
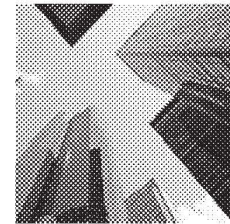
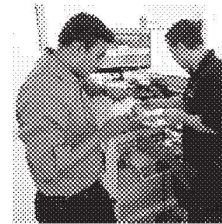
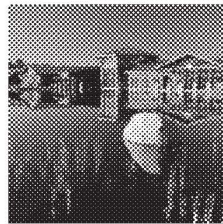
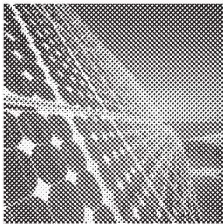


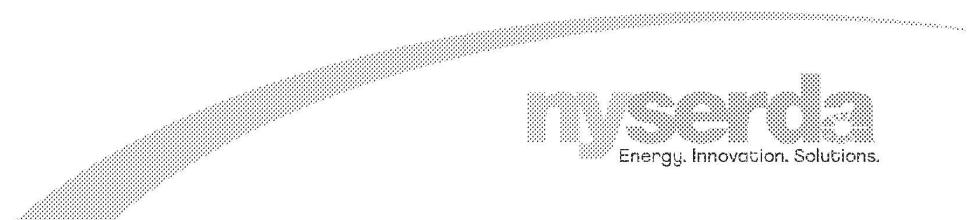
<b>United States Nuclear Regulatory Commission Official Hearing Exhibit</b>	
In the Matter of: Entergy Nuclear Operations, Inc. (Indian Point Nuclear Generating Units 2 and 3)	
	<b>ASLBP #:</b> 07-858-03-LR-BD01
	<b>Docket #:</b> 05000247   05000286
	<b>Exhibit #:</b> NYS000113-00-BD01
	<b>Admitted:</b> 10/15/2012
	<b>Rejected:</b>
	<b>Identified:</b> 10/15/2012
	<b>Withdrawn:</b>
	<b>Stricken:</b>
	<b>Other:</b>

**NYS000113**  
**Submitted: December 14, 2011**

# NEW YORK'S CLEAN-ENERGY ECONOMY



2009 - 2010  
ANNUAL REPORT



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NYSERDA, the New York State Energy Research and Development Authority, offers innovative programs, technical expertise, and funding to help consumers, businesses, local governments, research institutions, and non-profit organizations increase energy efficiency, create clean-energy solutions, and save money.

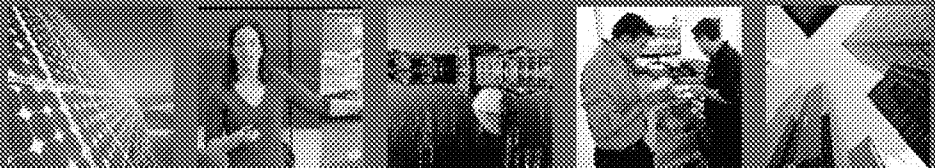
Using objective analysis and a multifaceted approach, NYSERDA professionals help New York meet its energy goals of reducing energy consumption, increasing the use of renewable energy, protecting our environment, and creating clean-energy jobs. NYSERDA, a public benefit corporation, has been developing partnerships to advance innovative energy solutions in New York State since 1975.

front cover photos:

- Photovoltaic system
- Teachers across New York State  
are energy leaders of the future
- WILD Center  
Photo courtesy of the WILD Center
- Bridge Metal Industries Employees
- Energy planning to improve the  
State's energy independence

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# Energy use will determine our future

"The need to address global climate change has placed New York at a critical juncture in our history. The choices we make today regarding our energy use will determine New York's capability to meet the economic and environmental challenges of the future.

Since I became Governor, I have made energy a top priority of my administration, and set ambitious goals for reducing our state's energy use and increasing our energy efficiency. These benchmarks of "45 by 15" will help us meet our clean energy needs and protect our environment while creating good jobs and stabilizing energy costs.

NYSERDA is a tremendous asset to New York, and a model for the nation in building public-private partnerships that will help create a brighter future for New York."



**David A. Paterson, Governor of the State of New York**

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Vincent A. Delorio, Esq.  
NYSERDA Chairman  
The Delorio Law Firm, LLP

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New York Power Authority

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Resident Research Fellow  
NYU, Furman Center

## Board of Directors

A 13-member board, appointed by the Governor with the advice and consent of the New York State Senate, directs NYSERDA. The Commissioners of the Departments of Environmental Conservation and Transportation and the Chairmen of the New York Power Authority and Public Service Commission serve ex officio. Additional members must include a research scientist, an economist, a not-for-profit environmentalist, a member of a not-for-profit consumer group, an officer of a utility primarily engaged in the distribution of gas, an officer of an electric utility, and three public members.

Vincent A. Delorio, Esq.  
NYSERDA Chairman  
The Delorio Law Firm, LLP



**“ NYSERDA works to build partnerships that create incentives for all New Yorkers to use energy in the most efficient way possible. ”**

**Vincent A. Delorio  
Esq., Chairman, NYSERDA**

### **Message from Vincent A. Delorio, Esq., Chairman, NYSERDA**

By making energy a centerpiece of his administration, Governor Paterson has put New York on an ambitious course to become a national leader on the full spectrum of energy issues. NYSERDA plays an essential role in helping to make his vision a reality.

In every area of its operations, NYSERDA works to build partnerships that create incentives for all New Yorkers to use energy in the most efficient way possible, and for businesses to meet the growing demand for energy-efficient technologies.

The examples of our programs in this annual report show the partnerships between State and local governments and between the public sector and the private sector that will help strengthen our economy and position New York for a better energy future.

As it enters its 35th year, NYSERDA will continue to provide New Yorkers with the objectivity and expertise needed to create and implement energy solutions for New York State.



Vincent A. Delorio, Esq., Chairman, NYSERDA

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## **NYSERDA Senior Staff**

**Francis J. Murray, Jr., President and CEO**

**Robert G. Callender, Vice President for Operations and Energy Services**

Thomas R. Barone, Director of Energy Efficiency Services

Stanley Brownell, Facility Manager

Michael T. Colgrove, Director of the New York City Office

Bette Lee Foley-Flynn, Director of Human Resources

Karen E. Villeneuve, Director of Residential Efficiency Affordability

**Janet Joseph, Vice President for Technology and Strategic Planning**

Peter W. Douglas, Director of Energy Efficiency Research

Mark R. Torpey, Director of Clean Energy Research

and Market Development

John G. Williams, Director of Energy Analysis

**Hal Brodie, General Counsel**

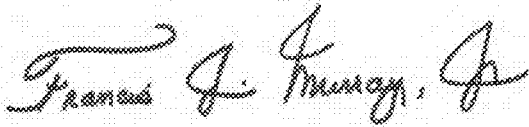
Paul J. Bembia, Director of West Valley Site Management

**Message from Francis J. Murray, Jr.,  
President and CEO, NYSERDA**

Last year, Governor David Paterson called on New York State to create a "Green Revolution." He followed up his words with actions, providing both investments and initiatives that will strengthen every aspect of the clean energy economy. His work will have a lasting impact on the way New York uses energy, and the way energy powers our economy.

The governor's commitment to support businesses and research entities conducting cutting-edge research, and developing next generation technologies, will help solidify New York's standing as a national energy leader. Furthermore, his work to strategically target federal stimulus dollars will reduce our energy consumption, invigorate our economy, and heighten demand for clean energy technologies while creating jobs for New York's future.

NYSERDA's dedicated professionals support New York's energy agenda through their work to advance technical innovation, improve our sustainability, and develop clean-energy solutions. Our programs help all energy consumers increase their energy efficiency, save money, and reduce their impact on the environment.



Francis J. Murray, Jr., President and CEO, NYSERDA

**“ NYSERDA's dedicated professionals support New York's energy agenda through their work to advance technical innovation, improve sustainability, and develop clean-energy solutions. ”**

**Francis J. Murray, Jr.  
President and CEO, NYSERDA**

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**Thomas Lynch, Director of External Affairs**

Jeffrey R. Gordon, Director of Communications

Donald G. LaVada, Director of Consumer Services  
and Events Management

Susan B. Moyer, Director of Marketing and Economic Development

# PUBLIC/PRIVATE

In every area of its work, NYSERDA maximizes the benefits of its energy programs by forming partnerships with public and private entities, including State agencies and local governments, school districts, established and emerging businesses of all sizes, and entrepreneurs.



Large wind turbine

## **New York Energy Policy Institute – facilitating partnerships among New York’s energy researchers**

- Focus: The State University of New York at Stony Brook was designated to lead the New York Energy Policy Institute (NYEPI), a key initiative from Governor Paterson’s State of the State address. Working in partnership with Rensselaer Polytechnic Institute and Syracuse University, this consortium will serve as a resource for the State’s policymakers and help to facilitate partnerships among New York’s energy researchers.
- Significance: NYSERDA will oversee the NYEPI’s operations. NYEPI will work with NYSERDA and other State agencies to conduct studies, produce policy analysis, and provide guidance on energy issues affecting New York. The consortium will coordinate efforts with energy experts at partner institutions from across the State, including the City University of New York, Clarkson University, Columbia University, Cornell University, Hudson Valley Community College, Morrisville State College, The Rockefeller Institute of Government, SUNY College of Environmental Science and Forestry, the University at Albany, University at Binghamton, University at Buffalo, and the University of Rochester.

# PARTNERSHIPS

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## **Smart Grid Consortium – reducing electricity cost while increasing reliability**

- Focus: The New York State Smart Grid Consortium (NYSSGC) was founded in 2008 when leaders determined that meaningful progress on a Smart Grid required the inclusion of all stakeholders to define and work toward a common vision. The Consortium represents a key public-private partnership to promote broad statewide implementation of the Smart Grid. Governor Paterson announced the kick-off of the Consortium to foster the development and deployment of new technology aimed at reducing the cost of electricity while increasing reliability. The System Benefits Charge (SBC) program allocated \$10 million for electric power transmission and distribution projects that clearly demonstrate broad public benefit. The Smart Grid Consortium supports projects that improve the reliability, efficiency, security, and overall performance of the electric power delivery system in New York State. The program also supports research with broad statewide energy efficiency and reliability benefits.
- The program has supported more than 30 projects that have made several advancements, including the establishment of uniform statewide diagnostics to assess system reliability; integrating advanced communication, control and monitoring technologies; developing power electronics; remote sensing for continuous monitoring of Smart Grid infrastructure; real-time monitoring of real and reactive power; and facilitating the integration and delivery of electricity from renewable generation resources. Technologies include flow batteries, flywheels, stationary batteries, compressed air energy storage, phasor measurement units, reactive power correction, advanced distribution management and demand response solutions. The program also supported several research studies to evaluate new technologies, design methodologies, and policies to aid with implementation of a Smart Grid in New York State.
- Significance: NYSEDA's establishment of NYSSGC has contributed to attracting more than \$250 million in Smart Grid ARRA funding to New York State. NYSEDA's President sits on the board of the NYSSGC, where the primary objective is to coordinate the collective efforts of key energy stakeholders and implement an electric power supply and delivery system that is efficient, secure, and reliable. By establishing a Smart Grid, New York State will create new jobs, reduce energy prices (especially at peak), lower costs in achieving State energy plan goals, and significantly lower energy prices and distribution infrastructure capital costs associated with accommodating New York State's goals for electric vehicle penetration. Additional benefits are associated with savings in utility operations, such as reduced losses and improved productivity, also are realized.



**Residential photovoltaic system**



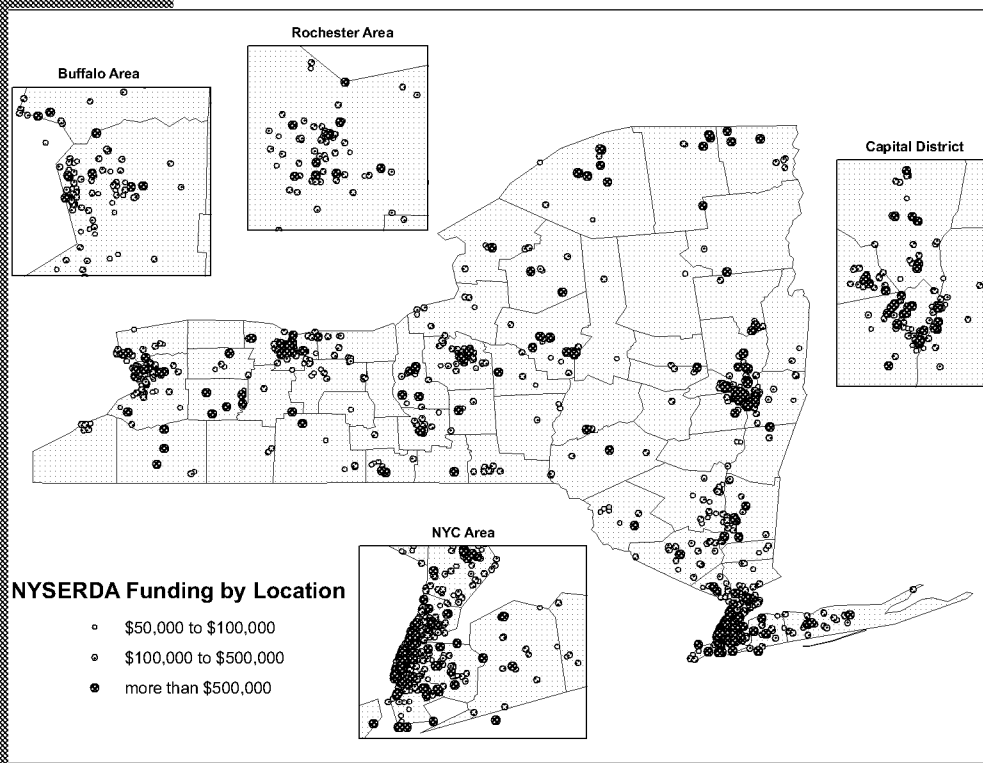
# PUBLIC/PRIVATE

## Brookhaven National Laboratory – a fully integrated partnership

- Focus: Through NYSERDA's multifaceted partnership, Brookhaven National Laboratory, SUNY Binghamton, and SUNY Buffalo are partnering on three New York Battery and Energy Storage Technology (NY-BEST) Consortium projects to develop improved batteries for use in stationary grid-scale energy-storage applications, including, lithium-air, lithium-ion, and lithium-titanate batteries. NYSERDA is providing \$552,890 in funding.

Brookhaven National Laboratory is also one of the regional research partners for the Long Island High Technology Incubator, Inc. (LIHTI) supported by NYSERDA. NYSERDA worked with ECR International, Inc., and Brookhaven National Laboratory on Long

NYSERDA'S programs cover the entire state – from metropolitan centers to the Adirondack and Catskill parks, from the North Country to the Southern Tier – there are projects in every county. The map to the right shows projects ranging from \$50,000 to greater amounts in funding support. Many clusters of projects are in colleges and universities, research centers, and major company locations. Projects are co-funded by one or more entities, making them truly public and private partnerships for all New Yorkers.





# PARTNERSHIPS

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Island, to develop ways to heat New York homes more efficiently. Recent work has shown the benefits of low-sulfur heating oil, and some oil-heat customers are now using bio-oil blends instead of conventional petroleum. A B-20 blend, for example, consists of 20% renewable fuel derived typically from soybean oil or recycled cooking oil.

NYSERDA and Brookhaven National Laboratory are collaborating on a range of bioheat projects - exploring high efficiency/high performance wood heating systems. New York is still the largest home heating oil market in the nation, therefore, the combination of these elements of efficiency and fuel diversity could lead to a dramatic first step in reducing national dependence on imported oil for residential heating as well as reducing air pollution.

## **New York Battery and Energy Storage Technology (NY-BEST) Consortium – advancing battery and energy storage**

- Focus: NY-BEST™ is an industry-focused coalition working to further the development and manufacture of an advanced battery and energy storage sector in New York State by capitalizing on New York's broad base of energy storage companies and research centers.
- Significance: NYSERDA is awarding \$8 million to help develop or commercialize 19 cutting-edge energy storage projects. Awards are being made to companies and universities across New York that are involved in advanced research and development of energy storage applications that could benefit transportation, Smart Grid applications, renewable energy technologies, and other industries. Two of the 19 projects that

will leverage \$7.3 million in cost-sharing by recipients for a total of \$15.3 million in funding are:

- General Electric Co. (Schenectady County) is developing improvements to its sodium metal halide batteries for use in a new generation of cleaner locomotives; various stationary applications to smooth intermittent renewable power generation as it interconnects with the grid; and critical load back-up power.
- Ultralife Corporation, of Newark (Wayne County) is integrating battery and ultra-capacitors (an electronic energy-storage device) on a common power circuit serving two renewable-energy generation sources. This will enable increased renewable-energy contributions to the grid. The system also will provide backup electricity during outages and during normal operation, allowing customers to draw on the stored energy to reduce their peak electric demand and reducing the charges associated with peak demand use.



