Bill As You Go" approach.
Loan interest	3,438	6,761	7,804	14,565	Reflects an increase in both the GJGNY and NYGB loan activity.
QECB interest subsidy	509	492	(27)	465	Reflects a slight reduction in the IRS subsidy based on the Federal Government's published subsidy rate.
Fees and other income	846	3,210	(452)	2,758	Reflects a decrease in anticipated fees for NY Green Bank and from a slight reduction in annual bond closing costs.
Total Revenues:	782,164	265,884	585,954	1,336,285	
<u>Expenses:</u>					
Salaries	30,684	34,179	(458)	33,721	Reflects a decrease in salaries based on assumed filled positions. Also reflects a 2% cost-of-living adjustment and performance-based salary increases/awards assuming similar awards are approved for NYS employees.
Benefits	14,566	18,212	(45)	18,167	Reflects a decrease in fringe benefit costs generally corresponding to the reduction in salary expense, offset in part by an increase in the employer share of the voluntary defined contribution plan.
Total salaries and benefits	45,250	52,391	(503)	51,888	

NYSERDA

FY 2017-18 Budget

Reconciliation of Budget Changes

(Amounts in thousands)

	Actual FY 2015-16	Budget FY 2016-17	Change	Budget FY 2017-18	Explanation for change
Program expenditures					
Market Development / Innovation & Research	-	98,033	65,686	163,719	Based on revised level of anticipated expenditures.
System Benefits Charge (SBC III)	13,319	27,228	(19,723)	7,505	Based on revised level of anticipated expenditures.
Energy Efficiency Portfolio Standard	176,102	125,949	(266)	125,683	Based on revised level of anticipated expenditures.
Technology and Market Development (SBC IV)	35,941	50,150	(9,960)	40,190	Based on revised level of anticipated expenditures.
Renewable Portfolio Standard	160,872	144,586	547	145,133	Based on revised level of anticipated expenditures.
NY-Sun	22,920	56,680	18,605	75,285	Based on revised level of anticipated expenditures.
Program expenditures (continued)					
Clean Energy Standard	-	625	483,778	484,403	Reflects payments to zero-emission generation facilities as directed by the Clean Energy Standard Orders of the Public Service Commission.
Research and Development	8,030	8,331	914	9,245	Based on revised level of anticipated expenditures.
Regional Greenhouse Gas Initiative	98,497	129,625	(37,020)	92,605	Based on revised level of anticipated expenditures.
Green Jobs-Green New York	17,154	10,393	(9,145)	1,248	Reflects wind-down of original program funds.
Energy & Environmental Analysis	1,514	1,500	-	1,500	(No change)
West Valley	8,987	12,084	2,522	14,606	Reflects an increase in anticipated program expenditures for NYSERDA's share of federal and state spending at West Valley.
Other Programs	46,224	45,030	46,257	91,287	Reflects increased expenditures under the Indian Point Energy Center Reliability Contingency program, Fuel NY Generator Initiative Program, and from several Congestion Mitigation Air Quality grants.
Total program expenditures	589,560	710,214	542,195	1,252,409	
Investment related expenses - NY Green Bank	211	520	(35)	485	Represents a slight reduction in program costs to support investment transactions as NYGB anticipates a larger portion of these costs to be reimbursed by counterparties.
Program operating costs	2,466	4,842	1,142	5,984	Primarily reflects an increase in CES and EEPS Professional Services, Temporary staffing, and Computer Services and Software costs, offset in part by reductions in certain Office Supplies, Equipment Rental, and Other expenses.
General & administrative expenses	9,931	12,689	806	13,495	Primarily due to an increase in anticipated costs for Systems Design and Enhancement, offset in part by decreases in various general and administrative expense accounts.
Depreciation	1,634	1,734	1,052	2,786	Reflects an increase in projected depreciation resulting from existing capital assets and from planned additions for FY 17-18 (half year of expense).
NYS Assessments	12,554	12,554	-	12,554	(No change)
Bond interest and fees	1,563	3,251	629	3,880	Represents an increase in bond interest expense estimates primarily related to the timing of draws from the 2016 Residential Solar bonds.
Payments to NYS	41,000	23,000	-	23,000	No change.
Total Expenses:	704,169	821,195	545,286	1,366,481	
Net (expense) revenue and change in net position	77,995	(555,311)	40,668	(30,196)	
Net position beginning of year	1,597,689	1,675,759	(555,311)	1,120,448	
Cumulative effect of change in accounting principle (GASB 68)	75	-	-	-	(No change)
Net position end of year:					
Restricted for specific programs	1,444,052	739,410	(224,726)	514,684	Principally reflects the "Bill As You Go" approach anticipated in CEF Order.
NY Green Bank Capitalization	212,575	359,010	194,148	553,158	Principally reflects an increase in NYGB capitalization based on committed capital.
Net Investment in Capital Assets	15,277	18,986	351	19,337	Reflects anticipated asset purchases less depreciation.
Unrestricted	3,855	3,042	31	3,073	
Total net position end of year	\$ 1,675,759	1,120,448	(30,196)	1,090,252	

