

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission to
Implement a Large-Scale Renewable Program
and a Clean Energy Standard

Case 15-E-0302

**PETITION REGARDING PROPOSED YEAR 2025 CLEAN ENERGY STANDARD
FUNDING AND RECONCILIATION OF YEAR 2023 ADMINISTRATIVE COSTS**

Introduction

The New York State Energy Research and Development Authority (NYSERDA) files this petition with the New York State Public Service Commission (Commission) seeking Commission approval to utilize certain funds to cover NYSEDA's costs needed to administer the Clean Energy Standard (CES), comprised of the Renewable Energy Standard (RES) that includes the Tier 1, Tier 2, Tier 4 and Offshore Wind Renewable Energy Certificate (OREC) Programs, and the Tier 3/Zero-Emissions Credit Requirement (ZEER) program, for CES compliance year 2025, and to propose an administrative adder for CES compliance years 2025 and 2026 of the Tier 3/ZEER program. This petition also includes a reconciliation of CES compliance year 2023 administrative expenses.

New York's clean energy targets, set forth in the Climate Leadership and Community Protection Act (Climate Act), are among the most rigorous of any major economy in the world and the CES is a critical component of achieving these goals. As authorized by the CES, NYSEDA conducts competitive solicitations to further New York's renewable energy transition. These activities have resulted in more than 56 currently active onshore solar, wind, hydro, and offshore wind awards, as well as investments in transmission (through Tier 4) as part of constructing New York's clean energy future. Note that this excludes the awards from the RESRFP23-1 solicitation as the details of this solicitation have not yet been released. As of June 1, 2024, these 56 large-scale renewable energy projects awarded by NYSEDA under the CES are expected to provide a renewable capacity of 5,142 MW and annual generation of 15,103 GWh. Of these projects, based on capacity, 80% are under development and 20% are operational.

Background

The Commission has designated NYSERDA as the administrator of all CES programs. In addition to establishing the various CES programs, the 2016 CES Order¹ acknowledged that additional measures, including those necessary to administer the CES programs, would be required to fully implement the CES and would be determined during an implementation phase. NYSERDA's CES team has a core responsibility to manage the acquisition of CES resources as cost-effectively, timely, and efficiently as possible. For existing resources, this includes fostering appropriate market conditions. For resources with a NYSERDA contract that are not yet in commercial operation, the CES team's responsibilities include oversight of the projects as they progress through development, addressing issues as they arise (such as siting, permitting and interconnection challenges) and tracking economic and other benefits arising from the projects. The CES team also looks ahead with the goal of procuring sufficient resources to meet the State's clean energy goals. For resources still to be acquired, the CES team designs and administers solicitations that deliver the best opportunity for New York to acquire CES resources in the most cost-effective, timely and efficient manner.

The scale of New York's commitments has grown significantly over the past several years with the initiatives launched in response to the Climate Act, which was signed into law in July of 2019.² The Climate Act, among other actions, extended and enhanced many of New York's successful clean energy initiatives and set targets for renewable energy and emissions-free energy use in the state.

In April of 2020, the Accelerated Renewable Energy Growth and Community Benefit Act (Accelerated Renewables Act) was signed which made significant changes in the permitting process for large-scale renewable projects. Specifically, the act established a new large-scale renewable siting process to be managed by a new office within the Department of State through the Office of Renewable Energy Siting (ORES). ORES subsequently became part of the Department of Public Service as discussed below. The Accelerated Renewables Act also created a Build-Ready program, administered by NYSERDA, through which underutilized sites would be developed as renewable generation projects for private market construction and operation. Note that although the Build Ready program coordinates with the CES, it operates under a separate authorization and is not subject to this petition.

¹ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Adopting a Clean Energy Standard (issued and effective August 1, 2016).

² <https://climate.ny.gov/>

On June 18, 2020, to implement the Climate Act, New York Department of Public Service (DPS) Staff and NYSERDA jointly filed a White Paper on Clean Energy Standard Procurements to Implement New York’s Climate Leadership and Community Protection Act.³

On October 15, 2020, the Commission issued its Order Adopting Modifications to the Clean Energy Standard (2020 CES Order).⁴ In the 2020 CES Order, the Commission adopted several modifications to the CES to align it with the Climate Act and directed NYSERDA to file one comprehensive annual funding request for all CES programs for years 2022 and beyond.

The 2020 CES Order also adopted two new programs -- Competitive Tier 2 and Tier 4. The Competitive Tier 2 program supported “baseline resources,” which are renewable resources that commenced operation prior to January 2015. NYSERDA issued the first and second Competitive Tier 2 Request for Proposals in 2021 and a third and final solicitation in 2022.⁵ NYSERDA issued a Tier 4 Request for Proposals on January 13, 2021.⁶ The Tier 4 solicitation generated robust competition, and two recommended contracts were announced in September 2021 and submitted to the Commission for approval and public comment on November 30, 2021. On April 14, 2022, the Commission approved the contracts by Order.⁷

On November 20, 2020, the Commission issued its Order Authorizing Voluntary Modification of Certain Tier 1 Agreements.⁸ In response to this order, NYSERDA issued Request for Interest (RFI) RESVCO2021, “Voluntary Conversion of Eligible New York Renewable Portfolio Standard (RPS) or Renewable Energy Standard (RES) Agreements.” Through this mechanism, eligible counterparties were able to participate in a conversion process to voluntarily modify their existing Tier 1 Renewable Energy

³ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, White Paper on Clean Energy Procurements to Implement New York’s Climate Leadership and Community Protection Act (filed June 18, 2020).

⁴ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Adopting Modifications to the Clean Energy Standard (issued and effective October 15, 2020).

⁵ NYSERDA Clean Energy Standard: Competitive Tier 2 Program. Available at, <https://www.nysERDA.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Two-Competitive-Program>.

