

## **2021 RGGI Operating Plan Program Descriptions**

### **NYPA NY-Sun Customer Incentives**

The NY-Sun and NYSERDA Solar Electric initiatives are driving the growth of the solar industry and making solar more affordable for all New Yorkers. The program provides declining incentives for the installation of systems and works to reduce solar project costs. RGGI funding will enable customers of the New York Power Authority (NYPA) and municipal power companies to participate in NY-Sun. The Operating Plan Amendment proposes to provide \$6 million in funding during FY20-21, \$3 million during FY21-22, and \$1 million during FY22-23.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 19,380 tons at a cost per ton removed rate of \$516 per ton based on past performance.

### **LIPA Energy Efficiency and Renewable Energy**

These funds enhance the portfolio of clean energy activities for energy consumers on Long Island, as approved by the Long Island Power Authority (LIPA) and administered by PSEG-Long Island. Funding and reporting requirements are established through a Memorandum of Understanding between NYSERDA and LIPA, which ensure that RGGI funds meet the requirements of the RGGI regulations that funds are used to support energy efficiency and clean energy activities, as well as advancing the goal of benefits of investments in disadvantaged communities. For this 3-year budget proposal, this operating plan amendment proposes to repurpose \$40 million in previously approved funds for energy storage projects on Long Island. LIPA has agreed to procure 200 megawatts of bulk storage or non-wires alternatives storage, allowing funds originally allocated for storage incentives on Long Island to be repurposed to support continuation of funding for LIPA's energy efficiency program. NYSERDA is working with LIPA to maintain the level of market activity designed with the previous RGGI allocations. With this funding re-allocation, as well as additional funds, the Operating Plan is proposed to maintain support for LIPA-implemented energy efficiency and clean energy activity in the amount of \$20 million each year for the calendar years 2021-2023. The LIPA Board of Trustees approves an annual energy efficiency program plan, which details the activities that these funds will support.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 170,683 tons at a cost per ton removed rate of \$498 per ton based on past performance.

### **EmPower**

Similar to Assisted Home Performance with ENERGY STAR, funds to support EmPower New York, which provides energy efficiency services for low-income New Yorkers, are targeted to customers of municipal utilities heating with oil, propane, kerosene, wood or coal, but may also be applied to homes heating with natural gas, and which are also targeted to customers of municipal utilities. Measures supported by EmPower include insulation, air sealing, and heating system upgrades. The annual contribution proposed for FY21-22 through FY23-24 is based on current annual incentives offered for municipal utility customers.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 454 tons at a cost per ton removed rate of \$2,641 per ton based on past performance.

### **Assisted Home Performance with ENERGY STAR**

To maintain statewide access to fuel neutral, whole buildings energy efficiency opportunities, these funds will maintain support for moderate-income customers of municipal utilities (which cannot be funded through the Clean Energy Fund) to access Assisted Home Performance with ENERGY STAR as a comprehensive energy efficiency services program for existing one-to-four family homes. RGGI funding will allow the program to target customers using oil and propane for space and domestic water heating purposes. The funds will offset part of the cost for consumers to replace inefficient oil and propane heating equipment and other measures that have a direct impact on reducing oil and propane consumption (e.g., insulation, air sealing). The annual contribution proposed for FY21-22 through FY23-24 is based on current annual incentives offered for municipal utility customers.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 816 tons at a cost per ton removed rate of \$980 per ton based on past performance.

### **Clean Energy Communities**

An allocation of \$3 million annually for FY21-22 through FY23-24 will be used to support the Clean Energy Communities Leadership Round, an update to the original Clean Energy Communities program. The Leadership Round is designed to augment the overall initiative by seeking community engagement in activities that are more impactful, innovative, and sustainable over time, and provide a model of other communities in the program or for communities entering the program. In the Leadership Round, communities continue to work with regional coordinators to prioritize and implement high-impact actions, such as adoption of stretch building codes and community choice aggregation, as well as earn new forms of recognition. Allocations from this program will be applied to drive activities across the state, including for those municipalities that do not pay into the system benefits charge.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 19,737 tons at a cost per ton removed rate of \$456 per ton based on past performance.

