

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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

Case 15-E-0302

**PETITION REGARDING PROPOSED YEAR 2023 CLEAN ENERGY STANDARD FUNDING
AND RECONCILIATION OF YEAR 2021 ADMINISTRATIVE COSTS**

Introduction

The New York State Energy Research and Development Authority (NYSERDA) files this petition with the New York State Public Service Commission (Commission) seeking Commission approval to utilize certain funds to cover NYSEDA's costs and fees needed to administer the Clean Energy Standard (CES), comprised of the Renewable Energy Standard (RES) that includes the Tier 1, Tier 2, Tier 4 and Offshore Wind Renewable Energy Certificate (OREC) Programs, and the Zero-Emissions Credit Requirement (ZECR) program, for CES Compliance Year 2023, and to propose an administrative adder for CES Compliance Years 2023-2024 of the ZECR program. This petition also includes reconciliation of CES Compliance Year 2021 administrative expenses.

Background

The Commission has designated NYSEDA as the administrator of all CES programs. In addition to establishing the various CES programs, the 2016 CES Order¹ acknowledged that additional measures, including those necessary to administer the CES programs, would be necessary to fully implement the CES, and would be determined during an implementation phase. To date, NYSEDA and New York State Department of Public Service (DPS) Staff have filed, and the Commission has approved, five implementation plans which describe the processes and activities to be performed by NYSEDA Staff in administering the various programs. Each year NYSEDA files a petition seeking approval to access or

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

collect the funds necessary to cover its costs for administering the various CES programs for the upcoming compliance period.

The scale of New York's commitments and the concomitant activities related to clean energy have grown over the past few years with the initiatives launched in response to the Climate Leadership and Community Protection Act (Climate Act), which was signed in July of 2019. The Climate Act mandates that at least 70% of New York State's electricity come from renewable energy sources such as wind and solar by 2030 and that the State's power system achieve zero emissions by 2040. The Climate Act also requires New York to install 3,000 megawatts (MW) of energy storage by 2030 and 9,000 MW of offshore wind by 2035.

In April of 2020 the Accelerated Renewable Energy Growth and Community Benefit Act (Accelerated Renewables Act) was signed which makes major changes in the permitting process for large-scale renewable projects. Specifically, the bill established a new large-scale renewable siting process to be managed by a new office within the Department of State and created a Build-Ready program, administered by NYSERDA, through which underutilized sites would be developed as renewable generation projects for private market construction and operation.

On June 18, 2020, to implement the Climate Act, DPS Staff and NYSERDA jointly filed a White Paper on Clean Energy Standard Procurements to Implement New York's Climate Leadership and Community Protection Act.²

On October 15, 2020, the Commission issued its Order Adopting Modifications to the Clean Energy Standard (2020 CES Order).³ In the 2020 CES Order, the Commission adopted several modifications to the CES to align it with the Climate Act mandates and directed NYSERDA to file one comprehensive annual funding request for all CES programs for years 2022 and beyond. In the 2020 CES Order, the Commission also approved the anticipated 2021 administrative expenses for the CES. For 2021, the Commission approved NYSERDA's request to fund its administration through an adder mechanism through which NYSERDA's administrative costs for the respective programs would be allocated across the attributes NYSERDA sells to LSEs annually, and via a commensurately increased attribute price or an

² Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, White Paper on Clean Energy Procurements to Implement New York's Climate Leadership and Community Protection Act (filed June 18, 2020).

³ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Adopting Modifications to the Clean Energy Standard (issued and effective October 15, 2020).

increased LSE rate depending on the approach taken to attribute disposition. The respective adders reflected the approved administrative costs for 12 months and the shortfall or surplus from previous years, with the adders being reduced by any revenues received in the previous years including bid fees, alternative compliance payments, and interest income.

The 2020 CES Order also adopted two new programs -- Competitive Tier 2 and Tier 4. The Competitive Tier 2 program supports “baseline resources,” which are renewable resources that commenced operation prior to January 2015, to provide a means to ensure that eligible baseline resources continue to operate and that their energy continues to serve New York load. NYSERDA issued the first and second Competitive Tier 2 Request for Proposals in 2021.⁴ NYSERDA issued its first Tier 4 Request for Proposals on January 13, 2021.⁵ The Tier 4 solicitation generated a robust competition, and two recommended contracts were announced in September 2021 and submitted to the Commission for approval and public comment on November 30, 2021. On April 14, 2022, the Commission approved the contracts by Order.⁶

On November 20, 2020, the Commission issued its Order Authorizing Voluntary Modification of Certain Tier 1 Agreements.⁷ In response to this order NYSERDA issued Request for Interest (RFI) RESVCO2021, “Voluntary Conversion of Eligible New York Renewable Portfolio Standard (RPS) or Renewable Energy Standard (RES) Agreements.” Through this mechanism, eligible counterparties were able to participate in a conversion process to voluntarily modify their existing Tier 1 Renewable Energy Certificate (REC) agreements from a fixed as-bid REC price (Fixed REC) to a variable-priced Index REC pricing structure.

In addition to Tiers 2 and 4, the CES includes a Tier 1 program, a ZECR program, and an OREC program. The ZECR program consists of an obligation that LSEs purchase zero emissions credits (ZECs) from NYSERDA in proportion to their load served. The Tier 1 program consists of an obligation on every LSE to serve their retail customers by procuring new renewable resources, evidenced by the procurement

⁴ NYSERDA Clean Energy Standard: Competitive Tier 2 Program. Available at, <https://www.nysesda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Two-Competitive-Program>

⁵ NYSERDA Clean Energy Standard: Tier 4-New York City Renewable Energy. Available at, <https://www.nysesda.ny.gov/All-Programs/Programs/Clean-Energy-Standard/Renewable-Generators-and-Developers/Tier-Four>

⁶ Id.

⁷ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Authorizing Voluntary Modification of Certain Tier 1 Agreements (issued and effective November 20, 2020).

of qualifying Tier 1 RECs or by making Alternative Compliance Payments (ACPs). The LSE obligation approach under the OREC and Tier 4 programs are comparable to that under the ZECR program. On March 16, 2022, the Commission issued its Order Modifying Clean Energy Standard Load Serving Entity Obligations and Establishing the 2024 Obligation.⁸

New York's clean energy targets set forth in the Climate Act are among the most rigorous of any major economy in the world, and the CES is a critical component of achieving these goals. NYSERDA has a demonstrated record of success in procuring clean energy generation attributes for New York State. The total combined existing baseline of renewable facilities in New York, along with the current pipeline of renewables already under contract and in development will power approximately 66% of New York's projected 2030 electricity demand once operational.⁹ These investments in New York's renewable energy transition represent more than \$31 billion in public and private investment which includes more than 120 onshore solar, wind and hydro, and offshore wind projects; as well as investments in transmission as part of constructing New York's Green Energy Transmission Superhighway. To date, NYSERDA has been able to achieve this success with a comparatively minimal level of staffing. At present, the teams working on the CES are staffed with a total of 29.25 full-time employees spread across the Tier 1, Offshore Wind, Tier 2, Tier 4, and ZECR programs. This total includes project managers that conduct solicitations and manage contracts with projects in development, and many other roles critical to program success such as legal, financial, contracts settlement, administration of the New York Generation Attributes Tracking System (NYGATS), REC trading, REC and ZEC LSE obligations, market analysis, siting, electric grid expertise, and economic development.

