

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 25-M-0421 - In the Matter of the 2026-2030 Innovation and  
Research Portfolio.

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

ORDER AUTHORIZING THE 2026-2030  
INNOVATION AND RESEARCH PORTFOLIO

Issued and Effective: October 17, 2025

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STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
New York on October 16, 2025

COMMISSIONERS PRESENT:

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

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BY THE COMMISSION:

INTRODUCTION

On September 15, 2022, the Public Service Commission (Commission) issued the Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review.<sup>1</sup> The Order Initiating Reviews, among other things, required the New York State Energy Research and Development Authority (NYSERDA) to file a petition including, but not limited to, a quantitative and qualitative summary of performance of the Innovation &

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<sup>1</sup> Case 14-M-0094 et al., Order Initiating the New Efficiency: New York Interim Review and Clean Energy Fund Review (issued September 15, 2022) (Order Initiating Reviews).

Research (I&R) Portfolio to date, as well as a request for program and funding authorization for the post-2025 I&R Portfolio. In response to the Commission's directives, NYSERDA filed a petition in Case 14-M-0094 on December 20, 2024 (the Petition), which was supplemented on April 1, 2025.

This Order approves the Petition, with modifications, and authorizes \$412.3 million for the I&R Portfolio for the 2026-2030 period, which includes the reallocation of \$18 million from the current I&R Portfolio budget, as discussed further herein. In addition, this Order addresses control measures for the efficient use of ratepayer funds, programmatic prioritization and transparency, planning and reporting processes, and accountability for results.

#### BACKGROUND

On January 21, 2016, the Commission issued the CEF Framework Order, which authorized a ten-year, \$5.322 billion Clean Energy Fund (CEF) committed to clean energy programs.<sup>2</sup> The CEF consists of four distinct portfolios: Market Development; I&R; NY-Sun; and NY Green Bank (NYGB), all working in tandem with one another to support the State's clean energy policy objectives.

The CEF underwent a review by the Commission beginning in 2020, culminating in the CEF Modification Order, which was issued on September 9, 2021.<sup>3</sup> The CEF Modification Order reaffirmed a \$3.430 billion combined budget for the Market Development and I&R Portfolios (\$2.4 billion for Market

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<sup>2</sup> Case 14-M-0094, Order Authorizing the Clean Energy Fund Framework (issued January 21, 2016) (CEF Framework Order).

<sup>3</sup> Case 14-M-0094, Order Approving Clean Energy Fund Modifications (issued September 9, 2021) (CEF Modification Order).

Development and \$631.7 million for I&R for programmatic and cost recovery fee<sup>4</sup> expenses, plus additional administration and evaluation costs).<sup>5</sup> Administration costs were funded at a combined \$274.4 million and evaluation at a combined \$124.2 million across both portfolios. A simple proration of the administration and evaluation costs for the I&R Portfolio equates to approximately \$57.2 million for administration and \$25.8 million for evaluation, resulting in a total I&R Portfolio budget of \$714.7 million for the ten-year CEF period.

As detailed in the CEF Modification Order, the targets associated with the four CEF portfolios, through 2025, are to: (1) create 53 trillion British thermal units (TBtu) of energy savings; (2) install 6 gigawatt (GW) of distributed solar capacity; (3) provide \$20 million in leveraged funds;<sup>6</sup> and (4) enable 40% of benefits of place-based investments to accrue to Disadvantaged Communities. The Commission also noted that investments made through 2025 will result in additional energy savings after 2025, thereby adopting a cumulative target of 70 TBtu of energy savings through 2030.<sup>7</sup> The Commission recognized greenhouse gas (GHG) emissions reductions and participant bill

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<sup>4</sup> The Cost Recovery Fee is assessed by the Director of the Division of the Budget per section 2975 of Public Authorities Law and is assessed on NYSERDA's allocated overhead cost across NYSERDA's program activities in proportion to its total annual expenses.

<sup>5</sup> This budget authorization is inclusive of \$250 million of Regional Greenhouse Gas Initiative (RGGI) funds pledged by NYSERDA to the CEF.

<sup>6</sup> Leveraged funds in this context refers to funds leveraged, both private and public, as a result of the ratepayer investment.

<sup>7</sup> While the TBtu savings were adopted for the CEF in its entirety, energy savings generally result from activities within the Market Development portfolio.

savings as metrics to be tracked, rather than standalone goals, and added clean energy jobs and local air quality measurements for tracking and reporting purposes.

The I&R Portfolio is designed to drive innovation by investing in cutting edge technology development/demonstration and early-stage company support through incubators, accelerators, prize competitions, and similar programs that support a green economy. In addition, the portfolio includes energy-related environmental research studies to provide objective information to help inform policy making and identify strategies to mitigate environmental impacts. It supports the development of innovative solutions to meet the State's climate targets, demonstration of grid modernization solutions, as well as accelerating the commercialization of existing solutions on their path to mass market adoption. Through this work, the portfolio also supports employment and economic development in the State.

#### THE PETITION

The Petition contains a qualitative and quantitative performance review of the I&R Portfolio from 2016 through 2023 and a program and funding request for the 2026 through 2030 period.

##### A. Performance Review

In its Petition, NYSERDA expresses performance both in terms of percentages of overall goals and targets of the CEF, as well as listing specific achievements of the various I&R Portfolio focus areas.

Through 2023, of the \$623 million programmatic I&R budget (not inclusive of cost recovery fee, administration and evaluation), \$490 million has been committed (85.9%) with \$253.6 million (44.5%) already expended across the nine focus areas,

according to the Petition. Financial performance through December 2023, by Focus Area, is detailed in the table below. As directed by the Commission, I&R funding must be committed by December 31, 2025, however expenditures are allowed through December 31, 2030.

Focus Area	Budget	Committed		Expended	
	(\$M)	(\$M)	%	(\$M)	%
Technology to Market	\$141.0	\$130.5	99.5%	\$89.1	67.9%
Grid Modernization	\$134.0	\$116.7	87.4%	\$68.6	51.4%
Buildings Innovation	\$75.0	\$68.0	90.7%	\$14.6	19.5%
Renewables Optimization	\$62.0	\$57.7	93.1%	\$29.5	47.6%
Clean Transportation Innovation	\$54.4	\$31.2	57.5%	\$16.1	29.7%
Energy Focused Environmental Research	\$47.8	\$41.1	85.9%	\$29.8	62.4%
Gas Innovation	\$40.0	\$24.4	61.0%	\$1.2	3.0%
Negative Emissions Technologies	\$32.0	\$17.0	96.5%	\$3.5	19.6%
Climate Resilience Innovation	\$20.0	\$3.3	38.3%	\$1.3	14.4%
Reserve	\$16.8		-		-
<b>Total</b>	<b>\$623.0</b>	<b>\$490</b>	<b>85.9%</b>	<b>\$253.6</b>	<b>44.5%</b>

To ensure compliance with the CEF Framework, NYSERDA states that it tracks and evaluates a range of data outputs, outcomes, and impacts to understand the I&R Portfolio. The CEF Modification Order set a combined target to mobilize clean energy investment of \$20 billion in leveraged funds. NYSERDA avers that, as of December 2023, the I&R Portfolio has contributed \$3.5 billion in cumulative acquired leveraged funding, representing 87% of the I&R goal to deliver \$4.1 billion by 2023.

NYSERDA also states that it tracks and evaluates a range of data on outputs, outcomes, and impacts to understand the performance of the I&R Portfolio, as well as initiative-specific outcome-based metrics that are presented in the Compiled Investment Plan.<sup>8</sup> According to NYSERDA, through 2023, the I&R Portfolio aggregate achievement has exceeded all six outcome-based metrics resulting in: (1) 467 projects completed or in the pipeline; (2) 2,530 organizations engaged; (3) more than 200 products commercialized; (4) \$20 million in product revenue; (5) 985 replications of demonstrated technologies; and (6) 247 publications. Based on this information, all focus areas exceeded their outcome metrics, with the exception of Buildings Innovation, Negative Emissions Technologies, and Climate Resilience Innovation, which met or exceeded a number of targets but fell short on meeting all of their targets.

NYSERDA asserts that the \$109 million it invested in product development from 2016-2020 led to successful commercialization of 38 products that supported nearly 1.4 TBtu of annual energy savings through 2021. Noting that this product development evaluation includes projects that predate the CEF,

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<sup>8</sup> Case 14-M-0094, NYSERDA Revised Clean Energy Fund Compiled Investment Plan (filed November 1, 2024).

NYSERDA nevertheless claims that the results represent the outcome and impact of NYSERDA's investment in product development. The Petition states that NYSERDA used a macroeconomic model to evaluate Buildings Innovation, Grid Modernization, and Clean Transportation focus area investments, including leveraged funding, and estimates significant economic benefits from early CEF investments. These benefits include the generation of 664 average annual jobs, \$2.5 billion in gross state product, and \$1.3 billion in disposable personal income, with the expectation that quantified positive impacts will grow as NYSERDA continues to evaluate I&R program results.

B. 2026-2030 Program & Funding Request

The Petition asserts that the objective of its proposal is "to optimize NYSERDA's role within the evolving innovation landscape by developing the portfolio to respond to market needs, while maintaining a strong focus on driving affordability and reliability outcomes for ratepayers."<sup>9</sup> NYSERDA reports that it conducted a quantitative and qualitative assessment of the I&R Portfolio to shape its proposal for the 2026-2030 period. This assessment consisted of a review of all focus areas and initiatives, financial and performance metrics, findings from relevant evaluations, and extensive stakeholder engagement.

On April 1, 2025, NYSERDA supplemented the Petition with a request to commit funding related to its 2026-2030 I&R proposal.<sup>10</sup> The Funding Commitment Request identified budget and timing inter-dependencies between I&R activities currently contained in the Grid Modernization Focus Area of the Compiled

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<sup>9</sup> Petition, p. 1.

<sup>10</sup> Case 14-M-0094, Request to Commit Funding Related to NYSERDA 2026-2030 Innovation and Research Portfolio (filed April 1, 2025) (Funding Commitment Request).

Investment Plan and the activities occurring within the Grid of the Future proceeding<sup>11</sup> and, requested that \$18 million of current I&R funds set to expire at December 31, 2025, be included as incremental funding for the I&R Portfolio for the period 2026-2030.

