

PROPOSED

New York State Energy Research and Development Authority

Fiscal Year 2016-17 Budget and Financial Plan
(Revised September 2016)

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DRAFT

CERTIFICATION

I hereby certify that, to the best of my knowledge and belief after reasonable inquiry, the budget information contained herein for the fiscal year ending March 31, 2017 has been developed based on reasonable assumptions and methods of estimation.

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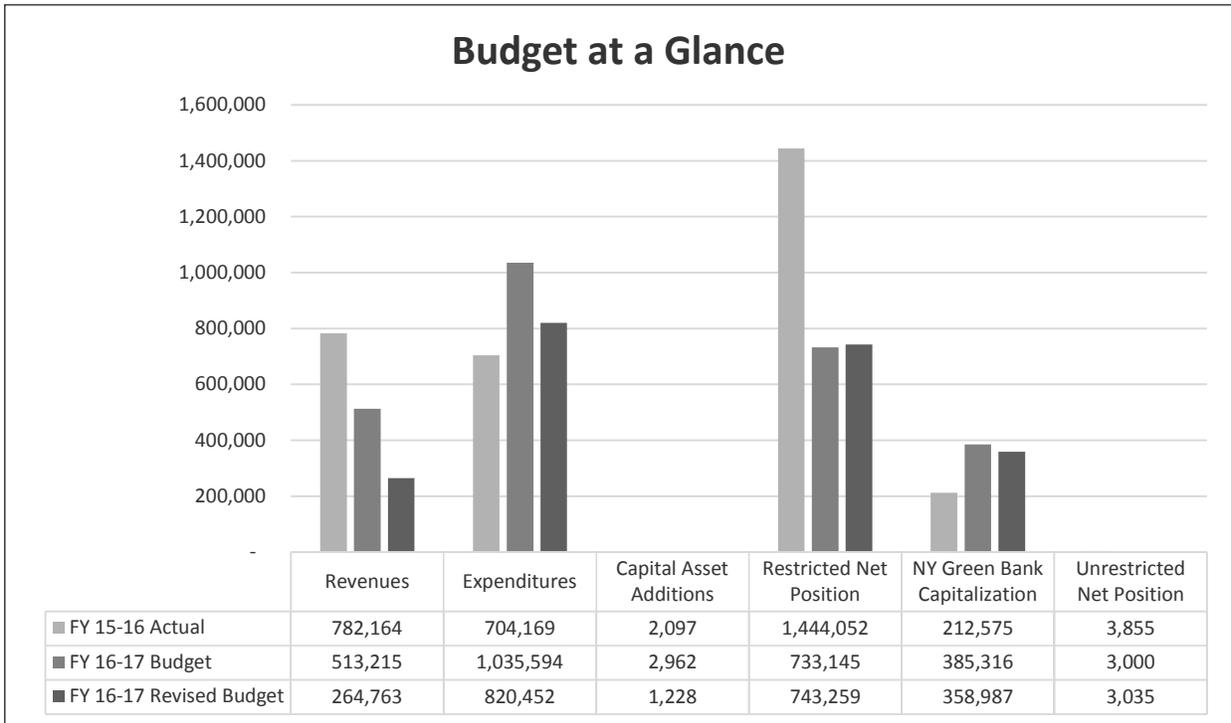
John B. Rhodes
President and Chief Executive Officer

Handwritten signature of Jeffrey J. Pitkin in black ink.

Jeffrey J. Pitkin
Treasurer and Chief Financial Officer

Revised Budget FY 2016-17

(Amounts in thousands)



INTRODUCTION

The New York State Energy Research and Development Authority (NYSERDA) is a public benefit corporation established in 1975 pursuant to Title 9 of Article 8 of the Public Authorities Law of the State of New York. NYSERDA is a component unit of the State of New York and, as such, the results of operation are reported in the State of New York's Comprehensive Annual Financial Report.

The Revised Budget for the fiscal year ending March 31, 2017 (FY 2016-17), and the Financial Plan for FY's 2017-18 to 2019-20 were prepared in accordance with accounting principles generally accepted in the United States of America.

BUDGET PROCESS

NYSERDA's annual budget process starts with the preparation of the Authority's annual strategic program plan which summarizes program goals and objectives using program funds anticipated to be available during the upcoming fiscal year. This document, *Toward a Clean Energy Future - A Strategic Outlook (2016)*, will be reviewed by the Program Planning Committee and approved by the NYSERDA Board on September 20, 2016.

NYSERDA's Preliminary Spending Plan for FY 2016-17 was reviewed by the Board at a meeting on September 21, 2015. At this meeting, the Members also approved the State Appropriation Request for FY 2016-17, which was submitted to the Division of the Budget on October 2, 2015, and summarizes NYSERDA's requests for State appropriations for FY 2016-17.

The FY 2016-17 Budget was originally approved by the Board at a meeting on January 26, 2016.

PROGRAM SUMMARY

Following is a summary of the functions/activities included in the Budget:

Clean Energy Fund (CEF)

Pursuant to a January 2016 Order (CEF Order), the PSC authorized a ten-year commitment through 2025 of approximately \$5.322 billion to clean energy programs through a CEF. The CEF is designed to meet four primary objectives: greenhouse gas emission reductions; energy affordability; statewide penetration and scale of energy efficiency and clean energy generation; and growth in the State's clean energy economy.

The CEF Order provided for a ten-year funding authorization of \$3.43 billion for the Market Development and Innovation & Research activities, and also provided for additional funding authorization of \$781.5 million for the NY Green Bank, \$960.6 million for NY-Sun, and \$150 million for the Renewable Portfolio Standard Program for a 2016 Main Tier solicitation. The NY Green Bank, NY-Sun, and Renewable Portfolio Standard programs are presented as separate Programs/Functions in the revised budget document as further described below.

Market Development and Innovation & Research

The CEF Market Development activities are designed to reduce costs, accelerate customer demand, and increase private investment for energy efficiency and other behind-the-meter clean energy solutions through strategies including financial support, technical knowledge, data, education to customers and service providers, and advanced workforce training. The CEF Innovation & Research activities are designed to invest in cutting-edge technologies that will

meet increasing demand for clean energy including: smart grid technology, renewables and distributed energy resources, high performance buildings, transportation, and clean tech startup and innovation development.

NY Green Bank

Pursuant to a December 2013 Order of the Commission, initial funding of \$165.6 million was made available to the NY Green Bank from uncommitted NYSERDA and utility clean energy funds. In addition to the Commission Order, NYSERDA also contributed \$52.9 million of its own Regional Greenhouse Gas Initiative (RGGI) revenues to the NY Green Bank for a total initial capitalization of \$219.0 million. In July 2015, the Commission issued an Order providing an additional \$150.0 million of capitalization, to be funded from certain uncommitted ratepayer program funds, to be available once NY Green Bank has committed at least \$150.0 million of its initial capitalization. As discussed above, the CEF Order authorized incremental collections for the remaining \$781.5 million of NY Green Bank's \$1.0 billion capitalization.

