

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on December 19, 2024

COMMISSIONERS PRESENT:

Rory M. Christian, Chair  
James S. Alesi  
John B. Maggiore  
Uchenna S. Bright  
Denise M. Sheehan  
Radina R. Valova

CASE 15-E-0302 - Proceeding on Motion of the Commission to  
Implement a Large-Scale Renewable Program and a  
Clean Energy Standard.

ORDER APPROVING ADMINISTRATIVE FUNDING

(Issued and Effective December 20, 2024)

BY THE COMMISSION:

INTRODUCTION

The CES Framework Order designated the New York State Energy Research and Development Authority (NYSERDA) as the central administrator of the Clean Energy Standard (CES), which is comprised of the Renewable Energy Standard (RES) and Zero-Emission Credit (ZEC) programs.<sup>1</sup> As the administrator, NYSERDA must file an annual petition with the Public Service Commission (Commission) for recovery of the costs associated with administering the CES programs.

On July 31, 2024, NYSERDA filed a petition seeking authorization for approximately \$36.9 million in funds for administering the CES programs for the upcoming 2025 Compliance

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<sup>1</sup> Case 15-E-0302 et al., Order Adopting A Clean Energy Standard (issued August 1, 2016) (CES Framework Order).

Year (Petition). This represents an increase of approximately ten percent from its current 2024 administrative budget. In this Order, the Commission approves the administrative funding covering the 2025 CES Compliance Year, which includes an administrative adder for the ZEC program.

#### BACKGROUND

In the CES Framework Order, the Commission established the CES to increase the State's renewable energy supply and to preserve New York's existing zero-emissions generation. The Commission divided the CES into a RES and ZEC requirement. The RES includes a Tier 1 component that obligates each load-serving entity (LSE) to serve its retail customers by supporting the procurement of new renewable resources, evidenced by the procurement of qualifying Tier 1 Renewable Energy Certificates (RECs) from NYSERDA or other sources, or by making Alternative Compliance Payments (ACPs). The RES also includes a Tier 2 Maintenance program to provide financial support for existing baseline eligible renewable facilities that are at risk of ceasing operations. Under the ZEC program (also known as Tier 3), each LSE that serves end-use customers in New York must purchase ZECs from NYSERDA in proportion to the load they serve relative to the total statewide load. NYSERDA administers this program by purchasing ZECs from qualifying nuclear generators during each compliance year and duly billing LSEs for their share.

The Commission further established the offshore wind (OSW) program and accompanying standard in 2018 by requiring LSEs to support the procurement of 2,400 megawatts (MW) of OSW

resources by 2030.<sup>2</sup> As with Tier 1, the OSW standard obligates each LSE to serve its retail customers by supporting the procurement of new OSW resources, evidenced by the procurement of OSW Renewable Energy Certificates (ORECs) from NYSERDA. On April 23, 2020, the Commission authorized NYSERDA to issue an additional OSW solicitation for up to 2,500 MW.<sup>3</sup>

On October 15, 2020, the Commission issued the CES Modification Order, which adopted the clean energy deployment targets found within the Climate Leadership and Community Protection Act (CLCPA), including a goal to serve at least 70% of statewide load with renewable energy resources by 2030, and that 9,000 MW of OSW be procured by 2035.<sup>4</sup> The CES Modification Order also created two new programs to facilitate achievement of these goals. The first was the Competitive Tier 2 program designed to support non-state-owned wind and run-of-river hydroelectric generating facilities that commenced operation prior to January 2015. The second was the Tier 4 program designed to support renewable energy delivered into New York City.

The CES Modification Order authorized a REC and ZEC administrative adder to recover NYSERDA's anticipated administrative costs for 12 months, adjusted to account for any shortfall or surplus from the previous year. Through the adder mechanism, administrative costs are allocated across the attributes NYSERDA annually sells to LSEs each year via a

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<sup>2</sup> Case 18-E-0071, In the Matter of Offshore Wind Energy, Order Establishing Offshore Wind Standard and Framework for Phase 1 Procurement (issued July 12, 2018) (OSW Framework Order).

<sup>3</sup> Case 18-E-0071, supra, Order Authorizing Offshore Wind Solicitation in 2020 (issued April 23, 2020).

<sup>4</sup> Case 15-E-0302, Order Adopting Modifications to the Clean Energy Standard (issued October 15, 2020) (CES Modification Order).

commensurately increased attribute price or an increased LSE rate, depending on the program. The Commission also directed NYSERDA to combine administrative funding requests for all CES programs into one comprehensive annual funding petition for years 2022 and beyond.