In summary, NYSERDA requests authorization to:

- (1) establish new I&R Portfolio funding of \$394.3 million for the 2026-2030 period (This proposed funding amount includes \$317.6 million in programmatic funds across seven focus areas and a reserve, and \$76.7 million to be used for non-program costs, such as labor, non-labor administration, and external evaluation costs);
- (2) reallocate \$18 million of the currently authorized I&R budget allocated to the Grid Modernization focus area to the 2026-2030 period due to timing interdependencies related to the Commission's Grid of the Future proceeding;
- (3) establish portfolio-level targets realized from the full investment of authorized funding, measured as cumulative benefits, of \$1.7 billion in leveraged funds, 110 commercialized products and 570 in demonstration replications;
- (4) transition from the current Compiled Investment Plan approach to an annual Operating Plan (Key changes would include standardized output, outcome, and impact metrics across all portfolio activities, addition of an annual review process, expansion of formal portfolio targets beyond leveraged funds);

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<sup>11</sup> Case 24-E-0165, Grid of the Future, Order Instituting Proceeding (issued April 18, 2024).

- (5) implement transparent accounting of any place-based I&R projects in terms of their Disadvantaged Community investment and benefits;
- (6) maintain operational flexibility in the 2026-2030 I&R Portfolio by allowing budget adjustments within +/- 20% of the originally authorized amounts;
- (7) continue to operate the I&R Portfolio on a fuel neutral basis;
- (8) provide annual I&R Portfolio status briefings to the Commission;
- (9) file an annual I&R Portfolio cash flow analysis;
- (10) maintain reporting cadence with quarterly reports and new I&R specific annual reports; and
- (11) maintain a dedicated evaluation, measurement and verification budget to fund evaluation studies.

C. Proposed Focus Areas

NYSERDA proposes the 2026-2030 I&R Portfolio will build upon prior successes and focus on the following set of core principles: (1) thoughtful consideration of NYSERDA's role; (2) portfolio simplicity; (3) portfolio flexibility balanced with transparency; (4) commercialization services; and (5) greater ecosystem engagement and support.

NYSERDA proposes realigning from nine to seven focus areas for the 2026-2030 I&R Portfolio by sunseting the Negative Emissions Technologies and Climate Resilience Innovation focus areas, renaming four focus areas and including a Reserve Fund that NYSERDA states will enable flexibility and the ability to respond to changes in technology, policy landscape, and the market.

<b>Current I&amp;R Focus Areas</b>	<b>Proposed 2026-2030 I&amp;R Focus Areas</b>
Grid Modernization	Grid Modernization
Buildings Innovations	Advanced Buildings & Processes
Clean Transportation Innovation	Clean Transportation Innovation
Renewables Optimization	Power Generation & Storage
Technology to Market	Commercialization & Ecosystem
Gas Innovation	Fuels Transition
Energy Focused Environmental Research	Energy Focused Environmental Research
Negative Emissions Technologies	<i>To be sunset in the 2026-2030 I&amp;R Portfolio</i>
Climate Resilience Innovation	<i>To be sunset in the 2026-2030 I&amp;R Portfolio</i>

As part of the 2026-2030 I&R Portfolio, NYSERDA states that it would implement a standardized structure consisting of:

- (1) Focus Areas: Market themes that define a broad bundle of services NYSERDA will deliver;
- (2) Initiatives: Strategic set of priorities within a focus area that target specific market problems;
- (3) Problem Statements: Defined market challenges to be addressed by NYSERDA intervention; and
- (4) Intervention Typologies: Standardized mechanisms for delivering services to the market to address problem statements. These typologies include research and studies, development and lab-scale prototyping, pilots, sub- and full-scale demonstrations, and commercialization services.

NYSERDA describes its stakeholder and market engagement efforts, consisting of roundtables and one-on-one

discussions, as having resulted in a number of themes that are incorporated into their proposal for the 2026-2030 period.

These themes, as articulated by NYSERDA, are:

- (1) Need for grid flexibility solutions: Even though Distributed Energy Resources are widely available in the market, stakeholders identified a market need for improved asset control, interoperable communications, and greater standardization across these resources;
- (2) Innovation ecosystem cohesion and growth: Stakeholders consistently shared that a high-value role for NYSERDA is as a large-scale convener and ombudsperson for information flow across the ecosystem. Stakeholders also identified significant value in targeted in-kind services for startups and a continuation of cohort-based programs;
- (3) Hard-to-electrify end uses: Through stakeholder engagement, NYSERDA identified a targeted set of applications and sectors where electrification is particularly challenging due to technical and economic barriers, including high temperature heat pumps for buildings, medium- and heavy-duty transportation applications, and thermal energy networks;
- (4) Statewide modeling and planning: Across the electric and gas systems, stakeholders identified a need for greater standardization of modeling approaches to inform effective statewide grid modernization, gas system decommissioning efforts, and to accurately assess the environmental impacts of the energy system; and
- (5) Zero emissions dispatchable power generation and storage: To address the Climate Leadership and Community Protection Act (CLCPA) goal of zero emissions electricity by 2040, the Climate Action Council estimates that the State needs ~20 to 30 GW of zero emission dispatchable

generation capacity to ensure there are no system reliability gaps.

NYSERDA’s proposed focus areas, descriptions, and problem statements are included in Appendix A.

D. Proposed Budget

The Petition proposes a total new funding authorization of \$394.3 million, including \$317.6 million in programmatic funds and \$76.7 million for non-programmatic funds including labor costs, non-labor administrative costs, including the Cost Recovery Fee, and external evaluation, measurement and verification. NYSERDA proposes that the funds be committed between 2026-2030 and expended between 2026-2034.

<b>Innovation &amp; Research Proposed Budget (2026 - 2030)</b>		<b>Proposed Budget</b>
Program Funds	Grid Modernization	\$66.5 M
	Commercialization & Ecosystem	\$57.5 M
	Advanced Buildings & Processes	\$47.5 M
	Power Generation & Storage	\$39.0 M
	Fuels Transition	\$37.5 M
	Clean Transportation Innovation	\$31.0 M
	Energy Focused Environmental Research	\$23.5 M
	Reserve Funds	\$15.1 M
Program Subtotal		\$317.6 M
Non-Program Funds	Labor Costs	\$53.2 M
	Non-Labor Administrative Costs	\$14.0 M
	External evaluation, measurement and verification costs	\$9.5 M
Non-Program Subtotal		\$76.7 M
Total		\$394.3 M

NYSERDA also includes an annual expenditure forecast for 2026-2036 and recommends that the Commission consider it when establishing collections from ratepayers.

E. Proposed Budget Flexibility

To maximize ratepayer benefits, NYSERDA proposes that it be allowed operational flexibility by continuing the current CEF budget rules and procedures. Specifically, NYSERDA requests the ability to adjust the budgets of the seven focus areas within +/-20% of the originally authorized amounts, excluding the reserve budget. Any proposed changes to these budgets, NYSERDA suggests, would be included in NYSERDA's annual Operating Plan, which would provide a full accounting of budget adjustments over time to ensure transparency and adherence to the 20% flexibility rule.

F. Core Portfolio Outcomes and Targets

NYSERDA proposes three core outcome metrics and proposed targets, illustrated below, to demonstrate value and the anticipated impact of the 2026-2030 I&R Portfolio. NYSERDA asserts that the proposed targets are not comparable to the 2016-2025 CEF period because there will be a smaller number of projects that are expected to produce broader impacts from each additional product commercialized or unit replicated.

<b>Core Outcome Metric</b>	<b>Definition</b>	<b>Proposed 2026-2030 I&amp;R Portfolio Target</b>
Leveraged Funding	Sum of private capital raised, external grants, and project cost share provided during or beyond the time of NYSERDA funding.	\$1.7 Billion

<p>Products Commercialized</p>	<p>Commercially available products developed by companies using NYSERDA funds; this includes products that can be sold, leased, or licensed to the public, and/or are available in public marketplaces.</p>	<p>110 Products</p>
<p>Replications of Demonstrations</p>	<p>Number of unit replications produced as a follow-on to NYSERDA funded demonstration projects. Demonstration replications validate the ability of a new technology to perform consistently under varying conditions and may reduce risks.</p>	<p>570 Replications</p>

G. Meeting the Evolving Public Policy and Market Context

NYSERDA states that its proposal aligns with State and federal policies which enable a clean energy economy and create opportunities for innovation, including the research, development, demonstration, and commercialization of technologies. Noting that federal policies and programs have provided opportunities that are complimentary to the proposed activities to drive innovation and investment in these areas and that as federal policies evolve during the 2026-2030 period, NYSERDA seeks to leverage opportunities that align with the State's energy transition goals.

In the Petition, NYSERDA asserts it will continue to leverage federal policies to complement their efforts, amplify funding, and scale solutions within New York State. Further stating it will work with key federal partners in the energy sector, where appropriate, to build upon NYSERDA's collaboration

with the Department of Energy, including the exchange of information and joint efforts on relevant energy projects.

H. Disadvantaged Communities

NYSERDA affirms its commitment to ensuring alignment with the Department of Public Service's (DPS) CLCPA-Disadvantaged Communities Investment and Benefits Reporting Guidance as part of its statewide reporting efforts.<sup>12</sup> To support the State's climate goals, NYSERDA indicated that it would track and report on place-based I&R activities and, where possible, demonstration projects will be sited in Disadvantaged Communities to deliver meaningful benefits. When possible, NYSERDA asserts that it would identify and characterize potential Disadvantaged Community benefits for State- or system-wide I&R investments, such as those related to energy system resilience and environmental justice.

I. Performance Monitoring, Evaluation, and Reporting

NYSERDA describes its overall approach to performance monitoring, evaluation, and reporting as focusing on gathering information to aid in decision-making, maximizing ratepayer benefits, and maintaining transparency and accountability in the use of ratepayer funds. NYSERDA states that it will collect information that supports active portfolio management throughout the project lifecycle and communicate the results and benefits as programs mature.

NYSERDA's proposal includes a 2026-2030 I&R metrics framework with three categories: (1) Outputs - providing an early measure of NYSERDA activity and market engagement; (2)

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<sup>12</sup> See Clean Energy Guidance Document CE-12, CLCPA-Disadvantaged Communities Investment and Benefits Reporting Guidance, available at: <https://dps.ny.gov/system/files/documents/2023/10/disadvantaged-communities-guidance.pdf>.

Outcomes - a measure of the results by different types of I&R investments and technology advancements; and (3) Impacts - of I&R investment on the broader market in terms of energy, environmental, and economic benefits.