⁶ NYSERDA Clean Energy Standard: Tier 4-New York City Renewable Energy. Available at, <https://www.nysERDA.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Four>.

⁷ Id.

⁸ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Authorizing Voluntary Modification of Certain Tier 1 Agreements (issued and effective November 20, 2020).

Certificate (REC) agreements from a fixed as-bid REC price (Fixed REC) to a variable-priced Index REC pricing structure.

On April 20, 2023, the Commission modified the CES by transitioning the CES Tier 1 compliance obligation for Load Serving Entities (LSEs) from the predetermined percentage-based obligation to a load share obligation, similar to other existing LSE obligations under the CES. Under the load share obligation, which will take effect in the 2025 Compliance Year, LSEs will be obligated to procure all Tier 1 RECs made available by NYSERDA, after the completion of sales to the voluntary market, in a proportion equivalent to their share of State load. The Phase 5 Implementation Plan filed by NYSERDA on August 30, 2023, details this new approach.⁹

On May 10, 2023, the Federal Energy Regulatory Commission (FERC) approved the New York Independent System Operator, Inc. (NYISO) Capacity Accreditation Rules, which took effect in May 2024 and are designed to better reflect the capacity value of generation and storage resources, based on their contribution to resource adequacy. In response, NYSERDA filed a petition on June 29, 2023, seeking to revise the way in which future REC and OREC agreements that utilize an Index REC and Index OREC pricing mechanism calculate the Reference Capacity Price. On November 20, 2023, the Commission issued its Order Addressing Capacity Accreditation Rules, removing the obligation that resources include a set production factor in their bids to ensure that future CES solicitations can accommodate the new NYISO Capacity Accreditation Rules.¹⁰

On June 7, 2023, the Alliance for Clean Energy New York, Sunrise Wind, and Empire Offshore Wind/Beacon Wind filed separate petitions collectively asking the Commission to authorize NYSERDA to amend existing contracts for 86 land-based large scale renewable projects and 4 offshore wind projects outside of the competitive process. The petitions argued that the projects had been exposed to unprecedented global and regional supply chain bottlenecks, high inflation, and increases in the cost of capital, driven by rising interest rates. In addition, the petitions identified impacts associated with the war in Ukraine, including increased global demand for renewable energy and resulting shortages and price increases for key components and equipment. NYSERDA filed comments with the Commission on August 8, 2023, concluding that there were unforeseen inflation and related supply chain challenges impacting New York State's Large Scale Renewable Portfolio.

⁹ Case 15-E-0302, Phase 5 Implementation Plan (filed August 30, 2023).

¹⁰ Case 15-E-0302, Order Addressing Capacity Accreditation Rules (issued November 20, 2023).

On October 12, 2023, the Commission rejected the petitions requesting inflation adjustments (October Order). Later that month, Governor Hochul announced New York State’s “10-Point Renewable Energy Action Plan to Expand a Thriving Large-Scale Renewable Industry” (Action Plan).¹¹ The Action Plan committed NYSERDA to launch accelerated competitive procurements to backfill projects that terminate their agreements with NYSERDA. In December of 2023, 52 awarded projects terminated their contracts with NYSERDA.

NYSERDA released the seventh and expedited Tier 1 solicitation (RESRFP23-1) under the CES on November 30, 2023, which garnered a significant level of competitive interest from the private market. In April of 2024, 24 provisional awards were made resulting in 2.4 gigawatts of mature, late-stage projects, some of which could be completed and operating as early as 2025.

On November 30, 2023, NYSERDA issued its fourth offshore wind solicitation (ORECRFP23-1) on an accelerated timeline with proposals due January 25, 2024. Following the release of the solicitation, mutual termination agreements were reached between NYSERDA and the Empire Wind 2 and Beacon Wind 1 projects, which were selected under NYSERDA’s second offshore wind solicitation (ORECRFP20-1). The two projects selected in the first solicitation (ORECRFP18-1), Empire Wind 1 and Sunrise Wind, both re-bid their projects into the fourth solicitation (ORECRFP23-1), along with a new project, Community Offshore Wind 2. Conditionally provisional awards were released in February 2024 and included both Empire Wind 1 and Sunrise Wind resulting in signed agreements announced on May 31, 2024.

The Renewable Action through Project Interconnection and Deployment (RAPID Act), first introduced in January 2024 as part of Governor Hochul’s 2025 Executive Budget Proposal and subsequently enacted as part of the New York State budget in April 2024, made several substantive changes to renewable energy generation facility and transmission line siting in New York State. The RAPID Act also moved ORES from the Department of State to the Department of Public Service.

On June 20, 2024, NYSERDA issued the eighth annual RES request for proposals, RESRFP24-1. Through the 2024 solicitation, NYSERDA seeks to procure Tier 1 eligible RECs from eligible facilities that enter commercial operation on or after January 1, 2015, and on or before November 30, 2026, unless

¹¹ <https://www.nyserda.ny.gov/About/Newsroom/2023-Announcements/2023-10-12-Governor-Hochul-Announces-New-10-Point-Action-Plan-to-Expand>

extended to November 30, 2029. Step One Eligibility Applications were due by July 15, 2024, and Step Two Bid Proposals are due by August 8, 2024.

On July 17, 2024, NYSERDA launched New York’s fifth competitive offshore wind solicitation. As part of this solicitation, NYSERDA has included key provisions from the latest rounds of renewable energy procurements such as inflation indexing, Disadvantaged Community commitments, and related priorities to maintain the policy objectives introduced in prior solicitations intended to ensure an equitable energy transition for all New Yorkers. The proposal submission deadline for non-price information is September 9, 2024, with offer price submissions due October 18, 2024.

On July 1, 2024, the draft CES Biennial Review was filed in Case 15-E-0302, with an anticipated final report published after a public comment period.¹²

2025 Administration Proposal

Given the ambitious nature of the goals set forth in the Climate Act, the Accelerated Renewables Act and the Action Plan, and the diverse and complex suite of activities needed to advance toward these goals, the responsibilities of the NYSERDA CES team continue to expand.

