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New York State Energy Research and Development Authority (NYSERDA)
Fiscal Year 2015-2016 Joint Budget Hearing Testimony
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Good afternoon, Chairman DeFrancisco, Chairman Farrell and members of the Committees. Thank you for the opportunity to testify before you today. I am John Rhodes and I serve as President and CEO of the New York State Energy Research and Development Authority (NYSERDA).

NYSERDA's funding is principally derived through the System Benefits Charge and the Renewable Portfolio Standard, which are assessments on gas and electric bills.

NYSERDA plays an important role in helping the State meet its goals of reducing energy consumption and promoting energy efficiency and the use of renewable energy to help protect our environment. We will continue to be a vital participant in the Governor's Reforming the Energy Vision, or REV, initiative, which seeks to provide a cleaner, more affordable, and more reliable energy system for all New Yorkers.

Under the REV initiative, New York State will spur clean energy innovation, bringing in new investments and improving consumer choice while protecting the environment and energizing New York's economy at the state and local levels. By unleashing innovation, overcoming market barriers and empowering communities, New York is pioneering a new statewide approach that will provide customers with greater opportunities for energy savings, local power generation, and enhanced reliability.

As a part of the REV initiative, NYSEERDA is evolving its operational strategies in recognition that government can't meet all of the State's energy challenges alone. NYSEERDA is partnering with the private sector to develop and expand clean energy markets and break down barriers that are slowing the growth of those markets. Our goal is to enable the market, not be the market. Leveraging ratepayer funds with private capital, along with greater market competition will help us bring technologies to scale as we integrate existing technologies into the State's energy system.

A key element of NYSEERDA's transformation is its proposal before the Public Service Commission to merge its funding sources into a single Clean Energy Fund, or CEF. The CEF combines funding from a number of sources to better respond to market changes, create self-sustaining markets for clean energy and stimulate clean energy economic development. The CEF aims to ensure and expedite the State's achievement of its overall clean energy objectives by targeting marketplace gaps and barriers. This 10-year fund is fuel neutral, and would authorize the investment of \$5 billion in New York's clean energy economy through 2025 while reducing overall ratepayer charges for consumers.

The Clean Energy Fund will build on our past success and focus on four areas:

- Market transformation -- Find methods to reduce barriers to clean-energy development.
- Business innovation -- Increase the commercial readiness of early-stage and high-growth potential companies that are envisioning and developing transformative clean energy technologies
- NY Green Bank -- A \$1 billion initiative that leverages private-sector capital to support and expand strategic and targeted investment in clean energy.
- NY-Sun – A \$1 billion initiative to create a robust and self-sustaining solar power market in New York, reducing incentives as the industry builds to scale.

By embracing principles already in place--stability, transparency, focus on soft costs, and partnership with industry and communities—the CEF will advance the great strides we've already taken with existing initiatives like NY Green Bank and NY-Sun.

Since NYSERDA's inception, our professional staff has provided expertise in research and development, and an ability to successfully reduce energy consumption across all sectors. In the 2015-16 fiscal year, NYSERDA will continue focusing \$16.2 million in funding for energy research and development, and statewide energy planning and analysis activities. This includes funding for Department of Environmental Conservation's Climate Change Office. We will also provide additional support to continue the Fuel NY initiative that ensures that the State is better positioned to maintain access to fuel during temporary fuel disruptions.

NYSERDA will continue protecting New York's interests in the West Valley Demonstration Project in Cattaraugus County. The Executive Budget recommends \$12.5 million for ongoing nuclear waste cleanup work at the West Valley site. Our costs at West Valley are largely dictated by a federal match requirement, and this amount reflects the funding level necessary to match the federal appropriation during the 2015-2016 federal fiscal year.

New York State is taking bold steps to significantly improve its energy policy, and NYSERDA is actively working to help the State achieve its goals.

This concludes my opening remarks. I would be happy to take any questions that you may have.