NOTICE OF PROPOSED RULE MAKING

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) was published in the State Register on February 5, 2025 [SAPA No. 14-M-0094SP12]. The time for submission of comments pursuant to the Notice expired on April 7, 2025. The comments received are summarized below and addressed in the relevant sections below.

Additionally, in a Secretary's Notice Soliciting Comments Regarding the Funding and Administration of NYSERDA's Innovation and Research Portfolio for 2026-2030, issued on February 11, 2025, comments were also solicited by April 7, 2025.

SUMMARY OF COMMENTS

Alliance for Clean Energy New York, Inc.

The Alliance for Clean Energy New York, Inc. (ACE NY) supports the continued advancement of NYSERDA's I&R Portfolio and provides targeted recommendations to enhance its effectiveness. ACE NY commends NYSERDA's past performance, particularly in advancing grid infrastructure and storage technologies. ACE NY supports the addition of the Power Generation & Storage focus area and emphasize investment in Long Duration Energy Storage and Lithium-ion alternatives. ACE NY recommends aligning the Grid Modernization focus area with ongoing Commission proceedings, such as the Proactive Planning

for Upgraded Electric Grid Infrastructure<sup>13</sup> and the Grid of the Future, and incorporating a total system benefit model to better evaluate Distributed Energy Resource contributions. For the Advanced Buildings & Processes focus area, ACE NY urges use of national heat pump standards and incorporation of electric load management. In the Clean Transportation Innovation focus area, ACE NY supports the proposed research targets, vehicle-to-grid technologies, and further investment in electric vehicle (EV) charging. ACE NY suggests increasing the total I&R budget beyond the proposed \$394.3M, citing reduced federal support and paused National Electric Vehicle Infrastructure contracts, and warns of underinvestment in key infrastructure such as EV charging.

Building Decarbonization Coalition (BDC)

BDC recommends narrowing the I&R Portfolio's focus to two core challenges, affordability and electric grid reliability, and suggests that funding currently allocated to heat pump demonstration projects or design competitions be redirected toward addressing these priorities. BDC recommends that NYSERDA work with existing national and regional standards for heat pumps, including existing cold climate technologies, in developing methods for meeting heating needs. BDC supports NYSERDA's proposal to invest in gas system modeling and analysis in the absence of a standardized statewide gas system map but does not support funding for hydrogen and renewable natural gas research, citing cost, scale, and safety concerns. It argues that renewable natural gas and hydrogen should be reserved for hard-to-electrify sectors rather than residential gas systems. BDC supports NYSERDA's focus on thermal energy networks and

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<sup>13</sup> Case 24-E-0364, Proactive Planning for Upgraded Electric Grid Infrastructure, Order Establishing Proactive Planning Proceeding (issued August 15, 2024).

recommends stakeholder inclusion, including organized labor, environmental advocates, and industry representatives. BDC proposes the formation of a formal Thermal Energy Network Working Group.

The Clean Fight

The Clean Fight urges inclusion of bridge funding for clean energy companies facing a slowdown of private investment and declining federal funding. It agrees that in-State manufacturing is difficult to develop but offers the following two ideas for accelerating development: increasing the demand for manufactured products within New York, and enhancing private and public funding opportunities for new facilities. The Clean Fight supports the expansion of NYSERDA's voucher program within the Commercialization Expertise and Voucher Initiative under the Commercialization & Ecosystem Focus Area, and proposes that the program enables companies to identify potential service vendors in addition to providing a pre-vetted list of vendors in specific categories. The Clean Fight supports demonstration replication as a performance target and encourages ongoing support for direct-to-company grants administered via accelerator programs. The Clean Fight also requests that NYSERDA continue funding support services and programming to companies beyond the scope and duration of any one program, to protect the State's investments as the entities grow.

Cornell College of Agriculture and Life Sciences (Cornell CALS)

Cornell CALS supports NYSERDA's proposed changes to the CEF, noting their only critique of the proposal is the 6% allocation of Energy Focused Environmental Research may not be sufficient given federal funding uncertainties, and the scope of environmental research needed. Cornell CALS highlights successes of the Energy Focused Environmental Research portfolio and the approach to agrivoltaics, emphasizing the work on the

development of a 7-acre agrivoltaics Research & Development facility on the Cornell Ithaca campus and detailing the Adirondack Ecosystem Survey of Climate Change and Adirondack Lake Ecosystems approach that would not have been possible without NYSERDA's partnership and support through the CEF. Cornell CALS mentions additional NYSERDA CEF supported projects, the Greenhouse Lighting & Systems Engineering and the first on-farm pyrolysis unit on a working dairy farm. Cornell CALS supports the proposed modifications to the Negative Emissions portfolio sector and encourages NYSERDA to continue technical working groups and to consider expansion to the current agrivoltaics technical working group into a broader agricultural group covering a wider array of energy and environmentally related challenges faced by farmers.

Joint Utilities (JU)<sup>14</sup>

The JU support NYSERDA's proposed changes to the current I&R Portfolio and recommend more collaboration between NYSERDA and the JU to align with utility planning and operations. While the JU support NYSERDA's ability to reallocate funds and the need for budget flexibility, it recommends consulting with DPS Staff prior to doing so. The JU state that the utilities and their customers have benefited from NYSERDA's past I&R efforts and acknowledges the effectiveness of their solution finding.

The JU recommend that NYSERDA continue its literature reviews prior to issuing public opportunity notices, consider

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<sup>14</sup> The JU include Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., Rochester Gas and Electric Corporation, and The Brooklyn Union Gas Company d/b/a National Grid NY.

improving public accessibility of completed research, and consider investments in enhanced systems to track pilots, studies, and research outcomes.

The JU also requests expanded lifecycle technology development under NYSERDA's Tech-to-Market approach and recommend consideration for addressing barriers to technology adoption. The JU provide focus-area-specific feedback, such as their support for grid modernization and the development of technologies to promote interoperability as Distributed Energy Resources increase and the need to enhance demand flexibility. The JU also recommend innovation in new storm response technologies (e.g., drones, upgraded outage management systems, and storm-hardened infrastructure). Regarding the Advanced Buildings & Processes focus area, the JU support the advancement of energy efficiency and heat pump technologies and request further collaboration with NYSERDA to help incorporate research into utility programs.

For the Power Generation & Storage focus area, the JU also support research and development for zero-carbon generation technologies and welcome additional resources to fund district steam decarbonization using thermal energy storage, aligning with the intent of the I&R Portfolio. The JU express concern regarding gas mapping containing Critical Energy Infrastructure Information and strongly oppose producing publicly available maps of statewide gas infrastructure. The JU support problem statements within the Clean Transportation Innovation focus area, highlighting opportunities to address disadvantaged communities through grid and mobility investments and recommend that NYSERDA include areas with fewer than 100 people in relation to the Problem Statement "Transit and Mobility Services for [Disadvantaged Communities]" under the Clean Transportation Innovation Focus Area. The JU note that areas with fewer than

100 people are not considered for Disadvantaged Community designation but often face transit challenges. Lastly, the JU support continued research under the Energy Focused Environmental Research focus area and emphasize the importance of climate data collaboration.

Launch NY

Launch NY supports NYSERDA's continuation and expansion of the focus areas within the I&R Portfolio proposal. Launch NY outlines the importance of each focus area to their work, indicating they are currently working with a number of companies developing fuel alternatives, energy efficiency solutions, and thermal energy technologies, as well as companies within the Clean Transportation, Grid Modernization, and Power Storage focus areas.

Launch NY highlights that NYSERDA's funding is uniquely positioned to create a pipeline of commercial entities eager to reduce emissions, develop a finance platform that connects entities with resources, and strengthen New York's relationship with Massachusetts and other states through collaborative partnerships. Launch NY supports the proposed flexibility to reallocate funds within focus areas and urges NYSERDA to direct these funds toward scalable startups in Upstate New York. Launch NY recommends that NYSERDA's affiliate network be utilized to further enhance performance monitoring, evaluation, and reporting, along with the development of an Energy Transition Council to engage region supply chain entities. Additional recommendations from Launch NY include investment in local supply chains and domestic manufacturing, engagement of existing businesses that can serve multiple roles, regional connections and local field representatives to assist in connecting business to programs and services, and investments in workforce development.

Nature Conservancy

The Nature Conservancy supports the proposed 2026-2030 I&R Portfolio, commenting specifically on Energy Focused Environmental Research, Power Generation and Storage, and Grid Modernization focus areas. The Nature Conservancy recommends the environmental research funded through Energy Focused Environmental Research is essential and should continue, highlighting the programs supported by the CEF such as NYSERDA's Offshore Wind Environmental Research program. Additionally, the Nature Conservancy encourages continued support for offshore wind energy funding priorities, and conducting and funding research, pilots, programmatic support for co-location of solar energy systems and other land uses. The Nature Conservancy emphasizes the importance of storage incentives to encourage low-impact siting and energy storage technology demonstrations that show the potential for at-scale operation and economic viability of storage solutions. The Nature Conservancy recommends maintaining and expanding incentives to offset the cost of installing solar on low-impact sites, such as parking lots and commercial and industrial rooftops. The Nature Conservancy supports the research, development, and demonstrations under the Grid Modernization focus area, noting that this would lead to lower energy costs, increased reliability, enhanced grid capacity, and improved power quality. Finally, the Nature Conservancy supports the inclusion of initiatives that benefit disadvantaged communities, recommends NYSERDA leverage grid modernization to benefit disadvantaged communities, and encourages funding and support for existing community-based organizations.

New York Energy Consumers Council (NYECC)

NYECC supports continued innovation in clean heating, steam system transitions, and district geothermal technology.

They recommend NYSERDA develop incentives for thermal energy networks, hybrid heating systems, and affordable building-scale geothermal solutions. NYECC urges workforce campaigns to recruit displaced federal cleantech workers and attract international clean energy manufacturers to New York. It additionally recommends partnering with educational institutions to promote energy careers. NYECC proposes a utility improvement fund for buildings in Disadvantaged Communities and call for a fund to help multifamily Disadvantaged Community buildings meet new refrigerant standards by retrofitting or replacing existing heating, ventilation, and air conditioning systems and building structures. NYECC also encourages development of advanced building fault detection systems and artificial intelligence platforms. Lastly, NYECC states that Building Innovation should remain a top NYSERDA priority.