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

	Actual <u>FY 2015-16</u>	Budget <u>FY 2016-17</u>	Budget <u>FY 2017-18</u>
Salaries **	\$ 30,684	34,179	33,721
Fringe Benefits:			
Social Security/Medicare taxes	2,235	2,490	2,456
Health insurance	3,722	4,144	4,090
Dental plan	328	365	360
Vision care plan	31	34	34
Dependent Care plan	22	25	24
Long-term disability insurance	75	84	83
Workers compensation	116	129	128
Unemployment	18	20	20
Pension	3,550	5,997	5,917
Tuition reimbursement	82	91	90
Compensated absence leave accruals	720	752	748
Voluntary Defined Contribution Plan	331	399	535
Postemployment health insurance (GASB 45)	3,336	3,682	3,682
sub-total benefits	<u>14,566</u>	<u>18,212</u>	<u>18,167</u>
Percentage of Salaries	47.5%	53.3%	53.9%
Total Salaries and Benefits	<u>\$ 45,250</u>	<u>52,391</u>	<u>51,888</u>
Number of full-time equivalent employees (FTEs)	330.2	350.0	340.2

** FY 2017-18 Salaries include cost of living adjustments in accordance with increases scheduled for NYS Management/Confidential employees (2% effective 04/01/2017). 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)

	<u>Actuals</u> <u>FY 2015-16</u>	<u>Budget</u> <u>FY 2016-17</u>	<u>Budget</u> <u>FY 2017-18</u>
Professional Services:			
Clean Energy Standard	\$ -	-	515
Energy Efficiency Portfolio Standard	-	-	175
NY Green Bank	9	990	1,067
Renewable Portfolio Standard	-	75	75
STEP	-	-	75
West Valley	-	-	20
Computer Services and Software	282	1,459	1,577
Office Supplies, Equipment Rental, and Other	190	365	227
Temporary Staffing, Outside Technical Reviewer	478	850	1,103
Travel and Outreach Costs	370	660	713
West Valley/STEP Rent, Maintenance/Repairs/Utilities, Fuel NY Insurance	279	443	437
Total Program Operating Costs	\$ 1,608	4,842	5,984

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

	<u>Actuals</u>	<u>Budget</u>	<u>Budget</u>
	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
Professional Services:			
Communication and consumer support services	\$ 495	215	215
Fiscal Agent, audit and third-party payroll and Human Resource services	476	473	510
Information security implementation project	81	216	216
Internal Audit support services	45	75	98
Marketing	293	654	654
Other Consulting	53	32	32
Strategic Operations consulting services	13	480	562
Website support services	278	260	280
Computer Services and Software	1,463	2,659	2,437
Office Supplies, Equipment Rental, and Other	386	426	411
Rent, Maintenance & Repairs, Utilities, Insurance	2,616	2,577	2,583
Systems Design and Enhancement	2,811	3,900	4,729
Temporary Staffing, Outside Technical Reviewer	250	188	222
Training, Recruitment & Relocation	449	187	187
Travel and Outreach Costs	213	347	359
Total General & Administrative Expense	<u>\$ 9,922</u>	<u>12,689</u>	<u>13,495</u>

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

	Actual	Budget	Budget
	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
Building energy efficiency improvements	\$ -	35	315
Clean Energy Fund system development costs	264	1,551	336
NY Sun system development costs	-	1,165	-
Clean Energy Standard system development costs	-	1,483	1,837
Furniture, fixtures and equipment	102	186	153
Leasehold improvements	4	-	-
Information technology upgrades	1,721	957	455
STEP infrastructure	6	-	-
Vehicles	-	50	30
Total Capital Asset Additions	<u>\$ 2,097</u>	<u>5,427</u>	<u>3,126</u>

NYSERDA
 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
REVENUES:				
State appropriations	\$ 28,853	15,705	17,094	15,560
Third party reimbursement	53,777	26,611	3,503	2,250
Utility surcharge assessments	564,090	846,271	1,006,484	847,778
Renewable energy credit proceeds	485,591	502,897	245,055	287,947
Allowance auction proceeds	153,370	147,659	142,091	137,994
Federal grants	26,740	2,100	2,100	2,100
Other income	23,864	29,970	31,990	33,122
TOTAL REVENUES	1,336,285	1,571,213	1,448,317	1,326,751
EXPENSES:				
Salaries and benefits	51,888	53,444	55,047	56,699
Program expenditures	1,252,409	1,253,119	1,029,945	1,022,469
Investment related expenses	485	432	440	449
Program operating costs	5,984	6,296	6,449	6,714
General & administrative expenses	13,495	13,902	14,318	14,748
Depreciation	2,786	3,066	3,009	2,701
NYS assessments	12,554	12,554	12,556	12,553
Bond interest and fees	3,880	3,369	4,209	4,078
Payments to NYS	23,000	23,000	23,000	23,000
TOTAL EXPENSES	1,366,481	1,369,182	1,148,973	1,143,411
Net (expense) revenue and change in net position	(30,196)	202,031	299,344	183,340
Net position beginning of year	1,120,448	1,090,252	1,292,283	1,591,627
Total net position end of year	\$ 1,090,252	\$ 1,292,283	\$ 1,591,627	\$ 1,774,967