THE PETITION

2025 CES Compliance Year Budget Proposal

NYSERDA requests an administrative budget of \$36,935,012 for the 2025 CES Compliance year. As in previous years, the administrative budget includes CES staff salaries, fringe benefits, and other direct program operating costs and allocated general and administrative expenses. The formal administrative budget categories include: Salaries and Overhead, Technical and Implementation Support, System Development, and the New York State Cost Recovery Expenses.<sup>5</sup>

The Petition states that the central function of the NYSERDA CES team is to address market changes and manage the necessary expansion of activities where necessary, in addition to procuring additional resources which requires technical, financial, and legal work to effectively manage the Large-Scale Renewables (LSR) project portfolio. NYSERDA proposes to fund its 2025 administration of the Tier 1, Tier 2, Tier 4, and OREC programs with revenues received in previous years including bid fees, ACPs, and interest income. For the ZEC program, NYSERDA proposes to continue to fund the program's administrative functions through an adder charge.

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<sup>5</sup> The New York State Cost Recovery Expense 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.

CES Program Staffing

NYSERDA states that the workload volume and complexity have increased in the past years and are expected to continue increasing in 2025 and beyond. The Petition seeks to add four full-time employee positions (FTEs). However, three of the four positions are conversions from currently contracted positions that were previously funded within the Technical Support and Implementation line of the budget, which represents a net total gain of one position. The four positions would be part of the CES Operations Group that perform many functions and whose responsibilities include all CES data, reporting, interaction with the financial and project record business, New York Generation Attributes Tracking System (NYGATS) eligibility, contract security tracking and management, and contract settlement.

NYSERDA adds that the one net new position requested is needed to further assist the group with managing the increasing workload, as explained throughout the Petition. The three conversion positions from contracted staff to in-house FTEs are being requested to enable greater continuity in these positions and reduce inefficiency of having to find, onboard, and train new staff by bringing on formerly contracted staff who are already familiar with NYSERDA operations and processes.

Table 1. Proposed CES Year 2025 Full Time Employee Equivalent by Fund						
Fund	Tier 1	Tier 2	Tier 3/ZEC	Tier 4	OREC	FTE Total
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 one FTE after accounting for conversion of three currently contracted positions.						

System Development

Part of the administrative budget covers the system development needs for NYGATS and other business systems, such as Salesforce, to implement and manage the expanding suite of CES programs and related LSE compliance. The Petition states that new requirements such as the Prevailing Wage, New York Buy American Act, and Minority, Women, and Business Enterprise (MWBE) requirements contribute to the need to develop new system upgrades. NYSERDA adds that the primary driver of the system development costs are those associated with operation and maintenance of NYGATS and the potential engagement of an outside contractor to substantially update the NYGATS system to design, build, implement, migrate data, administer, and operate NYGATS into the future. NYSERDA explains that NYGATS was established ten years ago, and the contract with the current operator expires in April 2026.

Because the NYGATS administration is subject to a potential change, there is uncertainty regarding the costs to be incurred. NYSERDA states that the budget requested represents NYSERDA's best estimate for the range of costs that may be incurred under possible scenarios. If the actual costs are lower than the amount in the budget, the funds will be returned to ratepayers through the budget reconciliation process. The Petition adds that system development costs have increased for OREC and Tier 4 due to increased Salesforce licensing costs.

Technical Support and Implementation

The Petition states that the Technical and Implementation Support section of the administrative budget includes costs associated with ongoing program consultant support and implementation for CES programs, development and issuance of procurements, technical and policy analysis, and technical evaluation panels for NYSERDA procurements. The

Petition explains that NYSERDA is managing 53 active Tier 1 contracts, with 24 provisional awards in current negotiations. According to the Petition, the Technical and Implementation Support funds would enable NYSERDA to continue work managing the existing contracts, conducting future solicitations, informing related state, federal, and electric grid policy, and adapting to and implementing new policy provisions as they develop. NYSERDA adds that this funding assists their work in examining potential future requirements and implementing and enforcing compliance with existing contract provisions related to labor, MWBE, Service-Disabled Veteran Owned Businesses, and domestic iron and steel content. Additionally, the Petition proposes that this budget line is to be used for continued analysis of Tier 4 related to assessing transmission constraints and monitoring New York Independent System Operator, Inc. (NYISO) market developments and procedures related to internal controllable lines. NYSERDA adds that the Tier 4 contracts require new methods for monitoring contract compliance with previous Commission orders which continue to be developed for implementation within NYSERDA business systems. Further, there is a time-sensitive need to develop and implement the procedures and systems required by the contract settlement process for the Champlain Hudson Power Express project, which is in active construction.