The CES has developed in stages as described in the background section of this petition. For this reason, many documents, including the enabling Orders of the Commission, address the current components of the CES as individual programs:

- Tier 1 – Aims to increase new renewable energy development in New York State. Eligible Tier 1 resources include generators of electricity that use the following technologies: solar thermal, solar photovoltaics (PV), land-based and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity, that entered commercial operation on or after January 1, 2015.
- Tier 2 Competitive – Aimed to maximize the contributions and potential of New York’s existing renewable resources to ensure their continued operations. Eligible Competitive Tier 2 generators included 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.

¹² Case 15-E-0302, Draft Clean Energy Standard Biennial Review (With Corrections, filed July 8, 2024).

- Tier 2 Maintenance – 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 (10 MW or less) and wind resources that entered commercial operation prior to January 1, 2003.
- Tier 3/ZECR– Aims to place a value on New York’s upstate nuclear plants which avoid the emission of over 15 million tons of carbon dioxide per year. New York State’s LSEs must purchase zero-emission credits (ZECs) from NYSERDA every year. This annual obligation is based on an LSE’s proportional amount of statewide load in each compliance year.
- Tier 4 – The Tier 4 projects combine renewable generation and new transmission lines to increase the penetration of renewable energy into New York City and reduce reliance on fossil fuels.
- Offshore Wind – Aims to advance the responsible and cost-effective development of at least 9,000 MW of offshore wind energy by 2035, including investments in ports, manufacturing and supply chains and workforce training to support the growing offshore wind industry.

Administrative Funding

The administrative funding requested in this petition is used to support CES program development and operation, ultimately delivering the growth in and maintenance of clean energy supply. These funds are separate and distinct from awards made to clean energy projects under the various CES programs.

NYSERDA’s administrative budget funding requested in this petition is divided into four categories:

1. **Salaries and Overhead** – salaries and overhead expenses for NYSERDA’s employees working on current or in-development CES programs.
2. **Technical and Implementation Support** – the complicated issues addressed by the CES programs often require specialized consultant support, the purchase of proprietary data sets (for example, forecasts of future energy and capacity prices) and conducting stakeholder outreach and community engagement events.
3. **System Development** – the costs associated with developing and maintaining the business systems needed to operate CES programs including the New York Generation Attribute Tracking System (NYGATS) and NYSERDA’s Salesforce platforms dedicated to CES activities.
4. **New York State Cost Recovery Expense** - a fee assessed to NYSERDA and other public authorities by New York State for an allocable share of State governmental costs attributable to the provision of services to public benefit corporations pursuant to Section 2975 of the Public Authorities Law.

Addressing market changes and the necessary expansion of activities continues to be a central component of NYSERDA's CES team in the coming year, alongside procuring additional resources, and both require technical, financial, and legal work to effectively manage the LSR project portfolio. The initiatives and workstreams discussed in this petition are developed and prioritized to deliver the CES programs and meet the State's clean energy goals in the most cost-effective and efficient manner possible. The clean energy market in the United States overall, and New York in particular, is dynamic and the programmatic activities included herein are based upon current knowledge although they may be adjusted in the future as market conditions and programmatic needs change.

Salaries and Overhead

NYSERDA's CES staff workload volume and complexity have increased in the past years and are expected to continue increasing in 2025 and beyond. This petition for 2025 CES administrative funding seeks to add four full-time employee positions; however, three of the four positions are conversions from currently contracted positions. This funding request therefore represents a net total of one new position when accounting for the conversions. These positions are part of the Operations group inside of the CES team. The Operations group performs many functions that are commonly referred to as "back office" in financial institutions with primary responsibilities including all CES data, reporting, interaction with the financial and project record business systems, NYGATS eligibility, contract security tracking and management, and contract settlement. The Operations group also provides administrative support with tasks such as organizing large-group meetings, logistics and meeting materials, travel arrangements, onboarding and offboarding staff, and document preparation. Because of their central role, all CES solicitation activity and contracting actions, including new contracts, contract modifications, and contract terminations for both REC/OREC purchase contracts and technical support contracts, are processed by the Operations group. As the CES programs continue to operate and new contracts are issued, the total volume of work performed by the Operations group continues to increase. The one net new position requested in this petition is needed to further assist the group with managing this workload.

Correspondingly, the three conversions from contracted staff to in-house FTE's are being requested to enable greater continuity in these positions, and reduce the inefficiency of having to find, onboard and train new staff. Appendix B contains a list of all full-time equivalent positions funded through the CES administrative budget. All CES positions are fully funded through the CES administrative budget.

Table 1. Proposed CES Year 2025 Full Time Equivalent by Fund						
<i>Fund</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3/ZECR</i>	<i>Tier 4</i>	<i>OREC</i>	<i>FTE Total</i>
Full Time Equivalent	24.18	0.40	2.09	3.54	17.04	47.25
Change (#)	2.83	(0.60)	0.34	1.64	(0.21)	4.00*
*Represents a net increase of 1 FTE after accounting for conversion of 3 currently contracted positions.						

System Development

System Development includes annual costs of the administration, operation, and maintenance of NYGATS, anticipated revisions to NYGATS and other business systems, such as Salesforce, to implement and manage the expanding suite of CES programs and the related LSE compliance activities. System development and support is needed across all program areas. As new requirements are added to CES programs, such as statutory Prevailing Wage, the New York Buy American Act, and MWBE requirements, NYSERDA’s business systems must be enhanced to track and report on the expanded requirements. For 2025, the primary driver of system development costs are the regular costs associated with operation and maintenance of NYGATS and an anticipated engagement of an outside contractor to substantially update the NYGATS system, planned to commence in the fall of 2024, which will seek to design, build, implement, migrate data, administer, and operate NYGATS into the future.

