



# **NEW YORK'S RGGI-FUNDED PROGRAMS**

**STATUS REPORT  
QUARTER ENDING JUNE 30, 2009**

**AUGUST 2009**

**NEW YORK STATE  
ENERGY RESEARCH AND  
DEVELOPMENT AUTHORITY**



# 1 Introduction

---

To implement the Regional Greenhouse Gas Initiative (RGGI), New York State has established its CO<sub>2</sub> Budget Trading Program through regulations promulgated by the Department of Environmental Conservation (DEC) and the CO<sub>2</sub> Allowance Auction Program through regulations promulgated by New York State Energy Research and Development Authority (NYSERDA).<sup>1</sup> On April 27, 2009, the NYSERDA Board of Directors approved the “Operating Plan for Investments in New York under the CO<sub>2</sub> Budget Trading Program and the CO<sub>2</sub> Allowance Auction Program” (Operating Plan), providing the budgets and descriptions for the programs that will be funded by the RGGI auction proceeds. This report is prepared pursuant to the approved Operating Plan and provides an update on the progress of programs through the quarter ending June 30, 2009. It contains an accounting of program spending, an estimate of program benefits, and a summary description of program activities and implementation.

NYSERDA has initiated program activity through the launch of the Water and Wastewater Efficiency Program. This program activity is designed to capture the existing opportunity to leverage Federal Economic Recovery funds that have been allocated to the municipal sector, and to date, much of this work has focused on project identification and initiation of project technical review. Aside from this initial program activity, in consultation with the Chair of NYSERDA’s Board of Directors, NYSERDA’s President and CEO has determined that it would be prudent to delay the commencement of spending the RGGI auction proceeds on the entire Operating Plan portfolio due to pending litigation challenging the CO<sub>2</sub> Budget Trading Program regulations asserted by the owners of the Indeck electric generating facility in Corinth, New York. The President and CEO will continue to monitor the progress of the litigation and will consult with the Chair with respect to future expenditure of funds to implement the programs set forth in the Operating Plan.

---

<sup>1</sup> For the DEC adopted regulations: See 6 NYCRR Part 242: CO<sub>2</sub> Budget Trading Program Regulations; for the NYSERDA adopted regulations, see 21 NYCRR Part 507: CO<sub>2</sub> Allowance Auction Program Regulations.

## 1.1 New York's Auction Proceeds<sup>2</sup>

As of June 30, 2009 New York State has participated in three RGGI auctions. A total of 38,258,941 New York CO<sub>2</sub> allowances have been auctioned, generating \$127,869,788.91 in proceeds. Detailed auction results are presented as Table 1.1.

**Table 1.1. New York State's RGGI Auction Results<sup>3</sup>**

Auction Date	Allowance Vintage	Clearing Price	New York State Allowances Auctioned	New York State Auction Proceeds
12/17/09	2009	\$3.38	12,422,161	\$41,986,904.18
3/18/09	2009	\$3.51	12,422,161	\$43,601,785.11
	2012	\$3.05	776,385	\$2,367,974.25
6/17/09	2009	\$3.23	11,861,849	\$38,313,772.27
	2012	\$2.06	776,385	\$1,599,353.10
TOTAL			38,258,941	\$127,869,788.91

Source: RGGI Inc.

<sup>2</sup> See [http://www.rggi.org/states/state\\_summaries/New\\_York](http://www.rggi.org/states/state_summaries/New_York) for more auction result details.

<sup>3</sup> New York did not participate in the RGGI auction held on 9/25/08, where the clearing price for 2009 vintage allowances was \$3.07.

## **2 Budget and Spending Status**

---

This section presents financial data for the approved programs through June 30, 2009. Of the approximately \$607 million<sup>4</sup>, three-year revenue estimate described in the Operating Plan, approximately \$525 million will be available for the following five major program areas: Residential/Commercial/Industrial/Municipal; Transportation; Electric Power Supply and Delivery; Sustainable Agriculture and Bioenergy; and Multi-Sector. Anticipated available funding levels along with approved budgets, contract commitments, and spending are presented in Table 2.1.

