

February 26, 2015

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Five Cities Energy Plans Implementation**

**SUMMARY**

The Trustees are requested to authorize up to \$12 million in 2015-16 for initial implementation of the recently-completed Five Cities Energy Plans (“CEPs”). These funds will be used for energy efficiency projects and other measures recommended in the CEPs, and to fund Energy Manager positions for the cities of Albany, Buffalo, Rochester, Syracuse and Yonkers (the “Cities”). The funds will be made available to the Cities through three separate programs – funding for Energy Manager positions, a formula grant program that is intended to provide start-up funds for each City to implement its CEP and a competitive grant program which would support innovative energy-related projects. The grant programs will be initiated in 2015-16 and implementation is expected to occur through 2019 (the “Implementation Period”). The funding is expected to result in costs savings, economic development and enhanced quality of life for city residents.

Staff estimates that approximately \$30 million will be needed to support the programs over the entirety of the five-year Implementation Period. The present request is Staff’s estimate of the funding needed for the CEPs implementation during 2015-16. Staff will return to the Trustees to seek additional funding authorization as future funding needs arise as well as to report on the progress of the CEPs implementation.

**BACKGROUND**

On December 28, 2012, Governor Andrew M. Cuomo issued Executive Order (“EO”) No. 88, which calls for a reduction in energy-use in state government buildings by 20 percent by 2020. To meet the goals of EO 88, Governor Cuomo launched “BuildSmart NY” to strategically implement and accelerate improvements in energy performance.

To complement the BuildSmart NY program, the Authority has partnered with the State’s five largest cities outside New York City – Albany, Buffalo, Rochester, Syracuse and Yonkers, as well as various stakeholder groups, to develop and fund CEPs for each of the Cities. The CEPs document current energy usage and provide actionable plans addressing short-term and long-term goals toward sustainability and efficiency, covering action areas such as energy planning and coordination, energy efficiency in buildings, transportation energy efficiency, and energy distribution and supply.

At their May 21, 2013 meeting, the Trustees authorized the award of contracts in the amount of \$1,751,900 to various firms to develop the CEPs over a fifteen-month period. The

CEPs were initiated in September 2013, completed in November 2014, and it is anticipated that their completion will be announced publically in the near term.

The initiative represents a first-of-its-kind planning process in which a state has approached energy planning across its largest cities simultaneously. Examples of measures featured in the completed CEPs include pursuing energy efficiency improvements and renewable energy, improving bike and alternative fuel infrastructure, and implementing new neighborhood energy challenges.

When the CEPs are implemented and the BuildSmart NY targets are met (20% by 2020 for municipal facilities and 20% by 2030 citywide, including both public and private facilities), there is the potential for significant energy-related savings, of as much as \$400 million annually across the Cities. In addition, these Cities will be far better prepared to meet environmental and economic challenges they will face in the future.

## DISCUSSION

The financial assistance that would be provided to the Cities during the five-year Implementation Period would consist of Energy Manager positions and grants designed, among other things, to enable the Cities to track and manage their energy use, educate and train residents about the importance of energy efficiency, and implement both small and large scale energy efficiency projects. At this point, Staff anticipates that the funding would be distributed as follows:

1. Energy Manager positions, which would make up around 10% of the overall implementation funding. The Energy Managers would be responsible for managing overall CEP implementation, focusing on both municipal and community-wide initiatives.
2. Formula grants, which would make up about 30% of the overall implementation funding. The formula grants are intended to provide “start-up” funds to Cities to enable a quick implementation of one or more projects/initiatives outlined in the CEPs. These grants would be based on a formula, taking into account each City’s population, and awarded on an “as needed” basis over the five-year Implementation Period. This funding could be used to support activities such as feasibility and design studies around specific initiatives, policy and program development, training, marketing and outreach efforts, or additional staff.
3. Competitive grants, which would make up about 60% of total implementation funding. The competitive grants are intended to spur innovation amongst the Cities. These grants would reward the most forward-thinking Cities, and those most quickly advancing towards their energy goals. The funding could be used to help the cities pilot new technologies and accelerate clean energy markets. The resulting projects could be examples of public-private partnerships, showcasing innovation and excellence in energy efficiency in the largest cities in New York.

A committee within the Authority would be formed to develop the competitive grant program (e.g., criteria, eligibility), review the responses from the Cities, and provide grant

award recommendations.

Staff will also coordinate with NYSERDA to share expertise, coordinate funding opportunities, and offer assistance to the Cities. Collaboration and continued investment in energy will be sought from each of the Cities to further progress towards their energy goals.

FISCAL INFORMATION

Implementation of the CEPs will be funded from the Authority's Operating Fund. Funding for CEPs implementation has been accounted for in the 2015 Customer Energy Solutions department budget, which the Trustees approved at their December 16, 2014 meeting.

RECOMMENDATION

The Vice President – Customer Energy Solutions recommends that the Trustees approve the requested expenditure of up to \$12 million to be used during 2015-16 to fund initial implementation of the Five Cities Energy Plans initiative as described above.

For the reasons stated, I recommend the approval of the above requested action by adoption of the resolution below.

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That the Trustees hereby authorize the expenditure of up to \$12 million in 2015-16 to fund implementation of the Five Cities Energy Plans initiative through Energy Manager positions and formula and competitive grant programs to be designed by the Authority and made available to the cities of Albany, Buffalo, Rochester, Syracuse and Yonkers, as described in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.