The Petition also includes funding to support the activities needed to procure the most cost-effective offshore wind projects by reducing project risk through effective engagement with key stakeholders and recruiting supply chain opportunities to reduce bid prices and attract workforce opportunities. The funding request includes funds to conduct offshore wind solicitations in 2025 and the future, which are competitive, complex, and involve detailed financial, technical,

and electric grid analysis supported by internal and external subject matter experts. NYSERDA states that as new contracts and existing contracts mature to construction, the annual staff responsibilities for analysis, tracking, and reporting of NYSERDA's existing portfolio increase. Additionally, NYSERDA's budget request includes a small amount of funding for finalizing and publishing the New York State Offshore Wind Masterplan 2.0: Deep Water. The Petition includes funding to support the core programmatic work for 2025, including those related to stakeholder engagement and outreach and environmental research initiatives. Further, funding is requested to continue the coordination, facilitation, and technical support for the four existing offshore wind Technical Working Groups, and the launch of the fifth, the Environmental Justice Technical Working Group, which is also focused on OSW issues.

NYSERDA proposes a total administrative budget of \$36,935,012 for the 2025 compliance year as shown in Table 2.



Table 2. Proposed CES Year 2025 Budget						
Program Area	Tier 1	Tier 2	Tier 3/ZEC	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

As provided by the Petition, Table 3 shows the reconciliation of CES compliance year 2023 administrative expenses. NYSERDA adds that the impact of inflation and other headwinds in 2023 led to unanticipated programmatic actions, including an OREC request for information and ORECRFP23-1 issued on an accelerated basis. These unanticipated actions resulted 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/ZEC Salary and Overhead	\$587,652	\$555,169	\$32,483
Tier 3/ZEC NYS Cost Recovery Fee	\$6,597,160	\$4,485,116	\$2,112,044
Tier 3/ZEC Technical Support	\$279,900	\$11,510	\$268,390
Tier 3/ZEC 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, ACPs, contract forfeitures, and interest income, and to fund the Tier 3/ZEC program with an adder charge. The Petition notes that the Commission has previously authorized NYSERDA to use these funds to offset the costs of administering these programs. For 2024, NYSERDA carried a balance of \$68,694,779 in surplus funds into 2024, as reflected in Table 4. NYSERDA anticipates ending the calendar year 2024 with approximately \$78,321,205 in current year surplus resulting in an overall cumulative surplus of \$147,015,984, as shown in Table 4. NYSERDA notes that this sum includes \$90,600,00 in ACP collections which will no longer be collected as part of the Tier 1 obligation framework starting in 2025.<sup>6</sup> Table 4 also illustrates the necessary transfers to OREC, Tier 2, and Tier 4 to mitigate the ratepayer impact of CES program costs through fundings these programs with surplus funds. NYSERDA proposes to fund the Tier 3/ZEC program through an administrative adder.

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<sup>6</sup> Case 15-E-0302, Order Modifying Clean Energy Standard Tier 1 Obligations (issued April 20, 2023) (Modifying the Tier 1 LSE obligation from one that is based on a predetermined percentage to one based on a load share approach.) (Tier 1 Modification Order).

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.

#### NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rule Making (Notice) was published in the State Register on September 4, 2024 [SAPA No. 15-E-0302SP66]. The time for submission of comments pursuant to the Notice expired on November 4, 2024. Comments were received by the Alliance for Clean Energy New York (ACE NY), the

Indicated Utilities,<sup>7</sup> and the Public Utility Law Project (PULP), and are discussed below.

SUMMARY OF COMMENTS

Alliance for Clean Energy New York

ACE NY supports NYSERDA's petition for the 2025 CES administrative budget. ACE NY argues that the appropriate level of funding and staffing is essential in New York's efforts to achieve its climate goals. ACE NY supports the addition of the proposed four FTEs but also supports an additional five staff to be added to the Clean Energy Siting team. As pointed out in the NYSERDA petition, NYSERDA offers support to local governments to manage responsible clean energy development in their communities. ACE NY believes that this engagement with local governments is a key area for increased staffing because, as the project portfolio grows, the number of communities engaged will also grow. ACE NY notes that the Clean Energy Siting team plays an important role in distributing accurate information about renewable energy technologies and argues that the current six employees within the Siting team is not commensurate with the growth in renewable energy and the extensive amount of work with which the Clean Energy Siting team is tasked. ACE NY comments that the New York Offshore Wind Alliance and ACE NY support both NYSERDA's request for a modest increase in its workforce to meet the current and growing needs of renewable energy project procurement within the CES, and the administrative funding as stated within current budgetary projections for fiscal year 2025.