---

<sup>4</sup> The \$607 million estimate is based on the value of the projected auction proceeds from the fourth quarter of calendar year 2008 through the first quarter of calendar year 2012. New York is assumed to sell 75,513,506 allowances from the current compliance period and approximately 3,775,675 allowances from future compliance periods during fiscal year (FY) 2009-10. New York is assumed to sell 60,410,805 allowances from the current compliance periods and approximately 3,020,540 allowances from future compliance periods during FY 2010-11 and FY 2011-12. The number of allowances during FY 2009-10 is expected to be different from the numbers sold in FY 2010-11 and FY 2011-12, since the FY 2009-10 number includes auctions held in December 2008 and March 2009. The assumed value for the current and future compliance periods is \$3 and \$1.86 per allowance, respectively. For a more detailed explanation refer to the Operating Plan.

**Table 2.1. Anticipated Available Funding and Financial Status through June 30, 2009  
(\$ million)**

	Total 3-year Anticipated Available Funding	Year-1 Budget <sup>a</sup>	Contract Commitments <sup>b</sup>	Funds Spent
<b>Residential/Commercial/Industrial/Municipal</b>				
Residential Space and Water Heating Efficiency	84.0	23.4	-	-
Commercial, Industrial, Municipal and Institutional <sup>c</sup>	125.0	43.9	0.0	0.0
Climate Smart Communities	6.6	2.2	-	-
Advanced Building Systems and Industrial Process	15.0	0.8	-	-
<b>Total Residential/Commercial/Industrial/Municipal</b>	<b>230.6</b>	<b>70.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Transportation</b>				
Transportation Efficiency	34.0	9.0	-	-
Electrified Rail Efficiency	44.0	12.0	-	-
Advanced Transportation Development	15.0	4.0	-	-
<b>Total Transportation</b>	<b>93.0</b>	<b>25.0</b>	<b>-</b>	<b>-</b>
<b>Electric Power Supply and Delivery</b>				
Statewide Photovoltaic Initiative	32.4	10.8	-	-
Advanced Power Technology	71.0	4.3	-	-
<b>Total Electric Power Supply and Delivery</b>	<b>103.4</b>	<b>15.1</b>	<b>-</b>	<b>-</b>
<b>Sustainable Agriculture and Bioenergy</b>				
Sustainable Agriculture and Bioenergy Program	10.0	1.3	-	-
<b>Total Sustainable Agriculture and Bioenergy</b>	<b>10.0</b>	<b>1.3</b>	<b>-</b>	<b>-</b>
<b>Multi-Sector</b>				
Workforce Development	9.0	3.0	-	-
Competitive Greenhouse Gas Reduction	41.0	-	-	-
Clean Technology and Industrial Development	29.0	3.2	-	-
Climate Research and Analysis	9.0	3.0	-	-
<b>Total Multi-Sector</b>	<b>88.0</b>	<b>9.2</b>	<b>-</b>	<b>-</b>
<b>Other Costs</b>				
Program Administration <sup>d</sup>	42.5	16.3	0.76	0.76
Metrics and Evaluation <sup>d</sup>	30.4	11.7	0.0	0.0
RGGI Inc. Costs <sup>e</sup>	5.8	3.8	1.1	0.93
New York State Cost Recovery Fee <sup>d</sup>	3.6	1.4	0.05	0.05
<b>Other Costs Total</b>	<b>82.3</b>	<b>33.2</b>	<b>1.9</b>	<b>1.7</b>
<b>PROGRAM AREA TOTAL (TOTAL excluding Other Costs)</b>	<b>525.0</b>	<b>120.8</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>607.3</b>	<b>154.0</b>	<b>1.9</b>	<b>1.7</b>

<sup>a</sup> Year-1 Budget reflects the funds that were approved by the NYSERDA Board on April 27, 2009.

<sup>b</sup> 'Contract Commitments' presents the total cumulative encumbrances, which are funds that have either been spent or legally obligated.

<sup>c</sup> As discussed in Section 1, spending authorization has only been granted for the Commercial, Industrial, Municipal, and Institutional Water and Wastewater Efficiency Program.

<sup>d</sup> Program Administration, Metrics and Evaluation, and New York State Cost Recovery respectively represent 5, 7, and 0.6 percent of the revenue-based annual anticipated available funding.

<sup>e</sup> The first year budget includes \$3 million for RGGI Inc. Start-up Costs. RGGI Inc. is a non-profit corporation created to support development and implementation of the CO<sub>2</sub> Budget Trading Program.

Totals may not sum exactly due to rounding.

Source: NYSERDA

# 3 Summary of Program Benefits

---

Table 3.1 shows the metrics that will be presented in subsequent Quarterly Status Reports. The Annual Evaluation and Status Reports will include these metrics along with macroeconomic indicators, such as job creation, and the geographic distribution of program funding and benefits across the State.