2023 Administration Proposal

Given the ambitious nature of the goals set forth in the Climate Act and the Accelerated Renewables Act, and the corresponding diverse and complex suite of activities needed to achieve the goals, the responsibilities of the NYSERDA CES team continue to expand. The Climate Act requires that 70% of the electricity consumed in the State come from renewable resources by 2030 and be 100% emission-free by 2040.¹⁰ The Climate Act also sets procurement targets for various resource types and establishes an

⁸ Case 15-E-0302, Proceeding to Implement a Large-Scale Renewable Program and a Clean Energy Standard, Order Modifying Clean Energy Standard Load Serving Entity Obligations and Establishing the 2024 Obligation (issued and effective March 16, 2022).

⁹ This represents the pipeline of operating, contracted, and awarded renewable generation projects under the CES should these projects achieve commercial operation. See <https://www.nyscrda.ny.gov/All-Programs/clean-energy-standard>.

¹⁰ New York State Public Service Law § 66-p(b)(2).

investment goal for programs that benefit disadvantaged communities. The 2020 CES Order integrated the statutory requirements by expanding the CES, making clear the profound changes necessary to reach the State's generation mix target for 2030 and beyond.

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

- Tier 1 – Aims at increasing new renewable energy development in New York State. Eligible Tier 1 resources include generators of electricity that will use the following technologies: solar thermal, solar PV, on-land and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity, that entered commercial operation on or after January 1, 2015.
- Tier 2 Competitive – Aims to maximize the contributions and potential of New York's existing renewable resources to ensure their continued operations. Eligible Competitive Tier 2 generators include existing non-state-owned run-of-river hydropower and existing wind resources located within the State that entered commercial operation prior to January 1, 2015.
- Tier 2 Maintenance – Aims to provide targeted, adequate, and prudent support to New York's existing renewable resources to ensure their continued operations. Eligible Tier 2 maintenance generators include run-of-river hydroelectric facilities (5 MW or less) and wind resources that entered commercial operation prior to January 1, 2003.
- Tier 3/ZECR– Aims to place a value on New York's upstate nuclear plants which avoid the emission of over 15 million tons of carbon dioxide per year. New York State's LSEs must purchase zero-emission credits (ZECs) from NYSERDA every year. This annual obligation is based on an LSE's proportional amount of statewide load in each compliance year.
- Tier 4 – The Tier 4 projects combine renewable generation and new transmission lines to increase the penetration of renewable energy in New York City and reduce reliance on fossil fuels.
- Offshore Wind – New York has five offshore wind projects (four NYSERDA awarded-projects and one LIPA project) and five ports under active development. With over 4,300 MW of offshore energy procured, the State is nearly halfway toward the 9,000 MW goal. New York's current offshore wind project portfolio represents the largest suite of offshore wind projects under active development in the nation.

Administrative Funding

The administrative funding requested in this petition is used to support program operation and deliver the growth in clean energy supply for which NYSERDA is accountable under the CES. These funds are separate and distinct from awards made to clean energy projects under the various CES programs. NYSERDA's administrative budgets include NYSERDA staff direct and indirect salaries, fringe benefits, direct program operating costs and allocated general and administrative expenses. The administrative funding requested in this petition is divided into four categories:

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

Salaries and Overhead

As the CES has grown, so too has the workload for the NYSERDA staff tasked with implementing its ambitious goals and operating its various programs. Although staffing has incrementally increased over the past few years, it has not kept pace with the exponential increase in both workload and complexity.

Compared to 2018, staffing for the teams comprising the CES has increased by 1.5 times. However, by 2022, the number of awarded projects has increased 2.5 times, the megawatts in the development pipeline increased by 3.8 times, and total dollar value of the portfolio has increased by 3.2 times. In 2023, the gap in staffing ratios versus workload volume is expected to further widen as the CES programs continue to solicit and procure additional projects including awards from 2022 Tier 1, Tier 2, and Offshore Wind solicitations.

The Offshore Wind program has also initiated workstreams to grow a NY-based supply chain and invest in port infrastructure. These supply chain and economic development initiatives are not counted as clean energy project awards in the ratios mentioned above but do require significant project management to maximize the value of these investments. In 2023, NYSERDA's Offshore Wind team will begin managing approximately \$2 billion in supply chain and infrastructure investment projects stemming from New York State's \$500 million investment in offshore wind infrastructure and the economic activity associated with that investment. These investments are a key component of building a sustainable offshore wind industry in New York State and enable achieving the Climate Act goals.

Along with the growing workload volume, administering the CES has also become more complex as New York's clean energy economy has evolved. For example, with the advent of the Index REC, as discussed above, the contracting and settlement of REC agreements associated with projects that have reached commercial operation has taken on a valuable but added complexity. The Climate Act, Accelerated Renewables Act, and other legislative and executive actions such as the New York Buy American Act (Public Service Law Section 66-r), Labor Law Section 224-d, as well as a greater focus on supporting historically disadvantaged communities have each advanced New York's clean energy economy making it more inclusive. Additional new initiatives are also underway to preserve agriculturally important lands and collaborate with New York's clean energy labor force. This has been done by standing up an Agricultural Technical Working Group and a Farmland Protection Working Group, supporting clean energy jobs, accelerating the transition from fossil fuels, and fostering healthy and resilient communities. As the penetration of renewables into New York's electrical grid increases, so does the complexity of NYSERDA procurements, which must consider congestion and curtailment in ways not previously required. Additionally, the Offshore Wind ecosystem continues to evolve along several dimensions. These include, but are not limited to, supply chain and port investments, workforce development, labor agreements and liaisons, fisheries and permitting liaisons, transmission system investment, and coordinated grid planning.

All these evolving considerations require additional analysis, skillsets, planning, and processes that apply to NYSERDA's running of solicitations, contract negotiation, development initiatives, project tracking and management, ecosystem development, stakeholder coordination, communications, and marketing.

These advancements are possible due to the hard work and dedication of public service professionals. Each new initiative and requirement must be incorporated into program design and operation, tracked and

managed. At the same time, the programs that make up the CES continue to procure clean energy projects in pursuit of the State's goals, settle contracts with operating generators, operate the New York REC market and inform State policy on electric grid development, among others. Running throughout all activities of the CES is a fundamental tenet to be good stewards of the public funding with which NYSERDA is entrusted. This includes avoiding waste, efficient use of funds, and a dedication to making sound investment decisions when entering into long-term REC purchase contracts.

NYSERDA's CES staff workload volume and complexity have increased exponentially in the past years and are expected to continue increasing in 2023 and beyond. With this increase in workload, proper administration of the CES portfolio requires an increase in NYSERDA's administrative budget. To properly manage performance risk while continuing to expand and diversify New York's portfolio of large-scale clean energy projects, NYSERDA seeks a \$4.3 million increase in the Salaries and Overhead budget category as compared to the 2022 CES compliance period approved budget. An increase of this magnitude will enable NYSERDA to undertake new workstreams that have and will come with the evolution of the CES, add cross-training to support key business functions, allow for necessary succession planning, and significantly reduce risks associated with NYSERDA's administration of the CES and promote the responsible achievement of New York's clean energy goals.