New York State Department of Environmental Conservation (NYSDEC)

NYSDEC supports the continuation of the Energy Focused Environmental Research program within the I&R Portfolio. NYSDEC emphasizes the program's critical role in informing air quality policy, climate regulations, and emissions inventory efforts. NYSDEC highlights the importance of methane emission quantification from key sectors, including landfills and oil and gas infrastructure, as New York advances climate regulations. NYSDEC notes that Energy Focused Environmental Research helps characterize the impacts of diesel and gasoline emissions and related public health outcomes and supports regional ozone mitigation planning. In addition, NYSDEC underscores the ongoing need for Energy Focused Environmental Research data to meet federal air quality standards and develop targeted emissions reduction strategies, particularly in the New York City region.

LEGAL AUTHORITY

The Commission has the responsibility and authority under the Public Service Law (PSL) to ensure that utilities carry out their public service responsibilities with economy, efficiency, and care for the public safety, the preservation of environmental values and the conservation of natural resources.<sup>15</sup> Pursuant to the State Energy Law, the Commission is required to consider actions to effectuate State energy policy and the New York State Energy Plan,<sup>16</sup> which includes increased energy efficiency as a major contributor to New York's energy future. In fulfilling the mandates of the PSL and State energy policy, the Commission has directed the development and implementation of a number of programs to increase the deployment of energy efficiency resources in New York State, including the CEF. The activities directed and authorized in this Order will continue and build upon the progress made through those programs.

DISCUSSION

Mission of the I&R Portfolio

The Commission reaffirms the mission of the I&R Portfolio as described in the CEF Framework Order, whereby the I&R Portfolio is designed to drive innovation by investing in cutting edge technology development/demonstration and early-stage company support, providing objective information to help inform policy making and identify strategies to mitigate environmental impacts, and supporting the development of innovative solutions to meet the State's climate targets, demonstration of grid modernization solutions, as well as

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<sup>15</sup> PSL §5(2); see also PSL §66(3).

<sup>16</sup> Energy Law §§3-103 and 6-104.

accelerating the commercialization of existing solutions on their path to mass market adoption.

The Commission recognizes that since the CEF Framework Order, innovation - importantly including innovation supported by ratepayer investments in NYSERDA's I&R Portfolio - has resulted in valuable development of technology and solutions. This has underscored the need to preserve I&R as an investment activity that can provide compelling value in New York's clean energy system and to its ratepayers. At the same time, it has highlighted that this value is highest when I&R Portfolio investments are directed toward the most critical clean energy priorities for New York State, as revealed by market and system needs. Furthermore, it has shown that the I&R Portfolio will, by necessity, need to be dynamic and not static, and capable of adapting to face emergent needs.

#### Performance of the I&R Portfolio to Date

The Commission recognizes the strong performance of the I&R Portfolio through December 2023. Stakeholder comments support this view, often calling out specific initiatives or focus areas of the portfolio, but taken as a whole, demonstrating support for the portfolio across a variety of stakeholders, each indicating the benefits they believe to have resulted from the I&R Portfolio to date. The Portfolio has delivered valuable insights, advanced technologies, and innovative solutions that support New York State's clean energy goals. Achievements to date include the successful development and demonstrations of emerging technologies, facilitation of market adoption, and generation of data that informs policy and program design. The Commission notes that the I&R Portfolio has generally met or exceeded its stated objectives and has meaningfully contributed to the collective CEF goals, particularly with regard to leveraged funding. The work

conducted under the I&R Portfolio fills a unique role in New York's advancement of its climate objectives and the Commission supports its continuation into the 2026 through 2030 period.

2026-2030 I&R Portfolio

The Commission appreciates and finds NYSERDA's proposed portfolio composition to be promising, such as the inclusion of focus areas, problem statements and corresponding initiatives, and intervention typologies, to provide a level of consistency in approach that did not exist under the original operation of the I&R Portfolio. The Commission applauds NYSERDA for the thoughtful approach it has taken to assess the current portfolio, including robust stakeholder engagement, in the development of its proposal that demonstrates a level of focus on limited ratepayer funds to address the issues that are not only the most pressing but that represent an area where NYSERDA can bring added value and that are appropriate for ratepayer support.

A. Focus Areas/Problem Statements

With respect to the Focus Areas, the Commission appreciates the thought and care that NYSERDA has brought to the proposed funding allocations, descriptions, and problem statements. The Commission adopts major elements of the proposal, with certain modifications and clarifications, as discussed below and articulated in Appendix A.

The Commission notes that the Focus Areas differ meaningfully in the roles they require NYSERDA to play, and also in the contributions each Focus Area can make toward advancing New York's clean energy transition and decarbonization policies. In the case of Energy Focused Environmental Research, the principal anticipated contribution is to fund important fact-setting research and analysis on energy and energy-related environmental matters, which is work often conducted by

experienced external partners, and to ensure this work continues to be useful and effectively executed. The Commission adopts NYSERDA's proposal with respect to this Focus Area.

In the Commercialization and Ecosystem Focus Area, the principal anticipated contribution is to support the growth of a successful sector of early and growth stage companies with a strong New York nexus that are engaged in clean energy transition decarbonization lines of business. The Commission generally adopts the NYSERDA proposal with respect to this Focus Area, with the continued emphasis on a New York nexus, and with the explicit expectation that NYSERDA will serve as the partner that best enhances and accelerates the impact and success of the organizations active in this field, including companies, their investors and value chains, and entrepreneurial support organizations.

With regard to the Clean Transportation Innovation Focus Area, the Commission generally adopts the NYSERDA proposal with the emphasis and expectation that NYSERDA's work will focus on driving forward clean energy innovations and solutions that best serve New York's clean energy and climate needs and priorities. The Commission wholly supports NYSERDA's proposal to leverage additional, or alternative, funding streams to support electric vehicle policy research, data collection, permitting standardization, and electric school buses.

In the remaining Focus Areas - Grid Modernization, Advanced Buildings & Process, Power Generation & Storage, and Fuels Transition (collectively, the sector-based Focus Areas), the principal anticipated contribution is to support the development and, to a meaningful extent, the initial deployment of solutions to meet the clear, present, and imminent needs of New York's clean energy transition and decarbonization policies.

The Commission adopts the NYSERDA proposal with respect to these Focus Areas, with modifications as discussed below.

Generally, the emphasis in these sector-based Focus Areas and the preponderance of the funding should be on driving solutions into the market and in preparing known recipients to take and deploy those solutions and thus focus on technologies and innovations at the later stages of development. This may require NYSERDA to adopt a broader role as a partner, rather than as a more focused choreographer or catalyst. The Commission notes that these sector-based Focus Areas should retain the freedom to invest beyond this late-stage priority, for instance in technical pathway or in foundational system modeling, while retaining the emphasis and priority as described.

In these sector-based Focus Areas, NYSERDA should focus on problems for which the solutions can make the most meaningful contribution to the problems that are of highest-value for New York to address. Where the Focus Area fits with an existing New York State initiative (for example, in the case of Grid Modernization and the Commission's Grid of the Future proceeding), the work in and by the Focus Area should align with the direction of such New York State initiatives and should entail close collaboration with the respective leads of those existing New York State initiatives.

Where the Focus Areas address a sector that is especially central to the Commission's and DPS's work, the governance of that Focus Area should be structured so as to assure the highest possible alignment between the Focus Area leadership and the corresponding DPS Staff leads. For clarity, the Commission enumerates these as Grid Modernization, Advanced Buildings & Process, Power Generation & Storage, and Fuels Transition.

NYSERDA's request for reallocation of \$18 million of current I&R funding in the Grid Modernization Focus Area to the I&R 2026-2030 period, is evidence of the type of alignment we seek. Specifically, this request mentions the ongoing Commission directive for DPS Staff to develop a comprehensive New York Grid of the Future Plan, expected to be filed by December 31, 2025. The Grid of the Future Plan will address areas such as interoperability of grid edge devices and load shifting and flexibility feasibility assessments and demonstration. Therefore, as NYSERDA recognizes and the Commission agrees, it would be premature for NYSERDA to rush to commit the \$18 million of I&R funding targeting these areas until the Grid of the Future Plan is finalized and can be considered in the development of the initiatives. Accordingly, the Commission approves NYSERDA's request to reallocate the \$18 million authorized under the current I&R Portfolio to the 2026-2030 I&R Portfolio.

In the case of the Fuels Transition Focus Area, the Commission notes some emergent needs in New York State's solution requirements and directs the Focus Area to be modified (with budget implications as laid out below) to support meaningful work and investment in gas transition technologies, including novel solutions that support Non-Pipe Alternatives and safe and cost-effective alternatives to Leak-Prone Pipe replacement. The Commission again notes the importance of assuring the highest possible alignment between the Focus Area leadership and the corresponding DPS Staff leads.

In the case of the Power Generation and Storage Focus Area, the Commission recognizes some emergent needs in New York State's solution requirements, and therefore directs the Focus Area to be modified (with budget implications as laid out below) to support meaningful work and investment in solutions to

modernize and decarbonize the existing generation fleet, so that these units can operate in as CLCPA-consistent a manner as possible.

Additionally, the Commission notes NYSERDA's intention to fund continued operations of the National Offshore Wind Research & Development Consortium (OSW Consortium), a 501c3 organization that represents members across federal and state agencies, most global developers, major industry original equipment manufacturers, and researchers. New York ratepayers' initial investment of \$20.5 million under the current I&R portfolio was matched by funding from the United States Department of Energy and attracted other State and private entity investments. The Commission recognizes the value in such an effort but also recognizes that the original investment was made with the expectation that the OSW Consortium would be self-sustaining by 2025. New York remains committed to advancing innovation into offshore wind technology as part of its clean energy agenda, however given current market realities, the Commission must caution on-going investment into operational support for the OSW Consortium that relies solely, or in large part, on New York ratepayers. Accordingly, NYSERDA is directed to monitor other sources being pledged to support the work of the OSW Consortium to ensure any future ratepayer contributions are met with equal or greater non-ratepayer resources. Details of these investments shall be articulated in the annual I&R Operating Plan, subject to DPS Staff approval.