# ENERGY EFFICIENCY &

To ensure a more sustainable and secure energy future for New York, NYSERDA works to increase energy efficiency in homes, businesses, and institutions, and supports renewable technologies and systems for all types of energy consumers.



New York-Presbyterian Hospital

## **New York-Presbyterian Hospital – reducing energy consumption and lowering costs**

- Focus: With support from NYSERDA, New York-Presbyterian Hospital's newly constructed Milstein Heart Center features advanced energy efficiency technologies. NYSERDA provided \$550,000 toward the \$150 million construction project through its New Construction Program. In a related campus-wide load analysis, New York-Presbyterian Hospital engaged the NYSERDA FlexTech Program to provide a study of combined heat and power (CHP). The study identified a cost-effective CHP opportunity and potential barriers to the installation. The NYSERDA Research and Development program helped address the barriers and provided \$1.1 million toward the construction of the CHP system, a first of its kind co-generation demonstration system, with cutting-edge circuit-breaker technology. The combined heat and power (CHP) system will reduce the hospital's energy consumption and significantly cut its energy cost.

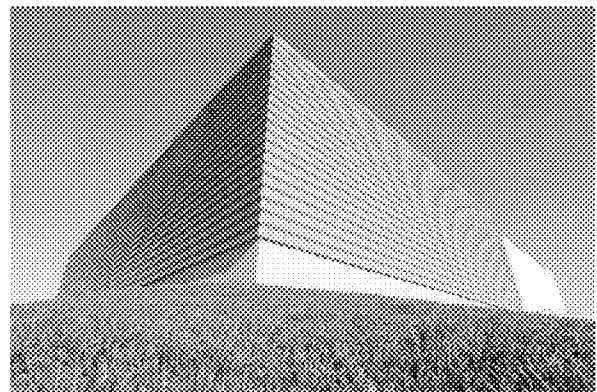
# RENEWABLE PROGRAMS

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- **Significance:** As a result of the NYSERDA New Construction Program investments, New York-Presbyterian is anticipated to cut its energy costs by more than \$169,000 per year and reduce its annual energy consumption by the equivalent of the electricity consumed by 177 single-family homes. Energy savings from the new construction improvements will reduce annual emissions of CO<sub>2</sub> by 562 tons, the equivalent of removing 112 cars from the road. In addition, the energy-efficiency achievements and attention to sustainable construction practices will help New York-Presbyterian attain a Silver designation in the Leadership in Energy and Environmental Design (LEED®) by the U.S. Green Buildings Council. The Combined Heat and Power (CHP) system allows the hospital to generate between 60% and 100% of its own electricity and, in the event of a grid emergency, disconnect from the grid and continue to supply power to the majority of the hospital campus. Preliminary results show that the system is exceeding expectations with a fuel conversion efficiency of greater than 85%. The CHP system is expected to save New York-Presbyterian Hospital \$4 million per year in energy costs and significantly reduce CO<sub>2</sub> emissions by 54,000 tons per year.
- **Significance:** New York has the nation's second largest concentration of data centers, the centralized hub that controls the flow of computer information. Data centers represent the fastest growing sector of energy consumers, with energy use doubling every three-to-five years. The \$2 million in NYSERDA funding helped Syracuse University install an on-site electric generating system that will result in an increase in operational and energy efficiency. The \$12.4-million data center is anticipated to use half as much energy as a typical data center. This project also bolsters New York's standing as a leader in addressing the energy consumption and costs of data centers. NYSERDA will invest \$115 million over the next three years to promote smart and sustainable energy management in the state's industrial facilities and data centers.

## **Syracuse University Data Center – a model for data center efficiency**

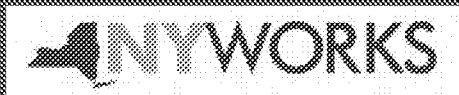
- **Focus:** Syracuse University opened a new computer data center with innovations that could dramatically reduce the energy consumption and costs for data centers and telecommunications industries in the future. Developed in partnership with NYSERDA and IBM, the data center will provide a model to help these industries address the significant challenge of controlling high energy use in the data center environment.



Syracuse University Data Center



# ENERGY EFFICIENCY &



## **ARRA-Related Projects – bolster economic recovery**

- **Focus:** The American Recovery and Reinvestment Act (ARRA) of 2009 was signed into law by President Obama on February 17, 2009 to stimulate the nation's economy. NYSERDA has received \$227 million of ARRA funds to date through formula and competitive programs being implemented by the U.S. Department of Energy. NYSERDA is deploying the funds statewide for energy efficiency and renewable energy projects, energy audits, energy efficiency in homes and buildings, transportation efficiency, alternative fuels, and greenhouse gas mitigation. Funds were awarded through the State Energy Program (SEP), Energy Efficiency and Conservation Block Grant (EECBG) program, the Clean Cities Program, and the State Energy Efficient Appliance Rebate Program.
- **Significance:** Under the SEP, \$77,898,253 million in ARRA funding was awarded to New York municipalities, public schools, universities and colleges, hospitals and not-for-profit agencies to support 244 energy conservation projects. The energy efficiency, renewable energy, and clean fleet projects will reduce energy and operating costs by \$18,687,528.92 million annually and fully return the initial investment in just under 5.5 years. The projects were competitively selected and represent the program's three rounds of funding, totaling \$74 million. These sectors also received \$5 million to conduct 217 energy studies. In addition, \$10 million in ARRA SEP funding was awarded to five solar energy companies to install solar photovoltaic systems (PV) on homes and businesses throughout New York State.

The EECBG program awarded \$24 million in ARRA funding to 206 energy conservation projects. These competitively selected, energy efficiency and renewable energy projects are helping 137 municipalities throughout New York State reduce energy and operating costs by \$3.3 million annually, and will fully return the initial investment in less than nine years.

# RENEWABLE PROGRAMS

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The State Energy-Efficient Appliance Rebate Program, or New York's Great Appliance Swap Out, provided \$16.8 million in rebates to New York consumers who purchased qualified energy-efficient appliances.



Using federal funds from ARRA, the program helped consumers save money on energy costs by reducing their energy usage, and provided a needed boost to the economy. Rebates were available for high-efficiency refrigerators, clothes washers, freezers, and dishwashers. The program required consumers to replace old appliances, and encouraged recycling by offering a larger rebate to consumers who recycled their discarded appliances.

The Clean Cities Program awarded \$13.3 million to purchase 375 alternative-fuel vehicles, conduct two training programs, and implement 102 infrastructure projects across New York State. The funding was matched with \$18.8 million in cost-share from NYSERDA's partners, including the Clean Communities of Western New York, Genesee Region Clean Communities, Clean Communities of Central New York, Capital District Clean Communities, and the New York City and Lower Hudson Valley Clean Communities organizations that compiled and submitted one competitive proposal to the DOE for alternative fuel vehicle and infrastructure development funds. This investment will lead to reduced petroleum consumption by displacing an estimated 302,000 gallons of petroleum per year, and cutting greenhouse gas emissions.

Schools have been awarded \$23.5 million of ARRA funds through the SEP program for energy projects. These funds have benefitted 93 school

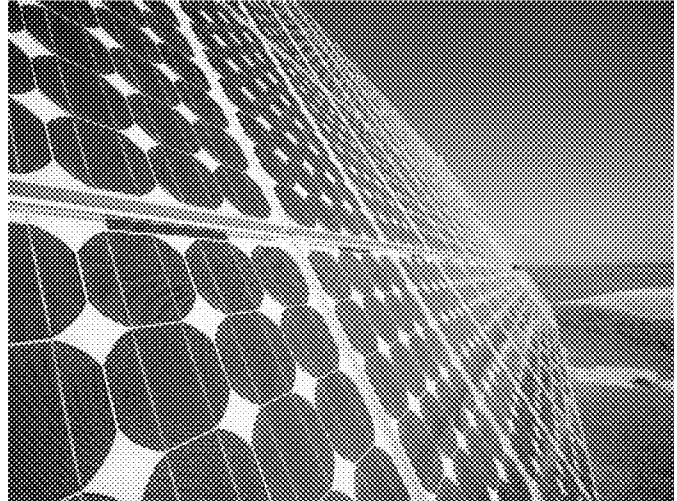
districts across the state and supported a variety of projects including energy efficiency, clean fleet, renewable energy and others. Under the Clean Cities Program, schools received approximately \$600,000 for alternative fuel vehicles and infrastructure improvements. This included funding for 16 propane-fueled school buses for six school districts and eight hybrid electric school buses for five school districts.

New York is using funds from the SEP and EECBG Programs to train local officials on the provisions of the New York State Energy Conservation Code (Energy Code). This will help localities comply with the Energy Code for new residential and commercial buildings.

New York also received \$40 million through a competitive grant from U.S. DOE to retrofit homes and businesses, using innovative financing methods, including a revolving loan fund with options for direct loans and utility on-bill recovery. The funds support a partnership with New York City, the Community Development Corporation of Long Island representing seven Long Island municipalities, the Town of Bedford, and thirteen other communities in northern Westchester County, as well as National Grid. The funds will be used to expand the Green Jobs-Green New York revolving loan fund to significantly increase energy efficiency projects throughout New York State.

These funds will support the continued growth of New York's clean energy economy, and help New York meet Governor David Paterson's goals of achieving 45% of our energy needs through renewable energy and improved energy efficiency by 2015.

# ENERGY EFFICIENCY &



Photovoltaic system

## **Renewable energy projects – support New York State’s 45x15 goal**

- Focus: NYSERDA, as administrator of the Renewable Portfolio Standard Program (RPS), has committed about \$934 million, and plans to apply approximately \$2 billion, in recently authorized funding by the Public Service Commission (PSC) in pursuit of continued development of new renewable energy projects to serve New York electric consumers. Each new award under the RPS program accelerates the development of New York’s clean-energy economy and represents a step toward achieving Governor Paterson’s goal of meeting 45% of the State’s electricity needs through clean renewable energy and improved energy efficiency by 2015.
- Significance: Projects associated with committed funding through March 2010 represent about 1,564 megawatts (MW) of new renewable capacity; 32 MW of which is associated with resources installed behind the customers’ retail meters. Expected annual electric energy production associated with new renewable capacity under contract with NYSERDA is expected to approach 4.3 million megawatt-hours (MWh) or about 41% of the 2015 RPS program goal. On the basis of an independently conducted program evaluation in 2009, for every program



# RENEWABLE PROGRAMS

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dollar awarded, New York can expect nearly four dollars in direct economic benefits associated with short and long-term jobs, increased property tax revenues, royalty payments to landowners, and other economic activity associated with project development and operation.

## **EmPower – builds neighborhood in Western New York**

- Focus: NYSEERDA joined Senator Antoine Thompson for the Martin Luther King (MLK) Park Energy Challenge, which provides free energy reduction measures to income eligible residents on the periphery of MLK Park in Western New York and beyond. This energy efficiency project will help fight climate change and save consumers money, while providing an economic development component to lift the profile and desirability of the MLK Park neighborhood. Senator Thompson secured \$300,000 in legislative funding to provide home improvements for low income homeowners, and asked NYSEERDA to help by providing services through its programs in our portfolio.

NYSEERDA and the senator enlisted the assistance of several community-based organizations including Western New York AmeriCorps, which provides young adults from disadvantaged neighborhoods with training sponsored by NYSEERDA to perform electric reduction measures and energy education; Fillmore-Leroy Area Residents, Inc.(FLARE), which is coordinating the repairs funded by the senator; the Urban Center, which is providing insulation and other weatherization services through funding from the Weatherization Assistance Program; and the Martin Luther King Block Club Association, which is conducting outreach encouraging use of the services.

- Significance: Approximately \$600,000 of combined funding from the senator's repair fund and NYSEERDA's **EmPower New York<sup>SM</sup>** program, along with funding for insulation provided by the Lt. Col. Matt Urban Center (The Urban Center) will be available for this effort. Currently, 73 households have been approved for services. Outreach continues to enroll additional customers to meet the program goal of providing services to 120 households. Since its inception in July of 2004, **EmPower New York<sup>SM</sup>** has served 59,527 households throughout New York State.

## **Housing Authority Projects – 25 housing authorities save energy and reduce costs**

- Focus: NYSEERDA has made more than \$1.6 million available through the Multifamily Performance Program (MPP) to the Schenectady Municipal Housing Authority (SMHA) as part of a comprehensive statewide energy reduction plan. The total cost to fully implement the energy improvements at SMHA is more than \$7 million. To help offset the cost of the project, SMHA also received a \$6.2 million loan from Bank of America. Using NYSEERDA's **New York Energy Smart<sup>SM</sup>** Loan Fund, a program that buys down loan interest rates by up to 4%, SMHA received an additional incentive of \$947,000 for the Bank of America loan.
- Significance: Following an efficiency upgrade, SMHA will reduce energy use by more than 20% in six of its apartment complexes, which is expected to save SMHA nearly \$480,000 annually. This is just one of more than 25 municipal housing authorities throughout New York State that NYSEERDA is working with to help save energy and reduce costs.

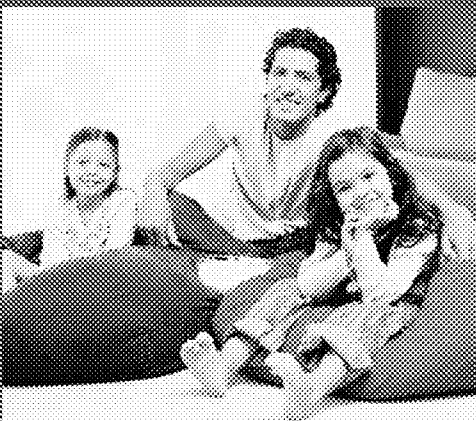
# ENERGY EFFICIENCY &



Blower door test

## Home Performance with ENERGY STAR® – makes homes up to 40% more efficient

- **Focus:** The Home Performance with ENERGY STAR® program provides comprehensive home assessments to show homeowners where energy is escaping from their houses, estimates the money they can save by making energy efficiency improvements; and offers incentives and innovative financing to help make these improvements more affordable. The Program, which can make homes up to 40% more efficient, offers homeowners access to a network of independent home improvement contractors accredited by the Building Performance Institute (BPI), a nationally recognized entity that sets standards for evaluating and improving the energy performance of homes. BPI-accredited contractors use a “whole-house approach” in completing a comprehensive home assessment, including visual inspections of all areas, diagnostic equipment such as blower doors to identify air leakages, and health and safety tests to determine whether the major combustion appliances, furnace, boiler, hot water tank, and stove, are operating safely.
- **Significance:** More than 30,000 New Yorkers have saved an average of \$700 per year by investing in home energy improvements such as insulation and air sealing, heating



Families across New York State benefit from Home Performance with ENERGY STAR®

# RENEWABLE PROGRAMS

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and water heating upgrades, health and safety improvements, and others. Project costs average approximately \$7,700, depending on the types of measures implemented. The number of jobs completed in the program has increased by nearly 22% from 2008 to 2009, with a 35% increase in the number of Participating BPI Contractors.

## **Multifamily Program – providing incentives for energy improvements**

- Focus: NYSERDA announced the completion of the first **New York Energy Smart<sup>SM</sup>** Multifamily Building in New York State, in Clinton County. Through NYSERDA's Multifamily Performance Program, apartment buildings or buildings with five units or more can earn the **New York Energy Smart<sup>SM</sup>** label by reducing overall energy use by 20% or more. The program also provides cash grants, access to low-interest financing, and other incentives for energy improvements.
- Significance: The building at 135 Broadway in Saranac Lake, NY is made up of 13 residential units and commercial space on the ground floor. The recent improvements have reduced energy use by 27%, which will help save more than \$7,300 in annual utility costs and improve comfort for the residents. The total cost of the project was \$44,430, with NYSERDA providing nearly \$31,000.

