RGGI Operating Plan Public Discussion Questions

Operating Plan Questions

The Multifamily Low Carbon Capital Planning / Pathway Projects is not listed in Table 1: Funding Allocations with Totals for this Planning Period, but it is listed in Table 2: Cumulative Revenues and Program Funding Allocations. There is a total of $25,000,000 for FY23-24 to FY26-27. What is the status of this program?

The funding for Transfer to(from) Clean Energy Fund is not listed in Table 1: Funding Allocations with Totals for this Planning Period, but it is listed in Table 2: Cumulative Revenues and Program Funding Allocations. Is this an oversight or is there a reason?

The Innovative Finance & Risk Management and Clean Heat Consortium programs are listed as new. Am I correct in assuming that the Clean Energy Business Development program is also new. It wasn't labeled as new as the two other programs.

What is the difference between the "Healthy New Home Design & Construction Challenge" and "Support for Two Million Climate Friendly Homes Initiative"?

In the 2023 Operating Plan the "EmPower+: Energy Efficiency and Clean Heating and Cooling for Low- and Moderate-Income Households" broke down funding into two categories: comprehensive energy efficiency services programs for income-qualified residents in existing one-to-four family homes and funding high-efficiency electrification upgrades for low- and moderate- income municipal utility customers using electric resistance heating or delivered fuels. Is that breakdown available for the 2024 Amendment?

Presentation Questions

The operating plan (page 9 Funding assumptions) states:

> This Amendment assumes that future auction proceeds are based on an auction allowance price of $12.32 that is sustained through the end of the planning period. This figure is based on a lookback average of the past ten auctions, which coincides with the release by RGGI states of a preliminary timeline for conducting the Third Program Review. Relatedly, the revised auction allowance for FY22-23 is $12.81, which is an average of the results of the first two RGGI auctions conducted this fiscal year and the $12.32 per allowance estimate that is conservatively used going forward.

I interpret this to mean that the allowance price used for FY23-24, FY24-25, FY25-26, and FY26-27 proceeds is $12.32. The reference in the presentation to the revised auction allowance for FY22-23 being $12.81 is confusing. How is this used?

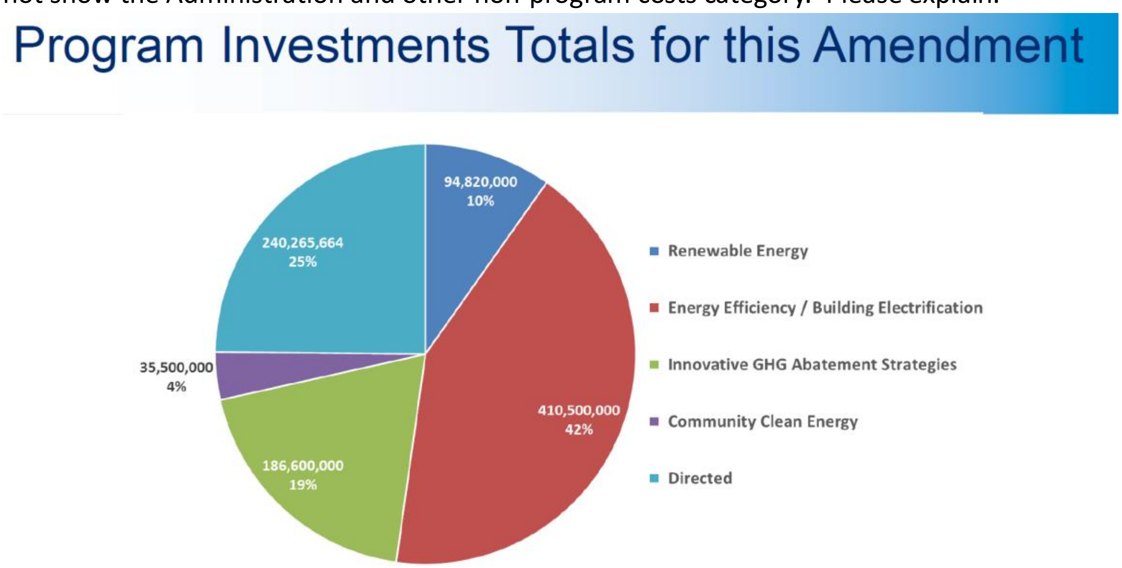
The latest auction closing price was $14.88 for auction 62. The operating plan on page 10 states:

> In the event that future auction proceeds exceed the budgets presented in Table 1, NYSERDA intends to allocate additional funding to the program "Electric Vehicles / ChargeNY" presented on page 5, and also "EmPower+" from page 3. Lastly, additional proceeds can also be allocated

to emerging or expanded programs focused on serving consumers in disadvantaged communities and low-to-moderate income households.

Given the magnitude of the difference between the $12.81 value used for FY22-23, the $12.32 used for the other auction proceeds, and the most recent auction price of $14.88, has there been any thought about refining the excess fund allocations? In particular, I worry that if the actual proceeds are closer to the last auction price that the relative percentage of allocations to different programs will change the funding priorities. Perhaps more programs should be included in the programs that receive additional funding.

I have questions about the values shown in the following slide. I expected that these numbers would reflect Operating Amendment Table 1: Funding Allocations with Totals for this Planning Period. But the totals for each category in the table are not the same as shown in the figure. In addition, the figure does not show the Administration and other non-program costs category. Please explain.