Regarding the Advanced Buildings and Processes Focus Area, with the majority of GHG emissions in the State resulting from buildings' energy use, it is undoubtedly a candidate for needed innovation to meet the challenges we face. The Commission notes its recent action, involving Energy Efficiency (EE) and Building Electrification (BE) in the May 2025 Non-LMI

EE/BE Order, authorized \$124.4 million for purposeful demonstration within NYSERDA's portfolio.<sup>17</sup> It is imperative that NYSERDA's work within the EE/BE Portfolio and the I&R Portfolio are complementary, not redundant, and generally represent a continuum of investments. NYSERDA is instructed to articulate how this will be achieved in its internal planning as well as public facing work within the I&R Operating Plan and the Non-LMI EE/BE Implementation Plan and remain diligent in ensuring the best use of ratepayer funds within each portfolio.

The Commission notes commenters' request for more transparency into the activities and results of the I&R Portfolio. While NYSERDA regularly files public reports, it is the Commission's view that the comprehensive approach taken with the CEF, while reasonable at the time, did not continue to serve the portfolio as well as it evolved. This resulted in important high-level information but de-emphasized more granular specifics for each of the portfolios. The Commission notes NYSERDA's recent creation of a publicly available searchable database of all historic and existing projects funded through the I&R.<sup>18</sup> This tool provides access to those seeking information on the I&R Portfolio's investments and represents a good first step in providing greater transparency. However, more could be done to improve access for interested stakeholders and the public to the valuable work undertaken within this portfolio, and thus ensure

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<sup>17</sup> Case 25-M-0248, 2026-2030 Non-LMI Energy Efficiency and Buildings Electrification Portfolio, Order Authorizing Non-Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolios for 2026 - 2030 (issued May 15, 2025) (May 2025 Non-LMI EE/BE Order).

<sup>18</sup> NYSERDA's searchable research project database can be found at: <https://www.nyserda.ny.gov/All-Programs/Innovation-at-NYSERDA/Innovation-Partnerships/Research-Project>.

greater benefits accruing to the marketplace as a result of the ratepayer investments made. NYSERDA shall undertake a renewed look at its public facing materials, including its website and other access tools, solicit input from the marketplace as to alternative ways to provide greater access to information and work to incorporate these approaches during the 2026-2030 period. This initiative, along with others, will result in better transparency for the public and for stakeholders interested in the work driven by NYSERDA's I&R Portfolio, and also for market actors and potential partners interested in opportunities to engage with NYSERDA for enhanced impact.

In consideration of stakeholder comments regarding the potential inclusion of Critical Energy Infrastructure Information related to gas mapping and the production of publicly available maps of statewide gas infrastructure within the Fuels Transition Focus Area, the Commission acknowledges these concerns and directs NYSERDA to work closely with DPS Staff to ensure that any dissemination of gas-related data is consistent with Critical Energy Infrastructure Information requirements and protects sensitive infrastructure information, while maintaining transparency and supporting the objectives of the I&R Portfolio. The Commission encourages NYSERDA to continue prioritizing the proposed I&R focus areas and problem statements while ensuring appropriate safeguards for sensitive data.

Taking all of the above into consideration, the Commission adopts the Focus Area specific budgets detailed in the I&R 2026-2030 budget authorization, as outlined in Appendix B.

B. Core Portfolio Outcomes

The Commission finds NYSERDA's proposal for core portfolio-level outcomes to be reasonable for the level of

investment proposed, based on past actuals experience and proposed modifications to the focus of the portfolio for the 2026-2030 period. Specifically, the proposed outcomes are: \$1.7 billion of leveraged funds; 110 products commercialized; and 570 replications of demonstrations. The Commission finds that the proposed range of activity across technology development, demonstrations, and market adoption is appropriate and can potentially support the State's priorities, while recalling the direction in the sector-based Focus Areas to emphasize investments that support needed and compelling solutions into the market. The Commission encourages continued emphasis on projects that generate actionable data, support decarbonization goals, and enable scalable deployment of clean energy solutions.

The Commission expects NYSERDA to be able to hit the ground running given its prior experience in administering the current I&R Portfolio and therefore adopts the overall portfolio outcomes as minimum targets for the 2026-2030 I&R Portfolio, as summarized in Appendix C. The Commission further expresses its support for NYSERDA's stated principles of approaching performance monitoring, evaluation, and reporting so that it aids in decision making, maximizes ratepayer benefits, and - importantly - maintains accountability and transparency. In keeping with these principles, the Commission directs DPS Staff to work with NYSERDA to report and manage the critical outcomes not just on a portfolio level, but at a Focus Area level, as much as practical.

C. Financial Matters

NYSERDA proposes a total budget for the I&R 2026-2030 portfolio of \$412.3 million, including a reallocation of \$18 million from the current I&R Portfolio to the 2026-2030 I&R Portfolio. Several commenters suggest the Commission increase the funding for the I&R Portfolio, particularly citing the

reduction in federal support for some activities within this portfolio and that I&R could serve an emerging market gap. While many of the climate objectives New York is pursuing have been negatively impacted by recent federal actions, it is not appropriate or feasible to expect ratepayers to fill this void. Therefore, we will not authorize an increase over the funding requested by NYSERDA.

The budget proposed by NYSERDA includes a total of \$76.7 Million, or 19.5% of the total budget, for non-programmatic costs. This amount includes \$53.2 million (13.5%) for labor costs; \$14.0 million (3.6%) for non-labor administrative costs; and \$9.5 million (2.4%) for external evaluation, measurement and verification costs.

The Petition asserts that while NYSERDA previously operated with a non-programmatic budget of approximately 13% (labor and non-labor administrative costs, and external evaluation, measurement and verification costs), this cost level has become increasingly more difficult to maintain due to economic trends including persistently elevated inflation from late 2021 through 2023, which resulted in higher spending across NYSERDA's administrative cost structure including information technology services, facilities, contractor support, and other areas. Additionally, NYSERDA argues that the different character of the I&R Portfolio means that achieving the greatest level of benefits requires effective hands-on, active project management and close coordination with funding recipients to ensure successful technology commercialization. According to NYSERDA, the I&R Portfolio also requires staff with highly specialized expertise across a broad range of sectors and technologies to enable successful execution, all of which requires more staff to manage funding relative to other NYSERDA programs.

While the Commission acknowledges the many factors facing organizations in today's economic environment, and the need to attract and retain quality staff, the Commission must remain diligent in our fiscal responsibilities to the State's ratepayers as we carry out the State's policy objectives. The proposed increase to 19.5% of non-programmatic budgets from an approximate 13% for the I&R Portfolio during the CEF period has not been justified and represents a level of increase that we cannot support. Therefore, we will impute a productivity adjustment to the proposed non-programmatic budget and adjust it from 19.5% to 16.5%. The difference of \$11.5 million is reallocated to Focus Area programmatic budgets, specifically an additional \$6.0 to the Fuels Transition Focus Area and \$5.5 million to the Power Generation and Storage Focus Area and to address additional Commission priorities as previously articulated and detailed in Appendix A. The Commission will not impose specific line-item reductions to the three proposed non-programmatic budget elements (labor, non-labor administrative costs, and external evaluation, measurement and verification), rather NYSERDA shall be responsible for ensuring adjustments are made and reflected in the I&R Operating Plan in compliance with the budgets authorized herein. The total authorized budgets are reflected in Appendix B.

D. Cost Recovery

Currently, as required by the CEF Framework Order, costs associated with NYSERDA's I&R Portfolio are collected from ratepayers of the State's large investor-owned electric

utilities (Electric Utilities)<sup>19</sup> under the Clean Energy Fund component of the System Benefits Charge (SBC). The Commission authorized collections for NYSERDA's statewide programs allocated to each electric utility on a historical load-share basis, accounting only for the load associated with customers subject to the SBC surcharge.

The Commission finds, given the composition of the proposed 2026-2030 I&R Portfolio, that there is no compelling reason to modify the existing approach to cost recovery. Therefore, costs associated with NYSERDA's I&R Portfolio for the 2026-2030 period shall continue to be collected volumetrically, on a per kWh basis, from customers of the Electric Utilities as a component of the System Benefits Charge. The NYSERDA I&R Portfolio costs will be allocated across the Electric Utilities on an updated Megawatt-hour load ratio share basis. The pro-rata share allocated to each electric utility is reflected in Appendix D.<sup>20</sup> All current customer load exemptions shall be maintained. Electric Utilities shall file revised tariffs to implement the cost recovery for the I&R Portfolio as a component of the SBC, on not less than 15 days' notice, to go into effect on January 1, 2026.

The CEF Framework Order authorized a Bill-As-You-Go (BAYG) structure whereby ratepayer funds are held at each of the utilities and transferred to NYSERDA as monies are necessary to

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<sup>19</sup> Electric Utilities refers to Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric and Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation.

<sup>20</sup> The updated Megawatt-hour load ratio share is calculated using 2023 sales data (sales to ultimate customers) as filed in the Utilities' 2023 Annual Reports and adjusted to exclude New York Power Authority (NYPA) sales over the same period to maintain current exemptions.

meet near-term obligations. NYSERDA and the Electric Utilities shall update the BAYG Summary Document and any necessary funding agreement within 60 days of the date of this Order, to effectuate the use of the BAYG mechanism for the I&R Portfolio for 2026-2030.

In the Commission's CEF Framework Order and the CEF Modifications Order the Commission established and adjusted collection schedules for the four active portfolios of the CEF, including I&R. Since the timing of these Orders, the Commission has taken additional actions to further adjust the collections schedules for these portfolios, including in its most recent May 2025 EE/BE Orders, to provide relief to ratepayers.<sup>21</sup> The Commission shall impose the same discipline in establishing automatic mechanisms that will allow for future mitigations to the collections authorized herein.

The Commission has routinely required that all cash balances held at the utilities accrue interest charges at the "other customer cost of capital," requiring that interest earnings are to be segregated on the books of each utility and used for the benefit of ratepayers. The Electric Utilities shall continue this treatment of cash balances held at the Electric Utilities for the 2026-2030 period and ensure accounting treatment is such that 2026-2030 Collections for the I&R Portfolio, as well as applicable interest, can both be distinguished from other portfolio collections through the SBC surcharge, and from existing balances related to the 2016-2025 NYSERDA CEF Portfolio.

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<sup>21</sup> Case 14-M-0094 et al., Order Authorizing Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio for 2026-2030 (issued May 15, 2025) (LMI Order); and May 2025 Non-LMI EE/BE Order (together, the May 2025 EE/BE Orders).