### **Clean Energy Fund**

Through the Clean Energy Fund (CEF) and its portfolios, NYSERDA is advancing the goals of the Climate Leadership and Community Protection Act (CLCPA). As approved by the Commission, the CEF delivers on its primary goals to reduce greenhouse gas emissions, increase renewable energy generation, increase energy efficiency, and attract greater private investment in clean energy, with investment portfolios that are designed to achieve scale in clean energy markets. These key CEF objectives dovetail with the RGGI investment parameters, creating a unique opportunity to leverage CEF and RGGI funds to help achieve New York's broader CLCPA and clean energy objectives. In designing the CEF, NYSERDA originally planned to dedicate \$250 million in RGGI funds to the CEF portfolio over 10 years, supporting the \$3.42 billion Market Development and Innovation and Research activities. In designing the CEF, NYSERDA originally planned to dedicate \$250 million in RGGI funds to the CEF portfolio over 10 years, supporting the \$3.42 billion Market Development and Innovation and Research activities.

The 2020 Operating Plan advanced a plan to restore funds supporting the CEF portfolio, while also realizing annual balanced budgets. In keeping with this plan, while accounting for new revenue and

commitment projections, NYSERDA will allocate to the CEF \$33.64 million in FY21-22 and \$24.11 million in FY22-23, bringing the aggregate amount committed to the CEF in line with the original schedule to dedicate \$25 million annually, and allocating \$25 million for FY23-24. Should revenues continue according to current projections, continued contributions to the CEF in future years (through 2025) will be maintained at \$25 million per year.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 276,062 tons at a cost per ton removed rate of \$480 per ton based on past performance.

#### **Transfer to State – Clean Energy Tax Credits**

The New York State Budget for FY20-21 directed NYSERDA to transfer \$23 million in RGGI funds to the State General Fund to support clean energy tax credits. For the purpose of developing this proposed Operating Plan Amendment, NYSERDA assumes that the annual State Budget for FY21-22 through FY23-24 will include similar directives and has therefore allocated \$69 million in funding for such transfers for FY21-22 through FY23-24.

Assuming that environmental tax credits are NY tax credits for home solar installations so the same cost benefit ratio as NY SUN, the proposed expenditures are expected to reduce CO2 emissions by 178,295 tons at a cost per ton removed rate of \$516 per ton based on past performance as shown in Table 1.

#### **Green Jobs-Green New York**

The Green Jobs-Green New York (GJGNY) Program, created under the Green Jobs-Green New York Act of 2009, provides New Yorkers with access to energy assessments, installation services, low interest financing, and pathways to training for various green-collar careers. The GJGNY program was originally funded with \$112 million of RGGI funds, of which \$26 million was allocated to a residential revolving loan fund to provide low interest financing for residential energy efficiency improvements, residential solar photovoltaic (PV) systems (effective April 2014), solar thermal systems, and high efficiency pellet stove heating systems through NYSERDA's Renewable Heat NY program. Interest rate changes reviewed with the GJGNY Advisory Council and effectuated in September 2016 are resulting in a reduced level of RGGI funds required to support the financing and refinancing of GJGNY loans and ensuring that RGGI funds are directed towards providing GJGNY loans to low-to-moderate income consumers and consumers who may lack access to traditional financing sources.

In June of 2020, NYSERDA launched a 0% financing loan initiative available for up to 12 months or until \$20 million in loans were approved. Demand far exceeded estimates after only 15 days. Most of these loans will be issued in FY20-21 and funded from the revolving loan fund (resulting in an increase in the funding allocation required for the program for FY20-21), with bond proceeds reimbursing funding beginning in FY21-22. The Plan includes funding totaling approximately \$48 million from FY21-22 through FY23-24 (an average of approximately \$16 million per year) for continuation of GJGNY residential financing, including making 3.49% 15-year unsecured financing available to consumers living in federal census block groups where more than 50 percent of households have household income less than 120% of area median income (and allowing consumers living outside of these communities to qualify for this rate if they meet this income threshold), and also

offering access to financing for consumers who may not qualify for traditional unsecured loan underwriting criteria and meet NYSERDA's "Tier 2" underwriting criteria.

As noted in Table 1, the proposed expenditures are expected to reduce CO2 emissions by 141,598 tons at a cost per ton removed rate of \$605 per ton based on past performance.