NYGATS is an electronic tracking system for attributes associated with all electricity generated, imported, exported and consumed in New York State (NYS) since 2016. The tracking and verification provided by NYGATS facilitates and brings credibility and liquidity to the environmental commodities markets and enables market transactions. NYGATS also supports New York’s various legislation and programs related to the tracking of generation attributes, such as the Environmental Disclosure Program (EDP) as well as current and future programs to support CES and Climate Act requirements.¹³ The current contract for NYGATS administration was established approximately 10 years ago and expires in April of 2026. To ensure continued availability, NYSERDA anticipates issuing an RFP in the fourth quarter of 2024 seeking proposals for future NYGATS administration. In the event that a new contractor is selected for NYGATS administration going forward, this timeline will allow for the design, build,

¹³ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Modifying Clean Energy Standard Tier 1 Obligation (issued and effective April 20, 2023).

implementation, QA/QC and migration of data to a new NYGATS system. If this were to occur, NYSERDA anticipates running the “new” and “legacy” NYGATS in parallel for a period of time to ensure a smooth transition. Because NYGATS administration is subject to the potential for a change of contractor, there is uncertainty in the cost to be incurred. The budget requested represents NYSERDA’s best estimate accounting for the range of costs that might be incurred under the possible scenarios. If actual costs incurred are lower than the amount included in this budget proposal, they will be returned to the ratepayer through the budget reconciliation process as is done with all CES administrative funding (including in this petition, which reconciles the 2023 CES administrative funding).

System development budgets for OREC and Tier 4 have increased from 2024 primarily due to increased Salesforce license costs as these programs have migrated project management activities, including progress report intake and milestone and deliverable tracking, into the Salesforce platform.

Technical and Implementation Support

The Technical and Implementation Support administrative budget items include costs associated with ongoing program consultant support and implementation for the CES programs, development and issuance of procurements, technical and policy analysis, and technical evaluation panels for NYSERDA procurements. These workstreams are developed and prioritized to deliver the CES programs and meet the State’s clean energy goals in the most cost-effective and efficient manner possible. The indicative scopes of work included below are based upon current knowledge and may be subject to re-allocation based on future legal, regulatory, market, and programmatic changes.

- Tier 1: There are currently 53 active Tier 1 contracts in NYSERDA’s portfolio as reflected in Open NY.¹⁴ Additionally, RESRFP23-1 announced 24 provisional awards, issued as part the expedited solicitation, representing 2.4 gigawatts of mature, late-stage projects, some of which could be completed and operating as early as 2025. NYSERDA is moving to negotiate and execute contracts with the provisionally awarded counterparties. Following execution of the awarded contracts, NYSERDA will publish the final project details in Open NY which will add to the 53 awards currently shown. Additional awards are anticipated from RESRFP24-1 for which Step Two Bid Proposals are due by August 8, 2024, as previously discussed in the Background section of this petition. The Technical and Implementation Support funds requested in this petition will enable NYSERDA to continue its critical work managing the existing contracts,

¹⁴ As of July 22, 2024 -- https://data.ny.gov/Energy-Environment/Large-scale-Renewable-Projects-Reported-by-NYSERDA/dprp-55ye/about_data

conducting future solicitations, informing related state, federal, and electric grid policy and adapting to and implementing new policy provisions as they develop.

Conducting competitive and informed solicitations is a major workstream. Solicitations are conducted in two steps as described in the relevant RES solicitation documents¹⁵ and involve complex financial and electrical grid analysis performed by experts under contract to NYSERDA. RES solicitations are also supported by internal and external subject matter expert technical reviewers to assist in assessing bid materials and likely project impacts to the New York State electrical grid, agricultural lands, wetlands and other key areas of evaluation.

This petition also includes funding to continue NYSERDA's work to examine potential future requirements and implement and enforce compliance with existing contract provisions related to, among other issues, labor, Minority and Women Owned Business Enterprises (MWBE), Service Disabled Veteran Owned Businesses (SDVOB) and domestic iron and steel content.

Transitioning the New York State electricity supply to 70% renewable energy inevitably means that new generation sources will be located in new areas creating an opportunity to update and modernize New York State's electric grid. This work includes support for and close coordination with DPS Staff's work on transmission planning, supporting workstreams related to Case number 20-E-0197, direct participation with and support for the Coordinated Grid Planning Process (CGPP), and coordination and collaboration with the New York Independent System Operator. Funds for these critical transmission planning efforts are also included within this petition.

Utility-scale solar and land-based wind have to date been the two predominant technologies successfully competing in NYSERDA's Tier 1 solicitations. Land-based wind has a well-established global supply chain that is heavily influenced by global macro-economic factors. The supply chain for utility-scale solar is also well-developed globally but has experienced unique disruptions recently including import restrictions, such as the U.S. Department of Commerce's investigation into circumvention of anti-dumping and countervailing duties related to imported solar modules and additional import restrictions resulting from the Uyghur Forced Labor Prevention Act (UFPLA). This funding request includes continued work to track, analyze,

¹⁵ <https://www.nyseda.ny.gov/All-Programs/Large-Scale-Renewables/RES-Tier-One-Eligibility/Solicitations-for-Long-term-Contracts>

address and adapt to these and other market drivers with the goal of delivering the most cost-effective and timely projects in pursuit of the State's climate and energy goals.