We further direct each of the Electric Utilities to reconcile annual incremental interest earnings into their calculations of the subsequent calendar year SBC surcharge for the NYSERDA I&R Portfolio. DPS Staff is directed to work with the Electric Utilities to adjust the necessary reporting to effectuate this. For example, the current BAYG interest earning reports are filed on April 1 of each year; however the timing of this filing shall be adjusted such that the Electric Utilities have the timeliest information possible to factor into their analysis for the annual SBC tariff statements, which are filed no later than December 15 of each year.

We note that December 31, 2025, is the end of the period that NYSERDA can encumber funds for its I&R Portfolio. At that time, any previously authorized funds not yet encumbered shall become "uncommitted funds" and deferred for future ratepayer benefit.<sup>22</sup> Due to the nature of these programs, it is not uncommon for some level of attrition to occur, causing new "uncommitted funds" to materialize each year. We will establish a process by which NYSERDA will file, on an annual basis, its Uncommitted Funds Report by June 30 of each year, reflecting data as of March 31 of that year. These funds will then be used by each of the Electric Utilities to further offset the collections associated with NYSERDA's I&R Portfolio in the subsequent calendar year, reflected as an offset in each Electric Utility's SBC tariff statement filing. DPS Staff is directed to work with NYSERDA and the Electric Utilities to develop appropriate reporting details, including the need for NYSERDA to reflect the uncommitted funds by Electric Utility.

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<sup>22</sup> Per actions taken in this Order, this amount shall not include the \$18 million that is being reallocated to the 2026-2030 I&R Portfolio.

As these actions will further reduce collections from what is stated in this Order, it is important to have transparency and visibility to these adjustments. Therefore, we direct DPS Staff to issue a revised I&R Collection Schedule compiling all data described herein on an annual basis by the end of the first quarter of each calendar year.

Lastly, the Commission notes that in the CEF Framework Order the total funding authorized therein was inclusive of \$250 million of RGGI funds over the ten-year period. The NYSERDA I&R Proposal did not include an ongoing commitment of RGGI funds for 2026-2030 period. It is paramount that we continue to leverage all available resources to defray the proportion of the cost of New York's clean energy programs placed upon ratepayers and we recognize the critical support RGGI will continue to provide to reduce direct ratepayer funding of the I&R Portfolio. Therefore, we direct DPS Staff to work with NYSERDA to determine if further RGGI contributions can be made following the next annual update to the RGGI Operating Plan and, if so, incorporate such relevant information into its Revised I&R Collection Schedule filings, as directed in this Order.

The Commission authorizes the Electric Utilities to recover collections as outlined in Appendix E. Each Electric Utility affected by this Order is directed to file, on not less than 15 days' notice, revised SBC tariff statements to become effective January 1, 2026, and annually thereafter.

NYSERDA is directed to update, within 60 days of this Order, the format and content of the CEF Cash Flow Analysis, in consultation with DPS Staff, to incorporate the revisions described in the body of this Order. NYSERDA is also directed to monitor expenditures, as well as any additional offsets, and to petition the Commission should there be a need to adjust

collections in order to mitigate any projected cash shortfall or disproportionately large balance of ratepayer collections.

E. Flexibility

The Commission accepts NYSERDA's proposal to maintain the current flexibility of budget shifts between and among the various focus areas. This flexibility shall be executed within the following parameters: (1) cumulative reallocations from any one focus area to another may not exceed a 20% threshold of the total 2026-2030 budgets reflected in Appendix B; (2) the 20% threshold will apply similarly to both removal and addition of funds to focus areas; (3) funding from the reserve shall not be subject to the 20% threshold as it is intended to be available to meet needs identified in the future; (4) all such reallocations shall be documented in the annual I&R Operating Plan and be justified based on a corresponding reallocation of outcomes and subject to DPS Staff approval; and (5) importantly, no funds shall be shifted without a simultaneous reporting of the changes in expected outcomes, and specifically outcomes for both the "from" program and the "to" program. The Commission remains committed to treating funding in this portfolio as investments for results, and expects that when investments change then results will too.

F. Operating Plan, Performance Monitoring, & Reporting

The Commission supports NYSERDA's proposal to transition from the current Compiled Investment Plan process to an annual I&R Operating Plan following year end reporting. NYSERDA's stated objective is that the Operating Plan provides the structure needed to maintain oversight and influence adjustments over time that can lead to stronger performance and that its proposed approach balances the need for transparency and accountability with the flexibility necessary to operate programs that meet targets and deliver benefits for ratepayers.

The Commission agrees. The Operating Plan process is a critical tool. NYSERDA is directed to make its initial I&R Operating Plan filing within 60 days of this Order for DPS Staff review and approval. Future iterations of the I&R Operating Plan shall be made no later than March 31 of each calendar year, beginning March 31, 2027, and annually thereafter through March 31, 2030. These Operating Plans should clearly state the critical information related to substance and the prospects of success of the program. Thus, the Operating Plans should usefully lay out the funding levels, the intended external recipients of funding, the mode of awarding that funding (competitive solicitation or other), and the outcomes to be achieved. Further, for those sector-based Focus Areas stated to be of special interest to the Commission, the Operating Plans shall clearly articulate how the activities to be undertaken are in alignment with existing Commission policies and proceedings that are concurrently underway. Finally, all Operating Plans should include a section on performance management articulating what program monitoring metrics will be tracked, and what corrective action (if needed) process would be established in the event metrics indicate the initiative is underperforming.

The Commission supports NYSERDA's proposal to clearly pre-establish metrics in three categories - Output metrics as an early measure of NYSERDA activity and market traction, Outcome metrics as a measure of the results of NYSERDA's I&R investments, and Impact metrics that focus on broader market and system benefits. The Commission also recognizes and endorses NYSERDA's commitment to transparency and accountability and accordingly is interested in having these metrics reported at the most appropriate level - generally at the Focus Area level but where practical and where it can be especially useful at more granular initiative levels as well. The Commission directs

NYSERDA to work with DPS Staff to determine how best to achieve this.

The Commission further supports NYSERDA's proposed metrics framework utilizing specific output, outcome, and impact metrics, with the amendment that NYSERDA should ensure that corresponding metrics are appropriate in tracking the Commission's interest in advancing deployment of novel solutions that are especially critical to the achievement of New York's clean energy goals, as discussed herein. The Commission directs NYSERDA to work with DPS Staff to determine how best to achieve this.

DPS Staff is directed to work with NYSERDA to establish quarterly and annual reporting guidance, including meeting the needs of the transition of the portfolio, including, but not limited to, all necessary close-out reporting for the current I&R Portfolio through its expenditure period of December 31, 2030.

G. Other Matters

The Commission is supportive of the additional reaffirmation requests that have not been covered previously, including continued operation on a fuel neutral basis and NYSERDA providing annual briefings to the Commission. Any material provided to the Commission during the annual briefing shall be filed in the I&R proceeding under Case 25-M-0421.

DPS Staff is directed to continue to monitor portfolio implementation and performance and to work with NYSERDA to facilitate an orderly and transparent transition from the current I&R Portfolio to the 2026-2030 I&R Portfolio. For administrative ease and to provide a clear distinction between the current I&R Portfolio through 2025 and the 2026-2030 I&R Portfolio, all future filings associated with the 2026-2030 I&R Portfolio, shall be filed in Case 25-M-0421.

State Environmental Quality Review

Under the State Environmental Quality Review Act (SEQRA), Article 8 of the New York Environmental Conservation Law, and SEQRA's implementing regulations, 6 NYCRR Part 617, the Commission must determine whether the actions it is authorized to approve may have a significant adverse impact on the environment. The proposed actions over which the Commission has jurisdiction are authorization of \$394.3 million for NYSERDA's I&R Portfolio for the 2026-2030 period, the reallocation of an additional \$18 million from the current I&R Portfolio to the 2026-2030 period, and approval of portfolio focus areas, operational structure, and reporting. The proposed actions do not meet the definition of Type 1 or Type 2 actions listed in 6 NYCRR §§617.4 and 617.5, or 16 NYCRR §7.2, so they are classified as "unlisted" actions, as defined in 6 NYCRR §617.2, requiring SEQRA review.

Because the proposed actions do not involve any agency outside of the Commission, a coordinated review is unnecessary. The Commission therefor assumes Lead Agency status under SEQRA for purposes of conducting an environmental review of the proposed actions.

To assist the Commission in its SEQRA review, DPS Staff completed an Environmental Assessment Form (EAF) describing and disclosing the likely impacts of the proposed actions. As described in the EAF, the Commission considered various potential environmental and other impacts that may be reasonably expected to result. Based on the criteria for determining significance listed in 6 NYCRR §617.7(c), the Commission concludes that the actions taken herein, in totality, will not result in a significant adverse environmental impact. Specifically, the Commission finds that approval of the I&R Portfolio for the 2026-2030 period is anticipated to yield

various public benefits and positive environmental impacts, primarily by conducting targeted programs that will increase the use of clean energy resources and technologies, advance energy efficiency efforts, reduce the State's use of, and dependence on, fossil fuels, reduce carbon and other harmful pollutant emissions associated with fossil fuels, and improve grid reliability.

Given the foregoing, the Commission, as Lead Agency, adopts a negative declaration pursuant to SEQRA.<sup>23</sup> Because no adverse environmental impacts were found, no public notice requesting comments is required or will be issued. A Notice of Determination of Significance concerning the unlisted actions is attached. The completed EAF and determination of significance (negative declaration) will be retained in the Commission's files.

#### CLCPA Compliance

The Commission also finds that the actions in this Order are in alignment with the CLCPA, which requires all State agencies to "consider whether [their] decisions are inconsistent with or will interfere with the attainment of the statewide greenhouse gas emissions limits" established by the New York State Department of Environmental Conservation under the CLCPA.<sup>24</sup> The 2026-2030 I&R Portfolio will promote the development of renewable energy resources in the State and provide critical research and project demonstrations that will contribute to New York State's CLCPA targets for emissions-free renewable energy.

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<sup>23</sup> The Commission's finding that the proposed action will not result in a significant adverse environmental impact is consistent with, and supported by, its prior review, analysis, and findings made in its Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios Through 2025, issued in Case 18-M-0084, on January 16, 2020.

<sup>24</sup> CLCPA §7(2).