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

	Functions/Programs							
	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
RECEIPTS:								
State appropriations	\$ -	-	-	-	-	-	-	-
Third party reimbursement	-	-	-	500	500	-	-	-
Utility surcharge assessments	-	30,000	-	106,000	-	-	3,000	-
Renewable energy credit proceeds	-	-	-	-	-	-	-	485,591
Allowance auction proceeds	-	-	-	-	-	-	-	-
Project repayments	-	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-
Interest income	-	800	352	164	437	928	-	-
Loan interest	-	6,000	-	-	-	-	-	-
Loan principal repayments	-	64,500	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-
QECB interest subsidy	-	-	-	-	-	-	-	-
Fees and other income	-	2,400	-	-	-	-	-	-
TOTAL REVENUES	-	103,700	352	106,664	937	928	3,000	485,591
DISBURSEMENTS:								
Salaries and benefits	14,462	4,545	336	4,936	4,398	1,044	2,605	1,110
Program expenditures	163,719	-	7,505	125,683	40,190	145,133	75,285	484,403
Investment related expenses	-	485	-	-	-	-	-	-
Other Operating costs	1,080	1,129	-	510	204	31	810	566
General & administrative expenses	4,089	1,283	93	1,398	1,245	299	728	318
Capital asset additions	289	91	7	98	88	21	52	2,195
Deployed Capital	-	135,000	-	-	-	-	-	-
Bond interest and fees	-	-	-	-	-	-	-	-
Principal bond payment	-	-	-	-	-	-	-	-
Loan purchases	-	-	-	-	-	-	-	-
Long term debt	3	1	-	1	1	-	1	-
Payments to NYS	-	-	-	-	-	-	-	-
NYS Assessments	1,628	70	70	1,167	408	1,286	702	4,271
TOTAL EXPENSES	185,270	142,604	8,011	133,793	46,534	147,814	80,183	492,863
Net (expense) revenue and change in cash position	(185,270)	(38,904)	(7,659)	(27,129)	(45,597)	(146,886)	(77,183)	(7,272)
Cash and investments, beginning of year	17,484	277,464	55,120	24,967	88,358	210,841	11,315	6,558
Inter-program transfers	212,950	(188,183)	(46,717)	20,400	(36,942)	(40,763)	102,996	1,259
Cash and investments, end of year	\$ 45,164	50,377	744	18,238	5,819	23,192	37,128	545

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
RECEIPTS:							
State appropriations	-	10,836	-	150	15,575	2,292	28,853
Third party reimbursement	-	-	-	-	2,342	50,435	53,777
Utility surcharge assessments	11,353	-	-	3,918	-	4,429	158,700
Renewable energy credit proceeds	-	-	-	-	-	-	485,591
Allowance auction proceeds	-	153,370	-	-	-	-	153,370
Project repayments	600	-	-	-	-	-	600
Federal grants	-	-	-	2,337	-	24,403	26,740
Rentals from leases	-	-	-	-	-	1,091	1,091
Interest income	154	1,051	415	-	-	84	4,385
Loan interest	-	-	8,565	-	-	-	14,565
Loan principal repayments	-	-	14,863	-	-	-	79,363
Bond proceeds	-	-	58,660	-	-	-	58,660
QECB interest subsidy	-	-	465	-	-	-	465
Fees and other income	-	-	-	-	-	358	2,758
TOTAL REVENUES	12,107	165,257	82,968	6,405	17,917	83,092	1,068,918
DISBURSEMENTS:							
Salaries and benefits	2,342	3,456	1,027	3,162	2,068	2,272	47,763
Program expenditures	9,245	92,605	1,248	1,500	14,606	91,287	1,252,409
Investment related expenses	-	-	-	-	-	-	485
Other Operating costs	116	216	86	427	246	563	5,984
General & administrative expenses	660	966	287	885	593	651	13,495
Capital asset additions	47	69	20	63	41	45	3,126
Deployed Capital	-	-	-	-	-	-	135,000
Bond interest and fees	-	-	3,880	-	-	-	3,880
Principal bond payment	-	-	9,162	-	-	-	9,162
Loan purchases	-	-	83,800	-	-	-	83,800
Long term debt	1	1	-	1	-	1	11
Payments to NYS	-	23,000	-	-	-	-	23,000
NYS Assessments	111	857	24	56	156	1,748	12,554
TOTAL EXPENSES	12,522	121,170	99,534	6,094	17,710	96,567	1,590,669
Net (expense) revenue and change in cash position	(415)	44,087	(16,566)	311	207	(13,475)	(521,751)
Cash and investments, beginning of year	24,109	173,896	29,291	-	-	69,188	988,591
Inter-program transfers	646	(52,000)	27,000	-	-	(646)	-
Cash and investments, end of year	24,340	165,983	39,725	311	207	55,067	466,840