Current Staff and Roles

Current CES staffing is 29.25 full-time employees (FTEs) distributed across the programs as follows:

- Tier 1 – 16.8 FTE
- Tier 2 – 1.25 FTE
- Tier 3 (ZECR) – 1.35 FTE
- Tier 4 – 1.25 FTE
- OREC (Offshore Wind) – 8.6 FTE

It should be noted that support functions are shared across the programs. This approach yields operational efficiency and results in the partial FTEs associated with each program. For example, NYSERDA Counsel dedicated to the CES supports all programs, and their labor is therefore distributed across all programs accordingly. This also applies to operations staff who settle contracts, operate NYGATS, manage LSE obligations, create, and maintain public-facing program manuals and guides, and hold specialized roles in energy market financial analysis and transmission systems in addition to their other functions. Finance staff is responsible for accounting and reconciliation of budgets and assists with CES forecasting. Additionally, Communications and Marketing staff are responsible for developing messaging

and public facing materials, media relations, social media, website content, marketing campaigns and conducting key stakeholder outreach to ensure public awareness and understanding of all programs.

Current Tier 1 Staff

The 16.8 FTEs currently supporting the Tier 1 program are engaged in a variety of functions across several broad categories:

- Project Managers (6 FTE) – Although project managers perform a variety of tasks in support of the Tier 1 program, their primary task is the active management of contracts which have been awarded to generators that are not yet in commercial operation. Contracts resulting from the completed NYSERDA Tier 1 solicitations from RESRFP17-1 through RESRFP21-1 have created a current portfolio of 107 agreements and over 8,400 MW of renewable capacity under contract. Project managers are also responsible for agreement maintenance activities such as the recent fixed to index conversion process and requests for contract modifications, as well as oversight and management of quarterly milestones and progress updates for each project under contract. The most recent RESRFP21-1 resulted in 22 awards that will generate additional contracts to administer. The six project managers have responsibility for these contracts and awards plus new contracts resulting from the upcoming 2022 solicitation (RESRFP22-1) and future Tier 1 annual solicitations. Each annual solicitation typically results in 18-25 new contracts to manage. As such, the number of projects under active management is expected to exceed 170 by 2025.

Project managers also assist in conducting each annual Tier 1 solicitation. As the CES has evolved, the solicitation process has become more complex. The annual Tier 1 solicitation is now a two-part application and evaluation process with complex scoring criteria designed to achieve the State's clean energy goals at the lowest cost while simultaneously building a clean energy economy and supporting historically disadvantaged communities. The increasing complexity of the annual solicitation means that it is a major workstream on its own with 1.5 FTE dedicating most of their time to the solicitation throughout the year. The annual cycle means that as one solicitation is concluding, the next is beginning and there is little time available for these staff to actively manage projects in development. In addition, support staff including communications and finance staff are partially funded and responsible for Tier 1 support.

- Operations (6.85 FTE) – The operations staff provides a variety of services to enable the efficient and reliable functioning of the Tier 1 Program. This team manages the NYGATS system, settles contracts with generators in commercial operation, takes possession of the RECs and then sells

the RECs to LSEs. This team also manages all Tier 1 related data including internal tracking, Open-NY reporting and business system development and maintenance as well as CES financial tracking, reporting and management.

The operations team also includes an analyst position which is critical for developing program cost estimates, forecasting future cash flows, and analyzing the impact of various market changes on the program (i.e., changes in capacity accreditation at the NYISO and potential changes to federal tax policies). Another unique position on the operations team is a transmission system expert supporting the annual solicitation and the team's engagement with NYISO and DPS Staff on issues such as the Commission's Case 20-E-0197, a Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act. Finally, the operations team also includes a partial position for a communication specialist that assists with the many public notices and other public communications (for example, solicitations and webinars) conducted by the team.

- Legal (0.7 FTE) – Each Tier 1 award is codified in a purchase contract for Tier 1 RECs between the awarded generation project and NYSERDA. Each contract is individually negotiated and established. The legal team also supports program design and policy creation and works collaboratively with project managers and operations staff to address disputes or contractual issues as they arise.
- Siting (1.8 FTE) – NYSERDA offers several resources to help local governments understand how to manage responsible clean energy development in their communities. These resources include step-by-step instructions and tools to guide the implementation of clean energy related to permitting processes, property taxes, siting, and zoning. The members of the siting team develop these resources and act as a single point of contact for communities wishing to learn more or make use of the resources.
- Leadership (1.45 FTE) – These positions are shared functions across the programs and include the Vice President for Large-Scale Renewables and Program Managers actively engaged on Tier 1 issues. This team provides coordination and collaboration across the entire CES team, sets team priorities, and ensures that the programs under their guidance continue to innovate in pursuit of New York's clean energy goals while minimizing ratepayer impact and ensuring the most positive outcomes possible for all New Yorkers.

Current Tier 2 Staff

The Tier 2 staff is currently comprised of 1.25 FTE. This is primarily a project manager who dedicates a sizeable portion of their time to conducting Tier 2 solicitations and entering into contracts with awarded generators and administering contracts originating from the Tier 2 Maintenance program. There is also a small portion of time from several supporting areas accounted for in this total including legal, operations, communications, and leadership.

Current Tier 3 / ZECR Staff

The Tier 3 / ZECR staff is currently comprised of 1.35 FTE. This FTE is primarily a project manager who dedicates a sizeable portion of their time to determining LSE obligations, establishing LSE collections, making payments to the ZEC sellers, and reconciling the program at the end of each compliance year. There is also a small portion of time from several supporting areas accounted for in this total including legal, operations, communications, and leadership.

Current Tier 4 Staff

The Tier 4 staff is currently comprised of 1.25 FTE. This FTE is primarily a project manager dedicated to managing NYSERDA's contracts with the two projects awarded under Tier 4. There is also a small portion of time from several supporting areas accounted for in this total including legal, operations, communications, and leadership.

Current Offshore Wind (OREC) Staff

The 8.6 FTEs currently supporting the Offshore Wind program are engaged in a variety of functions across several broad categories:

- Project Managers (6.3 FTE) – The Offshore Wind project managers have primary responsibility to originate projects through periodic solicitations and to manage the existing portfolio of OREC contracts. New York is not just building offshore wind generation, but, rather, an entire offshore wind industry. As such, these project managers are also involved in a range of activities from developing port infrastructure and offshore wind supply chains to workforce development and collaboration with New York's commercial fishing industry. In addition, support staff including communications and finance staff are partially funded and responsible for Offshore Wind support.

- Transmission Expertise (0.2 FTE) – Electric grid transmission expertise is a key part of advancing offshore wind. NYSERDA needs to have an informed and educated approach for both how the offshore electric grid should be configured and how and where to interconnect that energy into the existing onshore grid.
- Legal (0.6 FTE) – Each Offshore Wind program award results in a purchase contract for ORECs between the owner of an awarded generation project and NYSERDA. Each contract is individually negotiated and established. The legal team also supports program design and policy creation and works collaboratively with project managers and operations staff to address disputes or contractual issues as they arise.
- Leadership (1.5 FTE) – These positions are shared functions across the programs and include the Vice President for Large-Scale Renewables and Program Managers actively engaged on offshore wind issues. This team provides coordination and collaboration across the entire CES team, sets team priorities, and ensures that the programs under their guidance continue to innovate in pursuit of New York’s clean energy goals while minimizing ratepayer impact and ensuring the most positive outcomes possible for all New Yorkers.

