STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 14-M-0094 – Proceeding on Motion of the Commission to Consider a Clean Energy Fund.

CASE 10-M-0457 - In the Matter of the System Benefits Charge IV.

CASE 07-M-0548 - Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard.

CASE 03-E-0188 - Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard.

CASE 13-M-0412 – Petition of the New York State Energy Research and Development Authority to Provide Initial Capitalization of for the New York Green Bank.

ORDER AUTHORIZING THE CLEAN ENERGY FUND FRAMEWORK

Issued and Effective January 21, 2016

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held in the City of
Albany on January 21, 2016

COMMISSIONERS PRESENT:

Audrey Zibelman, Chair
Patricia L. Acampora
Gregg C. Sayre
Diane X. Burman, concurring

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BY THE COMMISSION:

INTRODUCTION

The Clean Energy Fund (CEF) is a critical component of Reforming the Energy Vision (REV), New York’s comprehensive plan to reform the State’s power industry. Technology changes, consumer demands, and environmental exigencies simultaneously allow and compel reformation of State energy policies to transform the power sector to one that is (a) consumer centric, (b) economically and environmentally efficient and sustainable, and (c) embraces, rather than resists, market and business model innovation. The 2015 New York State Energy Plan (SEP) and the Commission's various implementing orders make clear that the State will enable these changes through interdependent and necessary changes in our own policies and practices, building upon four major REV pillars:

First, our targets will be clear and ambitious. The SEP includes a target to meet 50% of the State's electric consumption with renewable resources in 2030, as well as targets of a 40% reduction in greenhouse gas emissions from 1990 levels and a 600 trillion Btu increase in statewide energy efficiency. Governor Andrew M. Cuomo recently emphasized that, given the threat of climate change and the associated damage to New York's economic and environmental health, the achievement of our targets is not optional. The Governor therefore directed the Department of Public Service to commence a proceeding to determine how best to convert the renewable generation target into an enforceable mandate through implementation of a Clean Energy Standard.[1]

Second, we must revise the policies and practices governing how we regulate utilities and their business practices, impose obligations, and oversee retail market design, including rates and prices for electric service, to make certain that our regulatory practices are consistent with the changes that need to occur. The Commission's various REV decisions and implementing proceedings concerning regulatory, business and market reform are the chief components of ensuring compatibility of our goals and our rules.

Third, we will reexamine how we use the tools of incentives and financial support for clean energy technology and

[1] Letter from Governor Andrew M. Cuomo to Chair Audrey Zibelman (dated December 2, 2015), available at https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Renewable_Energy_Letter.pdf.

markets to reduce costs, drive scale and reduce barriers to entry. As we discuss at length in this Order, NYSERDA's new approaches under the CEF, which include both New York Green Bank (NYGB) and the NY-Sun programs, must be calibrated to achieve these objectives.

The fourth pillar consists of the actions the State takes as a participant in energy markets to lead by example. As a substantial energy consumer, as well as a supplier and provider of electricity through the New York Power Authority (NYPA) and the Long Island Power Authority (LIPA), New York State will make decisions that are consistent with, and serve as examples of, the evolved energy market envisioned by REV.

Though discrete, each of the four pillars embrace the fundamental precept that clean energy deployed at scale holds the potential to address the pressing environmental and energy challenges of our time while providing enormous economic opportunity for New York. To tap this potential, all of the State's clean energy efforts need to become more efficient and strategic so that each dollar of clean energy spending achieves greater savings and animates market participation and investment. While the clean energy programs authorized by the Commission in the past have realized significant accomplishments, we must build on this success in a way that meets evolving customer and market needs and transitions away from approaches that rely almost exclusively on government-directed participant payments or credits.

Traditional clean energy program approaches have been oriented toward direct rebates, to encourage individual customers or specific resource suppliers to employ more efficient, or "clean", end-use equipment and systems, thereby acquiring energy savings as a resource. While this "resource acquisition" approach has resulted in significant energy savings to date, an approach focused solely on selective customer rebates can have the unintended consequence of building reliance on government-directed payments rather than on markets and entrepreneurial innovation. The State's greenhouse gas reduction goals demand that we achieve significantly more than is practical to achieve through current ratepayer-funded direct payment programs.[2] The status-quo must evolve to a model that recognizes the appropriate use of targeted programs combined with spurring private sector involvement to reach the level of scale needed to realize our objectives. Transitioning from predominately government-directed resource acquisition approaches to market-based initiatives that intrinsically recognize the value of clean resources requires careful planning, along with a long-term commitment to the market. In this Order, we establish a CEF framework that makes the commitment and provides for the necessary planning to support both continuity and economically sustainable growth of the clean energy industry in New York.

As we establish the framework for the CEF, we do so based on the understanding that the CEF will operate in the context of the pending Clean Energy Standard. In developing the Clean Energy Standard, the Commission will also consider whether any changes to the CEF are needed to ensure that the two programs are in full alignment. The CEF's support for the delivery of energy efficiency and other distributed energy resources at scale are necessary elements for the Clean Energy Standard to achieve its mandate and for New York State to achieve its energy and environmental policy objectives.

[2] The 2015 New York State Energy Plan, issued June 25, 2015, can be found at http://energyplan.ny.gov/Plans/2014.aspx.

PROCEDURAL HISTORY

In the December 26, 2013 Order Approving EEPS Program Changes, the Commission began articulating the overall policy direction for the State's clean energy efforts in the context of potential reforms to regulatory paradigms and markets.[3] On April 25, 2014, the Commission instituted the Reforming Energy Vision (REV) proceeding to align electric utility practices and the regulatory paradigm with technological advances in information management and power generation and distribution.[4] In its February 26, 2015 Order (REV Framework Order), the Commission began instituting these reforms and articulated a vision for the future of the electric industry that is customer-centric, focused on reducing the total energy bill for customers, and ensuring optimal resource choices are made.[5] Among other things, the REV proceeding is considering the benefits, costs and value of distributed energy resources, including energy efficiency, and the regulatory and market structures needed to accelerate their delivery and adoption.

On December 19, 2013, the Commission authorized the establishment of the New York Green Bank (NYGB) to support the development of robust markets for clean energy technologies through the leveraging of public and private financing and provided NYGB with its initial capitalization of $165.6 million

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[3] Case 07-M-0548, Energy Efficiency Portfolio Standard, Order Approving EEPS Program Changes (issued December 26, 2013).

[4] Case 14-M-0101, Proceeding to Consider Reforming the Energy Vision, Order Commencing Proceeding (issued April 25, 2014).

[5] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

toward NYGB's full $1 billion capitalization.[6] On July 17, 2015, the Commission authorized NYSERDA to reallocate an additional $150 million of uncommitted NYSERDA funds to NYGB upon demonstration through a compliance filing that NYGB has committed $150 million to fully negotiated and executed financing agreements.[7]

On April 24, 2014, the Commission approved the NY-Sun program, authorizing NYSERDA to allocate up to $960,556,000 for the continuation of the solar electric incentive program through 2023. The NY-Sun Order did not establish corresponding collections.[8]

In the May 8, 2014 Order Commencing the Clean Energy Fund Proceeding, the Commission articulated the need for fundamental changes to the State's approach to clean energy in pursuit of New York's ambitious clean energy goals, while at the same time recognizing the need for a transparent upper limit on ratepayer collections that supports a reduction in customer bills.[9] The Commission directed NYSERDA to develop a proposal for a comprehensive Clean Energy Fund that takes into consideration the activities of the State's clean energy policy initiatives, including New York Green Bank (NYGB), NY-Sun, and

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[6] Case 13-M-0412, Petition of New York State Energy Research and Development Authority to Provide Initial Capitalization for the New York Green Bank, Order Establishing New York Green Bank and Providing Initial Capitalization (issued December 19, 2013).

[7] Case 13-M-0412, supra, Order Providing Additional Capitalization with Modification (issued July 17 2015).

[8] Case 03-E-0188, Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard, Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs (issued April 24, 2014).

[9] Case 14-M-0094, Proceeding on Motion of the Commission to Consider a Clean Energy Fund, Order Commencing Proceeding (issued May 8, 2014).

REV, initiates the transition of SBC and EEPS programs to programs consistent with the policy direction from the REV proceeding, and aligns with and supports the SEP policies and goals. The Commission also directed NYSERDA to consider the issue of fuel neutrality (that is, allowing for CEF initiatives to target any clean energy outcome regardless of the type of fuel it is displacing) and address the possibility of transitioning Commission authorized programs administered by NYSERDA to a “bill-as-you-go” model where collections are retained in utility accounts and transferred to NYSERDA at a specified frequency based on actual program expenditures.

The Commission asked that the proposal recommend annual ratepayer collection levels for each year, 2016-2020 and beyond, noting that the annual collection levels should ideally be below the authorized 2015 total annual collection levels and decline thereafter.

NYSERDA filed a Clean Energy Fund Proposal (original CEF Proposal) on September 23, 2014. On November 6, 2014, the Secretary issued a Notice Soliciting Comments requiring NYSERDA to submit a Clean Energy Fund Information Supplement clarifying the following topics and issues: CEF budget, expenditures, and collections; programs and strategies NYSERDA intends to transfer away from and those it intends to initially offer with corresponding budgets and metrics; portfolio change management, transparency, and accountability; and options for extending NYSERDA’s current RPS Main Tier approach supporting large scale renewable (LSR) resources through 2016. The Notice also directed NYSERDA to meet with utilities and other parties, including sponsoring a broad forum, to seek input regarding additional areas of the original CEF proposal where clarification or additional details would be beneficial.

NYSERDA held a CEF Technical Conference on January 14, 2015. NYSERDA states it has conducted extensive market research, analysis, and market engagement including individual interviews with over 200 market stakeholders, and commissioned a survey of over 2,000 residential, commercial, and industrial customers.[10]

NYSERDA filed the CEF Information Supplement (proposal) on June 25, 2015. NYSERDA states the proposal is intended to replace the original CEF proposal and provide additional information intended to help stakeholders gain a greater understanding of the CEF, thereby enhancing stakeholder participation in the public comment process. NYSERDA held two informational webinars on July 15, 2015 which included brief presentations and an opportunity for interested stakeholders to ask questions and receive answers. A summary of frequently asked questions resulting from the informational webinars was filed with the Secretary and posted to NYSERDA's website on July 24, 2015 and updated on August 12, 2015.

In its proposal, NYSERDA requests that the Commission: 1) establish a Clean Energy Fund and provide funding authorization totaling $5.3 billion over ten years, supporting four distinct portfolios: Market Development, Innovation & Research, NY-Sun, and NYGB; 2) establish four primary objectives for the CEF as: GHG emission reductions; customer bill savings; increased energy efficiency and renewable energy generation; and increased private sector investment; 3) establish a ratepayer collections cap of $585 million in 2016 and declining collection levels thereafter; 4) reallocate approximately $1.2 billion in uncommitted SBC, EEPS, and RPS funds and interest earnings; 5) authorize $3.9 billion in incremental electric ratepayer

[10] Case 14-M-0094, supra, Clean Energy Fund Information Supplement (filed June 25, 2015).

collections; 6) authorize $150 million for a 2016 Main Tier solicitation; 7) complete capitalization of NYGB, allow NYGB to establish a credit facility to provide necessary liquidity and authorize an additional $4 million in administrative costs; 8) authorize the CEF to operate in a fuel-neutral manner and be available statewide regardless of if customers are assessed the CEF surcharge; and 9) establish a “Bill-As-You-Go” approach to receiving ratepayer collections from utilities.[11]

By letter of December 2, 2015, Governor Andrew M. Cuomo directed the Department of Public Service (DPS) to commence a proceeding to establish a Clean Energy Standard for New York State based on goals articulated in the SEP.[12] The SEP includes some of the nation’s most ambitious 2030 clean energy targets: 40% reduction in greenhouse gas emissions from 1990 levels; 50% of electricity generation coming from carbon-free renewables; and 600 trillion Btu in energy efficiency gains, which equates to a 23% reduction from 2012 in energy consumption in buildings. These targets put the State on a path to achieve its longer-term goal of decreasing carbon emissions 80% by 2050. The Governor stated that New York will set the right example in establishing a Clean Energy Standard to cost effectively and efficiently achieve the State’s environmental objective of reducing carbon emissions 40% by 2030. Lastly, the Governor directed DPS to present recommendations for the Clean Energy Standard to the Commission by June of 2016.

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[11] The proposal also included a request for $150M for NYGB in 2015. The Commission addressed this request in the July 17, 2015 Order Approving Additional Capitalization With Modification For New York Green Bank in Case 13-M-0412 and therefore it is not addressed further here.

[12] Letter from Governor Andrew M. Cuomo to Chair Audrey Zibelman (dated December 2, 2015), available at https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Renewable_Energy_Letter.pdf.

On December 11, 2015 the Commission issued an order temporarily extending NYSERDA's authorization to continue to implement its EEPS electric and gas programs as well as its RPS Customer Cited Tier programs, set to expire on December 31, 2015, for an additional two months, until February 29, 2016.[13] This extension allowed for continuity of services while the Commission completed its review of the CEF proposal and stakeholder comments, as well as ensuring alignment with the proposed Clean Energy Standard.

As noted in the Secretary's November 6, 2014 Notice Soliciting Comments, the "Petition of Multiple Intervenors for Expeditious Relief from Existing Surcharges" requesting the Commission provide large customers relief from existing surcharges is being addressed in the CEF Proceeding due to its interrelated nature.[14]

Further detail, by topical area, of NYSERDA's CEF proposal and Multiple Intervenor's (MI) petition, associated parties' comments and the Commission's determinations are presented in the Issues, Comments, and Discussion section of this order.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), several Notices of Proposed Rulemaking related to the Clean Energy Fund were published in the State Register on October 15, 2014 [SAPA Nos. 14-M-0094SP3, 14-M-0094SP4, 14-M-0094SP5, 14-M-0094SP6, 14-M-0094SP7]. The minimum time period for the receipt of comments pursuant to SAPA regarding the

[13] Case 14-M-0094, supra, Order Extending Clean Energy Programs, (issued December 11, 2015).

[14] Case 07—M-0548, Energy Efficiency Portfolio Standard, Petition of Multiple Intervenors for Expedition Relief From Existing Surcharges (filed June 2, 2014).

notices expired on December 1, 2014. On November 6, 2014, the Secretary issued a notice soliciting comments on the Clean Energy Fund. Several notices were issued extending comment deadlines. Pursuant to a notice issued on July 15, 2015, initial comments on the Clean Energy Fund were due by August 14, 2015, with reply comments due by August 28, 2015.

A Notice of Proposed Rulemaking related to the MI Petition was published in the State Register on June 25, 2014. The minimum time period for the receipt of comments pursuant to SAPA regarding the Notice expired on August 11, 2014. Comments regarding both the Clean Energy Fund and the MI Petition are summarized below in appropriate sections. An alphabetical list of commenting parties on the CEF Proposal and the MI Petition are included as Appendices A and B, respectively.

STANDARD FOR REVIEW

In the order instituting the REV proceeding,[15] the Commission articulated six objectives for REV:

- Enhanced customer knowledge and tools that will support effective management of the total energy bill;
- Market animation and leverage of customer contributions;
- System wide efficiency;
- Fuel and resource diversity;
- System reliability and resiliency; and
- Reduction of carbon emissions.

These six objectives were then applied by the Commission to identify a range of essential changes in the broad policies and procedures governing utilities, retail markets, consumer

[15] Case 14-M-0101 – Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Instituting Proceeding (issued April 25, 2014).

protections, and use of ratepayer funds for clean energy as described in the CEF Initiating Order.[16] The REV proceeding and related proceedings have now progressed from establishing broad-based policy changes to determining the more granular approaches that will be applied to implement these policies. Through approval of a CEF designed to support the third REV pillar, modification of our clean energy financial support mechanisms, this Order will align our support of clean energy technology and markets with REV's objectives. As such, it is appropriate to begin in this Order the process of translating the six broad policy objectives to a series of outcome-oriented standards that follow from these policies and that we will use to gauge the effectiveness of all actions undertaken to implement REV, including the CEF:

1. **Manage Energy Costs** – Ensuring affordable energy for all New York consumers is a principal REV objective. Indeed, the Commission observed early on that changing the framework was essential since the business-as-usual paradigms no longer supported affordable energy rates. Assuring reasonably priced electric power is core to the Commission's mission and the health of New York's overall economy. Accordingly, in measuring any activity, we will expect to see analysis demonstrating that it supports a favorable economic outcome with regard to energy costs.
2. **Protect Consumers and Ensure No Consumer Class Is Left Behind** – Closely related to, but distinct from, cost management is the fact that electricity is an essential good. Thus, even while we look to move from monopoly-based services to more competitive offerings and choice, the Commission will make certain that the rules ensure

[16] Case 14-M-0094, supra, Order Commencing Proceeding (issued May 8, 2014).

fair and accurate pricing, promote market knowledge, information access, and product and service confidence and further assure that no group of consumers is left behind. The needs of low-income communities in particular will remain a focus. Thus, as we move into the execution phase, the Commission will continue to require NYSERDA and the utilities to develop and manage programs that provide opportunities for all consumers, regardless of income, to achieve the benefits of REV and clean energy.

3. **Promote Capital and Operating Efficiencies** – Developing robust, efficient retail markets with capital deployed by third parties, both on the system and behind the meter, will be necessary to achieve capital and operating efficiencies throughout the system. Many of the proceedings the Commission launched in the last two years were designed to support these outcomes. Competitive markets do not arise from regulated industries by happenstance. Rather, throughout our policy determinations, we will look to how proposed actions support greater liquidity, scope and scale of third party and utility investment, information transparency and ubiquity, financing efficiency, and market growth and certainty. These qualities are the hallmarks of and the essential elements for a well-designed competitive market.
4. **Drive Business Model and Service Innovation** – We recognize that efforts to promote markets and revise the roles of incumbent utilities may in and of themselves have the perverse effect of constraining innovation by utilities. Consequently, when evaluating the actions within or related to REV, including the CEF, we will

continue to demand that they drive innovation by all participants and in all sectors.

5. **Assure Timely and Appropriate Investment in Infrastructure and Grid Modernization** – REV will require investment in infrastructure and tools necessary to operate and maintain a dynamic system that ensures that all resources are able to compete and that the entire system from supply to end-use is continuously optimized. To do that we must understand the needs of the system as well as the current capabilities and steer a strategic course to ensure that the system remains reliable, secure and cost effective.
6. **Achieve Greenhouse Gas Reductions** – State and federal policies mandating reductions in harmful Greenhouse Gas emissions, including the SEP and the Clean Power Plan, have been established in response to the risk of climate change. While REV policies are, in general, inherently consistent with reductions in these emissions, the Commission will continue to treat these reductions as a priority.

In articulating these outcome-oriented standards, we note that as in everything related to the electric system and the broader energy system, the REV initiative is an ecosystem unto itself, such that the achievement of any individual outcome is interdependent with the success of other elements. Of course, not every individual action must support all of the desired outcomes. Our statutory obligation to ensure that the energy system is reliable, reasonably priced, and protective of New York’s natural environment requires us to maintain an overall focus on the measureable and clear customer-centric benefits that REV and related policies create, as well as the drivers of those benefits, as the basis for all of our determinations.

ISSUES, COMMENTS & DISCUSSION

The Commission received seventy-nine comments, representing over one hundred organizations, regarding NYSERDA's CEF proposal. The comments received indicate that there is overwhelming support for the CEF. However, commenters expressed many divergent viewpoints on a number of elements of the proposal. The Commission received seven comments on the MI Petition with two generally supporting the relief requested and five generally in opposition to the request. CEF comments are addressed topically in the relevant sections below and the comments on the MI Petition are addressed in a section dedicated to the petition.

Cap and Declining Collections

Summary of Proposal

NYSERDA's proposal includes a $585 million cap on ratepayer collections used to support NYSERDA's programs, which reflects an immediate reduction of $91 million in total ratepayer collections in 2016 and a declining collection schedule resulting in a total reduction of $1.5 billion over the period 2016 – 2025, compared to 2015 levels.

Comments

Nine comments were received related to the proposed collections cap and declining collection levels. Clean Energy Organizations Collaborative (CEOC) states the $5.3 billion funding level should be a minimum investment. Association for Energy Affordability (AEA), Advanced Energy Economy Institute (AEEI), Alliance for Clean Energy (ACE), New England Clean Energy Council (NECEC), and National Resources Defense Council (NRDC) are concerned about the impact the proposed reductions will have on NYSERDA's ability to support achievement of the SEP goals.

American Association of Retired Persons (AARP) and the Public Utility Law Project (PULP) state that instead of reducing the surcharges as much as proposed, a portion of the funds should be retained to support additional rate reductions for low-income customers and other targeted low-income affordability measures.

MI and Nucor Steel state that the proposed CEF surcharge is still excessive for customers and seek larger, more expeditious reductions in collections. MI further questions whether NYSERDA, the Commission, and the State are prepared to be bound to the collection levels proposed for 2026 through 2036, or if those levels will be increased by the introduction of one or more new, customer-funded surcharges.

MI and Joint Utilities (JU) comment that it is not possible to confirm that total collections from utility customers for clean energy programs will decline from 2015 levels until future ratepayer contributions in support of Large Scale Renewables (LSR) are known. MI further states that NYSERDA's proposal fails to fully account for the cost of utility-administered energy efficiency programs.

Discussion

The CEF was envisioned to provide, inter alia, continuity of support for clean energy programs as a whole and the establishment of a transparent upper limit on contributions from ratepayers.[17] The May 8, 2014 Order directed NYSERDA to develop a proposal that took into consideration the State's clean energy policy objectives and to recommend annual ratepayer collection levels for each year 2016-2020 and beyond.[18] The proposed annual collection levels were expected to start below

[17] Case 14-M-0094, supra, Order Commencing Proceeding at 6 (issued May 8, 2014).

[18] Case 14-M-0094, supra, Order Commencing Proceeding at 8(issued May 8, 2014).

the authorized 2015 total annual collection levels and decline further in the following years.

NYSERDA's proposal meets the Commission's funding criteria. The proposal addresses the stated interest of supporting continuity in clean energy programs by proposing a transitional path from the current suite of programs to those envisioned under the CEF.

While some parties describe the $5 billion proposed CEF as a minimum investment that must be increased in order to achieve the stated SEP goals, we balance our interest in providing direct financial support for achieving those goals with our stated objective of establishing a cap on ratepayer contributions. We expect the new approaches undertaken by NYSERDA to achieve significantly more per dollar spent than past efforts, thereby reducing the overall costs of achieving clean energy targets. Further, NYSERDA's efforts represent a significant element of a much broader initiative to achieve the State's objectives and must be reviewed in that context. The collective outcomes of the CEF, Utility Energy Efficiency programs, the Clean Energy Standard, and other REV-initiated proposals, such as Community Distributed Generation, Community Choice Aggregation, Distribution System Implementation Plans (DSIPs), and rate design changes, will support and enable private investment, leading to greater degrees of innovation and growth of clean energy technologies that are economically as well as environmentally beneficial. It is absolutely incorrect to view the CEF or even the overall portfolio of surcharge-supported clean energy programs as a cap on clean energy investment in New York State. Rather, these expenditures and programs will be measured by their effectiveness in achieving cost reductions and market-animating investments that accelerate achievement such that we do not only meet, but exceed, the State's goals.