The key elements of NY Green Bank's mission are partnering with private sector participants, implementing structures that overcome barriers and address gaps in current clean energy financing markets, and transforming those markets by enabling greater scale, new and expanded asset classes and liquidity. These factors combined have the objectives to motivate faster and more extensive implementation of clean energy assets within New York State, foster greater energy choices, reduce environmental impacts and accrue more green energy advantages per public dollar spent for the benefit of all New Yorkers.

New York Energy \$mart (SBCIII)

Pursuant to Orders of the State Public Service Commission (PSC), NYSERDA administers public benefit programs funded by a System Benefits Charge (SBC) on consumers of electricity sold in the State. The Orders provided funding for program activities committed through December 31, 2011. NYSERDA is authorized to administer committed program funds until fully expended.

Energy Efficiency Portfolio Standard (EEPS I-II)

Pursuant to a June 2008 and subsequent Orders, the PSC authorized an Energy Efficiency Portfolio Standard, which provided additional SBC funding for certain energy efficiency programs for program activities committed through December 31, 2011. In October 2011, the PSC authorized additional energy efficiency programs from January 1, 2012, through February 2016 with collections for program funding continuing through December 2018. NYSERDA is authorized to administer committed program funds until fully expended.

Technology & Market Development (SBC IV)

Pursuant to an October 2011 PSC Order, the Technology and Market Development Portfolio was established with continued funding from the SBC for program activities through December 31, 2016, and with program funding collections scheduled through December 2017. NYSERDA is authorized to administer committed program funds until fully expended.

Renewable Portfolio Standard

Pursuant to a September 2004 and subsequent Orders, the PSC adopted a policy of increasing the percentage of electricity used by retail consumers in New York State, that is derived from renewable resources to at least 30 percent by 2015. The PSC adopted a Renewable Portfolio Standard (RPS) that sets annual, incremental, renewable energy targets for the years 2006 through 2015, and subsequently extended through February 2016; requires the use of financial incentives to encourage the development and operation of renewable generation facilities; and adopts a central procurement model to be administered by NYSERDA. It is funded with a non-bypassable

wires charge on certain customers of each of the State's investor-owned utilities scheduled through October 2024.

NY-Sun

Approved through a 2012 Commission Order, the NY-Sun program is designed to develop a sustainable and subsidy-free solar electric industry through a megawatt block approach. The NY-Sun program was initially funded through \$216 million reallocated under the RPS program; as a result, certain expenditures for the NY-Sun program are included in the RPS program. The CEF Order established the incremental collection schedule and reallocation of uncommitted funds to support program activities approved through the 2012 Order.

Energy Research and Development

The goals of this program are to promote energy efficiency, encourage economic development, expand the use of New York State's indigenous and renewable energy resources, and reduce or mitigate adverse environmental effects associated with energy production and use. Base funding for the program comes from an assessment on the intrastate gas and electricity sales of the State's investor-owned utilities authorized under Section 18-a of Public Service Law.

Regional Greenhouse Gas Initiative (RGGI)

The Regional Greenhouse Gas Initiative, or RGGI, is an agreement among nine Northeastern and Mid-Atlantic States to reduce greenhouse gas emissions from power plants. The RGGI states (Participating States) have committed to cap and then reduce the amount of carbon dioxide that certain power plants are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels. The Participating States have agreed to implement RGGI through a regional cap-and-trade program whereby the Participating States have agreed to auction annual regional emissions. Rules and regulations promulgated by the NYS Department of Environmental Conservation (DEC) call for NYSERDA to administer periodic auctions for annual emissions. Pursuant to these regulations, the proceeds will be used by NYSERDA to administer energy efficiency, renewable energy, and/or innovative carbon abatement programs, and to cover the costs to administer such programs.

Green Jobs-Green New York (GJGNY)

GJGNY is a statewide program created by legislation enacted in October 2009 to promote energy efficiency retrofits in residential, multifamily, small business and not-for-profit buildings, and authorizes NYSERDA to establish innovative financing approaches through revolving loan funds to finance such projects. The program supports sustainable community development and creates opportunities for green jobs. The legislation funded the program with \$112 million from RGGI auction proceeds, supplemented by additional RGGI funds subsequently allocated by NYSERDA, and restricts the use of interest earnings and revolving loan proceeds for additional programmatic spending.

Energy and Environmental Analysis

Through this program, NYSERDA provides objective and credible analyses of energy issues to various stakeholders. The program also includes activities for energy-related emergency planning and response, and support for State energy planning functions.

NYSERDA is also responsible for coordination of nuclear material matters, including serving as the State liaison with the Nuclear Regulatory Commission.

These activities are funded through an assessment authorized under Section 18-a of the Public

Service Law.

Pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA is responsible for collecting information and providing regular reports to the Governor and Legislature on LLRW generation in the State. These activities are funded with a State appropriation sub-allocated from an appropriation provided to the NYS Department of Health, which is funded through an assessment collected on operating nuclear power plant licensees.

West Valley

NYSERDA manages, on behalf of the State, the Western New York Nuclear Service Center (West Valley), which is the site of a former plant for reprocessing used nuclear fuel. Through 1972, the former plant operator, Nuclear Fuel Services, Inc., generated as a by-product of its reprocessing operations, more than 600,000 gallons of liquid, high-level radioactive waste, which were stored at the site. In 1980, Congress enacted the West Valley Demonstration Project Act (West Valley Act). Pursuant to the West Valley Act, the U.S. Department of Energy (DOE) is carrying out a demonstration project to: (1) solidify the liquid high-level radioactive waste at West Valley; (2) transport the solidified waste to a permanent federal repository; and (3) decontaminate and decommission the reprocessing plant and the facilities, materials, and hardware used in the project.

NYSERDA also maintains, on behalf of the State, the State-Licensed Disposal Area (SDA), which is a shut-down commercial low-level radioactive waste disposal facility at West Valley. NYSERDA is evaluating how to remediate and close this facility in accordance with regulatory requirements.

Other

Other programs represent an aggregate of smaller programs/initiatives. These activities are primarily funded through various third-party reimbursements and federal energy grants.

BUDGETARY ASSUMPTIONS

The following are principal budget assumptions used in developing the Budget and Financial Plan:

- Clean Energy Standard (CES)
Pursuant to a August 1, 2016 Order, the Clean Energy Standard was established adopting a State Energy Plan goal that 50% of New York's electricity is to be generated by renewable sources by 2030, as part of a strategy to reduce statewide greenhouse gas emissions by 40% by 2030. The CES is comprised of a series of deliberate and mandatory actions to enhance opportunities for customer choice necessary to achieve the SEP goal. The mandated actions are divided into two categories, a Renewable Energy Standard (RES) and a Zero-Emissions Credit (ZEC) requirement. The Order requires NYSERDA to file a petition with the PSC by August 25, 2016 proposing an administrative cost structure. Given the timing of the approved Order and the required filing by August 25, 2016 no budget is currently reflected in the FY 2016-17 Revised Budget. An update to the FY 2016-17 Revised Budget will be made immediately following the filing and will be made available on NYSERDA's website and will be included in the proposed Revised Budget to be considered by NYSERDA's Board at its meeting on September 20, 2016.