## **Plattsburgh International Airport – uses solar energy**

- Focus: Clinton County has been awarded ARRA funding under NYSERDA's RFP 10, totaling \$500,000; the full amount of funding available to a single municipality under the program. This project will consist of the installation of solar wall heating systems on several buildings at the Plattsburgh International Airport.

- Significance: The proposed system is a product by Conserval Systems, an international solar wall company based in Buffalo, NY. The technology involves pre-heating incoming air through the use of solar energy. It is expected that the project will generate approximately 7,250 MMBtu of energy each year.

## **Potsdam Specialty Paper – audit identifies savings of nearly \$950,000 in annual energy costs**

- Focus: Potsdam Specialty Paper Inc. (PSPI) located in Potsdam, NY is a manufacturer of specialty latex, acrylic, and other saturated base wet strength papers. The 200,000-square-foot facility has 80 employees and operates seven days per week. Through NYSERDA's FlexTech program, PSPI retained the services of a FlexTech contractor to do a detailed energy study.

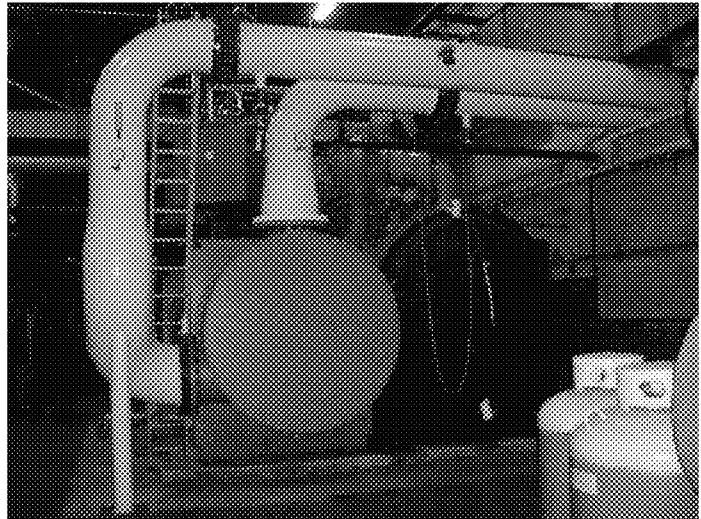
The study identified and evaluated 16 energy conservation measures (ECMs) that could yield annual energy savings of up to 6.4 million kWh of electricity and 346,000 therms of natural gas, saving nearly \$950,000 in annual energy costs. The estimated cost of these measures will be \$1.5 million with a pay back of approximately 1.5 years.

- Significance: PSPI is working with NYSERDA to execute the recommendations through the Industrial and Process Efficiency Program, where they may qualify for up to \$750,000 of incentives to help offset the capital cost of the project. A second FlexTech study is being conducted to evaluate the benefits of a biomass combined heat and power (CHP) system to provide a renewable source of on-site power generation for PSPI.



# ENERGY INNOVATION &

Recognizing that energy innovations will form the foundation for economic growth of New York's clean-energy economy, NYSERDA invests in research, product development, business development, and new technologies that will make New York a national leader of clean-energy systems.



New chiller at New York-Presbyterian Hospital

## **R&D - CHP Demonstration Projects – break down barriers and serve as role models**

- Focus: Through this program, NYSERDA has selected a vast portfolio of CHP projects, that helps demonstration sites acquire premium technology while simultaneously creating important new learning opportunities for energy users. This strategic approach has been used to demonstrate trailblazing equipment, economically-important applications, and novel business models that can benefit a variety of users. Every project installs clean, highly efficient equipment that is designed to run on a daily basis, as well as to reliably serve priority loads of the site during a grid outage.
- Significance: Over the past year, a dozen of these projects began producing power, collectively representing more than 47,000 kW of new installed capacity. NYSERDA awarded \$9.7 million toward the total \$89 million for construction. In addition to, and perhaps as important as the energy savings, every one of these projects delivered a noteworthy barrier-busting outcome. Among these,

# BUSINESS DEVELOPMENT

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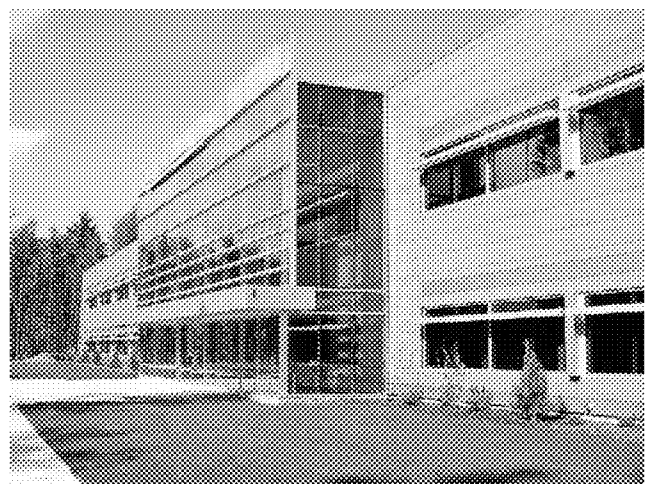
the New York-Presbyterian Hospital project in Manhattan showcased a clever and cost-effective interconnection device, called a “pyrotechnic fast fuse,” that is less expensive and takes less time than having the utility company upgrade its network protector infrastructure; the Syracuse University Green Data Center built a CHP system that simultaneously and efficiently produces AC electricity for lights and fans and DC electricity for computer servers; the Burrstone Faxon-St. Luke’s Hospital/Utica College CHP project, which set a regulatory precedent that permits “private wires” crossing public rights-of-way for certain CHP systems; and a 646-unit cooperative called the Schwab House in Manhattan unveiled a win-win lease-to-own financing mechanism. The newest addition to NYSERDA’s portfolio, the Saint Elizabeth’s Medical Center in Utica, has been awarded \$2 million by NYSERDA to install a CHP system that will demonstrate an elegant buy/make/sell dispatch decision model that is forecast to save the hospital nearly \$800,000 per year.

## **The Clean-Energy Business Incubator Program – offers the potential to invest nearly \$125 million into the regional economy**

- Focus: NYSERDA awarded \$1.5 million in funding each to the Long Island High Technology Incubator, Inc., Rochester Institute of Technology, University at Buffalo, Center for Clean Tech Entrepreneurship at the Tech Garden, Polytechnic Institute of New York University, and the University at Albany, to establish clean-energy business incubator programs that will provide business support to accelerate the successful development of early-stage, clean energy technology companies throughout the state.

The College of Nanoscale Science and Engineering (CNSE) of the University at Albany will help growing companies develop and commercialize clean energy technologies and create jobs in the Tech Valley. NYSERDA funding will establish the Incubators for Collaborating and Leveraging Energy and Nanotechnology (iCLEAN), spearheaded by CNSE’s Energy and Environmental Technology Applications Center (E2TAC). Over the next four years, iCLEAN expects to incubate 25 successful companies, with the potential for creating 125 new jobs and investing nearly \$125 million into the regional economy.

Through all these awards and other ongoing efforts, NYSERDA is building the capacity to foster innovative clean energy companies, increase the clean energy industry in New York, and expand the State’s “green collar” workforce.



NYSERDA’s incubator program fosters the growth of innovative, clean-energy companies. **Credit: United Group of Companies**

# ENERGY INNOVATION &



Flywheel-based energy storage planned. **Credit: Beacon Power Corporation**

## **Flywheel-based Energy Storage – reliably regulates grid frequency**

- **Focus:** Beacon Power Corporation (Beacon) has been awarded \$2 million toward the deployment of a 20 MW advanced flywheel-based energy storage system in Stephentown, NY to provide fast-response frequency regulation to the NYISO electric transmission system. The flywheel, comprised of carbon fiber composite material and installed in underground concrete vaults to mitigate noise and safety risk, can raise or lower frequency as needed in real-time. This technology has attractive performance attributes, low variable operating costs, and produces zero direct CO<sub>2</sub> greenhouse gas or other emissions.
- **Significance:** Beacon's 20 MW plant has been designed to provide frequency regulation services by absorbing electricity from the grid when there is too much produced, and storing it as kinetic energy in a matrix of flywheel systems. When there is not enough power to meet demand, the flywheels inject energy back into the grid, thus helping to maintain proper electricity frequency. An additional benefit of the Beacon flywheel plant is to support the integration of greater amounts of intermittent renewable power resources, such as wind and solar.



# BUSINESS DEVELOPMENT

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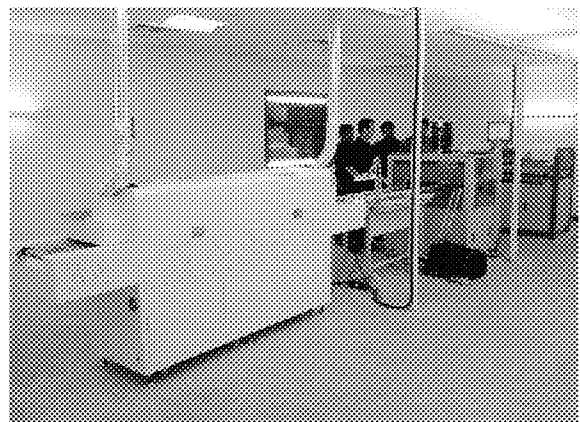
## **Clean Manufacturing – promoting business growth in New York State**

- **Focus:** NYSERDA announced a \$1.5 million award to Bridge Metal Industries, LLC (BMI) to expand its existing manufacturing space in Mount Vernon, NY to produce a new Light Emitting Diode (LED) light fixture designed for the retail sector. This project was funded through NYSERDA's Clean Energy Manufacturing Incentive Program, which is designed to provide New York consumers with greater access to clean-energy, and energy-efficient products by promoting their manufacture in New York State.
- **Significance:** It is projected that LEDs will be twice as efficient as today's technology in less than three years. Bridge Metal Industries' new fixture will reduce electricity consumption within the retail sector, increase light levels of products in stores, facilitate job creation, and add to the growing clean-energy sector in New York State.

Companies that have received awards through NYSERDA's Renewable, Clean Energy, and Energy Efficiency Product Manufacturing Incentive Program include Ioxus, Inc. (Oneonta), a producer of innovative energy storage products based on ultracapacitor technology; Prism Solar Technologies, Inc. (Highland), a manufacturer of holographic film that increases the efficiency of solar photovoltaic modules; SpectraWatt, Inc. (East Fishkill), a maker of crystalline silicon solar cells; Solaretech Renewables (Kingston), a producer of solar PV modules; and Zeropoint Clean-tech (Tonowanda), a fabricator of large-scale biomass gasification equipment.



Bridge Metal Industries employees



Bridge Metal Industries

# ENERGY EDUCATION &

NYSERDA is helping to build one of the nation's most comprehensive clean energy workforce development programs by giving New Yorkers, from kindergarteners, to career changers, the education and training they need to understand our energy challenges and fill the demand for green-collar workers in the future.



Grand opening of TEC-SMART. From left: Hudson Valley Community College President Drew Matonak, NYSERDA President and CEO Francis J. Murray, Jr., Hudson Valley Community College Board of Trustees Member Donald Fane

## **TEC-SMART – training workers for growing industries**

- Focus: TEC-SMART is a joint initiative between Hudson Valley Community College and NYSERDA. The training facility is being constructed at the Saratoga Technology + Energy Park® (STEP®), next to the Luther Forest Technology Campus, a 1,350-acre campus designed for nanotechnology manufacturing, and research and development.
- Significance: TEC-SMART will allow Hudson Valley Community College to continue its long-standing commitment to the technology industry by providing the skilled workers it requires for the growing semiconductor manufacturing, and renewable energy industries of today and tomorrow.

# WORKFORCE DEVELOPMENT

## **Green Jobs /Green New York – helps residents, businesses, and not-for-profits become energy efficient**

- Focus: Green Jobs - Green NY (GJGNY) is a statewide program administered by NYSERDA to promote energy efficiency and the installation of clean-energy technologies to reduce energy costs and reduce greenhouse gas emissions. The program will support sustainable community development and create opportunities for green jobs. GJGNY provides \$112 million in funds, part of which will be used for a revolving loan fund to finance eligible projects.
- Significance:  
The program will provide comprehensive home assessments to eligible applicants, based on a sliding scale where audit fees are waived for residential applicants whose demonstrated income is less than two-times the median county household income. Energy efficiency improvements eligible for funding will include, but not be limited to: weather stripping; caulking; testing; repairing and replacing heating or cooling systems; thermostat upgrades; water heater repair and replacement; health and safety issues; repair and replacement of storm windows, permanent windows, and exterior doors; repair or replacement of major household appliances; installation of thermal solar heat or hot water systems; insulation; replacement of inefficient light bulbs and fixtures, and fuel switching to convert an electrically-heated building to a more efficient heating.

NYSERDA will work closely with the New York State Department of Labor and partner with constituency-based organizations, workforce

development organizations, and labor organizations to provide the necessary workforce training to support the Program, including, but not limited to entry-level, occupational, continuing education and advanced training, and apprenticeships.



**PV system installation**



**A TEC-SMART class at the Saratoga Technology + Energy Park®**

# ENERGY & THE

Working in tandem with other State agencies and other states, NYSERDA has been at the forefront of developing energy programs that reduce environmental impacts, address climate change, and create a foundation for smart and safe energy use.



Down East Seafood clean-fuel truck

## State-City NYC Vehicle Emissions – addressing air quality

- Focus: NYSERDA and the New York City Department of Transportation (NYC DOT) announced that 14 companies were awarded over \$6.6 million to introduce compressed natural gas (CNG), electric, and hybrid-electric vehicles to their fleets. The funding is awarded through the New York City Private Fleet Alternative Fuel/Electric Vehicle Program, which is designed to assist private and not-for-profit fleets operating in New York City to purchase new vehicles or repower vehicles with alternative fuels or advanced technologies that improve efficiency and reduce emissions. The New York City Private Fleet Alternative Fuel/Electric Vehicle Program is a State and local partnership between NYSERDA and the NYC DOT. The program uses Federal Department of Transportation Congestion Mitigation and Air Quality (CMAQ) funds distributed through NYSERDA to address air quality improvement strategies in the transportation sector. Additional goals are to reduce emissions of greenhouse gases and dependence on imported petroleum.
- Significance: These 137 new clean-fuel vehicles will displace over 5.8 million gallons of petroleum over their lifetimes as compared to conventional vehicles. Harmful pollution that would have been released in New York will



# ENVIRONMENT

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be reduced by 790 tons of Oxides of Nitrogen, 2,791 tons of Carbon Dioxide, five tons of Hydrocarbons, and 18 tons of particulate matter over the lifetime of the vehicles. Projects that were awarded funds include the following:

**Frito Lay** was awarded \$200,295 to purchase five electric delivery trucks and the associated charging equipment. Partnering with Smith Electric, Frito Lay will demonstrate the Edison electric truck for 10 years with the intention of expanding its zero-point source electric vehicle fleet operations in the New York City Metropolitan and surrounding areas.

**Anheuser-Busch** was awarded \$1,160,720 to re-power 22 heavy duty trucks with California Air Resource Board (CARB) certified CNG engines. These re-powered trucks will take the place of older, dirtier vehicles—significantly displacing petroleum and reducing tailpipe emissions. While this project supports NYSERDA's efforts to improve air quality in high impact areas, it will also be the first Budweiser fleet in the country to convert vehicles to operate on CNG.

**Federal Express Corporation** was awarded \$1,225,000 to purchase 50 dual fuel E85-hybrid electric delivery trucks. These trucks will replace older delivery trucks in an ideal work environment for hybrids, such as low speed, stop and go, and urban driving operation.

**Bartlett Dairy, Inc.** was awarded \$1,200,000 to purchase 20 CNG milk delivery trucks to replace existing diesel powered delivery trucks in its fleet. In addition, a CNG fueling facility will be constructed for use by neighboring delivery fleets capable of operating on this fuel type.

## The Wild Center – incorporates two renewable heating technologies

- **Focus:** The Wild Center natural history museum of the Adirondacks, located in Tupper Lake, installed a high-efficiency wood pellet boiler integrated with a solar-thermal hot water system for space heating and domestic hot water for the museum café. The pellet boiler was made in Schenectady, New York by Advanced Climate Technologies. The solar-thermal hot water system is a combination of both flat-panel and vacuum-tube collectors. The two systems are integrated via hot water storage tanks. During the winter, heat will be provided primarily by the pellet boiler. In summer, hot water will be provided by the solar thermal panels for all of the café's needs. During the fall and spring the value of system integration is maximized. The museum will be warmed on chilly mornings by circulating hot water stored from the previous day's solar-thermal production, preventing the need for the pellet boiler to operate.
- **Significance:** The system burns sustainably harvested wood pellets supplied by Curran Renewable Energy of Massena, New York. Clarkson University performed third-party testing of the thermal-efficiency and emissions performance of the pellet boiler.