- Tier 2: The administrative funding request for Tier 2 reflects the limited scope of currently authorized programs. NYSERDA continues to administer Tier 2 Maintenance contracts as directed by the Commission and therefore has ongoing salary expenses, but no Technical Support or System Development budget is requested in this petition.
- Tier 4: The proposed 2025 Technical Support budget is requested for continued analysis related to assessing transmission constraints and monitoring new NYISO market developments and procedures related to internal controllable lines. The program will further evaluate anticipated Tier 4 REC deliverability and will need to keep informed with evolving regulations for New York City Local Law 97 and potential impacts to voluntary Tier 4 REC demand in future years. The proposed budget also includes a comparative analysis of different energy pricing scenarios and their impact on Tier 4. As discussed in the 2024 CES administrative funding petition, the Tier 4 contracts require new methods for monitoring contract compliance which continue to be developed for implementation within NYSERDA business systems. Additional contract compliance activities are required related to ensuring disadvantaged and traditionally underserved communities are engaged with and benefit from NYSERDA's projects, including contract provisions related to workforce development and local investment funds.

With the Champlain Hudson Power Express (CHPE) project in active construction, there is an increased workload for monitoring construction progress and adherence to contract requirements. Furthermore, with CHPE anticipated to enter commercial operation in 2026, there is a time-sensitive need to develop and implement the procedures and systems required for the complex contract settlement process including hourly generation matching, GHG baseline monitoring, demand side management analysis and REC price calculations.

- Offshore Wind: Offshore wind is a relatively new and growing industry in the United States and is a key component of New York's future energy supply. Funding requested in this petition supports a coordinated set of activities that are aligned to procure the most cost-effective projects by reducing project risk through effective engagement with key stakeholders, recruiting supply chain opportunities to reduce bid prices and attracting workforce opportunities for New Yorkers, with a focus on disadvantaged communities. Programmatic activities either directly address risks

and costs through engagement and supply chain development or provide technical support to understand where additional attention would bring value.

This budget request includes funds to conduct offshore wind solicitations.¹⁶ These solicitations are competitive, complex and involve detailed financial, technical and electric grid analysis supported by internal and external subject matter experts. As discussed in the 2024 CES administrative funding petition,¹⁷ to help maintain budget stability, costs associated with facilitation, evaluators and specialist reviewers required for ORECRFP24-1 were deferred to the 2025 budget and are therefore included in this request.

As procurements add new contracts and existing contracts mature to construction, the annual staff responsibilities for analysis, tracking, and reporting of NYSERDA's existing portfolio increases. Funds have been included to continue and enhance supply chain contract deliverable tracking to ensure project milestones and economic benefits are collected, accounted for, and reported out accurately and efficiently.

NYSERDA's planned 2025 offshore wind solicitation is expected to be coordinated with proposed solutions to the New York City Public Policy Transmission Need (NYC PPTN). The structure of the anticipated 2025 offshore wind solicitation and associated OREC Purchase and Sale Agreement will need to be adapted to appropriately coordinate with the outcome of the NYC PPTN process and other offshore wind transmission and interconnection planning efforts. Issues that may need to be addressed include but are not limited to appropriate mitigation and allocation of risks related to potential delays to in-service dates, construction coordination between transmission and offshore wind projects, updated evaluation criteria for offshore wind projects utilizing shared transmission infrastructure, and coordination with the NYISO's updated interconnection process.

As directed by Governor Hochul in her 2022 State of the State address, NYSERDA is developing the "New York State Offshore Wind Masterplan 2.0: Deep Water." The development of the Masterplan is taking place over a 2.5-year period. To moderate budget demands, portions of that

¹⁶ <https://www.nyscrda.ny.gov/All-Programs/Offshore-Wind/Focus-Areas/Offshore-Wind-Solicitations>

¹⁷ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Petition Regarding Proposed Year 2024 Clean Energy Standard Funding and Reconciliation of Year 2022 Administrative Costs, NYSERDA, filed July 31, 2023.

work were funded under the 2023 CES Administrative budget, specifically the portions seeking to identify and encourage BOEM to advance additional, cost-effective, least-risk, greatest-opportunity lease areas. Additional research and analytical studies were funded as part of the 2024 CES Administrative budget. Because funds are committed and reconciled on a calendar year basis, this petition includes a small amount of funding for finalizing and publishing the Masterplan in 2025.

This budget request includes funds to continue NYSERDA's Offshore Wind "Liaisons" initiative which provides technical support to NYSERDA in key areas of public interest and interaction. This arrangement has been effective in situations where services are highly specialized and ephemeral. Liaisons allow NYSERDA to monitor key activities without needing additional staff, helping to reduce costs. As such, funds to continue to support industry liaisons for ports, labor, and construction have been included to help ensure selected supply chain investments are developed efficiently, helping to reduce the risk that the products are not available when needed by the offshore wind projects.

This petition also includes support for core programmatic workstreams in 2025, including those related to stakeholder engagement and outreach and environmental research initiatives. Environmental and fisheries research projects focus on areas of development risk and uncertainty and will lead to more efficient and predictable regulatory processes, as well as enhanced environmental protection and stakeholder support. The activities not only support research needs identified by the industry and stakeholders, but they also seek to ensure greater coordination between data collection and research activities, maximizing the value of available data. Additionally, many development projects, renewable and otherwise, are impacted by stakeholder hesitation, increasing uncertainty, delivery times, and development costs. Collaboration and education have been a cornerstone of NYSERDA's offshore wind program, effectively engaging stakeholders, and adapting strategies in response. Funding is requested to continue the coordination, facilitation, and technical support of the four offshore wind Technical Working Groups (TWGs) and the launch of the Environmental Justice TWG (EJ-TWG). Additionally, continued support for regional environmental research coordination, and fisheries compensation efforts are vital to New York's leading role in offshore wind development in the Northeast and Mid-Atlantic.

Continued supply chain and workforce development and analysis are needed to further advance

training and apprenticeship programs throughout the State and particularly in climate and environmental justice communities. The funds requested here will be used to bolster other New York State workforce development funds, such as Clean Energy Fund (CEF) and Regional Greenhouse Gas Initiative (RGGI) funded efforts to expand in-state offshore wind related workforce development.