- The CEF Order established a “Bill-As-You-Go” approach for revenue collection under the CEF effective January 1, 2016. Under this approach, CEF ratepayer collections and the previously approved collections for New York Energy Smart, Energy Efficiency Portfolio Standard, Technology and Market Development, and Renewable Portfolio Standard programs will be held by the electric and gas utilities and used to reimburse NYSERDA for actual CEF program expenses through a monthly reimbursement process, provided that the reimbursement allows NYSERDA to maintain a sufficient cash balance based on projected expenses for the subsequent two-month period, subject to the collection amounts approved in the CEF Order. This approach will result in a substantial reduction of Cash and Investment and Net Position Restricted for Specific Programs balances from FY 2015-16 levels.
- Created in 2013, NYGB’s initial capitalization of \$218.5 million was funded by a December 2013 Order of the PSC reallocating and repurposing \$165.6 million in uncommitted utility and NYSERDA funding, and from \$52.9 million allocated by NYSERDA from RGGI funding. A July 2015 PSC Order approved additional capitalization of \$150 million of uncommitted funding from EEPS I, SBCIII, SBCIV, and RPS funds once \$150 million of the initial capitalization has been committed. The FY 2016-17 Budget includes the \$150 million transfer from these funds. On August 5, 2016 NYSERDA submitted a compliance filing informing the PSC that this condition was met.
- NY Green Bank loan interest and fees are based on estimates of committed and deployed capital.
- Allowance auction proceeds for the Regional Greenhouse Gas Initiative (RGGI) are projected based on recent secondary market trades placed for RGGI allowance future and options, escalated each subsequent year by the real cost of capital. This estimate seeks to reflect a realistic, market-based assumption to avoid over- or under-estimating the level of estimated future proceeds, and to be sensitive to potential changes which may have an unpredictable impact on the RGGI carbon markets, and to more predictably plan for consistent fund program activity reflected in the RGGI Operating Plan.
- West Valley’s State appropriation revenue for FY 2016-17 through FY 2019-20 is based primarily on the State’s 10% share of West Valley Demonstration Project costs and the State’s share under the Consent Decree. These estimates assume future U.S. Department of Energy (DOE) annual funding of approximately \$62.5 million for FY 2016-17, FY 2017-18, FY 2018-19, and FY 2019-20, for its share of project costs.
- Interest income is based on assumed balances available for investment and based on current investment market yields.
- GJGNY budgeted loan interest income assumes additional loans to be issued during FY 2016-17 of up to \$79.5 million, of which \$38.5 million is expected to be reimbursed from financing proceeds, and \$41.0 million is anticipated to be authorized and transferred from the RGGI program.
- Salary costs for current staff and funded vacant positions are based on salary grades equivalent to the State Management/Confidential (M/C) employees. Salaries include cost of living adjustments in accordance with increases granted for NYS Management Confidential employees (2% effective April 1, 2016). Salaries also include performance-based salary increases and payments comparable to those which may be authorized for state employees. Performance-based salary increases and payments were approved by the Division of the Budget and are anticipated to be paid out in the fall of 2016.
- Fringe benefit costs are generally based on prior year actual costs as a percentage of salary costs. Post-employment health insurance premium costs for current employees and including retirees and pension expense under the Governmental Accounting Standards

Board (GASB) No. 45 and GASB No. 68, respectively, are based on the most recent actuarial valuations.

- The NYS Cost Recovery Fee represents the fee paid to the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services. The FY 2016-17 Budget assumes that NYSERDA's assessment will be \$11.6 million based on discussions with the Division of the Budget.
- The Budget includes no significant or non-recurring revenue-enhancement or cost-reduction initiatives which shift resources from one year to another.

BUDGETARY RISKS

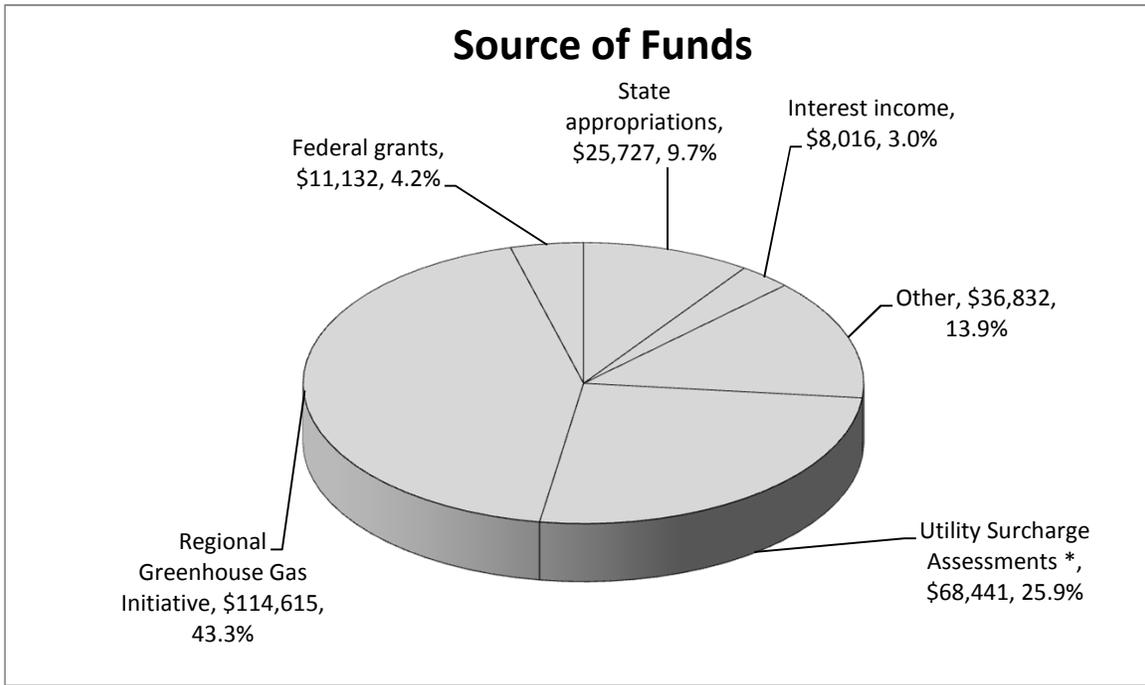
The following is a summary of significant budgeting risks:

- NYSERDA's budgeting process is subject to inherent risks regarding the ability to accurately forecast revenues and expenditures.
- Over the past several years, NYSERDA has assumed responsibility for administering certain new programs, and additional program responsibilities may be added during FY 2016-17 that have not been included in the Budget.
- Recent results from auctions of allowances under the Regional Greenhouse Gas Initiative (RGGI) have shown some volatility in auction revenue. NYSERDA has developed a multi-year program planning approach for these revenues, but variations in actual proceeds realized makes it difficult to complete accurate long-term planning.
- Program expenditures for most programs are funded with revenues which are generally received in advance of expenditures. Under the modified accrual basis of accounting, these funds are recorded as revenue when received, with any unexpended funds recorded as Restricted Net Position. Timing of program activity may result in either: (1) revenues exceeding expenses during the Budget period; or (2) expenditures funded by unexpended revenues from prior fiscal periods.
- Expenditures for the West Valley program are based primarily on the amount anticipated to meet the State's share of costs for West Valley under the Cooperative Agreement and the Consent Decree which are dependent upon funds provided in the federal budget to the U.S. Department of Energy (DOE).
- Although DOE and NYSERDA have reached agreement on the allocation of costs (percentages) to be paid by each entity for remediating the West Valley site, the remedial action for several significant facilities will not be identified until 2020. In addition, DOE has taken the position that State will be responsible for waste disposal fees when high level waste on-site reaches an ultimate repository destination, a figure to be calculated at the time of disposal pursuant to the Nuclear Waste Policy Act, 42 U.S.C. 10101 et seq. The agreement between the parties left this issue unresolved, as no national repository option will be in place for many years. Although NYSERDA has advanced, and will continue to advance, legal arguments as to why this responsibility is not one that rightfully falls on the State, additional State funding may be required once the issue is resolved.
- GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, requires a biennial actuarial valuation to determine the actuarial present value of total projected post-employment health insurance benefits for retirees. The biennial valuation could be impacted by a number of assumptions, general economic conditions, and future events which could lead to higher estimated annual expenses.
- GASB 68, *Accounting and Financial Reporting for Pensions*, requires an annual valuation to determine the annual pension expense. Annual pension costs which are provided by the New York State Local Retirement System could be impacted by a

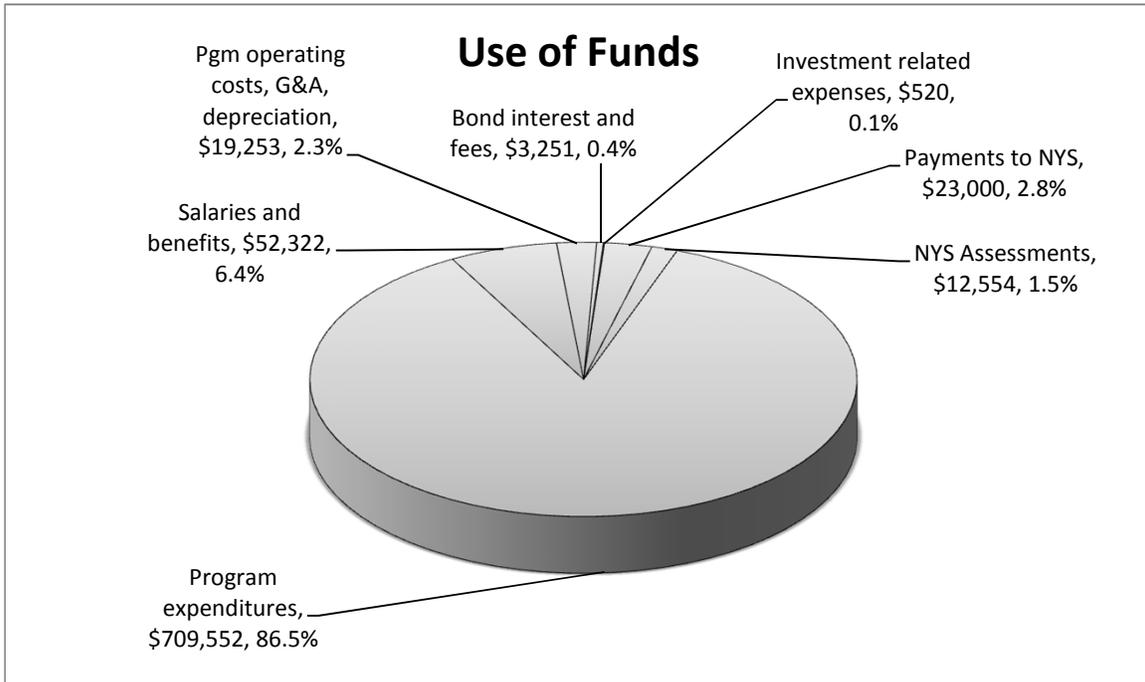
number of assumptions, general economic conditions, and future events which could lead to higher estimated annual expenses.

Revised Budget FY 2016-17

(Amounts in thousands)



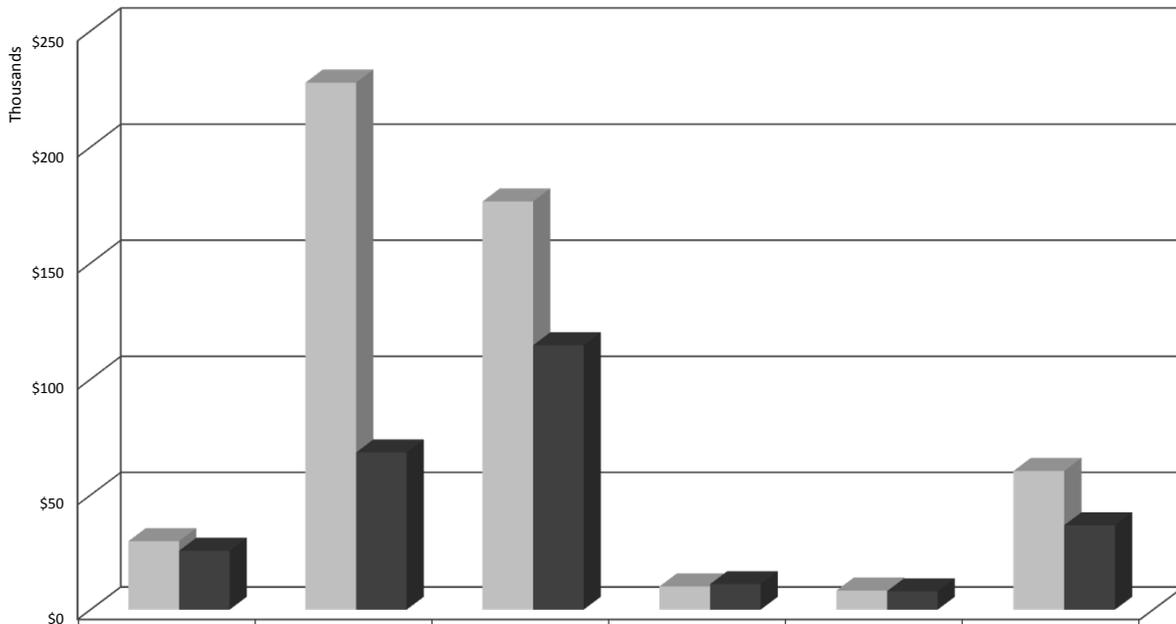
* Represents amounts expected to be collected by NYSERDA under Bill-As-You-Go approach while NYSERDA spends down current cash balances (utilities will hold additional amounts collected from customers which are not needed for NYSERDA's current and near-term expenditures).