The CEF will operate in conjunction with the Clean Energy Standard mandate, which is currently in development, as well as utility energy efficiency programs and the associated self-direct programs. It will also contribute to the success of REV-related changes in the retail markets and utility operations designed to optimize the use and value of distributed energy and energy efficiency to drive system-wide efficiency and clean energy growth. Furthermore, the CEF will support the development of Community Distributed Generation, Community Choice Aggregation, and other market-based changes, as well as complimentary actions by NYPA, LIPA, and other state agencies. When viewed as part of the comprehensive REV program, the CEF collections we are authorizing in this Order provide sufficient resources to accelerate those markets while also controlling ratepayer costs. Indeed, we are optimistic that with all of the programs and changes we are initiating under REV, along with the rapid pace of technological and business innovation, we may find that we can achieve our goals faster and with more certainty than anticipated, so that future Commissions will have the opportunity to reduce collections from ratepayers more quickly than provided for here.

The 2015 collections baseline that the CEF collections are compared against represents only collections supporting NYSERDA's programs and not those of the utilities. It is therefore appropriate to establish annual collection caps in this Order related to NYSERDA's activities only. While we remain committed to overall reductions in surcharge levels, it would be inappropriate to address the budgets of other programs in this Order. Budgets supporting utilities' energy efficiency efforts are addressed in Case 15-M-0252.[19] Similarly, costs related to the support of large-scale renewable resources, including costs related to meeting the Clean Energy Standard mandate, will be dealt with in the LSR Proceeding.[20]

CEF Portfolios and Investment Plan

Summary of Proposal

The CEF, as proposed, would replace existing NYSERDA clean energy programs scheduled to expire in 2015 and 2016 and would combine all NYSERDA clean energy activities under one comprehensive CEF.[21] NYSERDA proposes four main portfolios of activity within the CEF: Market Development, Innovation and Research, NY-Sun and NYGB.

- The Market Development portfolio will focus on addressing diverse barriers for various clean energy solutions including energy efficiency, distributed generation, renewable thermal, energy storage, and large scale renewables. NYSERDA intends to focus on non-monetary barriers that receive insufficient focus from other market actors and to deploy bridge incentives alongside new techniques. Within the Market Development portfolio, NYSERDA intends to transition from currently authorized programs in a manner that is measured, disciplined, and grounded in validated learning.

[19] Case 15-M-0252, In the Matter of Utility Energy Efficiency Programs.

[20] Case 15-E-0302, In the Matter of the Implementation of a Large-Scale Renewable Program.

[21] The Energy Efficiency Portfolio Standard (EEPS) and the Renewable Portfolio Standard (RPS) are scheduled to expire at the end of 2015 and the Technology & Market Development (T&MD) program is scheduled to expire at the end of 2016.

- The Innovation and Research portfolio will support energy-related environmental research and business and innovation programs focused in five areas: 1) smart grid systems; 2) renewables and Distributed Energy Resource (DER) integration; 3) building innovations; 4) transportation; and 5) innovation capacity and business development. Innovation and Research programs will seek to address key points where commercialization can stall and the private sector is less likely to fill gaps, paying careful attention to the path to market for new innovations.
- NY-Sun is a comprehensive effort to develop a sustainable and subsidy-free solar electric industry in the State that was previously authorized by the Commission. Facets of NY-Sun include a declining incentive program approach, augmented consumer education, new initiatives to improve access to solar energy, expanded workforce training, and reduction of other “soft” costs of installation. Since collections to support authorized NY-Sun budgets have not yet been authorized by the Commission, NYSERDA requests this funding as a component of the CEF collections authorization.
- NYGB is a state-sponsored specialty finance entity that was also previously authorized by the Commission. NYGB partners with private sector participants, implementing structures that overcome market barriers and address financing gaps in current clean energy financing markets, and transforming those markets by enabling greater scale, new and expanded asset classes and increased liquidity. NYGB requests $631.5 million of additional capitalization through the CEF collections authorization.

The Proposed Investment Plan

NYSERDA proposes to file an annual Investment Plan, including rolling 3-year budget and benefits projections, for the Market Development and Innovation & Research portfolios. NYSERDA asserts that the annual Investment Plan will be the vehicle by which the Commission and stakeholders are able to see the entirety of the activities within these two portfolios, understand any shifts in the portfolio initiatives, and the nature of the benefits that each Investment Plan allocation is designed to achieve. Within the Market Development and Innovation & Research portfolios, NYSERDA proposes to conduct activity on over one hundred seventeen initiatives during the first three years of the CEF and proposes to provide detailed descriptive and metric information for each initiative in the annual Investment Plan. NYSERDA states that each initiative included in the Investment Plan must contribute to the advancement of the proposed CEF long-term outcomes of: GHG emission reductions, customer bill savings, energy efficiency and renewable energy generation, and increased private sector investment and must have near-term milestone metrics allowing NYSERDA to track whether adequate progress in the required timeframe is being made for the initiative to be successful. NYSERDA states the Investment Plan will also include information on how stakeholder engagement, market research, data, as well as progress assessments based on evaluation and timely test-measure-adjust practices will provide direction to portfolio allocation decisions.[22]

[22] Case 14-M-0094, supra, Clean Energy Fund Information Supplement at 191 (filed June 25, 2015).

Comments

A number of parties[23] voice concern that too many program details have been left to the Investment Plan without a clear description of how stakeholder input will be transparently considered during development and approval of initiatives and call upon the Commission to create an opportunity for stakeholder engagement or a formal public input process on the proposed Investment Plan. The AEA argues that despite several extensions to file the CEF Information Supplement, expected program details and metric information was not provided, therefore Investment Plans should be issued for public comment and Commission approval, given the importance of such information to both consumers and the markets. In reply comments, Advanced Energy Companies argues for continued public review of the Investment Plans and states prudent public policy would integrate meaningful Commission oversight, substantial public transparency, and adequate opportunity for market participants to inform programmatic decision-making into the design of a $5 billion, 10-year fund.

In response to comments received, NYSERDA's Reply Comments state it is fully committed to providing specific initiative information at the outset of the CEF, and annually thereafter, in the form of its annual Investment Plan. NYSERDA states many of its initiatives will be dependent on market and constituency engagement. Further, NYSERDA states it recognizes the value and importance of this input into the development and

[23] Parties expressing this position include: Advanced Energy Economy Institute, Alliance for Clean Energy, New England Clean Energy Council, Association for Energy Affordability, Citizen's Environmental Coalition, City of New York, Clean Energy Organizations Collaborative, Energy Democracy Alliance, Energy Efficiency for All, National Resources Defense Council, Northeast Energy Efficiency Partnership, and the Utility Intervention Unit.

adjustment of offerings, and as such has consistently sought and intends to continue to seek external insight through its proposed creation of initiative specific advisory groups.

Additionally, a number of parties support a more gradual transition from NYSERDA's current energy efficiency and customer-sited distributed generation programs to their proposed market development approach, primarily citing the disruptive nature on companies currently operating in this space of more abrupt changes until new approaches are in place and proving viable.[24] NRDC finds it difficult to determine which elements of successful programs NYSERDA intends to continue during the transition period, and at what specific funding levels, especially in comparison to existing funding. They state the CEF should contain a more explicit discussion and exposition of the information needed to effectuate an orderly transition and ensure no back-sliding on energy efficiency achievements. JU calls for a planned transition to the utilities of all customer-facing energy efficiency incentive programs.

Discussion

The new portfolios proposed by NYSERDA, Market Development and Innovation and Research, appropriately respond to the directives in the order initiating the CEF proceeding, align with the policies driving REV, and complement the existing portfolios that NYSERDA proposes to continue, NYGB and NY-Sun. The Market Development portfolio will reduce costs and market barriers associated with deploying clean energy technology,

[24] Parties expressing this position include: Advanced Energy Economy Institute, Alliance for Clean Energy, New England Clean Energy Council, Association for Energy Affordability, Citizen's Environmental Coalition, City of New York, Clean Energy Organizations Collaborative, Energy Efficiency for All, Energy Technology Savings, National Resources Defense Council, NY Farm Bureau, Northeast Clean Heat and Power Initiative, and the Northeast Energy Efficiency Partnership.

spurring efficient private investment. The Innovation and Research portfolio will build on NYSERDA's successes in supporting the development of new energy technology and private innovation, as well as continuing to generate energy-related environmental research. We expect that, through the Innovation and Research portfolio, NYSERDA will support initiatives that bring together innovators and market participants to foster a culture of innovation resulting in new products and market models consistent with the REV objectives. NYGB enhances the financial sectors' investment in the clean energy sector and NY-Sun supports the deployment of solar PV generation. We therefore approve the four proposed portfolios of the CEF, each serving its unique role and all working in a complementary manner towards the achievement of our stated objectives. However, as discussed further in the relevant sections of this Order, extensive additional consideration of the proposed design and implementation of each portfolio is required.

While many, if not most, of the extensive list of proposed initiatives may be worthwhile and worthy of pursuit, the CEF proposal lacks sufficient focus and clarity for the Commission to determine whether the initiatives are well calibrated towards achieving the outcome-based goals we have articulated. Relevant details, such as the specific market objectives, budgets, benefits and metrics, and deployment schedules, that are important to understanding the potential value of each initiative are not clearly articulated. We also are concerned as to whether it is feasible for NYSERDA to develop and conduct all of the proposed initiatives within the initial three years of the CEF. The Commission also expects NYSERDA to ensure that its actions are integrated into and help reduce the costs of achieving the Clean Energy Standard.

Additional evidence of the breadth and diversity of the proposal is demonstrated by the number and detail of parties’ comments. The record consists of one hundred specific comments supporting thirty-eight discrete technologies or program initiatives. Of the seventy-nine comments filed, fifty-two voiced support for a wide array of technologies and programs, arguing specific initiatives deserved additional funding, extended transition timeframes, or programmatic emphasis within the new CEF. No one technology or program received significant support over the others. The most comments supporting any single initiative was ten.

The volume of input demonstrates the general support for the CEF. At the same time, the variety of input reveals the challenges confronting NYSERDA as it turns towards successful execution. The CEF and NYSERDA will not be successful if it seeks to address all concerns of all stakeholders at all times. Rather, it is critical that NYSERDA apply strong analytics to locate the opportunities where it can most successfully drive changes that support cost reductions in clean energy deployment, independent market adoption and scale of clean energy measures, while avoiding market disruption by continuing to fund existing programs that provide consumer benefit and achieve important State policies, such as delivering energy efficiency to low and moderate income consumers. NYSERDA must also continue to aggressively find and terminate efforts that are duplicative of utilities’ efforts, are already part of the commercial marketplace, or fail to create benefits in line with their costs.

To accomplish this enhanced focus the Commission will build upon NYSERDA’s proposed Investment Plan. We require NYSERDA to institute a “Chapter Approach” to the development of the Investment Plan that relies on strong analytics to identify and prioritize opportunities. The analytically-based chapter approach ensures a more focused, detailed, and prioritized Investment Plan that aligns with the outcome-based objectives of REV and better positions the CEF for success. The chapter approach requires NYSERDA to file individual Chapters of the Investment Plan, meeting minimum specified requirements established herein, for each initiative before it can access funds and begin to implement that initiative. This approach recognizes the need for continuity of services by requiring the filing of specific “Initial Chapters” pertaining to operation and transitioning of current programs while allowing additional time for stakeholder engagement, market research and additional development and design activities supporting individual market transformation interventions (i.e., initiatives) to be filed as “Later Chapters” of the Market Development and Innovation & Research Investment Plan. We also note that the Chapter approach allows for the ability to align NYSERDA’s activities to the evolving environment in which they operate. To that end, the Commission reserves the right to provide additional guidance on the development of the Chapters pending any future decisions related to the Clean Energy Standard. The approach will also support a much more informed and consultative approach with the utilities and lead to NYSERDA increasingly focusing on reducing costs and artificial barriers to clean energy adoption, while utilities focus on enabling third-party service delivery of clean energy to consumers in ways that support the achievement of the State’s environmental, economic, and customer choice objectives.

NYSERDA is directed to file the following three Initial Chapters: (1) Resource Acquisition Transition Chapter; (2) Market Characterization and Design Chapter; and (3) Budget and Benefits Accounting Chapter that meet the specifications outlined herein. The Resource Acquisition Transition Chapter shall be filed by February 16, 2016. The Market Characterization and Design Chapter shall be filed by April, 1, 2016. The Budget and Benefits Accounting Chapter shall be filed concurrent with each of the aforementioned Chapters as detailed further below.

The Resource Acquisition Transition (RA Transition) Chapter shall generally reflect a merging and updating of NYSERDA's EEPS and RPS-Customer Sited Tier (CST) Operating Plans and include a description of program offerings identifying initial and phased program changes. It shall also describe the schedule or timing of such changes and coordination with utility efforts, and to the extent appropriate include Benefit Cost Analysis.[25] Annual and lifetime metrics that align with the CEF minimum goals established herein, additional output metrics designed to track progress or evolution of the program(s), and annual and total program budgets for the period over which each program will be operated are to be included in the RA Transition Chapter and incorporated into the comprehensive Budget Accounting and Benefits Chapter discussed below.

The RA Transition Chapter shall include NYSERDA's initial approach for continuing energy efficiency services to low-income customers in recognition of NYSERDA's role as the default low-income energy efficiency service provider[26] in the near term, noting any anticipated enhancements to services

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[25] Measure, project, and program level TRC analysis is no longer required. However, consistent with Staff's May 1, 2015 ETIP Guidance for utility energy efficiency programs we shall require NYSERDA to have a portfolio level TRC greater than 1.0 for their energy efficiency programs and provide program level TRC analysis for informational purposes.

[26] Case 07-M-0548, supra, Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule (issued October 25, 2011).

currently offered. Delivering services to low-income customers is an area that NYSERDA and the utilities shall actively evaluate in order to develop alternative approaches that can improve consumer value. We will, however, require that a level of service be maintained until new approaches can be implemented. Therefore, due to the unique nature of NYSERDA's EmPower New York program relying upon utility referrals to identify and serve low-income households in the near term, the RA Transition Chapter shall specify the number of households NYSERDA intends to serve through EmPower by utility service territory (and corresponding level of referrals anticipated from each utility). We restate here, the position articulated in the Commission's December 17, 2012 Order that made the obligation of utility referrals to EmPower uniformly clear and directed NYSERDA and the utilities to work with Staff to develop a referral process as well as enhance feedback to the utilities on the status of utility referrals.[27] We continue that requirement for NYSERDA to work with utilities and Staff to update and enhance the referral process currently in place to meet the ongoing needs of providing energy efficiency services to low-income households.

The Market Characterization and Design Chapter shall outline an activity plan and budget for market research and characterization activities that will provide NYSERDA with the analytical information it needs to identify and adequately understand target markets, including who the market players are and how they influence each other, barriers and leverage points, value added opportunities, pricing, baseline information, and potential indicator metrics, and to design the initial market

[27] Case 07-M-0548, supra, Order Modifying Budgets and Targets for Energy Efficiency Portfolio Standard Programs and Providing Funding for Combined Heat and Power and Workforce Development Initiatives (issued December 17, 2012).

transformation interventions it intends to pursue. The activity plan shall recognize the value of the learning to be extracted in real-time from the REV demonstration projects to further refine future market research and characterization needs. The activity plan will describe the market research activities to be undertaken, including anticipated timeframes for completion of the planned activities.

The initial versions of the Budget Accounting and Benefits (BAB) Chapter shall include the annual and total budgets and associated metrics for each program or initiative included in the RA Transition Chapter and the Market Characterization and Design Chapter. The BAB Chapter shall be updated and re-filed as each additional Investment Plan Chapter is filed so the most recent BAB Chapter always provides a full compilation of all budgets and benefits for the Market Development and Innovation & Research portfolios. The BAB Chapter shall include summary tables compiling annual and total budget information for all Investment Plan programs or initiatives in comparison to the annual and total Market Development and Innovation & Research portfolio budgets authorized in this order. Similar summary tables for all initiative and program metrics shall be presented in a manner that shows their contribution to the minimum CEF goals established herein. The intent of the BAB Chapter is to provide a current and comprehensive compilation of budgets and benefits. Other key performance tracking metrics, as identified in the discrete Chapters, should be collated and summarized in the BAB Chapter.

NYSERDA is directed to file “Later Chapters” that shall represent the new initiatives to be undertaken in the Market Development and Innovation & Research Portfolios, as they are developed. Later Chapters will clearly articulate inter-program coordination: i) among NYSERDA efforts; ii) between NYSERDA and utility efforts; and iii) in all instances indicate the relationship to the REV outcomes established above and in support of the goals outlined in the Clean Energy Standard and the SEP. Later Chapters shall include: a Low-to-Moderate Income (LMI) Chapter; an Energy-Related Environmental Research Chapter; and multiple Individual Market Transformation Intervention (MT Intervention) Chapters within the Market Development and Innovation and Research portfolios.

Each MT Intervention Chapter shall represent a clearly articulated roadmap of the objectives to be achieved by the initiative, allowing Staff and stakeholders to understand the sound business case for undertaking the initiative. Each Chapter shall indicate what the initiative intends to achieve, how it will accomplish it, the timeline it anticipates to do so, and the milestones and metrics it will establish to determine whether the initiative is on a path to success. Each Chapter shall indicate how the effort is synergistic to utility efforts and works in support of achieving the Clean Energy Standard and/or the goals established in the SEP. NYSERDA is directed to work with Staff to determine the elements of the Individual MT Intervention Chapters, which will describe a cohesive targeted strategy, including interaction, if any, between Chapters. Each Chapter should include the following types of information in order to support the business case and conform to the Commission’s expectations:[28]

[28] For additional information see the following resources: Ken Keating, Guidance on Designing and Implementing Energy Efficiency Market Transformation Initiatives (December 9, 2014); NMR Group, Inc., A Review of Effective Practices for the Planning, Design, Implementation and Evaluation of Market Transformation Efforts (November 25, 2013).

- Market transformation initiatives are often long-term investments and thoughtful articulation of how the initiative aligns with the overall CEF objectives of GHG emission reductions, customer bill savings, energy efficiency and renewable energy generation, and private sector investments, in addition to its clear contribution towards furtherance of achieving the Clean Energy Standard and/or the SEP goals, is important to establish at the outset. Each Chapter should identify anticipated milestones and metrics, in relation to the four overall objectives, as well as other related benefits such as economic development. The Chapter should include the annual and lifetime benefits expected as a result of the initiative, as well as near-term indicators and milestones to track progress.
- Stakeholder/market engagement is integral to designing initiatives that address market barriers and needs as well as identifying willing and engaged market partners and general support for the initiative. Each Chapter should clearly identify the market barrier(s) it intends to overcome. Cooperation and collaboration between the CEF and utility initiatives is needed to achieve the market scale required to meet our goals. Each Chapter should include a description of how the initiative relates to and supports utility programs and REV initiatives.
- Understanding and selecting an appropriate target market is a key decision because the success of market transformation initiatives is determined by mobilizing the market (as opposed to resource acquisition programs that focus on customer participation in a particular program). Each market faces unique challenges and its own level of readiness for transformation. Each Chapter shall include a

clear identification and characterization of the target market reflecting knowledge of the technology, consumers, potential savings, market readiness, and other key market features.

- The articulation of the theory of change, or logic model, underlying the design of the initiative helps to ensure the activities, resources and evaluation efforts undertaken as part of the initiative stay connected with the core assumptions and causal relationships between the actions included in the market transformation initiative and the desired outcomes.
- A market baseline is needed to know the current market conditions to be able to monitor change and progress toward the initiative's intended outcomes.
- An articulation of the vision of the market end-state and exit strategy is needed to transparently define "success" for a particular initiative and how and when NYSERDA will transition away from or exit out of a particular market space.
- An assessment and monitoring approach for key near-term market indicators is needed to determine whether the initiative is producing the intended near-term results.
- An overall evaluation strategy developed in the design phase of the market intervention that draws on the logic model and tests the assumptions of the intervention design against measured market results.
- An annual budget allocation for each year that NYSERDA intends to support the market transformation intervention.

With respect to all initiatives to be undertaken in the Market Development and Innovation & Research portfolios, we recognize that some of the aforementioned elements may not be relevant. We will not provide a blanket exemption at this time to any of the elements given this determination must be made on a case by case basis. Rather, we require NYSERDA in the development of the Chapter(s) to identify any elements that are not relevant and demonstrate the reasons for such determination. We recognize that not all market transformation interventions will warrant the same implementation timeframe or yield benefits on the same schedule. Therefore, each MT Intervention Chapter shall include a forecasted budget and benefits schedule depicting various near-term tracking and performance milestones, as well as associated annual and lifetime values for the four CEF goals.

While we anticipate NYSERDA’s active and ongoing consultation with Staff, initiatives directed to LMI customers require specific, focused collaboration. Accordingly, NYSERDA is directed to work with Staff to determine the elements of the LMI Chapter. At a minimum, it shall include a detailed description of the CEF-funded LMI activities; identification of any specific coordination with other state agencies or community initiatives; annual budget allocations; expected annual and lifetime benefits supporting the four CEF objectives, as well as additional metrics such as LMI households served. The LMI Chapter is to reflect consideration of other ongoing LMI-related working groups and proceedings, such as the Low-Income Proceeding and the Community Distributed Generation Collaborative, ensuring that the limited resources supporting CEF-funded LMI activities are put to the best use.

NYSERDA is directed to work with Staff to determine the elements of the Energy-Related Environmental Research Chapter which is anticipated to include, at a minimum a description of the research activities to be undertaken that clearly articulates the research objectives, the intended value of the research to informing New York State environmental and energy policy, corresponding budget, and anticipated timeline for completion. This Chapter shall describe the process NYSERDA will undertake to identify these research activities, including any stakeholder engagement.

NYSERDA shall file an updated BAB Chapter concurrent with each Later Chapter filing representing the progressive budget schedule, including funds committed in Initial Chapters, in comparison with the relevant authorized annual and total CEF portfolio budget and the progressive anticipated annual and lifetime benefits schedule projected from the collection of Chapters in comparison to the minimum CEF goals. The BAB shall also include a compilation of other key performance tracking metrics established for the individual Chapters.

Staff is directed to complete a compliance review of the Chapters in relation to the requirements established in this order within 30 days of submission. The purpose of the compliance review is to confirm the Chapters meet the guidelines established in this Order with respect to transparency and completeness. Upon written acknowledgement from the Director of the Office of Clean Energy as to each Chapter's compliance, NYSERDA will gain access to the budget detailed in the compliant Chapter and is authorized to begin activities identified in the Chapter. In the event of non-compliance, Staff shall identify the areas of non-compliance and NYSERDA shall resubmit the relevant Chapter addressing the areas identified within 30 days. Given our interest in providing for continuity of services, we direct Staff to complete its compliance review and acknowledgement of the RA Transition Chapter and accompanying Budget and Benefits Accounting Chapter no later than February 29, 2016.