Wild Center

Photo courtesy of the WILD Center

# ENERGY & THE

## Creation and Operation of the Western New York Nuclear Service Center

The Western New York Nuclear Service Center was created in the early 1960s in response to a federal initiative to commercialize the reprocessing of spent nuclear fuel from nuclear power reactors. New York State acquired the 3,300-acre property by eminent domain in the early 1960s for the development of the nuclear fuel reprocessing plant. The site was leased to Nuclear Fuel Services, Inc. (NFS), for the purpose of constructing and operating the nation's first (and only) commercial nuclear fuel reprocessing facility.

NFS operated the spent nuclear fuel reprocessing facility at the Center for six years before it was shut down in 1972 for upgrades and expansion. In 1976, NFS terminated the West Valley reprocessing operation due to what it considered to be excessive costs associated with meeting new federal regulatory requirements for the reprocessing plant. At the time of the NFS decision, 600,000 gallons of high-level liquid radioactive waste was stored in two underground tanks with a design life of approximately 40 years. Two on-site disposal facilities contained nearly three million cubic feet of radioactive waste in unlined trenches and disposal holes.



New erosion control structure adjacent to the State-Licensed Disposal Area

## West Valley (Cattaraugus County – Western New York)

NYSERDA holds title on behalf of New York State to the Western New York Nuclear Service Center (Center), a 3,300-acre property located near the hamlet of West Valley in Cattaraugus County. NYSERDA's activities at the Center are managed by the West Valley Site Management Program (WVSMP) and include:

- Managing the State-Licensed Disposal Area (SDA) and Retained Premises of the Center in a safe, compliant and cost-effective manner
- Managing NYSERDA's and New York State's interests in the completion of the West Valley Demonstration Project (WVDP)
- Providing data and evaluations needed to identify safe, scientifically based options for completing the cleanup
- Working to address the concerns of the community in regard to activities and facilities at the Center

## The West Valley Demonstration Project

In 1980, the United States Congress enacted the West Valley Demonstration Project Act, directing the U.S. Department of Energy (DOE) to carry out a demonstration project, in cooperation with New York State, to solidify the high-level

# ENVIRONMENT

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radioactive waste in the underground tanks, transport the solidified waste to a federal repository for permanent disposal, dispose of low-level and transuranic waste, and decontaminate and decommission the facilities used in the solidification process. DOE has the lead role in the Project, while NYSERDA's participation provides a clear voice for New York State's interests in the completion of the Project.

## **The State-Licensed Disposal Area**

The SDA is a shut-down radioactive waste disposal facility that was operated as a commercial radioactive waste facility from 1963 to 1975. It contains approximately 2.4 million cubic feet of radioactive waste from industries, government facilities, nuclear power plants, hospitals and universities, waste brokers, and decontamination facilities. In 1975, disposal operations were terminated when water infiltration caused contaminated water to overflow two of the disposal trenches. NYSERDA assumed the day-to-day management of the SDA in 1983 and has effectively managed the SDA for the past 25 years. NYSERDA's extensive environmental monitoring and inspection activities show that the SDA is performing in a safe manner and in full compliance with all regulations.

## **Deciding on the Future of the Center**

DOE and NYSERDA released a Revised Draft Environmental Impact Statement (EIS) for public comment in December 2008, followed by a Final EIS in January 2010. In April and May 2010, DOE and NYSERDA issued decision documents that formally selected the Phased Decision-making Alternative for moving forward with the cleanup work in two phases. During Phase 1, a number of highly contaminated facilities will be removed over the next 10 years at a cost of over \$1 billion. As the Phase 1 cleanup work is proceeding, DOE and

NYSERDA will conduct additional scientific studies to reduce uncertainties for the Phase 2 portion of the cleanup. The Phase 2 decisions, which will be made within 10 years of the Phase 1 decisions, will address the remaining facilities.

## **Other Program Highlights for 2009-2010**

- Work on the West Valley Demonstration Project focused on decontaminating the Main Plant Process Building that was used in the 1960s and 1970s to reprocess the spent nuclear fuel. DOE plans to have the building "demolition ready" by the beginning of 2012.
- As part of the WVDP, a cover was constructed over the NRC-Licensed Disposal Area to prevent precipitation and groundwater from entering the disposal facility. Initial monitoring data shows that the cover, which is similar to the SDA cover installed by NYSERDA in the 1990s, is effectively keeping water out of the facility.
- NYSERDA constructed an erosion control structure on Erdman Brook immediately adjacent to the SDA to prevent stream erosion from destabilizing a slope on the north side of the facility.
- NYSERDA and DOE reached agreement over the allocation of responsibility for cleaning up certain facilities at West Valley, thereby resolving the key claims in a 2006 lawsuit filed by NYSERDA and New York State against DOE and the federal government. By mid-2010, the State expects to ask the court to approve the settlement agreement.
- NYSERDA sent two shipments of mixed radioactive and hazardous waste from the SDA to an off-site treatment and disposal facility. The liquid waste had been stored in an aboveground tank since 1991, when it was pumped from one of the SDA disposal trenches.

# ENERGY DATA,

By playing an influential role as an expert and objective source of energy information, NYSERDA has helped establish New York as a leader in energy policy at the local, State, and national levels.



Residential PV panels

## State Energy Plan

- **Focus:** In December of 2009, Governor Paterson accepted the final 2009 State Energy Plan from the New York State Energy Planning Board. The Energy Plan provides a comprehensive blueprint for New York to continue to transition to a clean energy economy over a 10-year planning horizon, and is the first State Energy Plan since 2002. The transition to a clean energy economy is a core component of Governor Paterson's New Economy Jobs Plan, and is expected to create tens of thousands of jobs in New York. Additionally, the recommendations and more specific action items in the Plan will make energy more reliable, secure and affordable for New Yorkers, address the threat of climate change, and result in a cleaner environment.
- **Significance:** Modeling performed for the Plan indicates that the New York economy would benefit by \$2.60 for every dollar invested in electric efficiency investments, and that achieving the governor's goal of increasing



# PLANNING, & POLICY

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energy efficiency 15% by 2015 would help reduce electric prices and provide aggregate retail bill savings of as much as \$1.4 billion in 2015. The Plan identifies a number of specific policy initiatives that set forth a vision for a robust and innovative clean-energy economy that will stimulate investment, create jobs, and meet the energy needs of residents and businesses over the next 10 years. The policy initiatives are organized by five overarching strategies:

- Continue to expand opportunities to improve energy efficiency – the cleanest, cheapest energy resource
- Support the development of in-state energy supplies
- Encourage investment in, and identify future needs for, energy infrastructure
- Stimulate innovation in the clean-energy economy and help the existing manufacturing base transition to low-carbon future
- Improve coordination between the State, other governments, and communities



**Bird sampled for mercury contamination**



**Water-quality sampling at Long Pond**



**New York City subway train**

# NYSERDA Bond Financing

(unaudited)

Working in partnership with eligible utility companies, NYSERDA has issued tax-exempt bonds on a conduit, non-recourse basis for projects that qualify under NYSERDA's enabling statute and under relevant provisions of the Internal Revenue Code. NYSERDA has over \$3.6 billion in aggregate bonds outstanding, which are providing savings to the rate payers of these companies, through reduced interest rates, of more than \$3.5 billion over the term of these bonds. Following is a schedule of bonds outstanding as of March 31, 2010

Series	Date Issued	Maturity Date	Amount (000s)
<b><u>Brooklyn Union Gas Company</u></b>			
1993 A	4/29/1993	4/1/2020	\$37,500
1993 B	4/29/1993	4/1/2020	\$37,500
1997 A-1	1/16/1997	12/1/2020	\$75,000
1997 A-2	1/16/1997	12/1/2020	\$50,000
1996 A	1/15/1996	1/1/2021	\$153,500
1991 A	7/24/1991	7/1/2026	\$50,000
1991 B	7/24/1991	7/1/2026	\$50,000
D	7/24/1991	7/1/2026	\$50,000
			<b><u>\$503,500</u></b>
<b><u>Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York</u></b>			
2005 A	11/1/2005	2/1/2024	\$82,000
2005 B	11/1/2005	6/1/2025	\$55,000
			<b><u>\$137,000</u></b>
<b><u>Central Hudson Gas &amp; Electric Co.</u></b>			
1999 A	8/3/1999	8/1/2027	\$33,400
1999 D	8/2/1999	8/1/2028	\$41,000
1998 A	12/2/1998	12/1/2028	\$16,700
1999 B	8/3/1999	7/1/2034	\$33,700
1999 C	8/3/1999	7/1/2034	\$41,150
			<b><u>\$165,950</u></b>
<b><u>Consolidated Edison Company of New York, Inc.</u></b>			
2001 B-1	11/1/2001	10/1/2026	\$33,000
2001 B-2	11/1/2001	10/1/2026	\$33,000
2001 B-3	11/1/2001	10/1/2026	\$32,000
2004 B-1-1	1/29/2004	5/1/2032	\$36,750
2004 B-1-2	1/29/2004	5/1/2032	\$36,750
2004 B-1-3	1/29/2004	5/1/2032	\$36,750
2004 B-1-4	1/29/2004	5/1/2032	\$16,975
1999 A-1	7/22/1999	5/1/2034	\$97,600
1999 A-2	7/22/1999	5/1/2034	\$97,600
1999 A-3	7/22/1999	5/1/2034	\$97,500
2004 B-2	1/22/2004	10/1/2035	\$19,750
2001 A	6/6/2001	6/1/2036	\$224,600
2004 A-1	1/29/2004	1/1/2039	\$24,600
2004 A-2	1/29/2004	1/1/2039	\$24,575
2004 A-3	1/29/2004	1/1/2039	\$24,575
2004 A-4	1/29/2004	1/1/2039	\$24,575
2005 A-1	5/26/2005	5/1/2039	\$42,100
2005 A-2	5/26/2005	5/1/2039	\$42,100
2005 A-3	5/26/2005	5/1/2039	\$42,100
2004 C-1	11/12/2004	11/1/2039	\$33,000
2004 C-2	11/12/2004	11/1/2039	\$33,000
2004 C-3	11/12/2004	11/1/2039	\$33,000
			<b><u>\$1,085,900</u></b>
<b><u>KeySpan Generation LLC</u></b>			
1985 A	12/31/1985	3/1/2016	\$58,020
1985 B	12/31/1985	3/1/2016	\$50,000
1993 B	11/17/1993	11/1/2023	\$29,600

Series	Date Issued	Maturity Date	Amount (000s)
<b><u>KeySpan Generation LLC cont.</u></b>			
1994 B	10/26/1994	10/1/2024	\$2,600
1995 A	8/24/1995	8/1/2025	\$15,200
1997 A	12/30/1997	12/1/2027	\$24,880
1999 A	10/27/1999	10/1/2028	\$41,125
			<b><u>\$221,425</u></b>
<b><u>Niagara Mohawk Power Corporation</u></b>			
1991 A	10/1/1991	10/1/2013	\$45,600
1985 A	9/5/1985	7/1/2015	\$100,000
1988 A	12/28/1988	12/1/2023	\$69,800
1998 A	11/19/1998	11/1/2025	\$75,000
1985 B	12/26/1985	12/1/2025	\$37,500
1985 C	12/26/1985	12/1/2025	\$37,500
1986 A	12/18/1986	12/1/2026	\$50,000
1987 A	3/26/1987	3/1/2027	\$25,760
1987 B-1	7/16/1987	7/1/2027	\$68,200
1987 B-2	7/16/1987	7/1/2027	\$25,000
2004 A	5/27/2004	7/1/2029	\$115,705
			<b><u>\$650,065</u></b>
<b><u>NYS Electric &amp; Gas Corporation</u></b>			
1985 A	3/15/1985	3/15/2015	\$60,000
1985 B	10/15/1985	10/15/2015	\$30,000
1985 D	12/1/1985	12/1/2015	\$42,000
2005 A	5/27/2005	7/1/2026	\$65,000
2004 A	8/26/2004	12/1/2027	\$34,000
2004 B	8/26/2004	12/1/2028	\$70,000
1994 B	2/23/1994	2/1/2029	\$37,500
1994 C	6/15/1994	6/1/2029	\$63,500
1994 D	10/25/1994	10/1/2029	\$74,000
2004 C	8/26/2004	4/1/2034	\$100,000
			<b><u>\$576,000</u></b>
<b><u>Orange &amp; Rockland Utilities Inc.</u></b>			
1994 A	8/31/1994	10/1/2014	\$55,000
1995 A	7/27/1995	8/1/2015	\$44,000
			<b><u>\$99,000</u></b>
<b><u>Rochester Gas &amp; Electric Company</u></b>			
2004 A	8/26/2004	5/15/2032	\$10,500
2004 B	8/26/2004	5/15/2032	\$50,000
1997 A	8/1/1997	8/1/2032	\$34,000
1997 B	8/1/1997	8/1/2032	\$34,000
1997 C	8/1/1997	8/1/2032	\$33,900
1998 A	9/2/1998	9/1/2033	\$25,500
			<b><u>\$187,900</u></b>
<b>Grand Total</b>			<b><u>\$3,626,740</u></b>

# Financial Statements

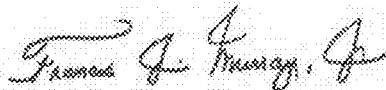
## Responsibility for Financial Reporting

Management is responsible for the preparation, integrity, and objectivity of the financial statements of the New York State Energy Research and Development Authority (the Authority), as well as all other information contained in the Authority's Annual Report. The financial statements of the Authority for the fiscal year ending March 31, 2010 were prepared in conformity with accounting principles generally accepted in the United States of America. Financial information contained elsewhere in the Annual Report is consistent with the financial statements. The Board of the Authority adopted these financial statements and the Annual Report at a meeting on June 21, 2010.

The Authority maintains a system of internal controls, the objectives of which are to provide reasonable assurance as to the proper authorization and recording of transactions, the safeguarding of Authority assets, the compliance with applicable laws and regulations, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management, internal audit staff and the independent auditors. No internal control system can provide absolute assurance that errors and irregularities will not occur due to the inherent limitations of the effectiveness of internal controls; however, management strives to maintain a balance, recognizing that the cost of such system should not exceed the benefits derived.

The Authority's financial statements have been audited by Lumsden & McCormick, LLP, independent auditors appointed by the Members of the Authority. Management has made available to the independent auditors all the financial records and related data of the Authority, as well as providing access to all the minutes of the meetings of the Board and its standing committees. The independent auditors periodically meet directly with the Audit and Finance Committee of the Board, which is comprised of Members who are not employees of the Authority.

The independent audit included obtaining an understanding of the internal control structure, tests of accounting records, and other procedures that the independent auditors considered necessary in order to express an opinion as to the fairness of the presentation of the financial statements. No material weaknesses in internal control or any condition of non-compliance with applicable laws, regulations or policy were noted by the independent auditors. The unqualified independent auditors' report attests that the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.



Francis J. Murray, Jr.,  
President and CEO



Jeffrey J. Pitkin,  
Treasurer and Chief Financial Officer

## CONTACT FOR AUTHORITY'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the finances of NYSERDA for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to Jeffrey J. Pitkin, Treasurer, 17 Columbia Circle, Albany NY 12203.

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**INDEPENDENT AUDITORS' REPORT**

Members of the Authority  
New York State Energy Research and Development Authority  
Albany, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the New York State Energy Research and Development Authority (the Authority) (a component unit of the State of New York), as of and for the year ended March 31, 2010, which collectively comprise the Authority's financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of March 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis preceding the financial statements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.





**NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New York)**  
**Management's Discussion and Analysis**  
**For the Year Ended March 31, 2010**  
**Unaudited**

The following Management's Discussion and Analysis (MD&A) of New York State Energy Research and Development Authority's (NYSERDA) financial performance provides an overview of NYSERDA's financial activities for the fiscal year ended March 31, 2010. The information contained in the MD&A should be considered in conjunction with the information presented as part of NYSERDA's Basic Financial Statements as presented. Following this MD&A are the basic financial statements of NYSERDA with the notes thereto that are essential to a full understanding of the data contained in the financial statements. NYSERDA's basic financial statements have the following components: (1) government-wide financial statements; (2) government fund financial statements; (3) agency fund statements; and (4) notes to the financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of NYSERDA's finances in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of NYSERDA's assets and liabilities, and the difference between the two is reported as net assets. The Statement of Activities presents information showing how NYSERDA's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods. The government-wide financial statements present information about NYSERDA as a whole. All of the activities of NYSERDA are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may

better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support NYSERDA's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and governmental fund financial statements.