I was only able to follow the Natural Carbon Solutions presentation by Craig Tolly with a lot of effort due to the webinar video. The transcript for the presentation needs to be edited because it confuses rather than informs. For example, Tolly refers to PON 5180 but the transcript does not reflect that. I happened to be familiar with NYSERDA jargon and realized that projects had a "PON" number. When I looked up PON 5180 I found a succinct description of the challenge areas. The program amendment documentation does not provide that information. I suggest that referencing the appropriate Program Opportunity Notice for all projects and including the challenge area description in the Program Amendment would be appropriate.

Electric Vehicles/Charge NY is slated to receive the most RGGI auction proceeds of any program and is one of the programs that is tagged to receive excess funds if the allowance proceeds are higher than expected. RGGI is a power sector control program but in the near-term electric vehicles will increase power sector emissions. Has NYSERDA accounted for that potential increase in emissions due to the increased electrification due to increased EV penetration? RGGI auction costs increase the price of electricity to everyone but supporting electric vehicles only benefits those who can afford them. How is this justified?

General Questions

I have over-arching questions. According to the RGGI website, it is a cooperative, market-based effort to cap and reduce CO2 emissions from the power sector. All these questions relate to this goal and the New York RGGI Operating Plan.

During his overview presentation at the beginning of the Operating Plan Advisory Stakeholder Meeting, Jonathan Binder said “First, it resulted in real carbon dioxide emission reductions. In fact, since 2005, we've seen emissions from power plants subject to the program go down by around sixty percent region wide.” In the comments that I submitted last year I argued that the primary reason emissions went down so much was because of fuel switching from coal and residual oil to natural gas. In the comments I intend to submit I show that the investments of RGGI auction proceeds only were responsible for 16% of the observed reductions. Are DEC and NYSERDA claiming that all the observed reductions are due to RGGI? How much of the observed reduction does NYSERDA claim for RGGI auction proceed investments and why?

This matters because the RGGI-affected sources in New York have limited options for future reductions. There are no fuel-switching options left and there are no cost-effective add-on controls available. RGGI is a trading program and if there are allowances available from outside New York, in-state sources can purchase allowances but that does not necessarily lead to in-state emissions reductions. If you plan to limit trading in areas such as disadvantaged communities under New York Cap-and-Invest, then this option would not be available. The only guaranteed remaining option is to reduce operating time. I think it is incumbent upon the state to incentivize zero-emissions generation and reduce load so that NY RGGI sources can reduce operations and not jeopardize system reliability. Has NYSERDA estimated how much additional zero-emissions generation and load reduction is necessary to reduce New York RGGI emissions consistent with the allowance reduction trajectory? If so, where do we stand?

In my comments I focus on the allocation of investments in the operating plan amendment. I reviewed the program allocations and allocated program investments into six categories. The first three categories cover programs that directly, indirectly, or could potentially decrease RGGI-affected source emissions. Those programs only total 33% of the investments. I also included a category for programs that will add load that could potentially increase RGGI source emissions which totals 24% of the investments. Programs that do not affect emissions are funded with 35% of the proceeds and administrative costs total another 8%. Given the necessity of state investments in zero-emissions resources and load reduction these allocations are troubling. When the investment allocations were determined was the necessity t to invest in programs that could decrease RGGI-affected source emissions necessary to meet the RGGI allowance trajectory considered?

During the presentation Cheryl Glanton said: “We're looking for programs that align with regulatory directions, including the Climate Act, but the focus is on strategies that contribute to our state goals at reducing carbon emissions.” My categorization of the program funding estimates that 43% of the funding is allocated to programs that do not affect emissions or for administrative costs, but I had insufficient information to do it accurately. For example, in the previous description of Natural Carbon Solutions, I noted that the PON included more details on the goals of the program that suggested that some of the funding was intended to support energy savings. I categorized this project as not affecting emissions but some portion of it will. NYSERDA has the information to do this categorization correctly. Has NYSERDA done an analysis that can be shared that quantifies how much of the RGGI proceeds will be allocated to programs that "focus on strategies that contribute to our state goals at reducing carbon emissions"?

While you mention costs, the operating plan includes years when the cap and invest program will impact allowance prices and the cost of electricity in the state. How is that change reflected in the plan?

Finally, the Operating Plan Amendment and the presentations did not include a description of the relative effectiveness of the investments to the emission reductions observed or expected. Given the enormity of the transition challenge to reach zero-emissions by 2040 for the power sector affected by RGGI I believe that priorities may have to be established to reach that target. Why isn't the dollar per ton reduced information provided? Was this factor considered at all when funds were allocated?

Personal Background

I have been involved in the RGGI program process since it was first proposed prior to 2008. I follow and write about the details of the RGGI program because its implementation affects whether I will be able to afford to continue to live in New York. I have extensive experience with air pollution control theory, implementation, and evaluation having worked on every cap-and-trade program affecting electric generating facilities in New York including the Acid Rain Program, Regional Greenhouse Gas Initiative (RGGI) and several Nitrogen Oxide programs. The opinions expressed in these comments do not reflect the position of any of my previous employers or any other company I have been associated with, these comments are mine alone.

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