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<sup>7</sup> The Indicated Utilities are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., and Orange and Rockland Utilities, Inc.

Indicated Utilities

The Indicated Utilities propose that the Commission direct \$100 million of the CES surplus to be provided to electric customers enrolled in utility Energy Affordability Programs (EAP) across New York State in the four summer months of 2025 to defray the cost of the clean energy transition for the State's financially vulnerable customers. The Indicated Utilities estimate that this benefit could result in an EAP monthly discount, totaling approximately \$100 to \$140, or \$25-\$35 per month. Since EAP customers have contributed funds to the CES, including through ACPs, directly refunding a portion of the surplus to EAP customers would act to reduce the burden of the clean energy transition for these customers. The Indicated Utilities add that this year is on track to be the hottest on record and using the surplus funds for EAP customers would offset the bill impact of summer cooling.

The Indicated Utilities state that this distribution schedule for monthly bill relief for EAP customers would be similar to that undertaken in the summer of 2020 during the COVID-19 pandemic. The Indicated Utilities believe this proposal is consistent with the goals of the CLCPA and would provide near-term assistance to vulnerable customers. The Indicated Utilities argue the CES cumulative surplus is unallocated to any program, initiative, or expense so its use will not compromise NYSERDA's existing or future operations. Further, the Indicated Utilities note that even with the \$100 million transfer to EAP customer, it would still leave NYSERDA a forecasted \$47 million surplus, which is more than the \$37 million NYSERDA requested for the Compliance Year 2025 administrative budget.

Public Utility Law Project

PULP proposes that CES RES surplus funds be directed toward initiatives that directly support energy affordability for utility customers with emphasis on bill credits or equivalent affordability programs. PULP notes that the CES Order Approving the Phase 2 Implementation Plan envisioned that ACPs would serve as a backstop to support the RES goals and also safeguard the financial interests of ratepayers. PULP argues that it is clear that the Commission's intention was to utilize surplus ACP funds as a resource to advance ratepayers interests. PULP states that CES RES surplus funds should be directed toward bill credits or similar financial assistance for low-income households and Disadvantaged Communities. PULP opines that this financial assistance would help alleviate energy burdens for New York's most vulnerable communities and help ensure they are not disproportionately impacted by financial demands of the clean energy transition. PULP adds that this approach is consistent with the Commission's policy that surplus funds be used for ratepayers' benefits. PULP acknowledges that the bulk of the current CES RES surplus funds comes from ACPs, which will be discontinued in the 2025 year, and would most likely be one-time in nature. PULP proposes that the credits be applied specifically to either summer electric bills when cooling costs are burdensome or winter months. Lastly, PULP supports NYSERDA's request for an administrative budget increase for the CES 2025 Compliance Year.

LEGAL AUTHORITY

The Commission's authority derives from the New York State Public Service Law (PSL), through which numerous legislative powers are delegated to the Commission. Pursuant to PSL §5(1), the "jurisdiction, supervision, powers and duties" of

the Commission extend to the "manufacture, conveying, transportation, sale or distribution of ... electricity." PSL §5(2) requires the Commission to "encourage all persons and corporations subject to its jurisdiction to formulate and carryout long-range programs, individually or cooperatively, for the performance of their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources." PSL §66(2) provides that the Commission shall "examine or investigate the methods employed by [] persons, corporations and municipalities in manufacturing, distributing and supplying ... electricity ... and have power to order such reasonable improvements as well as promote the public interest, preserve the public health and protect those using such gas or electricity ... ."

PSL §4(1) also expressly provides the Commission with "all powers necessary or proper to enable [the Commission] to carry out the purposes of [the PSL]" including, without limitation, a guarantee to the public of safe and adequate service at just and reasonable rates,<sup>8</sup> environmental stewardship, and the conservation of resources.<sup>9</sup> Further, PSL §65 provides the Commission with authority to ensure that "every electric corporation and every municipality shall furnish and provide such service, instrumentalities and facilities as shall be safe and adequate and in all respects just and reasonable." The

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<sup>8</sup> See International R. Co. v Public Service Com., 264 AD 506, 510 (1942).