Revised Budget FY 2016-17

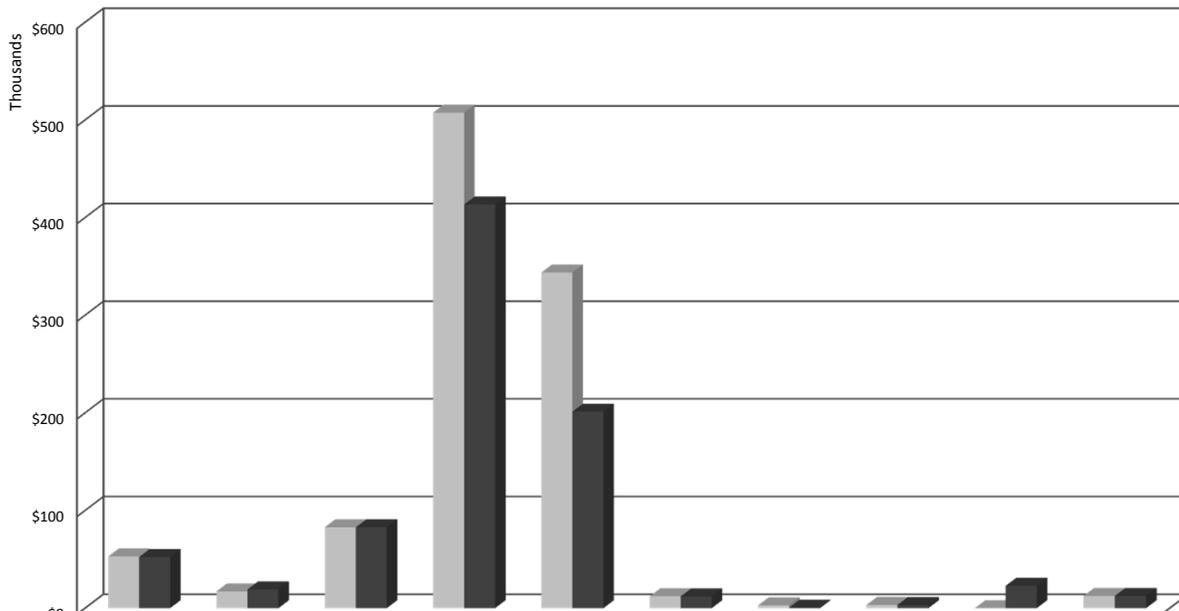
(Amounts in thousands)

Budget Comparison: Revenues



FY 16-17 Budget	\$29,893	\$227,765	\$176,553	\$10,140	\$8,359	\$60,505
FY 16-17 Revised Budget	\$25,727	\$68,441	\$114,615	\$11,132	\$8,016	\$36,832

Budget Comparison: Expenses



FY 16-17 Budget	\$52,974	\$17,272	\$82,890	\$507,522	\$343,808	\$12,219	\$2,964	\$3,391	\$0	\$12,554
FY 16-17 Revised Budget	\$52,322	\$19,253	\$82,827	\$413,387	\$201,266	\$12,072	\$520	\$3,251	\$23,000	\$12,554

NYSERDA
 Revised Budget FY 2016-17
 (Amounts in thousands)

	Revised Budget FY 2016-17	Original Budget FY 2016-17
Net position beginning of year	\$ 1,675,759	1,660,931
<u>Revenues:</u>		
State appropriations	25,727	29,893
Third party reimbursement	24,520	46,785
Utility Surcharge Assessments	68,441	227,765
Allowance auction proceeds	114,615	176,553
Project repayments	600	700
Federal grants	11,132	10,140
Rentals from leases	1,249	1,249
Interest income	8,016	8,359
Loan interest	6,761	9,139
QECCB interest subsidy	492	492
Fees and other income	3,210	2,140
Total Revenues	264,763	513,215
<u>Expenses:</u>		
Salaries and benefits	52,322	52,974
Program expenditures	709,552	946,439
Investment related expenses	520	2,964
Program operating costs	3,727	3,877
General & administrative expenses	13,794	11,280
Depreciation	1,732	2,115
NYS Assessments	12,554	12,554
Bond interest and fees	3,251	3,391
Payments to NYS	23,000	-
Total Expenses	820,452	1,035,594
Net (expense) revenue and change in net position	(555,689)	(522,379)
<u>Net position end of year:</u>		
Restricted for specific programs	743,259	733,145
NY Green Bank Capitalization	358,987	385,316
Net Investment in Capital Assets	14,789	17,091
Unrestricted	3,035	3,000
Total net position end of year	\$ 1,120,070	1,138,552

NYSERDA
 Revised Budget FY 2016-17
 (Amounts in thousands)

Functions/Programs									
	Market Development / Innovation & Research	NY Green Bank	New York Energy \$mart	Energy Efficiency Portfolio Standard	Technology and Market Development Portfolio	Renewable Portfolio Standard	NY-Sun	Energy Research & Development	RGGI
Net position, beginning of year	\$ 5,261	212,575	110,851	143,223	191,140	555,612	(1,748)	24,944	260,987
Revenues:									
State appropriations	-	-	-	-	-	-	-	-	10,354
Third party reimbursement	-	-	-	500	500	-	-	-	-
Utility Surcharge Assessments	-	-	-	48,741	-	-	-	9,682	-
Allowance auction proceeds	-	-	-	-	-	-	-	-	114,615
Project repayments	-	-	-	-	-	-	-	600	-
Federal grants	-	-	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-	-	-
Interest income	18	851	599	624	1,011	2,798	6	163	1,514
Loan interest	-	788	-	-	-	-	-	-	-
QECB interest subsidy	-	-	-	-	-	-	-	-	-
Fees and other income	-	2,823	-	-	-	-	-	-	-
Total Revenues	18	4,462	599	49,865	1,511	2,798	6	10,445	126,483
Expenses:									
Salaries and benefits	14,058	4,763	420	6,706	5,370	2,660	1,497	2,515	4,137
Program expenditures	98,033	-	27,228	125,949	50,150	144,586	56,680	8,306	129,625
Investment related expenses	-	520	-	-	-	-	-	-	-
Program operating costs	411	1,260	-	250	111	31	519	35	136
General & administrative expenses	3,706	1,256	111	1,768	1,415	701	395	663	1,091
Depreciation	391	133	12	186	149	74	42	70	115
NYS Assessments	1,735	118	414	2,007	852	2,205	881	173	2,012
Bond interest and fees	-	-	-	-	-	-	-	-	-
Payments to NYS	-	-	-	-	-	-	-	-	23,000
Total Expenses	118,334	8,050	28,185	136,866	58,047	150,257	60,014	11,762	160,116
Net sources / (uses) of net position other than transfers	(118,316)	(3,588)	(27,586)	(87,001)	(56,536)	(147,459)	(60,008)	(1,317)	(33,633)
Inter-program transfers	113,055	150,000	(26,367)	(34,067)	(45,464)	(193,913)	61,756	1,317	(66,690)
Net position end of year	\$ -	358,987	56,898	22,155	89,140	214,240	-	24,944	160,664