#### **Pilot Projects with Municipal Utilities**

The Amendment proposes an allocation of \$1M annually over the three-year plan to develop partnerships with municipal utilities and/or rural cooperatives for innovative approaches to energy efficiency or clean energy investments that will both advance the realization of the CLCPA renewable and zero-emission electricity system goals for these systems, as well as provide insights for technology applications or clean energy market approaches that can be applied in service territories across the State. NYSERDA will work with the municipal utilities as well as other state energy agencies and authorities on valuable projects, which may include activities for low- and moderate-income energy efficiency, renewable energy integration into existing systems, battery storage applications, and other demonstrations that may help leverage funding from third-party sources and which will advance deep decarbonization for the utility systems and the state generally.

The RGGI funds spent on these pilot projects may eventually reduce CO2 emissions from the RGGI affected sources but it is not clear how much of a reduction these projects could generate.

#### **Disadvantaged Communities Schools and Buildings**

The Amendment proposes an allocation of \$37.4M over the three-year plan to invest in low-carbon solutions for schools, public housing, and other buildings located within and serving disadvantaged communities. This work would build upon NYSERDA preK-12 program to provide both professional resources needed for planning and funding of demonstrations to create a model for decarbonization of schools. In addition to providing financial support for green/clean schools, the initiative would support curriculum development, workforce training, and assessments of improvements of indoor air quality associated with the building upgrades – providing a broad range of benefits to families and communities. This initiative would also fund pilots of electrification and other low-carbon solutions in affordable and public housing to drive future capital investment in proven decarbonization solutions.

Curriculum development, workforce training, and assessments of improvements of indoor air quality associated with the building upgrades may provide a wide range of benefits but no reductions in CO2 emissions from RGGI affected sources are expected. Pilot studies of electrification and other low-carbon solutions in affordable and public housing to drive future capital investment in proven decarbonization solutions may eventually reduce CO2 emissions from the RGGI affected sources but it is not clear how much of a reduction these projects could generate.

#### **Electric Generation Facility Cessation Mitigation**

This program was a "benefit" to communities where fossil-fired generating plants were shut down. It is ending and never made any reduction to CO2 emissions from RGGI affected units.

#### **Program Administration and State Cost Recovery**

New York allocates \$29 million or 4.8% of the budget of the amendment period to administer the RGGI program. That number does not include the New York cost recovery allocation of \$1.1 million which brings up the total to \$33.5 or 5.6% of the budget over the operating period of the amendment. This is the highest rate of any state in RGGI.

### **RGGI Inc Pro-Rata Costs**

The draft Amendment budget includes \$3.3 million paid to RGGI to administer the program. The reality is that 6.1% of the allocations for RGGI go to program administration at the State and RGGI rather than towards reducing emissions.

### **Transfer to State – Environmental Protection Fund**

The New York State Budget for FY20-2021 directed NYSERDA to transfer \$5 million in RGGI funds to the Environmental Protection Fund (EPF). This operating plan assumes annual funding to support EPF programs that advance New York's leadership in reducing greenhouse gas emissions such as Climate Smart Communities, Smart Growth, and Greenhouse Gas Management.

Under the guise of climate funding RGGI proceeds are supporting the operating budget of the State that has previously funded the Environmental Protection Fund. No reductions in CO2 emissions from the RGGI affected sources are expected from these expenditures.

### **Community Energy and Stakeholder Engagement**

NYSERDA will seek to building local capacity and improve stakeholder engagement through this Amendment, which proposes \$1 million in annual funding from FY21-22 through FY23-24 to increase engagement of residents and communities, support the participation of community-based and advocacy organizations in stakeholder meetings, and supporting local projects. In 2021, NYSERDA will launch a network of Community Energy Hubs, which will build on the success of the Community Energy Engagement Program, wherein community and locally-based organizations across New York State provided outreach and education services to help low-income residents and small businesses make informed energy choices and access incentives and other resources to implement clean energy projects. The Hubs will be designed to enhance community-level engagement and capacity building by supporting clean energy concierge services. These services will be provided to residents, small businesses, nonprofits and multifamily building owners in disadvantaged and underserved communities to increase awareness and adoption of clean energy programs and solutions, with the focus of creating a more inclusive clean energy economy.