Request for Additional Staffing

As noted above, NYSERDA’s CES staffing levels have not kept pace with the increasing scope, complexity, and workload volume of the CES from inception in 2016 to date. This has resulted in operational challenges and increasing performance risk. Increased staffing will help establish adequate cross-training and provide deeper support for key expertise thereby significantly improving program execution, and significantly increasing operational flexibility and succession planning. These risks are particularly acute for CES operations that must continue to settle contracts, maintain NYGATS, and administer load serving entity obligations without interruption.

New workstreams and program complexities are manifesting across the CES as the programs take on new roles and responsibilities in building New York’s clean energy economy. Several new aspects have been added to CES programs as previously discussed. At the same time, the procurement volumes that must be achieved through the CES for RECs and ORECs will continue to increase substantially and require significant new efforts over a series of years to advance the timely and responsible achievement of New York’s climate goals. NYSERDA is taking an even more active role in contributing to planning and project development processes for awarded projects with the aim to bring forth projects that are both cost-

effective and responsibly developed. Given the solicitation cadence and procurement targets set forth in the 2020 CES Order, NYSERDA anticipates the number of projects under active management by the NYSERDA CES team to continue to grow in 2023 and beyond. Under Tier 1 alone, NYSERDA is adding an average 20-25 new agreements per year that must be actively managed from development through settlement. The Offshore Wind program also continues to solicit projects and is substantially adding to their portfolio with a potential doubling of awarded projects by 2023. Based on the existing CES portfolio and forecasted new agreements to be added through anticipated future solicitations, the number of projects under active management is expected to exceed 170 by 2025. The number of clean energy generation projects in commercial operation, for which NYSERDA must provide active financial settlement, is also increasing and is anticipated to exceed 140 projects for Tier 1, Tier 2, Tier 4, OREC, and Tier 2 maintenance agreements by 2025. At the same time, settlement is becoming more complex with the adoption of Index REC contract structures as opposed to the relatively simple fixed REC structure used in the past. In 2023, it is anticipated that an additional 8-16 large-scale renewable generation projects will enter operation under the CES.

New York's expanding CES portfolio results in the need for NYSERDA to allocate an additional 19 FTE across the CES programs toward activities involving procurement, contract negotiations, contract management, settlement, analysis, and transmission infrastructure expertise. Please refer to Appendix A for an indicative allocation of new positions, which may be subject to re-allocation based on future legal, regulatory, market, and programmatic changes. In addition, NYSERDA anticipates potential re-scoping of positions or re-allocations within the team to adapt to the programs' evolution.

While 19 additional FTEs are required to keep pace with the workload volume and complexity, it is important to recognize the time needed to execute on hiring and onboarding that number of people. Assuming that 6 FTEs are onboarded in the first quarter of 2023, and 13 more FTEs are onboarded in the second quarter of 2023, that would adjust the 2023 salary and overhead budget to an equivalent of 15.75 FTE. The budget requested in this petition reflects those new hires will not be onboarded for the full 2023 year.

New York State Cost Recovery Expense

NYSERDA will allocate a proportionate share of the annual New York State Cost Recovery Fee (CRF) to the CES program. The CRF is a fee assessed to NYSERDA and other public authorities by New York State for an allocable share of state governmental costs attributable to the provision of services to public benefit corporations pursuant to Section 2975 of the Public Authorities Law. For the past six fiscal years,

the CRF assessment has averaged about 1.0% of NYSERDA's annual expenses. NYSERDA allocates CRF across its programs by weighted average of programmatic expenditures. Under this allocation, the programs comprising the CES are attributed slightly more than half of NYSERDA's total Cost Recovery Fee obligation.

System Development

System Development includes annual costs of the administration, operation, and maintenance of NYGATS, anticipated revisions to NYGATS, and other business systems to implement and manage the expanding suite of CES programs and the related LSE compliance activities. System development and support is needed across all program areas. As new requirements are added to CES programs, such as Prevailing Wage, the New York Buy American Act, and MWBE requirements, NYSERDA's business systems must be enhanced to track and report on the expanded requirements.

Technical and Implementation Support

Technical Support includes costs associated with the ongoing program consultant support and implementation for the CES programs, development and issuance of procurements, and technical evaluation panels for proposal submissions to NYSERDA procurements. The below includes indicative scopes of work based upon current knowledge which may be subject to re-allocation based on future legal, regulatory, market, and programmatic changes.

- Tier 1: To keep pace with the Climate Act goals, the Tier 1 program expects to procure more than 2 gigawatts of Tier 1-eligible new renewable capacity under the 2023 solicitation. As a result, funds relating to development, evaluation and selection, evaluation facilitation, and technical reviewers will be required to evaluate RESRFP23-1 proposals.

Under the Index Settlement methodology, NYSERDA will need long-term forecasts for solicitation evaluation. It will also need forecasts for budgeting and expected spend for operating and projects reaching commercial operation, for all NYISO Zones A-K, and the forecasts will be utilized by all NYSERDA Large-Scale Renewable programs for consistency in approach. These forecasts are purchased from reputable 3rd parties. Funding is requested to support these efforts.

Various analyses are required to meet the State's Climate Act goal of 70% renewable by 2030, with over 14.2 GW of awarded new renewable energy capacity through July 2022 and an expected 14.1 GW (9.4GW of which Tier 1) of additional renewable capacity to be acquired

through 2026. More than 2GW of new renewable capacity will likely be acquired in the 2023 Tier 1 solicitation to keep pace with Climate Act goals. In continuing to plan for the annual Tier 1 solicitation and to meet Climate Act decarbonization goals, there are additional policy requirements that have been added to the administration of the Tier 1 procurements, contracts, and REC settlement. The administrative requirements on analysis, tracking, and reporting of our existing portfolio continues to increase as procurements are awarded (Host Community Benefit Planning Payments, Disadvantaged Community Spending commitments, M/WBE and SDVOB reporting during the development and operational period are a few examples).

Additional tools, support and analysis are needed to support cross-cutting efforts lead by other State Agencies to help advance clean energy siting projects. This includes continued support of the New York State Department of Tax and Finance tax model, assistance and educational support on solar development and agricultural co-utilization activities, and further analysis to plan for the potential of increased goals to meet the Climate Action Council's recommendations. Workforce development, supply chain and manufacturing support, educational efforts and analysis are also needed to implement training and apprenticeship programs throughout the State and particularly in disadvantaged and environmental justice communities.

- Tier 2: It is anticipated that the existing Tier 2 program will issue the third and final solicitation in Q3 2023. Awards coming from this solicitation will need to be managed alongside awards from previous rounds of the solicitation. Additionally, NYSERDA plans to initiate new activities to support market activity directly between generators and purchasers of RECs. The non-Tier 1 REC market, often informally referred to as the Tier 2 market, is experiencing substantially increasing demand, and support from NYSERDA can help create a robust and sustained competitive marketplace.
- Tier 4: In the 2023 budget, support is requested to initiate analysis related to assessing transmission constraints, monitoring new NYISO market developments and procedures related to internal controllable lines, evaluating coincident generation with offshore wind, as well as deliverability, and forecasting ratepayer impacts and the volume of voluntary RECs that may be available. An in-depth analysis of these issues may be required in future years and 2023 will allow for an initial assessment of these needs. Additionally, the Tier 4 contracts will require new methods for monitoring contract compliance within NYSERDA business systems. The Tier 4 contracts and related Orders invoke requirements aligned with the Climate Act ensuring

disadvantaged and traditionally underserved communities are engaged with and benefit from NYSERDA's projects, including a workforce development component and the encouragement to utilize project labor agreements. Support from subject matter experts is anticipated to help facilitate and develop the new opportunities presented by these initiatives embedded in the Tier 4 contracts.

