

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State Of New York)

FINANCIAL STATEMENTS

March 31, 2023

Table of ContentsMarch 31, 2023

	<u>Page(s)</u>
Responsibility for Financial Reporting	1
Independent Auditors' Report	2
Management's Discussion and Analysis	4
<u>Government-wide Financial Statements</u>	
Statement of Net Position	12
Statement of Activities	13
<u>Government Fund Financial Statements</u>	
Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
<u>Proprietary Fund Financial Statements</u>	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Fund Net Position	17
Statement of Cash Flows	18
<u>Fiduciary Fund Financial Statements</u>	
Statement of Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to the Basic Financial Statements	21
<u>Required Supplementary Information</u>	
Schedule of NYSERDA's Contributions of the System Pension Fund	51
Schedule of NYSERDA's Proportionate Share of the System's Net Pension Liability	51
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios	52
Schedule of NYSERDA's Contributions for OPEB	53
Schedule of Investment Returns- OPEB Trust	53

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, integrity and objectivity of the financial statements of the New York State Energy Research and Development Authority (the Authority), as well as all other information contained in the Authority's Annual Report. The financial statements of the Authority for the fiscal year ended March 31, 2023 were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). The Board of the Authority (the Board) adopted these financial statements and the Annual Report at a meeting on June 26, 2023.

The Authority maintains a system of internal controls, the objectives of which are to provide reasonable assurance as to the proper authorization and recording of transactions, the safeguarding of Authority assets, the compliance with applicable laws and regulations, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management, internal audit staff and the independent auditors. No internal control system can provide absolute assurance that errors and irregularities will not occur due to the inherent limitations of the effectiveness of internal controls; however, management strives to maintain a balance, recognizing that the cost of such system should not exceed the benefits derived.

The Authority's financial statements have been audited by KPMG LLP, independent auditors appointed by the Members of the Authority. Management has made available to the independent auditors all the financial records and related data of the Authority, as well as provided access to all the minutes of the meetings of the Board and its standing committees. The independent auditors periodically meet directly with the Audit and Finance Committee of the Board, which is comprised of Members who are not employees of the Authority.

The independent audit included obtaining an understanding of the internal control structure, tests of accounting records, and other procedures which the independent auditors considered necessary in order to express opinions as to the fairness of the presentation of the financial statements. No material weaknesses in internal control or any condition of non-compliance with applicable laws, regulations or policy were noted by the independent auditors through the execution of their audit procedures. The unmodified independent auditors' report attests that the financial statements are presented fairly, in all material respects, in accordance with U.S. GAAP.



Doreen M. Harris
President and Chief Executive Officer



Pamela C. Poisson
Chief Financial Officer



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

Members of the Authority
New York State Energy Research and Development Authority:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New York State Energy Research and Development Authority (the Authority), a component unit of the State of New York, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of March 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,



misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the *effectiveness of the Authority's internal control*. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
June 30, 2023

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited

The following Management's Discussion and Analysis (MD&A) of New York State Energy Research and Development Authority's (NYSERDA) financial performance provides an overview of NYSERDA's financial activities for the fiscal year ended March 31, 2023. The information contained in the MD&A should be considered in conjunction with the information presented as part of NYSERDA's basic financial statements. Following this MD&A are the basic financial statements of NYSERDA with the notes thereto that are essential to a full understanding of the data contained in the financial statements. NYSERDA's basic financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) proprietary fund financial statements; (4) fiduciary fund financial statements; and (5) notes to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of NYSERDA's finances in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all of NYSERDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the difference between these is reported as net position. The *Statement of Activities* presents information showing how NYSERDA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the Statement for some items that will result in cash flows in future fiscal periods, or which already resulted in cash flows in a prior fiscal period. The government-wide financial statements present information about NYSERDA as a whole. All activities of NYSERDA are considered to be governmental activities, with the exception of the activities of NY Green Bank, which are considered business-type activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. The governmental funds *Balance Sheet* and the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Proprietary fund financial statements provide information for business-type activities where NYSERDA charges fees to customers to recover costs of providing services. NY Green Bank is reported as a proprietary fund. The proprietary fund financial statements include a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Fund Net Position*, and a *Statement of Cash Flows*.

The fiduciary fund financial statements report assets held by NYSERDA in a fiduciary capacity for others and consist of a *Statement of Fiduciary Net Position* and a *Statement of Changes in Fiduciary Net Position*. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support NYSERDA's programs.

The notes to the basic financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements.

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited

BACKGROUND

The mission of NYSERDA is to advance clean energy innovation and investments to combat climate change, improve the health, resiliency, and prosperity of New Yorkers, and deliver benefits equitably to all. These efforts are key to developing a less polluting and more reliable and affordable energy system for all New Yorkers. Collectively, NYSERDA's efforts aim to reduce greenhouse gas emissions, accelerate economic growth, and reduce customer energy bills. NYSERDA works with stakeholders throughout New York including residents, business owners, developers, community leaders, local government officials, university researchers, utility representatives, investors, and entrepreneurs. NYSERDA partners with them to develop, invest, and foster the conditions that attract the private sector capital investment needed to expand New York's clean energy economy, overcome barriers to using clean energy at a large-scale in New York, and enable New York's communities and residents to benefit from energy efficiency and renewable energy.

New York State's nation-leading climate plan calls for an orderly and just transition to clean energy that creates jobs and continues fostering a green economy in New York State, as memorialized through the Climate Leadership and Community Protection Act ("CLCPA"). NYSERDA is charged with coordinating much of the work to attain New York's goals as stated in the CLCPA, including driving energy efficiency improvements to reduce statewide energy use by 185 TBtu, attain a zero-emission electricity sector by 2040 with 70 percent renewable energy generation by 2030, and reach economy wide carbon neutrality around mid-century. NYSERDA works, directly and through partnerships, to achieve these goals. In so doing, it strives to attract private investment to better leverage government funding and realize economies of scale. Consistent with the CLCPA, NYSERDA works to invest or direct resources to ensure that disadvantaged communities receive at least 35 percent, with the goal of 40 percent, of overall benefits of spending on clean energy and energy efficiency programs.

Underpinning this critical work, NYSERDA also plays a key role in ensuring energy security for New York State, by providing the State's energy policy decision makers with a wide range of data and analyses to support policy making including the ongoing maintenance of the strategic fuel reserves to ensure an appropriate supply is available for first responders in the event of a fuel supply emergency.

The funding to carry out initiatives in support of these goals is primarily supported by ratepayer surcharges collected by utilities on NYSERDA's behalf through their regular billing processes. Such funding is determined and overseen by the Public Service Commission (PSC) and documented in various orders issued by the PSC, including the Clean Energy Fund (CEF) and Clean Energy Standard (CES) orders. NYSERDA receives some additional variable funding through regional greenhouse gas allowance auction proceeds that accrue to NYS as a result of its membership in the Regional Greenhouse Gas Initiative (RGGI) that allow NYSERDA to complement and amplify high-priority energy initiatives that realize benefits in disadvantaged communities and expand private investment and partnerships without cost to the State. NYSERDA also receives a small portion of its budget from direct state appropriations to support energy analysis and planning and energy safety and security activities.

FORWARD LOOKING STATEMENTS

The statements in this management's discussion and analysis (MD&A) that are not purely historical facts are forward-looking statements based on current expectations of future events. Such forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes to or development in various important factors. Accordingly, actual results may vary from those we presently expect, and such variations may be material. We therefore caution against placing undue reliance on any forward-looking statements contained in this MD&A. All forward-looking statements included in this MD&A are made only as of the date of this MD&A and we assume no obligation to update any such forward-looking statements as a result of new information, future events or other factors.

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited

CONDENSED FINANCIAL INFORMATION

The following condensed financial information is presented from NYSERDA's government-wide financial statements:

(Amounts in thousands)

Summary of Net Position	Governmental activities	Business-type activities	Total	Total	% Change 2023-2022
			March 31, 2023	March 31, 2022	
Cash and investments	\$920,091	352,312	1,272,403	1,299,587	-2.1%
Capital assets	21,183	-	21,183	11,376	86.2%
Loans and financing receivable, net	209,516	681,343	890,859	669,009	33.2%
Residual interest receivable	-	-	-	77,360	-100.0%
Other assets	121,883	6,659	128,542	65,908	95.0%
Total assets	1,272,673	1,040,314	2,312,987	2,123,240	8.9%
Deferred outflows of resources	26,969	3,936	30,905	32,525	-5.0%
Other liabilities	250,520	939	251,459	277,089	-9.2%
Non-current liabilities	149,104	-	149,104	142,911	4.3%
Total liabilities	399,624	939	400,563	420,000	-4.6%
Deferred Inflows of Resources	45,898	6,750	52,648	50,429	4.4%
Net Position:					
Net investment in capital assets	11,069	-	11,069	11,376	-2.7%
Restricted	833,910	1,036,561	1,870,471	1,668,224	12.1%
Unrestricted	9,141	-	9,141	5,736	59.4%
Total Net Position	\$854,120	1,036,561	1,890,681	1,685,336	12.2%

Total assets increased \$189.7 million (8.9%). Cash and investments decreased \$27.2 million (-2.1%) primarily due to the following: NY Green Bank net capital deployed for new and existing transactions, and a large increase in the accrued Zero-emission credit (ZEC) program receivable based on a higher calculated generator load as compared to the prior year load calculation. RGGI proceeds far in excess of expenditures largely offset the decreases of cash and investments in other funds. Capital assets increased primarily due to the adoption of GASB Statement No. 87, *Leases* (GASB 87), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) as of April 1, 2022. Certain leases where NYSERDA rents office space from other entities were recorded as lessee right to use capital assets in accordance with GASB 87 and the balance of these lease assets at March 31, 2023 was \$9.7 million. Certain software license subscriptions NYSERDA contracts with various vendors for, were recorded as software capital assets in accordance with GASB 96 and the balance of these software assets at March 31, 2023 was \$1.6 million.

Loans and financing receivables increased \$221.9 million (33.2%), primarily reflecting additional NY Green Bank loans. In addition, NY Green Bank loans increased, and the residual interest receivable decreased \$77.4 million (-100.0%), due to NY Green Bank repurchasing the remaining balance of loan backed receivables previously sold, thus reverting the classification of the residual to "Loans and financing receivables". Other assets increased \$59.3 million (114.7%) primarily due to a \$30.0 million increase in the ZEC program receivable associated with a return to more of a 'normal' one-month lag dollar amount as noted above (as a driver of the decrease in cash and investments). Additionally, there was an increase of \$13.4 million across several Bill-As-You-Go (BAYG) funds' receivables due to timing of billing and reimbursement of expenses. Further, a \$5.7 million balance as of March 31, 2023 for lease receivables was recognized in accordance with GASB 87, where NYSERDA is the lessor of various capital assets to other entities.

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited

Other assets increased \$62.6 million (95.0%) mainly due to a large increase in the accrued Zero-emission credit (ZEC) program receivable of \$24.6 million associated with a return to more of a 'normal' one-month lag dollar amount (the prior year's receivable was less than typical due to billing load at a higher rate because load had been expected to remain low post-Covid). Additionally, there was an increase in the third-party receivable of \$13.4 million across several Bill-As-You-Go (BAYG) funds due to timing of billing and reimbursement of expenses.

Deferred outflows of resources decreased by \$1.6 million (-5.0%) primarily due to a decrease in the actuarially-determined deferred outflows related to pension and other post-employment benefits (OPEB).

Total liabilities decreased \$19.4 million (-4.6%). Non-current liabilities increased \$6.2 million (4.3%) primarily due to a new balance of \$10.0 million of lease obligations as of March 31, 2023 resulting from the adoption of GASB 87, as well as due to the issuance of bonds to finance the GJGNY revolving loan fund, offset by scheduled principal payments and early redemptions on previous similar bond issuances.

Other liabilities decreased by \$25.6 million (-9.2%); primarily as a result of a large decrease in accounts payable associated with timing of receipt, approval and payment of invoices received, having no correlation with expenses. Partially offsetting the decrease in accounts payable, accrued liabilities increased for estimated invoices not yet received and paid.

Deferred inflows of resources experienced little net change, but it is notable that the adoption of GASB 87 resulted in a balance of \$5.7 million as of March 31, 2023 related to future payments receivable by NYSERDA as lessor. Pension and OPEB related actuarially determined deferred inflows of resources decreased and largely offset the increase resulting from recording GASB 87's effect.

Net position increased \$205.3 million (12.2%) principally due to an excess of RGGI revenues over expenses as well as NY Green Bank net operating and non-operating income.