The Chapter approach provides appropriate diligence related to continuity of services and a deliberative approach, based on the requirements set forth herein, to new initiatives. NYSERDA is required to seek market and stakeholder input through intervention-specific advisory groups, as they deem appropriate.[29] We agree with commenters that a formal review, with opportunity for public comment, on the overall Investment Plan (compiling all previously filed Chapters) is important. For that reason, we direct NYSERDA to file a compiled Investment Plan, by May 1, 2017, to enable a review by the Commission, following receipt of comments from interested stakeholders in 2017.

Monitoring, Reporting and Review

Summary of Proposal

Beyond the annual Investment Plan, NYSERDA indicates it is committed to regular reporting on CEF investments, outputs, outcomes, and the manner in which it uses data to optimize initiatives and the CEF as a whole.

NYSERDA recommends that the Market Development and Innovation & Research portfolios be reviewed every three years to measure the advances made against initiative-specific metrics and performance measurement indicators provided in the Investment Plan, and to make adjustments to individual components of the portfolios as needed to meet emergent market conditions. NYSERDA's proposal does not describe in detail its expectation for what the review will entail, but states that this review cycle will provide the necessary transparency, accountability, and documentation that is needed, without increasing complexity in decision-making resulting in the delay of delivering services to the market. NYSERDA states the three-year frequency is in recognition that some of the initiatives

[29] The Clean Energy Advisory Council (CEAC) we establish in this Order shall serve as one opportunity for stakeholder input, as a supplement to intervention-specific stakeholder engagement and public review periods established in this Order.

may take time to deliver measurable results and demonstrate progress in the market.

NYSERDA proposes reporting and filing requirements previously established by the Commission for NY-Sun and NYGB should remain in place.[30]

Comments

As noted above, parties seek transparency in the operation of the CEF. Some parties made more discrete comments related to elements of reporting. Citizens Environmental Coalition (CE Coalition) states the lifetime benefit tables included in the proposal do not provide the appropriate level of reporting necessary, and are not sufficiently transparent for the public to understand overall achievements.

Discussion

We agree the CEF activities must be transparent. We also conclude the reporting requirements to achieve transparency can be accomplished without unnecessary administrative complexity and burden. To that end, we will maintain the reporting requirements previously established by the Commission for the NY-Sun and NYGB portfolios, as modified in the NY-Sun and NYGB sections of this order. We shall initially require quarterly reporting for the Market Development and Innovation & Research Portfolios which shall report progress against the initiative-specific milestone and CEF goal metric schedules outlined in the Investment Plan Chapters and include tracking of expenditures and commitments against their prospective budgets. We believe an online dashboard that will allow for tracking of key performance metrics of all ratepayer funded clean energy

[30] Case 03-E-0388, supra, Order Authorizing Customer-Sited Tier Program Through 2015 and Resolving Geographic Balance and Other Issues Pertaining to the RPS Program (issued April 2, 2010); Case 13-M-0412, supra, Order Establishing New York Green Bank and Providing Initial Capitalization (issued December 19, 2013).

activities would be an effective way to provide transparency to stakeholders, while minimizing the administrative burden of compiling more traditional quarterly reporting. As such, we direct NYSERDA to work through the Clean Energy Advisory Council established herein, to develop and implement this dashboard, with the expectation that upon execution, the dashboard will eliminate the need for the quarterly reporting.[31]

Proper planning and progress reporting should be fundamentally linked to one another. As discussed, the compiled Annual Investment Plan, to be filed by May 1, 2017, will be the means by which the initial CEF Market Development and Innovation and Research initiatives are presented for public comment and review by the Commission. We shall refer to the annual filing as the Annual Investment Plan & Performance Report (IPPR). The IPPR shall include any results to date for the initiatives and show the intrinsic link between the performance of the initiative and the plan for continuation, modification, or termination of each initiative. The Annual IPPR will reflect performance against key milestones initially established in the Investment Plan Chapter filing for each initiative.

In order to ensure comprehensive performance reporting for all four CEF portfolios, NYSERDA should file as part of the IPPR an Annual CEF Metrics and Financial Report compiling the CEF’s performance across all portfolios including key financial and metrics information in relation to the minimum CEF goals established herein. We further direct NYSERDA, in consultation with Staff, to develop a CEF reporting plan that will align all reporting timeframes across the four portfolios to enable the issuance of the Annual CEF Metrics and Financial Report. NYSERDA shall file with the Secretary a CEF Reporting Plan, which will outline the reporting discussed above as well

[31] The Commission

as a timeline for the development of the dashboard and reflect consultation with the Clean Energy Advisory Council, no later than September 1, 2016.

Proper oversight of the CEF requires periodic Commission review. Given the new approaches we are undertaking in the CEF, we direct NYSERDA to provide an initial progress report to the Commission on the status of the CEF in the fourth quarter of 2016. In addition to the initial Commission review in 2017, we further establish public comment and Commission review cycles every 3 years thereafter, in 2020 and 2023. In the interim years, in addition to the reporting previously discussed, NYSERDA shall provide briefings to the Commissioners.

A summary of the CEF reporting and reviews is reflected in the table below.

CEF Reporting and Reviews										
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Initial Progress Report to Commission on CEF Portfolios	x									
Annual Investment Plan & Performance Report (IPPR), NY-Sun and NYGB filings		x	X	X	x	x	x	x	x	X
Annual CEF Metrics & Financial Report, as part of IPPR		x	x	x	x	x	x	x	x	X
Annual Commissioner Briefings on IPPR, NY-Sun and NYGB		x	x	X	x	x	x	x	x	X
Triennial Public Comment on IPPR		x			x			x		
Triennial Commission Action on IPPR		x			x			x		
Investment Plan Chapter Filings and Revisions	x	x	x	x	x	x	x	x	x	X
Quarterly CEF MD and I&R Portfolio Performance Reports; NYGB Quarterly Reports and NY-Sun	x	x	x	x	x	x	x	x	x	X

Appendix D provides a compilation of all existing and new reporting requirements relevant to the CEF.

Goals, Benefits, & Metrics

Summary of Proposal

NYSERDA states the proposed CEF is driven by long-term policy outcomes that require increased scale of clean energy activity in New York and is structured to achieve greater impact than current NYSERDA program approaches by targeting the “upstream” supply chain and addressing a diverse set of market barriers, as opposed to focusing exclusively on financial barriers. The CEF will advance four primary outcomes: greenhouse gas (GHG) emission reductions; customer bill savings; energy efficiency and clean energy generation; and mobilization of private sector capital. NYSERDA states the CEF will serve as an integral component in advancing the goals of the SEP. The goals of the SEP include achieving 40% reductions in GHG emissions by 2030 in the energy sector; meeting 50% of electricity demand by 2030 with renewable energy; and realizing 600 TBtu of energy efficiency by 2030.

NYSERDA states that, to measure benefits from clean energy investments, primary outcome benefits will be reported as “lifetime” benefits. NYSERDA will regularly update projected benefits within its Investment Plans and over the life of the CEF will report long range achievements towards advancement of those goals which will be estimated on a 10-year basis for the total CEF and on a 3-year basis to benchmark near-term advancement toward long range outcomes. Additionally, benefits realized in the year the investment first produces savings (first year) will be estimated. NYSERDA states the metrics reported will include MWh savings, MMBtu savings, CO_2 reductions, bill savings, private investment leveraged, and the leverage ratio of public to private dollars.

NYSERDA’s proposal includes both a 10-year and 3-year estimates of benefits of the CEF, as well as an estimate of the 10-year and 3-year CEF cumulative first year annual Market Development benefits, detailed below. NYSERDA states these estimates are based on a possible initial investment plan and updated benefits will be included in the final filed investment plan. NYSERDA's responses to information requests from Staff provided NYGB estimates for MWh, MMBtu, CO_2, and bill savings; it also stated that NYSERDA cannot monetize or quantify the expected impact of future program expenditures in a similar fashion for the Innovation & Research portfolio. Gross relative estimates compared to historical records were provided. The following tables compile and summarize the information provided by NYSERDA.

CEF Lifetime Benefits (in millions)						
Portfolio	**MWh**	**MMBtu**	**CO2 (tons)**	**Bill Savings**	**Private Investment**	**Leverage Ratio**
Market Development	137	491	76	$20,412	$8,875	4.23
Innovation and Research	*	*	*	*	$3,265	5.00
NY-SUN	88	*	28	$12,810	$9,216	9.60
NY Green Bank	62	137	29	$5,909	$8,000	8.00

10-Year CEF Cumulative First Year Annual Market Development and NYGB Benefits		
	MWh	**MMBtu**
Market Development	8,663,932	33,575,415
NYGB	4,129,368	9,153,285

Comments

Fourteen comments specifically discussing NYSERDA's goals and benefits and their estimated projections within the CEF proposal were received. While most commenters are supportive of the CEF, many comments request NYSERDA clarify how the CEF will align with the SEP and how NYSERDA will maintain momentum of previously authorized ratepayer supported programs during this transition, such that the CEF meets or exceeds previously authorized Commission targets.

ChargePoint supports the identification of increased private investment and GHG reductions as primary objectives of the CEF. National Fuel Cell Research Center (NFCRC) and the Northeast Energy Efficiency Partnership (NEEP) support the goals identified in the CEF proposal and their potential to support the SEP targets. NFCRC also believes resiliency should be added as a key goal.

The CEOC agrees with NYSERDA that the CEF will play an important role in helping the State reach the SEP goals but states that the duration and budget of the CEF should be informed by the 2030 SEP goal. CEOC states that the proposed CEF lifetime benefits appear to be far below the level of effort actually needed to achieve the GHG reduction targets of the SEP but notes that the CEF proposal does not allow for easy comparison as to exactly what the CEF will contribute towards the SEP goals. CEOC acknowledges that other activities such as REV, utility-administered energy efficiency programs including self-direct programs, and NYGB will contribute towards reaching SEP goals, but argues that additional resources provided to NYSERDA's proposed Market Development and Innovation & Research activities would send the signal that the State is truly committed to pioneering new policies while striving to reach the ambitious goals set in the SEP. CEOC therefore believes that the size of the CEF should be set using a process that determines the estimated contribution of individual policy efforts towards the overall state objectives.

In a joint comment, AEEI, ACE, and NECEC, filing jointly as Advanced Energy Companies state there appears to be a decline of total energy savings from NYSERDA and utility energy efficiency programs when comparing the program details filed in utility Energy Efficiency Transition Implementation Plans (ETIPs) and the CEF with previous efforts, at least in the short term. The parties argue that such backsliding on energy efficiency savings will hurt the State's progress toward SEP goals.

The AEA agrees with NYSERDA that the overall focus of the CEF should be its contribution to long-term outcomes and the goals identified in the SEP. It agrees that NYSERDA's proposal to report both lifetime benefits and first year benefits is appropriate. However, AEA believes that NYSERDA should map out how the CEF will support those long-term targets, by adopting interim targets and using them to measure progress and report it publicly on an ongoing basis. AEA is concerned that there is potential for backsliding on energy efficiency progress which it states would impede progress towards the SEP goals and encourages NYSERDA and the Commission to ensure that the State's energy efficiency potential is captured.

The NRDC states in its comments that the CEF initiatives need to be evaluated in the context of whether, and to what degree, the proposed programs advance the policy goals of REV and the SEP. It states the primary objective of the CEF should be to support significant reductions in GHG emissions with the specific objective of meeting the goals of the SEP. It further states that without specific savings goals, it will be impossible to judge the CEF's progress towards meeting those goals, as well as the performance of individual efficiency program administrators.

The CE Coalition disagrees with NYSERDA's CEF proposal regarding goals, arguing the state needs a better inventory of GHG emissions, including methane. While the CEF states energy efficiency and clean energy will be measured by the total increase in energy efficiency savings and renewable energy generation, the CE Coalition argues that energy efficiency and renewable energy goals should be separated, with energy efficiency accomplishments captured as a function of electric demand as well as fuel demand while renewables generation is captured as installed MWs and percentage of peak demand. The CE Coalition comments that NYSERDA failed to sufficiently explain how the proposed CEF programs will create greater affordability and GHG reductions. It recommends NYSERDA add social justice and equity goals to reporting of CEF programs, to account for social benefits achieved, such as jobs created, greater affordability, and increased participation in shared renewables.

Clearwater, the NRDC, and Energy Efficiency for All (EE4All) each request NYSERDA add additional environmental benefits to be tracked and reported on, such as reductions to air and water pollution, and social goals such as economic and geographic equity. Energy Democracy Alliance (EDA) agrees and further suggests that such social public policy goals should be included instead of, or at least in addition to, the proposed market-oriented goals.

Northeast Clean Heat and Power Initiative (NECHPI) argues the goals as stated in the Proposal do not integrate clearly into NYSERDA's proposed fuel neutrality approach. NECHPI questions how fuel neutrality will be implemented and what measurements will be used to verify expected emission reductions against business-as-usual baselines. NECHPI states resiliency has driven significant activity in the State and believes that it is a value that should be recognized in the CEF and monetized appropriately. In its reply comments NECHPI states that the Proposal lacks sufficient metrics, interim targets against which to measure progress, and connection between the CEF's lifetime benefits and the State's clean energy and REV objectives.

Joint reply comments filed by EE4All and CEOC express concern with the lack of firm metrics and recommend the SEP's targets be used as a benchmark for progress, which would allow stakeholders to track and assess the CEF's success toward meeting overall SEP goals.

NFCRC expresses concerns that there is no consistent methodology for measuring progress and benefits across the State's energy-related programs, noting that the final Generic Environmental Impact Statement (GEIS) employs a different set of methodologies for calculating DER values and environmental impacts than the CEF, with the utilities having another set of methodologies.

NYSERDA filed reply comments stating the CEF will make a contribution towards the goals of SEP for renewable energy and energy efficiency, but notes that the SEP stated "Government cannot meet these ambitious objectives on its own" and acknowledged that "the initiatives outlined in the [State Energy] Plan will reduce approximately half of the emissions targeted for 2030." NYSERDA further says that REV will place New York on a solid pathway to realize the balance of these goals.

Discussion

New, innovative approaches that facilitate customer engagement and increase private investment in clean energy technology and markets are needed to achieve the goals articulated in the SEP. The SEP, the CEF, the Clean Energy

Standard, and the REV regulatory proceeding are philosophically and substantially aligned in developing and growing clean energy markets that mobilize private capital to deploy energy efficiency measures and clean generation yielding GHG emission reductions and customer bill savings. Accordingly, we expressly endorse the following four objectives for the CEF, each of which is linked to the outcome-oriented standards identified above:
1) GHG emission reductions, as measured in tons of CO_2e reduced, in direct support of State and Federal policies responding to the risk of climate change;
2) Affordability, as measured by reductions in customer energy bills, in direct support of managing energy costs, protecting customers and ensuring no customer class is left behind;
3) Statewide penetration and scale of energy efficiency and clean energy generation, as measured by the total increase in energy efficiency savings and renewable energy generation (MWh, MMBtu), in direct support of managing energy costs, promoting capital and operational efficiency, and driving business model and service innovation; and
4) Growth in the State’s clean energy economy, as measured in private investment in clean energy technologies and solutions, in direct support of driving business model and service innovation.
The CEF shall be implemented in pursuit of this suite of objectives. As the REV proceeding continues, we shall be mindful of the interplay between NYSERDA’s CEF initiatives and the utilities’ efforts and consider how properly designed earning incentive mechanisms (EIMs) can be used to further the collaborative relationship required to meet the State’s clean energy goals.

As stated in the REV Framework Order, we expect the energy savings achieved by the combined utility energy efficiency activities and NYSERDA's CEF programs will equal or exceed the current aggregate of utility and NYSERDA energy savings.[32] We share parties' concerns related to the lack of specified energy efficiency targets that provide a benchmark for NYSERDA, Staff, the Commission, and stakeholders to track progress. However, we believe the adoption of rigid annual targets may undermine our interest in adopting alternative market transformation approaches that require a longer-term horizon. Therefore we will establish minimum 10-year goals for the CEF but will require the investment chapters and annual IPPR to specify the expected annual contributions of specific initiatives toward the minimum 10-year goal. The minimum energy efficiency goal, as measured in cumulative first year savings, shall be approximately 10.6 million MWh and 13.4 million MMBtu. The MWh and MMBtu minimum goals equate to ten times NYSERDA's 2015 EEPS2 MWh and MMBtu targets. These goals are established as minimum, "no backsliding" goals with the CEF portfolio expected to achieve far greater impact over current NYSERDA approaches. Energy efficiency has been and will continue to be an essential element of our overall energy objectives and is vital to reducing load to a level that will support the achievement of a 50% renewable energy target by 2030. Therefore, we direct NYSERDA to quantify during its progressive development of the CEF Investment Plan and the associated benefits schedules, the additional benefits that the market transformation approaches therein will yield by the end of the 10 year period, along with interim anticipated benchmarks for use in monitoring progress toward the 10-year goals. Further, we adopt the following 10 year minimum goals for the CEF, measured as lifetime benefits: 88 million MWh of renewable

[32] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan at 81 (issued February 26, 2015).

energy; 133 million tons of CO_2e reduction; $39 billion in customer bill savings; and $29 billion in private investment.[33]

These minimum goals, summarized below, shall be used by NYSERDA to guide the development of the Investment Plan and will ultimately be used by the Commission and stakeholders to track the performance of the CEF:

CEF Minimum Projected Benefits 2016 – 2025 (in millions)			
		Cumulative Annual	**Lifetime**
Energy Efficiency	**MWh**	10.6	*
	MMBtu	13.4	*
	MW	*	*
Renewable Energy	**MWh**	*	88
	MW	*	*
CO_2e Emission Reduction (tons)		*	133
Customer Bill Savings		*	$39,131
Private Investment		*	$29,356
* Denotes metric to be tracked and reported			

Collaboration Between NYSERDA, the Utilities and Others

Summary of Proposal

In the CEF proposal, NYSERDA states the CEF will serve as an integral part of the much larger REV policy framework that includes the REV Proceeding, Regional Greenhouse Gas Initiative (RGGI), NYPA's new suite of clean energy activities, and other

[33] These goals are based on NYSERDA's projections, as detailed on page 185 of the CEF Information Supplement and page 24 of the September 28, 2015 response to Staff's Information Request.

initiatives. To this end, NYSERDA states it will engage with the utilities, NYPA, and LIPA as planning and implementation partners, ensuring resources are used efficiently across all parties and the most synergistic outcomes from the market are harnessed. Partnering efforts will include collaboration on transitions, joint strategy planning and execution, co-investing, and sharing market insights and best practices. Specific partnership opportunities include: REV related activities that foster co-development, pilots, or testing new initiatives; consumer outreach, education and marketing; and quality control and performance standards of industry actors to further consistency.

Comments

Ten comments were received related to the need for NYSERDA and utility collaboration and coordination.

JU, National Fuel Distribution (NFG), and NRDC agree collaboration and coordination of programs and strategic planning to offer complimentary versus competitive program offerings will reduce duplication and the cost of energy efficiency programs and simplify the processes for customers and program administrators.

NFG asserts that long-term statewide energy and emission reduction goals, as outlined in the SEP and reiterated throughout the proposal, can be achieved as long as programs and activities delivered by the utilities and NYSERDA are complementary and not redundant. NFG cites its successful eight year collaboration with NYSERDA in delivering low-income energy efficiency services, which has minimized duplicative services and customer confusion while achieving greater energy efficiency penetration levels. NFG looks forward to continuing this collaborative relationship, particularly in the low-income sector, and in other areas as opportunities present themselves.

NRDC states it is unclear if the Commission and NYSERDA intend to transition more effective NYSERDA efficiency programs to the utilities for inclusion in their offerings. AEEI/ACE/NECEC (Advanced Energy Companies) expressed concerns that some of the new initiatives outlined by NYSERDA could be seen as overlapping with utility activities, particularly those outlined in REV demo projects, such as the "on-line-communication platform," which as described could lead to duplicative expenditures by NYSERDA for initiatives already approved and in development by utilities.

The JU state a successful transition is best achieved through close communication, cooperation, and close coordination of planned activities. The JU further note that utilities and NYSERDA have already begun coordinating energy efficiency activities, as directed by the REV Framework Order,[34] to make certain that utility customers continue to have access to programs through NYSERDA's transition period from traditional energy efficiency programs to upstream initiatives. The JU state NYSERDA's role should focus on technology-oriented research and development, establishment of new building codes for energy management, and importantly, the reduction of barriers in the upstream supply chain for DER technologies. The JU argue that NYSERDA should move away from customer-facing programs because such programs are best organized and managed by utilities and call upon the Commission to define the future role of NYSERDA as focused on the DER supplier side of the DSP marketplace. The JU argue that elimination of program overlap would cease the wasteful duplication of customer-funded efforts that results as NYSERDA and utilities compete for energy savings through matching or increasing program incentives. This would

[34] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan, (issued February 26, 2015).

enable utilities to reduce incentives over time and thus achieve increased market transformation. The JU further state that if NYSERDA continues to offer customer-facing energy efficiency programs in 2017, NYSERDA should provide the same information required of utilities, including budgets, metrics, and Total Resource Costs (TRC) test results, and include them as part of filed Investment Plans.

Joint reply comments filed by EE4All and CEOC state NYSERDA and the utilities must find common ground on program implementation that complements without creating competition.

Discussion

In addition to directing the development of the CEF, the Commission called upon NYSERDA to refocus its efforts on market and technology transformative strategies designed to provide temporary intervention and support to overcome specific barriers and produce self-sustaining results, while continuing to provide access to clean energy for low-income customers that may not otherwise benefit from the new markets.[35] With this evolution of roles and approaches, it is paramount that programs and activities delivered by the utilities and NYSERDA are complementary and do not result in inappropriate overlap or competition. We are encouraged by NYSERDA and the JU's commitment to improved coordination. We believe that NYSERDA's future role will shift to reducing barriers to clean energy adoption and utilities will focus on enabling service delivery to consumers.

One issue that has plagued previous energy efficiency endeavors has been the difficulty in establishing a framework for NYSERDA and the utilities to cultivate a collaborative relationship in pursuit of shared clean energy objectives. This

[35] Case 14-M-0094, supra, Order Commencing Proceeding, (issued May 8, 2014).

is not to say that NYSERDA and the utilities have not found some level of common ground and instances of successful collaboration, however we cannot accept this being the exception rather than the rule. REV by its very nature requires wholesale reforms of many aspects of the status quo and we shall require nothing less in our pursuit of consistent and effective NYSERDA-utility coordination and collaboration. While this relationship is critical to success, the process must also facilitate transparency and meaningful stakeholder engagement to ensure stakeholders are aware of proposed changes and can actively and effectively raise ideas and concerns to inform NYSERDA and utility efforts.