NYSERDA
 Revised Budget FY 2016-17
 (Amounts in thousands)

(continued from page 13)

	GJGNY	Energy & Environmental Analysis	West Valley	Other	Invested in Capital Assets	Unrestricted Net Position	Revised Budget FY 2016-17	Original Budget FY 2016-17
Net position, beginning of year	81,082	1,329	2,098	69,273	15,277	3,855	1,675,759	1,660,931
Revenues:								
State appropriations	-	150	13,450	1,773	-	-	25,727	29,893
Third party reimbursement	-	-	2,222	21,298	-	-	24,520	46,785
Utility Surcharge Assessments	-	3,729	-	6,289	-	-	68,441	227,765
Allowance auction proceeds	-	-	-	-	-	-	114,615	176,553
Project repayments	-	-	-	-	-	-	600	700
Federal grants	-	2,241	-	8,891	-	-	11,132	10,140
Rentals from leases	-	-	-	1,249	-	-	1,249	1,249
Interest income	257	-	-	175	-	-	8,016	8,359
Loan interest	5,973	-	-	-	-	-	6,761	9,139
QECB interest subsidy	492	-	-	-	-	-	492	492
Fees and other income	-	-	-	387	-	-	3,210	2,140
Total Revenues	6,722	6,120	15,672	40,062	-	-	264,763	513,215
Expenses:								
Salaries and benefits	1,305	3,254	2,483	3,154	-	-	52,322	52,974
Program expenditures	10,393	1,500	12,072	45,030	-	-	709,552	946,439
Investment related expenses	-	-	-	-	-	-	520	2,964
Program operating costs	61	327	160	426	-	-	3,727	3,877
General & administrative expenses	344	858	654	832	-	-	13,794	11,280
Depreciation	36	91	72	361	-	-	1,732	2,115
NYS Assessments	181	90	231	1,655	-	-	12,554	12,554
Bond interest and fees	3,251	-	-	-	-	-	3,251	3,391
Payments to NYS	-	-	-	-	-	-	23,000	-
Total Expenses	15,571	6,120	15,672	51,458	-	-	820,452	1,035,594
Net sources / (uses) of net position other than transfers	(8,849)	-	-	(11,396)	-	-	(555,689)	(522,379)
Inter-program transfers	41,690	-	-	(9)	(488)	(820)	-	-
Net position end of year	113,923	1,329	2,098	57,868	14,789	3,035	1,120,070	1,138,552

NYSERDA					
FY 2016-17 Revised Budget					
Reconciliation of Budget Changes					
(Amounts in thousands)					
	Actual	Original		Revised	
	FY 2015-16	Budget	Change	Budget	Explanation for change
		FY 2016-17		FY 2016-17	
Revenues:					
State appropriations					
RGGI	\$ 1,616	10,000	354	10,354	Represents a slight increase in State capital budget appropriation reimbursement for anticipated RGGI Cleaner, Greener Community program expenditures (repayment of the FY 13-14 transfer of \$25 million to the State general fund).
Other Programs - Energy/Environmental projects	739	6,293	(4,520)	1,773	Reflects an decrease in estimated reimbursable project expenditures funded from Capital Budget appropriations.
Energy & Environmental Analysis - Low-Level Radioactive Waste	141	150	-	150	(No change)
West Valley	11,850	13,450	-	13,450	(No change)
Total state appropriations	14,346	29,893	(4,166)	25,727	
Third party reimbursement	41,224	46,785	(22,265)	24,520	Principally reflects an decrease of \$22.2M in reimbursement funding from Con Edison due to timing of anticipated expenditures under the Indian Point Energy Center Reliability Contingency program.
Utility Surcharge Assessments	532,401	227,765	(159,324)	68,441	Reflects the "Bill As You Go" approach anticipated in CEF Order.
Allowance auction proceeds	165,660	176,553	(61,938)	114,615	Reflects a decrease in estimated future auction proceeds based on recent auction results and current options trading for allowances.
Project repayments	484	700	(100)	600	Decrease due to revised recoupment projections.
Federal grants	9,483	10,140	992	11,132	Increase in anticipated reimbursement funding related to several Congestion Mitigation Air Quality grants.
Rentals from leases	1,327	1,249	-	1,249	(No change)
Interest income	12,446	8,359	(343)	8,016	Decrease is due to lower investment balances principally due to the "Bill As You Go" approach.
Loan interest income	3,438	9,139	(2,378)	6,761	Reflects a decrease due to revised projections in GJGNY loan activity and due to revised projections of NY Green Bank activity from deployed capital versus what was originally budgeted.
QECB interest subsidy	509	492	-	492	(No change)
Fees and other income	846	2,140	1,070	3,210	Primarily due to an increase in anticipated fees for NY Green Bank from committed capital.
Total Revenues:	782,164	513,215	(248,452)	264,763	
Expenses:					
Salaries	30,684	36,797	(2,676)	34,121	The revised budget includes partial year vacancies, whereas the original budget assumed all positions were filled for the entire year.
Benefits	14,566	16,177	2,024	18,201	Fringe benefits increased due to a ~\$2 million increase in pension costs from an updated projection received from the NYS Retirement System as well as estimated per-employee increases in various benefits-primarily health insurance, and actuarially determined other post employment benefits cost.
Total salaries and benefits	45,250	52,974	(652)	52,322	