- Offshore Wind: In July of 2022, NYSERDA issued its third offshore wind solicitation, ORECRFP22-1, to procure at least 2 GW of offshore wind energy toward the Climate Act goal of 9 GW by 2035. Awards are expected in early 2023. As a result, funds relating to facilitation and technical reviewers will be required to evaluate ORECRFP22-1 proposals and the related supply chain development investments of up to \$500 million. Also in 2023, support for key programmatic workstreams is expected, including those related to offshore wind supply chain development, stakeholder engagement and outreach, and environmental research initiatives related to ORECRFP22-1, as well as future planning for the New York Bight. Funding is requested to support the coordination, facilitation, and technical support of four offshore wind Technical Working Groups (TWGs). Additionally, annual support for a recreational fisheries liaison and regional environmental and fisheries research and compensation efforts are vital to New York's leading role in offshore wind development in the Northeast and Mid-Atlantic and will help to assure projects continue to advance efficiently with minimal disruption to existing industries.

Support for the continued development of the offshore wind industry in New York State is also represented in this funding request. Supply chain forums and connecting companies during conferences such as the Offshore Wind International Partnering Forum (IPF) and the creation and maintenance of a Supply Chain database are important programmatic needs to support NYSERDA's existing OREC contracts and projects. Funding will partially support two Labor Liaisons to ensure contractually obligated project labor agreement negotiations and the gains toward a diverse, inclusive workforce are advanced with benefits accruing to disadvantaged communities.

Finally, education and outreach via marketing campaigns, in-person community meetings, materials, and the continuation of the highly successful and industry recognized "Learning from the Experts" webinar series will be continued with support from this budget. In addition, policy development to support Climate Act goals is critical. Various analyses are required to meet the

State's goal of 9 GW of offshore wind and continuing efforts to plan for how offshore wind procurements will help meet decarbonization goals. The annual effort for analysis, tracking, and reporting of NYSERDA's existing portfolio continues to increase as contracts are awarded. Transmission and grid analysis, planning, and policy development are key to fulfilling the Commission's orders and landing 9 GW of offshore wind into the downstate electrical grid. The Meshed-Ready design for ORECRFP22-1 is one part of this process, but further analysis is needed to future-proof the State's offshore wind assets. Workforce development and analysis are also needed to implement training and apprenticeship programs throughout the State and particularly in climate and environmental justice communities. Finally, NYSERDA will begin a robust analysis of the deeper ocean waters off New York's coast to understand the potential technologies and opportunities for offshore wind projects beyond the 60-meter water depth contour. This includes considerations of technology, interconnection options, costs, benefits, and opportunities. NYSERDA is requesting funding to commence these initiatives, including research for Offshore Wind Master Plan 2.0: Deep Water, in this 2023 budget request.

2023 Administrative Petition Summary

Given the work needed to continue to deliver a high-quality and effective CES program in furtherance of New York's climate and energy goals, NYSERDA proposes a total administrative budget of \$38,847,491 for the 2023 compliance year as shown in Table 1.

NYSERDA's administrative budget includes NYSERDA staff salaries, fringe benefits, and other direct program operating costs and allocated general and administrative expenses. As directed in the 2020 CES Order, NYSERDA continues to keep detailed account of all costs incurred in administering the CES program and any unspent administrative funds will be used for future ratepayer benefit.

The proposed budget in Table 1 includes 15.75 additional FTEs in 2023 (this reflects the 19 FTEs listed above after accounting for the lag in time needed for hiring and onboarding throughout the year). These positions are incremental to the 29.25 FTEs approved in the 2020 CES Order and would enable NYSERDA to effectively administer the CES programs in 2023.

Table 1. Proposed CES Year 2023 Budget						
Program Salary, Overhead and Cost Recovery Fee Expenses	RES	ZECR	OREC	Tier 2	Tier 4	Totals
Salaries and Overhead	\$6,657,522	\$547,750	\$5,767,203	\$546,108	\$581,760	\$14,100,343
NYS Cost Recovery Expense	\$488,969	\$6,596,761	\$164,296	\$14,199	\$13,623	\$7,277,848
Technical Support	\$4,438,800	\$279,900	\$10,662,400	\$357,700	\$780,500	\$16,519,300
System Development	\$202,046	\$711,521	\$0	\$36,433	\$0	\$950,000
Total	\$11,787,337	\$8,135,932	\$16,593,899	\$954,440	\$1,375,883	\$38,847,491

2021 Budget Reconciliation

NYSERDA files quarterly itemized reports on the costs associated with the administration and the development of the CES programs. In 2021, Tier 1 and ZECR were both in Year 5, which is depicted in Table 2 below. Tier 2 and Tier 4 are in reporting Year 1 and depicted in Tables 3 and 4, respectively. As noted, the Tier 2 budget was reduced from \$1,584,194 to \$471,275 due to lower levels of response to the solicitation and numbers of resulting awards in which in turn decreased administration costs. Tier 4 is reporting a deficit of \$1,833,739 which will be recovered from bid fees as noted in Table 5.

Table 2. Unspent CES Compliance Period Funds - Tier 1 and ZECR (2021)			
Program Salary, Overhead and Cost Recovery Fee Expenses	Year 5 Budget	End of Year 5 Committed	Unspent Funds
Tier 1 Salary and Overhead	\$4,495,607	\$3,880,806	\$614,801
Tier 1 NYS Cost Recovery Fee Expenses	\$632,473	\$189,690	\$442,783
Tier 1 Non-Recurring Charges	\$0	\$0	\$0
Tier 1 Technical Support	\$3,175,000	\$3,152,507	\$22,493
Tier 1 System Development	\$340,000	-\$14,224	\$354,224
Tier 1 Total	\$8,643,080	\$7,208,779	\$1,434,301
ZECR Salary and Overhead	\$492,945	\$426,771	\$66,174
ZECR NYS Cost Recovery Fee Expenses	\$6,400,492	\$5,984,526	\$415,966
ZECR Non-Recurring Charges	\$0	-\$24,016	\$24,016
ZECR Technical Support	225,000	\$4,407	\$220,593
ZECR System Development	660,000	\$476,228	\$183,772
ZECR Total	7,778,437	6,867,916	\$910,521
Total	\$16,421,517	\$14,076,695	\$2,344,822

Table 3. Unspent CES Compliance Period Funds - Tier 2 (2021)				
Program Salary, Overhead and Cost Recovery Fee Expenses	Yr. 1 (2020) Approved Budget	Revised Budget	End of Year 1 Committed	Unspent Funds
Tier 2 Salary and Overhead	\$406,972	\$211,883	\$211,883	\$0
Tier 2 NYS Cost Recovery Fee Expenses	\$407,222	\$5,772	\$5,772	\$0
Tier 2 Technical Support	\$500,000			\$0
Tier 2 Capital (System Development Costs)	\$270,000	\$253,620	\$253,620	\$0
Total	\$1,584,194	\$471,275	\$471,275	\$0

Table 4. Unspent CES Compliance Period Funds - Tier 4 (2021)			
Program Salary, Overhead and Cost Recovery Fee Expenses	Yr. 1 (2020) Approved Budget	End of Year 1 Committed	Unspent Funds
Tier 4 Salary and Overhead	\$406,972	\$132,481	\$274,491
Tier 4 NYS Cost Recovery Fee Expenses	\$18,962	\$20,988	-\$2,026
Tier 4 Technical Support	\$900,000	\$3,306,204	-\$2,406,204
Tier 4 Capital (System Development Costs)	\$300,000	\$0	\$300,000
Total	\$1,625,934	\$3,459,673	-\$1,833,739

Sources of Funds and Funding Proposal

NYSERDA proposes to fund its 2023 administration of the Tier 1, Tier 2, Tier 4 and OREC programs with revenues received in the previous years including bid fees, alternative compliance payments (ACP) and interest income, and to fund the ZECR program with an adder charge.