To enable this level of collaboration we establish a Clean Energy Advisory Council (CEAC), which will be co-chaired by Department of Public Service Staff and NYSERDA. Staff, in consultation with NYSERDA, shall extend invitations for required participation in the CEAC to all utilities offering energy efficiency programs in New York State. Staff shall also extend invitations to NYPA and LIPA to participate in the CEAC to encourage statewide coordination. The CEAC shall develop a structure that recognizes the need for NYSERDA/Utility interaction as well as allowing for meaningful involvement from a broad array of stakeholders, including participation of key representative groups, such as environmental groups, the business community, large energy users, customer advocates, low-income advocates, developers, technology providers, and the New York Independent System Operator (NYISO), and shall account for the geographic considerations of the State. This structure shall be documented in a charter for the CEAC that shall be filed in the CEF and Utility Energy Efficiency proceedings by June 15, 2016.

The CEAC's primary objective is to support innovation and collaboration for an effective transition from current program offerings to post-2015 clean energy activities and on-going delivery thereafter. The responsibility for creating a culture of innovation and collaboration to support our ambitious energy and environmental goals does not and cannot rest on one entity or activity alone. However, the CEAC shall be a venue for supporting innovation, serving as an incubator of new ideas and approaches and embracing input from market participants. The CEAC shall inform NYSERDA's Investment Plan and the utilities' future ETIP/Budget and Metric (BAM) Plan filings. The CEAC will produce regular written updates on the progress of its work and file this information in a designated matter number within the CEF and Utility EE proceedings for the benefit of interested parties. The CEAC shall conduct its first meeting within 60 days of this Order. The CEAC shall develop a work plan on an annual basis identifying the key areas of focus, including those indicated below, priorities among such areas and any corresponding work products with associated timelines. The initial CEAC work plan shall be filed on August 1, 2016.

The CEAC is also tasked to develop a recommended approach to developing a sustainable market for procuring energy efficiency as a demand reducing resource. This proposal shall consider how this approach could support the establishment of an Energy Efficiency Standard and integrate the concept of "shared-savings" approaches for the utilities. The procurement model must recognize the ongoing societal needs of providing services to underserved populations and in its design contemplate the ability to indicate a subset of the requirement to be delivered from these populations, e.g. low-income consumers. It should also consider whether energy efficiency should be included as part of the Clean Energy Standard or operate as a separate market. The CEAC shall consider ongoing activities in the Clean Energy Standard proceeding in determining the proper timing for this activity and detail the expected timeline in its work plan.

We also charge the CEAC to immediately undertake a review designed to eliminate wasteful multiple incentives from various funding streams. Multiple incentives for individual activities including utility energy efficiency programs, the CEF, and demonstration projects should be directly associated with accelerated or increased benefit. The Commission directs Staff to develop guidance, in consultation with the CEAC, that identifies tests to determine where layered incentives would be appropriate and where they should be forbidden, as well as processes for sharing of information to determine when these tests must be run. This guidance shall be filed with the Secretary no later than October 3, 2016.

Another area for collaboration is the creation of a consistent overall approach to Evaluation, Measurement and Verification (EM&V), that looks to advances in technology and approaches to reduce and limit the dollars needed for EM&V, thereby increasing the dollars available for program delivery. The Commission stated in its REV Framework Order that utility EM&V activities will be designed and implemented to yield timely information. These activities are to be complementary, not duplicative of NYSERDA’s EM&V activities, inform improvement to individual utility energy efficiency efforts, and more importantly must be shared and integrated to improve the accuracy and reliability of foundational tools, such as the Technical Resource Manual. We believe the CEAC is an appropriate venue for the Joint Utilities to ensure that utility EM&V activities are properly informed and coordinated with NYSERDA to avoid duplicative efforts, as well as for NYSERDA to be properly informed of utilities’ EM&V efforts as it develops approaches for macro-level market assessments. The REV Framework Order further required the utilities, in consultation with Staff and NYSERDA, to develop and propose metrics applicable to market transformation strategies.[36] We find that exercise would be well-informed by NYSERDA's research and work in the market transformation area and an appropriate task for the CEAC to pursue. We also believe the CEAC can support the development of a common method for tracking and reporting metrics, including the development of an online dashboard for use in communicating the progress of ratepayer funded clean energy activities, as discussed previously. We restate here the Commission's interest in exploring how advances in technology may be used to challenge and enhance our traditional approaches, and minimize associated costs, to EM&V. We direct Staff, in consultation with the CEAC, to conduct a review of the current evaluation guidelines, "The New York Evaluation Plan Guidance for EEPS Program Administrators". This review shall determine what changes are necessary to meet the current and future needs of our clean energy programs, including balancing the need for objective analysis with producing more expedient and actionable information to inform program and policy decisions. The CEAC shall integrate learning from REV demonstration projects and other REV activities in the conduct of this task. This review shall support Staff's issuance of revised Evaluation Guidelines by November 1, 2016.

In support of shared learning and the evolution of programs across service territories, the REV Track One Order directed Staff to develop a REV Energy Efficiency Best Practices Guide, in consultation with the E2 Working Group, outlining energy efficiency program best practices under a REV framework.

[36] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan at 80(issued February 26, 2015).

The initial version of the Guide was to be filed with the Secretary by February 1, 2016 and include a process for future revisions and updates, also to be filed with the Secretary, such that the information in the Guide changes with the pace of technology and our directives. As discussed previously inter-program coordination is critical to success and as such we believe the Best Practices Guide shall consider synergies as activities evolve. We shall relieve Staff of the February 1, 2016 due date and instead direct the CEAC to incorporate the REV Best Practices Guide into the CEAC work plan building in sufficient time for its use in planning for the ETIP to be filed in May 2017.

The Commission previously established the E2 Working Group[37] which has served as a useful forum for program administrators and Staff discussions on specific implementation issues. In consideration of resource constraints and to prevent confusion among all parties, we shall subsume the E2 Working Group into the CEAC. Given the E2 Working Group has been an active body, we shall require Staff, NYSERDA and the utilities to identify an orderly transition and completion of any outstanding tasks of the E2 Working Group and ensure any relevant needs, previously met by the E2 Working Group, are accounted for in the operation of the CEAC and documented in the CEAC work plan.

Fuel Neutrality, Statewide Operation and Investment Criteria

Fuel Neutrality

Summary of Proposal

NYSERDA's CEF proposal assumes a "fuel neutral" approach supported by only electric ratepayer surcharge

[37] The E2 Working Group was established in the December 26, 2013 EEPS Order and was the result of the merger of the previous Commission-sanctioned Implementation Advisory Group and Evaluation Advisory Group.

collections. NYSERDA’s proposed fuel neutral approach would allow for CEF initiatives to target any clean energy initiative regardless of the type of fuel it is displacing, (e.g. electricity, natural gas, heating oil, and propane). NYSERDA notes that fuel neutrality supports a truly customer centric approach to clean energy given consumers do not view their energy needs on a fuel-by-fuel basis. NYSERDA asserts collecting the CEF surcharge solely from electric ratepayers provides the most equitable solution given all customers, regardless of heating fuel used, are electric customers.

NYSERDA’s proposal states that approximately 18% of commercial energy consumption, 35% of industrial consumption, and 34% of household heating consumption is derived from fuels other than electricity and natural gas. This consumption is responsible for 21% of residential GHG emissions, 18% of commercial emissions, and 43% of industrial emissions. This usage represents significant potential for GHG emission reductions in the energy sector and movement towards a low-carbon energy future.

NYSERDA further states that a fuel neutral approach to the CEF will also likely provide benefits on a larger system basis, as the State’s primary energy systems – electricity, natural gas, and fuel oil – have demonstrated a growing interdependence in past years.

Statewide Operation

Summary of Proposal

NYSERDA proposes to operate the CEF on a “Statewide” basis, which would be inclusive of all customers, including NYPA and LIPA customers, regardless of contribution to the CEF surcharge. Currently, some LIPA customers pay surcharges through KeySpan Gas East Corporation (KEDLI) on their natural gas usage. However, due to NYSERDA’s proposal to fund the CEF solely from an electric surcharge, these LIPA customers would no longer pay surcharges. NYSERDA states that to effectuate the "Statewide" CEF it will supplement the clean energy surcharge-funded initiatives with additional RGGI funds, proposing to contribute $25 million per year for each year 2016-2025. NYSERDA asserts that a single CEF would simplify participation in the initiatives and allow the State energy agencies to partner in providing customer-centric programs to all New York energy consumers, thereby providing the greatest opportunities to advance GHG reductions and market development of clean technologies. It also notes that in the absence of a statewide CEF, NYSERDA will seek to enter into agreements with both NYPA and LIPA to advance CEF-type offerings to their respective customer bases.

Comments

Twenty-two comments were received in response to NYSERDA's proposal to deliver the CEF on a fuel neutral basis and/or the proposal to collect the CEF surcharge solely from electric customers. The majority of commenters support a fuel neutral approach[38] and agree that it is necessary for a successful CEF. They state such an approach will enable whole building efficiency gains, increased GHG emission reductions, further technology innovation, and a simplified approach to ratepayer collections.

Sustainable Otsego and Citizen's Environmental Coalition argue that the Clean Energy Fund must not encourage

[38] Supporters of fuel neutrality include: AEA; the Advanced Energy Companies; Efficiency First New York; Energy Efficiency for All; EnSave; Fuel Cell and Hydrogen Energy Association (FCHEA); Long Island Geothermal Energy Organization (NY-GEO-LI); NFG; New York Geothermal Energy Organization (NY-GEO); New York State Assemblyman Dan Quart; NYOHA; OHILI; National Fuel Cell Research Center; Natural Resource Defense Council; NYPA; NEEP; NECHPI; and SEIA, Inc.

the use of natural gas, or other greenhouse gas emitting technologies, and that it should instead focus on increasing renewables and energy efficiency projects. For that reason they oppose fuel neutrality.

MI and the JU both oppose NYSERDA's proposal to collect surcharges only from electric customers. MI argues that doing so would deviate from the basic cost allocation principles underlying long established policies set by the Commission against cross subsidization. MI argues that CEF programs will benefit gas customers by supporting the deployment of gas efficiency measures, thereby reducing system-wide demand and improving system reliability and that State policy favors and encourages customers to switch from fuel oil to "cleaner" fuel sources, including natural gas. Therefore, requiring electric customers to fund efficiency programs targeted at fuels other than electricity and natural gas, such as oil, would present additional subsidies to be funded by electric customers.
The JU call upon the State to put in place a benefits charge where each fuel, including non-utility fuels, contributes funding towards clean energy programs that will be used to make the use of the fuel cleaner or more efficient, effectively linking the costs of clean energy programs to the causation of the environmental externality which motivates the creation of clean energy programs in the first place. The JU argue that under electric-only funding, natural gas customers would either be excluded from program participation or be subsidized inter-regionally and that doing so will put additional upward pressure on electric rates over the next few years.

There were limited comments received specifically addressing the "Statewide" aspect of NYSERDA's proposal. New York Oil Heating Association (NYOHA), the Oil Heating Association of Long Island (OHILI), NYPA, and the NRDC specifically support NYSERDA’s “Statewide” CEF proposal. NYPA supports NYSERDA’s proposal to extend its CEF initiative statewide and states that NYPA invests in clean energy programs that benefit all New York ratepayers and, in turn, its customers should benefit from the CEF. NYOHA and OHILI jointly state that by limiting programs to utility customers, the state has missed many chances to improve the state’s overall energy, environmental, economic, and consumer cost savings objectives. Additionally, statewide system benefits are a natural result of fuel neutrality. NRDC adds that in order to maximize GHG emissions reductions, the goal should be to capture all energy efficiency opportunities.

Discussion

The Commission previously prohibited cross-subsidization of ratepayer funds under EEPS, requiring electric surcharges to support electric programs and gas surcharges to support gas programs. However, the Commission’s January 26, 2001 Order explained that the SBC was originally designed to encourage energy efficiency, promote a cleaner environment, and reduce the financial burden of energy costs on low-income customers. That Order gave NYSERDA authority to include non-electric measures in the SBC program, in order to develop more comprehensive packages for customers.[39] The question raised by NYSERDA’s request is since our objectives are to promote energy efficiency and to reduce GHG emissions at the lowest expense to consumers as well as animate independently sustainable markets, does the lack of a fuel-neutral principle function as an unnecessary barrier to the achievement of these benefits.

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[39] Case 94-E-0952, In the Matter of Competitive Opportunities Regarding Electric Service, Order Continuing and Expanding the System Benefits Charge for Public Benefit Programs (issued January 26, 2001).

We agree that from the customer's perspective that we should look to gain energy efficiency at the lowest overall cost. Rules that restrict efficiency improvements to only electric or only gas can undermine achievement of this objective. At the same time, we do not want to apply funds collected from electric customers to reduce non-electric consumption and associated GHG emissions unless there is a clear, superior economic advantage. Accordingly, we find it appropriate to expand upon the authorization provided in the 2001 Order and allow the CEF to be implemented in a fuel-neutral manner as long as an increased benefit can be demonstrated from displacing the alternate fuel as opposed to electricity. The Investment Plan Chapter for each initiative that NYSERDA intends to implement in a fuel neutral manner shall demonstrate that a fuel-neutral approach results in greater GHG emission reductions and economic benefit than an electric-only approach. We also believe NYSERDA's transition away from resource acquisition to more market transformational approaches mitigates some of the concerns raised in opposition to fuel neutrality, as these initiatives are likely to be broader based and less fuel-centric.

We agree with NYSERDA that the most equitable approach to funding a fuel neutral CEF is an electric surcharge because all customers, regardless of heating type, are electric customers. Maintaining collections from gas customers in the environment of fuel-neutrality would be un-equitable, as non-utility delivered fuel customers would only be required to pay one surcharge (electric) while natural gas customers would be required to pay two (electric and natural gas). While a fuel neutral approach may better support attainment of our aggressive GHG emission reduction goals, the CEF must provide a minimum level of benefit back to the electric grid and therefore electric ratepayers. The minimum 10-year MWh goal established above will prevent the CEF from becoming too focused on non-electric savings at the expense of electric savings.

We reject NYSERDA's proposal for the CEF to operate "statewide" by including NYPA, LIPA and municipal and rural electric utility customers that will not pay a CEF surcharge on their electric usage, with a one-year exception in the KEDLI service territory, as noted below. NYPA, LIPA and many of the municipal and rural electric companies offer energy efficiency services in which their customers may participate. We recognize there may be limited circumstances for CEF support, other than direct customer incentives, outside the State's investor-owned utilities' territories where it provides direct energy, environmental, and economic benefits to the ratepayers of the State's investor-owned utilities and meaningfully advances the objectives of REV. We also support NYPA's assertion that its clean energy programs will complement the CEF and will provide opportunities for NYPA and NYSERDA to collaborate and leverage lessons-learned. In addition, we support NYSERDA's stated intentions to collaborate with NYPA and LIPA to advance CEF-type initiatives to their respective customer bases, with the understanding that it would be done at no cost to the investor-owned utility ratepayers.

Given the unique circumstance in KEDLI territory created by authorizing CEF collections solely from electric ratepayers, we authorize NYSERDA to continue to operate EmPower New York in KEDLI territory during 2016 to avoid a gap in energy efficiency services to low-income customers in KEDLI territory. We require NYSERDA and KEDLI to pursue alternatives for 2017 and beyond and propose such alternatives in a subsequent filing to the Commission, such as a utility ETIP.

Some NYPA customers historically have paid a partial SBC charge, in that they may be assessed the SBC only on a portion of their usage. We take this opportunity to clarify that "partial pay" customers are entitled to full services under the CEF.

In the Order Denying Petition Regarding Voluntary Opt-In Mechanism,[40] the Commission rejected a proposed opt-in option for NYPA customers as inequitable. The Commission explained that the proposed opt-in mechanism would have inequitable results because it would permit NYPA customers to benefit from ratepayer-funded programs without paying a meaningful surcharge as compared to other ratepayers. In particular, the proposal would have permitted NYPA customers to opt in on a per-meter, rather than per-customer, basis and would have permitted NYPA customers to opt-in and then immediately use ratepayer-funded programs to substantially reduce their usage and thus their surcharge, for example through the immediate installation of distributed generation. NYPA opt-in customers would, therefore, be receiving substantially more in benefits as compared to surcharges paid than other ratepayers. As discussed above, the proposed statewide approach would lead to similar inequity.

However, an appropriately designed opt-in tariff could promote greater deployment of clean energy technology around the state while avoiding inequities among ratepayers. An opt-in tariff should include, at a minimum, the following elements: rules that are uniform across utilities; opt-in that is customer-based, rather than meter-based; includes a minimum opt-in period; and rules that protect against the use of opt-in programs to immediately reduce surcharges paid. Therefore, we direct the utilities to file a proposal for a NYPA opt-in tariff

[40] Case 07-M-0548, supra, Order Denying Petition Regarding Voluntary Opt-in Mechanism (Issued January 13, 2015).

informed by input from NYSERDA and other interested stakeholders no later than June 30, 2016. This proposal will be issued for public comment and further deliberation.

In consideration of this proposal, we direct National Grid to eliminate their current NYPA opt-in provision for the SBC surcharge for new customers. We shall grandfather all customers that previously voluntarily elected to become subject to the SBC pursuant to National Grid's P.S.C. No. 220 tariff schedule, as of the date of issuance of this Order.[41] National Grid shall file, on not less than 15 days' notice, necessary tariff amendments to implement this change, to become effective on March 1, 2016.

Eligibility Criteria

Summary of Proposal

In its July 31, 2015 Letter, attached as Appendix C, NYSERDA proposes eligibility criteria to apply to all four of the CEF portfolios: Market Development; Innovation and Research; NY-Sun; and NYGB. These investment criteria would replace those used for NYSERDA's legacy clean energy programs, EEPS, the SBC, and RPS. NYSERDA further proposes that these criteria will serve as a primary threshold to inform the direction of the Market Development and Innovation and Research Investment Plans, NYGB Business Plans and NY-Sun Operating Plans.

NYSERDA explains that CEF initiatives, once deemed eligible in accordance with the terminology and eligibility criteria described below, would involve various mechanisms and strategies, including incentives to support specific projects or technologies; NYGB financing structures; market transformation and market-enabling strategies such as technical assistance or analytical tool and process development; and market research,

[41] As of September 2015, eight customers have opted in under National Grid's tariff.

energy-related environmental research, and other studies that will identify strategic opportunities to help optimize portfolio investments.

Once an investment is deemed eligible pursuant to the proposed eligibility criteria, additional initiative-level and project-level considerations for investment would be assessed based on the merit of the investment to advance the long-range outcomes of the CEF. These further considerations would be driven by metrics and assessments of outputs that would be used as measurements of advancing those long-range outcomes. As proposed in the CEF Supplement, such investment consideration will be detailed on an initiative-level basis in each of the annual portfolios' respective investment plans, business plans or operating plans, along with the metrics for performance.

NYSERDA proposes the following definitions be used to determine investment eligibility:

- Clean Energy: Clean Energy strategies or activities are those that include any energy-related technology, strategy or solution that New York State may use to advance at least one of the State's Clean Energy Goals as defined in the SEP. Such energy-related technologies, strategies or solutions may include, but are not necessarily limited to, large-scale and on-site renewable energy sources, energy efficiency, energy storage, smart grid, demand response, distributed generation, renewable thermal and other low carbon technologies.
- Energy Efficiency: Energy efficiency strategies or activities are those that demonstrate energy savings either at the site of energy consumption, at the source of the energy generation, or that serve to improve overall system efficiency and reliability.

- Large-Scale Renewables (LSR): As a Main Tier solicitation is proposed for 2016, it is recommended that the eligibility criteria for Renewable Portfolio Standard-eligible renewables remain intact for all CEF portfolios investing in these technologies unless and until the eligibility criteria is otherwise defined or determined through the LSR Proceeding, at which point those technologies and strategies that will facilitate the development of LSR will be eligible across all CEF portfolios.

Based on these established policies, NYSERDA proposes that the CEF will only pursue investments that meet the definition of "clean energy" by reducing energy sector greenhouse gas emissions, increasing renewable energy generation capacity, or increasing energy efficiency. NYSERDA states CEF investments in clean energy will be guided by the consideration in two existing documents: the Final Generic Environmental Impact Statement (FGEIS) and the SEP.

Comments

Three parties, AEA, CEOC, and EE4All, commented that the definition of "energy efficiency" should be changed to ensure only clean generation can be used for system efficiency increases. CE Coalition adds that, consistent with RPS and EEPS goals, the CEF should support renewables and efficiency only, not fossil fuels.

CEOC also argues that the CEF is not an appropriate venue for making transmission investments, as this would significantly dilute funding available for traditional end use efficiency. NYSERDA's reply comments address CEOC's comment and state that NYSERDA does not intend to support routine transmission system investments. NYSERDA reassures parties that the term "system efficiency" was intended only to capture certain technologies that are needed for an advanced electric grid but may not provide a net energy savings at the source or site of energy consumption.

Discussion

The CEF must contain eligibility criteria that are flexible enough to ensure that new technologies can be supported without lengthy approval processes and that NYSERDA can choose initiatives that best support the CEF goals, but are restrictive enough to ensure that all initiatives are consistent with CEF goals while avoiding excessive externalities. This can be done by applying eligibly criteria that require each initiative to be consistent with CEF and SEP goals while avoiding specific technology rules, except as needed to address certain specific concerns.

For that reason, NYSERDA will be permitted, through CEF portfolios, to invest in any initiative or technology that constitutes clean energy or energy efficiency as described in its July 31, 2015 letter, with one exception. Investments designed to support biomass electric energy generation are not eligible for CEF funding unless projects supported will comply with the rules developed for biomass eligibility under the Renewable Portfolio Standard. We adopt the guidelines provided in the Biomass Power Guide published by NYSERDA as a means for determining eligible biomass projects.[42] To the extent that these become outdated or would not permit the support of promising new technologies, NYSERDA is invited to file proposed updates for Commission approval.

[42] The Biomass Power Guide reflects the rules put forth in Commission orders in the Renewable Portfolio Standard proceeding. The Biomass Power Guide is available at http://www.nyserda.ny.gov/-/media/Files/EDPPP/Energy-and-Environmental-Markets/RPS/RPS-Documents/NYS-RPS-biomass-guidebook.pdf (revised July 22, 2014).

In addition, NYSERDA must demonstrate, in each Chapter filing describing a new initiative, that the initiative is expected to result in a net reduction of greenhouse gas emission over its lifetime. To the extent that any subsequent modification described in a filing to the Commission could decrease the net greenhouse gas emission reduction, NYSERDA must demonstrate in that filing that the initiative will still result in a net reduction of greenhouse gas emissions over its lifetime.

These criteria address party comments, in that they ensure that each initiative will contribute to the State's overall goals. It would not be appropriate to, as some parties request, apply technology-based restrictions that could prevent NYSERDA from achieving gains in certain sectors.