Therefore, the funding and reformulation of the I&R Portfolio will be consistent with and will not interfere with the attainment of the statewide GHG emissions limits established under the CLCPA.<sup>25</sup>

Moreover, the I&R portfolio will not disproportionately burden a Disadvantaged Community, as prohibited by CLCPA §7(3).<sup>26</sup> In implementing the portfolio, NYSERDA will track and report on place-based I&R activities and, where possible, ensure demonstration projects will be sited in Disadvantaged Communities to deliver meaningful benefits. Further, where possible, NYSERDA will identify and characterize potential Disadvantaged Community benefits for State- or system-wide I&R investments, such as those related to energy system resilience and environmental justice.

#### CONCLUSION

The Commission's actions taken within this Order ensure continued investment to drive innovation in technologies, products, and solutions to address the State's most critical clean energy priorities and thereby deliver value to New York's clean energy system and to its ratepayers. These actions focus on the efficient use of ratepayer funds, accountability for outcomes, and increased transparency of the work undertaken within the I&R portfolio.

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<sup>25</sup> Section 7(2) of the CLCPA requires all State agencies to "consider whether [their] decisions are inconsistent with or will interfere with the attainment of the statewide greenhouse gas emissions limits" established by the New York State Department of Environmental Conservation under the CLCPA.

<sup>26</sup> The areas designated as disadvantaged communities by the Climate Justice Working Group can be identified in an interactive map available at:  
<https://www.nyserda.ny.gov/ny/Disadvantaged-Communities>.

The Commission orders:

1. The Innovation and Research Portfolio, to be administered by the New York State Energy Research and Development Authority in consultation with Department of Public Service staff, is authorized for the 2026 through 2030 period in the amount of \$412.3 million, including the reallocation of \$18.0 million from the current Innovation and Research Portfolio, as discussed in the body of this Order and indicated in the Appendices. All funds shall be committed by December 31, 2030, and expended no later than December 31, 2034.

2. The New York State Energy Research and Development Authority shall design and manage the Innovation and Research Portfolio to achieve the minimum targets of \$1.7 billion in leveraged funding, 110 products commercialized, and 570 replications and demonstrations, as discussed in the body of this Order and indicated in the Appendices.

3. The New York State Energy Research and Development Authority shall file an initial Innovation and Research Operating Plan in Case 25-M-0421, within 60 days of the date of issuance of this Order, subject to approval by New York State Department of Public Service staff, as discussed in the body of this Order.

4. The New York State Energy Research and Development Authority shall file an update to their Innovation and Research Operating Plan beginning no later than March 31, 2027, and annually thereafter, subject to approval by New York State Department of Public Service staff, as discussed in the body of this Order.

5. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and

Rochester Gas and Electric Corporation shall file revised tariffs to implement cost recovery for the Innovation and Research portfolio as a component of the System Benefits Charge (SBC) as discussed in the body of this Order and indicates in the Appendices. These tariffs shall be filed on not less than 15 days' notice to become effective January 1, 2026.

6. Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file revised System Benefits Charge (SBC) statements, annually, regarding surcharge rates for cost recovery for the Innovation & Research Portfolio, via a component of the System Benefit Charge, to go into effect on January 1 of each year beginning January 1, 2026, on not less than 15 days' notice, as discussed in the body of this Order and indicated in the Appendices.

7. The newspaper publication requirements of Public Service Law §66(12)(b) and Title 16 of the New York Codes, Rules and Regulations §720-8.1 are waived for the tariff statements and revisions submitted in compliance with Ordering Clause Nos. 5 and 6, to become effective on January 1, 2026, and annually thereafter.

8. The New York State Energy Research and Development Authority shall file in Case 25-M-0421, by June 30 of each year, an Uncommitted Funds Report reflecting data as of March 31 of each year, as discussed in the body of this Order.

9. The New York State Energy Research and Development Authority shall file in Cases 25-M-0421 and 14-M-0094, within 60 days of the date of issuance of this Order, an updated Clean Energy Fund Cash Flow Analysis, as described in the body of this Order.

10. New York State Department of Public Service staff shall update and issue guidance documents, as discussed in the body of this Order.

11. New York State Department of Public Service staff shall issue a revised Innovation & Research Collection Schedule, compiling data gathered on an annual basis, and file in Case 25-M-0421 by the end of the first quarter of each calendar year, as discussed in the body of this Order.

12. The New York State Energy Research and Development Authority and Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., KeySpan Gas East Corporation d/b/a National Grid, The Brooklyn Union Gas Company d/b/a National Grid NY, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation shall file an updated Bill-As-You-Go Summary and execute any necessary changes to the individual Bill-As-You-Go funding agreements within 60 days of the date of this Order, as described in the body of this Order.

13. The New York State Energy Research and Development Authority shall file quarterly and annual reports in Case 25-M-0421, as discussed in the body of this Order.

14. The New York State Energy Research and Development Authority shall provide annual briefings to the Commission on the status of the Innovation and Research Portfolio and file the briefing materials in Case 25-M-0421.

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

16. These proceedings are continued.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS  
Secretary

APPENDIX A

**Innovation & Research 2026 - 2030 Focus Areas (Commission Modifications represented in underline.)**

Focus Area	Description	Problem Statement(s)
<p>Grid Modernization</p> <p>\$66.5 million (new) \$18.0 million (reallocated from I&amp;R 2016-2025 Budget)</p> <p><u>\$84.5 million (total authorized)</u></p>	<p>This focus area will fund Research, Development, Demonstrations, and Commercialization (RDD&amp;C) projects across technologies, tools, and processes that accelerate the development of a safe, reliable, and affordable electric grid. NYSERDA's investments focus on commercializing innovative technologies by encouraging statewide adoption across the electric system.</p>	<p><b>#1 [DER Standardization and Interoperability]</b> The challenges around DER standardization and the lack of available solutions to make them interoperable are hindering greater grid flexibility, slowing the deployment of Distributed Energy Resources, and affecting load management efficiency across NYS.</p> <p><b>#2 [Underutilization of Assets]</b> New and existing utility transmission and distribution assets are underutilized, which inhibits optimal use of current infrastructure and increases the need for new, costly "poles and wires" system build-out.</p> <p><b>#3 [Non-Standardized Planning Approaches]</b> Lack of stakeholder consensus on planning methodologies and reporting metrics results in unscalable modeling approaches that delay generation, transmission, and distribution operations from achieving future reliable, affordable, and safe grid capabilities.</p>
<p>Commercialization &amp; Ecosystem</p> <p>\$57.5 million</p>	<p>This focus area will provide commercialization services to early- and growth-stage companies, investors, manufacturers, off-takers, and entrepreneurial support organizations by advancing clean energy technologies.</p>	<p><b>#1 [Flexible Funding and Expertise]</b> Resource and logistical barriers prevent small businesses from accessing necessary expertise and services to overcome commercialization challenges and scale their technologies in the market.</p> <p><b>#2 [Commercialization Services]</b> Programmatic gaps within the NYS innovation ecosystem that are not being addressed by other ecosystem</p>

		<p>partners inhibit companies from receiving necessary commercialization support.</p> <p><b>#3 [Ecosystem Choreographer]</b> The NYS ecosystem has indicated a need for a choreographer that can provide targeted resources so that partners share information and best practices, avoid duplicative efforts, and collaboratively problem-solve to maximize impact toward NYS’s decarbonization goals.</p>
<p>Advanced Buildings &amp; Processes</p> <p>\$47.5 million</p>	<p>This focus area will prioritize energy innovation and grid-interactive building infrastructure and processes through development and performance validation demonstrations that will enable electrified and affordable buildings.</p>	<p><b>#1 [Envelope Retrofit Solutions]</b> The lack of cost-effective and easy-to-implement solutions limits the number of building owners conducting envelope retrofits that reduce thermal loads, electricity peak demand, and energy costs for ratepayers.</p> <p><b>#2 [Scalable Electrification Solutions]</b> The limited number of scalable electrification solutions available for diverse building typologies in NYS prevents building owners from pursuing electrification and decarbonization in a cost-effective manner.</p> <p><b>#3 [Electric Load Management]</b> The complexities associated with integrating building load management solutions and participating in grid flexibility markets makes it more difficult for building owners to effectively manage and reduce electric loads, which impacts ratepayer savings and hampers grid flexibility, reliability, and resiliency.</p>
<p>Power Generation &amp; Storage</p> <p>\$39 million (as proposed)</p>	<p>This focus area will prioritize research, development, and demonstration of energy storage and zero emissions power generation technologies to decarbonize hard-to-electrify sectors.</p>	<p><b>#1 [Long Duration Energy Storage Cost and Performance Improvements]</b> The lack of economically viable 10- to 100-hour energy storage technologies means that NYS does not currently have the solutions necessary to avoid potential future peak season shortfalls, many of which are expected to span multiple days.</p>