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited

(Amounts in thousands)

Summary of Changes in Net Position	Governmental activities	Business-type activities	Total March 31, 2023	Total March 31, 2022	% Change 2023-2022
Revenues:					
State appropriations	\$16,664	-	16,664	15,364	8.5%
Utility surcharge assessments	563,347	-	563,347	628,009	-10.3%
Renewable energy credit proceeds	31,730	-	31,730	55,543	-42.9%
Zero-emission credit assessments	590,031	-	590,031	609,021	-3.1%
Allowance auction proceeds	279,363	-	279,363	250,634	11.5%
Third-party reimbursements	53,624	-	53,624	75,035	-28.5%
Federal grants	13,494	-	13,494	7,845	72.0%
Interest subsidy	258	-	258	306	-15.7%
Loans and financing receivables interest	8,256	34,701	42,957	21,483	100.0%
Gain (loss) on sale of loans & financing receivables	-	920	920	(13,543)	1572.1%
Investment income	20,695	9,808	30,503	(73)	41884.9%
Other Program Revenue	9,690	5,667	15,357	20,006	-23.2%
Total Revenues	1,587,152	51,096	1,638,248	1,669,630	-1.9%
Expenses:					
Salaries and benefits	55,157	9,919	65,076	58,529	11.2%
Program expenditures	1,326,330	293	1,326,623	1,314,300	0.9%
Investment related expenses	-	812	812	454	78.9%
Program operating costs	1,823	1,832	3,655	3,780	-3.3%
General & administrative costs	10,107	1,806	11,913	14,999	-20.6%
Depreciation	6,686	958	7,644	2,583	195.9%
New York State assessments	13,437	157	13,594	13,594	0.0%
Interest	3,550	36	3,586	3,275	9.5%
Total Expenses	1,417,090	15,813	1,432,903	1,411,514	1.5%
Change in Net Position	170,062	35,283	205,345	258,116	-20.4%
Net Position, beginning of year	684,058	1,001,278	1,685,336	1,427,220	n/a
Net Position, end of year	\$854,120	1,036,561	1,890,681	1,685,336	12.2%

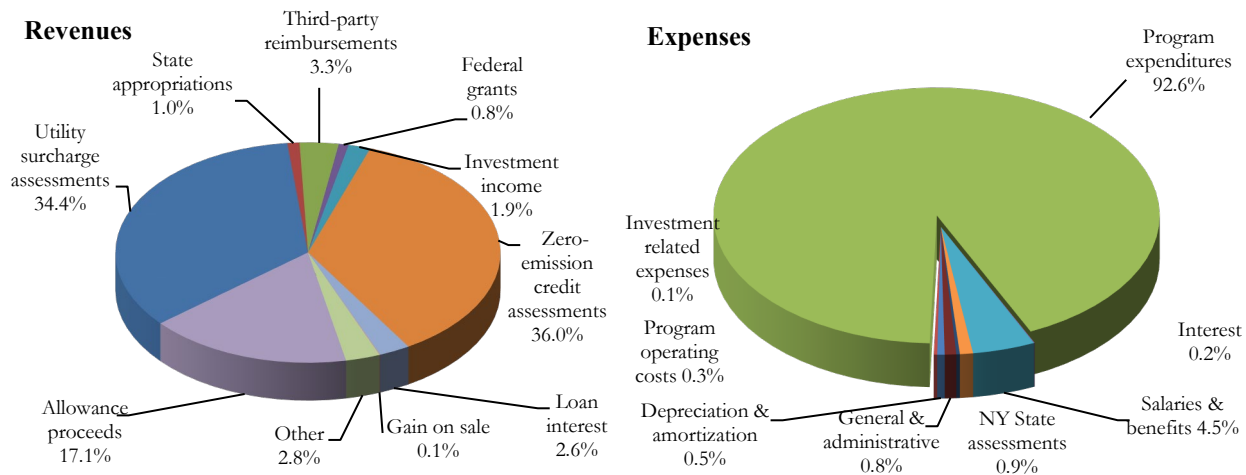
Total revenue decreased \$31.4 million (-1.9%). Utility surcharge assessments revenue decreased by \$64.7 million (-10.3%) principally due to the final rate-payer funded capitalization of NY Green Bank, in the amount of \$44.3 million, having been completed in the previous fiscal year (the year ended March 31, 2022). Additionally, the Energy Storage program had much lower funding collected via the Bill-as-You-Go (BAYG) mechanism due to both lower expenditures in the current fiscal year versus the prior year, as well as the prior year having included revenues to establish the initial working capital balance for that program. Renewable energy credit proceeds decreased by \$23.8 million (-42.9%) principally due to a large decrease in Alternative compliance payments. ZEC revenues decreased by \$19.0 million (-3.1%) due to both lower program expenses in the current fiscal year, as well as the prior year having included non-recurring revenues of \$9.1 million. Allowance proceeds increased by \$28.7 million (11.5%) due to the average quarterly auction sale prices being higher than in the prior fiscal year. Third-party reimbursements decreased by \$21.4 million (-28.5%), principally due to much lower receipts related to the Clean Transportation Volkswagen Settlement Agreement. Loans and financing receivables interest income increased \$21.5 million (100.0%) primarily due to NY Green Bank having larger amounts of deployed capital than in the prior year, as well as an increase in market interest rates having occurred on variable interest rate loans. The gain on sale of loans and financing receivables reflects a sale of a position in the NY Green Bank's portfolio. The prior year loss on sale of loans and financing receivables was a result of the sale of a portion of the interest-bearing portfolio's receivables to a third-party investor in a planned transaction to monetize existing assets to allow capital to be accessible

**New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited**

faster and thus allow more productive near-term use. The increase in investment income of \$30.6 million was principally due to much higher market interest rates for U.S. Treasury holdings. Other program revenues decreased \$4.6 million (-23.2%) primarily due to lower closing fees earned by NY Green Bank.

Total expenses increased \$21.4 million (1.5%). Program expenditures increased \$12.3 million (0.9%) primarily for incentives paid due to an increase in NY-Sun project completions associated with the 2020 increase in funding for the six gigawatt goal of the program (established at that time). The increase in NY-Sun was partially offset by lower RGGI expenditures. Salaries and benefits expense increased \$6.5 million (11.2%) primarily due to an increase in FTE's; performance-based salary increases and payments; and from a retroactive and a current year general salary increase authorized for payment during the fiscal year 2022-23. Health insurance benefits expense also increased significantly, but was more than offset by much lower actuarially determined pension benefit expense.

The following charts depict Authority revenues and expenses for the year ended March 31, 2023.



FINANCIAL ANALYSIS OF FUNDS

Total fund balances for the governmental funds increased from \$784.9 million to \$950.0 million as further described below:

- The CEF fund balance increased from \$76.3 million to \$91.0 million principally due to lower program expenditures without a similar decrease in revenues, due to the timing of receipt of BAYG revenues used to maintain the projected working capital balance needed.
- The NY-Sun fund balance decreased from \$72.5 million to \$67.4 million primarily due to expenditures exceeding BAYG revenues, due to timing differences inherent in the BAYG funding mechanism.
- The CES fund balance increased from \$36.9 million to \$49.1 million primarily due to Tier 1 REC Alternative Compliance Payments received, driving revenue to exceed expenditures.
- The RGGI fund balance increased from \$184.2 million to \$326.3 million principally as a result of higher auction allowance prices generating greater revenue than was budgeted and expended. A portion of the additional revenues has since been incorporated into updated stakeholder- and Board-approved operating plans for the next planning period and is expected to be expended in accordance with those approved plans. All additional excess revenues collected subsequent to the most recent approved plan will be incorporated in the next operating plan.

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited

- The GJGNY fund balance increased from \$269.7 million to \$304.1 million principally due to proceeds of a bond issuance in the current fiscal year, as well as an increase in funding received through the annual RGGI fund transfer.
- The aggregated Other Funds fund balance decreased from \$145.3 million to \$120.2 million principally due to Volkswagen expenditures exceeding revenues for the fiscal year, as a large portion of the funding had been received and recorded as revenue in the prior fiscal year. Similarly, New Efficiency New York program expenditures exceeded revenues for the current fiscal year, whereas some funding from this program had been received and recorded as revenue in the prior fiscal year.

Total net position for the proprietary fund was \$1.0 billion at March 31, 2023, as described below:

- NY Green Bank's net position increased by \$35.3 million primarily as a result of higher loans and financing receivables interest revenue and much higher investment income due to rising market interest rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

NYSERDA maintains land, buildings, and furniture and equipment in various locations for its corporate purposes, and additionally has recorded in the current fiscal year, lessee right-to-use assets for office space NYSERDA rents from others, as well as subscription-based software assets, as a result of adopting GASB Statement Nos. 87 & 96 as of April 1, 2022. Total capital assets as of March 31, 2023 were \$21.3 million, net of accumulated depreciation. Capital asset additions during the fiscal year ended March 31, 2022 were \$3.3 million, primarily for leased software, as well as information technology upgrades, and furniture, fixtures and equipment.

Total non-current liabilities increased \$6.2 million (4.3%) primarily due to the recording of lease obligations associated with the adoption of GASB 87.

NYSERDA also issues tax-exempt bonds on a conduit basis on behalf of utility companies to finance certain eligible projects. As of March 31, 2023, approximately \$1.5 billion of bonds are outstanding. These bonds are non-recourse bonds and, as such, are not included in NYSERDA's financial statements.

ECONOMIC FACTORS

On behalf of the State, NYSERDA manages the Western New York Nuclear Service Center in West Valley, New York, the site of a former plant for reprocessing used nuclear fuel. Depending upon the clean-up options selected and agreement on cost sharing with the federal government, these costs could be substantial. It is anticipated that New York State's share of future costs for the West Valley site will be provided by New York State to NYSERDA and will not impact NYSERDA's current funding. As permitted by Governmental GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, no liability has been recorded in NYSERDA's financial statements for this contingency due to the expected recoveries from New York State.

NYSERDA's programs are impacted by a number of factors including, but not limited to, general economic conditions, energy prices, energy system reliability, climate change impacts, and energy technology advancements. Revenues from RGGI allowance auction proceeds in particular can be highly sensitive to some of the aforementioned factors. NYSERDA has assessed current economic factors including inflation, increases in prevailing interest rates, supply chain constraints, residual impacts of the COVID pandemic, and the conflict in Ukraine, and does not foresee material impact on its near-term financial condition or operations. We will continue to closely monitor program costs and outcomes and adjust proactively with resilience measures and investments, to mitigate potential impacts from external factors including a changing climate.

**New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2023
Unaudited**

CONTACT FOR NYSERDA'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the finances of NYSERDA for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to Pam Poisson, Chief Financial Officer, NYSERDA, 17 Columbia Circle, Albany, NY 12203.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Net Position
March 31, 2023
(Amounts in thousands)

	Governmental Activities	Business-type Activities	Total March 31, 2023
<u>ASSETS:</u>			
Current assets:			
Cash and investments	\$920,091	352,312	1,272,403
New York State receivable	15,174	-	15,174
Third-party billings receivable	66,261	-	66,261
Interest receivable on loans	1,672	3,932	5,604
Loans and financing receivables due within one year, net	25,310	116,143	141,453
Prepaid expense	2,029	-	2,029
Other assets	21,949	-	21,949
Total current assets	<u>1,052,486</u>	<u>472,387</u>	<u>1,524,873</u>
Non-current assets:			
Loans and financing receivables- long-term, net	184,206	565,200	749,406
Capital assets, net of depreciation and amortization	21,183	-	21,183
Net pension & OPEB assets	14,798	2,727	17,525
Total non-current assets	<u>220,187</u>	<u>567,927</u>	<u>788,114</u>
Total assets	<u>1,272,673</u>	<u>1,040,314</u>	<u>2,312,987</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	<u>26,969</u>	<u>3,936</u>	<u>30,905</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Non-current liabilities due within one year	17,146	-	17,146
Accounts payable	6,026	130	6,156
Accrued liabilities	240,926	282	241,208
Unearned revenue	3,568	-	3,568
Deposits	-	527	527
Total current liabilities	<u>267,666</u>	<u>939</u>	<u>268,605</u>
Non-current liabilities:			
Bonds payable	92,817	-	92,817
Deposits	24,041	-	24,041
Other non-current liabilities	15,100	-	15,100
Total non-current liabilities	<u>131,958</u>	<u>-</u>	<u>131,958</u>
Total liabilities	<u>399,624</u>	<u>939</u>	<u>400,563</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	<u>45,898</u>	<u>6,750</u>	<u>52,648</u>
<u>NET POSITION:</u>			
Net investment in capital assets	11,069	-	11,069
Restricted for specific programs	833,910	1,036,561	1,870,471
Unrestricted	9,141	-	9,141
Total net position	<u>\$854,120</u>	<u>1,036,561</u>	<u>1,890,681</u>

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Activities
For the year ended March 31, 2023
(Amounts in thousands)