The approved criteria provide NYSERDA with the needed flexibility to choose initiatives that will create the greatest benefits for the least cost and to support innovative new technologies and approaches. We recognize that initiatives oriented towards market development, while they have the potential to create the greatest benefits for ratepayers in the long run, will have more indirect and less easily calculated clean energy benefits as compared to resource acquisition programs. We require NYSERDA to take a broad view of these indirect benefits when considering whether an initiative is eligible for CEF funding and to also take into account other benefits of the initiative, including its contribution to all of the CEF goals and its economic development benefits. Funding market-based projects with an indirect impact on clean energy is wholly consistent with the Commission's historic approach to clean energy programs. For example, the Commission approved workforce development programs, designed to achieve both indirect clean energy benefits and economic development benefits, as part of both EEPS and RPS.[43] Holistic consideration of these benefits will best support the SEP, the goals described in the New York State Energy Law,[44] and the interests of ratepayers.

Because these criteria are not technology-specific, it is appropriate to apply them to all four CEF portfolios. Each portfolio has additional requirements inherent in its program design: for example, NY-Sun is designed to support behind-the-meter solar generation, while NYGB is designed to support clean energy financing. These criteria supplement those requirements. As proposed by NYSERDA, the RPS Main Tier eligibility rules will apply to the 2016 solicitation approved in this order, while eligibility rules for future support of large-scale renewable generation will be determined in the LSR Proceeding.

NY-Sun

Summary of Proposal

As previously stated, the NY-Sun program was established in 2012 to develop a sustainable and subsidy-free solar electric industry through a megawatt block approach. NY-Sun also includes augmented consumer education, new initiatives to improve access to solar electricity including Community Solar NY, K-Solar and focused approaches for LMI households, as well as expanded workforce training for a growing market, and reduction of other “soft” costs of installation.

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[43] Case 07-M-0548, supra, Order Authorizing Workforce Development Initiatives (issued June 22, 2009); Case 03-E-0188, supra, Order Approving Implementation Plan, Adopting Clarifications, and Modifying Environmental Disclosure Program (issued April 14, 2005).

[44] New York State Energy Law §§ 3-101, 3-303.

The Commission's MW Block Order[45] authorized NYSERDA to allocate up to $960.556 million to the NY-Sun program. However, it did not establish a collection schedule to support this program authorization after 2015 noting that those decisions would be made during the course of its deliberations on all clean energy programs post-2015. NYSERDA's CEF Proposal requests the requisite collection schedule to support the Commission's previous authorization.

Comments

Seven comments were received regarding the NY-Sun aspects of NYSERDA's proposal. The CEOC, AEA, NYPA, and Solar Energy Industries Association (SEIA) each support NYSERDA's proposal as stated. SEIA states it supports continued funding of NY-Sun through CEF implementation, where it will ensure the NY-Sun initiative can fulfill its mission. CEOC applauds the NY-Sun Initiative, which seeks to create a robust, self-sustaining, and subsidy-free solar market. AEA states it supports NY-Sun and NYSERDA's development of a LMI solar program and also supports the development of community distributed generation and notes that with appropriate program parameters community solar could be an important opportunity for low income households in multifamily buildings. NYPA states it supports NYSERDA's upstream initiative and NY-Sun's intent to create a robust and self-sustaining solar market in NY by reducing soft costs, building demand, and educating customers.

NECHPI questions the need for additional ratepayer support for solar installations, citing several articles questioning the wisdom of providing additional financial support given that there is ample private sector support for solar PV.

[45] Case 03-E-0188, supra, Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs (issued April 24, 2014).

Sustainable Otsego argues that NY-Sun funding should be expanded to sufficient levels to meet the State's SEP goal of 50% renewable generation by 2030 and that specific commitments should be made to develop offshore wind near New York City. The EDA argues that incentives for upstate New York should be increased, explaining that the lower electric rates already make it difficult for customers' solar projects to be cash-positive from day one, causing slow adoption in that region. CEOC states it supports the deployment of the megawatt block mechanism, as well as initiatives targeted for LMI households.

Further, EDA argues that NY-Sun funding for LMI customers is insufficient and inadequate. EDA states NY-Sun's allocation to LMI of $13 million is embarrassingly low and not enough to offer direct subsidies that change the economics of solar installations for LMI households, nor is it large enough to pool to provide recoverable financing to these populations. EDA argues that to be on par with the population LMI comprises in relation to the state population, $382.24 million would need to be provided to LMI households through direct incentives, group purchasing agreements, or shared renewables.

Discussion

We authorize the collections as proposed by NYSERDA to support the Commission's previous commitment to NY-Sun in the amount of $960,556,000. This amount includes $60 million credited against the total budget, requested by NYSERDA in a compliance filing, to address the accelerated demand for the MW Block program.[46]

NYSERDA's proposal notes Market Development activities targeted at PV, as well as additional support for LMI solar. With the advent of Community Distributed Generation, we expect

[46] Case 03-E-0188, supra, Compliance Filing Regarding Unencumbered RPS CST Funds and Low to Moderate Income (LMI) Program Update (filed September 29, 2015).

greater opportunities for participation by LMI customers in renewable markets. We require any future targeted PV activities supported through the CEF's Market Development or Innovation & Research activities, when described in Investment Plan Chapters, to clearly describe the need for and the incremental benefits associated with these activities beyond what is authorized and supported through NY-Sun, as well as how the activities will complement the shared renewables program including LMI customers. Further, NYSERDA, with the assistance of the CEAC, should explore the potential for integrating energy efficiency and renewable generation. This consideration shall inform NYSERDA's LMI Chapter.

NY-Sun activities have previously been reported within the RPS/Customer Sited Tier reports. We clarify here that NYSERDA shall provide NY-Sun-specific financial and progress reports on a quarterly basis. On an annual basis, NY-Sun activities will continue to be an element of the Annual RPS report. NYSERDA shall work with Staff to determine the elements of the report. NYSERDA is directed to update and file the NY-Sun Operating Plan by May 1, 2016. This update shall reflect the funding authorized in this Order, incorporate any previous addendums, and update other information pertinent to the operation of the program.

NY Green Bank

Final Capitalization of NYGB

Summary of Proposal

NYSERDA's CEF proposal requests an additional $631.5 million in new ratepayer collections to fund NYGB over the next ten years, at which point NYGB would be funded at the full $1 billion level.[47] To date the Commission has approved NYGB capitalization of $315.6 million from reallocated, previously authorized, ratepayer collections.[48]

Comments

Eleven comments were received addressing NYSERDA's request for additional capitalization of NYGB. The majority of commenters support further capitalization and the ten year, inclining collection schedule proposed by NYSERDA.[49] The City of New York (City), JU, and the CEOC each support additional capitalization but request that the Commission restrict access to additional funds or require NYGB meet conditions set by the Commission, which would delay NYGB's receipt of the collections until NYGB has proven increased funding is warranted by market demand. These commenters support the approach the Commission took in the July 2015 order, which required that NYGB demonstrate it has committed at least 75% of its total authorized funding before it receives access to the $150 in additional capitalization.[50]

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[47] NYSERDA's CEF Information Supplement was filed prior to the Commission's action on July 17, 2015 authorizing $150M in response to the NYGB Capital Petition and therefore references that request as well. As the Commission has acted upon that request it is not discussed further in this Order.

[48] NYGB total current capitalization is $368.5 million, representing $165.6 million of ratepayer funds and $52.9 million of RGGI funds authorized in the Commission's December 19, 2013 and $150 million of ratepayer funds authorized in the Commission's July 7, 2015 Order. This amount includes funds authorized for administration, cost recovery fee, and evaluation.

[49] Supporters include: NYPA; NFG; AEA; NRDC; the Citizens Environmental Coalition; NEEP; and the Advanced Energy Companies.

[50] Case 13-M-0412, supra, Order Approving Additional Capitalization with Modification for New York Green Bank (issued July 17, 2015).

Discussion

We recognize and support the role of NYGB in contributing to the achievement of the State’s clean energy objectives and its ability to meaningfully contribute to the furtherance of the Clean Energy Standard and/or the SEP goals. We note that NYGB recently announced $49 million in closed transactions expected to result in lifetime energy and environmental impacts of at least 612,000 MWh of renewable energy generation, 24 MW of clean energy generation capacity, 400,000 MWh and 5.5 million MMBtu of energy savings from energy efficiency measures, and 643,000 metric tons of GHG emission reductions. NYGB’s quarterly report for quarter ending September, 30, 2015 reflects an active pipeline of $295.6 million.[51] Maintaining the momentum established to date is paramount to positioning NYGB for success and therefore we approve the request to complete capitalization of NYGB through the use of $631.5 million of incremental CEF collections.

As we direct all elements of the CEF to prioritize and evaluate activities in the context of the Clean Energy Standard and SEP objectives, we expect NYGB to recognize its role as a direct contributor to advancing these objectives through its ability to drive down costs associated with meeting those objectives. NYGB shall incorporate a clear articulation of explicit steps it will take to achieve this into its 2016 Business Plan filing.

External Credit Facility

Summary of Proposal

NYSERDA’s CEF proposal amends its initial NYGB capitalization plan from what it originally requested in the

[51] Case 13-M-0412, supra, NY Green Bank Quarterly Report No. 5 (filed November 12, 2015).

Petition to Complete Capitalization[52], extending the requested capitalization period from four years to ten.[53] To facilitate this extension, and at the same time have sufficient liquidity to invest in viable, scalable, clean energy projects, NYSERDA has proposed the use of a portion of incremental collections to pay fees and interest associated with an external Credit Facility to guarantee it will have sufficient funds to execute its business plan, and to pledge future incremental collections to the provider of the proposed Credit Facility as the source of repayment of the debt. NYSERDA states NYGB would only draw upon the Credit Facility after first using any available CEF surcharge collections and available recycled funds, in an effort to minimize interest costs. NYSERDA states the use of a Credit Facility would not increase the level of NYGB funding beyond the $1 billion sought. NYSERDA plans to issue a Request for Proposal to obtain the Credit Facility and estimates total costs of the Credit Facility to be approximately $40 million in fees and interest, which would be paid for from CEF NYGB incremental collections.

Comments

Eight comments regarding NYSERDA's proposal to utilize an external borrowing facility were received. NFG, JU, AEA, Independent Power Producers of New York (IPPNY), NYPA, and NECHPI support NYGB's use of a credit facility. NFG states it commends NYSERDA's plan. IPPNY urges the State to continue to look at ways for NYGB to be more beneficial to LSR projects and supports the use of a financing entity to provide low-cost financing to renewable generation resources. NECHPI notes that implementation of NYGB has been slow and therefore agrees that

[52] Case 13-M-0412, supra, Petition to Complete Capitalization (filed October 14, 2014).

[53] Case 13-M-0412, supra, Petition to Complete Capitalization (filed October 31, 2014).

it is appropriate for funding to be restructured to reduce the amount of ratepayer funding and to substitute a credit facility for the difference. AEA supports the proposal for a credit facility because it enables a slower capitalization and will ensure a continuous outlay for NYGB funding. The JU view the arrangement as a positive modification to the previously requested capitalization schedule, but states that further details are needed regarding the credit facility to ensure that it will not impose additional costs on utility customers.

Both Sustainable Otsego and the CE Coalition question the use of a credit facility and argue using a credit facility would alter the structure of NYGB. Sustainable Otsego states the CEF proposal appears to modify the image of NYGB as a self-sustaining entity to one that will borrow from private institutions, describing the proposal as a deal for the banking industry at taxpayer expense. CE Coalition’s comment expresses concern that NYSERDA’s proposal for an external credit facility will send interest and earning investment income to the lender, thereby leaving no income for NYGB and preventing it from becoming self-sustaining.

NYSERDA’s reply comments state the use of a credit facility would not modify NYGB’s self-sustaining structure nor increase the State’s support of NYGB beyond $1 billion. NYSERDA states the purpose of the credit facility is to ensure that capital is available to NYGB as needed, and in the amounts needed, to support its ongoing business and its success in expanding clean energy financing markets in the State for the benefit of all New Yorkers. It reiterates that the use of the credit facility would allow NYGB to make its contribution to scaling the clean energy sector faster than would otherwise occur, effectively expediting environmental and economic benefits for the State. Further, NYSERDA notes that the use of the proposed credit facility will result in immediate benefits of materially lower collections from ratepayers in the near term compared to its originally proposed capitalization schedule.

Discussion

As stated in the Proposal, NYGB’s base business case assumes its commitment level will build to a projected $200 million per year of new investments as it reaches steady state. NYSERDA illustrates that, if NYGB’s capitalization was solely as set out in the revised capital schedule, the total commitments that it could make through Fiscal Year (FY) 2025-2026 would be about $1.4 billion, including recycling of capital. Given the expected three-to-one leverage ratio for NYGB’s first round of transactions, this would equate to a total of about $4.2 billion in total new clean energy investment in the State over the 10-year period. With the Credit Facility in place, NYSERDA estimates an additional $500 million of investment would be made possible in the same time period, increasing NYGB’s investment to $1.9 billion and furthermore adding an additional $1.5 billion in leveraged funds for a total estimated impact of $5.7 billion. NYGB intends to utilize the Credit Facility to expedite its loan-making abilities, thereby enabling it to capitalize on ratepayer funds and project revenues expeditiously. Such an approach will enable additional recycling of ratepayer collections for additional NYGB investments, resulting in additional program revenues over the lifetime of NYGB. Essentially, having more funding to issue loans earlier allows for greater income streams earlier in the process, supplementing NYGB’s ability to become self-sufficient earlier than if it had to delay roll out of additional loans.

The use of the Credit Facility as proposed by NYSERDA supports the Commission’s directive to institute a cap on and subsequent decline in ratepayer collections while not jeopardizing the business opportunities sought by NYGB. We therefore believe this to be a creative approach to meeting multiple interests. However, NYSERDA should exercise this option only when needed and take all necessary steps to minimize associated fees and interest costs. NYSERDA estimates it will take four to six months to establish the Credit Facility, through the use of a Request for Proposal. Given the purpose of the Credit Facility, it is necessary to have the Credit Facility established in advance of the time in which it will be needed to commit to a transaction to prevent a disruption in execution of NYGB transactions. This must be balanced with the cost of establishing the Credit Facility prematurely and incurring unnecessary fees. It is the Commission’s expectation that the costs of fees to establish the Credit Facility shall represent a small portion of the total cost of the Credit Facility.

NYSERDA shall closely monitor NYGB’s executed transactions and pipeline against the capitalization authorized to date, including the incremental collections approved in this order for the period 2016-2025. At the point in time when NYSERDA/NYGB have determined it is necessary to execute an agreement to establish the Credit Facility, NYSERDA shall make a compliance filing that demonstrates the near-term need for the Credit Facility. This demonstration must address the total amount of NYGB capital committed to date, remaining available capital, the dollar value of the active pipeline of transactions, and the aggregate dollar value and descriptions, protecting necessary confidentiality, of transactions anticipated to close during the six months needed to establish the Credit Facility.

The Credit Facility shall not exceed NYGB incremental collections authorized as of the point in time it is established and shall only be used to meet obligations of NYGB investments.

Upon execution of the Credit Facility, NYGB shall detail all costs associated with the borrowing facility as a component of its quarterly reports.

Additional NYGB Administrative Costs

Summary of Proposal

NYSERDA's CEF proposal requests the Commission authorize an additional $4 million of administrative funding for NYGB to be taken out of the 2016 approved capital authorization.

Comments

CEOC recommends the Commission reject the request for additional administration funds unless further justification is provided as to why more is needed. The City of New York states NYGB should detail its anticipated administrative budget for the next three years so that the Commission and the public may understand how funds would be allocated, including the cost of actual overhead.

In response to a Staff Information Request, NYSERDA described the additional administrative cost as needed for operating and transaction-related expenses, NYSERDA allocation of expenses charged to NYGB, and NYGB's allocation of the NYS Cost Recovery Fee. NYSERDA further illustrated expected administrative costs, by category, through the first quarter of 2018, which shows a gradual increase in each category as it continues to increase its lending activities. While NYGB expects to cover its projected expenses with revenues and authorized administration funding, it anticipates the need for an additional $4 million in administration funding by the second or third quarter of 2016.

Discussion

Staff's review of information provided by NYSERDA and subsequent conversations on NYGB's projected administrative costs indicate the additional administrative funds are not needed at this time, therefore we deny NYSERDA’s request for $4 million in additional administrative costs.

Increased Transparency of NYGB Activities

Comments

The Commission received comments requesting additional reporting and increased transparency of NYGB from six commenters: EDA; CEOC; AEA; the City; AEE/ACENY/NECEC; and EE4All. CEOC’s comments urge the commission to speed up the timeline for development of NYGB’s performance benchmarks. AEE/ACENY/NECEC state that NYGB should maximize transparency and opportunities for stakeholder input, including hosting roundtable discussions. EDA recommends additional advisors be added to the NYGB Advisory Council to represent public interests from various socio-economic classes and stakeholder groups. In its reply comments, EE4All agrees with the City’s request for additional transparency. The City’s comment says it is concerned that NYGB’s activity lacks transparency and that it is imperative for NYGB to report its lending activity and project accomplishments clearly and present performance data in a straightforward manner to the general public.

In reply comments, NYSERDA states that transparency continues to be a focal point and that it is seeking to ensure an effective balance between proper levels of transparency and disclosure while continuing to respect commercially sensitive data of NYGB’s partners and clients. It notes NYGB files quarterly and annual metrics reports, pursuant to the NYGB Metrics Plan and states its reporting continues to evolve, directly taking into account Staff and stakeholder feedback as well as its own experiences. NYSERDA states that over time NYGB will provide more information about project attributes and will publish transaction profiles on its website and in its quarterly reports.

Discussion

As stated in the Commission's Order Approving Additional Capitalization With Modification For New York Green Bank,[54] much of the information requested by commenters about individual transactions is provided in the Transaction Profiles that, as detailed in NYGB's Metrics, Evaluation, and Reporting Plan,[55] are completed upon closing of each transaction, posted on NYGB's website, and included in corresponding quarterly reports. We maintain these reporting requirements are sufficient at this time, however, as the Commission stated, review and assessment of the adequacy of NYGB plans and reports will continue, in consultation with NYGB. We find that it is necessary for NYGB activities to be reported in a similar fashion as all CEF initiatives, and therefore we direct NYGB to update its Metrics, Evaluation, and Reporting Plan within 30 days of this Order, to include first year energy savings, in addition to lifetime energy savings, in all Transaction Profiles and Quarterly Reports. Transparency of information and clarity of benefits is paramount, we further direct NYGB, in consultation with Staff, to review the Metrics, Evaluation and Reporting Plan to determine if other revisions are needed to properly track and assess NYGB progress on an ongoing basis. This review shall include input from stakeholders to ensure the result provides the type and level of information that enables NYGB to meet its objectives while providing knowledge and building confidence that these investments represent good value to ratepayers. NYSERDA/NYGB is directed to file a revised Metrics, Evaluation

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[54] Case 13-M-0412, supra, Order Approving Additional Capitalization with Modification for New York Green Bank (issued July 17, 2015).

[55] Case 13-M-0412, supra, NYGB Metrics, Reporting, and Evaluation Plan (filed June 19, 2014).

and Reporting Plan with the Secretary concurrently with their June 2016 Business Plan.

Large Scale Renewables

Summary of Proposal

Currently NYSERDA is the administrator of the Renewable Portfolio Standard Main Tier Program (RPS) and conducts solicitations to procure large-scale renewable resources. Since the RPS is scheduled to expire on December 31, 2015, the Commission, in the REV Framework Order, instituted a separate REV large-scale renewable (LSR) track to address the future core policy objectives for procurement of large scale renewable generation resources and directed NYSERDA to develop and file an LSR options paper to be issued no later than June 1, 2015.[56] The Order also directed NYSERDA to issue a budget and plan for a 2016 Main Tier solicitation while an LSR successor program is developed and implemented.

NYSERDA’s CEF proposal provides $150 million for a 2016 Main Tier RPS solicitation. In addition, NYSERDA proposed an LSR market development approach which includes activities to 1) assist with building a voluntary market for the purchase of renewable energy, including the New York Generation Attributes Tracking System (NYGATS) and other tools; 2) reduce soft costs through technical and pre-development assistance; 3) develop market mechanisms and connections that support financing and appropriate valuing of grid-tied renewables; and 4) support the development of off-shore wind.

As part of the plan to fund the CEF, NYSERDA has proposed repurposing $844.4 million from RPS to be used for various CEF initiatives. Such repurposing allows for the reduction in incremental collections to support the CEF.

[56] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

In recognition of the Commission's decision to institute an LSR Proceeding, a Secretary's Notice was issued on July 2, 2015 clarifying that comments on the CEF proposal should be limited to the content of the CEF Information Supplement recognizing the parallel comment process underway.

Comments

Advanced Energy Companies, NRDC, IPPNY, and EDA expressed support of the 2016 Main Tier solicitation being included in the CEF. Advanced Energy Companies also suggests that a contingency plan be developed in the result that a LSR program is not instituted for 2017.

Both Advanced Energy Companies and IPPNY expressed concerns that $844.4 million RPS funds were being transferred to the CEF for non-large scale renewable specific programming. Advanced Energy Companies notes that while $844.4 million is being repurposed only a total of $161 million is being proposed in the CEF towards large-scale renewables and argues that to meet the State's 50% renewable generation goals of the SEP it may be necessary to re-examine the proposed support to large-scale renewables. IPPNY proposes that instead of repurposing funds the state should use the full amount to support large-scale resources currently eligible under the RPS Main Tier and seek additional PSC authorization for funding for other uses under the NY-Sun program proposed by NYSERDA within the overall context of the CEF.

Both Advanced Energy Companies and IPPNY submitted comments specifically supporting NYSERDA's proposal for NYGATS.

Discussion

A separate LSR Proceeding was established in June 2015 to begin the development of the next iteration of support for large scale renewables in New York.[57] A separate order issued today expands the LSR Proceeding to include the development of the Clean Energy Standard, which will determine the future of support for LSR resources in New York.[58] While the implementation of a Clean Energy Standard will undoubtedly be supported by the work contemplated in the CEF proposal, we shall reserve decisions directly related to the Clean Energy Standard to Case 15-E-0302. To continue progress on renewable energy development through the Main Tier of the RPS program during the development of a successor program, we authorize the $150 million proposed within the CEF proposal to support the 2016 Main Tier solicitation previously directed by the Commission. With regard to NYSERDA's proposed LSR-related Market Development activities, we require that any future LSR and Clean Energy Standard activities supported through the CEF's Market Development or Innovation & Research portfolios be described in Investment Plan Chapters, to be filed in compliance with this Order. In such Chapters, NYSERDA shall justify the need to begin these activities prior to the outcome of Case 15-E-0302 and demonstrate that the engagement would not be impacted by the outcome of that proceeding, including potential changes in procurement methodology.

Concerns regarding the repurposing of $844 million previously authorized to support large scale renewables are discussed in the Repurposing of Funds and Collections section of this Order.

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[57] Case 15-E-0302, supra, Notice Instituting Proceeding, Soliciting Comments and Providing for Technical Conference (issued June 1, 2015).