## CONDENSED FINANCIAL INFORMATION

The following condensed financial information is presented from NYSERDA's government-wide financial statements:

Summary of Net Assets	March 31, 2010	March 31, 2009	% Change 2010-2009
<b>Cash and investments</b>	\$754,322,355	668,652,368	12.8%
<b>Capital assets</b>	15,732,333	16,569,884	(5.1%)
<b>Other assets</b>	27,763,648	20,586,951	34.9%
<b>Total assets</b>	797,818,336	705,809,203	13.0%
<b>Long-term liabilities</b>	7,009,171	15,768,011	(55.5%)
<b>Other liabilities</b>	93,308,478	76,995,027	21.2%
<b>Total liabilities</b>	100,317,649	92,763,038	8.1%
<b>Net Assets:</b>			
<b>Unrestricted</b>	1,137,744	1,312,310	(13.3%)
<b>Invested in capital assets, net of debt</b>	13,889,896	14,242,592	(2.5%)
<b>Restricted</b>	682,473,047	597,491,263	14.2%
<b>Total Net Assets</b>	\$697,500,687	613,046,165	13.8%

Total assets increased \$92.0 million (13.0%) primarily due to a \$85.7 million (12.8%) increase in cash and investments. This increase was principally due to scheduled collections from utilities in the New York Energy Smart and Renewable Portfolio Standard programs, which exceeded disbursements for expenses, as well as proceeds received from the sale of emission allowances for the Regional Greenhouse Gas Initiative (RGGI). Expenditure of RGGI funds had been on hold as a result of litigation that commenced in January 2009 by a New York generator. All parties to the litigation signed an agreement to settle the litigation, and in February 2010 NYSERDA's Board approved the expenditure of RGGI funds through a variety of programs. In addition, other assets increased \$7.2 million (34.9%) due to increases in accounts receivable balances due to the timing of expenditures and billings.

Total liabilities increased \$7.6 million (8.1%). Long-term liabilities decreased \$8.8 million (55.5%) primarily due to the funding of \$7.1 million of prior years' postemployment retiree health insurance benefit liabilities in a newly established irrevocable Trust account. Additionally the final \$1.7 million State Service Contract Revenue bond principal payment was made on April 1, 2009. Other liabilities in-

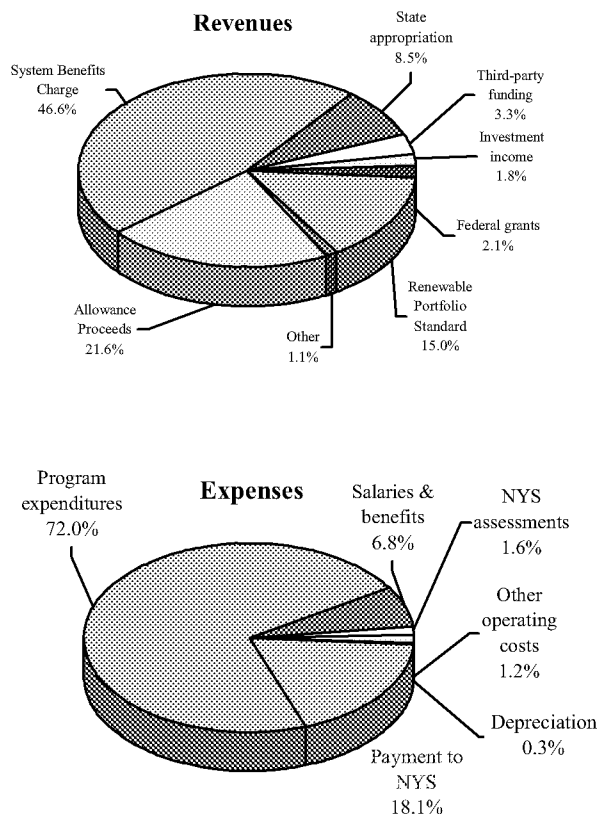
creased \$16.3 million (21.2%) as a result of a number of factors including an \$11.3 million increase in accounts payable and accrued liabilities, as well as a \$2.6 million net increase in the Con Edison payable, and a \$2 million increase in deferred revenue resulting from settlement funds received from the Office of the Attorney General under a pending agreement for a program to be administered by NYSERDA. The net increase in the payable to Con Edison was the result of a \$7.7 million increase related to the settlement of the RGGI litigation and a net decrease of \$5.1 million in payments due Con Edison for program funding advances not committed in the Demand Reduction and Gas Efficiency programs.

Net assets, the difference between NYSERDA's assets and its liabilities, increased overall by 13.8% from \$613.0 million to \$697.5 million. Restricted net assets (unexpended funds received for particular specified programmatic purposes) increased 14.2% to \$682.5 million. Unrestricted net assets, (which can be used to finance operations without constraints established by debt covenants, enabling legislation, or other legal requirements), decreased 13.3% to \$1.1 million, principally due to investments made in capital assets and differences in operating revenues and expenses.

Summary of Changes in Net Assets from Operating Results			
	March 31, 2010	March 31, 2009	% Change 2010/2009
<b>PROGRAM REVENUES:</b>			
State Appropriations	\$49,582,821	\$33,198,137	49.4%
System Benefits Charge Funding	271,094,835	193,715,326	39.9%
Renewable Portfolio Standard	87,171,388	67,262,376	29.6%
Con Edison Rate Settlement	-	19,449,802	(100.0%)
Allowance Proceeds	125,903,681	111,925,164	12.5%
Third-party reimbursements	19,433,809	40,571,666	(52.1%)
Federal grants	11,999,251	6,482,170	85.1%
Investment income	10,105,175	12,626,595	(20.0%)
Other Program Revenue	6,252,253	7,182,271	(12.9%)
General Revenues (Investment income)	560,251	1,543,784	(63.7%)
<b>Total Revenues</b>	<b>582,103,464</b>	<b>493,957,291</b>	<b>17.8%</b>
<b>EXPENSES:</b>			
Salaries and Benefits	33,750,315	30,994,970	8.9%
Program Expenditures	358,522,005	269,096,332	33.2%
Other Operating Costs	5,915,062	5,685,205	4.0%
Depreciation	1,698,560	763,363	122.5%
New York State Assessments	7,763,000	7,763,000	0.0%
Interest	-	80,475	(100.0%)
Payment to NYS	90,000,000	-	100.0%
<b>Total Expenses</b>	<b>497,648,942</b>	<b>314,383,345</b>	<b>58.3%</b>
<b>Increase in Net Assets</b>	<b>\$84,454,522</b>	<b>\$179,573,946</b>	<b>(53.0%)</b>

Total Revenue increased 17.8% from \$494.0 million to \$582.1 million. State appropriation revenue increased \$16.4 million (49.4%) primarily from a non-recurring appropriation for the construction of a building at the Saratoga Technology and Energy Park ("STEP"). System Benefits Charge revenue increased \$77.4 million (39.9%) due to additional energy efficiency funding approved by the Public Service Commission in various Orders issued under the Energy Efficiency Portfolio Standard proceedings. Renewable Portfolio Standard revenue increased \$19.9 million (29.6%) as a result of utility assessment collections transferred to NYSERDA pursuant to payment schedules approved by the PSC. Allowance proceeds increased by \$14.0 million (12.5%), reflecting a \$37.5 million increase in RGGI allowance revenue based on a full program year, offset in part by a reduction in Clean Air Interstate Rule (CAIR) allowance revenues of \$23.4 since these revenues were primarily derived in the prior year. Third party reimbursements decreased by \$21.1 million (52.1%), principally from a decrease in program funding for the administration of multiple gas efficiency programs. Federal grants revenue increased by \$5.5 million (85.1%), primarily due to new American Recovery and Reinvestment Act ("ARRA") grants, and also due to timing of grant expenditures. Total investment income decreased by \$2.5 million (20.0%), primarily from overall reductions in market interest rates. Other Program Revenues decreased by \$0.9 million (12.9%) primarily due to non-recurring revenues in the prior year

of approximately \$1.1 million for unanticipated letter of credit proceeds collected upon termination of certain RPS program contracts. General Revenues (unrestricted Investment Income) decreased \$1.0 million principally as a result of a decline in market interest rates.



Total Expenses increased 58.3% from \$314.4 million to \$497.6 million. Salaries and benefits increased \$2.8 million (8.9%) primarily due to increased staffing levels. Program Expenditures increased \$89.4 million (33.2%) primarily due to increased expenditures under the **New York Energy Smart** and Renewable Portfolio Standard programs, and also as a result of non-recurring expenditures at STEP and recognition of a \$7.7 million payable to Con Edison pursuant to the settlement of the RGGI lawsuit. Other Operating Costs increased \$0.2 million (4.0%) primarily from increased expenditures for office space rental, offset in part by lower travel costs. Payment to NYS represents a \$90 million disbursement made to New York State from RGGI allowance proceeds under the State's deficit reduction legislation.

## FINANCIAL ANALYSIS OF FUNDS

Total fund balances for the Governmental Funds increased from \$610.5 million to \$688.8 million as further described below:

- The **New York Energy Smart** fund balance, which accounts for the **New York Energy Smart<sup>SM</sup>** Program funded through the System Benefits Charge, increased

from \$298.2 million to \$360.8 million primarily due to increased System Benefits Charge funding authorized by the State Public Service Commission, which was received, but not yet spent.

- The Renewable Portfolio Standard fund balance increased from \$68.9 million to \$81.7 million principally as a result of funds received, but not yet spent.
- The Con Edison System Wide Demand Reduction fund balance decreased from \$54.4 million to \$39.5 million as a result of program expenditures without any additional revenue inflows, as this program is winding down.
- The RGGI fund balance decreased from \$87.5 million to \$43.6 million principally as a net result of additional allowance proceeds collected, less a \$90.0 million payment made to New York State as a result of the State's deficit reduction legislation, a \$68.3 million transfer to the GJGNY fund to fund this program pursuant to requirements in legislation, and recognition of a \$7.7 million payable due to Con Edison pursuant to the settlement of the RGGI lawsuit.
- The GJGNY fund was established pursuant to legislation enacted in October 2009, to be funded by RGGI Fund proceeds in the amount of \$112 million, \$68.3 million of which has been transferred as of the fiscal year end.
- The CAIR fund was established late in fiscal year 2009 and its fund balance has not fluctuated significantly as revenues and program expenditures in this fiscal year have been minimal.
- The Other Programs fund balance decreased from \$77.8 million to \$71.1 million due primarily to the contribution of prior year designated funds to a segregated Trust for payment of future postemployment health care benefit costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

NYSERDA maintains land, buildings, and furniture and equipment in various locations for its corporate purposes. Total capital assets as of March 31, 2010 were \$15.7 million, net of accumulated depreciation. Capital asset additions for the fiscal year ended March 31, 2010 were approximately \$1.7 million, primarily for technology equipment upgrades.

Total long-term liabilities decreased from \$15.8 million to \$7.0 million primarily due to the funding of \$7.1 million of prior years' postemployment retiree health insurance benefit liabilities in a newly established irrevocable Trust account. Additionally the final \$1.7 million State Service Contract Revenue Bond principal payment was made on April 1, 2009.

NYSERDA also issues tax-exempt bonds on a conduit basis on behalf of utility companies to finance certain eligible projects. As of March 31, 2010, approximately \$3.6 billion of bonds are outstanding. These bonds are non-recourse bonds and as such are not included in NYSERDA's financial statements.

## ECONOMIC FACTORS

A substantial portion of NYSERDA's annual revenues are derived from sources, which, pursuant to Orders of the PSC, are currently scheduled to expire as follows: System Benefits Charge funds July 2011, Energy Efficiency Portfolio Standard (collected through the System Benefits Charge) January 2015, and Renewable Portfolio Standard funds October 2024.

On behalf of the State, NYSERDA manages the Western New York Nuclear Service Center (West Valley), the site of a former plant for reprocessing used nuclear fuel. Depending upon the clean-up options selected and agreement on cost sharing with the federal government, these costs could be substantial. It is anticipated that New York State's share of future costs for the West Valley site will be provided by New York State to NY-SERDA and will not impact NYSERDA's current funding. As permitted by GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations, no liability has been recorded in NYSERDA's financial statements for this contingency due to the expected recoveries from New York State.

NYSERDA's programs are impacted by a number of factors including, but not limited to, general economic conditions, energy prices and energy system reliability, and energy technology advancements.

## BUDGETARY INFORMATION

The following table summarizes actual revenues and expenses, as reported in the Statement of Activities, for the fiscal year ended March 31, 2010, in comparison to amounts included in the final Budget approved by NYSERDA's Board:

Total revenues were approximately \$79.3 million, or 12.0%, lower than the approved Budget. State appropriation revenues were less than budgeted principally due to the timing of reimbursable expenditures for the certain non-recurring programs funded through State appropriations, which were expected to be fully expended in the current year, but were not, and have been re-appropriated in the FY 2010-11 State Budget. Allowance proceeds were less than budget by \$29.4 million due to a decrease in the RGGI auction allow-

ance prices, which cleared at a price less than budgeted. Third-party reimbursements were lower than budget primarily due to lower than anticipated gas efficiency program commitments. Federal grants revenue was lower than budget due to the timing of reimbursable expenditures, principally under several new ARRA grants. Fees and other income were higher than budget due to unanticipated funds received from the forfeiture of participant deposits in the New York Energy \$mart program. Interest income was lower than budget due to declines in overall market interest rates.

Total expenses were approximately \$83.5 million, or 14.4%, below the approved Budget. Salaries and benefits were lower than anticipated principally due to staff vacancies. Benefit costs were also less than budget primarily due to lower than anticipated pension, postemployment health insurance, and compensated absences expenses. Program expenditures were less than budgeted primarily due to timing of anticipated expenditures for the New York Energy \$mart, Regional Greenhouse Gas Initiative, ARRA, Energy Efficiency Deployment, and Renewable Portfolio Standard programs. Other Operating Costs were less than budgeted primarily due to lower than expected costs incurred for travel, and other general operating expenses.