	Governmental Activities								Business-type	Total
	Functions/Programs								Activities	March 31,
	CEF	NY-Sun	CES	RGGI	Energy Analysis	West Valley	Other	Total	NY Green Bank	2023
EXPENSES:										
Salaries and benefits	\$21,884	2,384	6,008	8,821	5,861	2,470	7,729	55,157	9,919	65,076
Program expenditures	292,599	189,308	605,312	80,306	7,190	14,543	137,072	1,326,330	293	1,326,623
Investment related expenses	-	-	-	-	-	-	-	-	812	812
Program operating costs	264	76	98	(6)	751	35	605	1,823	1,832	3,655
General & administrative expenses	3,992	437	1,103	1,622	1,076	457	1,420	10,107	1,806	11,913
Depreciation & amortization	2,566	333	726	860	716	341	1,144	6,686	958	7,644
NY State assessments	2,928	1,876	6,189	910	156	180	1,198	13,437	157	13,594
Interest	80	9	22	33	22	28	3,356	3,550	36	3,586
Total expenses	324,313	194,423	619,458	92,546	15,772	18,054	152,524	1,417,090	15,813	1,432,903
REVENUES:										
<i>Operating grants and contributions</i>										
State appropriations	-	-	-	182	142	15,257	1,083	16,664	-	16,664
Utility surcharge assessments	276,977	189,527	-	-	12,071	-	84,772	563,347	-	563,347
Renewable energy credit proceeds	-	-	31,730	-	-	-	-	31,730	-	31,730
Zero-emission credit assessments	-	-	590,031	-	-	-	-	590,031	-	590,031
Allowance auction proceeds	-	-	-	279,363	-	-	-	279,363	-	279,363
Third-party reimbursements	28,771	-	33	-	-	2,793	22,027	53,624	-	53,624
Federal grants	-	-	-	-	3,495	-	9,999	13,494	-	13,494
Interest subsidy	-	-	-	-	-	-	258	258	-	258
<i>Charges for services</i>										
Project repayments	-	-	-	-	-	-	419	419	-	419
Rentals from leases	-	-	-	-	-	6	1,121	1,127	-	1,127
Fees and other income	-	-	7,783	-	-	1	360	8,144	5,667	13,811
Loans and financing receivables interest	229	-	-	-	-	-	8,027	8,256	34,701	42,957
<i>Other</i>										
Gain on sale of Loans and financing receivables	-	-	-	-	-	-	-	-	920	920
Investment income	2,084	1,701	4,035	6,971	-	-	5,904	20,695	9,808	30,503
Total revenues	308,061	191,228	633,612	286,516	15,708	18,057	133,970	1,587,152	51,096	1,638,248
Increase (decrease) in net position before transfers	(16,252)	(3,195)	14,154	193,970	(64)	3	(18,554)	170,062	35,283	205,345
Transfers	30,471	(2,006)	(1,901)	(51,937)	-	-	25,373	-	-	-
Change in net position	14,219	(5,201)	12,253	142,033	(64)	3	6,819	170,062	35,283	205,345
Net position, beginning of period	73,370	72,321	37,415	183,808	3,045	-	314,099	684,058	1,001,278	1,685,336
Net position, end of period	\$87,589	67,120	49,668	325,841	2,981	3	320,918	854,120	1,036,561	1,890,681

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Balance Sheet - Governmental Funds
March 31, 2023
(Amounts in thousands)

	Major Funds						Other Funds	Total March 31, 2023
	CEF	NY-Sun	CES	RGGI	GJGNY			
ASSETS:								
Cash and investments	\$114,355	89,634	168,151	332,946	98,723	116,282	920,091	
Receivables:								
New York State	1,621	-	5,683	-	-	7,870	15,174	
Third-party billings	244	-	46,013	-	3,371	16,633	66,261	
Interest on loans	276	-	-	-	1,396	-	1,672	
Loans	6,000	-	-	-	203,516	-	209,516	
Prepaid expense	1,000	-	-	-	-	1,029	2,029	
Other assets	1,004	-	-	-	-	20,945	21,949	
Due from other funds	3,575	400	-	425	270	-	4,670	
Total assets	<u>\$128,075</u>	<u>\$90,034</u>	<u>219,847</u>	<u>333,371</u>	<u>307,276</u>	<u>162,759</u>	<u>1,241,362</u>	
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	\$1,786	804	289	623	1,948	576	6,026	
Accrued liabilities	33,047	21,874	146,503	6,454	672	30,873	239,423	
Unearned revenue	2,246	-	-	29	594	698	3,567	
Deposits	-	-	23,560	-	-	481	24,041	
Due to other funds	-	-	365	-	-	4,305	4,670	
Total liabilities	<u>37,079</u>	<u>22,678</u>	<u>170,717</u>	<u>7,106</u>	<u>3,214</u>	<u>36,933</u>	<u>277,727</u>	
Deferred Inflow of Resources	-	-	-	-	-	5,656	5,656	
Fund Balances:								
Nonspendable-not in spendable form	1,000	-	-	-	-	1,029	2,029	
Restricted	89,996	67,356	49,130	326,265	304,062	111,029	947,838	
Unassigned	-	-	-	-	-	8,112	8,112	
Total fund balances	<u>90,996</u>	<u>67,356</u>	<u>49,130</u>	<u>326,265</u>	<u>304,062</u>	<u>120,170</u>	<u>957,979</u>	
Total liabilities and fund balances	<u>\$128,075</u>	<u>90,034</u>	<u>219,847</u>	<u>333,371</u>	<u>307,276</u>	<u>162,759</u>	<u>1,241,362</u>	

Following is a reconciliation of amounts reported differently in the Statement of Net Position:

Total fund balances for governmental funds	\$957,979
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	21,183
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(110,265)
Pension & OPEB related deferred outflows and inflows are not reported in governmental funds	(13,274)
Accrued interest expense	(1,503)
Net position of governmental activities	<u>\$854,120</u>

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended March 31, 2023
(Amounts in thousands)

	Major Funds						Total March 31, 2023
	CEF	NY-Sun	CES	RGGI	GJGNY	Other Funds	
REVENUES:							
State appropriations	\$ -	-	-	182	-	16,482	16,664
Utility surcharge assessments	276,977	189,527	-	-	-	96,843	563,347
Renewable energy credit proceeds	-	-	31,730	-	-	-	31,730
Zero-emission credit assessments	-	-	590,031	-	-	-	590,031
Allowance auction proceeds	-	-	-	279,363	-	-	279,363
Third-party reimbursements	28,771	-	33	-	-	24,820	53,624
Federal grants	-	-	-	-	-	13,494	13,494
Interest subsidy	-	-	-	-	258	-	258
Project repayments	-	-	-	-	-	419	419
Rentals from leases	-	-	-	-	2	1,125	1,127
Fees and other income	-	-	7,783	-	9	352	8,144
Loan interest	229	-	-	-	8,027	-	8,256
Investment income (loss)	2,084	1,701	4,035	6,971	1,697	4,207	20,695
Total revenues	308,061	191,228	633,612	286,516	9,993	157,742	1,587,152
EXPENDITURES:							
Current expenditures	323,863	194,322	619,312	92,546	7,662	175,035	1,412,740
Debt service:							
Principal	-	-	-	-	20,825	2,295	23,120
Interest	-	-	-	-	2,744	259	3,003
Bond issuance costs	-	-	-	-	793	-	793
Capital outlay	-	-	120	-	-	17,331	17,451
Total expenditures	323,863	194,322	619,432	92,546	32,024	194,920	1,457,107
OTHER FINANCING SOURCES (USES):							
Lease acquisitions						12,120	12,120
SBITA acquisitions						4,464	4,464
Residential Solar Financing Green Revenue							
Bonds issued	-	-	-	-	26,500	-	26,500
Transfers in	30,471	1,736	-	-	29,937	2,302	64,446
Transfers out	-	(3,742)	(1,901)	(51,937)	-	(6,866)	(64,446)
Net other financing sources (uses)	30,471	(2,006)	(1,901)	(51,937)	56,437	12,020	43,084
Net change in fund balances	14,669	(5,100)	12,279	142,033	34,406	(25,158)	173,129
Fund balances, beginning of year	76,327	72,456	36,851	184,232	269,656	145,328	784,850
Fund balances, end of year	\$90,996	67,356	49,130	326,265	304,062	120,170	957,979

Following is a reconciliation of amounts reported differently in the Statement of Activities:

Net change in fund balances for governmental funds	\$173,129
Capitalization of capital outlays including right of use assets, rather than recording as an expenditure	(2,448)
Expenses for compensated absences in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(1,251)
Expenses for accrued bond interest in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(546)
Pension contributions are not an expense in the Statement of Activities, and GASB 68 pension expense is not a use of current financial resources in the governmental funds	2,919
OPEB contributions are not an expense in the Statement of Activities, and GASB 75 OPEB expense is not a use of current financial resources in the governmental funds	1,639
Bond proceeds are a current financial resource in the governmental funds but are not reported as revenues in the Statement of Activities	(26,500)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position	23,120
Change in net position of governmental activities	\$170,062

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Net Position
Proprietary Fund
March 31, 2023
(Amounts in thousands)

	March 31, 2023
<u>ASSETS:</u>	
Current assets:	
Cash and investments	\$352,312
Interest receivable on loans	3,932
Loans and financing receivables due within one year, net	116,143
Total current assets	472,387
Non-current assets:	
Loans and financing receivables - long term, net	565,200
Net pension & OPEB assets	2,727
Total non-current assets	567,927
Total assets	1,040,314
 <u>DEFERRED OUTFLOWS OF RESOURCES:</u>	 3,936
 <u>LIABILITIES:</u>	
Current liabilities:	
Accounts payable	130
Accrued liabilities	282
Escrow deposits	527
Total current liabilities	939
Total liabilities	939
 <u>DEFERRED INFLOWS OF RESOURCES:</u>	 6,750
 <u>NET POSITION:</u>	
Net position restricted for specific programs	\$1,036,561

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the year ended March 31, 2023
(Amounts in thousands)

	March 31, 2023
<u>OPERATING REVENUES:</u>	
Closing fees	\$2,950
Undrawn fees	986
Administrative fees	521
Other fees	1,210
Loans and financing receivables interest	34,842
Provision for losses on loans and financing receivables	(141)
Gain on sale of loans and financing receivables	920
Total operating revenues	41,288
<u>OPERATING EXPENSES:</u>	
Salaries and benefits	9,919
Investment related expenses	812
Program operating costs	1,832
General & administrative expenses	1,806
Depreciation	958
NY State assessments	157
Interest	36
Total operating expenses	15,520
OPERATING INCOME	25,768
<u>NON-OPERATING REVENUES:</u>	
Investment income	9,808
Total non-operating revenues	9,808
<u>NON-OPERATING EXPENSES:</u>	
Program evaluation	293
Total non-operating expenses	293
Change in net position	35,283
Net position, beginning of year	1,001,278
Net position, end of year	\$1,036,561

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Cash Flows
Proprietary Fund
For the year ended March 31, 2023
(Amounts in thousands)

	March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Closing fees collected	\$2,930
Undrawn fees collected	715
Administrative fees collected	484
Other fees collected	1,358
Loans and financing receivables interest collected	22,562
Disbursement of escrow deposits	326
Payments to employees & employee benefit providers	(10,220)
Payments to suppliers	(5,070)
Payment for allocated depreciation	(958)
Payments to NYS	(157)
Payment for allocated interest	(36)
Loans and financing receivables deployed	(347,904)
Loans and financing receivables principal repayments	227,479
Net cash used in operating activities	(108,491)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(896,681)
Proceeds from sale of investments	1,004,595
Investment income	5,139
Net cash provided by investing activities	113,053
 Net change in cash & cash equivalents	
	4,562
Cash and cash equivalents, beginning of year	14,570
Cash and cash equivalents, end of year	\$19,132
 RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$25,768
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease in third party billings receivable	5
Increase in interest receivable	(1,927)
Increase in loans and financing receivables	(131,753)
Decrease in accounts payable	(113)
Decrease in accrued liabilities	(202)
Increase in escrow deposits	326
Net change in pension & OPEB related accounts	(302)
Non-operating expenses unrelated to financing activities	(293)
Net cash used in operating activities	(\$108,491)

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Fiduciary Net Position
March 31, 2023
(Amounts in thousands)

	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
<u>ASSETS:</u>		
Cash and investments	\$66,510	\$44,713
Total assets	\$66,510	44,713
<u>LIABILITIES:</u>		
Accrued expenses	4	-
Payable to New York State	-	538
Escrow funds payable	-	11,112
Total liabilities	4	11,650
<u>NET POSITION:</u>		
<u>Restricted for:</u>		
Other postemployment benefits	66,506	-
Other governments and organizations	-	33,063
Total Net position	\$66,506	\$33,063

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Changes in Fiduciary Net Position
For the year ended March 31, 2023
(Amounts in thousands)

<u>ADDITIONS:</u>	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
Employer contributions	\$2,549	\$ -
Utility assessments	-	3,017
Escrow deposit receipts	-	524
Investment (loss) income	(3,367)	137
Less investment management expenses	(11)	-
Net investment (loss) income	<u>(3,378)</u>	<u>137</u>
Total additions, net	<u>(829)</u>	<u>3,678</u>
<u>DEDUCTIONS:</u>		
Benefits	2,097	-
Reimbursements paid	-	3,605
Accrued expenses	-	541
Administrative fees	18	-
Total deductions	<u>2,115</u>	<u>4,146</u>
Change in net position	(2,944)	(468)
<u>NET POSITION:</u>		
Net position- beginning of year	<u>69,450</u>	<u>33,531</u>
Net position- end of year	<u>\$66,506</u>	<u>\$33,063</u>

See accompanying notes to the basic financial statements.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(1) GENERAL

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 (the State). NYSERDA is included in the State's basic financial statements as a component unit. NYSERDA's significant functions and programs reported in the Statement of Activities are summarized below; those which are reported as major funds in the Governmental Fund Financial Statements are noted parenthetically.

Clean Energy Fund (CEF) Market Development/Innovation & Research (Major fund)

Pursuant to a January 2016 Order (CEF Order), the State Public Service Commission (Commission) authorized a ten-year commitment through 2025 of approximately \$5.3 billion to clean energy programs through a CEF, from previously authorized or incremental collections. 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 is a key vehicle to support attainment of specific, time-bounded goals for energy efficiency, zero-emissions electricity generation, and investment in disadvantaged communities as articulated in the State's Climate Leadership and Community Protection Act.