Finally, education and outreach via marketing campaigns, in-person community meetings, workshops, public facing materials, K-12 programming and the continuation of the highly successful and industry recognized “Learning from the Experts” webinar series will be continued with support from this proposed budget. These activities provide transparency, educating members of the public and building a climate of understanding and, by extension, support for offshore wind in New York, helping projects to advance through the development process efficiently.

New York State Cost Recovery Expense

The New York State Cost Recovery Fee (CRF) is a fee assessed to NYSERDA and other public authorities by New York State for an allocable share of State governmental costs attributable to the provision of services to public benefit corporations pursuant to Section 2975 of the Public Authorities Law. NYSERDA allocates CRF across its programs by weighted average of programmatic expenditures and will allocate a proportionate share of the annual CRF to the CES program.

2025 Administrative Funding Petition Summary

Given the work needed to continue to deliver a high-quality and effective CES program in furtherance of New York’s climate and energy goals, NYSERDA proposes a total administrative budget of \$36,935,012 for the 2025 compliance year as shown in Table 2.

The CES administrative budget presented in Table 2 includes NYSERDA CES staff salaries, fringe benefits, and other direct program operating costs and allocated general and administrative expenses. As directed in the 2020 CES Order, NYSERDA continues to keep a detailed account of all costs incurred in administering the CES programs and any unspent administrative funds are used for future ratepayer benefit.

Table 2. Proposed CES Year 2025 Budget						
Program Area	Tier 1	Tier 2	Tier 3/ZECR	Tier 4	OREC	Totals
Salaries & Overhead	\$7,935,709	\$157,903	\$693,152	\$1,157,012	\$5,475,493	\$15,419,270
Technical Support	\$2,817,500	-	\$132,500	\$2,054,700	\$8,035,500	\$13,040,200
System Development	\$710,000	-	\$910,000	\$275,000	\$275,000	\$2,170,000
Subtotal	\$11,463,209	\$157,903	\$1,735,652	\$3,486,712	\$13,785,993	\$30,629,470
NYS Cost Recovery Expense	\$825,319	\$1,595	\$5,304,175	\$35,216	\$139,239	\$6,305,542
Total*	\$12,288,528	\$159,497	\$7,039,827	\$3,521,928	\$13,925,232	\$36,935,012

* Numbers may not add up to 100% due to rounding.

2023 Budget Reconciliation

NYSERDA files quarterly itemized reports on the costs associated with the administration and development of the CES programs. Table 3 shows the reconciliation of CES compliance year 2023 administrative expenses by fund. As discussed in the Background section of this petition, the impact of inflation and other headwinds became clear in 2023 leading to unanticipated programmatic actions including an OREC request for information and ORECRFP23-1 issued on an accelerated basis. These unanticipated actions led to unplanned expenses in 2023.

Table 3. Unspent CES Compliance Period Funds - 2023			
Program Expenses	Compliance Year Budget	Compliance Year Committed	Uncommitted Funds
Tier 1/RES Salary and Overhead	\$6,094,206	\$5,777,000	\$317,206
Tier 1/RES NYS Cost Recovery Fee	\$471,197	\$519,511	(\$48,314)
Tier 1/RES Technical Support	\$3,224,892	\$1,636,494	\$1,588,398
Tier 1/RES System Development	\$202,046	(\$156,985)	\$359,031
Total	\$9,992,341	\$7,776,019	\$2,216,322
Tier 3/ZECR Salary and Overhead	\$587,652	\$555,169	\$32,483
Tier 3/ZECR NYS Cost Recovery Fee	\$6,597,160	\$4,485,116	\$2,112,044
Tier 3/ZECR Technical Support	\$279,900	\$11,510	\$268,390
Tier 3/ZECR System Development	\$711,521	\$0	\$711,521
Total	\$8,176,233	\$5,051,795	\$3,124,438
Tier 2 Salary and Overhead	\$580,000	\$404,631	\$175,369
Tier 2 NYS Cost Recovery Fee	\$14,540	\$6,987	\$7,553
Tier 2 Technical Support	\$357,700	\$46,566	\$311,134
Tier 2 System Development	\$36,433	\$6,064	\$30,369
Total	\$988,673	\$464,247	\$524,426
Tier 4 Salary and Overhead	\$615,778	\$482,644	\$133,134
Tier 4 NYS Cost Recovery Fee	\$13,963	\$6,590	\$7,373
Tier 4 Technical Support	\$780,500	\$177,417	\$603,083
Tier 4 System Development	\$0	\$20,000	(\$20,000)
Total	\$1,410,241	\$686,651	\$723,590
OREC Salary and Overhead	\$4,958,102	\$3,659,401	\$1,298,701
OREC NYS Cost Recovery Fee	\$127,046	\$89,199	\$37,847
OREC Technical Support	\$7,746,483	\$9,807,875	(\$2,061,392)
OREC System Development	\$0	\$99,200	(\$99,200)
*Total	\$12,831,631	\$13,655,676	(\$824,045)

*Total represents the utilization of prior year budgeted funding being committed in the current compliance year.

** Numbers may not add up to 100% due to rounding.

Sources of Funds and Funding Proposal

NYSERDA proposes to fund its 2025 administration of the Tier 1, Tier 2, Tier 4 and OREC programs with revenues received in the previous years including bid fees, alternative compliance payments (ACP), contract security forfeitures and interest income, and to fund the Tier 3/ZECR program with an adder charge.

In accordance with previously filed implementation plans, NYSERDA collects bid fees as part of the OREC, Tier 1, Tier 2 and Tier 4 programs and has collected funds due to contract security forfeitures as part of the Tier 1 and OREC programs. The Commission has previously authorized NYSERDA to use these funds to offset the costs of administering these programs.¹⁸ For 2024, NYSERDA carried a balance of \$68,694,779 in surplus funds into 2024 as reflected in Table 4. The surplus represents revenues and expenditures through the 2023 compliance year.