NYSERDA					
FY 2016-17 Revised Budget					
Reconciliation of Budget Changes					
(Amounts in thousands)					
	Actual FY 2015-16	Original Budget FY 2016-17	Change	Revised Budget FY 2016-17	Explanation for change
<u>Expenses (continued):</u>					
Program expenditures					
Market Development / Innovation & Research	-	101,561	(3,528)	98,033	Based on revised level of anticipated expenditures.
System Benefits Charge (SBC III)	13,319	20,139	7,089	27,228	Based on revised level of anticipated expenditures.
Energy Efficiency Portfolio Standard	176,102	181,116	(55,167)	125,949	Based on revised level of anticipated expenditures.
Technology and Market Development (SBC IV)	35,941	55,155	(5,005)	50,150	Based on revised level of anticipated expenditures.
Renewable Portfolio Standard	160,872	171,142	(26,556)	144,586	Based on revised level of anticipated expenditures.
NY-Sun	22,920	172,666	(115,986)	56,680	Based on revised level of anticipated expenditures. Expenditures for funding from 2014 and 2015 for NY-Sun are included in RPS program expenditures.
Research and Development	8,030	5,352	2,954	8,306	Based on revised level of anticipated expenditures.
Regional Greenhouse Gas Initiative	98,497	140,690	(11,065)	129,625	Based on revised level of anticipated expenditures.
Green Jobs-Green New York	17,154	17,300	(6,907)	10,393	Based on revised level of anticipated expenditures.
Energy & Environmental Analysis	1,514	1,500	-	1,500	(No change)
West Valley	8,987	12,219	(147)	12,072	Reflects a decrease in anticipated program expenditures for NYSERDA's share of federal and state spending at West Valley.
Other Programs	46,224	67,599	(22,569)	45,030	Net decrease is primarily due to a decrease in expenditures under the Indian Point Energy Center Reliability Contingency program offset in part by an anticipated increase in costs from several Congestion Mitigation Air Quality grants.
Total program expenditures	589,560	844,878	(233,359)	709,552	
Investment related expenses - NY Green Bank	211	2,964	(2,444)	520	Decrease is primarily due to the removal of anticipated costs associated with establishing a borrowing facility that was originally anticipated in FY 16-17, and a reduction in program costs to support NY Green Bank transactions.
Program operating costs	2,466	3,877	(150)	3,727	Due to decreases in anticipated costs for NY Green Bank fund administration and for software costs associated with the NY-Sun program, offset in part by increases in temporary staffing needs and other various direct operating accounts.
General & administrative expenses	9,931	11,280	2,514	13,794	Net increase is primarily due to increases in anticipated costs for IT staff augmentation services, software and licensing purchases, web hosting costs, and recruitment costs.
Depreciation	1,634	2,115	(383)	1,732	Reflects a decrease in projected depreciation resulting from existing capital assets and from planned additions for FY 16-17 (half year of expense).
NYS Assessments	12,554	12,554	-	12,554	(No change)
Interest	1,563	3,391	(140)	3,251	Represents a decrease in bond interest expense estimates primarily related to the timing of draws from the 2015 Residential Solar bonds.
Payments to NYS	41,000	-	23,000	23,000	A payment to NYS for the Environmental Protection Fund renewable energy tax credits was not anticipated in the original budget. The revised budget represents \$23M to support the tax credits.
Total Expenses:	704,169	934,033	(211,614)	820,452	
Net (expense) revenue and change in net position	77,995	(522,379)	(33,310)	(555,689)	
Net position beginning of year	1,597,689	1,138,552	537,207	1,675,759	
Cumulative effect of change in accounting principle (GASB 68)	75	-	-	-	
<u>Net position end of year:</u>					
Restricted for specific programs	1,444,052	733,145	10,114	743,259	Projected increase in restricted net assets is due to restricted revenues exceeding restricted expenditures.
NY Green Bank Capitalization	212,575	385,316	(26,329)	358,987	Reduction primarily reflects the "Bill As You Go" approach anticipated in the CEF Order.
Net Investment in Capital Assets	15,277	17,091	(2,302)	14,789	Reflects anticipated asset purchases less depreciation.
Unrestricted	3,855	3,000	35	3,035	
Total net position end of year	\$ 1,675,759	1,138,552	(18,482)	1,120,070	

NYSERDA FY16-17 Revised Budget
 Detail schedule: Salaries and benefits
 (Amounts in thousands)

	<u>Actual</u> <u>FY 2015-16</u>	<u>Original</u> <u>Budget</u> <u>FY 2016-17</u>	<u>Revised</u> <u>Budget</u> <u>FY 2016-17</u>
Salaries **	\$ 30,684	36,797	34,121
Fringe Benefits:			
Social Security/Medicare taxes	2,235	2,694	2,485
Health insurance	3,722	4,367	4,139
Dental plan	328	406	364
Vision care plan	31	38	34
Dependent Care plan	22	22	24
Long-term disability insurance	75	91	84
Workers compensation	116	138	129
Unemployment	18	15	20
Pension	3,550	3,923	5,997
Tuition reimbursement	82	69	91
Compensated absence leave accruals	720	725	753
Voluntary Defined Contribution Plan	331	353	399
Postemployment health insurance (GASB 45)	3,336	3,336	3,682
sub-total benefits	14,566	16,177	18,201
Percentage of Salaries	47.5%	44.0%	53.3%
Total Salaries and Benefits	\$ 45,250	52,974	52,322
 Number of full-time equivalent employees (FTE)	 330	 380	 350

** FY 2016-17 Salaries include cost of living adjustments in accordance with increases scheduled for NYS Management/Confidential employees (2% effective 04/01/2016). Salaries also include performance-based salary increases and payments equivalent to salary increases and total salary costs anticipated to be provided for NYS employees. Performance-based salary increases and payments were approved by the Division of the Budget and are anticipated to be paid out in the fall of 2016.

NYSERDA FY16-17 Revised Budget
 Detail schedule: Program Operating Costs
 (Amounts in thousands)

	Actuals	Original	Revised
	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2016-17</u>
Professional Services:			
NY Green Bank Fund Administrator	\$ -	1,020	150
NY Green Bank consulting support services	9	649	840
Other Consulting	-	10	75
Computer Services and Software	282	545	354
Rent, Maintenance & Repairs, Utilities, Insurance	279	464	443
Travel and Outreach Costs	370	554	650
Temporary Staffing, Outside Technical Reviewer	478	426	850
Office Supplies, Equipment Rental, and Other	190	207	365
Total Program Operating Costs	<u>\$ 1,607</u>	<u>3,875</u>	<u>3,727</u>

NYSERDA FY16-17 Revised Budget
 Detail schedule: General & Administrative Expenses
 (Amounts in thousands)

	Actuals	Original	Revised
	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2016-17</u>
Professional Services:			
Fiscal Agent, audit and third-party payroll and Human Resource services	\$ 476	466	473
Systems design and enhancement	2,811	2,608	3,900
Information security implementation project	81	216	216
Internal Audit support services	45	100	75
Marketing	293	562	654
Communication and consumer support services	495	321	215
Strategic Operations consulting services	13	480	480
Website support services	278	260	260
Other Consulting	53	7	32
Computer Services and Software	1,463	2,789	3,764
Rent, Maintenance & Repairs, Utilities, Insurance	2,616	2,552	2,577
Travel and Outreach Costs	213	331	347
Temporary Staffing, Outside Technical Reviewer	250	48	188
Office Supplies, Equipment Rental, and Other	386	445	426
Training, Recruitment & Relocation	449	98	187
Total General & Administrative Expense	<u>\$ 9,923</u>	<u>11,282</u>	<u>13,794</u>

NYSERDA FY16-17 Revised Budget
 Detail schedule: Capital Budget
 (Amounts in thousands)

	Actual	Original	Revised
	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2016-17</u>
Building energy efficiency improvements	\$ -	35	35
Furniture, fixtures and equipment	102	187	186
Information technology upgrades	1,985	2,740	957
Leasehold improvements	4	-	-
STEP infrastructure	6	-	-
Vehicles	-	-	50
Total Capital Asset Additions	<u>\$ 2,097</u>	<u>2,962</u>	<u>1,228</u>

NYSERDA
 Revised Budget FY 2016-17
 Financial Plan
 (Amounts in thousands)