The CEF Market Development activities are designed to ultimately reduce energy 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.

The CEF Order provided for a ten-year funding authorization of \$3.43 billion for the Market Development and Innovation & Research activities. Through the CEF Order, funding authorization was also provided to allocate \$781.5 million for NY Green Bank, \$960.6 million for NY-Sun, and \$150.0 million for the RPS Program for a 2016 Main Tier solicitation. The NY Green Bank and NY-Sun programs are presented as separate Programs/Functions in the financial statements as further described below.

The CEF Order authorized the continuation of previously authorized ratepayer collections for calendar years 2016 through 2024 for previous program authorizations for the New York Energy Smart, Energy Efficiency Portfolio Standard, Technology and Market Development, and RPS programs (the Previously Approved Programs).

To reimburse NYSERDA for actual CEF program expenses, the CEF Order established a "Bill-As-You-Go" (BAYG) approach for revenue collection effective January 1, 2016. Under this approach, CEF ratepayer collections are held by the electric and gas utilities and used to reimburse NYSERDA monthly, 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.

NY-Sun (Major fund)

Approved through a 2012 Commission Order, the NY-Sun program is designed to develop a sustainable solar industry through a capacity block incentive approach. The NY-Sun program was initially funded through \$216 million reallocated under the Renewable Portfolio Standard (RPS)

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

program. The CEF Order established the incremental collection schedule and reallocation of uncommitted funds to support program activities approved through the 2012 Order. Pursuant to May 14, 2020 and September 9, 2021 Orders, the Commission authorized the expansion of the NY-Sun program through 2025 to meet the established targets under the Climate Leadership and Community Protection Act and to develop a total of 6 gigawatt (GW) of distributed solar by 2025 by adding an additional 3 GW of distributed solar. The Orders increased NY-Sun's funding by \$573 million from existing and any future uncommitted NYSERDA ratepayer funds, and if necessary, a transfer from NY Green Bank. In an April 14, 2022 Order, the Commission authorized a further expansion of the program expanding installation targets of the NY-Sun program from 6 to 10 GW of distributed solar generation. The Order increased NY-Sun's funding by an additional \$1.474 billion for a cumulative authorized funding level of \$3.27 billion. The additional \$1.474 billion will be provided to NYSERDA utilizing the existing Bill-As-You-Go mechanism established under the CEF Framework Order.

Clean Energy Standard (CES) (Major fund)

Pursuant to an August 2016 and subsequent Orders, the Clean Energy Standard was established, adopting a State Energy Plan goal that 70% 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 (LSEs) 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. As part of the RES component of the program, NYSERDA will offer for sale to the LSEs at various times Renewable Energy Credits (RECs) produced from, and received under, contracts with qualifying renewable energy facilities to meet the LSEs' mandatory compliance requirements. Alternatively, NYSERDA may receive Alternative Compliance Payments from LSEs in lieu of their purchasing RECs from NYSERDA. 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 ZECs. As part of the ZEC component, NYSERDA provides support payments for specified nuclear generating facilities in amounts prescribed by the Commission's Order based on each facility's output. The funding for these payments is collected through ZECs sold to each LSE in amounts calculated for each LSE's proportionate share of the statewide energy load. The RES component and the ZEC component are inter-related 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 70% by 2030 goal. The RES and ZEC components will, however, in combination, contribute toward the State's comprehensive greenhouse gas reduction goals.

NYSERDA is leading the coordination of offshore wind opportunities in New York State and is supporting the development of 9,000 megawatts of offshore wind energy by 2035 in a responsible and cost-effective manner. In July 2018, the Commission issued an Order Adopting the Offshore Wind Standard. The Offshore Wind Standard authorized solicitations by NYSERDA, in consultation with the Long Island Power Authority and New York Power Authority, for first phase of offshore wind procurements. Through March 31, 2023 NYSERDA has issued three competitive solicitations for offshore wind to stimulate the development of the domestic offshore wind industry, reduce the cost of later offshore wind procurements, and allow New York State to realize the direct benefits associated with the construction, operation, and maintenance of offshore wind resources.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

An October 15, 2020 Order of the PSC established a new Tier 2 and Tier 4. The Tier 2 Maintenance program aims to provide targeted, adequate, and prudent support to New York's existing renewable resources to ensure their continued operations. Eligible Tier 2 maintenance generators include run-of-river hydroelectric facilities (5 MW or less) and wind resources that entered commercial operation prior to January 1, 2003. The Competitive Tier 2 program aims to maximize the contributions and potential of New York's existing renewable resources to ensure their continued operations. Eligible Competitive Tier 2 generators include existing non-state-owned run-of-river hydropower and existing wind resources located within the State that entered commercial operation prior to January 1, 2015. The new Tier 4 will increase the penetration of renewable energy into New York City, which is particularly dependent on polluting, fossil fuel-fired generation. NYSERDA will procure unbundled environmental attributes associated with renewable generation delivered into New York City. These environmental attributes include the avoidance of GHG emissions, as well as the avoidance of local pollutants such as NO_x, SO_x, and fine particulate matter.

Regional Greenhouse Gas Initiative (RGGI) (Major fund)

RGGI is an agreement among twelve 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) (Major fund)

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 will also support sustainable community development and create opportunities for green jobs. The legislation funded the program with \$112.0 million from RGGI auction proceeds and restricts the use of interest earnings and revolving loan proceeds for additional programmatic spending. Through March 31, 2023 NYSERDA subsequently transferred \$184.7 million in additional RGGI funds to support program activities.

Energy 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 in an effort to ensure a secure, reliable energy supply. These program activities are funded primarily by a State assessment on the intrastate gas and electricity sales of the State's investor-owned utilities.

Furthermore, Energy Analysis staff provide oversight activities pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, whereby NYSERDA is responsible for ultimately constructing and operating the State's LLRW disposal facilities, collecting information, and providing regular reports to the Governor and Legislature on LLRW generation in the State. These activities are funded annually by State appropriations through a sub-allocation from the New York State Department of Health.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

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

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 was 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 represents an aggregate of smaller Programs/Functions. These activities are primarily funded through Commission Orders, Memorandums of Understanding with various utilities pursuant to Commission Orders, various third-party reimbursement agreements, and federal energy grants.

NY Green Bank

NY Green Bank, a division of NYSERDA accounted for as a proprietary fund, was established to attract private sector capital to accelerate clean energy deployment in New York State (the State). To date, NY Green Bank has participated in transactions by providing: construction and longer-term post-construction financing and investment, financing to enable developers to aggregate smaller distributed assets into portfolios at scale, and credit enhancements.

NY Green Bank works to increase the size, volume, and breadth of clean energy investment activity throughout the State, expand the base of investors focused on New York State clean energy, and increase clean energy participants' access to capital. To do so, NY Green Bank collaborates with the private sector to develop transaction structures and methodologies that overcome typical clean energy investment barriers, such as challenges in evaluating risk and addressing the needs of distributed energy and efficiency projects where underwriting may be geared more towards larger and/or groups of somewhat homogeneous investment opportunities.

NY Green Bank focuses on opportunities that create attractive precedents, standardized practices, and roadmaps that capital providers can willingly replicate and scale. As funders "crowd in" to a particular area within the clean energy landscape, NY Green Bank moves on to other areas that have attracted less investor interest.

As a key component of New York's CEF, NY Green Bank is structured to be self-sustaining in that it must ultimately cover its own costs of operation.

Pursuant to various Orders of the Commission, the Commission authorized a total of \$1 billion in funded program capitalization for NY Green Bank which had been fully collected as of March 31, 2022.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The basic financial statements include government-wide financial statements, governmental fund financial statements, proprietary fund financial statements, and fiduciary fund financial statements. The government-wide financial statements report information on governmental and business-type activities, and consist of a Statement of Net Position and a Statement of Activities. These statements exclude information about fiduciary activities where NYSERDA holds assets in a trustee or fiduciary capacity for others since such assets cannot be used to support NYSERDA's own programs.

Net position classifications used in the government-wide financial statements are as follows:

- Net investment in capital assets – amount of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets, and deferred outflows of resources less deferred inflows of resources, that are attributable to the acquisition, construction, or improvement of those assets or related debt, excluding any significant unspent related debt proceeds or deferred inflows of resources
- Restricted for specific programs – amount of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets
- Unrestricted – amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of Net investment in capital assets or the Restricted for specific programs components of net position

The governmental fund financial statements report governmental activities and consist of a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. The funds presented in the governmental funds financial statements are categorized as either major or non-major funds (the latter are aggregated within "Other") as required by U.S. generally accepted accounting principles (U.S. GAAP).

Fund balance classifications used in the governmental fund financial statements are as follows:

- Nonspendable – amounts that cannot be spent because they are not in spendable form
- Restricted – amounts with constraints placed on the use of resources that are legally imposed by creditors, grantors, contributors, or laws or regulations of other governments that may be imposed by law through constitutional provisions or enabling legislation
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making. Amounts cannot be used for any other purposes unless the government removes the specified use
- Assigned – amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed
- Unassigned – residual balance is the amount not meeting other fund balance classifications

NYSERDA had no Committed or Assigned Fund Balances as of March 31, 2023. NYSERDA's Nonspendable fund balance at March 31, 2023 is composed of prepaid expenses.

NYSERDA administers certain programs on behalf of the Commission and others whereby the terms of the program sponsor or enabling legislation limit the use of funds to certain program purposes, and as such, the funds are reported as restricted. Since NYSERDA has multiple constraints on its resources, restricted funds are considered spent first, committed funds second, assigned funds third, and unassigned funds last.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

The proprietary fund financial statements, based on an enterprise type fund, report business-type activities for which a fee is charged to external users for goods or services, and consist of a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows. NY Green Bank is presented in the proprietary fund financial statements.

The fiduciary fund financial statements report assets held by NYSERDA in a fiduciary capacity for others and consist of a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. NYSERDA's fiduciary funds include: (1) funds held for reimbursement to the State for costs associated with the Low-Level Radioactive Waste Management Act of 1986; (2) funds that, pursuant to a Cooperative Agreement, must be turned over to the U.S. Department of Energy upon delivery of the solidified high-level radioactive waste from West Valley to a permanent federal disposal repository to provide for perpetual care and management of the waste; (3) funds established pursuant to the 2017 Indian Point closure agreement for community and environmental benefit that must be transferred to recipients of awards of these funds upon the execution of cooperative contracts; (4) funds established by the Office of Renewable Energy Siting through collection of permit application fees for construction and operation of major renewable energy facilities, held for reimbursement to local agencies and potential community intervenors for costs related to the application review process; and (5) funds held in an irrevocable trust maintained by a third-party trustee to receive employer contributions for NYSERDA's health insurance premiums for benefits provided to NYSERDA employees and/or their eligible spouses and dependent children after active employment ends (postemployment).

(b) Basis of accounting

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues resulting from exchange transactions are recognized when the exchange takes place. Revenues resulting from non-exchange transactions, such as program funding in the form of grants, contributions, utility surcharge assessments, and State appropriations, are recognized when all eligibility requirements (if any) have been met. Resources received in advance of meeting all eligibility requirements are recorded as unearned revenue. Expenses in the government-wide financial statements are recognized when incurred. NYSERDA's administrative overhead charges are included as program direct expenses in the Statement of Activities.

Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available (expected to be collected in the next 12 months) and have met eligibility requirements (if any). Expenditures, rather than expenses, are recognized in governmental fund financial statements. Only transactions that require the use of current financial resources are recognized. Expenses related to non-current liabilities are not recorded; however, certain expenses that are recognized over time in the government-wide financial statements are recognized as expenditures in the governmental fund financial statements in the period in which the underlying transaction takes place.

The governmental fund financial statements include a reconciliation of total fund balance and the changes therein, to total net position and the changes therein that are reflected in the government-wide financial statements. The reconciling items are the result of the above-described differences in measurement focus and basis of accounting.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(b) Adoption of new accounting pronouncements

NYSERDA implemented GASB Statement No. 87, *Leases* (GASB 87), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) (GASB 96), for the fiscal year ended March 31, 2023.

GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This GASB is intended to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB 96 establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. This GASB is intended to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition, resulting in greater consistency in practice.

NYSERDA recorded, as of April 1, 2022 additional right of use capital assets, and a lease receivable, lease liability, software subscription liability, and deferred inflows of resources as a result of adopting these new standards. There was no effect on beginning net position or fund balance at April 1, 2022.

These statements require enhanced notes disclosures (see notes 6, 7 & 8).

(c) Indirect cost allocation method

NYSERDA incurs certain indirect costs (e.g., administrative salary expense, fringe benefit expense, and general and administrative expense) that are not directly associated with a specific function/program. Therefore, these costs are allocated in proportion to direct salary expenses of each NYSERDA function/program, including NY Green Bank. Net pension liability (asset) and net OPEB liability (asset) are also allocated proportionately to NY Green Bank, as required for Proprietary funds.

(d) Investments

Investments are recorded at fair value, which reflects quoted market prices for U.S. government obligations, mutual funds, and exchange-traded funds.