<sup>9</sup> PSL §5(2); see also Consolidated Edison Co. v Public Service Commission, 47 N.Y.2d 94 (1979) (overturned on other grounds) (describing the broad delegation of authority to the Commission and the Legislature's unqualified recognition of the importance of environmental stewardship and resource conservation in amending the PSL to include Section 5).



Commission also has authority to prescribe the "safe, efficient and adequate property, equipment and appliances thereafter to be used, maintained and operated for the security and accommodation of the public" whenever the Commission determines that the utility's existing equipment is "unsafe, inefficient or inadequate."<sup>10</sup> In addition to the PSL, the New York State Energy Law §6-104(5)(b) requires that "[a]ny energy-related action or decision of a state agency, board, commission or authority shall be reasonably consistent with the forecasts and the policies and long-range energy planning objectives and strategies contained in the plan, including its most recent update."

#### DISCUSSION AND CONCLUSION

The NYSERDA-proposed administrative budget of \$36,935,012 represents an increase of approximately ten percent over the 2024 authorized budget of \$33,549,661. NYSERDA is seeking to add four new FTEs, primarily to support the Tier 1 and Tier 4 programs.<sup>11</sup> NYSERDA indicates that three of the four new FTEs are conversions from currently contracted positions, within the Technical Support and Implementation line of the budget. Further, these positions are part of the Operations group that will support the CES "back office" responsibilities such as all CES data, reporting, NYGATS eligibility, contract

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<sup>10</sup> PSL §66(5).

<sup>11</sup> The Commission notes that on November 27, 2024, NYSERDA mutually terminated the Tier 4 contract with Clean Path New York LLC. However, the Commission does not expect this change to materially impact NYSERDA's 2025 administrative budget as a majority of that budget related to Tier 4 is associated with system upgrades for Tier 4 generally and the administration of the other Tier 4 project, the Champlain Hudson Power Express, which is currently in active construction. Case 15-E-0302, NYSERDA Notice of CPNY Mutual Termination (filed November 27, 2024).

security tracking, and contract settlement. The three contracted positions were fully funded in the CES 2024 administrative budget. The one new position is budgeted to support the Operations group in managing the growing workload, which includes assessment of transmission constraints and monitoring transmission developments. This includes support and direct participation in the Coordinated Grid Planning Process (CGPP) with Department of Public Service, NYISO, and other parties. Overall, taking into consideration these additional support expenditures and the removal of the three contract positions referenced above, the impact to the Technical Support line is limited to a five percent increase from 2024.

System development costs are proposed to increase, mainly due to the necessary re-bid of the contract operations of NYGATS, which is set to expire in April of 2026. The re-bid of the NYGATS operator will seek to design, build, implement, migrate data, administer, and operate NYGATS into the future. NYGATS is essential to the operation of the RES and ZEC programs through the registration and verification of RECs, ORECs, and ZECs. Through the solicitation process, it is anticipated that the selected contractor will either be the current contractor operating NYGATS, or another attribute tracking system developer. The System Development category within the proposed 2025 budget is conservative in that it reflects selection of a new system developer brought on board. However, if the current contractor operating NYGATS is selected, it is anticipated that significant cost savings could be realized. Because of the uncertainty of the potential change for a new NYGATS contractor, the proposed budget is NYSERDA's best estimate for the wide range of costs that may be incurred. Additionally, system development costs will support new requirements added to the CES programs such as Prevailing Wage and the New York Buy American

Act. Lastly, the budget includes the State-mandated New York State Cost Recovery Fee assessed to all public authorities.

ACE NY supports an additional five FTEs, in addition to the four FTEs included in the proposed budget, to support the Clean Energy Siting Team. ACE NY cites the work the team does to assist local governments to manage responsible renewable energy development and provide accurate information about renewable energy technologies. Each year, we expect NYSERDA to assess its current workload for the compliance year and request the funding it needs to administer the CES in an effective and efficient way. NYSERDA is mindful in their funding requests each year, balancing the potential increase in operational costs with the need to manage ratepayer costs. NYSERDA acknowledges that the level of workload has increased and has requested additional staff to handle the workload. Based on the discussion in the Petition, NYSERDA has not identified any additional staffing needs beyond what is contained in the proposed 2025 budget for the Clean Energy Siting Team. Therefore, the Commission rejects ACE NY's request for five additional FTEs.