<p><u>\$44.5 (as authorized)</u></p>		<p><b>#2 [Li-ion Alternatives]</b> Cost and performance issues of non-Li-ion energy storage technologies, combined with the reliance on Li-ion solutions that pose fire safety and adoption challenges, have the potential to hinder deployment of safe, economically viable, and community-accepted energy storage options.</p> <p><b>#3 [Nuclear Power Feasibility]</b> Current load growth projections and the expansion of economic activity with high power quality and availability requirements are creating the need for a broad look at technologies that can advance NY's decarbonization goals. As the State looks at the suite of nuclear technologies and potential applications, research and pre-development work will be needed to better understand the technical feasibility of specific applications throughout the grid.</p> <p><b>#4 [OSW Consortium]</b> Fund continued operations and R&amp;D projects of the OSW Consortium, focus on needs including deep-water OSW and mesh grid R&amp;D to enable access of currently inaccessible NYS offshore study area and improve transmission to increase reliability and reduced levelized cost of electricity.</p> <p><u>[ADDITIONAL PROBLEM STATEMENT TO BE ADDRESSED PER THE DIRECTION IN THIS ORDER]</u></p> <p><u>#5 [Solutions for Existing Generation Fleet]</u>  <u>Fund investments in solutions to modernize and decarbonize the existing generation fleet, so that these units can operate in as CLCPA-consistent a manner as possible.</u></p>
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<p>Fuels Transition</p> <p>\$37.5 million (as proposed)</p> <p>\$43.5 million (as authorized)</p>	<p>This focus area will invest in technologies that enable availability of low-carbon fuels and other non-electricity energy resources through a focus on the development of zero-emission fuel power generation resources and enhancing the existing gas system to accommodate new fuels while ensuring affordability and reliability.</p>	<p><b>#1 [Alternative Fuel-Based Fuel Cell Resources]</b> The lack of dispatchable, zero emission power resources, including hydrogen fuel cells, prevents New York’s grid from reliably achieving the required zero emissions target. The availability of hydrogen fuel cells is hindered by the need for technological advancements to improve efficiency and durability, high production costs, and limited infrastructure for distribution and storage.</p> <p><b>#2 [Alternative Fuel Infrastructure]</b> Alternative fuels that are well-suited for hard-to-electrify applications -including hydrogen-cannot currently be deployed at scale partly due to limitations of current storage infrastructure.</p> <p><b>#3 [<del>Gas System Modeling and Analysis Gas Transition Innovation</del>]</b> Non-Pipe alternatives face multiple barriers and solutions gaps with warrant focused investments in appropriate innovation, including addressing the absence of standardized, transparent, statewide gas system characterization <u>that impedes NYS from accelerating policy and regulatory decisions to repurpose and decommission gas infrastructure.</u></p> <p><b>#4 [Gas System Enhancements]</b> Cost and operational inefficiencies associated with identifying and repairing Leak-Prone Pipe <u>programs remain costly, and alternative pathways for more-cost effective and risk-based solutions could deliver great benefits to New York’s ratepayers, and is a</u></p>
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		<p><u>compelling investment opportunity for innovation. lead to higher system upgrade costs which are passed on to ratepayers and increased environmental impacts in the operational gas distribution system.</u></p> <p><b>#5 [Thermal Energy Network Market Formation]</b> The lack of a regulatory framework, <u>solution pathway and clear and appropriate</u> market signals for thermal energy are currently inhibiting adoption of thermal energy network technology solutions.</p>
<p>Clean Transportation Innovation</p> <p>\$31 million</p>	<p>This focus area will develop and demonstrate technologies, inform policy development to reduce GHG emissions from the transportation sector, and gain market traction through creative solutions, development of commercially viable products, demonstrations, and the identification and resolution of adoption barriers.</p>	<p><b>#1 [Adoption Barriers for MHDVs]</b> The lack of availability, in-service data, and experience with EVs in hard-to-electrify transportation market segments prevents NYS from overcoming adoption barriers to consumer use of zero emissions, affordable, and high-performing MHDVs.</p> <p><b>#2 [EV Charging Solutions]</b> Technology and business model challenges hinder the controlled charging, charging in urban areas, and integration with the grid, which are essential for accelerating EV adoption.</p> <p><b>#3 [E-Mobility Battery Safety]</b> NYS is experiencing waning consumer confidence in the perceived safety of batteries used in electric mobility modes of all types.</p> <p><b>#4 [Transit and Mobility Services for Disadvantage Communities]</b> Public transportation and mobility options are limited in Disadvantaged Communities.</p>
<p>Energy Focused Environmental Research</p>	<p>This focus area will provide the knowledge necessary to understand and reduce energy-related impacts</p>	<p><b>#1 [Policy Accountability]</b> There is a lack of actionable data on the benefits, costs, avoided costs, and externalities of energy-</p>

<p>\$23.5 million</p>	<p>and costs on communities, ecosystems, and economy through scientific research, monitoring technology demonstrations, and pre-development activities.</p>	<p>related policies including at finer, localized spatial scales, which has the potential to limit policymakers' ability to quantify the benefits and avoid potential impacts associated with the State's current and future energy policies.</p> <p><b>#2 [Future Climate Planning]</b> There is a gap in forward-looking climate information on the energy sector, which has the potential to inhibit climate risk from being incorporated into long-term planning.</p> <p><b>#3 [Emissions Tracking]</b> NYS is currently limited in its ability to characterize methane emissions, which is needed to ensure accuracy of the State GHG inventory and optimize methane emission reduction efforts in the energy and building sectors.</p> <p><b>#4 [Zero Emissions Electricity Projects]</b> Electricity generation project developers and regulators are limited in their ability to access environmental information, mitigation and monitoring technologies, which limits transparency into project risks, costs, timelines, and user conflicts, hindering deployment.</p>
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APPENDIX B

**Innovation & Research 2026 - 2030 Budget Authorization**

	<b>NYSERDA Proposal (\$ millions)</b>	<b>Commission Authorized (\$ millions)</b>	<b>Net Change (\$ millions)</b>
<b>Innovation &amp; Research (2026 - 2030)</b>			
<b>Focus Area Budgets - (Program Costs)</b>	<b>335.6</b>	<b>347.1</b>	<b>11.5</b>
Grid Modernization (total)	84.5	84.5	0.0
Grid Modernization (new)	66.5	66.5	0.0
Grid Modernization (Reallocation from I&R 2016 -2025)	18.0	18.0	0.0
Commercialization & Ecosystem	57.5	57.5	0.0
Advanced Buildings & Processes	47.5	47.5	0.0
Power Generation & Storage	39.0	44.5	5.5
Fuels Transition	37.5	43.5	6.0
Clean Transportation Innovation	31.0	31.0	0.0
Energy Focused Environmental Research	23.5	23.5	0.0
Reserve Funds	15.1	15.1	0.0
<b>Non-Program Budget</b>	<b>76.7</b>	<b>65.2</b>	<b>-11.5</b>
Labor Costs	53.2	To be managed to Non-Program Budget Total	
Non-Labor Administrative Costs	14.0		
External Evaluation, Measurement and Verification Costs	9.5		
<b>Total Budget</b>	<b>412.3</b>	<b>412.3</b>	<b>0.0</b>

APPENDIX C

<b>Innovation &amp; Research (2026 - 2030) Core Portfolio Level Outcomes</b>	
<b>Core Outcome Metric</b>	<b>2026 - 2030 Target</b>
Leveraged Funding	\$1.7 Billion
Products Commercialized	110 Products
Replications & Demonstrations	570 Replications

Note: Additional metrics shall be tracked and reported at the Focus Area and Total Portfolio level.

APPENDIX D

**Innovation & Research (I&R) Portfolio Cost Allocations**  
**by Electric Utility**

	<u>2023 Annual Delivery</u> <u>Service Load (MWh)</u>	<u>MWh Load</u> <u>Ratio Share</u>
Central Hudson	4,605,511	4.79%
Con Edison	42,309,735	44.04%
NMPC	25,386,204	26.43%
NYSEG	13,313,797	13.86%
O&R	3,845,513	4.00%
<u>RGE</u>	<u>6,607,076</u>	<u>6.88%</u>
Total	<u>96,067,836</u>	100.0%

Note: Excludes NYPA Sales by service territory to maintain current exemptions.

APPENDIX E

**NYSERDA I&R 2026 - 2030 Portfolio - Electric Utility Collections**

	<b>Central Hudson</b>	<b>Con Edison</b>	<b>NMPC</b>	<b>NYSEG</b>	<b>O&amp;R</b>	<b>RGE</b>	<b>Total</b>
<b>2026</b>	\$ 728,691	\$ 6,694,311	\$ 4,016,644	\$ 2,106,529	\$ 608,443	\$ 1,045,382	\$ 15,200,000
<b>2027</b>	\$ 1,145,771	\$ 10,525,923	\$ 6,315,644	\$ 3,312,240	\$ 956,696	\$ 1,643,725	\$ 23,900,000
<b>2028</b>	\$ 3,096,937	\$ 28,450,822	\$ 17,070,737	\$ 8,952,750	\$ 2,585,883	\$ 4,442,872	\$ 64,600,000
<b>2029</b>	\$ 3,988,624	\$ 36,642,544	\$ 21,985,841	\$11,530,477	\$ 3,330,425	\$ 5,722,089	\$ 83,200,000
<b>2030</b>	\$ 4,103,681	\$ 37,699,541	\$ 22,620,048	\$11,863,087	\$ 3,426,495	\$ 5,887,149	\$ 85,600,000
<b>2031</b>	\$ 2,454,538	\$ 22,549,258	\$ 13,529,748	\$ 7,095,678	\$ 2,049,492	\$ 3,521,286	\$ 51,200,000
<b>2032</b>	\$ 1,759,405	\$ 16,163,238	\$ 9,698,081	\$ 5,086,160	\$ 1,469,069	\$ 2,524,046	\$ 36,700,000
<b>2033</b>	\$ 1,045,096	\$ 9,601,051	\$ 5,760,713	\$ 3,021,207	\$ 872,635	\$ 1,499,297	\$ 21,800,000
<b>2034</b>	\$ 580,076	\$ 5,329,024	\$ 3,197,460	\$ 1,676,908	\$ 484,353	\$ 832,179	\$ 12,100,000
<b>Total</b>	\$18,902,820	\$173,655,712	\$104,194,917	\$54,645,036	\$15,783,490	\$27,118,025	\$394,300,000

NOTE: The above collection schedule represents incremental collections for the 2026 - 2030 I&R portfolio and do not include the \$18 million authorized herein to be reallocated from the currently authorized I&R portfolio, as those funds are included in the previously authorized collections for the Clean Energy Fund.

APPENDIX F

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

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

CASE 25-M-0421 - In the Matter of the 2026-2030 Innovation and Research Portfolio.

NOTICE OF DETERMINATION OF SIGNIFICANCE  
(NEGATIVE DECLARATION)

NOTICE is hereby given that an Environmental Impact Statement will not be prepared in connection with the Public Service Commission's (Commission) authorization of the New York State Energy Research and Development Authority's Innovation & Research (I&R) Portfolio for the period 2026 through 2030. The actions taken in these cases constitutes an "unlisted" action, as is defined in 6 NYCRR §617.

Based on the Commission's review of the record, the Commission finds that the actions taken herein will not have a significant adverse impact on the environment, under the criteria set forth in 6 NYCRR §617.7. The record demonstrates that approval of the I&R Portfolio for the 2026-2030 period is anticipated to yield various public benefits and positive environmental impacts, primarily by conducting targeted programs that will increase the use of clean energy resources and technologies, advance energy efficiency efforts, reduce the State's use of, and dependence on, fossil fuels, reduce carbon and other harmful pollutant emissions associated with fossil fuels, and improve grid reliability.

CASES 14-M-0094 and 25-M-0421

The address of the Public Service Commission, the Lead Agency for the purposes of the environmental quality review of this project, is Three Empire State Plaza, Albany, New York 12223-1350. Questions may be directed to Jordan A. Lesser at (518) 473-4225 or at the address above.

MICHELLE L. PHILLIPS  
Secretary