(e) Loans and financing receivables

Loans and financing receivables are recorded at their cost basis, less any provision for losses. For NY Green Bank, a provision for losses is established on any individual loan and financing receivable which: (i) is delinquent by more than 120 days on payment of principal or interest obligations; and (ii) indicates a deficiency in the present value of expected cash flows discounted at its effective interest rate, or a deficiency in the valuation of its collateral, as compared to its outstanding balance plus any accrued interest receivable. For the GJGNY program, an allowance for doubtful accounts is recorded at the amount of the outstanding principal balance of all loans over 120 days past due.

(f) Capital and right-to-use assets

Physical assets with a cost of more than \$2,500 and an estimated useful life in excess of two years are capitalized and reported at historical cost in the government-wide financial statements. Depreciation is calculated using the straight-line method over the estimated useful life of the capital assets, which ranges from three to fifty years, and is reported in the government-wide and proprietary fund financial statements. Capital asset purchases are recorded as expenditures in the governmental funds financial statements.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

GASB's 87 & 96 established criteria, respectively, whereby certain leases where NYSERDA is the lessee, and certain SBITA's, are also recorded as right-to-use capital assets. Amortization is calculated over the lesser of the leased asset's useful life, or the remaining lease term; or for SBITA's, the subscription term; and is reported in the government-wide and proprietary fund financial statements, but is reported as an expenditure for capital outlays in the governmental funds financial statements.

(g) Unearned revenue

Unearned revenue consists of funds received or receivable in advance of revenue recognition conditions having been met for the underlying exchange transactions.

(h) Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources as presented in the government-wide and proprietary fund financial statements represent a consumption of net assets applicable to a future reporting period. Deferred inflows of resources as presented are defined as an acquisition of net assets applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources related to pension and OPEB are also allocated proportionately to NY Green Bank, as required for Proprietary funds.

Additionally, deferred inflows of resources exist related to NYSERDA's lease receivable, as a result of the adoption of GASB 87 (see Note 2 (b)).

The below table represents the values of deferred outflows of resources and deferred inflows of resources as of March 31, 2023 by fund type and description:

	<i>(Amounts in thousands)</i>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
<u>Governmental activities:</u>		
Pension related	\$17,049	(\$26,367)
OPEB related	9,920	(13,875)
Lessor related	-	(5,656)
Total	<u>\$26,969</u>	<u>(\$45,898)</u>
 <u>Business-type activities:</u>		
Pension related	\$2,232	(\$4,488)
OPEB related	<u>1,704</u>	<u>(2,262)</u>
Total	<u>\$3,936</u>	<u>(\$6,750)</u>

(i) Vacation and sick leave

NYSERDA employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation leave up to the equivalent of 45 days, and sick leave up to a maximum of five days. Retired employees may use additional accumulated sick leave to pay for the employee share of health insurance premiums.

NYSERDA's accrual for compensated absences, as reported in the government-wide financial statements within other non-current liabilities, includes fringe benefits on compensated absences

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

and estimated costs to use employee sick leave for post-retirement health benefits. Compensated absences are not accrued in the governmental funds financial statements.

(j) NY State assessments

NY State assessments for the year ended March 31, 2023 consisted of \$12.7 million in fees assessed by the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services, and \$0.9 million paid to the State under a budget bill pursuant to Article VII of the New York State Constitution.

(k) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

(l) Income taxes

NYSERDA is a component unit of the State and therefore is generally exempt from federal, state, and local income taxes.

(3) CASH AND INVESTMENTS

Pursuant to Public Authorities Law Section 1859(1), the Commissioner of the New York State Department of Taxation and Finance (Fiscal Agent) serves as fiscal agent for NYSERDA's cash and investments, maintaining such funds on NYSERDA's behalf and implementing investments subject to the Fiscal Agent's policies and with direction and authorization from NYSERDA. NYSERDA has a written investment policy that applies to all of its investments. The policy permits deposits with financial institutions approved by the Fiscal Agent and permits investments in certificates of deposit of bank or trust companies located in New York State, obligations of New York State and the United States government and certain of their agencies, repurchase agreements subject to certain limitations, and money market funds subject to certain limitations.

Cash and investments of the OPEB Trust are held with the Bank of New York Mellon Trust Company. All OPEB Trust investments are made consistent with the investment policy based on target percentages established for each asset class.

The following schedule presents cash and investments as of March 31, 2023. Fair value is measured using quoted market prices for U.S. government obligations, mutual funds, and exchange traded funds. GASB Statement No. 72, *Fair Value Measurement and Application*, prescribes three approaches to measuring fair value and requires a government to use valuation techniques consistent with one or more of these approaches. The standard establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All NYSERDA investments are valued based on Level 1 inputs.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

	Fair Value (Amounts in thousands)	% of Total	Weighted Average Maturity (months)
<u>Governmental activities</u>			
Cash and cash equivalents	\$116,075	12.6	n/a
U.S. Treasury Bills/Notes	<u>804,016</u>	<u>87.4</u>	<u>2.3</u>
Total	<u>\$920,091</u>	<u>100.0</u>	<u>2.3</u>
Current portion thereof	<u>\$920,091</u>		
	Fair Value (Amounts in thousands)	% of Total	Weighted Average Maturity (months)
<u>Proprietary activities</u>			
Cash and cash equivalents	\$19,132	5.4	n/a
U.S. Treasury Bills/Notes	<u>333,180</u>	<u>94.6</u>	<u>2.8</u>
Total	<u>\$352,312</u>	<u>100.0</u>	<u>2.8</u>
Current portion thereof	<u>\$352,312</u>		
<u>Fiduciary funds</u>			
Cash and equivalents	\$10,380	9.3	n/a
Mutual funds	48,803	43.9	n/a
Exchange traded funds	17,034	15.3	n/a
U.S. Treasury Bills	<u>35,006</u>	<u>31.5</u>	<u>5.4</u>
Total	<u>\$111,223</u>	<u>100.0</u>	<u>5.4</u>

Interest Rate Risk. NYSERDA's investment policy limits investment maturities to no longer than five years as a means of managing its exposure to fair value losses arising from increasing interest rates. Investment maturities are selected based on anticipated cash flow needs.

The OPEB Trust's risk tolerance is understood by the Plan Administrator such that achieving the Plan's investment objectives is not guaranteed and there will be time periods for which these objectives will not be met. The Plan Administrator also recognizes that some risk must be assumed to achieve the Trust's long-term investment objectives and accepts the inevitable fluctuations in returns that will occur. While it is understood that a certain level of risk is expected in the Trust's portfolio, the ability to withstand short and intermediate term variability was specifically considered in the development of the Investment Policy Statement risk tolerances. The debt instruments held within the above table's Mutual funds and Exchange traded funds are shown in the below table.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

Credit Risk. Money market fund investments consist of non-rated funds whose investments are restricted to U.S. government obligations. As of March 31, 2023, debt instruments other than those of the U.S. government were held only by the OPEB Trust and were as follows:

<u>Investment type</u>	<u>Investment policy range (% of portfolio)</u>	<u>Fair Value (Amounts in thousands)</u>	<u>Morningstar 5- star rating scale rating</u>
<i>Mutual funds:</i>			
Short term bonds	1%-6%	\$3,729	5
Intermediate term bond	9%-19%	\$11,904	5
Inflation protected securities	5%-15%	\$7,426	4
Long term bond	1%-11%	\$1,340	4
High yield bond	7%-17%	\$10,473	2
Global bond	1%-6%	\$659	5

Morning star is not a credit agency, their rating is a measure of the fund's risk-adjusted return relative to similar funds. Funds are rated one to five stars with the strongest performers receiving five stars.

Concentration of Credit Risk. NYSERDA's investment policy limits investments with any single eligible banking institution to no more than 35% of its total investment portfolio, except as otherwise required by any policies and practices of the Fiscal Agent. As of March 31, 2023, NYSERDA did not have any investments with institutions that were individually in excess of 5% of total investments.

The OPEB Trust's investment policy places limitations on the concentration of investments in certain industries, with certain companies, and among asset classes and within investment policy ranges.

Custodial Credit Risk for Deposits. Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging institution's trust department or agent, but not in the name of NYSERDA.

In accordance with existing policies and procedures, the Fiscal Agent of NYSERDA monitors deposit balances for the purpose of determining collateralization levels. Collateral sufficient to cover all uninsured deposits is held at the Department's custodial bank.

Custodial Credit Risk for Investments. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of NYSERDA, and are held either by the counterparty or the counterparty's trust department or agent, but not in the name of NYSERDA.

Fixed income investments owned directly by NYSERDA, which trade in the U.S. markets, are held at NYSERDA's Fiscal Agent's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for NYSERDA. These securities are typically held in electronic form through the Federal Book Entry System and by the Depository Trust Company (DTC) and its subsidiaries acting as an agent of NYSERDA's Fiscal Agent's custodian bank.

Foreign Currency Risk. As of March 31, 2023, only the OPEB Trust portfolio (reported within Fiduciary funds) holds foreign investments. Foreign mutual fund holdings, which are U.S. dollar denominated, at March 31, 2023 were \$21.0 million (comprised of \$20.2 million of equity funds and \$0.8 of fixed income funds).

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(4) RECEIVABLE FROM NEW YORK STATE

As of March 31, 2023, the amount due from New York State is \$15.2 million, which represents appropriation and grant receivables.

(5) LOANS AND FINANCING RECEIVABLES

Loans receivable exist under the Green Jobs-Green New York program to finance energy efficiency retrofits and renewable energy system installments in residential, multifamily, small business, and not-for-profit buildings. The residential component, and certain small business/not-for-profit loans, offers loans originated by a third-party loan originator using pre-established loan underwriting criteria, which are funded by NYSERDA and serviced by a third-party loan servicer. Multifamily and small business/not-for-profit loans are provided through participating lenders with NYSERDA providing 50% of the principal, subject to certain limits.

For the fiscal year ended March 31, 2023, provision for losses was \$1.2 million and is included in Program/Current expenditures, respectively, for the Program/Major Fund.

NY Green Bank loans and financing receivables consist of sustainable infrastructure investments made by it into eligible technologies, consistent with its mission and investment criteria. These loans and financing transactions aim to mobilize private sector capital during the lifecycle of each investment, accelerate the deployment of economically and technically feasible clean energy projects in the State, provide financial returns to NY Green Bank, and contribute to New York's clean energy policy outcomes. NY Green Bank offers the following categories of capital solutions: construction finance, construction finance & term loan, term loans & investments (which may be debt or equity), warehousing/aggregation, and credit enhancements. NY Green Bank prices its products to reflect its credit underwriting, its risk position in the capital structure and pricing for comparable transactions, as well as internal portfolio return needs taking into account current market rates as well as commercial expectations of rates.

For the fiscal year ended March 31, 2023, provision for losses was \$0.1 million and is included as a reduction of loans and financing receivables interest earned.

Loans and financing receivables at March 31, 2023 include the following:

	<i>(Dollar amounts in thousands)</i>	
	Number of loans and financing receivables	Loans and financing receivables outstanding
<u>Governmental activities</u>		
Residential	37,900	\$212,170
Small Business/Not-for-Profit	89	1,034
Other	<u>23</u>	<u>7,255</u>
Total governmental activities/funds	<u>38,012</u>	220,459
Allowance for doubtful accounts		(10,943)
Net total governmental activities/ funds		<u>\$209,516</u>

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

<u>Business-type activities</u>	<u>Number of loans and financing receivables</u>	<u>Loans and financing receivables outstanding</u>
Construction Finance	8	\$56,047
Construction Finance & Term Loan	13	215,208
Term Loans & Investments	27	315,085
Warehousing/Aggregation	4	95,003
Total business-type activities	<u>52</u>	<u>\$681,343</u>

Loans and financing receivables at March 31, 2023 mature as follows:

(Amounts in thousands)

<u>Fiscal year ending March 31,</u>	<u>Residential Energy Efficiency</u>	<u>Small Business/ Not-for- Profit</u>	<u>Other</u>	<u>Total</u>
2024	\$21,678	244	4,797	26,719
2025	20,732	204	2,023	22,959
2026	19,676	182	24	19,882
2027	19,865	136	26	20,027
2028	19,903	106	28	20,037
2029-2033	78,985	162	169	79,316
2034-2038	31,310	-	188	31,498
2039	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>
Total governmental activities	<u>\$212,170</u>	<u>1,034</u>	<u>7,255</u>	<u>220,459</u>

Business-type activities

<u>Fiscal year ending March 31,</u>	<u>Construction Finance</u>	<u>Construction Finance & Term Loan</u>	<u>Term Loan & Investments</u>	<u>Warehousing /Aggregation</u>	<u>Total</u>
2024	\$5,789	15,829	34,082	60,443	116,143
2025	4,889	22,767	64,569	34,560	126,785
2026	777	3,199	45,046	-	49,022
2027	29,820	17,758	28,412	-	75,990
2028	842	6,991	81,516	-	89,349
2029-2033	13,930	120,893	45,157	-	179,980
2034-2038	<u>-</u>	<u>27,771</u>	<u>16,303</u>	<u>-</u>	<u>44,074</u>
Total business-type activities	<u>\$56,047</u>	<u>215,208</u>	<u>315,085</u>	<u>95,003</u>	<u>681,343</u>

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(6) OTHER ASSETS

As of March 31, 2023, the other assets balance represents \$15.8 million (as valued at the lower of cost or market value) of the Upstate and Downstate New York State Strategic Gasoline Reserves, which were established to provide an emergency supply of finished motor gasoline in case of a significant disruption to petroleum fuels supply or distribution.