[58] Case 15-E-0302, supra, Order Expanding Scope of Proceeding and Seeking Comments (issued January 21, 2016).

Flexibility

Summary of Proposal

As part of its strategy to manage the CEF and assure success of its investments, NYSERDA has requested the Commission grant it the flexibility to reallocate funds between the Market Development and Innovation and Research portfolios as needed, where market engagement warrants, to improve the portfolios, and to capture emerging opportunities as market conditions evolve, within the proposed 3-year review cycles. NYSERDA proposes reflecting these reallocations in its annual Investment Plan filing. NYSERDA states flexibility and market responsiveness will be managed to capture opportunities that will have measurable benefit and contribute to the long-term outcomes of the overall CEF.

Comments

The AEA, CEOC, Advanced Energy Companies, and NRDC support NYSERDA's request for flexibility to be responsive to the markets with the caveat that limitations and transparency requirements on such transfers should be established by the Commission. Advanced Energy Companies does not support the transfer of funds between the four designated CEF portfolios. AEA and CEOC propose the Commission require its approval before shifting substantial amounts of funds between portfolios, suggesting the Commission designate a threshold trigger, to determine which transfers warrant Commission review.

NRDC and CEOC suggest the Commission establish a percentage threshold for transfers within a portfolio that would require review. CEOC suggests that reallocations of more than a third of the funds should require DPS Staff review, while NRDC provides no specific percentage but recommends review by the Commission or Senior Staff. Advanced Energy Companies requests that if funds are moved between three-year review cycles, NYSERDA be required to inform the Commission and the public if funds being moved represent more than 20 percent of any program.

All commenting parties cite the need for notification and rationale for the transfers to be made publicly so that stakeholders are aware of changes.

NFG adds that it would like the same flexibility afforded to NYSERDA for its initiatives to be equitably granted to utilities contemporaneously, at the total gas or total electric portfolio level.

Discussion

NYSERDA’s request for increased flexibility must be balanced with accountability and transparency. We support the ability to respond to the market but we recognize that flexibility unchecked could lead to market instability and confusion and ultimately undermine the CEF’s progress. While we encourage and expect the CEF to gravitate towards the areas of greatest promise, given the level of interest in the CEF, evidenced by the volume of comments received on the proposal, it is reasonable for stakeholders to have an expectation of the approximate level of investment in a particular initiative and in relation to other initiatives.

Therefore, we establish the following flexibility guidelines for the initial period and plan to revisit these guidelines during the 2017 review to determine whether they strike the right balance. Funding reallocations shall not be allowed into or out of the NY-Sun or NYGB portfolios. Given the nature of NY-Sun’s MW Block structure and NYGB’s engagement with the financial community to leverage private sector capital against NYGB investments, we believe it is important to guarantee their full budgets are available to support their activities and not at risk of being reallocated. Funding reallocations shall be allowed between the Market Development and Innovation and Research Portfolios up to a cumulative total of 10% of the respective portfolio's annual budget authorization as represented in Appendix F. Notification shall consist of NYSERDA filing a letter with the Secretary documenting the reallocation which shall include the total amount of funding being reallocated, the initiatives affected by the reallocation, a summary of any previous reallocations, a rationale for the reallocation, and tables reflecting current and revised budget levels. Each portfolio's budget allocation will be reset, as needed, during the Commission's periodic review of the Investment Plans. In the event portfolio allocations are reset, the 10% reallocation flexibility shall apply to the newly authorized portfolio budget allocations.

Given the progressive development of the CEF Investment Plan, it is not anticipated that funding reallocations will be necessary within the Market Development and Innovation & Research Portfolios until the Investment Plan is fully developed. Funding reallocations shall be allowed <u>within</u> the Market Development and Innovation & Research portfolios of up to 20% of the respective portfolio's projected annual budget allocations as represented in Appendix F upon notification. NYSERDA shall file a letter with the Secretary documenting the reallocation which shall include the total amount of funding being reallocated, the initiatives affected by the reallocation, a summary of any previous reallocations, a rationale for the reallocation, and tables reflecting current and revised budget levels. We impose an additional requirement upon the Market Development program that funds may be reallocated into the LMI initiative but no funding shall be reallocated out of the LMI initiative. The minimum investment for LMI initiatives in the Market Development Portfolio over the initial three-year period shall be $234.5 million, this is in addition to the $13 million of NY-Sun activities previously dedicated to LMI activities. The Commission will continue to evaluate deployment of clean energy technology to LMI customers and the associated budget allocations as a component of the CEF reviews.

All funding reallocations between or within Market Development and Innovation & Research shall be captured in quarterly updates to the Budget Accounting and Benefits Chapter of the CEF Investment Plan.

We further require that any initiative NYSERDA elects to end prematurely, shall be communicated to Staff and stakeholders through the filing of a revised Chapter outlining the information supporting such action. Staff will complete a compliance review and acknowledgement, as previously discussed.

In addition, we recognize the need to make adjustments to planned program strategies and activities as the market evolves and as new data suggest. We therefore grant NYSERDA the flexibility to make non-material adjustments and refinements to activities presented in the Chapters, as needed to deliver outcomes and impact. These non-material changes will be reflected in the annual updates to the Investment Plan.

We believe the Chapter Approach to developing the Investment Plan combined with the notifications required for funding reallocations satisfies parties' interest in operating the CEF in a transparent manner.

Repurposing of Funds and Collections

Summary of Proposal

NYSERDA's CEF Proposal requests new program authorization totaling $5.322 billion for the period 2016 - 2025. NYSERDA proposes satisfying this level of program authorization with $3.909 billion in incremental electric collections; repurposing approximately $1.162 billion of projected SBC, EEPS, and RPS program funds and interest earnings;[59] and allocating $250 million of RGGI funds. NYSERDA proposes if uncommitted funds are less than projected, NYSERDA will reduce its program authorization amounts for Market Development and Innovation & Research accordingly. If uncommitted funds exceed projected amounts, NYSERDA requests the Commission authorize these funds for use in the CEF to increase the authorization for Market Development and Innovation & Research.

NYSERDA's proposed ratepayer collections cap and annual collections schedule includes previously authorized collections schedules for legacy programs, including collections schedules that extended beyond 2015, and incremental collections to support CEF activities and the legacy RPS costs that extend beyond 2025.

Comments

Parties' comments related to the overall CEF program authorization and proposal to collect the CEF solely from electric ratepayers have been summarized and addressed elsewhere in this Order. Here we address comments specific to the collection methodology and proposed repurposing of previously authorized funds.

MI comments that large, high load factor customers need relief from surcharges much more expeditiously than proposed, ideally through a larger reduction in annual collections beginning in 2016, and by modifying the collection methodology. MI does not oppose NYSERDA's proposed repurposing of $1.2 billion to offset a portion of future collections, but

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[59] This represents $74M (including $1.7M of interest earnings) from SBC3; $118.4M (including $6.8M of interest earnings) from SBC4; $46.5M from EEPS1; $79.2M (including $3.5M of interest earnings) from EEPS2; and $844.4M (including $10.8M of interest earnings) from RPS.

notes that well over a year’s worth of statewide collections were allowed to accumulate at NYSERDA, unnecessarily without any relief being accorded to over-burdened customers and argues this is not how the CEF should be administered. MI references its June 2, 2014 Petition for Expeditious Relief which calls for a “cap” or “ceiling” on the amount of surcharges that a single customer could be assessed in a given month or year. MI urges the Commission to engage in a deliberate examination of the surcharge design that is equitable to all customers and does not result in disproportionate costs being assigned to any customer class or segment. MI asserts calculating the CEF surcharge on a volumetric basis is inconsistent with basic cost causation principles as the costs of the CEF programs are not incurred on a per kWh basis, nor can customers expect to realize benefits of the programs on a per kWh basis. MI suggests the costs could be allocated to classes on a revenue-neutral basis, such as on the basis of class delivery revenues, or alternatively classified as one-third energy-related, one-third demand-related, and one-third customer-related for cost allocation purposes. In such case, the costs should be recovered on a per kW basis from demand-metered customers and a per kWh basis from non-demand metered customers, consistent with existing rate design.

MI further requests that long-standing exemptions related to NYPA power be maintained to ensure the CEF surcharge does not frustrate the economic development benefits that NYPA allocations are intended to secure for New York State.

MI appreciates the Commission’s approval of the self-direct program concept for the utilities portion of post-2015 energy efficiency programs and encourages the Commission to extend the concept to the CEF.

Advanced Energy Companies disagree with MI’s assertion that there is no connection between CEF programs and volumetric electricity consumption and argues that State policy goals related to renewable energy and energy efficiency are motivated by the fact that traditional electricity use has environmental consequences that affect all New Yorkers and that these impacts are a direct result of, and directly related to, the amount of total electricity use (from non-renewable sources). Therefore Advanced Energy Companies believes investments to mitigate these effects should be supported by a surcharge linked to total electricity consumption.

IPPNY proposes that instead of repurposing funds the state should use the full amount to support large-scale resources currently eligible under the RPS Main Tier and seek additional PSC authorization for funding for other uses under the NY-Sun program proposed by NYSERDA within the overall context of the CEF.

Discussion

As previously discussed, NYSERDA’s proposed cap and collections schedule is responsive to the Commission’s directive in the CEF Initiating Order, resulting in a $1.5 billion reduction in collections over the ten year period, from 2015 levels. Inherent in the proposal is the repurposing of $1.162 billion of previously authorized program funds. With regard to concerns raised regarding the repurposing of funds, specifically the $844.4 million previously authorized to support large scale renewables, as stated previously, we understand parties’ positions but must balance these concerns with our interest in making the best use of available funds. It would not be in ratepayers’ interest to retain existing funds while waiting for the outcome of the LSR Proceeding and at the same time authorize additional incremental collections for the CEF. We therefore approve the reallocation of funds as proposed by NYSERDA. We reject NYSERDA’s proposal that, if uncommitted program funds exceed projections, they shall be used to supplement the proposed Market Development and Innovation & Research portfolios. Rather, we direct NYSERDA to use any excess in uncommitted SBC, EEPS, and RPS program funds available at the end of 2015 and subsequent years to in priority order: 1) provide approximately $10 million to satisfy unfunded RPS cost-recovery fee projected expenses through the first CEF review in 2017;[60] 2) provide additional support for projects through the 2016 RPS Main Tier solicitation should demand exceed the budget established in this order; 3)delay the need to establish or access the NYGB Credit Facility to further minimize costs; or 4)to retain such excess for future ratepayer benefit. We further direct NYSERDA to provide a complete accounting of all uncommitted EM&V, administration, and cost-recovery fee funds for each of the legacy portfolios, and indicate the level of funding and timing of use of such funds to support the legacy programs. This filings shall be made by March 31, 2016.

We reject MI's proposed changes to the collection methodology for the CEF. The issues raised by MI have been reviewed and discussed in previous Commission orders. We find that application of the surcharge to customers on a volumetric basis in proportion to their respective energy usage is appropriate and does not impact high-use customers in an

[60] In a previous order regarding the RPS program, the Commission authorized the use of RPS interest earnings, level of credit forfeitures, and certain uncommitted monies budgeted for administration and evaluation to pay cost recovery fees and explained that the issue would be revisited as needed to fund additional costs. Case 03-E-0188, supra, Order Authorizing Reallocation of Unencumbered Customer-Sited Tier Program Funds Through 2010 and Resolving Other Issues (issued September 19, 2011). Directing the use of up to $10 million in uncommitted funds to satisfy unfunded cost recovery fees will meet existing and future cost recovery fee obligations until the 2017 review without requiring additional collections or reduction in program budgets.

unfairly disproportionate manner. The surcharge is appropriately applied in direct proportion to the amount of energy used because its primary purpose is to reduce the harmful externalities of energy usage. NYSERDA's portfolio transitioning to a greater focus on market transformation initiatives, which ultimately benefits all customers, further supports the continued use of this approach for assessing the surcharge.

We look forward to monitoring the performance of the utilities' self-direct programs recently initiated by the Commission.[61] However, we reject MI's request to extend the self-direct program to the CEF at this time. The CEF's approach to long-term market transformational interventions relies upon the certainty of budget allocations and allowing for self-direct of CEF funds would introduce a level of uncertainty that would be disruptive to its approach and ability to operate effectively. While we appreciate the concerns raised regarding the economic burden placed upon industry and reiterate our collective interest in achieving greater impact with less direct ratepayer contributions, alternatives are not without implications. Therefore, we shall require Staff to work through the CEAC, with participation from industry and other stakeholders, to develop a plan that maximizes energy efficiency and DER deployment in the commercial and industrial sectors through incentives for voluntary investments in clean energy technology that help accelerate and increase achievement of the Clean Energy Standard and SEP goals. This analysis should consider impacts on all customer classes and be informed by the progress of the utilities' self-direct programs as well as opportunities presented through the implementation of the Clean

[61] Case 14-M-0101, supra, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2015).

Energy Standard. To develop this analysis, the CEAC should solicit comments on options for encouraging voluntary investments in clean energy technology. Staff shall file a proposal based on this process by December 1, 2016. As discussed above, if the utility self-direct programs, along with other energy programs, accelerate voluntary clean energy markets to the scale needed to meet SEP goals faster than anticipated, the Commission will consider whether collections can be decreased further or more quickly.

As noted by MI, NYPA exemptions have been in place since each of the existing surcharges were implemented and were instituted for economic development purposes. We shall maintain all current NYPA exemptions for incremental collections approved in this Order.

We establish the collections schedules as detailed in Appendices H-J. In establishing the collections schedules contained herein, we provide the following explanation of treatment of previously authorized collections. Previously authorized electric collection levels for the period 2016 - 2024 remain as previously authorized in total and by year. Previously authorized gas collection levels for the period 2016 – 2018 remain as previously authorized in total however we will adjust these collections by spreading them across five years instead of three years. This adjustment allows us to support the overall collections cap and declining collections schedule, while providing immediate relief in 2016 to electric ratepayers of $47 million and to gas ratepayers of $44 million, as compared to 2015 collection levels. The previously authorized gas collections remain in place to support commitments made through the NYSERDA EEPS2 gas programs during the 2012-2015 program period, and are therefore not affected by our decision to move to an all electric collection methodology to support the CEF's fuel neutral approach.

Consistent with the consolidation of NYSERDA's clean energy activities under the umbrella of the Clean Energy Fund, we take this opportunity to instruct the utilities to eliminate the separate RPS tariff and collect all CEF funds through the SBC tariff, including previously authorized RPS, EEPS, and T&MD collections as well as incremental CEF collections. This also allows the alignment of the timing of annual tariff statement filings across all collections.

The Commission authorizes utilities to recover collections as outlined in Appendices H-J of this Order. Collections shall be recovered from all customer classes, notwithstanding exemptions previously discussed applied at the individual customer level. Each utility affected by this Order shall file, on not less than 15 days' notice, revised tariff statements incorporating the directives contained in this Order, to become effective March 1, 2016. In addition, each utility affected by this Order shall file, on not less than 15 days' notice, tariff amendments incorporating reference to the SBC charge supporting the CEF, to become effective on March 1, 2016.

In previous EEPS Orders, the Commission approved specific activities with associated budgets, to be directed by Staff, to support the proper oversight and implementation of the EEPS1 and EEPS2 programs. These activities included general awareness, statewide outreach, education and marketing, EM&V advisory support, development of evaluation protocols and a statewide database. At this time, we shall authorize a budget of $2.5 million for ongoing evaluation and technical support as required by Staff for the proper oversight and management of activities related to evaluation, measurement & verification, and reporting of energy savings estimates and other benefits, as well as $3 million for ongoing energy-related outreach activities conducted by the Staff. Any remaining funds originally budgeted under EEPS for Staff directed activities shall not be reallocated into the CEF, but rather set aside for potential use in satisfying EEPS1 and 2 shareholder incentive obligations. NYSERDA shall include an accounting of any remaining funds in its uncommitted funds reports filed on March 31, 2016.

Bill-As-You-Go Approach

Summary of Proposal

NYSERDA proposes a different method for receiving funds to support the CEF programs compared to the approach previously taken with the SBC. NYSERDA refers to its proposal as "Bill-As-You-Go" and describes it as a way of minimizing unexpended balances going forward. Currently, SBC funds (supporting EEPS, RPS and T&MD programs) are transferred to NYSERDA from each utility in fixed quarterly amounts based on annual collections approved by the Commission. NYSERDA's proposed Bill-As You-Go approach would have NYSERDA and the electric utilities enter into new funding agreements wherein NYSERDA receives an initial payment equal to 25% of the first year's authorized collection, representing an advance to cover the first three months of expenditures and would then submit reimbursement requests to each utility at the end of each calendar quarter, representing the utility's proportionate share of NYSERDA's total actual expenditures for the quarter. NYSERDA also proposes that surcharge collections from customers not yet transferred to NYSERDA will be held by the utility, which shall employ customary approaches approved by the Commission for the calculation of carrying charges and the segregation and reporting of such funding.

Comments

Eight commenting parties generally support NYSERDA's Bill-As-You-Go proposal as an approach to better match program expenditures with customer collections thereby avoiding the accumulation of large unexpended balances in NYSERDA accounts. AEA requested that any interest-earned through a bill-as-you-go approach be used to support CEF programs. The JU generally support a Bill-As-You Go approach, but recommend that the Commission not authorize NYSERDA's proposal until the utilities and NYSERDA have worked collaboratively to design a methodology that avoids unnecessary collections from customers.

NFG supports the development of a more reasonable funding approach and provides a number of comments both general and specific in response to NYSERDA's proposal. NFG opposes interest earnings on the balance of funds collected but not yet transferred to NYSERDA simply stating that the spending rate is outside of the utilities' control. The remainder of NFG's comments fall beyond the changes being proposed or are already encompassed in current practice including a reiteration of current requirements and practices, funding agreements, fixed dates and amounts, and reconciliations of previous cycles before new surcharges are established for the CEF. NFG also advocates for a strict application of geographic and customer class equity-issues that have been discussed and accounted for in EEPS and will not be considered further here.[62] NFG's comments to exclude encumbrances from transfers and utility flexibility to reduce collection rates and refund unused balances are addressed below. Also, due to our acceptance of NYSERDA's proposal to collect the entirety of the CEF surcharge from electric

[62] Cases 10-M-0457 et al., In the Matter of the System Benefits Charge IV, Order Continuing Systems Benefits Charge Funded Programs (issued December 30, 2010).

customers, NFG's customers will not be subject to the CEF collection beyond the residual EEPS2 gas collections.

Discussion

The Commission previously attempted to minimize the accumulation of cash balances at NYSERDA by altering collections schedules based on NYSERDA's cash balance on hand and the amount of incremental budgets being approved.[63] However, the Commission determined that more controls were needed to address this situation and, the order initiating the CEF Proceeding, directed NYSERDA to explore the Bill-As-You Go alternative to better match collections with expenditures and avoid the future build-up of significant cash balances in NYSERDA accounts.

NYSERDA's proposed collection schedule recognizes the relationship between program authorization and the timing of collections, as evidenced by Table 10: CEF Proposal Cash Flow, page 177 and attempts to better align collections with anticipated expenditures.

We find NYSERDA's Bill-As-You-Go proposal a reasonable approach to further ameliorate concerns regarding the accumulation of excess customer collections at NYSERDA. The Bill-As-You-Go policy is adopted with the following revisions and clarifications. As proposed, NYSERDA asks to receive an initial payment equal to 25% of the first year's authorized collection representing three months of expenditures. We find this unnecessary since NYSERDA reports currently having

[63] Cases 07-M-0548 et al., supra, Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule at pages 2 and 6 (issued October 25, 2011); Cases 10-M-0457 et al., supra, Order Continuing Systems Benefits Charge Funded Programs at pages 2-3 (issued December 30, 2010).

significant cash on hand to fund the initial expenditures.[64] To facilitate a transition to the Bill-As-You-Go approach and immediate reductions in NYSERDA’s cash balance, we direct the utilities to hold all collections for previously authorized NYSERDA programs in their accounts to satisfy future bills from NYSERDA under the Bill-As-You-Go approach, rather than making any further transfers contemplated by current funding agreements.[65] We direct NYSERDA to utilize their cash balance to satisfy expenditures beginning January 1, 2016 for both previously authorized programs and incremental CEF activities. NYSERDA shall spend down its cash balance to a level representing an appropriate working capital amount, approximately 2 months of expenditures, before initiating billing under the Bill-As-You-Go approach. At such time, NYSERDA shall initiate monthly reimbursement requests to each utility representing its proportionate share of NYSERDA’s total expenditures, subject to the maximum authorized on an annual basis. This provides utilities the ability to collect the funds prior to the transfer to NYSERDA. The details as to the timing of submission and payment we leave to be worked out between NYSERDA and the utilities, in consultation with Staff. We will also allow the details of any other requirements, such as documentation of the spend down of the cash-balance and ongoing reporting and reconciliations, to be developed by NYSERDA and the utilities, in cooperation with Staff, and filed with the Secretary by March 31, 2016. These requirements shall be

[64] NYSERDA’s CEF proposal includes an estimate of its cash balance as of December 31, 2015 of $779.6 million. Table 10:CEF Proposal Cash Flow, page 177.

[65] As detailed in funding agreements between NYSERDA and the utilities, RPS transfer scheduled to occur January 30, 2016; EEPS/SBC/T&MD transfer scheduled to occur March 31, 2016.

reflected in funding agreements between NYSERDA and each of the utilities by April 30, 2016.

Regarding NFG's request that commitments and encumbrances be excluded from NYSERDA's funding request, as NYSERDA's Bill-As-You-Go proposal is based on actual expenditures it does not include commitment and encumbrances. Given the unique nature of the Credit Facility being established for the New York Green Bank, we direct NYSERDA and the utilities to include within the funding agreement the definition of expenditures as it relates to each of the CEF portfolios.

The result of adopting the Bill-As-You-Go approach will result in an ongoing long term or year-to-year deferred balance on the utilities books. Based on the long-held Commission practice, we will allow carrying charges to be applied to these types of authorized deferrals using the Other Customer Provided Capital Rate. This treatment is similar to the treatment of deferred balances held for the utility-run EEPS programs. Interest earnings shall be segregated on the books of the utility for the benefit of the ratepayer. While we appreciate the concern raised by NFG of large cash balances accumulating at the utility cash accounts in the event NYSERDA is unable to expend funding at the anticipated program speed, we reject NFG's proposal to provide flexibility to the utilities to reduce the collection rate assessed to customers or refund the unused cash balance to customers, at this time. Instead, we direct Staff to monitor the status and performance of the Bill-As-You-Go approach and we shall consider any necessary modifications to the approach as well as the disposition of the accumulated interest earnings as a component of our planned 2017 review.