Based on our review, we find that the proposed budget is reasonable for NYSERDA to deliver high-quality and effective CES program administration. Therefore, the Commission approves NYSERDA's proposed 2025 compliance period RES and ZEC program budgets. As for cost recovery, the Commission finds NYSERDA's proposal to fund its 2025 administrative costs for Tier 1, Tier 2, Tier 4, and the OSW standard with revenues received in the previous years, including bid fees, ACPs, contract security forfeitures, and interest income, as detailed in Table 4, to be reasonable. Regarding ZEC program cost recovery, the administrative costs required to operate the ZEC program are estimated by NYSERDA each budget year. These estimated costs

are added to NYSERDA's costs for ZEC purchases from the nuclear generators resulting in total ZEC program costs which are then divided by the total forecasted statewide load for the upcoming fiscal year to arrive at a per ZEC charge for all LSEs, including the administrative adder.

The estimated surplus through the end of 2024, as shown in Table 4, is approximately \$147 million and is primarily due to the collection of ACPs from load serving entities.<sup>12</sup> Table 4 also illustrates the necessary transfers from Tier 1 to OREC, Tier 2, and Tier 4 to mitigate the ratepayer impact of CES program costs through funding these programs with surplus funds. This surplus shall continue to be used to fund NYSERDA's CES administrative costs, negating the need for any incremental collection from ratepayers in 2025.

The Indicated Utilities and PULP suggest using a portion of the anticipated \$147 million in surplus funds to be provided to electric low-income, or EAP customers, on a statewide basis to increase their monthly discounts during the summer months of 2025. The Indicated Utilities argue that the relief will benefit New York State's most financially vulnerable customers during a time of year when costs are traditionally higher. PULP highlights that over 1.3 million households are at risk of service termination and over \$1.8 billion in overdue energy bills exist statewide as of August 2024.

The Commission has previously stated that the use of surplus funds, including ACP funds, bid fees, and interest income must be used to offset the cost to ratepayers for the RES

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<sup>12</sup> Per the Tier 1 Modification Order, ACPs will no longer be part of the Tier 1 obligation framework starting 2025, and therefore no ACPs will be collected for compliance year 2025 and onward.

programs.<sup>13</sup> Further, if the surplus funds were used as proposed by the Indicated Utilities and PULP's suggestion, ratepayers would ultimately be subject to additional collections to cover NYSERDA's future CES administrative costs. These collections would come from all ratepayers, including EAP customers. Thus, the Commission declines to adopt the Indicated Utilities and PULP's proposal and instead maintains the existing policy that excess funds be used to offset the cost to ratepayers for the RES programs.

The Commission understands the desire to provide more relief to EAP customers and has implemented its Energy Affordability Policy to ensure that EAP customers are able to maintain essential commodity service. Additionally, the Commission recently approved two programs, the Statewide Solar for All and the New York Power Authority's Renewable Energy Access and Community Help Program, aimed at providing bill credits to EAP customers that reside within Disadvantaged Communities to help those vulnerable customers offset the costs of electric bills throughout the year.<sup>14</sup>

For the reasons discussed above, the Commission approves NYSERDA's CES program budget for the 2025 compliance year. The approved 2025 compliance period RES and ZEC budget is contained in Table 5 below.

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<sup>13</sup> Case 15-E-0302, Order Approving Phase 2 Implementation Plan (issued November 17, 2017).

<sup>14</sup> See Case 21-E-0629 et al., Advancement of Distributed Solar, Order Approving Statewide Solar for All Program with Modifications (issued May 16, 2024) and Case 24-E-0084, Renewable Energy Access and Community Help Program, Order Implementing Renewable Energy Access and Community Help Program (issued October 16, 2024).

Table 5. CES 2025 Compliance Year Budget						
Program Area	Tier 1	Tier 2	Tier 3/ZEC	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

The Commission orders:

1. The 2025 Clean Energy Standard administrative budget proposed by the New York State Energy Research and Development Authority is approved, as discussed in the body of this Order.

2. The New York State Energy Research and Development Authority is authorized to use previously collected revenues including bid fees, forfeited contract security funds, Alternative Compliance Payments received, and interest income to fund administration of the Renewable Energy Standard for the 2025 Clean Energy Standard compliance period, and is authorized to fund the Zero-Emission Credit program for the 2025 compliance period through the existing Zero-Emission Credit Adder, as discussed in the body of the Order.

3. The New York State Energy Research and Development Authority shall continue to file Quarterly reports containing itemized expenses associated with the administration of the Renewable Energy Standard and Zero-Emission Credit programs.

4. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

5. This proceeding is continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS  
Secretary