Additionally, other assets includes a lease receivable of \$5.7 million. NYSERDA is the lessor of certain equipment comprising a cooling water structure at the Indian Point Energy Center in Buchanan, New York; land and building use at the Saratoga Technology and Energy Park (STEP); building use in West Valley, NY; and sub-leased office space in New York City. Rental revenues for the fiscal year 2022-23 totaled \$1.1 million and interest income associated with the lease payments received was \$0.1 million.

Other assets also includes a \$0.5 million note previously held by NYSERDA which was converted to an equity position.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(7) CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023 was as follows:

(Amounts in thousands)

	Beginning <u>Balance</u>	<u>Additions</u>	Retirements/ <u>Reclasses</u>	Ending <u>Balance</u>
Land	\$685	-	-	685
Land improvements	5,843	-	-	5,843
Buildings	8,931	64	-	8,995
Machinery and equipment	22,380	796	(90)	23,086
Leasehold improvements	<u>3,244</u>	<u>7</u>	<u>-</u>	<u>3,251</u>
Total capital assets	41,083	867	(90)	41,860
<u>Less accumulated depreciation:</u>				
Land Improvements	(2,596)	(201)	-	(2,797)
Buildings	(6,374)	(273)	-	(6,647)
Machinery and equipment	(18,929)	(1,619)	90	(20,458)
Leasehold improvements	<u>(1,808)</u>	<u>(257)</u>	<u>-</u>	<u>(2,065)</u>
Total accumulated depreciation	<u>(29,707)</u>	<u>(2,350)</u>	<u>90</u>	<u>(31,967)</u>
Total capital assets, net, excluding lease and SBITA assets	11,376	(1,483)	-	9,893
<u>Lease and SBITA assets:</u>				
Leases- office space	12,120	-	-	12,120
SBITA	<u>2,047</u>	<u>2,417</u>	<u>-</u>	<u>4,464</u>
Total lease and SBITA assets	14,167	2,417	-	16,584
<u>Less accumulated amortization:</u>				
Leases- office space	-	(2,411)	-	(2,411)
SBITA	<u>-</u>	<u>(2,883)</u>	<u>-</u>	<u>(2,883)</u>
Total accumulated amortization	<u>-</u>	<u>(5,294)</u>	<u>-</u>	<u>(5,294)</u>
Total lease and SBITA assets, net	<u>14,167</u>	<u>(2,877)</u>	<u>-</u>	<u>11,290</u>
Total capital assets, net, as reported on the statement of net position	<u>\$25,543</u>	<u>(4,360)</u>	<u>-</u>	<u>21,183</u>

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(8) NON-CURRENT LIABILITIES

Non-current liability activity for the year ended March 31, 2023 was as follows:

(Amounts in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Governmental activities</u>					
Compensated absences	\$12,067	6,757	(5,506)	13,318	5,941
Lease liability- office space	12,120	-	(2,153)	9,967	2,244
SBITA liability	286	-	(140)	146	146
Deposits	34,556	11,884	(22,399)	24,041	-
Bonds payable	<u>95,957</u>	<u>26,500</u>	<u>(20,825)</u>	<u>101,632</u>	<u>8,815</u>
Total non-current liabilities, excluding net pension and OPEB liabilities	154,986	45,141	(51,023)	149,104	17,146
Net pension liability (see note 9)				-	-
Net OPEB liability (see note 10)				-	-
Total non-current liabilities as reported on the statement of net position				<u>\$149,104</u>	<u>17,146</u>

As of March 31, 2023, future payments for leased office space are:

(Amounts in thousands)

Fiscal year ending <u>March 31,</u>	<u>Leased office space</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$2,244	223	2,467
2025	2,230	179	2,409
2026	1,845	106	1,951
2027	2,062	67	2,129
2028	1,267	18	1,285
2029-32	<u>318</u>	<u>13</u>	<u>331</u>
Total	<u>\$9,967</u>	<u>606</u>	<u>10,573</u>

During fiscal year 2022-23 additional common-area charges of \$0.4 million were expensed for variable operating costs charged by the lessors which are not included in the base rent or measurement of the lease liability above.

A portion of the leased office space at one location in New York City is subleased to a third-party tenant; see note 6 for further information.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

As of March 31, 2023, future payments for SBITA's are:

(Amounts in thousands)

Fiscal year ending <u>March 31,</u> 2024	<u>SBITA's</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
	\$146	2	148

Bonds payable includes various bonds issued and secured by loan repayments from loans issued under the GJGNY program. Following is a schedule of bonds issued and outstanding at March 31, 2023:

(Amounts in thousands)

	<u>Principal Balance Outstanding</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>
Residential Energy Efficiency Financing Revenue Bonds, Series 2013A	\$7,290	July 1, 2028	3.2% to 4.1%
Series 2015A	24,210	July 1, 2030	2.9% to 3.8%
Series 2016A	14,190	July 1, 2031	1.9% to 2.8%
Residential Solar Loan Revenue Bonds, Series 2015	6,762	March 1, 2027	4.6% to 4.9%
Residential Solar Financing Green Revenue Bonds, Series 2018A	7,180	April 1, 2034	3.4% to 4.8%
Residential Solar and Energy Efficiency Financing Green Revenue Bonds, Series 2019A	6,185	April 1, 2035	3.3% to 4.6%
Residential Solar and Energy Efficiency Financing Green Revenue Bonds, Series 2020A	10,215	October 1, 2036	1.6% to 3.4%
Residential Solar and Energy Efficiency Financing Green Revenue Bonds, Series 2022A	<u>26,500</u>	April 1, 2037	4.2% to 4.9%
Total	<u>\$101,632</u>		

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

The Series 2013A, Series 2015A, and Series 2016A Bonds were issued under a master Indenture of Trust (Indenture), as supplemented, which requires that NYSERDA maintain cash and future scheduled pledge loan payments in each bond year of not less than 110% of annual debt service for each series of bonds. Payment of principal and interest on the Series 2013A bonds are guaranteed by the New York State Environmental Facilities Corporation (EFC) through the Clean Water State Revolving Fund (SRF). The Residential Energy Efficiency Financing Revenue Bonds Series 2015A and Series 2016A were issued to EFC in connection with SRF bonds issued by EFC. The Series 2015A bonds include an interest subsidy credit from EFC provided compliance with provisions of the EFC financing agreements. Under the terms of agreements with EFC, NYSERDA has on deposit with an escrow agent as of March 31, 2023, approximately \$2.6 million in a Collateral Reserve Account, which may be used by EFC to fund or reimburse its guarantee. Any funds held by the Trustee under the Indenture may be withdrawn by NYSERDA provided that cash and scheduled pledged loan payments are not less than 120% of annual debt service and provided that the balance of the Collateral Reserve Account and any Debt Service Reserve Fund are not less than 15% of aggregate bonds outstanding under the Indenture.

Bonds payable also includes Residential Solar Loan Revenue Bonds (Series 2015). The bonds are secured with a pledge of payments from consumer loans issued through the GJGNY program to finance the installation of residential photovoltaic systems (Solar Loans) in an amount which provides scheduled debt service coverage of 125% based on a 15 year structuring amortization schedule. The bonds originally included a variable rate component, but pursuant to the terms of the borrowing, pledged Solar Loan payments received in excess of structuring scheduled payments were applied on a quarterly basis first to the redemption of outstanding variable rate bonds, and then to outstanding fixed rate bonds, and as of March 31, 2023 no variable rate principal balance remained outstanding. The remaining principal outstanding bears interest at a fixed rate determined at the time each series was issued, and mature approximately 10 years from the date issued, ranging from March 1, 2026 to March 1, 2027.

Also included in Bonds Payable are Residential Solar Loan Revenue Bonds (Series 2018) issued to finance or refinance loans residential solar loans for under the GJGNY program for one to four family residential structures. The Series 2018A Bonds are payable solely from and secured by Pledged Loan Payments held by the Trustee under the Indenture and all money, revenues, and receipts to be received under the Indenture.

Bonds Payable further includes Residential Solar and Energy Efficiency Financing Green Revenue Bonds (for Series 2019A and Series 2020A). The Series 2019A, 2020A, and 2022A Bonds are payable solely from and secured by the Pledged Revenues pursuant to the Indenture of Trust.

For each of the Series of bonds outstanding at March 31, 2023, failure of the Authority to cause to be made by the Trustee, the scheduled payment of principal and/or interest amounts still outstanding at such maturity date, would result in the Authority becoming responsible for, but only from pledged loan payments, all reasonable collection and similar fees, plus interest on overdue installments of interest at the rate borne by the Bonds. The remedy of acceleration shall not be available to the Owners of the bonds.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

As of March 31, 2023, maximum future debt service requirements of the bonds are:

(Amounts in thousands)

Fiscal year ending <u>March 31,</u>	<u>Bonds payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$8,815	2,835	11,650
2025	12,090	3,127	15,217
2026	11,765	2,764	14,529
2027	18,102	2,356	20,458
2028	9,670	1,751	11,421
2029-33	21,725	5,550	27,275
2034-38	<u>19,465</u>	<u>3,512</u>	<u>22,977</u>
Total	<u>\$101,632</u>	<u>21,895</u>	<u>123,527</u>

In the above table, certain bonds with principal payments that are dependent on the amount of pledged loan receipts are shown in the period in which final maturity of such amounts occur, though pre-payment without penalty could occur. In addition, interest payments for those same bonds include the maximum amount assuming no principal pre-payments are made.

(9) RETIREMENT PLAN

There are two retirement plans for NYSERDA employees: the New York State and Local Retirement System (the System), and the New York State Voluntary Defined Contribution Plan (VDC). Nearly all employees of NYSERDA participate in one of these two plans.

The System is a cost-sharing, multiple-employer, defined benefit public employee retirement plan. The State Comptroller is sole trustee and administrative head of the System. The System issues a publicly available financial report including financial statements and required supplementary information located on the Internet at <https://www.osc.state.ny.us/files/retirement/resources/pdf/financial-statements-2021.pdf> or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244. The System provides retirement benefits, as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law. Retirement benefits, contributory requirements and vesting depend on the point in time at which an employee first joined the System (membership "tier"). Members of the System who joined before July 27, 1976 are enrolled in a noncontributory plan; NYSERDA contributes the entire amount determined to be payable to the System for those members. Personnel who joined the System after July 27, 1976 through January 1, 2010 and who have less than 10 years of accredited service are required by law to contribute three percent of their gross salary; NYSERDA contributes the balance payable to the System during that period, and the full amount determined to be payable thereafter. Members who joined the System between January 1, 2010 and March 31, 2012 contribute three percent of their gross salary during the full term of employment. Members who joined the System after April 1, 2012 contribute between three percent and six percent, depending on their salary, during the full term of employment. Retirement benefits vest after five to 10 years of accredited service, depending on the applicable tier.

As of the fiscal year ended March 31, 2023, NYSERDA's proportionate share of the System's net pension liability (asset) was approximately 0.11%, determined based on the ratio of NYSERDA's total projected long-term contributions to the total System projected long-term contributions from all employers. NYSERDA, in turn, allocated a share of its pension liability (asset) and deferred outflows and deferred inflows to NY Green Bank, its proprietary fund, based on a proportional allocation methodology using direct salary expenses. The governmental activities represent approximately

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

82% and the proprietary fund represents approximately 18% of the proportionate share of the balances of System pension-related amounts consistent with NYSERDA's current allocation methodology. NYSERDA's net pension liability (asset), which includes that of NY Green Bank, is as follows:

	<i>(Amount in thousands)</i>
Measurement date	03/31/2022
Actuarial valuation date	04/01/2021
Net pension liability (asset)	(\$8,775)

The significant actuarial assumptions included in the actuarial valuation included an inflation factor of 2.7%, projected salary increases of 4.4%, and investment rate of return of 5.9%. The System also assumed a COLA of 1.4% annually. Annuitant mortality rates are based on the System's 2020 experience study of the period April 1, 2015 – March 31, 2020, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. The discount rate used to calculate the total pension liability was 5.9%. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to NYSERDA's participation in the System, as well as the related pension expense, information about the fiduciary net position of the System, and additions to/deductions from NYSERDA's fiduciary net position, have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the statutes governing the System. Investments are reported at fair value.

Pension expense for the fiscal year ended March 31, 2023 was \$0.04 million. NYSERDA's contribution to the System for the fiscal year ended March 31, 2023 was \$3.5 million, representing 100% of the required contribution.

Net Pension liability (asset) activity for the year ended March 31, 2023 was as follows:

	<i>(Amounts in thousands)</i>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Governmental activities</u>					
Net pension liability (asset)	\$331	10,005	(17,563)	(7,227)	-
<u>Business-type activities</u>					
Net pension liability (asset)	(\$230)	1,648	(2,966)	(1,548)	-

The following table portrays the sensitivity of NYSERDA's proportionate share of the net pension liability (asset) due to changes in the discount rate:

	<i>(Amounts in thousands)</i>		
	1% Decrease <u>(4.9%)</u>	Current Discount Rate <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
<u>Governmental activities</u>			
Net pension liability (asset)	\$22,586	(\$7,227)	(\$28,831)
<u>Business type-activities</u>			
Net pension liability (asset)	\$3,984	(\$1,548)	(\$6,176)

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

Balances of System pension-related deferred outflows of resources and deferred inflows of resources as of the measurement date were as follows:

	<i>(Amounts in thousands)</i>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$665	(\$862)
Changes of assumptions	14,644	(247)
Net difference between projected and actual investment earnings on pension plan investments	-	(28,734)
Changes in proportion and differences between employer contributions and proportionate share of contributions	487	(1,012)
Employer contributions subsequent to the measurement date	<u>3,484</u>	<u>-</u>
Total	<u>\$19,281</u>	<u>(\$30,855)</u>

The amount of employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the fiscal year ended March 31, 2024.