	Actual	Budget	Variance
<b>Revenues:</b>			
State appropriations	\$49,582,821	57,106,000	(7,523,179)
System Benefits Charge	271,094,835	270,557,000	537,835
Renewable Portfolio Standard	87,171,388	87,171,000	388
Allowance Proceeds	125,903,681	155,260,000	(29,356,319)
Third-party contributions	3,200,000	3,200,000	-
Third-party reimbursements	19,433,809	24,811,000	(5,377,191)
Federal grants	11,999,251	45,186,000	(33,186,749)
Project repayments	797,462	921,000	(123,538)
Rentals from leases	1,144,788	1,233,000	(88,212)
Fees and other income	1,110,003	474,000	636,003
Interest income	10,875,813	15,445,000	(4,569,187)
Net change in fair value of investments	(210,387)	-	(210,387)
<b>Total Revenues</b>	<b>582,103,464</b>	<b>661,364,000</b>	<b>(79,260,536)</b>
<b>Expenses:</b>			
Salaries and benefits	33,750,315	35,846,000	(2,095,685)
Program expenditures	358,522,005	529,842,000	(171,319,995)
Other operating costs	5,915,062	6,201,000	(285,938)
Depreciation	1,698,560	1,498,000	200,560
New York State Assessments	7,763,000	7,764,000	(1,000)
Payment to NYS	90,000,000	-	90,000,000
<b>Total Expenses</b>	<b>497,648,942</b>	<b>581,151,000</b>	<b>(83,502,058)</b>
Excess Revenues/(Expenses)	84,454,522	80,213,000	4,241,522
Net Assets, beginning of year	613,046,165	613,046,000	165
Net Assets, end of year			
Invested in capital assets, net of debt	13,889,896	14,907,000	(1,017,104)
Restricted for specific programs	690,473,047	677,209,000	5,264,047
Unrestricted	1,137,744	1,143,000	(5,256)
<b>Total Net Assets, end of year</b>	<b>\$697,500,687</b>	<b>693,259,000</b>	<b>4,241,687</b>



**NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New York)**

**Statement of Net Assets**

**March 31, 2010**

**(with comparative totals for March 31, 2009)**

	<i>March 31, 2010</i>	<i>March 31, 2009</i>
<b>ASSETS:</b>		
<b>Current assets:</b>		
Cash and investments	\$754,322,355	668,652,368
New York State receivable	13,676,279	10,013,776
Third-party billings receivable	13,814,885	10,208,160
Prepaid expense	272,484	365,015
Total current assets	782,086,003	689,239,319
<b>Noncurrent assets:</b>		
Capital assets, net of depreciation	15,732,333	16,569,884
<b>Total assets</b>	797,818,336	705,809,203
<b>LIABILITIES:</b>		
<b>Current liabilities:</b>		
Long-term liabilities due within one year	3,176,120	4,713,822
Accounts payable	29,232,162	25,044,304
Con Edison payable	10,141,136	7,549,462
Accrued liabilities	50,809,547	43,656,533
Deferred revenue	3,125,633	744,728
Total current liabilities	96,484,598	81,708,849
<b>Noncurrent liabilities:</b>		
Postemployment benefits	-	7,058,542
Other long-term liabilities	3,833,051	3,995,647
Total noncurrent liabilities	3,833,051	11,054,189
<b>Total liabilities</b>	100,317,649	92,763,038
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	13,889,896	14,242,592
Restricted for specific programs	682,473,047	597,491,263
Unrestricted	1,137,744	1,312,310
Total net assets	\$697,500,687	613,046,165

*See accompanying notes to the basic financial statements.*

**NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY**  
**(A Component Unit of the State of New York)**

**Statement of Activities**

**For the Year Ended March 31, 2010**

**(with summarized comparative totals for March 31, 2009)**

	<i>Functions/Programs</i>						
	New York Energy Smart	Renewable Portfolio Standard	Energy Research & Development	Energy Efficiency Improvement	Con Edison System Wide Demand Reduction	2009	2010
<b>EXPENSES</b>							
Salaries and benefits	\$17,964,551	1,751,548	3,237,712	2,193,963	546	849,188	1,237,405
Program expenditures	189,479,161	72,201,899	19,328,227	22,607,117	14,614,815	2,243,856	10,414,673
Other operating costs	2,732,436	465,741	449,817	286,420	-	110,690	197,517
Depreciation	786,520	74,399	142,006	96,224	2,022	37,245	54,124
NY State Assessments	3,986,712	1,345,848	344,785	357,143	274,165	-	74,958
Interest	-	-	-	-	-	-	-
Payment to NYS	-	-	-	-	-	-	90,000,000
<b>Total expenses</b>	<b>214,949,380</b>	<b>75,839,435</b>	<b>23,502,547</b>	<b>25,540,867</b>	<b>14,891,548</b>	<b>3,240,979</b>	<b>101,978,677</b>

**PROGRAM REVENUES**

**Operating grants and contributions**

State appropriations	-	-	16,652,060	1,042,608	-	-	-
System Benefits Charge	271,094,835	-	-	-	-	-	-
Renewable Portfolio Standard	-	87,171,388	-	-	-	-	-
Con Edison Rate Settlement	-	-	-	-	-	-	-
Allowance proceeds	-	-	-	-	-	-	125,430,330
Third-party contributions	-	-	3,200,000	-	-	-	-
Third-party reimbursements	2,038,923	-	1,118,869	14,438,706	406,253	-	-
Federal Grants	-	-	-	8,734,397	-	3,240,979	-
<b>Charges for Services</b>							
Project repayments	-	-	797,462	-	-	-	-
Rentals from leases	-	-	-	-	-	-	-
Fees and other income	570,604	-	7,290	37,612	-	-	-
Restricted interest	7,253,805	1,520,006	-	16,241	239,810	-	770,592
Net change in fair value of investments	(232,475)	220,228	-	-	(171,965)	-	185,543
<b>Total program revenues</b>	<b>280,725,692</b>	<b>88,911,622</b>	<b>21,775,681</b>	<b>24,269,564</b>	<b>474,098</b>	<b>3,240,979</b>	<b>126,386,465</b>
<b>Excess Revenues / (Expenses)</b>	<b>\$65,776,312</b>	<b>13,072,187</b>	<b>(1,726,866)</b>	<b>(1,271,303)</b>	<b>(14,417,450)</b>	<b>-</b>	<b>24,407,788</b>

**GENERAL REVENUES**

**Unrestricted Interest**

**Net change in fair value of investments**

**Change in net assets**

**Net assets--beginning of period**

**Net assets--end of period**

						Total March 31, 2010	Total March 31, 2009
DRHY	CAR	Energy Analysis	West Value	STEP	Bond Financing		
17,973	419,809	3,275,205	2,093,484	678,205	30,726	33,750,315	30,994,970
-	110,164	452,700	12,416,197	14,653,196	-	358,522,005	269,096,332
4,731	99,148	629,274	422,013	512,036	5,239	5,915,062	5,685,205
788	18,413	143,651	106,673	235,147	1,348	1,698,560	763,363
459	12,342	85,708	291,353	57,977	931,550	7,763,000	7,763,000
-	-	-	-	-	-	-	80,475
-	-	-	-	-	-	90,000,000	-
23,951	659,876	4,586,538	15,329,720	16,136,561	968,863	497,648,942	314,383,345
-	-	4,292,000	15,329,720	12,266,433	-	49,582,821	33,198,137
-	-	-	-	-	-	271,094,835	193,715,326
-	-	-	-	-	-	87,171,388	67,262,376
-	-	-	-	-	-	-	19,449,802
-	473,351	-	-	-	-	125,903,681	111,925,164
-	-	-	-	-	-	3,200,000	3,200,000
-	-	-	-	1,431,058	-	19,433,809	40,571,666
-	-	23,875	-	-	-	11,999,251	6,482,170
-	-	-	-	-	-	797,462	872,513
-	-	-	-	145,188	999,600	1,144,788	1,211,429
-	2,010	-	-	18,940	473,547	1,110,003	1,898,329
145,146	340,410	-	-	-	-	10,286,010	13,788,375
(108,015)	(74,151)	-	-	-	-	(180,835)	(1,161,780)
37,131	741,620	4,315,875	15,329,720	13,861,619	1,473,147	581,543,213	492,413,507
13,180	81,744	(270,663)	-	(2,274,942)	504,284	83,894,271	178,030,162
						589,803	1,730,755
						(29,552)	(186,971)
						84,454,522	179,573,946
						613,046,165	433,472,219
						\$697,500,687	613,046,165

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

**(A Component Unit of the State of New York)**

**Balance Sheet – Governmental Funds**

**March 31, 2010**

**(with summarized comparative totals for March 31, 2009)**

	New York Energy Smart	Renewable Portfolio Standard	Con Edison System Wide Demand Reduction	8501	8100NY	6418	Other Programs	Total March 31, 2010	Total March 31, 2009
<b>ASSETS:</b>									
<b>Cash and investments</b>	\$400,087,467	96,541,475	44,409,389	51,977,802	68,335,092	23,796,225	69,174,905	754,322,355	668,652,368
<b>Receivables:</b>									
<b>New York State</b>	97,473	-	-	-	-	-	13,578,806	13,676,279	10,013,776
<b>Third-party billings</b>	6,382,752	-	1,306,191	-	-	-	6,125,942	13,814,885	10,208,160
<b>Prepaid expense</b>	-	-	-	-	-	-	272,484	272,484	365,015
<b>Due from other funds</b>	-	-	-	-	-	751	10,137,487	10,138,238	8,009,098
<b>Total assets</b>	406,567,692	96,541,475	45,715,580	51,977,802	68,335,092	23,796,976	99,289,624	792,224,241	697,248,417
<b>LIABILITIES AND FUND BALANCES:</b>									
<b>Liabilities:</b>									
<b>Accounts payable</b>	9,903,278	2,922,803	526,500	54,972	-	-	15,824,609	29,232,162	25,044,304
<b>Con Edison payable</b>	-	-	2,482,429	7,658,707	-	-	-	10,141,136	7,549,462
<b>Accrued liabilities</b>	27,981,382	11,119,420	2,021,773	404,903	-	15,262	9,266,807	50,809,547	43,656,533
<b>Payable to bond holders</b>	-	-	-	-	-	-	-	-	1,740,000
<b>Due to other funds</b>	7,866,161	809,191	1,159,683	276,418	26,785	-	-	10,138,238	8,009,098
<b>Deferred revenue</b>	47,000	-	-	-	-	-	3,078,633	3,125,633	744,728
<b>Total liabilities</b>	45,797,821	14,851,414	6,190,385	8,395,000	26,785	15,262	28,170,049	103,446,716	86,744,125
<b>Fund Balances:</b>									
<b>Reserved for:</b>									
<b>Contractual commitments</b>	360,769,871	81,690,061	39,525,195	43,582,802	68,308,307	23,781,714	62,709,433	680,367,383	594,959,267
<b>Unreserved:</b>									
<b>Designated for payment of</b>									
<b>postemployment health care benefits</b>	-	-	-	-	-	-	-	-	7,058,542
<b>Undesignated</b>	-	-	-	-	-	-	8,410,142	8,410,142	8,486,483
<b>Total fund balances</b>	360,769,871	81,690,061	39,525,195	43,582,802	68,308,307	23,781,714	71,119,575	688,777,525	610,504,292
<b>Total liabilities and fund balances</b>	\$406,567,692	96,541,475	45,715,580	51,977,802	68,335,092	23,796,976	99,289,624	792,224,241	697,248,417
<b>Following is a reconciliation of amounts reported differently in the Statement of Net Assets:</b>									
<b>Total fund balances</b>								688,777,525	610,504,292
<b>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</b>								15,732,333	16,569,884
<b>Certain long-term liabilities are not due and payable in the current period and therefore are not reported in the funds</b>								(7,009,171)	(14,028,011)
<b>Net assets of governmental activities</b>								\$697,500,687	613,046,165

See accompanying notes to the basic financial statements.

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

**(A Component Unit of the State of New York)**

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**

**For the Year Ended March 31, 2010**

**(with summarized comparative totals for March 31, 2009)**

	New York Energy Smart	Renewable Portfolio Standard	Con Edison System Wide Demand Reduction	RGGI	GJGNY	CAIR	Other Programs	Total March 31, 2010	Total March 31, 2009
<b>REVENUES:</b>									
State appropriations	-	-	-	-	-	-	49,582,821	49,582,821	34,938,136
System Benefits Charge	\$271,094,835	-	-	-	-	-	-	271,094,835	193,715,326
Renewable Portfolio Standard	-	87,171,388	-	-	-	-	-	87,171,388	67,262,376
Con Edison Rate Settlement	-	-	-	-	-	-	-	-	19,449,802
Allowance proceeds	-	-	-	125,430,330	-	473,351	-	125,903,681	111,925,164
Third-party contributions	-	-	-	-	-	-	3,200,000	3,200,000	3,200,000
Third-party reimbursements	2,038,923	-	406,253	-	-	-	16,988,633	19,433,809	40,571,666
Project repayments	-	-	-	-	-	-	797,462	797,462	872,513
Federal grants	-	-	-	-	-	-	11,999,251	11,999,251	6,482,170
Rentals from leases	-	-	-	-	-	-	1,144,788	1,144,788	1,211,429
Interest	7,253,805	1,520,006	239,810	770,592	145,146	340,410	606,044	10,875,813	15,519,130
Net change in fair value of investments	(232,475)	220,228	(171,965)	185,543	(108,015)	(74,151)	(29,552)	(210,387)	(1,348,751)
Fees and other income	570,604	-	-	-	-	2,010	537,389	1,110,003	1,898,329
<b>Total revenue</b>	<b>280,725,692</b>	<b>88,911,622</b>	<b>474,098</b>	<b>126,386,465</b>	<b>37,131</b>	<b>741,620</b>	<b>84,826,836</b>	<b>582,103,464</b>	<b>495,697,290</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
New York Energy Smart	217,813,920	-	-	-	-	-	-	217,813,920	173,458,555
Renewable Portfolio Standard	-	76,077,290	-	-	-	-	-	76,077,290	45,455,480
Energy Research and Development	-	-	-	-	-	-	24,201,546	24,201,546	31,541,425
Energy Efficiency Deployment	-	-	-	-	-	-	25,847,426	25,847,426	24,845,073
Con Edison System Wide Demand Reduction	-	-	15,313,749	-	-	-	-	15,313,749	15,575,610
ARRA	-	-	-	-	-	-	3,205,080	3,205,080	-
RGGI	-	-	-	11,990,849	-	-	-	11,990,849	405,386
GJGNY	-	-	-	-	25,116	-	-	25,116	-
CAIR	-	-	-	-	-	651,838	-	651,838	282,235
Energy Analysis	-	-	-	-	-	-	5,223,251	5,223,251	3,942,100
West Valley	-	-	-	-	-	-	15,720,182	15,720,182	11,799,248
STEP & Economic Development	-	-	-	-	-	-	15,197,288	15,197,288	1,017,260
Bond Financing	-	-	-	-	-	-	975,326	975,326	967,096
Payment to NYS	-	-	-	90,000,000	-	-	-	90,000,000	-
Capital outlay	372,494	34,496	1,009	403	25,620	8,775	1,144,573	1,587,370	6,227,008
Debt Service	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	1,740,000
Interest	-	-	-	-	-	-	-	-	80,475
<b>Total expenditures</b>	<b>218,186,414</b>	<b>76,111,786</b>	<b>15,314,758</b>	<b>101,991,252</b>	<b>50,736</b>	<b>660,613</b>	<b>91,514,672</b>	<b>503,830,231</b>	<b>317,336,951</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating transfers, net	-	-	-	(68,321,912)	68,321,912	-	-	-	-
Net change in fund balances	62,539,278	12,799,836	(14,840,660)	(43,926,699)	68,308,307	81,007	(6,687,836)	78,273,233	178,360,339
Fund balances, beginning of year	298,230,593	68,890,225	54,365,855	87,509,501	-	23,700,707	77,807,411	610,504,292	432,143,953
Fund balances, end of year	\$360,769,871	\$81,690,061	\$39,525,195	\$43,582,802	\$68,308,307	\$23,781,714	\$71,119,575	\$688,777,525	\$610,504,292
<b>Following is a reconciliation of amounts reported differently in the Statement of Activities:</b>									
Net change in fund balances								78,273,233	178,360,339
Capitalization and depreciation of capital outlays, rather than recording as an expenditure								(960,684)	5,302,555
Expenses for compensated absences in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds								(524,558)	(445,456)
Expenses for postemployment benefits in fiscal year 2009 in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds								-	(4,219,825)
State appropriation revenue for debt service provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets								-	(1,740,000)
Payment to Trust account for prior years' OPEB liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets								7,058,542	-
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets								607,989	2,316,329
<b>Change in net assets of governmental activities</b>								<b>\$84,454,522</b>	<b>179,573,946</b>

See accompanying notes to the basic financial statements.



NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY  
(A Component Unit of the State of New York)  
**Statement of Fiduciary Net Assets – Agency Fund**  
March 31, 2010  
(with comparative totals for March 31, 2009)

	March 31, 2010	March 31, 2009
<b>ASSETS</b>		
Cash and investments	\$31,842,044	31,116,027
LLRW assessment billings receivable	2,459,948	2,619,171
<b>Total assets</b>	<b>\$34,301,992</b>	<b>33,735,198</b>
<b>LIABILITIES</b>		
Payable to New York State	\$1,218,629	673,299
LLRW escrow funds	4,883,676	4,998,537
Perpetual care of nuclear wastes	28,199,687	28,063,362
<b>Total liabilities</b>	<b>\$34,301,992</b>	<b>33,735,198</b>

See accompanying notes to the basic financial statements.

# Notes to Basic Financial Statements

## (1) GENERAL

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 (the State). NYSERDA is included in the State's basic financial statements as a discretely presented component unit. NYSERDA's major functions and programs are summarized below.

### **New York Energy \$mart<sup>SM</sup> program**

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 through mid-2011. The program, named the **New York Energy \$mart<sup>SM</sup>** program, is designed to support certain public benefit programs, including energy efficiency, research and development, environmental protection, and low-income programs.

Pursuant to a June 2008 and subsequent Orders, the PSC expanded the **New York Energy \$mart<sup>SM</sup>** program through its Energy Efficiency Portfolio Standard proceeding, which

provided additional funding for certain energy efficiency programs through January 31, 2015.