**Table 3.1. Program Benefit Categories**

Benefits
Net Greenhouse Gas Emission Savings <sup>5</sup> (Annual Mt-CO <sub>2</sub> e <sup>6</sup> )
Net Electricity Savings from Energy Efficiency and On-Site Generation (Annual MWh)
Renewable Energy Generation (Annual MWh)
Net Natural Gas Savings (Annual MMBTU)
Net Fuel Oil Savings (Annual MMBTU)
Net Propane Savings (Annual MMBTU)
Net Gasoline Savings (Annual MMBTU)
Net Diesel Savings (Annual MMBTU)
Annual Energy Bill Savings to Participating Customers (\$ Million)

These metrics are estimates made by program implementation staff. Evaluation results will be presented in the Annual Evaluation and Status Report.

Source: NYSERDA

---

<sup>5</sup> These emission reductions are associated with both electric and fossil fuel saving measures. Under a cap-and-trade system, the total number of emission allowances is determined by regulation. Regulated entities can purchase allowances and collectively emit up to the cap that is currently in place. Therefore, in the near term, electric efficiency projects may not decrease the overall amount of emissions going into the atmosphere. However, electric efficiency projects will reduce end-users' responsibility or footprint associated with emissions from electricity production.

<sup>6</sup> CO<sub>2</sub>e stands for carbon dioxide equivalent and describes the amount of CO<sub>2</sub> that would have the same global warming potential as a given mixture of gases based on factors published by the Intergovernmental Panel on Climate Change.

## **4 Program Activities and Implementation**

---

As discussed in Section 1, the Commercial, Industrial, Municipal, and Institutional (CIMI) Water and Wastewater Efficiency Program (WWEP) is the only program for which NYSERDA has initiated activities. Future quarterly reports will describe other programs as they proceed.

CIMI programs offer a set of coordinated initiatives designed to achieve cost-effective CO<sub>2</sub> reductions by providing technical support and implementation assistance to existing facilities and new construction projects. The WWEP offers a unique opportunity to coordinate RGGI funding with federal economic stimulus funding by supporting infrastructure development and RGGI program goals – such as carbon emission reductions – while also keeping New York’s waters clean and healthy. New York State has secured federal economic stimulus funds that will bolster efforts to finance a new generation of water and wastewater infrastructure via the Clean Water and Drinking Water State Revolving Fund Programs. Co-managed by the Environmental Facilities Corporation (EFC) and NYSERDA, the WWEP combines the State Revolving Fund monies with RGGI funding to support infrastructure that will be constructed to the highest, most energy efficient standards, thus minimizing carbon emissions and improving the facilities’ economic and environmental performance.

The WWEP reviews projects on the State Revolving Fund Intended Use Plan (SRF IUP), including those likely to be recipients of federal economic stimulus funds, and identifies candidates for likely energy efficiency and carbon abatement opportunities. Selected projects are subject to technical analysis to identify costs and savings associated with energy efficiency, process improvements, and carbon abatement opportunities, as well as grants to offset the additional cost of plant upgrades. NYSERDA, in coordination with EFC, has completed the following steps necessary to implement the WWEP.

- Identify municipalities with projects on the SRF IUP selected for federal stimulus funds;
- Outreach to the municipalities to discuss the WWEP and the benefits of participation;
- Identify consultants with the ability and interest to provide technical assistance;
- Develop incentive levels and proposal review criteria;
- Provide energy efficiency design reviews at no cost to the municipalities; and
- Provide programmatic assistance to municipalities participating in the program.

NYSERDA is currently working with 23 municipalities that have projects at various stages of design.

For information on other  
NYSERDA reports, contact:

New York State Energy Research  
and Development Authority  
17 Columbia Circle  
Albany, New York 12203-6399

toll free: 1 (866) NYSERDA  
local: (518) 862-1090  
fax: (518) 862-1091

[info@nysERDA.org](mailto:info@nysERDA.org)  
[www.nysERDA.org](http://www.nysERDA.org)



## **NEW YORK'S RGGI-FUNDED PROGRAMS**

**STATUS REPORT, QUARTER ENDING JUNE 30, 2009**

---

**STATE OF NEW YORK**

**DAVID A. PATERSON, GOVERNOR**

**NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY**

**VINCENT A. DEIORIO, ESQ., CHAIRMAN**

**FRANCIS J. MURRAY JR., PRESIDENT, AND CHIEF EXECUTIVE OFFICER**