The deferred outflows of resources and deferred inflows of resources to be recognized in pension expense in the following years and in the aggregate are as follows:

	<i>(Amounts in thousands)</i>		
Fiscal year Ending March 31:	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
2024	(\$2,077)	(396)	(2,473)
2025	(2,923)	(522)	(3,445)
2026	(6,519)	(1,089)	(7,608)
2027	<u>(1,283)</u>	<u>(249)</u>	<u>(1,532)</u>
Totals	<u>(\$12,802)</u>	<u>(2,256)</u>	<u>(15,058)</u>

The VDC is a multiple-employer, defined contribution plan administered by the Director of University Benefits for the State University of New York (SUNY); TIAA-CREF serves as the third-party administrator. On July 1, 2013, the VDC option was made available to NYSERDA employees hired on or after that date whose annual salary is \$75,000 or more. Those employees voluntarily electing the VDC plan are prohibited from joining the System (defined benefit plan) at a later date (and the opposite also applies; plan participation elections are irrevocable). VDC provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in the VDC. Employees have the ability to choose from a variety of investment providers for the VDC. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service. Employees electing to participate in the VDC plan are required to contribute between 5.75% and 6% of gross earnings, dependent upon their salary, for their entire working career; NYSERDA contributes 8%.

One hundred eighty-one employees have vested in the VDC as of March 31, 2023. NYSERDA's contribution to the VDC for the year ended March 31, 2023 was \$1.4 million.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(10) POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The New York Civil Service Law, Section 163(2) provides for health insurance coverage for retired employees of New York State, including their spouses and dependent children. The law extends to public benefit corporations. NYSERDA maintains a single-employer defined benefit plan (the "Plan"), providing this benefit to eligible retirees and/or their spouses and dependent children. Eligibility is determined by membership in the System and New York State Voluntary Defined Contribution (VDC) Program, enrollment in the New York State Health Insurance Program at the time of retirement, and the completion of a minimum number of years of service as required by the System and VDC program. The Plan provides that members that retired prior to January 1, 2013 pay the percentage share of the health insurance premiums that active NYSERDA employees paid as of December 31, 2012. Members that retired on or after January 1, 2013 pay the same percentage share of the health insurance premiums as that charged for active State management confidential employees (as of March 31, 2022 the shares were 16% of the premium for individual coverage and 31% of the incremental premium for family coverage). NYSERDA is billed by the New York State Department of Civil Service monthly for pay-as-you-go funding requirements; however, payments are made from an irrevocable OPEB Trust account established in March 2010. The purpose of the OPEB Trust is for the accumulation of funds to pay future benefit costs. The Trust's funds are held by a third-party trustee. The Trust is managed by the Officers of NYSERDA, in consultation with an independent Investment Consultant.

As of March 31, 2023, there were 139 retirees and dependent survivors actively receiving benefits and 357 active Plan members. NYSERDA's OPEB Trust is recorded as a fiduciary fund within NYSERDA's financial statements.

Net OPEB liability (asset) and disclosures required by GASB Statement No. 75 (Employer Reporting):

The Total OPEB liability at March 31, 2023 was determined using the January 1, 2022 actuarial valuation, and was then projected forward to the measurement date of March 31, 2022.

NYSERDA allocates a share of its Net OPEB liability (asset) and related deferred outflows and deferred inflows to NY Green Bank, its proprietary fund, based on a proportional allocation methodology using direct salary expenses. The governmental activities represent approximately 87% and the proprietary fund represents approximately 13% of the proportionate share of the balances of OPEB-related amounts consistent with NYSERDA's current allocation methodology.

Net OPEB liability (asset) activity for the year ended March 31, 2023 was as follows:

	<i>(Amounts in thousands)</i>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Governmental activities</u>					
Net OPEB liability (asset)	(\$11,997)	8,509	(4,083)	(7,571)	-
<u>Business-type activities</u>					
Net OPEB liability (asset)	(\$1,972)	1,460	(667)	(1,179)	-

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

The following table summarizes changes in the separate components of, and resultant net OPEB liability (asset) of NYSERDA, which includes that of NY Green Bank:

(Amounts in thousands)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a) – (b)
Fiscal year ended March 31, 2022 <i>(Measurement date March 31, 2021)</i>	\$55,709	69,678	(13,969)
<u>Changes for the year:</u>			
Service cost	2,549		2,549
Interest	3,440		3,440
Differences between expected and actual experience	871		871
Benefit payments	(1,869)	(1,869)	-
Contributions-employer	-	2,148	(2,148)
Net investment income	-	(490)	490
Administrative expenses	-	(17)	17
Fiscal year ended March 31, 2023 <i>(Measurement date March 31, 2022)</i>	<u>\$60,700</u>	<u>69,450</u>	<u>(8,750)</u>

Sensitivity Analysis:

Discount rate

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

(Amounts in thousands)

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
<u>Governmental activities</u>			
Net OPEB liability (asset)	\$1,007	(\$7,571)	(\$14,492)
<u>Business type-activities</u>			
Net OPEB liability (asset)	\$157	(\$1,179)	(\$2,256)

Healthcare cost trend rates

The following presents the net OPEB liability (asset) of NYSERDA, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB liability (asset) would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

(Amounts in thousands)

	1% Decrease	Current Trend Rate	1% Increase
<u>Governmental activities</u>			
Net OPEB liability (asset)	(\$15,376)	(\$7,571)	\$2,371
<u>Business type-activities</u>			
Net OPEB liability (asset)	(\$2,394)	(\$1,179)	\$369

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

OPEB expense for the fiscal year ended March 31, 2023 was \$0.5 million. Balances of OPEB-related deferred outflows of resources and deferred inflows of resources as of March 31, 2023 were as follows:

	<i>(Amounts in thousands)</i>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,485	(\$5,370)
Changes of assumptions	504	(1,867)
Difference between projected and actual investment earnings on Trust investments	7,086	(8,900)
Employer contributions subsequent to the measurement date	<u>2,549</u>	<u>-</u>
Total	<u>\$11,624</u>	<u>(\$16,137)</u>

The amount of employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the fiscal year ended March 31, 2024.

The deferred outflows of resources and deferred inflows of resources to be recognized in OPEB expense in each of the next five years and in the aggregate thereafter is as follows:

	<i>(Amounts in thousands)</i>		
Fiscal year Ending March 31:	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
2024	\$940	151	1,091
2025	1,383	218	1,601
2026	2,606	412	3,018
2027	59	(9)	50
2028	846	132	978
Thereafter	<u>284</u>	<u>40</u>	<u>324</u>
Totals	<u>\$6,118</u>	<u>944</u>	<u>7,062</u>

Projections of benefits for financial reporting purposes are based on the Plan as understood by NYSERDA and Plan members and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between NYSERDA and Plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future.

The significant assumptions used in the January 1, 2022 actuarial valuation were as follows:

Retirement– All employees assumed to be covered under Tier 4 of the System, with early retirement available at age 55 with 5 years of service, and unreduced benefits at age 62 with 5 years or age 55 with 30 years of service. Based on assumptions used under the System, since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The System assumptions were based on extensive analysis of their covered populations.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

Marital status – Assumed 60% of active male employees who choose coverage will have covered spouses at retirement, and 50% for active female employees. Male spouses were assumed to be three years older than female spouses.

Mortality Tables – Sex-distinct Pub-2010 General Employee/Retiree Mortality Tables with generational projection using Scale MP-2021. Pub-2010 General Contingent Survivor Tables with full generational projection using Scale MP-2021 were used for current beneficiaries.

Withdrawal– Rates were based on age and length of service for the first 10 years and age thereafter as the basis for assigning active members a probability of remaining employed until the assumed retirement age. Based on assumptions used under the System, since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The System assumptions were based on extensive analysis of their covered populations.

Healthcare cost trend rate – The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. A Rate of 5.3% for the two health insurers with the highest enrollment of Plan members was assumed initially, trending to an ultimate rate of 3.7% for both carrier's plans.

Health insurance premiums – Calendar year 2022 health insurance premiums for the two health insurers with the highest enrollment of Plan members were used as the basis for the projected valuation year premiums.

Investment return – As of March 31, 2023, Plan benefit payments are pre-funded in a segregated Trust, and a discount rate of 6.0% was used, representing the long-term anticipated earnings potential of investments in the Trust.

The actuarial funding method used was the Entry Age Normal Cost method, under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost (for purposes of GASB 75, the term normal cost is the equivalent of service cost). The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability (for purposes of GASB 75, the term actuarial accrued liability is the equivalent of total OPEB liability).

The Plan also provides that the dollar value, subject to certain limitations, of members' accumulated sick leave credits at the time of retirement may be used to offset the portion of health insurance premiums paid by retirees. NYSERDA's estimated liability associated with sick leave credits is recorded as a Compensated Absence within Other non-current liabilities in accordance with the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*. The Trust does not accumulate resources for the purpose of paying this portion of the health insurance premiums, nor does it pay any benefits for this purpose. NYSERDA's liability for that portion of the premiums is not included in the actuarially determined liabilities of the Plan, the net OPEB liability (asset), or the OPEB expense calculations.

The cost of third-party administrators, actuarial reports, audits, and similar costs incurred exclusively for the Trust are paid from resources of the Trust. Routine daily administrative costs of administering the benefit plans, accounting services and similar costs are absorbed by NYSERDA.

The Trust has no legally required reserves.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

Additional information can be found in the Required Supplementary Information section of these financial statements.

Net OPEB Liability (Asset) and Disclosures required by GASB Statement No. 74 (Plan Reporting)

The Total OPEB liability at March 31, 2023 was determined using the January 1, 2022 actuarial valuation, and was then projected forward to March 31, 2023, calculated using the actuarial assumptions changes described below.

	<i>(Amounts in thousands)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(asset)
	(a)	(b)	(a) – (b)
Fiscal year ended March 31, 2022	\$60,700	69,450	(8,750)
<u>Changes for the year:</u>			
Service cost	2,646		2,646
Interest	3,738		3,738
Effect of economic/demographic gains or losses	113		113
Effect of assumptions changes or inputs	331		331
Benefit payments	(2,097)	(2,097)	-
Contributions-employer	-	2,549	(2,549)
Net investment income	-	(3,378)	3,378
Administrative expenses	-	(18)	18
Fiscal year ended March 31, 2023	\$65,431	66,506	(1,075)

The actuarial assumptions were the same as those noted above (for the GASB Statement No. 75 valuation) with the exception of:

Healthcare cost trend rate – The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. Rates of 11.3% and 8.4% for the two health insurers with the highest enrollment of Plan members were assumed initially, trending to an ultimate rate of 3.7% for both carrier's plans.

Investment return – As of March 31, 2023, Plan benefit payments are pre-funded in a segregated Trust, and a discount rate of 6.5% was used, representing the long-term anticipated earnings potential of investments in the Trust.

Sensitivity Analysis:

Discount rate

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

	<i>(Amounts in thousands)</i>		
	1% Decrease	Current Discount Rate	1% Increase
	(5.5%)	(6.5%)	(7.5%)
Net OPEB liability (asset)	\$9,187	(\$1,075)	(\$9,402)

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

Healthcare cost trend rates

	<u>1% Decrease</u>	<i>(Amounts in thousands)</i> <u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset)	(\$10,933)	(\$1,075)	\$11,437

Money-Weighted Rate of Return:

For the year ended March 31, 2023, the annual money-weighted rate of return on investments, calculated as the internal rate of return on Plan investments, net of investment expense, was (4.84%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term expected rate of return:

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	BAML 3-Month Tbills	1.00%	0.61%	0.59%
US Long Bonds	Bloomberg US Treasury Long TR USD	1.00%	2.51%	1.71%
US Short Bonds	Bloomberg US Govt 1-3 Yr	5.00%	0.99%	0.95%
US Interm Bonds	Bloomberg US Govt Interm	19.00%	1.26%	1.17%
US Inflation-Indexed Bonds	Bloomberg US Treasury US TIPS	11.00%	1.58%	1.43%
US High Yield Bonds	ICE BofA US High Yield	17.00%	4.40%	3.84%
Global Bonds	FTSE WGBI USD	1.00%	0.72%	0.42%
US Large Caps	S&P 500	10.00%	5.64%	4.09%
US Mid Caps	Russell Mid Cap	1.00%	5.99%	3.94%
US Small Caps	Russell 2000	3.00%	7.25%	4.67%
Foreign Developed Equity	MSCI EAFE	12.00%	6.90%	5.15%
Emerging Markets Equity	MSCI EM FTSE EPRA Nareit	18.00%	9.58%	6.20%
Global REITs	Developed	1.00%	7.12%	4.95%

OPEB Plan's Fiduciary Net Position:

Additional information can be found in the Required Supplementary Information section of these financial statements. The OPEB Plan does not issue a stand-alone financial report, however the Trust established in relationship to the Plan is included as a fiduciary fund in these financial statements.