### **Renewable Portfolio Standard**

Pursuant to a September 2004 Order, 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 25 percent. The Commission adopted a Renewable Portfolio Standard (RPS) that sets annual, incremental, renewable energy targets for the years 2006 through 2013; 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.

In April 2010, the PSC issued a new Order expanding the RPS goal to increase the proportion of renewable electricity consumed by New Yorkers from 25 percent to 30 percent by 2015. The Order addresses the scope and cost of administration, the cost of program initiatives, and the schedule of collections from utility customers, which extend through October 2024.

### **Energy Research & 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 State appropriations that are financed by an assessment on the intrastate gas and electricity sales of the State's investor-owned utilities and from other sources, including annual contributions from the New York Power Authority (NYPA) and the Long Island Power Authority (LIPA).

### **Energy Efficiency Deployment**

NYSERDA provides financial and technical assistance to help businesses and institutions assess and implement cost-saving energy efficiency measures; help public and private fleets convert to alternative-fuel vehicles, and provides technical training to public and private building owners, helping them improve energy and environmental efficiency. These programs also strive to provide affordable energy and a cleaner environment for all New Yorkers, including low-income residents, by increasing public awareness of energy efficiency's multiple benefits, providing residential building performance services, and making energy-efficient appliances and other products more widely available to consumers. These activities are primarily funded through various third party reimbursements and federal energy grants.

### **Con Edison System-Wide Demand Reduction**

This program, administered by NYSERDA pursuant to a March 2005 Order of the PSC, provided funding of up to \$122.1 million for NYSERDA to implement electric energy demand reductions in Con Edison's service territory over an initial three-year period ending March 2008, with a goal of achieving 150 megawatts of demand reductions. A March 25, 2008 Order of the PSC provided for a one year extension to the program through March 31, 2009. The terms of the order required NYSERDA to return to Con Edison all unencumbered funds as of March 31, 2009 plus interest and to annually reconcile remaining retained funds and refund any monies no longer committed, until such time as all retained funds are fully expended. As of March 31, 2010 NYSERDA has recorded \$2.5 million of unencumbered funds as a refund payable to Con Edison, which will be paid during the fiscal year beginning April 1, 2010.

### **American Recovery and Reinvestment Act (ARRA)**

NYSERDA has been awarded five grants to support several energy efficiency projects and initiatives under the American Recovery and Reinvestment Act, or ARRA. The grants support competitive subgrants to municipal governments for energy efficiency projects, energy code development and compliance, photovoltaic system installations, incentives for consumer purchases of energy efficient appliances, and incentives for alternative-fuel vehicles for fleet operators. Grant funding

is received on a reimbursement basis, requires funds to be expended within three years of award, and includes requirements for compliance with a number of federal regulations and reporting requirements.

### **Regional Greenhouse Gas Initiative (RGGI)**

The Regional Greenhouse Gas Initiative, or RGGI, is an agreement among ten 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)**

Green Jobs-Green New York, or GJGNY, is a Statewide program created by legislation enacted in October 2009 to promote energy efficiency retrofits in residential, multifamily, small commercial and not-for-profit buildings, and authorizes NYSERDA to establish innovative financing approaches through revolving loan funds to finance such projects. The program will also support sustainable community development and create opportunities for green jobs. The legislation funded the program with \$112 million from RGGI auction proceeds.

### **Clean Air Interstate Rule (CAIR)**

The Clean Air Interstate Rule, or CAIR, is an environmental program administered by DEC, designed to reduce NO<sub>x</sub> and SO<sub>x</sub> emissions through an emissions allowance cap-and-trade regime. NYSERDA is responsible for selling the allowances allocated by DEC to the Energy Efficiency and Renewable Energy Technology Account and applying the proceeds to support programs that encourage and foster energy efficiency measures and renewable energy technologies, as well as cover NYSERDA's costs associated with the administration and evaluation of these programs.

### **Energy 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. These program activities are funded primarily by a State assessment on the intrastate gas and electricity sales of the State's investor-owned utilities.

Furthermore, Energy Analysis staff provide oversight activities pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, whereby NYSERDA is responsible for ultimately constructing and operating the State's LLRW disposal facilities, collecting information, and providing regular reports to the governor and Legislature on LLRW generation in the State. These activities are funded annually by State Appropriations through a sub-allocation from the New York State Department of Health.

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

### **West Valley**

NYSERDA manages, on behalf of the State, the Western New York Nuclear Service Center (West Valley), 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), 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.

### **STEP® (Saratoga Technology + Energy Park®)**

NYSERDA owns, on behalf of the State, a 280 acre parcel of land in Malta (Saratoga County), New York. The site, once used for rocket and weapons-testing programs and space-research activities, and later subject to certain remediation measures under a March 1998 Consent Decree as a "Super-fund" site, was designated in 2001 as a business park devoted to the development of new, clean energy technologies.

### **Bond Financing**

As part of its Bond Financing Program, NYSERDA issues bonds and notes for participating gas and electric utility companies and other private purpose users to finance certain energy-related projects. This program permits a private enterprise to obtain the benefits of tax-exempt financing for projects that qualify under NYSERDA's enabling statute and under relevant provisions of the Internal Revenue Code.

## **(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of presentation**

The basic financial statements include government-wide financial statements and governmental fund financial statements. The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities, and report overall information on NYSERDA without displaying individual funds. These statements exclude information about fiduciary activities where NYSERDA holds assets in a trustee or agency capacity for others since such assets cannot be used to support NYSERDA's own programs.

The Fund financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances and report information concerning major funds:

**New York Energy \$mart** - this fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for the **New York Energy \$mart<sup>SM</sup>** program.

**Renewable Portfolio Standard** - this fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for the Renewable Portfolio Standard program.

**Con Edison System-Wide Demand Reduction** - this fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for the Con Edison System-Wide Demand Reduction program.

**RGGI** - this fund accounts for the specific auction proceeds that are legally restricted to expenditure for the Regional Greenhouse Gas Initiative program.

**GJGNY** - this fund accounts for the Green Jobs - Green New York Statewide program, funded by a transfer from the RGGI fund.

**CAIR** - this fund accounts for specific allowance proceeds that are legally restricted to expenditure for the Clean Air Interstate Rule program.

**Other Programs** - these funds account for all of NYSERDA's activities, except those reported in one of the other funds.

Assets held by NYSERDA in a fiduciary capacity for others are reported in the Statement of Fiduciary Net Assets. NYSERDA's fiduciary funds include: (1) funds held for reimbursement to the State for costs associated with the Low-Level Radioactive Waste Management Act of 1986; and (2) funds that, pursuant to a Cooperative Agreement, must be turned over to the U.S. Department of Energy upon delivery of the solidified high level radioactive waste from West Valley to a permanent federal disposal repository to provide for perpetual care and management of the waste.

The basic financial statements include certain prior-year summarized comparative information in total, but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in

conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NYSERDA's financial statements for the year ended March 31, 2009, from which the summarized information was derived.

#### **(b) Basis of accounting**

The Statement of Net Assets, Statement of Activities, and Statement of Fiduciary Net Assets - Agency Fund, are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues resulting from exchange transactions are recognized when the exchange takes place. Revenues resulting from non-exchange transactions, such as program funding received in the form of grants, contributions, and State appropriations, are recognized when all eligibility requirements (if any) have been met or when the resources are received, whichever is first.

NYSERDA's administrative overhead charges are included as program direct expenses in the Statement of Activities.

Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available (expected to be collected in the next twelve months).

#### **(c) Investments**

Investments are recorded at fair value, which reflects quoted market prices for U.S. government obligations, and amortized cost for all other investments.

#### **(d) Capital Assets**

Generally, assets with a cost of more than \$2,500 and an estimated useful life in excess of two years are capitalized and reported at historical cost in the government-wide financial statements. Depreciation is calculated using the straight line method over the estimated useful life of the capital assets ranging from three to 50 years and reported in the Statement of Activities. Capital asset purchases are recorded as expenditures in the governmental funds financial statements.

#### **(e) Deferred Revenue**

Deferred Revenue consists of funds received in advance of revenue recognition conditions having been met, for both a public benefit program without an executed agreement in place as of March 31, 2010, as well as cost-sharing arrangements with outside parties.

#### **(f) Compensated Absences**

NYSERDA employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation leave up to the equivalent of 45 days, and sick leave up to a maximum of five days. Retired employees may use additional accumulated sick leave to pay for the employee share of health insurance

premiums. NYSERDA's accrual for compensated absences, included in the Statement of Net Assets amount for long-term liabilities, includes fringe benefits on compensated absences and estimated costs to use employee sick leave for post-retirement health benefits. Compensated absences are not accrued in the governmental funds financial statements.

#### **(g) New York State Assessments**

New York State Assessments for the year ended March 31, 2010 consisted of \$6,850,000 and \$913,000 in fees paid or payable to the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services and under a budget bill pursuant to Article VII of the New York State Constitution.

#### **(h) Net Assets Restricted for Specific Programs**

NYSERDA administers certain programs on behalf of the State Public Service Commission and others whereby funds are provided at program inception or on a fixed payment schedule over the program duration, but the terms of the program sponsor or enabling legislation limit the use of funds to certain program purposes. Frequently, the collection and recording of revenues does not occur in the same accounting period as the expenditure of such funds, and the difference is reported as Net Assets Restricted for Specific Programs on the Statement of Net Assets. Following is a summary of Restricted Net Assets and related outstanding contractual commitments (less accrued expenses) as of March 31, 2010:

FUNCTION/PROGRAM	Restricted Net Assets	Outstanding Contractual Commitments
New York Energy Smart <sup>SM</sup>	\$362,818,348	\$315,853,651
Renewable Portfolio Standard	81,878,035	459,582,408
Energy Research and Development	25,613,979	39,772,846
Energy Efficiency Deployment	36,601,073	25,561,926
Con Edison System-Wide Demand Reduction	39,347,200	39,347,200
American Recovery and Reinvestment Act	-	14,040,876
Regional Greenhouse Gas Initiative (RGGI)	43,587,909	942,299
Green Jobs-Green New York (GJGNY)	68,335,092	50,000
Clean Air Interstate Rule (CAIR)	23,780,963	120,611
Energy Analysis	510,448	83,064
<b>Total</b>	<b>\$682,473,047</b>	<b>\$895,354,881</b>

The outstanding contractual commitments in excess of Restricted Net Assets under certain Functions/Programs will be funded from future scheduled collections and reimbursements.

On March 31, 2010 NYSERDA transferred \$68.3 million of the \$112 million legislatively approved Green Jobs-Green New York Statewide program from RGGI auction proceeds, resulting in a decrease in RGGI restricted net assets and an increase in GJGNY restricted net assets.

### (i) Designated fund balance

Designations on the Balance Sheet - Governmental Funds are not legally required segregations, but represent fund balances segregated for a specific purpose by NYSERDA through Board resolution. Designated for payment of postemployment health insurance benefits at March 31, 2009, represents funds designated for the future payment of postemployment health insurance benefits and is equal to the actuarially determined net obligation at March 31, 2009. As disclosed in Note 10, in 2010 NYSERDA established an irrevocable Trust to fund postemployment health insurance benefits.

### (j) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### (k) Reclassifications

Certain amounts for the fiscal year ended March 31, 2009 have been reclassified to conform with the amounts presented as of March 31, 2010.

## (3) CASH AND INVESTMENTS

Pursuant to Public Authorities Law Section 1859(1), the Commissioner of the New York State Department of Taxation and Finance serves as fiscal agent for NYSERDA's cash and investments, maintaining such funds on NYSERDA's behalf and implementing investments subject to the Department's policies and with direction and authorization from NYSERDA. NYSERDA has a written investment policy that applies to all its investments. The policy permits deposits with financial institutions approved by the fiscal agent and permits investments in: certificates of deposit of bank or trust companies located in New York State; obligations of New York State and the United States government and certain of their agencies; repurchase agreements subject to certain limitations; and money market funds subject to certain limitations.

The following schedule presents cash and investments as of March 31, 2010:

	NYSERDA Funds			Fiduciary Funds		
	Fair Value	% of Total	Weighted Average Maturity (Months)	Fair Value	% of Total	Weighted Average Maturity (Months)
Cash and money market	\$13,645,593	1.8%	n/a	\$-	0.0%	n/a
Certificates of deposit	253,302,781	33.6%	5.1	5,903,635	18.5%	3.4
U.S. Treasury Bills	140,369,190	18.6%	4.2	25,938,409	81.5%	6.8
U.S. Treasury Strips	347,004,791	46.0%	36.3	-	0.0%	n/a
Total	\$754,322,355	100.0%	19.4	\$31,842,044	100.0%	6.2

**Interest Rate Risk.** NYSERDA investment policies limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investment maturities are selected based on anticipated cash flow needs. Historically, most investments are held to maturity, so changes in interest rates do not impact the anticipated return realized on investments.

**Credit Risk.** Money market fund investments consist of non-rated funds whose investments are restricted to U.S. government obligations.

**Concentration of Credit Risk.** NYSERDA's investment policy limits investments with any single eligible banking institution to no more than 35% of its total investment portfolio, except as otherwise required by any policies and practices of the Commissioner of Taxation and Finance. As of March 31, 2010, NYSERDA's investments with institutions that were individually in excess of 5% of total investments included investments in certificates of deposit with two different banks, which aggregated 23.0% of NYSERDA's total investments.

## (4) RECEIVABLE FROM NEW YORK STATE

As of March 31, 2010, the amount due from New York State is \$13,676,279, which represents grant receivables and other contractual provisions.



## (5) CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2010  
was as follows:

	Beginning Balance	Additions	Retirements/ Dispositions	Ending Balance
<b>Land</b>	\$685,301	-	-	685,301
<b>Land improvements</b>	4,681,641	495,682	(814,871)	4,362,452
<b>Buildings</b>	9,309,439	69,816	(15,315)	9,363,940
<b>Machinery and equipment</b>	9,292,084	951,380	(504,334)	9,739,130
<b>Leasehold improvements</b>	361,512	193,626	-	555,138
	24,329,977	1,710,504	(1,334,520)	24,705,961
<b>Less accumulated depreciation for:</b>				
<b>Land improvements</b>	(105,558)	(140,365)	-	(245,923)
<b>Buildings</b>	(3,100,568)	(281,016)	-	(3,381,584)
<b>Machinery and equipment</b>	(4,253,554)	(1,239,196)	485,025	(5,007,725)
<b>Leasehold improvements</b>	(300,413)	(37,983)	-	(338,396)
<b>Capital assets, net</b>	<u>\$16,569,884</u>	<u>11,944</u>	<u>(849,495)</u>	<u>15,732,333</u>

## (6) LONG-TERM LIABILITIES

Long-term liability activity for the year ended March 31, 2010  
was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>State Service Contract</b>					
<b>Revenue Bonds</b>	\$1,740,000	-	(1,740,000)	-	-
<b>Mortgage note payable</b>	1,949,552	-	(545,925)	1,403,627	572,226
<b>Capital lease obligations</b>	377,740	123,134	(62,064)	438,810	101,800
<b>Compensated absences</b>	4,642,177	3,146,069	(2,621,512)	5,166,734	2,502,094
<b>Post-employment benefits (see note 10)</b>	7,058,542	3,666,000	(10,724,542)	-	-
<b>Long-term liabilities</b>	<u>\$15,768,011</u>	<u>6,935,203</u>	<u>(15,694,043)</u>	<u>7,009,171</u>	<u>3,176,120</u>

Mortgage note payable reflects a Bank Qualified Mortgage Note (Mortgage Note) dated July 18, 2002, maturing August 1, 2012, at an annual interest rate of 4.65%. The Mortgage Note is secured by a Mortgage of NYSERDA's main corporate offices at 17 Columbia Circle, Albany, New York. The

Mortgage Note is payable in monthly installments of approximately \$52,182 consisting of principal and interest.

Capital lease obligations reflect two capital leases. The first is a capital lease with a bank, dated October 27, 2004 and

maturing October 29, 2014 at an annual interest rate of 5.90%, used to finance certain building improvements at Saratoga Technology + Energy Park. The lease is payable in monthly installments of approximately \$6,631 consisting of principal and interest.

The second capital lease is with a vendor, dated February 28, 2010 and maturing February 28, 2013 at an annual interest rate of 4.48%, used to finance the purchase of a network storage device. The lease is payable in monthly installments of approximately \$3,662 consisting of principal and interest.