NYSERDA anticipates ending calendar year 2024 with approximately \$78,321,205 in current year surplus resulting in an overall surplus of \$147,015,984 as shown in Table 4. This sum includes \$90,600,00 in ACP collections. ACPs will no longer be part of the Tier 1 obligation framework starting in 2025 per the Phase 5 Implementation Plan,¹⁹ and therefore no ACPs will be collected for compliance year 2025 onward. ACP collections for the 2024 compliance year (collected in 2025) are also anticipated to be significantly lower as the LSE Obligation % increases only moderately and significant new sources of Tier 1 RECs continue to enter commercial operation thereby increasing REC supply. Table 4 also illustrates the necessary transfers to OREC, Tier 2, and Tier 4 to mitigate the ratepayer impact of CES program costs through funding these programs with surplus funds. NYSERDA proposes to continue to fund administration of the Tier 3/ZECR program through an administrative adder. Any funds collected through the ZEC adder will, if unspent, be returned to the LSEs who purchased ZEC's, in a proportionate amount.

¹⁸ See Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Approving 2022 Clean Energy Standard Administrative Budget (issued and effective December 16, 2021), and Order Approving 2023 Clean Energy Standard Administrative Funding and Reconciliation of Year 2021 Administrative Costs (issued and effective December 15, 2022).

¹⁹ Case 15-E-0302, Phase 5 Implementation Plan (filed August 30, 2023).

In compliance with the 2016 CES Order, NYSERDA has kept a detailed account of all costs in administering the CES program, and any unspent administrative funds will be used for future ratepayer benefit.

Table 4. Preliminary Estimate of CES RES Surplus Funding	
	Amount
Beginning Surplus/(Deficit), January 1, 2024	\$68,694,779
Revenue/Source of Funds (Tier 1)	
Renewable Energy Credit Proceeds	\$82,200,000
Alternative Compliance Payments	\$90,600,000
Voluntary Compliance Payments	\$2,500,000
Management/Bid Fees	\$5,210,000
Contract Security and Bid Deposits	\$1,149,452
Investment Income	\$5,922,678
Total Tier 1 Revenue	\$187,582,130
Expense/Use of Funds (Tier 1)	
Program Administration	\$6,659,230
Program Support	\$2,847,992
System Development Costs	\$426,487
REC Payments to Generating Facilities	\$82,200,000
NYS Cost Recovery Fee	\$845,688
Total Tier 1 Expense	\$92,979,397
Transfers to Other Funds	
Transfer to OREC	\$13,566,876
Transfer to Tier 2	\$495,989
Transfer to Tier 4	\$2,218,663
Total Transfer from Tier 1 to Other Funds	\$16,281,528
Surplus/(Deficit), 1/1/2024-12/31/2024	\$78,321,205
Cumulative Surplus/(Deficit), December 31, 2024*	\$147,015,984

* Numbers may not add up to 100% due to rounding.

Conclusion

NYSERDA respectfully requests that the Commission approve the CES compliance year 2025 administrative costs as proposed in this filing and the corresponding proposals to fund Tier 1, Tier 2, Tier 4 and OREC costs with revenues received in the previous years including bid fees, forfeited contract security funds, alternative compliance payments, and interest income and to fund the Tier 3/ZECR program with an administrative adder charge as in previous years.

Dated: July 31, 2024

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Alexander Stein', is positioned below the text 'Respectfully submitted,'.

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Appendix A – Currently Open Positions

NYSERDA has been diligently working to fill positions created in recently approved administrative funding petitions and to backfill positions when openings occur. Table A.1 shows the status of currently open positions.

Clean energy industry job growth remains strong, and the labor market is highly competitive. With these dynamics in mind, NYSERDA remains committed to finding and hiring high-quality staff as quickly as possible to fill all open positions and has retained additional recruiting services to assist with filling roles that are in high demand or require specialized expertise.

Table A.1. Status of Current Approved Open Positions		
Position	Team/Focus	Status
Project Manager, Contracts	Offshore Wind	Posting In Development
Project Manager, Origination	Origination	Posted, Interviewing
Sr. Advisor, Transmission	Transmission	Posted, Interviewing
Sr. Analyst	Tier 4	Posted, Interviewing
Asst. Dir, Settlements	Settlements/Reporting	Posted, Interviewing

Appendix B – Indicative Full Time Employee Positions of the CES Program Team Inclusive of Newly Request Positions

Listed below are indicative full-time positions across the CES programs based upon current workstreams and programmatic needs including filled and currently open positions. However, these positions may be re-allocated based on future legal, regulatory, market, and programmatic changes. Some positions also support multiple programs and are therefore split across multiple funds.

Table B.1. Full Time Equivalents by Fund						
<i>Fund</i>	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 3 (ZECR)</i>	<i>Tier 4</i>	<i>OREC</i>	<i>FTE Total</i>
Full Time Equivalent	24.18	0.40	2.09	3.54	17.04	47.25

Tier 1 (REC) Staff

The 24.06 FTEs currently supporting the Tier 1 program are engaged in a variety of functions across several broad categories:

- Project Managers (6 FTE) – Project Managers perform a variety of tasks in support of the Tier 1 program with their primary tasks being the negotiation of contracts for new awards and active management of existing contracts with generators that are not yet in commercial operation. Each annual solicitation typically results in 18-25 new contracts to negotiate, execute and manage. Additionally, the Project Managers perform program and policy analysis, maintain expert working knowledge of the New York, national and global markets and apply that knowledge to the Tier 1 program to pursue cost-effective, timely and efficient resource development. This work includes developing expertise and informing programmatic activities on ad hoc issues such as capacity accreditation, inflation, federal policy on emerging issues, and other matters directly affecting the Tier 1 portfolio.
- Operations (13.83 FTE) – The operations staff provide a variety of services to enable the efficient and reliable functioning of the Tier 1 Program. This group manages the New York Generation Attributes Tracking System (NYGATS), settles contracts with generators in commercial operation, takes possession of the RECs and then sells the RECs to LSEs and the voluntary market (starting for the 2025 compliance year per the Commission’s Order modifying the Tier 1

obligation²⁰). This group also manages all Tier 1 related data including internal tracking, Open-NY reporting and business system development and maintenance as well as CES financial tracking, reporting and management.