Multiple Intervenors' Request for Surcharge Relief

Summary of Proposal

In its Petition, MI states the costs of SBC, EEPS, and RPS volumetric surcharges have significantly increased in recent years. MI asserts the volumetric surcharge collection mechanism disproportionally impacts large customers and argues it is inequitable to collect surcharges on a kWh basis because the costs associated with these programs are not incurred on a kWh basis, rendering the surcharge inconsistent with basic cost causation principles. MI offers examples of how the existing surcharge mechanism can be modified to reduce collections. MI projects NYSERDA to have a cash balance of almost $700 million in unspent EEPS, RPS, and T&MD (SBC IV) funds available as of March 2015, which MI states the Commission could use to immediately reduce collections without impacting current programs. Alternatively, MI states the Commission could modify the current recovery structure so that EEPS, RPS, and SBC surcharges are no longer recovered solely on a kWh basis or implement a cap on the amount of existing surcharges that a single customer can be assigned in a given month or year.

Comments

The Business Council of New York State and the Manufacturers Alliance of New York support MI's petition.

Pace Energy and Climate Center (Pace) and the Alliance for Clean Energy (ACE) oppose MI's petition as untimely, not substantive and a waste of Commission resources. Pace/ACE state that as an active party in the proceeding, MI has made these points previously and is unnecessarily creating a false sense of emergency by requesting immediate relief particularly when other options are available. PACE/ACE further state that volumetric charges imbedded in the existing charges are meant to discourage energy usage and provide incentive for customers to undertake energy efficiency measures. Pace/ACE conclude by stating their disagreement with MI's position that high-load factor customers should obtain relief because these existing surcharges support the successful programs in New York which contribute to lowering New York ratepayers electric bills.

New York State Electric and Gas and Rochester Gas and Electric (NYSEG/RG&E) remind MI that the focus of EEPS has been the reduction of energy, rather than reducing demand. The companies further explain that the metric used to ascribe utility targets in EEPS has been MWhs and not MWs and that refocusing the program on demand savings should be undertaken carefully with much discussion. NYSEG/RG&E also state that their billing systems are designed to charge customers on a kWh basis and modifying the basis would take several months to achieve. They also state that placing a cap on its commercial and industrial customers would place an administrative burden on its billing system.

Consolidated Edison acknowledges that NYSERDA has not expended all the funds collected for the existing surcharges and recommends that the Commission's "bill-as-you-go/pay-as-you-go" model be deployed to fund ongoing NYSERDA programs. This would act to return unencumbered funds to the utility if not needed by NYSERDA. Furthermore, it recommends that any changes to the collection of existing surcharges be accomplished through an open and transparent process in the Clean Energy Fund proceeding rather than adopting MI's proposal which according to Consolidated Edison would result in confusion for utilities and customers. More specifically, it states that the MI cap proposal would be unnecessarily complex and costly to implement and result in smaller customers funding more of the existing surcharges than larger customers, regardless of the customer load-factor.

Discussion

We deny MI's request to use NYSERDA's existing cash balance to immediately reduce collections and its request to modify the collection methodology used in calculating the surcharge. We find the Bill-As-You-Go approach and collection schedules authorized herein will: 1) prevent the build-up of large cash balances in NYSERDA accounts, 2) result in the dramatic reduction of NYSERDA's cash balances within three years, and 3) result in a $91 million reduction in total ratepayer collections in 2016, as compared to 2015 levels. As discussed elsewhere in this order, we find that application of the surcharge to customers on a volumetric basis in proportion to their respective energy usage is appropriate and does not impact high-use customers in an unfairly disproportionate manner. The surcharge is appropriately applied in direct proportion to the amount of energy used because its primary purpose is to reduce the harmful externalities of energy usage.

CEF Administrative & Evaluation Costs

Summary of Proposal

NYSERDA proposes the CEF administrative budget be set in the same manner adopted for the current EEPS and T&MD portfolios, which authorized 8% of total funds to be allocated to administrative costs, including direct and indirect costs for NYSERDA staff salaries, fringe benefits, and other operating expenses. Additionally, NYSERDA is requesting authorization to fund the CEF's share of NYSERDA's Cost Recovery Fee (CRF) assessed by the Director of the Division of the Budget per section 2975 of Public Authorities Law, which is allocated as an overhead cost across NYSERDA's program activities in proportion to its total annual expenses. NYSERDA reports that over the past three fiscal years, the CRF assessment has averaged 2.2% of NYSERDA's annual expenses but future CRF costs will ultimately be dependent on the annual amount assessed to NYSERDA and the annual CEF expenses as a percentage of total expenses.

NYSERDA recommends a set budget line approach to funding program evaluation rather than the past practice of allocating 5% of total authorized funds. NYSERDA states this is based, in part, on its proposed evolution of relatively intense and costly project-based measurement and verification and net-to-gross evaluation activities within multiple programs, towards a higher-level market based evaluation of impacts which may cut across multiple interventions within a market or sector and result in some economies.

Comments

Only one comment was received explicitly addressing the proposed administrative or evaluation costs associated with the CEF, notwithstanding comments received specifically on NYGB administrative costs discussed previously. NYISO states the proposed 2016 evaluation budget of $15 million is comparable to the 2015 EEPS evaluation budget and it believes this to be appropriate. NYISO also agrees that it is appropriate to reassess the evaluation budget periodically.

Discussion

NYSERDA's proposal lacks clarity regarding the different treatment of administrative, cost recovery fee, and evaluation costs across the four distinct CEF portfolios (Market Development, Innovation & Research, NY-Sun, and NYGB).[66] With regard to the Market Development and Innovation and Research, we continue the level of administrative support historically provided under the EEPS and T&MD programs and authorize 8% of

[66] The Commission has previously addressed this topic for the NY-Sun and NYGB portfolios. See Case 03-E-0188, supra, Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs (issued April 14, 2014); Case 13-M-0412, supra, Order Establishing New York Green Bank and Providing Initial Capitalization (issued December 19, 2013).

the total budgets for these two CEF portfolios for administrative costs. We also authorize the proposed line item budgets for evaluation of $102.6 million for Market Development and $27.6 million for Innovation and Research, over the ten year period. Evaluation budgets shall be built progressively through the Chapter approach described herein and shall be revisited as needed in future Commission reviews.

We authorize the use of CEF funds to cover the CEF's share of NYSERDA's Cost Recovery Fee assessed by the Director of the Division of the Budget per section 2975 of Public Authorities Law. While we understand this to have averaged 2.2% of annual expenditures in the past three year, it is not possible to estimate this cost with certainty at this time. Costs in excess of the 2.2% CRF or line item evaluation budgets shall come from the program authorizations outlined in this order and shall not be in addition to. In the event costs are less than the 2.2% CRF or the line item evaluation budgets the difference shall be used to support program activities. To the extent that initiative or program expenditures extend beyond the program period, NYSERDA shall have a fiscal plan that ensures adequate funds are retained to support administrative, CRF and evaluation costs during the lag or "tail" period.

The specific treatment of these costs for each of the four portfolios is detailed in the Program Authorization Appendix E of this Order.

SEQRA FINDINGS

On October 24, 2014, the Commission issued the Draft Generic Environmental Impact Statement relating to REV and the CF for comment. Fifteen comments were received, and on February 6, 2015 the Commission adopted the Final Generic Environmental Impact Statement. In accordance with the State

Environmental Quality Review Act, a Findings Statement prepared by the Commission as lead agency in this action is attached to this Order as Appendix K.

The Commission orders:

1. The Clean Energy Fund (CEF) is approved as a ten year, $5.322 billion commitment to clean energy programs in New York State to be managed by the New York State Energy Research and Development Authority (NYSERDA) under the Commission’s supervision.

2. The CEF shall be designed and managed to meet four primary objectives: 1) greenhouse gas (GHG) emission reductions, as measured in tons of CO_2e reduced; 2) Affordability, as measured by reductions in customer energy bills; 3) Statewide penetration and scale of energy efficiency and clean energy generation, as measured by the total increase in energy efficiency savings and renewable energy generation (MWh, MMBtu); and 4) Growth in the State’s clean energy economy, as measured by private investment in clean energy technologies and solutions. The CEF shall be subject to the following 10 year minimum goals, measured as cumulative annual benefits: 10.6 million MWh and 13.4 million MMBtu of energy efficiency; and the following 10 year minimum goals, measured as lifetime benefits: 88 million MWh of renewable energy; 133 million tons of CO_2e reduction; $39 billion in customer bill savings; and $29 billion in private investment.

3. The CEF shall consist of four portfolios: Market Development; Innovation & Research; NY-Sun; and New York Green Bank (NYGB). Funds allocated to the CEF shall be divided between these portfolios as described in Appendix E.

4. The eligibility of initiatives for support by the CEF shall be determined in accordance with the requirements in the body of this Order.

5. NYSERDA is authorized to reallocate $1.162 billion in projected System Benefits Charge (SBC), Energy Efficiency Portfolio Standard (EEPS), and Renewable Portfolio Standard (RPS) funds and interest earnings to the CEF, as discussed in the body of this Order.

6. NYSERDA is authorized to allocate $3.9 billion in incremental collections from electric ratepayers to the CEF.

7. Central Hudson Gas & Electric Corporation (Central Hudson), Consolidated Edison Company of New York, Inc. (Con Edison), KeySpan Gas East Corporation (KEDLI), The Brooklyn Union Gas Company (KEDNY), National Fuel Gas Distribution Corporation (NFG), New York State Electric & Gas Corporation (NYSEG), Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), Orange and Rockland Utilities, Inc. (O&R), and Rochester Gas and Electric Corporation (RG&E) (collectively, the utilities) shall collect surcharges to support the CEF consistent with the collections schedules in Appendices H-J. These collections reflect previously authorized collections and incremental collections, with previously authorized gas collections spread out over five years rather than three years.

8. NYSERDA shall receive CEF collections from the utilities on a monthly Bill-As-You-Go basis, as described in the body of this Order. NYSERDA and the utilities, in consultation with Staff, shall develop the details as to the method and timing of submission and payment and shall file these details including any reporting and reconciliation requirements no later than March 31, 2016.

9. NYSERDA and the utilities shall enter into funding agreements to effectuate the Bill-As-You-Go approach, as described in the body of this Order, by April 30, 2016.

10. Utilities shall hold all collections for previously authorized NYSERDA programs in their accounts to satisfy future bills from NYSERDA under the Bill-As-You-Go approach, rather than making any further transfers contemplated by current funding agreements, as of the date of this Order.

11. NYSERDA is permitted to reallocate a limited amount of money between the Market Development and Innovation & Research portfolios and between initiatives within those portfolios, as described in the body of this Order.

12. NYSERDA must invest at least $234.5 million of Market Development funds in Low-to-Moderate Income (LMI) initiatives over the initial three year period.

13. NYSERDA is authorized to spend up to 8% of the Market Development and Innovation & Research funding allocations on administrative costs associated with those portfolios.

14. NYSERDA is authorized to use funds allocated to the Market Development and Innovation & Research portfolios to pay cost recovery fee costs under Public Authorities Law §2975 associated with those portfolios.

15. NYSERDA is authorized to spend up to $130.2 million of the Market Development and Innovation & Research funding allocations on evaluation costs associated with those portfolios.

16. NYSERDA is authorized to establish a NYGB Credit Facility after making a filing demonstrating the anticipated need for such a facility, as described in the body of this Order.

17. NYSERDA shall use any excess in uncommitted SBC, EEPS, and RPS program funds available at the end of 2015 and

subsequent years to in priority order: 1) provide $10 million to satisfy unfunded RPS cost-recovery fee projected expenses through the first CEF review in 2017; 2) provide additional support for projects through the 2016 RPS Main Tier solicitation should demand exceed the budget established in this order; 3)delay the need to establish or access the NYGB Credit Facility to further minimize costs; or 4)to retain such excess for future ratepayer benefit.

18. NYSERDA shall provide a complete accounting of all uncommitted EM&V, administration, and cost-recovery fee funds for the SBC, EEPS and T&MD portfolios, and indicate the level of funding and timing of use of such funds to support the legacy programs. This filing shall be made by March 31, 2016.

19. In previous EEPS Orders, the Commission approved specific activities with associated budgets, to be directed by Staff, to support the proper oversight and implementation of the EEPS1 and EEPS2 programs. Remaining funds in these budgets shall be used to create a budget of $2.5 million for ongoing evaluation and technical support as required by Staff for the proper oversight and management of activities related to evaluation, measurement & verification, and reporting of energy savings estimates and other benefits and $3 million for ongoing energy-related outreach activities conducted by Staff. Any remaining funds originally budgeted under EEPS for Staff directed activities shall be set aside for potential use in satisfying EEPS shareholder incentive obligations. NYSERDA shall include an accounting of any remaining funds in its uncommitted funds reports filed on March 31, 2016.

20. NYSERDA is authorized to operate the CEF on a fuel neutral basis, as discussed in the body of this Order.

21. Notwithstanding the rejection of NYSERDA’s request for authorization to operate the CEF on a statewide basis,

NYSERDA shall continue to operate EmPower New York in KEDLI territory during 2016. NYSERDA and KEDLI shall pursue alternative approaches for 2017 and beyond and propose such alternatives in a subsequent filing to the Commission.

22. The utilities shall file a proposal for a New York Power Authority (NYPA) CEF opt-in tariff, consistent with the discussion in the body of this Order and informed by input from NYSERDA and other interested stakeholders, no later than June 30, 2016.

23. NYSERDA shall allocate $150 million from the CEF to a 2016 RPS Main Tier solicitation, as discussed in the body of this Order.

24. A Clean Energy Advisory Council (CEAC), as described in the body of this Order, shall be established. The CEAC shall conduct its first meeting within 60 days of the date of this Order.

25. The CEAC shall develop and file a structure consistent with the body of this Order, which shall be documented in a charter for the CEAC filed in the CEF and Utility Energy Efficiency (EE) proceedings by June 15, 2016. The CEAC shall file regular written updates on its progress. The CEAC shall develop a work plan on an annual basis identifying the key areas of focus, priorities among such areas, and any corresponding work products with associated timelines. The initial CEAC work plan shall be filed on August 1, 2016.

26. Staff shall issue guidance, in consultation with the CEAC, regarding multiple incentives, as discussed in the body of this Order, by October 3, 2016.

27. Staff shall issue Evaluation Guidelines, in consultation with the CEAC, as discussed in the body of this Order, by November 1, 2016.

28. Staff shall file a proposal for encouraging voluntary investments in clean energy technology, as discussed in the body of this Order, by December 1, 2016.

29. Staff, NYSERDA and the utilities shall identify an orderly transition from the E2 Working Group to the CEAC, as discussed in the body of this Order.

30. NYSERDA is directed to file the Resource Acquisition (RA) Transition Chapter and accompanying Budget and Benefits Accounting Chapter by February 16, 2016, meeting the specifications described in the body of this Order.

31. NYSERDA is directed to file the Market Characterization and Design Chapter and accompanying Budget and Benefits Accounting Chapter by April 1, 2016, meeting the specifications described in the body of this Order.

32. NYSERDA is directed to file Later Chapters, which, consistent with the discussion in the body of this Order, shall represent the new initiatives to be undertaken in the Market Development and Innovation & Research Portfolios, as they are developed. Later Chapters shall include: a LMI Chapter; an Energy-Related Environmental Research Chapter; and multiple Individual Market Transformation Intervention (MT Intervention) Chapters within the Market Development and Innovation and Research portfolios. Each Later Chapter filing shall include an updated Budget and Benefits Accounting Chapter as described in the body of this Order.

33. Staff is directed to complete a compliance review of the Chapters in relation to the requirements established in this Order within 30 days of submission. Upon written acknowledgement from the Director of the Office of Clean Energy as to each Chapter’s compliance, NYSERDA will gain access to the budget detailed in the compliant Chapter and is authorized to begin activities identified in the Chapter. In the event of

non-compliance, Staff shall identify the areas of non-compliance and NYSERDA shall resubmit the relevant Chapter addressing the areas identified within 30 days. Staff shall complete its compliance review and acknowledgement of the RA Transition Chapter and accompanying Budget and Benefits Accounting Chapter, no later than February 29, 2016.

34. NYSERDA shall file an updated NY-Sun Operating Plan by May 1, 2016. This update shall reflect the funding authorized in this Order, incorporate any previous addendums, and update other information pertinent to the operation of the program.

35. NYSERDA shall file an updated NYGB Metrics, Evaluation, and Reporting Plan within 30 days of the date of this Order, which shall include first year energy savings, in addition to lifetime energy savings, in all Transaction Profiles and Quarterly Reports.

36. NYSERDA, in consultation with Staff, shall review the NYGB Metrics, Evaluation and Reporting Plan to determine if other revisions are needed to properly track and assess NYGB progress on an ongoing basis. This review shall include input from stakeholders. NYSERDA is directed to file a revised NYGB Metrics, Evaluation and Reporting Plan reflecting concurrent with its Business Plan filing on June 19, 2016.

37. NYSERDA shall submit quarterly reports on the Market Development and Innovation & Research Portfolios, as discussed in the body of this Order.

38. NYSERDA shall file NY-Sun quarterly and annual reports as described in Appendix D.

39. NYSERDA shall provide an initial progress report to the Commission on the status of the CEF in the fourth quarter of 2016.

40. NYSERDA shall provide annual briefings to the Commissioners on the status of the CEF.

41. NYSERDA shall file a compiled Annual Investment Plan & Progress Report (IPPR), as described in the body of this Order, by May 1, 2017 and every year thereafter.

42. NYSERDA shall file an Annual CEF Metrics and Financial Report, as described in this Order.

43. The IPPR and Annual CEF Metrics and Financial Report will be presented for public comment and review by the Commission in 2017, 2020 and 2023.

44. NYSERDA shall file a CEF Reporting Plan, consistent with the body of this Order, no later than September 1, 2016.

45. The Commission directs each utility affected by this Order to file, on not less than 15 days’ notice, revised tariff statements incorporating the directives contained in this Order, to become effective March 1, 2016.

46. The Commission directs each utility affected by this Order to file, on not less than 15 days’ notice, tariff amendments incorporating reference to the SBC charge supporting the CEF, and previously authorized RPS collections, to become effective on March 1, 2016.

47. The Commission directs each utility affected by this Order to file, on not less than 15 days’ notice, tariff amendments eliminating the RPS tariff, to become effective on March 1, 2016.

48. The Commission directs National Grid to file, on not less than 15 days’ notice, tariff amendments eliminating the SBC opt-in and providing grandfathering for customers already opted-in as described in the Order, to become effective on March 1, 2016.

49. The requirements of §66(12)(b) of the Public Service Law concerning newspaper publication of the tariff

amendments described in Ordering Clause No. 46, 47 and 48 are waived.

50. 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 one day prior to the affected deadline.

51. These proceedings are continued.

By the Commission,

(SIGNED) KATHLEEN H. BURGESS
Secretary

APPENDIX A: CLEAN ENERGY FUND INFORMATION SUPPLEMENT LIST OF COMMENTERS

American Association of Retired Persons (AARP)/Public Utility Law Project (PULP)
Advanced Energy Companies, collectively Advanced Energy Economy Institute (AEEI)/Alliance for Clean Energy NY (ACE) / New England Clean Energy Council (NECEC)
Alliance for a Green Economy (AGREE)
American Council of Engineering Companies of NY (ACORE)
Association for Energy Affordability (AEA)
Bishop, William
Bloom Energy
Bronner, Kevin
Building Efficiency Resources
Cann, Ross
Carbon Tax Center
ChargePoint
Citizens Climate Lobby
Citizens Climate Lobby Long Island
Citizens Climate Lobby Rochester
Citizens Environmental Coalition (CE Coalition)
City of Albany
City of New York (City)
Clean Energy Organization Collaborative (CEOC)
Clearwater
Consumer Power Advocates
Cornell University College of Agriculture and Life Sciences
Cornell University PRO DAIRY Program
Distributed Wind Energy (DWEA)
Doosan Fuel Cell America
Efficiency First New York
Energy and Resources Solutions, Inc (ERS)
Energy Committee Sierra Club NY Atlantic Chapter
Energy Democracy Alliance (EDA)
Energy Efficiency for All (EE4All)
Energy Technology Savings (ETS)
EnSave
EOS Energy Storage
Fuel Cell and Hydrogen Energy Association (FCHEA)
Hirschfield, Herbert , PE
Independent Power Producers of NY (IPPNY)
Joint Utilities (JU)
Long Island Geothermal Energy Organization (NY-GEO-LI)
Multiple Intervenors (MI)
Nation Fuel Cell Research Center (NFCRC)
National Association of Energy Services Corporation
National Fuel Gas Distribution (NFG)
Natural Resource Defense Council (NRDC)
New England Clean Energy Council (NECEC)

New York Battery and Energy Storage Technology Consortium (NY-BEST)
New York Bioenergy Association
New York Cow Power Coalition
New York Farm Bureau
New York Geothermal Energy Organization (NY-GEO)
New York Oil Heating Association (NYOHA) and Oil Heat Institute of Long Island (OHILI)
New York Power Authority (NYPA)
New York State Attorney General Environmental Protection Bureau
New York State Energy Research & Development Authority (NYSERDA)
New York State Independent System Operator, Inc. (NYISO)
Noble Environmental Power
Northeast Clean Heat and Power Initiative (NECHPI)
Northeast Energy Efficiency Partnership (NEEP)
Nucor Steel
Otego Microgrid Rate Payers
PosiGen
Public Utility Law Project (PULP)
Quart, Daniel (NYS Assembly)
Sealed Inc
Solar Energy Industries Association (SEIA)
Solar One
Sustainable Otsego
The Nature Conservancy
University Delaware SI on Offshore Wind
Utility Intervenors Unit (NYS Dept. of State)
Young, Catherine (NYS Senate)

APPENDIX B: MULTIPLE INTERVENORS PETITION FOR EXPEDITIOUS RELIEF FROM EXISTING SURCHARGES LIST OF COMMENTERS

The Business Council of New York State
Con Edison Company of New York and Orange and Rockland Utilities
The Manufacturers Alliance of New York State
National Grid (Niagara Mohawk Power Corporation)
New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation
Pace Energy and Climate Center (PACE) and Alliance for Clean Energy New York (ACE)
Solar Energy Industries Association (SEIA)

APPENDIX C: NYSERDA PROPOSED ELIGIBILITY CRITERIA 7/31/2015 LETTER

NEW YORK STATE OF OPPORTUNITY. | NYSERDA

ANDREW M. CUOMO
Governor

RICHARD L. KAUFFMAN
Chair

JOHN B. RHODES
President and CEO

July 31, 2015

BY ELECTRONIC MAIL

Hon. Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 14-M-0094 - Proceeding on Motion of the Commission to Consider a Clean Energy Fund; Cases 10-M-0457; 07-M-0548; 03-E-0188; 14-M-0101

Dear Secretary:

By letter filed on July 9, 2015, the New York State Energy Research and Development Authority (NYSERDA) proposed to further supplement the record in the above-referenced proceeding by submitting the investment eligibility criteria that NYSERDA believes should apply to the four portfolios of the CEF -- Market Development, Innovation and Research, NY Green Bank and NY-Sun. NYSERDA provides below background information, proposed operative terminology and proposed eligibility criteria.