As of March 31, 2010, future debt service requirements on the Mortgage note and Capital lease obligations are:

Fiscal year ending March 31,	Mortgage note payable		Capital lease obligations		
	Principal	Interest	Principal	Interest	Total
2011	\$572,226	53,952	101,800	21,715	749,693
2012	599,752	26,426	107,385	16,130	749,693
2013	231,649	2,429	109,620	10,233	353,931
2014	-	-	74,486	5,087	79,573
2015	-	-	45,519	900	46,419
Total	\$1,403,627	82,807	438,810	54,065	1,979,309

## (7) DEFINED BENEFIT PENSION PLAN

Nearly all employees of NYSERDA are members of the New York State and Local Employees' Retirement System (System), a cost-sharing, multiple-employer public employee retirement system. The State Comptroller is sole trustee and administrative head of the System. The System issues a publicly available financial report including financial statements and required supplementary information that may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

The System provides retirement benefits, as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law. Retirement benefits, contributory requirements and vesting depend on the point in time at which an employee first joined the System (membership "tier"). Members of the System who joined before July 27, 1976 are enrolled in a noncontributory plan; NYSERDA contributes the entire amount determined to be payable to the System. Personnel who joined the System after July 27, 1976 through January 1, 2010 and who have

less than ten years of accredited service are required by law to contribute three percent of their gross salary; NYSERDA contributes the balance payable to the System during that period, and the full amount determined to be payable thereafter. Members who joined the system after January 1, 2010 contribute three percent of their gross salary during the full term of employment. Retirement benefits vest after five to ten years of accredited service, depending on the applicable tier.

NYSERDA's contributions to the System, expressed in dollars and as a percentage of salary, for each of the years ended March 31, 2008 through March 31, 2010 were:

Fiscal year ending March 31,	Contributions	Contribution Rate
2010	\$1,529,346	7.0 – 9.3%
2009	1,505,901	8.0 – 10.8%
2008	1,582,254	8.9 – 12.1%

NYSERDA made 100% of the required contributions for each of the years displayed above.

## (8) LEASES

In addition to the capital leases recorded as assets and capital lease obligations within Long-Term Liabilities, NYSERDA has multi-year operating leases expiring May 31, 2011, June 30, 2011, March 31, 2013, September 14, 2013, and September 30, 2013 for office space in West Valley, NY; Buffalo; 15 Columbia Circle, Albany; 210 Washington Ave Ext., Albany; and New York City, respectively. For the year ended March 31, 2010, rental expense for all office facilities was \$755,101.

The following is a schedule by year of future minimum rental payments for NYSERDA's office space as of March 31, 2010:

NYSERDA is also the lessor of certain equipment comprising a cooling water structure at the Indian Point Nuclear Power Plant in Buchanan, New York under a lease that expires on March 31, 2017 with annual future minimum lease rental payments of \$999,600 for the fiscal years ending March 31, 2011-2017.

Fiscal year ending March 31,	
2011	\$802,028
2012	687,128
2013	683,686
2014	273,857
Total	\$2,446,699

## **(9) CONTINGENCIES**

### **(a) Western New York Nuclear Service Center**

Under the federal West Valley Demonstration Project Act and an implementing Cooperative Agreement between DOE and NYSERDA, the federal government will pay 90% of the West Valley Demonstration Project (Demonstration Project) costs, and NYSERDA, on behalf of the State of New York, will pay the remaining 10%. NYSERDA, on behalf of the State, currently pays the full costs associated with the State-Licensed Disposal Area (SDA). Under a Supplemental Agreement, NYSERDA pays 17% of environmental impact statement (EIS) costs in addition to the 10% share paid as part of the 90/10 cost-sharing for the Demonstration Project. In addition, New York State and the federal government are close to completing an agreement that will settle most of the claims identified in a 2006 lawsuit filed by NYSERDA and New York State against the federal government and DOE regarding the financial responsibility for cleaning up certain facilities at West Valley. The agreement defines a specific cost share for the cleanup of a number of facilities that had long been in dispute between NYSERDA and DOE.

In January 2010, NYSERDA and DOE issued a final EIS, which identifies and assesses the potential environmental impacts of a range of reasonable alternatives proposed to meet DOE's responsibilities under the West Valley Act and options for the State of New York, acting through NYSERDA, for management of West Valley. In April and May 2010, respectively, DOE and NYSERDA issued decision documents that formally selected the Phased Decision making alternative for continuing the cleanup. Under Phased Decision making, decommissioning work will be conducted in two phases. During Phase 1, which will take approximately 10 years, several highly contaminated facilities will be removed at an estimated cost of \$1.162 billion. As the Phase 1 cleanup work is proceeding, DOE and NYSERDA will conduct additional scientific studies to reduce uncertainties in the decisions for the Phase 2 portion of the cleanup. The Phase 2 decisions, which will be made within 10 years of the Phase 1 decisions, will address the remaining facilities, including the High-Level Waste Tanks, State-Licensed Disposal Area, NRC-Licensed Disposal Area, and the main body of a groundwater contamination plume. Total costs for completing the Phase 2 work range from \$500 million to \$8.2 billion, and are dependent on the alternative selected for the remaining facilities.

In accordance with Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, no liability has been included in NYSERDA's financial statements as of March 31,

2010 or 2009 for this contingency because NYSERDA expects to continue to be reimbursed from State appropriations for the State's share of the costs of the Demonstration Project, any costs NYSERDA may incur in relation to the SDA, and any other costs allocated to NYSERDA under the agreement resolving the lawsuit referenced above.

### **(b) Low-Level Radioactive Waste**

Pursuant to the Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA annually assesses licensees of operating nuclear power plants an amount sufficient to reimburse the State for the LLRW disposal facilities development activities of the Departments of Health and Environmental Conservation and must provide nuclear power plant licensees with a user-fee reduction, when the disposal facilities are operational, equal to the statutory assessments collected, plus interest at a fair market rate. During the year ended March 31, 2010, NYSERDA paid, from the agency fund, a total of \$3,404,734 to reimburse the State for such costs pursuant to Public Authorities Law Section 1854-d(2)(a).

### **(c) Bond Financing Program**

The principal and interest on obligations issued for participating gas and electric utility companies and other private purpose users are payable solely from payments made by participating companies. They are not general obligations of NYSERDA nor do they constitute an indebtedness of or a charge against the general credit of NYSERDA, or cause any monetary liability to NYSERDA. These bonds and notes are not a debt of the State of New York.

The bonds and notes issued bear the name of NYSERDA and the participating company. NYSERDA assigns most of its rights and obligations to a trustee who is responsible for, among other things, disbursing bond and note proceeds and handling principal and interest payments. As of March 31, 2010, all participating companies were current in their debt service payments for these bonds and notes, the principal of which totaled approximately \$3.6 billion.

### **(d) Risk Management**

NYSERDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NYSERDA maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to NYSERDA. NYSERDA has not experienced any reductions in coverage and has not had any insurance settlements exceeding the coverage in the past three years.

#### **(e) Renewable Portfolio Standard (RPS) Program**

Pursuant to Orders of the PSC, NYSERDA is the central procurement administrator to manage an incentive-based procurement mechanism to support the development of additional renewable energy resources. The Orders directed each of the State's six investor-owned electric utility companies to collect an RPS surcharge to fund the program through a volumetric charge applied to the delivery portion of customer bills, commencing October 1, 2005. Each utility was directed to establish RPS collection rates sufficient to collect certain amounts specified in the Order for each of the years 2005 through 2024, with any over or under collections being trued up on an annual basis. In the aggregate, future scheduled collections total approximately \$2.76 billion over the remaining 15-year collection period.

Pursuant to requirements of the Order, each utility will enter into a contractual agreement with NYSERDA to make quarterly payments to NYSERDA, commencing July 1, 2010 and continuing through October 31, 2024, based on the annual collection amounts prescribed in the Order. Each utility's payment obligation is fixed and is not adjusted for actual RPS surcharge collections.

Procurement contracts entered into by NYSERDA and funded with RPS funds become general obligations of NYSERDA, payable pursuant to such contract terms. NYSERDA intends to ensure that procurement contracts entered into shall not cause amounts payable under such contracts to exceed at any time the amounts due and payable under the funding agreements with the utility companies. As of March 31, 2010, NYSERDA has contractual obligations totaling approximately \$459,582,408, payable at varying dates upon successful operation of the renewable generation facilities, which will be funded in part from RPS surcharge collections to be received in the future pursuant to Order of the PSC.

#### **(f) Regional Greenhouse Gas Initiative**

On January 29, 2009, a lawsuit was initiated in State Supreme Court against the Governor, NYSERDA and other State entities, claiming that the RGGI regulations are unlawful and discriminatory. In the Fall of 2009, the original parties to the lawsuit as well as others that were joined as parties, including Con Edison, entered into a settlement agreement resolving the litigation. Obligations imposed on NYSERDA and other parties will be effective once a May 13, 2010 Order of the Public Service Commission regarding Con Edison becomes final and non-appealable. Under the terms of the stipulation, NYSERDA will become obligated to pay Con Edison \$7,658,707 over the next three years. NYSERDA will use proceeds from RGGI auctions to meet its obligation under the settlement, and that obligation has been included in the board-approved RGGI Operating Plan that governs how NYSERDA will spend auction proceeds, including future estimated proceeds. Con Edison, in turn, will use the

monies provided by NYSERDA to fund energy efficiency and renewable energy programs with significant carbon reduction potential within its service territory.

As of March 31, 2010, included in the amount payable to Con Edison is \$7,658,707, which is anticipated to be paid in accordance with the stipulation.

### **(10) POSTEMPLOYMENT HEALTHCARE BENEFITS**

The New York Civil Service Law, Section 163(2), provides for health insurance coverage for retired employees of New York State including their spouses and dependent children. The law extends to public benefit corporations. NYSERDA maintains a single-employer defined benefit plan (the Plan) providing this benefit to eligible retirees and/or their spouses and dependent children. Eligibility is determined by membership in the New York State and Local Employees' Retirement System, enrollment in the New York State Health Insurance Program at the time of retirement and the completion of a minimum number of years of service as required by the employee's membership tier in the retirement system. The plan provides that retired employees pay the same percentage share of the health insurance premiums as that charged for active State employees. Plan members presently contribute 10% of the premium for individual coverage and 25% of the incremental premium for family coverage.

NYSERDA is billed by the New York State Department of Civil Service monthly for pay-as-you-go funding requirements. Through 2009, there was no pre-funding of actuarially determined liabilities. In March 2010 an irrevocable Trust account was established for the accumulation of funds to pay future benefit costs. The Authority contributed \$10.3 million to the Trust on March 31, 2010, to fully fund the actuarially determined accumulated OPEB obligation as calculated under the requirements of Governmental Accounting Standards Board (GASB); Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The Authority's post-retirement health care Trust has not issued stand-alone financial reports.

NYSERDA's annual other postemployment benefit (OPEB) expense for the year ended March 31, 2010 is calculated based on the annual required contribution (ARC) of NYSERDA. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize unfunded actuarial liabilities over 30 years.

The following table summarizes NYSERDA's annual OPEB expense for the year ended March 31, 2010, the amount contributed to the Plan, and changes in NYSERDA's OPEB obligation:

<b>Annual required contribution</b>	
Normal cost	\$1,759,800
Amortization of unfunded actuarial accrued liability	2,094,600
Interest on Net OPEB Obligation	494,900
Adjustment to ARC	(683,300)
Total annual OPEB cost	3,666,000
Contributions made	(10,724,542)
Change in net OPEB obligation	(7,058,542)
Net OPEB obligation- beginning of year	7,058,542
Net OPEB obligation- end of year	\$0

NYSERDA's annual OPEB cost amounted to \$3,666,000, \$4,594,800 and \$3,154,300 for the years ended March 31, 2010, 2009 and 2008, the percentage of annual OPEB cost contributed to the Plan was 292%, 8.2% and 10.0%, respectively, and the net OPEB obligation was \$0, \$7,058,542 and \$2,838,720, respectively, for each of the years ended March 31, 2010, 2009 and 2008.

Valuations are required to be performed at least every two years. NYSERDA's actuarial liability, status of the accrued liability, annual payroll, and ratio of the unfunded accrued liability to the covered payroll for valuation dates of April 1, 2009, April 1, 2008 and April 1, 2006 are as follows:

Actuarial valuation date	Actuarial Liability	Status of Accrued Liability	Annual Payroll	Ratio of unfunded accrued liability
April 1, 2009	\$29,130,800	Unfunded	\$23,404,372	124.5%
April 1, 2008	\$34,448,900	Unfunded	\$20,406,237	168.9%
April 1, 2006	\$23,638,800	Unfunded	\$18,062,819	130.9%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and ARC of NYSERDA are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the Plan as understood by NYSERDA and Plan members and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between NYSERDA and Plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future.

The methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following significant assumptions were made in the actuarial valuation:

**Retirement age for active employees** – based on assumptions used under the New York State and Local Employees' Retirement System (ERS), since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The ERS assumptions were based on extensive analysis of their covered populations.

**Marital status** – Assumed 80% of future retirees will be married, with male spouses assumed to be three years older than female spouses.

**Mortality** – RP 2000 mortality tables issued by the Society of Actuaries.

**Turnover** – Rates were based on age and length of service for the first ten years and age thereafter as the basis for assigning active members a probability of remaining employed until the assumed retirement age.

**Healthcare cost trend rate** – The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. A rate of 8.6% initially, reduced to an ultimate rate of 4.0% after 89 years was used.

**Health insurance premiums** – 2009 health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid.

**Investment return** – As of March 2010, Plan benefits are pre-funded in a segregated Trust, and a discount rate of 6.5% was used, representing the long-term earnings potential of investments in the Trust.

The actuarial cost method used was the projected unit credit method. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a period of 30 years. The remaining amortization period at March 31, 2010 was 27 years. As of March 31, 2010, there were 47 retirees and dependent survivors actively receiving benefits under the plan.

The plan also provides that the dollar value, subject to certain limitations, of member's accumulated sick leave credits at the time of retirement may be used to offset the portion of health insurance premiums paid by retirees. NYSERDA's estimated liability associated with sick leave credits is recorded as a Compensated Absence within "Other long-term liabilities" in accordance with the requirements of GASB Statement No. 16.

## (11) INTERFUND BALANCES AND TRANSFERS

The balance of \$10,137,487 due to the Other Programs fund from the special revenue funds resulted from the timing difference of when expenditures are incurred and when interfund reimbursement occurs. These balances are expected to be liquidated within a year.



# NYSERDA Program and Service Areas

## Executive/Administration

- Communications
- Consumer Services and Events Management
- Contract Management
- Counsel
- Facility and Administrative Services
- Finance and Accounting
- Governmental Affairs
- Human Resources
- Information Technology and Security
- Internal Audit
- Marketing and Economic Development

## Energy Analysis and Planning

- Energy Modeling and Forecasting
- Policy and Program Development
- Program Evaluation
- Data Clearinghouse and Contingency Planning

## Clean Energy Research and Market Development

- Energy Resources
- Transportation and Power Systems
- Environmental Research
- Energy and Environmental Markets

## Energy Efficiency Research Program

- Industry
- Buildings
- Transmission & Distribution Research

## West Valley Site Management

- State-Licensed Disposal Area
- West Valley Demonstration Project

## Energy Efficiency Services

- Alternative Fuels and Transportation
- FlexTech, Power and Process
- Existing Facilities
- New Construction and Green Buildings
- NYS Energy Codes and Appliance Standards
- Distributed Generation
- Implementation Services
- Industrial Processes
- Market Transformation
- Electric Demand Management
- Regulatory Affairs and Strategic Planning
- Institutional Facilities
- Commercial Real Estate
- Wastewater Treatment Facilities
- Hospitality
- Healthcare facilities
- Universities

## Residential Efficiency and Affordability

- Community and Market Support Consumer Education and Outreach
- Energy Education in Schools
- ENERGY STAR® Products
- Home Performance with ENERGY STAR (1-4 family)
- Low Income Affordability Programs
- New York ENERGY STAR Homes (1-4 family new construction)
- Regulatory Planning
- Workforce Development
- PV and Solar Thermal

## New York City Office

- Economic Development
- Commercial and Industrial
- Multi-family Buildings
- Regulatory and Government Affairs
- Residential

## Buffalo Office

- Commercial and Industrial
- Economic Development
- Residential

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