(11) CONTINGENCIES

(a) Western New York Nuclear Service Center

Under the federal West Valley Demonstration Project Act and an implementing Cooperative Agreement between DOE and NYSERDA, the federal government pays 90 percent of the West Valley Demonstration Project (WVDP) costs, and NYSERDA, on behalf of the State of New York, pays the remaining 10 percent. In addition, in 2010, the U.S. District Court for the Western District of

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

New York approved an agreement between New York State and the federal government that resolved most of the claims asserted in a 2006 lawsuit filed by NYSERDA and New York State against the federal government and DOE regarding the financial responsibility for cleaning up certain facilities at West Valley. The agreement defines a specific cost share for the cleanup of a number of facilities that had long been in dispute between NYSERDA and DOE. For example, under this agreement, the federal government will pay a 30 percent share of costs associated with the State Licensed Disposal Area (SDA), which is solely owned and managed by NYSERDA, and NYSERDA, on behalf of the State, will pay the remaining 70 percent. Remediation costs for the North Plateau Groundwater Plume will be split equally between the State and federal government, and costs for remediating the Nuclear Regulatory Commission Licensed Disposal Area will also be a 50/50 split. The two governments agreed that other facilities are covered by the WVDP Act, such as the Main Process Plant building, and thus the federal government will pay 90% of the cleanup costs.

In 2010, following the publication of a Final Environmental Impact Statement, DOE and NYSERDA issued decision documents that formally selected the Phased Decision Making alternative for continuing the cleanup. Under Phased Decision making, decommissioning work will be conducted in two phases. During Phase 1, the Main Process Plant building and several other highly contaminated facilities will be removed at an estimated cost of approximately \$1.0 billion. As the Phase 1 cleanup work was proceeding, DOE and NYSERDA conducted additional studies to reduce uncertainties in the decisions for the Phase 2 portion of the cleanup, which will be detailed in a Supplemental Environmental Impact Statement currently being developed. The 2010 Environmental Impact Statement states that the Phase 1 work would take 10 years and cost approximately \$1.0 billion based on a federal funding level of \$75.0 million per year. During most of the period between 2010 and 2020, however, the actual federal funding levels generally ranged between \$60.0 million and \$68.0 million, extending the duration of Phase 1. Starting in Federal Fiscal Year 2021 Congressional appropriations for the WVDP increased to about \$93 million annually and this trend is expected to continue throughout the demolition of the Main Plant Process Building. The total cost and duration of the Phase 1 cleanup work will be in part impacted by the funding amounts appropriated annually in the federal budget.

The Phase 2 decisions, which will be made in the late 2025 timeframe, will address the remaining facilities, including the High-Level Waste Tanks, the SDA, the NRC-Licensed Disposal Area, and the main body of a plume of contaminated groundwater. Total estimated costs for completing Phase 2 were completed as part of the 2020 Environmental Impact Statement and ranged from over \$700.0 million to \$9.1 billion, and were dependent on the alternative selected for these remaining facilities. These estimates will be refined and updated as part of the Supplemental Environmental Impact Statement that will be used to support Phase 2 decisions.

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, no liability has been included in NYSERDA's financial statements as of March 31, 2023 for this contingency because NYSERDA expects to continue to be reimbursed from State appropriations for the State's share of the costs of the Demonstration Project, any costs NYSERDA may incur in relation to the SDA, and any other costs allocated to NYSERDA under the agreement resolving the lawsuit referenced above.

(b) Energy Analysis- Low-Level Radioactive Waste

Pursuant to the Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA annually assesses licensees of operating nuclear power plants an amount sufficient to reimburse the State for the LLRW disposal facilities development activities of the Departments of Health and Environmental Conservation, and must provide nuclear power plant licensees with a user-fee reduction, when the disposal facilities are operational, equal to the statutory assessments collected plus interest at a fair market rate. During the year ended March 31, 2023, NYSERDA paid, from the agency fund, a total of \$3.0 million to reimburse the State for such costs pursuant to Public

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

Authorities Law Section 1854-d(2)(a).

(c) Bond Financing Program

The principal and interest on obligations issued for participating gas and electric utility companies and other private purpose users are payable solely from payments made by participating companies. They are not general obligations of NYSERDA nor do they constitute an indebtedness of or a charge against the general credit of NYSERDA, or cause any monetary liability to NYSERDA. These bonds and notes are not a debt of the State of New York.

The bonds and notes issued bear the name of NYSERDA and the participating company. NYSERDA assigns most of its rights and obligations to a trustee who is responsible for, among other things, disbursing bond and note proceeds and handling principal and interest payments. As of March 31, 2023, the principal totaled \$1.5 billion.

(d) Risk management

NYSERDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; cyber security breaches; and natural disasters. NYSERDA maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to NYSERDA. NYSERDA has not experienced any reductions in coverage and has not had any insurance settlements exceeding the coverage in the past three years.

(e) Contractual obligations in excess of cash and investment balances

As of March 31, 2023, NYSERDA has aggregate outstanding contractual obligations in excess of cash and investments of governmental activities/funds totaling \$44.5 billion, which will be reimbursed for qualifying program costs from monies held by utilities pursuant to BAYG agreements, from future revenues generated through Commission Orders, Memorandums of Understanding, Third-party agreements, and from federal energy grants.

(f) NY Green Bank

As of March 31, 2023, NY Green Bank has entered into five credit contracts which, consistent with their terms, have not been funded but contain contingent obligations. NY Green Bank capital is only drawn if a contingent obligation under the respective agreement is triggered. The amount of contingent obligations as of March 31, 2023 totaled approximately \$15.1 million.

Any draws made on the above contingent obligations would be due to be repaid pursuant to the terms of their respective agreements.

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Notes to Basic Financial Statements
March 31, 2023**

(12) INTERFUND BALANCES AND TRANSFERS

The balances reflected in Due to other funds and Due from other funds reflect the timing difference of when expenditures are incurred and when interfund reimbursement occurs.

Transfers consist of amounts transferred between various Functions/Programs and Funds pursuant to various Orders of the Commission, NYSERDA's approved RGGI operating plan, and to fund expenditures and working capital balances pursuant to the CEF Order's "Bill-As-You-Go" process, as summarized below:

<u>Transfers From</u>	<u>Transfers To</u>				<u>Total</u>
	<u>CEF</u>	<u>NY-Sun</u>	<u>GJGNY</u>	<u>Other Funds</u>	
NYSUN	\$ 3,341	-	-	401	3,742
CES	-	-		1,901	1,901
RGGI	22,000	-	29,937	-	51,937
Other Funds	<u>5,130</u>	<u>1,736</u>	<u>-</u>	<u>-</u>	<u>6,866</u>
Total Governmental Funds	<u>\$30,471</u>	<u>1,736</u>	<u>29,937</u>	<u>2,302</u>	<u>64,446</u>

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Required Supplementary Information (Unaudited)
March 31, 2023**

Schedule of NYSERDA's Contributions to the System Pension Plan

(Amounts in thousands)

Fiscal year ended March 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$3,484	\$4,445	\$3,941	\$3,844	\$3,808	\$3,805	\$3,866	\$3,993
Contributions in relation to the actuarially determined contribution	<u>\$3,484</u>	<u>\$4,445</u>	<u>\$3,941</u>	<u>\$3,844</u>	<u>\$3,808</u>	<u>\$3,805</u>	<u>\$3,866</u>	<u>\$3,993</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	\$33,635	\$30,768	\$28,191	\$27,760	\$27,362	\$26,088	\$25,854	\$26,153
Contributions as a percentage of covered-employee payroll	10.4%	14.4%	14.0%	13.8%	13.9%	14.6%	15.0%	15.3%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of NYSERDA's Proportionate Share of the System's Net Pension Liability

(Amounts in thousands)

Fiscal year ended March 31, <i>(Measurement date March 31,)</i>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
Proportion of the net pension liability	0.11%	0.10%	0.11%	0.11%	0.10%	0.11%	0.11%	0.12%
Proportionate share of the net pension liability (asset)	(\$8,775)	\$101	\$28,184	\$7,599	\$3,367	\$10,279	\$17,556	\$4,004
Covered- payroll	\$30,768	\$28,191	\$27,760	\$27,362	\$26,088	\$25,854	\$26,153	\$25,135
Proportionate share of the net pension liability (asset) as a % of its covered payroll	(28.5%)	0.4%	101.5%	27.8%	12.9%	39.8%	67.1%	15.9%
Ratio of fiduciary net position to total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Required Supplementary Information (Unaudited)
March 31, 2023**

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

(Amounts in thousands)

Fiscal year ended March 31,

Employer Reporting:	<i>n/a</i>	2023	2022	2021	2020	2019
Plan Reporting:	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Total OPEB liability- beginning <i>(Measurement date March 31.)</i>	\$60,700 <i>2022</i>	\$55,709 <i>2021</i>	\$51,363 <i>2020</i>	\$56,953 <i>2019</i>	\$52,709 <i>2018</i>	\$49,081 <i>2017</i>
Changes for the year:						
Service Cost	2,646	2,549	2,148	2,154	2,031	1,887
Interest	3,738	3,440	3,291	3,791	3,512	3,260
Effect of economic/demographic gains or losses	113	1,487	(32)	(8,075)	350	(233)
Effect of assumptions changes or inputs	331	(616)	677	(1,878)	(210)	-
Benefit payments	<u>(2,097)</u>	<u>(1,869)</u>	<u>(1,738)</u>	<u>(1,582)</u>	<u>(1,439)</u>	<u>(1,286)</u>
Total OPEB liability- ending (a) <i>(Measurement date March 31.)</i>	<u>\$65,431</u> <i>2023</i>	<u>\$60,700</u> <i>2022</i>	<u>\$55,709</u> <i>2021</i>	<u>\$51,363</u> <i>2020</i>	<u>\$56,953</u> <i>2019</i>	<u>\$52,709</u> <i>2018</i>
Plan fiduciary net position						
Plan fiduciary net position- beginning <i>(Measurement date March 31.)</i>	\$69,450 <i>2022</i>	\$69,678 <i>2021</i>	\$50,367 <i>2020</i>	\$52,971 <i>2019</i>	\$48,767 <i>2018</i>	\$43,176 <i>2017</i>
Changes for the year:						
Benefit payments	(2,097)	(1,869)	(1,738)	(1,582)	(1,439)	(1,286)
Employer contributions	2,549	2,148	3,045	2,608	4,963	3,013
Net investment income	(3,378)	(490)	18,021	(3,612)	727	3,879
Administrative expenses	(18)	(17)	(17)	(18)	(47)	(15)
Plan fiduciary net position- ending (b) <i>(Measurement date March 31.)</i>	<u>\$66,506</u> <i>2023</i>	<u>\$69,450</u> <i>2022</i>	<u>\$69,678</u> <i>2021</i>	<u>\$50,367</u> <i>2020</i>	<u>\$52,971</u> <i>2019</i>	<u>\$48,767</u> <i>2018</i>
Net OPEB liability (asset)						
Net OPEB liability (asset)- beginning	(\$8,750)	(\$13,969)	\$996	\$3,982	\$3,942	\$5,905
Net OPEB liability (asset)- ending (a) – (b)	(\$1,075)	(\$8,750)	(\$13,969)	\$996	\$3,982	\$3,942
Fiduciary net position as a % of total OPEB liability						
Covered payroll	101.64%	114.42%	125.07%	98.06%	93.01%	92.52%
Net OPEB liability (asset) as a % of covered payroll	(2.13%)	(19.53%)	(35.85%)	2.53%	10.58%	11.02%

Notes to schedule: "n/a" indicates the ending Net OPEB liability (asset) (and respective columnar data presented which tabulates it) is not yet reportable by the Employer, NYSERDA, on its Statement of Net Position, due to NYSERDA's allowable (by GASB Statement No. 75) one-year lag in Employer vs. Plan reporting.

The changes in significant assumptions effecting the consistency of the above data from Plan reporting year 2022 to 2023 included a change in the discount rate from 6.0% to 6.5%; the assumed medical trend rate was updated to reflect 2023 premiums and expected future experience.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report

**NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)**

**Required Supplementary Information (Unaudited)
March 31, 2023**

Schedule of NYSERDA's Contributions for OPEB (Employer and Plan Reporting)

	<i>(Amounts in thousands)</i>				
Fiscal year ended March 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$2,549	\$2,148	\$3,045	\$2,608	\$2,071
Actual employer contribution	<u>2,549</u>	<u>2,148</u>	<u>3,045</u>	<u>2,608</u>	<u>4,963</u>
Contribution deficiency (excess)	<u>(\$-)</u>	<u>(\$-)</u>	<u>(\$-)</u>	<u>(\$-)</u>	<u>(\$2,892)</u>
Covered payroll	\$50,505	\$44,809	\$38,962	\$39,320	\$37,638
Contribution as a % of covered payroll	5.08%	4.79%	7.82%	6.63%	13.19%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Investment Returns- OPEB Trust (Plan Reporting)

Fiscal year ended <u>March 31,</u>	Net annual money-weighted <u>rate of return</u>
2023	(4.84%)
2022	(0.70%)
2021	35.36%
2020	(6.76%)
2019	1.45%
2018	8.84%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report