Introduction

As noted in the Order Commencing Proceeding and as stated in the Clean Energy Fund (CEF) Information Supplement, the intent of the CEF is to transition NYSERDA's clean energy program activities from the current portfolio of programs administered through the Energy Efficiency Portfolio Standard (EEPS), Renewable Portfolio Standard (RPS) and System Benefits Charge/Technology and Market Development (SBC), to new activities that will advance and support at-scale market development for clean energy, and the overall objectives of the statewide Reforming the Energy Vision (REV) strategy. Given this transition, NYSERDA proposes the following terminology and eligibility criteria be considered by the Commission for NYSERDA's future use in guiding CEF investments. In the meantime, NYSERDA will continue to follow prior Commission orders and direction provided through the EEPS, RPS, and SBC proceedings.

NYSERDA proposes that these terminology and criteria apply to all four NYSERDA portfolios proposed for the CEF, namely Market Development, Innovation and Research, NY Green Bank, and NY-Sun. NYSERDA further proposes that these criteria will serve as a primary threshold to inform the direction of the Market

Development and Innovation and Research Investment Plans, the NY Green Bank business plans and NY-Sun operating plans.

As proposed in NYSERDA's CEF Information Supplement filed on June 25, 2015 (CEF Supplement), CEF investments deemed eligible in accordance with the terminology and eligibility criteria proposed below would be made through various mechanisms and strategies, including:

- incentives to support specific projects or technologies;
- the NY Green Bank financing structures;
- market transformation and market-enabling strategies such as technical assistance or analytical tool and process development; and/or
- market research, environmental research and other studies that will identify strategic opportunities to help optimize portfolio investments.

Once an investment is deemed eligible pursuant to the proposed eligibility criteria, additional initiative-level and project-level considerations for investment would be assessed based on the merit of the investment to advance the long-range outcomes of the CEF. These further considerations would be driven by metrics and assessments of outputs that would be used as measurements of advancing those long-range outcomes. As proposed in the CEF Supplement, such investment consideration will be detailed on an initiative-level basis in each of the annual portfolios' respective investment plans, business plans or operating plans, along with the metrics for performance.

Proposed Terminology

Clean Energy: CEF investments in clean energy will be guided by two previously-established policy parameters: (i) the Final Generic Environmental Impact Statement (FGEIS), and (ii) the 2015 New York State Energy Plan, which identified the CEF as one pillar of the statewide Reforming the Energy Vision strategy that advances a clean, resilient, and affordable energy system for all New Yorkers.

Based on these established policies, NYSERDA proposes that the CEF will only pursue investments that are in "clean energy" – that is, those that include any energy-related technology, strategy or solution that New York State may use to advance at least one of the State's Clean Energy Goals as defined in the 2015 New York State Energy Plan: (1) reduction of energy sector greenhouse gas emissions, (2) an increase in renewable energy generation capacity, or (3) an increase in energy efficiency. Such energy-related technologies, strategies or solutions may include, but are not necessarily limited to, large-scale and on-site renewable energy sources (e.g., hydro, solar, wind and other carbon-free solutions), energy efficiency, energy storage, smart grid, demand response, distributed generation, renewable thermal and other low carbon technologies (which include combined heat and power and co-generation).

Energy Efficiency: Energy efficiency strategies or activities are those that demonstrate energy savings either the site of energy consumption (that is, "end-use efficiency"), at the source of the energy generation (that is, avoided generation or fuel combustion due to on-site energy options), or that serve to improve overall system efficiency and reliability (that is, improve the transmission or delivery of energy).

Large-Scale Renewables (LSR): As a Main Tier solicitation is proposed for 2016, it is recommended that the eligibility criteria for Renewable Portfolio Standard-eligible renewables remain intact for all CEF portfolios investing in these technologies unless and until the eligibility criteria is otherwise defined or determined through the LSR proceeding, at which point those technologies and strategies that will facilitate the development of LSR will be eligible across all CEF portfolios, namely Market Development, Innovation and Research, NY Green Bank, and NY-Sun.

Proposed Eligibility Criteria

CEF portfolio investments may be made to support clean energy, as defined above, that (i) advance market transformation, deployment, or technological innovation, and (ii) advance at least one of the State's Clean Energy Goals as defined in the 2015 New York State Energy Plan – which are reduction of energy sector greenhouse gas emissions, an increase in renewable energy generation capacity, and an increase in energy efficiency.

NYSERDA looks forward to the Parties' comments on this proposal and the CEF Information Supplement. Please contact me at 518.862.1090, ext. 3366 or peter.keane@nyserda.ny.gov if you have any questions. Thank you.

Sincerely:

Peter Keane
Deputy General Counsel
NYSERDA
17 Columbia Circle
Albany, New York 12203-6399
518.862.1090, ext. 3366
peter.keane@nyserda.ny.gov

APPENDIX D: CEF RELATED REPORTING REQUIREMENTS

Program*	Report	Frequency	Due Dates
Clean Energy Fund	CEF Metrics and Financial Report, as part of IPPR	Annually	May 1**
Market Development & Innovation and Research	Investment Plan & Performance Report (IPPR)	Annually	May 1**
Market Development & Innovation and Research	Market Development & Innovation and Research Progress Report	Quarterly	45 days post quarter’s end
NY Green Bank	Quarterly Metric, Reporting & Evaluation Report	Quarterly	45 days post quarter’s end
	Business Plan	Annually	June 19
NY-Sun	Annual Report(as a component of RPS Annual Report)	Annually	April 1 - for year ended 12/31
	Financial & Progress Reports	Quarterly	45 days post quarter's end
EEPS 1 **EEPS 2** **SBC** **T&MD** **RPS**	Uncommitted Funds Report(s)	Annually	March 31-for year ended 12/31

*   Represents only CEF-related reports, and does not include other EEPS, SBC, T&MD, or RPS reports that will continue as required by the Commission until funds are fully expended.

** Starting 2017.

APPENDIX E: CLEAN ENERGY FUND TOTAL PROGRAM AUTHORIZATION

		2016-2025
Market Development and Innovation & Research		
Administration (1)	$	274,400,000
Evaluation	$	130,200,000
Market Development Program and CRF	$	2,393,728,000
Innovation and Research Program and CRF	$	631,672,000
Total Program Authorization (1)	$	3,430,000,000
New York Green Bank (2)		
Program	$	631,500,000
2015 Allocation (2)	$	150,000,000
Total Program Authorization	$	781,500,000
NY-Sun (3)		
Program	$	900,144,000
Administration	$	38,706,000
Evaluation	$	2,500,000
Cost Recovery Fee	$	19,250,000
Total Program Authorization	$	960,600,000
2016 Main Tier		
Program	$	150,000,000
Total Program Authorizations	$	5,322,100,000

(1)Total Program Authorization of $3.430 billion is inclusive of $250 million of RGGI funds pledged by NYSERDA to the CEF. Administration of $274.4 million is inclusive of $20 million of RGGI funds, resulting in ratepayer supported administrative funding of $254.4 million.

(2) In its Order Establishing New York Green Bank (NYGB) and Providing Initial Capitalization, issued December 19, 2013, the Commission authorized $165.6 million, including $13.248 million for Administration and CRF and $4 million for Evaluation. In 2013, NYSERDA contributed $52.9 million of RGGI funds to NYGB. In its Order Providing Additional Capitalization with Modifications, issued July 17, 2015, the Commission authorized additional capitalization of $150 million for NYGB. Capitalizations from all sources total $1 billion.

(3) In its Order Authorizing Funding and Implementation of the Solar Photovoltaic MW Block Programs, issued April 24, 2014 the Commission authorized $960.6 million for NY-Sun, but did not establish a collections schedule at that time. Inclusive in the Total Program Authorization of $960.6 million is $60 million allocated to NY-Sun from RPS Main Tier pursuant to the letter filed by NYSERDA on September, 29, 2015.

APPENDIX F: MARKET DEVELOPMENT AND INNOVATION & RESEARCH PROGRAM AND COST RECOVERY FEE AUTHORIZATIONS

Year	**Market Development**	**Innovation & Research**
2016	$ 315,472,000	$ 58,688,000
2017	$ 263,144,000	$ 65,096,000
2018	$ 233,784,000	$ 65,096,000
2019	$ 225,904,000	$ 63,256,000
2020	$ 225,904,000	$ 63,256,000
2021	$ 225,904,000	$ 63,256,000
2022	$ 225,904,000	$ 63,256,000
2023	$ 225,904,000	$ 63,256,000
2024	$ 225,904,000	$ 63,256,000
2025	$ 225,904,000	$ 63,256,000
Total Program and CRF	**$ 2,393,728,000***	**$ 631,672,000**

*Inclusive of $230,000,000 of RGGI funds.

APPENDIX G: ANNUAL NEW YORK GREEN BANK COLLECTION SCHEDULE

YEAR	COLLECTION
2016	$ 30,000,000
2017	$ 30,000,000
2018	$ 30,000,000
2019	$ 30,000,000
2020	$ 30,000,000
2021	$ 30,000,000
2022	$ 112,875,000
2023	$ 112,875,000
2024	$ 112,875,000
2025	$ 112,875,000
Total Collections	**$ 631,500,000**

APPENDIX H: ANNUAL CEF COLLECTIONS - PREVIOUSLY AUTHORIZED & INCREMENTAL CEF COLLECTIONS

	Previously Authorized Gas Collections	Previously Authorized Electric Collections	Incremental Electric Collections	Total Collections
2016	$ 45,600,000	$ 469,829,279	$ 69,570,721	**$ 585,000,000**
2017	$ 40,600,000	$ 397,968,572	$ 141,431,428	**$ 580,000,000**
2018	$ 35,600,000	$ 288,856,531	$ 250,543,469	**$ 575,000,000**
2019	$ 16,400,000	$ 193,930,273	$ 345,469,727	**$ 555,800,000**
2020	$ 1,631,191	$ 193,730,272	$ 344,038,537	**$ 539,400,000**
2021		$ 159,543,392	$ 362,956,608	**$ 522,500,000**
2022		$ 125,007,151	$ 381,592,849	**$ 506,600,000**
2023		$ 80,977,385	$ 406,922,615	**$ 487,900,000**
2024		$ 42,201,172	$ 414,798,828	**$ 457,000,000**
2025			$ 421,100,000	**$ 421,100,000**
2026			$ 290,000,000	**$ 290,000,000**
2027			$ 195,000,000	**$ 195,000,000**
2028			$ 70,000,000	**$ 70,000,000**
2029			$ 30,000,000	**$ 30,000,000**
2030			$ 30,000,000	**$ 30,000,000**
2031			$ 30,000,000	**$ 30,000,000**
2032			$ 30,000,000	**$ 30,000,000**
2033			$ 30,000,000	**$ 30,000,000**
2034			$ 30,000,000	**$ 30,000,000**
2035			$ 25,000,000	**$ 25,000,000**
2036			$ 10,700,000	**$ 10,700,000**
	$ 139,831,191	**$ 1,952,044,027**	**$ 3,909,124,782**	**$ 6,001,000,000**

NOTES:

1) Previously authorized gas collection levels for the period 2016 – 2018 remain as previously authorized in total however are revised herein to be collected over the period 2016 - 2020.
2) For Previously Authorized EEPS 2 Gas Collections see Case 07-M-0548, Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule, issued October 25,2011; Appendix 2, Table 7.
3) Previously authorized electric collection levels (EEPS2, SBC IV, and RPS) for the period 2016 - 2024 remain as previously authorized in total and by year and are inclusive of the figures presented above.
4) For Previously Authorized EEPS 2 Electric Collections see Case 07-M-0548, Order Authorizing Efficiency Programs, Revising Incentive Mechanism, and Establishing a Surcharge Schedule, issued October 25,2011; Appendix 2, Table 3.
5) For Previously Authorized SBC IV Electric Collections see Case 10-M-0457, Order Continuing the System Benefits Charge and Approving an Operating Plan for a Technology and Market Development Portfolio of System Benefits Charge Funded Programs, issued October 25, 2011; Table 1.
6) For Previously Authorized RPS Electric Collections see Case 03-E-0188, Order Authorizing Customer-Sited Tier Program Through 2015 and Resolving Geographic Balance and Other Issues Pertaining to the RPS Program, issued April 2, 2010; Table 16.

APPENDIX I: REVISED ANNUAL EEPS2 GAS COLLECTIONS BY UTILITY

Year	Central Hudson	Con Edison	NYSEG	Niagara Mohawk	O&R	RG&E	KEDLI	KEDNY	NFG	Total
2016	$847,795	$11,780,167	$2,876,539	$5,403,418	$1,287,607	$2,758,572	$6,369,408	$9,485,302	$4,791,192	**$45,600,000**
2017	$754,835	$10,488,482	$2,561,129	$4,810,938	$1,146,422	$2,456,097	$5,671,008	$8,445,247	$4,265,842	**$40,600,000**
2018	$661,875	$9,196,797	$2,245,719	$4,218,458	$1,005,237	$2,153,622	$4,972,608	$7,405,192	$3,740,492	**$35,600,000**
2019	$304,909	$4,236,727	$1,034,545	$1,943,334	$463,087	$992,118	$2,290,752	$3,411,380	$1,723,148	**$16,400,000**
2020	$30,327	$421,397	$102,899	$193,290	$46,060	$98,679	$227,845	$339,306	$171,389	**$1,631,191**
Total	**$2,599,741**	**$36,123,570**	**$8,820,831**	**$16,569,437**	**$3,948,414**	**$8,459,088**	**$19,531,621**	**$29,086,426**	**$14,692,063**	**$139,831,191**

NOTES:

(1) Previously authorized gas collection levels for the period 2016 – 2018 remain as previously authorized in total however are revised herein to be collected over the period 2016 - 2020.

(2) See references on Appendix H: Annual CEF Collections - Previously Authorized & Incremental CEF Collections

APPENDIX J: ANNUAL CEF ELECTRIC COLLECTIONS BY UTILITY

	Central Hudson	Con Edison	Niagara Mohawk	NYSEG	O&R	RG&E	Total
2016	$3,824,454	$27,855,188	$9,104,645	$21,146,985	$2,847,238	$4,792,211	**$69,570,721**
2017	$7,774,794	$56,627,255	$18,508,979	$42,990,043	$5,788,195	$9,742,162	**$141,431,428**
2018	$13,772,921	$100,314,260	$32,788,354	$76,156,161	$10,253,692	$17,258,081	**$250,543,469**
2019	$18,991,224	$138,321,466	$45,211,251	$105,010,313	$14,138,625	$23,796,847	**$345,469,727**
2020	$18,912,549	$137,748,437	$45,023,953	$104,575,283	$14,080,053	$23,698,263	**$344,038,537**
2021	$19,952,516	$145,322,980	$47,499,740	$110,325,693	$14,854,290	$25,001,388	**$362,956,608**
2022	$20,976,991	$152,784,682	$49,938,645	$115,990,437	$15,616,993	$26,285,101	**$381,592,849**
2023	$22,369,424	$162,926,382	$53,253,524	$123,689,770	$16,653,634	$28,029,881	**$406,922,615**
2024	$22,802,396	$166,079,912	$54,284,276	$126,083,855	$16,975,975	$28,572,414	**$414,798,828**
2025	$23,148,785	$168,602,817	$55,108,903	$127,999,183	$17,233,855	$29,006,455	**$421,100,000**
2026	$15,941,933	$116,112,128	$37,951,988	$88,149,521	$11,868,482	$19,975,949	**$290,000,000**
2027	$10,719,575	$78,075,396	$25,519,440	$59,272,954	$7,980,531	$13,432,104	**$195,000,000**
2028	$3,848,053	$28,027,065	$9,160,825	$21,277,470	$2,864,806	$4,821,781	**$70,000,000**
2029	$1,649,165	$12,011,599	$3,926,068	$9,118,916	$1,227,774	$2,066,477	**$30,000,000**
2030	$1,649,165	$12,011,599	$3,926,068	$9,118,916	$1,227,774	$2,066,477	**$30,000,000**
2031	$1,649,165	$12,011,599	$3,926,068	$9,118,916	$1,227,774	$2,066,477	**$30,000,000**
2032	$1,649,165	$12,011,599	$3,926,068	$9,118,916	$1,227,774	$2,066,477	**$30,000,000**
2033	$1,649,165	$12,011,599	$3,926,068	$9,118,916	$1,227,774	$2,066,477	**$30,000,000**
2034	$1,649,165	$12,011,599	$3,926,068	$9,118,916	$1,227,774	$2,066,477	**$30,000,000**
2035	$1,374,305	$10,009,666	$3,271,723	$7,599,097	$1,023,145	$1,722,065	**$25,000,000**
2036	$588,202	$4,284,137	$1,400,297	$3,252,413	$437,906	$737,044	**$10,700,000**
Total	**$214,893,115**	**$1,565,161,367**	**$511,582,950**	**$1,188,232,674**	**$159,984,065**	**$269,270,610**	**$3,909,124,782**

NOTES:

1) Previously authorized electric collection levels (EEPS2, SBC IV, and RPS) for the period 2016 - 2024 remain as previously authorized in total and by year and are inclusive of the figures presented above.

2) See references on Appendix H: Annual CEF Collections - Previously Authorized & Incremental CEF Collections

APPENDIX K: STATE ENVIRONMENTAL QUALITY REVIEW ACT FINDINGS STATEMENT

November 19, 2015

Prepared in accordance with Article 8 – State Environmental Quality Review Act (SEQRA) of the Environmental Conservation Law and 6 NYCRR Part 617, the New York State Public Service Commission (Commission), as Lead Agency, makes the following findings.

Name of Action:	Clean Energy Fund (Case 14-M-0094) Order Authorizing the Clean Energy Fund Framework
SEQRA Classification:	Unlisted Action
Location:	New York State/Statewide
Date of Final Generic Environmental Impact Statement:	February 6, 2015
FGEIS available at:	http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=14-m-0101

I. Purpose and Description of Action

In the attached order, the Commission authorizes a Clean Energy Fund (CEF), as proposed by the New York State Energy Research and Development Authority (NYSERDA). The CEF will serve as a single, comprehensive source for NYSERDA's support of clean energy markets and technology. Four portfolios make up the CEF: the Market Development portfolio; the Innovation & Research portfolio; the NY-Sun program; and the New York Green Bank (NYGB). The attached order approves funding authorization for these portfolios totaling $5.3 billion over ten years. All of the portfolios will support, directly and through market mechanisms, clean energy and energy efficiency markets and technologies. The attached order sets eligibility criteria for support by the CEF. Each initiative supported by the CEF must be expected to result in a net reduction of greenhouse gas emission over its lifetime. Furthermore, each investment must meet definitions of clean energy or energy efficiency described in a filing by NYSERDA. Finally, the CEF may not support biomass energy generation that does not comply with feedstock and technology rules developed through the Renewable Portfolio Standard.

II. Facts and Conclusions in the EIS Relied Upon to Support the Decision

In developing this findings statement, the Commission has reviewed and considered the "Final Generic Environmental Impact Statement in Case 14-M-0101 - Reforming the Energy Vision and Case 14-M-0094 - Clean Energy Fund" prepared for the Reforming the Energy Vision (REV) and CEF proceedings and issued on February 6, 2015 (FGEIS). The following findings are based on the facts and conclusions set forth in the FGEIS.

A. Public Needs and Benefits

Chapter 1 of the FGEIS describes the need for and expected benefits of the CEF. The CEF will address challenges facing New York's energy system, including the need to reduce greenhouse gas emissions, dependence on natural gas for electricity generation, and market failures in the clean energy sector [FGEIS 1-12]. By both directly supporting clean energy technologies and spurring private investments, the CEF will create public benefits including reduction in carbon and other pollutant emissions, increased penetration of clean distributed generation, reduced fossil fuel dependence, and increased customer choice and opportunity [FGEIS 1-18].

B. Potential Impacts

Chapter 5 of the FGEIS describes the expected environmental impacts of the REV and CEF proposals as a whole. Areas of analysis relevant to the CEF include Demand Management, Distributed Energy Resources, Energy Efficiency, and Low-Carbon and Carbon-Free Energy Resources. As described above, each potential transaction must be expected to result in a net reduction of greenhouse gas emission over its lifetime. Therefore, a primary impact of this action will be greenhouse gas reductions [FGEIS 5-21, 5-48]. As more fully described in the FGEIS, individual clean energy projects may have local impacts including construction impacts, land use, and the generation of hazardous materials during construction [FGEIS 5-5, 5-22].

C. Mitigation

Chapters 5 and 6 of the FGEIS identify mitigation measures that could address the potential adverse impacts of the REV and CEF proposals as a whole. As more fully described therein, existing and applicable federal, state, and local regulations will serve to mitigate a number of potential impacts [FGEIS 6-1]. In addition, particular project assessments regarding proposed distributed generation installations can consider local impacts [FGEIS 5-8]. In the REV proceeding, the Commission directed Staff to cooperate with the New York State Department of Environmental Conservation (DEC) to develop rules that avoid or mitigate the potential for harmful local emissions. To the extent that any specific CEF proposals present the potential for harmful local emissions, those rules will also apply and mitigate the impacts of those proposals [FGEIS 5-7, 5-8].

D. Cumulative Impacts and Climate Change

The FGEIS describes in detail the harmful environmental impacts of greenhouse gases such as carbon dioxide [FGEIS 3-14; 3-15]. The clean energy technologies and resources promoted by REV and the CEF as a whole create a long-term reduction in the use of energy generated from fossil fuels [FGEIS 4-5]. The environmental impact of a reduction in the use of fossil-fuel based energy generation on the human environment is generally positive, but will occur over a long time horizon [FGEIS 5-48].

III. Conclusion

The CEF is anticipated to yield overall positive environmental impacts, primarily by reducing the State's use of, and dependence on, fossil fuels, among other benefits. In conjunction with other State and Federal policies and initiatives, particularly REV, the CEF is designed to reduce the adverse economic, social, and environmental impacts of fossil fuel energy resources by increasing the use of clean energy resources and technologies [FGEIS ES-10]. Ordinary construction-related impacts are expected [FGEIS 5-5, 5-22] but do not outweigh the overall positive environmental impact.

CERTIFICATION TO APPROVE:

Having considered the Draft and Final Generic Environmental Impact Statement, and having considered the preceding written facts and conclusions relied upon to meet the requirements of 6 NYCRR 617.11, this Statement of Findings certifies that:

1. The requirements of 6 NYCRR Part 617 have been met;
2. Consistent with social, economic and other essential considerations from among the reasonable alternatives available, the action is one that avoids or minimizes adverse environmental impacts to the maximum extent practicable, and that adverse environmental impacts will be avoided or minimized to the maximum extent practicable by incorporating as conditions to the decision those mitigative measures that were identified as Practicable; and
3. Consistent with the applicable policies of Article 42 of the Executive Law, as implemented by 19 NYCRR 600.5, this action will achieve a balance between the protection of the environment and the need to accommodate social and economic considerations.

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Commissioner Diane X. Burman, concurring:

As reflected in my comments made at the public session, and only to the limited extent and without prejudice to take this up again in June 2016, I concur.