In addition, NYSERDA will help to increase the capacity of organizations to advance clean energy projects at the local level. NYSERDA will advance a pilot effort to increase the potential for community-based organizations to plan for and develop community-scale clean energy projects that can benefit disadvantaged communities with capacity development grants. Funds allocated in this operating plan will allow for statewide activities alongside efforts supported through the Clean Energy Fund. NYSERDA will also seek to improve the ability for community-based organizations to actively participate in stakeholder engagement and process. Many local organizations often lack the resources and capacity to effectively engage on policy and initiative development, often excluding perspectives from their communities and constituents from the planning process. To ensure that community-based

organizations have the resources to engage in stakeholder meetings and public comment processes, NYSERDA will allocate resources to provide stipends to offset the cost of participation as part of a pilot initiative to identify solutions for improving and increasing stakeholder engagement.

Section 75-0117 Investment of funds of the Climate Leadership and Community Protection Act mandates that:

State agencies, authorities and entities, in consultation with the environmental justice working group and the climate action council, shall, to the extent practicable, invest or direct available and relevant programmatic resources in a manner designed to achieve a goal for disadvantaged communities to receive forty percent of overall benefits of spending on clean energy and energy efficiency programs, projects or investments in the areas of housing, workforce development, pollution reduction, low income energy assistance, energy, transportation and economic development, provided however, that disadvantaged communities shall receive no less than thirty-five percent of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments and provided further that this section shall not alter funds already contracted or committed as of the effective date of this section.

In my opinion, this program is included to help meet that mandate. No reductions in CO2 emissions from the RGGI affected sources are expected from these expenditures.

#### **Renewable/Net Zero Energy Demonstrations**

The statewide Net Zero Energy for Economic Development initiative was launched in 2019. The initiative is supporting new construction or renovation work on existing buildings that is designed to achieve net zero energy or net zero carbon performance. Eligible building types include commercial, industrial, institutional and mixed-use facilities, and project awards are also based on the ability of the project to advance the goals of the local Regional Economic Development Council Strategic Plan or State Priority Issue Area. The RGGI funds are designed to support at least one project in Long Island and is offered alongside support from the Clean Energy Fund, available for projects located in the rest of the State. This Operating Plan Amendment assumes a continued \$1 million contribution in each of the three years of the 2021 Operating Plan.

No reductions in CO2 emissions from the RGGI affected sources are expected from these expenditures.

#### **Priority Population Workforce Development**

The proposed allocation of \$11 million over the three-year plan to expand access to NYSERDA's On-the-Job Training program, which provides wage subsidies to businesses that hire new workers, high efficiency HVAC and electrification career pathways training to prepare new workers for jobs, and support new initiatives to test the Pay for Success model for workforce training-outcomes, and fund fellowship positions for organizations serving disadvantaged communities. All activities will have a focus on priority populations and disadvantaged communities.

In my opinion, this program is included to help meet that mandate. No reductions in CO2 emissions from the RGGI affected sources are expected from these expenditures.

### **Electric Vehicle and ChargeNY**

ChargeNY has been pursuing three strategies to promote plug-in electric vehicle (PEV) adoption by consumers across New York. First, NYSERDA implemented the Drive Clean rebate program for PEVs in March 2017, accelerating purchases of PEVs by reducing higher upfront costs. Second, NYSERDA will continue to invest in marketing and awareness-building activities to build interest in PEVs among the general public. A focus on building greater public knowledge and awareness of the capabilities of PEVs is essential to spur more private investment in PEV purchases and PEV charging stations. This work may also include other market development activities, such as policy and business model development studies that support new ways for critical stakeholders, such as utilities, local governments, and car dealers, to get involved in the PEV market. Third, NYSERDA will also support the installation of PEV charging stations at workplaces, municipal lots, and multi-family buildings – location types that have been seen to be effective drivers for PEV adoption based on usage data reported from previous installations. Regions of the State that have seen faster PEV adoption will be identified for additional charging station support, which ensures investments in infrastructure support areas with the greatest potential for additional PEV drivers. ChargeNY will also initiate the deployment of a network of direct current (DC) fast charging stations across the State. This Operating Plan amendment proposes to provide additional funding of \$21.5 million in FY21-22, \$16.3 million in FY22-23, and \$15 million in FY23-24 to support continuation of current and additional ChargeNY strategies to ensure effective engagement with the market to build scale and ensure a focus on a just transition into future years.

The RGGI funds spent on ChargeNY are expected to increase rather than decrease CO2 emissions reductions from the RGGI affected sources.