In accordance with previously filed implementation plans, NYSERDA collects bid fees as part of the OREC, Tier 1, Tier 2 and Tier 4 programs and has collected funds due to contract security forfeitures as part of the Tier 1 program. The Commission has previously authorized NYSERDA to use these funds to offset the costs of administering these programs.¹¹ For 2022, NYSERDA carried a balance of \$56.055 million in surplus funds into 2022 as reflected in Table 5. The surplus represents expenditures and commitments through the 2021 compliance year.

Looking forward, NYSERDA forecasts collecting additional revenue when settling the 2022 compliance year which will manifest as revenue in the 2022 compliance year. NYSERDA therefore anticipates ending calendar year 2022 with approximately \$47.109 million in revenues resulting in an overall surplus of \$47.119 million as shown in Table 5. Table 5 also illustrates the necessary transfers to OREC, Tier 2, and Tier 4 to mitigate the ratepayer impact of CES program costs through funding these programs with surplus funds. NYSERDA proposes to continue to fund administration of the ZECR program through an administrative adder.

As directed in the November 16, 2016, CES Order, NYSERDA has kept a detailed account of all costs in administering the CES program and any unspent administrative funds will be used for future ratepayer benefit. Any funds collected through the ZECR administrative adder will, if unspent, be returned to the LSEs who purchased ZECs, in a proportionate amount.

¹¹ See Case 15-E-0302, Order Approving 2022 Clean Energy Standard Administrative Budget, issued and effective December 16, 2021.

Table 5. Preliminary Estimate of CES RES surplus funding	
	Amount
Beginning Surplus/(Deficit), January 1, 2022 ^a	\$56,054,909
Revenue/Source of Funds (Tier 1)	
Renewable Energy Credit Proceeds	\$37,525,000
Alternative Compliance Payments	\$5,000,000
Management/Bid Fees	\$4,100,000
Contract Security and Bid Deposits	\$0
Investment Income	\$484,000
Total Tier 1 Revenue	\$47,109,000
Expense/Use of Funds (Tier 1)	
Program Administration	\$5,419,430
Program Support	\$3,164,600
System Development Costs	\$149,925
REC Payments to Generating Facilities	\$37,598,514
NYS Cost Recovery Fee	\$1,072,738
Total Tier 1 Expense	\$47,405,207
Transfers to Other Funds	
Transfer to OREC ^b	\$8,012,186
Transfer to Tier 2	\$627,154
Transfer to Tier 4 ^c	\$0
Total Transfer from Tier 1 to Other Funds	\$8,639,340
Surplus/(Deficit), 1/1/2022-12/31/2022	-\$8,935,547
Cumulative Surplus/(Deficit), December 31, 2022	\$47,119,362

^a Beginning balance represents \$60.158MM from CES Annual Financial Status Report less LTD outstanding commitments.

^b OREC Transfer represents 2022 budget amount of \$11,652,786 less bid fees of \$3,640,600 through 12/31/21.

^c Tier 4 Transfer shows no transfer amount as 2021 budget of \$1,625,934, bid fees of \$2,800,000 against commitments of \$3,459,673, create a surplus of \$966,261 for 2021. Netted against the 2022 approved budget this leaves \$437,328 in excess on December 31, 2022, resulting in no funds requested from Tier 1.

Conclusion

NYSERDA respectfully requests that the Commission approve the proposed CES Compliance Year 2023 administrative costs as proposed in this filing, and the corresponding proposal to fund these costs with revenues received in the previous years including bid fees, forfeited contract security funds, alternative compliance payments received, and interest income, and to fund the ZECR program with an administrative adder charge as in previous years.

Dated: July 29, 2022

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas J. King", written in a cursive style.

Thomas King
Senior Counsel
NYSERDA
17 Columbia Circle
Albany, New York 12203-6399
518.862.1090, extension 3609
Thomas.king@nyserda.ny.gov

Appendix A – ADDITIONAL INDICATIVE FULL TIME STAFF POSITIONS

Listed below are indicative additional positions requested across the CES programs based upon current planning. However, these positions may be re-allocated based on future legal, regulatory, market, and programmatic changes.

- **Origination (2 FTE)** – conducting REC solicitations is a currently performed by project managers within each program area as previously discussed. However, solicitations have become very complex and time consuming as they have evolved in the pursuit of an equitable, clean, and reliable energy system for New York. This added complexity is beneficial to ratepayers and will contribute towards an increased rate of success for the CES. Each Tier 1 and Offshore Wind solicitation requires approximately one year of dedicated work from at least two staff members. Work for the next annual solicitation typically starts before the current solicitation is fully completed. This effort includes preparing and issuing the solicitation, a complex scoring/evaluation and awarding process, notification of awardees and culminates in the press releases and events announcing the awardees. It has become increasingly difficult for existing staff to continue to meet their project management workload while also dedicating sufficient time to conduct solicitations. Furthermore, as the solicitations have evolved, their implementation has become a specialized skillset unto itself and includes many additional requirements, specialized knowledge and expertise, complex evaluation processes scoring criteria, and rigorous quality assurance and quality control to assure procurement accuracy and integrity. The aforementioned factors result in increased time commitments and necessitates that NYSERDA request 2 additional FTEs to create a dedicated solicitation team. This team, referred to as Origination, will be responsible for conducting solicitations across all CES programs. Structured in this way, the team, with support from existing staff members, will be able to conduct multiple, overlapping solicitations while being able to dedicate the time and resources necessary to deliver the best possible solicitation outcomes.
- **Operations and Interdisciplinary Project Management (8 FTEs as described in sub-bullets)** – as the programs that make up the CES have grown, so have the needs for specialized program support. Transmission issues are becoming more complex, the need for detailed analysis grows with each new solicitation and change in the market. The

workload of settling contracts and managing LSE obligations grows with each year as more generators enter commercial operation. For these reasons, the operations team is requesting 8 new FTEs to cover of the following functions:

- Transmission Expert (1 FTE): As New York transforms its electric energy system, the transmission grid has emerged as a key enabling technology for our clean energy transition. Power flows in the State are changing and the transmission grid is increasingly required to transfer energy from areas that previously did not have electric generation. The significant impact of transmission on the CES requires NYSERDA to add staff to address a range of transmission topics. For offshore wind, no transmission grid exists, and many complex technical decisions must be made for how best to configure the offshore electric infrastructure, how to best bring to shore the energy from the offshore generation, and how this energy can be fully integrated into the land-based grid. The existing terrestrial electric grid must also evolve to enable New York to meet its climate goals. The Commission proceeding on Case 20-E-0197: Proceeding on Motion of the Commission to Implement Transmission Planning Pursuant to the Accelerated Renewable Energy Growth and Community Benefit Act contains several important topics that require detailed involvement from NYSERDA staff including addressing Areas of Concern, the Coordinated Grid Planning Process, and Phase 2 transmission upgrade projects. In addition to these larger policy-based issues, NYSERDA transmission staff also play an important role in each CES solicitation to support the operational flexibility and deliverability analysis and to review proposal assumptions regarding interconnection and congestion. This workload is both increasing in the volume and complexity as transmission has come to the forefront as an enabling technology for the clean energy economy. To accommodate this increasing need, NYSERDA requests one additional FTE.
- Analyst (2 FTEs): Market and programmatic analysis are critical components of CES operation. There is currently a single analyst supporting all CES programs and this has proven to be a critical resource deficit. Furthermore, the type of analysis needed to support the CES is specialized and different from the daily work of many analysts in the energy industry. It takes time to become proficient

in this work and having a single analyst on staff provides no redundancy or institutional resiliency in the event of staff turnover. The workload for CES analysts is also expanding, and a single analyst cannot reasonably support all CES programs. With the switch to Index RECs, the task of forecasting mid- and long-term program costs and cash flows has become significantly more complex. Additionally, each new solicitation requires refreshed and more in-depth analysis, along with evaluations of economic impact, verification of cost models supporting bids, and other economic analysis. Proposed and implemented market changes also require detailed analysis of their potential and actual effect on the current and future CES portfolio. These issues occur regularly; most recently with NYISO's proposed adjustment to capacity accreditation and the potential impacts associated with the U.S. Department of Commerce investigation of solar panel imports and the potential tariff ramifications on the CES portfolio. To accommodate this critical need and growing workload, NYSERDA requests two additional FTE analyst positions. This will enable the creation of a team of analysts that develop, maintain, and update models on a project-by-project basis, on a portfolio basis, and conduct scenario planning analysis on various timeframes.

- Settlement Project Manager (1 FTE): As mentioned previously, the number of clean energy generation projects in commercial operation, for which NYSERDA must provide active financial settlement, is also increasing and is anticipated to exceed 140 projects for Tier 1, Tier 2, Tier 4, and Offshore Wind by 2025 with Index REC contract structures as opposed to the relatively simple Fixed REC structure used in the past. NYSERDA requested and was granted an FTE to support this growing workload in the 2022 Administrative Funding Petition. That position has been filled and is supporting this area but is only sufficient for the current workload. In 2023, it is anticipated that an additional 8-16 large-scale renewable generation projects will enter operation under the CES. This will continue to gradually increase each year as projects reach commercial operation. NYSERDA requests one additional FTE for settlement management, bringing the settlements team to a total of 3 FTE and the flexibility to move CES approved FTEs within function areas as needed.

- LSE Obligations & REC Inventory Project Manager (1 FTE): The CES programs have historically relied upon LSE obligations to purchase RECs. The Tier 2 and Tier 4 programs now have the option for voluntary REC purchases and NYSERDA is examining this option across all CES programs. Voluntary purchases can be a key method to reduce the ratepayer obligations but will add significant complexity and work to manage REC sales and LSE obligations. To maximize the impact of voluntary purchases, a sale construct must be designed that will meet the needs of the voluntary market. Once this option is made available, it will also require additional staff time to forecast REC availability and price, thus ensuring NYSERDA can meet its obligations to voluntary purchasers. To fully pursue this option, NYSERDA is requesting one additional FTE to support LSE obligations and REC/OREC sales.

- Strategy and Policy Development Project Manager (3 FTEs): Since the start of the CES, strategy and policy work has been performed by project managers in addition to their core activities of managing projects as described earlier. The growth of the CES and the significant number of projects now in active development and requiring project management attention have rendered this arrangement no longer viable. In addition to the increased number of projects, it should be noted that there are also several very large, complex projects under management including the Tier 4 awards and the Offshore wind projects. At the current project management workload, teams do not have the capacity to continue to undertake additional strategic and policy projects. The strategic projects and initiatives can cover a wide variety of topics, and all require individuals to dedicate a significant portion of their time to see them to successful outcomes. Recent examples of these types of initiatives include integrating the NY Buy American Act into program activities, performing a comprehensive analysis of cable constraints for offshore wind cable landing alignments, working with the NYS Department of Taxation and Finance to develop the appraisal methodology for solar and wind energy projects, assessing the impact of the U.S. Department of Commerce investigation of solar panel imports, and the development and successful launch and awarding of the Tier 4 program. While all future projects cannot be predicted with exact certainty, it is known that the State will need a more thorough examination of bulk and long-

duration storage needs to support the future energy grid, study and planning for scaling hydrogen from demonstration projects to full-scale integration into the State's energy system, additional work to support agrivoltaics and farmland protection, study of the co-optimization of solar energy with grasslands for bird habitat, and evaluation of options to support New York's baseline generators. Many of these initiatives have been delayed due to lack of staff availability to design, contract, and manage these initiatives. These types of projects are required on a regular basis and other, yet unidentified, initiatives are also very likely to occur in the future. To accommodate the creation of sustainable workloads for existing staff and enable the undertaking of these new activities, NYSERDA requests an additional 3 project management FTEs.

- Support Teams (4 FTE as described in sub-bullets) – The CES team relies on several other departments within NYSERDA to effectively administer the CES programs. These departments play a critical role in the CES operation by providing specialized skills and work enabling contracting, effective communication strategies, CES-focused events and stakeholder engagement and legal counsel. The growing workload and throughput of the CES programs has placed significant strain upon these supporting departments. Because the supporting departments are critical to CES program success, it is important that staff be added supporting these functions:
 - Contract Manager (1 FTE): A CES Contract Manager advises on the creation, operation and awarding of each solicitation and as previously mentioned, each new award from a solicitation in the CES manifests in a new contract between NYSERDA and the owner of a clean energy project. Creation and finalization of these contracts ultimately resides with a Contract Manager who works closely with the project manager and CES counsel. Additionally, when contracts need to be modified, this team must also complete the modification. Contract modifications occur on a regular basis and could stem from programmatic changes such as the conversion from fixed- to indexed-REC structure or can be initiated by the generator for items like a change of project ownership. The CES currently utilizes NYSERDA's centralized contract management staff. However, with over 106 contracts in place and approximately 25 additional large-scale generator contracts added each year, this workload places a significant strain on NYSERDA's centralized contracting department. Numerous additional

contracting actions are taken each year to further support the CES team with specialized consultant support. To accommodate the significant volume of contract activity necessitated by the CES programs, NYSERDA requests one FTE to be a dedicated Contract Manager for the CES programs.

- Legal Counsel (1 FTE): Legal counsel is also a critical role for solicitations, new contracts, and contract modifications. In addition to working on every new contract and contract modification, often involving complex and protracted negotiations, counsel also advises on the creation, issuance, evaluation, and awarding associated with each CES solicitation. Counsel also supports the CES programs on a wide breadth of legal, regulatory, and strategic issues from the implementation of new requirements and programs such as host community benefits, project labor agreements, and supply chain investments to assessing the programmatic legal impact of dynamic energy market changes. As the CES has become more complex, the workload for CES counsel has increased significantly. This increased workload is not just because of the increase in the number of contracts under management but also because of the increasing volume and complexity of issues that must be addressed to build a transformative clean energy ecosystem. There are currently 2 FTE Counsel covering the full CES portfolio. With the total value of the CES portfolio in the billions of dollars, the large and growing number of contracts under management, and the increasingly complex workstreams, NYSERDA is requesting one additional FTE to serve in the CES Counsel position.