The operations group also includes an analyst position which is critical for developing program cost estimates, forecasting future cash flows, and analyzing the impact of various market changes on the program. The operations group includes transmission system experts supporting the annual solicitation and the team's engagement with NYISO and DPS Staff on issues such as the Commission's Case 20-E-0197, a Proceeding on the Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act. Origination specialists who conduct the annual Tier 1 solicitation are also included here. Finally, the operations group also includes a partial position for a communication specialist that assists with the many public notices and other public communications (for example, solicitations and webinars) conducted by the team.

- Legal (1.2 FTE) – Each Tier 1 award is memorialized in a purchase contract for Tier 1 RECs between the awarded generation project and NYSERDA. Each contract is individually tailored, negotiated, and executed. The legal team also supports program design, policy creation, regulatory filings, and works collaboratively with project managers and operations staff to address disputes or contractual issues as they arise. The legal team also supports program design, policy creation, regulatory filings, and works collaboratively with project managers and operations staff to address potential disputes or contractual issues as they arise.
- Siting (1.7 FTE) – NYSERDA offers several resources to help local governments understand how to manage responsible clean energy development in their communities. These resources include step-by-step instructions and tools to guide the implementation of clean energy related to permitting processes, property taxes, siting, and zoning. The members of the Siting team develop these resources and act as a single point of contact for communities wishing to learn more or make use of the resources.

²⁰ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Modifying Clean Energy Standard Tier 1 Obligation (issued and effective April 20, 2023).

- Leadership (1.45 FTE) – These positions are shared functions across the programs and include the Vice President for Large-Scale Renewables and Directors actively engaged on Tier 1 issues. This team provides coordination and collaboration across the entire CES team, sets team priorities, and ensures that the programs under their guidance continue to innovate in pursuit of New York’s clean energy goals while minimizing ratepayer impact and ensuring the most positive outcomes possible for all New Yorkers.

Tier 2 Staff

The Tier 2 staff is currently comprised of 0.40 FTE made up of partial allocations to a counsel and an operations specialist. The Tier 2 staff is currently comprised of 0.40 FTE, made up of partial allocations to a counsel and an operations specialist.

Tier 3 / ZECR Staff

The Tier 3 / ZECR staff is currently comprised of 2.09 FTE. FTEs are primarily a project manager who dedicates a sizeable portion of their time to determining LSE obligations, establishing LSE collections, making payments to the ZEC sellers, and reconciling the program at the end of each compliance year. There is also a smaller portion of time from several supporting areas accounted for in this total including legal, operations, communications, and leadership.

Tier 4 Staff

The Tier 4 staff is currently comprised of 3.54 FTEs. Two FTEs are project manager(s) dedicated to managing NYSERDA’s contracts and implementing a settlements system with the projects awarded under Tier 4. There is also a smaller portion of time from several supporting areas accounted for in this total including legal, operations, contracts, and leadership.

Offshore Wind (OREC) Staff

The 17.04 FTEs currently supporting the Offshore Wind program are engaged in a variety of functions across several broad categories:

- Project Managers (10.74 FTE) – The Offshore Wind project managers have primary responsibility to originate projects through periodic solicitations and to manage the existing portfolio of OREC contracts. New York is not just building offshore wind generation, but, rather, an entire offshore wind industry. This staff primarily originates awards and manages in-development contracts. Included here is also the Fisheries Liaison. This group also contains partial FTE funding for offshore wind related contract creation, analyst capabilities, and

operations functions.

- Labor and Economic Development Manager (1 FTE): This position engages and strategizes with key public and private industry stakeholders to develop a New York supply chain ecosystem to ensure supply of critical components and services to meet the growing demand of this national and global industry. The position manages the funds being invested in port and manufacturing infrastructure while also encouraging private industry to respond to other funding opportunities, such as federal programs. As the supply chain advances, assist existing NY small-to-medium sized businesses including MWBE, SDVOB, and businesses located in DACs by guiding them to services such as business training, direct technical assistance, or participation in local or national business-to-business engagement activities.
- Workforce Development Manager (1 FTE): To enable the buildout of the offshore wind projects and concomitant benefits to New York, there is a critical need to prioritize workforce training inclusive of disadvantaged communities. As the offshore wind supply chain investments are advanced, the workforce must be simultaneously developed to support the buildout of that supply chain, and the construction of offshore wind projects. This position builds close working relationships and coordinates across various stakeholders including academic institutions, technical trade groups, offshore wind suppliers, developers, disadvantaged communities, and many others to help create the workforce needed to support the offshore wind industry.
- Transmission Expertise (0.7 FTE) – Electric grid transmission expertise is a key part of advancing offshore wind. NYSERDA needs to have an informed and educated approach for both how the offshore electric grid should be configured and how and where to interconnect that energy into the existing onshore grid.
- Legal (1.1 FTE) – Each Offshore Wind program award results in a purchase contract for ORECs between the owner of an awarded generation project and NYSERDA. Each contract is individually negotiated and established. The legal team also supports program design and policy creation, regulatory filings and works collaboratively with project managers and operations staff to address potential disputes or contractual issues as they arise.
- Leadership (2.5 FTE) – These positions are shared functions across the programs and include the Vice President for Large-Scale Renewables and Directors actively engaged on offshore wind

issues. This team provides coordination and collaboration across the entire CES team, sets team priorities, and ensures that the programs under their guidance continue to innovate in pursuit of New York's clean energy goals while minimizing ratepayer impact and ensuring the most positive outcomes possible for all New Yorkers.