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**John B. Rhodes, President and CEO
New York State Energy Research and Development Authority (NYSERDA)
Fiscal Year 2014-2015 Joint Budget Hearing Testimony
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Good morning, Chairman DeFrancisco, Chairman Farrell, Chairman Maziarz, Chairwoman Paulin, 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 is a public benefit corporation that plays an important role in helping the State meet its goals of reducing energy consumption, promoting energy efficiency and the use of renewable energy sources, and protecting the environment. As part of its central mission, NYSEDA collaborates with many stakeholders including business, academia, public interest groups, the environmental community, energy producers, and consumers. NYSEDA is heavily involved in energy innovation and business development supporting the growth and deployment of innovative clean energy products. Our programs are funded principally through the System Benefits Charge and the Renewable Portfolio Standard, which are assessments on gas and electric bills.

To support our work, the Executive's budget proposal for NYSEDA includes \$16.2 million for energy research and development programs (R&D), including funding for our competitive R&D grant program. This is the same amount that was included in last year's budget.

Since NYSEDA's inception, our professional staff has provided expertise in research and development, and an ability to successfully reduce energy consumption across all sectors, through our nationally acclaimed programs. These programs have provided cost savings to consumers and helped make businesses more sustainable, while at the same time reducing the impact on the environment.

NYSERDA is also playing a key role in helping the State become more resilient to natural disasters, which are now occurring more frequently and with greater intensity.

Governor Cuomo's Fuel NY Initiative is a comprehensive solution to ensure that the State is better positioned in the future to maintain access to fuel while the industry recovers from a temporary disruption caused by storms or disruptions otherwise resulting in extended and widespread power outages. As part of Fuel NY, the Gas Station Back-Up Power Program and the Portable Emergency Generator Program are designed to help ensure that first responders, essential personnel, residents, and other motorists have access to fuel in a declared energy or fuel supply emergency. Currently designed to serve the Downstate New York retail market, the Gas Station Back-Up Power Program allows gas station operators to apply to NYSERDA for grants to help pay for wiring necessary to accept portable emergency generators and for installation of permanent back-up generators. Through 2013, the Gas Station Back-Up Power program issued grant contracts to more than 300 gas stations. We expect a steady increase in 2014 as we continue outreach in the Downstate area and expand the program to include Upstate New York as proposed in the Governor's Executive Budget.

Another component of the Fuel NY program is the creation of the nation's first state-based Strategic Gasoline Reserve, which was designed to create a physical reserve in Long Island of approximately 3 million gallons of gasoline. Upon declaration of an energy or fuel supply emergency, this fuel could be released to meet a gap in supplies serving the general retail market or the first responder community on Long Island or neighboring regions. Like the Gas Station Back-Up Power Program, this initiative will also be expanded to serve Upstate emergency responders.

In 2014, NYSERDA will be launching the NY Prize initiative to fund innovative community microgrids. These new energy systems will combine clean distributed energy resources with microgrid technology that can allow communities to operate as an "energy island" in the event of a power outage.

In addition to NYSERDA's role in the State's storm recovery, we have continued our core mission work of developing and delivering programs that are making New York more energy efficient. Here are a few highlights of our work:

- NYSERDA's Home Performance with ENERGY STAR® Program reached a major milestone this year with the completion of the program's 50,000th project at a Rochester area home.
- NYSERDA Clean Energy Incubators have leveraged \$96.5 million in private investment, along with \$41.3 million in external federal funding, to advance start-up companies in New York. We expect the number of clean energy start-up companies to reach 155 in 2014 with the assistance of NYSERDA's Proof-of-Concept Centers program.
- As part of Green Jobs-Green New York, 46,217 energy audits have been conducted across the state, and a total of 4,507 loans have been closed valued at \$43.6 million. This number includes 1,289 On-Bill Recovery Financing Program loans valued at \$13.7 million.
- Under the NY-Sun Initiative, statewide efforts in 2012 led to the successful installation of more than 58 megawatts (MW) of solar panel capacity in the State, which nearly doubled the amount of customer-sited solar installed in 2011. A combined total of 299 MW of solar has been installed or is under development as part of NY-Sun. NYSERDA has petitioned the Public Service Commission (PSC) to expand and improve the program to install 3,000 MW of solar by 2023.

Last year, the Governor introduced the \$1 billion NY Green Bank initiative in his State of the State address as the financial engine that will mobilize private investment to build a more cost-effective, resilient, and clean energy economy in New York. The NY Green Bank will partner with private sector institutions by providing financial products such as credit enhancement, loan loss reserves, and loan bundling to support securitization and build secondary markets. These financial products will support economically viable clean energy projects that cannot currently access financing due to market barriers, such as federal policy uncertainty, insufficient performance data, and the lack of publicly traded capital markets for clean energy. The NY Green Bank is a cost-effective, powerful and complementary addition to New York's existing portfolio of clean energy support programs, which NYSERDA believes can provide unique value that current programs alone cannot deliver.

In 2013, the NY Green Bank launched with an initial capitalization of \$218.5 million. Initial funding combines \$165 million reallocated from other programs approved by the PSC and \$52.9 million from the Regional Greenhouse Gas Initiative (RGGI). The NY Green Bank is expected to open for business and offer its first financial products in early 2014.

Under Governor Cuomo's leadership, New York and NYSERDA continue to be recognized for supporting energy efficiency and renewable energy. This year, the U.S. Environmental Protection Agency (EPA), bestowed on NYSERDA its highest honor, the Sustained Excellence Award. In addition, the American Council for an Energy-Efficient Economy (ACEEE) recognized NYSERDA with its Exemplary Program awards for our On-Bill Recovery Financing Program, Existing Facilities Program, and New Construction Program. *The Bond Buyer*, a leading finance publication, recognized NYSERDA and the New York State Environmental Facilities Corp. with the "Deal of the Year for Small Issuer Financing" for our multimillion dollar bond issuance for energy efficiency financing.

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