	FY 2016-17 Budget	FY 2017-18 Projection	FY 2018-19 Projection	FY 2019-20 Projection
<u>REVENUES:</u>				
State appropriations	\$ 25,727	24,360	14,166	13,581
Third party reimbursement	24,520	32,704	29,691	22,390
Utility Surcharge Assessments	68,441	474,855	895,607	796,917
Allowance auction proceeds	114,615	115,479	116,154	130,746
Project repayments	600	600	600	600
Federal grants	11,132	12,552	15,642	6,851
Rentals from leases	1,249	1,060	1,060	1,060
Interest income	8,016	4,988	3,150	2,771
Loan interest	6,761	11,332	18,062	22,894
QEGB interest subsidy	492	450	396	328
Fees and other income	3,210	3,147	3,360	3,450
TOTAL REVENUES	264,763	681,527	1,097,888	1,001,588
<u>EXPENSES:</u>				
Salaries and benefits	52,322	53,892	55,508	57,174
Program expenditures	709,552	881,208	992,161	732,207
Investment related expenses	520	483	428	434
Program operating costs	3,727	3,286	3,537	3,540
General & administrative expenses	13,794	14,208	14,636	15,075
Depreciation	1,732	1,755	1,601	1,542
NYS Assessments	12,554	12,554	12,554	12,554
Bond interest and fees	3,251	3,272	3,027	1,517
Payments to NYS	23,000	23,000	23,000	23,000
TOTAL EXPENSES	820,452	993,658	1,106,452	847,043
Net sources / (uses) of net position other than transfers	(555,689)	(312,131)	(8,564)	154,545
Net position beginning of year	1,675,759	1,120,070	807,939	799,374
<u>Net position end of year:</u>				
Restricted for specific programs	743,259	433,849	376,365	340,262
NY Green Bank Capitalization	358,987	357,181	407,101	598,692
Net Investment in Capital Assets	14,789	13,909	12,908	11,966
Unrestricted	3,035	3,000	3,000	3,000
Total net position end of year	\$ 1,120,070	807,939	799,374	953,920

NYSERDA
 FY 16-17 Cash-Based Budget
 (Amounts in thousands)

	Functions/Programs						
	Market Development / Innovation & Research	NY Green Bank	New York Energy \$mart	Energy Efficiency Portfolio Standard	Technology and Market Development Portfolio	Renewable Portfolio Standard	NY-Sun
RECEIPTS:							
State appropriations	\$ -	-	-	-	-	-	-
Third party reimbursement	-	-	-	500	500	-	-
Utility Surcharge Assessments	-	-	-	48,741	-	-	-
Allowance auction proceeds	-	-	-	-	-	-	-
Project repayments	-	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-
Interest income	18	851	599	624	1,011	2,798	6
Loan interest	-	788	-	-	-	-	-
Loan principal repayments	-	8,000	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-
QECCB interest subsidy	-	-	-	-	-	-	-
Fees and other income	-	2,823	-	-	-	-	-
TOTAL REVENUES	18	12,462	599	49,865	1,511	2,798	6
DISBURSEMENTS:							
Salaries and benefits	12,949	4,388	386	6,178	4,947	2,451	1,379
Program expenditures	98,033	-	27,228	125,949	50,150	144,586	56,680
Investment related expenses	-	520	-	-	-	-	-
Other Operating costs	411	1,260	-	250	111	31	519
General & administrative expenses	3,706	1,256	111	1,768	1,415	701	395
Capital asset additions	330	112	10	158	126	62	35
Deployed Capital	-	80,000	-	-	-	-	-
Bond interest and fees	-	-	-	-	-	-	-
Principal bond payment	-	-	-	-	-	-	-
Loan purchases	-	-	-	-	-	-	-
Long term debt	4	2	-	2	2	1	-
Payments to NYS	-	-	-	-	-	-	-
NYS Assessments	1,735	118	414	2,007	852	2,205	881
TOTAL EXPENSES	117,168	87,656	28,149	136,312	57,603	150,037	59,889
Net sources / (uses) of net position other than transfers	\$ (117,150)	(75,194)	(27,550)	(86,447)	(56,092)	(147,239)	(59,883)
Cash and investments, beginning of year	5,267	202,636	112,870	150,402	196,503	572,906	-
Inter-program transfers	113,055	150,000	(26,367)	(34,067)	(45,464)	(193,913)	61,756
Cash and investments, end of year	1,172	277,442	58,953	29,888	94,947	231,754	1,873

NYSERDA
FY 16-17 Cash-Based Budget
(Amounts in thousands)

(continued from page 22)

	Energy Research & Development	RGGI	GJGNY	Energy & Environmental Analysis	West Valley	Other	FY 2016-17 Cash Budget Total
RECEIPTS:							
State appropriations	-	10,354	-	150	13,450	1,773	25,727
Third party reimbursement	-	-	-	-	2,222	21,298	24,520
Utility Surcharge Assessments	9,682	-	-	3,729	-	6,289	68,441
Allowance auction proceeds	-	114,615	-	-	-	-	114,615
Project repayments	600	-	-	-	-	-	600
Federal grants	-	-	-	2,241	-	8,891	11,132
Rentals from leases	-	-	-	-	-	1,249	1,249
Interest income	163	1,514	257	-	-	175	8,016
Loan interest	-	-	5,973	-	-	-	6,761
Loan principal repayments	-	-	12,486	-	-	-	20,486
Bond proceeds	-	-	49,044	-	-	-	49,044
QECCB interest subsidy	-	-	492	-	-	-	492
Fees and other income	-	-	-	-	-	387	3,210
TOTAL REVENUES	10,445	126,483	68,252	6,120	15,672	40,062	334,293
DISBURSEMENTS:							
Salaries and benefits	2,317	3,811	1,202	2,998	2,287	2,905	48,198
Program expenditures	8,306	129,625	10,393	1,500	12,072	45,030	709,552
Investment related expenses	-	-	-	-	-	-	520
Other Operating costs	35	136	61	327	160	426	3,727
General & administrative expenses	663	1,091	344	858	654	832	13,794
Capital asset additions	59	97	31	76	58	74	1,228
Deployed Capital	-	-	-	-	-	-	80,000
Bond interest and fees	-	-	3,251	-	-	-	3,251
Principal bond payment	-	-	8,147	-	-	-	8,147
Loan purchases	-	-	86,092	-	-	-	86,092
Long term debt	1	1	-	1	1	1	16
Payments to NYS	-	23,000	-	-	-	-	23,000
NYS Assessments	173	2,012	181	90	231	1,655	12,554
TOTAL EXPENSES	11,554	159,773	109,702	5,850	15,463	50,923	990,079
Net sources / (uses) of net position other than transfers	(1,109)	(33,290)	(41,450)	270	209	(10,861)	(655,786)
Cash and investments, beginning of year	25,219	273,797	29,042	-	-	79,511	1,648,153
Inter-program transfers	-	(66,690)	41,690	(270)	(209)	479	-
Cash and investments, end of year	24,110	173,817	29,283	-	-	69,129	992,368