- Communication Project Manager (1 FTE): Effective administration of the CES programs requires effective communication in order to keep the public informed of program status and future plans, clearly convey solicitation goals and processes, and facilitate stakeholder outreach. A communications project manager drafts all press releases related to all CES programs including those to announce new solicitations, solicitation results, program progress updates; prepares remarks for all CES-related public speaking events—media and conferences—and ensure social media accompanies all CES related announcements and events. The communications project manager also reviews and edits all program solicitations and is the main point of contact to respond to

all media inquiries. To underscore the Communications effort needed to support the growing CES team, the Communications team's workflow related to CES programs has grown by more than two and a half times since 2018, with annual media inquiries and interviews regularly tracking at 45+ and including high-profile, national outlets such as the Wall Street Journal and the New York Times; speaking engagements with assistance from the Communications team have grown from less than fifteen in 2018, to more than fifty annually and includes international stakeholders and audiences. Additionally, the annual Large Scale Renewables program awards announcements include a Governor level engagement and generally an event, requiring heavy staff and resource support with approximately a dozen staff across the Communications, Marketing, Events, and Government Affairs departments supporting the planning and execution of the event. Supporting the continued buildout of CES programs is expected to increase comprehensive communications efforts significantly, especially as projects begin to regularly require milestone announcements, including entering into commercial operation. To meet this need NYSERDA is requesting one additional FTE for a dedicated communications manager for the CES programs.

- Marketing Project Manager (1 FTE): NYSERDA's Marketing Department currently supports CES programs with public facing materials including fact sheets, videos, stakeholder emails, web updates, and educational materials designed to inform the public about the clean energy solutions being advanced by the CES. Over the last year, support for the CES projects represented 15 percent of the full Marketing department's workload, and since 2019 the number of projects initiated has increased by more than one thousand percent. While the work has grown in both volume and significance, the number of assigned Marketing staff has not increased. One Marketing project manager currently supports the CES program while also responsible for thirteen additional programs at NYSERDA. As additional projects and awards are announced and the visibility of CES projects and investments grow, it is critical that we tell a compelling story of the benefits to the State and New Yorkers, while also building awareness and support for these efforts. This marketing strategy development and implementation requires significant knowledge and focus combined with a deep understanding of the initiatives, technologies, and

perceptions of the clean energy investments, statewide and locally. The CES portfolio requires significant marketing perspective given its cross-cutting topical areas including workforce development among others. Along with the development and integration of a strategic marketing plan, the ongoing day to day activities required with multiple RFPs, RFIs, awards, and construction of projects, will continue to grow and demand an unparalleled attention to detail. To meet this need NYSERDA is requesting one additional FTE for a dedicated marketing project manager for the CES programs.

- Offshore Wind (5 FTEs as described in sub-bullets) – In July 2022, New York launched the third competitive offshore wind solicitation, ORECRFP22-1. To date, New York has five offshore wind projects and five ports under active development. With over 4,300 MW of offshore energy procured, the State is nearly halfway toward the 9,000 MW goal. New York’s current offshore wind project portfolio represents the largest suite of offshore wind projects under active development in the nation. Additionally, the draft scope of the Climate Action Council suggests that more offshore wind resources will be necessary beyond the current statutory requirement; and the “Master Plan 2.0: Deep Water” was announced in the 2022 State of the State address as a new initiative for NYSERDA to take on.

New York is positioning itself as a hub for the offshore wind supply chain to enable the build out of its offshore wind program and achieve the CES goals. The offshore wind team is advancing a multi-billion-dollar industry in New York engaging with stakeholders across the state, region, and globally. Building an offshore wind energy industry is a multi-faceted undertaking that requires expertise across a broad array of topics from wind turbine and electric grid technology to fishery ecosystem health and workforce development. To advance these important initiatives requires additional staff.

- Assistant Director (1 FTE): the program is advancing numerous and diverse workstreams, with each one being highly complex and specialized, growing from ideas to actions. The Offshore Wind program team not only creates and manages solicitations and the subsequent multi-billion-dollar contracts for offshore wind development, but they also are building and expanding a New York-based supply chain, overseeing investments in New York ports and workforce development.

In addition, the Offshore Wind program team must develop a deep understanding of how best to plan and build cost-effective offshore transmission infrastructure needed to integrate offshore wind energy into New York's electric grid. The team also collaborates with a wide range of stakeholders including the commercial fishing industry, maritime industry, federal regulators, environmental organizations, disadvantaged and environmental justice communities, elected officials, the skilled labor workforce, and many other groups needed to build the offshore wind industry. Management of the team and these many diverse workstreams has become more than a single Director can support in terms of breadth and depth of engagement required. To meet this need, NYSERDA is requesting 1 FTE to add an Assistant Director to help manage the Offshore Wind team, workstreams, stakeholder engagement, and extensive outreach required of the position.

- Labor and Economic Development Manager (1 FTE): Paired with private investments, New York has unlocked more than \$644 million in investments towards resilient port facilities and manufacturing, helping to jumpstart project development. In 2023, New York is investing up to an additional \$500 million in the ports, manufacturing, and supply chain infrastructure needed to advance its offshore wind industry. To maximize efficient use of these funds and facilitate the most impactful outcomes for New York, it is imperative to have sufficient staffing to support these programs and manage the infrastructure development contracts on a timeline that supports New York's offshore wind projects. To effectively manage these activities, NYSERDA requests 1 additional FTE.
- Workforce Development Manager (1 FTE): To enable the build out of the offshore wind projects, there is a critical need to prioritize workforce training inclusive of disadvantaged communities. As the offshore wind supply chain investments are advanced, the workforce must be simultaneously developed to support the buildout of that supply chain, and the construction of offshore wind projects. In 2023, NYSERDA needs to launch several workforce initiatives, including advancing the New York Workforce Training Institute, build close relationships and coordinate across various stakeholders including academic institutions, technical trade groups, offshore wind suppliers, developers,

disadvantaged communities, and many others. To effectively manage these activities, NYSERDA requests 1 additional FTE.

- Project Managers (2 FTE): To date, NYSERDA has procured four offshore wind projects. The 2022 solicitation (ORECRFP22-1) is anticipated to add to this total, with at least 2 GW of additional projects. That could possibly increase the number of offshore wind projects under management to at least 6 projects. Each individual project award is a major, multi-billion-dollar infrastructure project and requires significant project management from NYSERDA to ensure the best possible outcomes for New York. Activities related to project management include supporting the State and Federal regulatory and permitting processes, supporting State obligated investments, providing stakeholder and public engagements, and project tracking, reporting, and monitoring. These roles are critical to help ensure projects are completed on-time and with maximum benefits to New York State. Based on NYSERDA's experience managing these projects over the past few years, one project manager can adequately cover two projects of this magnitude. With the growing project management workload to at least 6 offshore wind projects, NYSERDA requests an additional 2 FTEs to actively manage these projects.