

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

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**Proceeding on Motion of the Commission  
Regarding a Retail Renewable Portfolio Standard**

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**Case 03-E-0188**

**JOINT COMMENTS OF SUNEDISON LLC AND SUNPOWER CORP.  
ON THE NYSERDA PETITION FOR EXPANSION OF THE CUSTOMER-  
SITED TIER PHOTOVOLTAICS PROGRAM**

SunEdison LLC (“SunEdison”)<sup>1</sup> and SunPower Corporation (“SunPower”)<sup>2</sup>, two of the world’s leading manufacturers and developers of solar photovoltaic systems with an active presence in New York State, respectfully submit the following comments in support of the February 14, 2012 petition filed by the New York Energy Research and Development Authority (“NYSERDA”) for an expanded solar PV program within the Customer-Sited Tier (“CST”) of the New York Renewable Portfolio Standard (“RPS”). Specifically, NYSEDA requests the PSC authorize funding levels adequate to ultimately support a quadrupling of the annual rate of capacity additions of net metered solar PV by 2013, in partial fulfillment of the NY-Sun Initiative unveiled in Governor Cuomo’s 2012 State of the State address. NYSEDA Petition at 1. NYSEDA projects that the requested funding level would leverage an additional 269 MW of solar PV in the period 2012-15, with an additional 110 MW MW coming on-line in 2016. Petition at 2-3.

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<sup>1</sup> SunEdison is one of the world’s leading developers of solar photovoltaic generation systems, with over 500 MW currently under management. We design, build, finance, own, operate and maintain these systems on behalf of a diverse client base including homeowners, businesses, public sector organizations and utilities. SunEdison is a wholly owned subsidiary of MEMC, a global leader in the manufacture and sale of wafers and related products to the semiconductor and solar industries. MEMC’s products are the building blocks for the \$1 trillion electronics and the \$35 billion solar cell and module markets. MEMC’s stock is traded on the New York Stock Exchange under the symbol WFR and is included in the S&P 500 Index.

<sup>2</sup> SunPower Corp. (NASDAQ: SPWR) designs, manufactures and delivers the highest efficiency, highest reliability solar panels and systems available today. Residential, business, government and utility customers rely on the company’s quarter century of experience and guaranteed performance to provide maximum return on investment throughout the life of the solar system. Headquartered in San Jose, Calif., SunPower has offices in North America, Europe, Australia and Asia. SunPower has a number of dealers selling its products in New York State. For more information, visit [www.sunpowercorp.com](http://www.sunpowercorp.com).

As discussed more fully below, our companies strongly support the NYSERDA petition as facilitating steady near-term growth in the New York solar marketplace, bringing with it significant and wide-ranging benefits to the host customer, the utility and other ratepayers, and to New Yorkers more generally. However, we are concerned that the NYSERDA proposal that the Commission defer a decision on the source of funding beyond the next two years will create considerable uncertainty and undermine the market transformation goals of the NY-Sun Initiative.

**I. A Significant Increase in the Deployment of Solar PV is Warranted Given Robust Consumer Demand and the Wide-Ranging Benefits of Such Investment.**

As the NYSERDA petition notes, strong consumer demand for solar PV routinely outstrips available resources under the existing CST budget for PV and constrains further exploitation of this clean and stable-priced generation source. NYSERDA Petition at 3. Within the standard offer program, budget limitations have required the imposition by NYSERDA of strict monthly “developer caps”, limiting the incentives available to any one installer and throttling business growth. Likewise, interest in the new Geobalance Program for the greater New York metropolitan area has been strong, with competitively priced PV bid into the program well in excess of budgeted capacity.

For a host of reasons, this enthusiastic consumer response across all customer segments should come as no surprise. Solar costs have fallen dramatically over the last several years, with a 50% decline in module prices in 2011 alone. See Solar Energy Industries Association and GTM Research, U.S. Solar Market Insight Report (2011). On the demand-side, the advent of new business models such as leasing options within the residential sector allow homeowners to go solar with no upfront capital investment, making solar an affordable option for more New Yorkers. Additionally, the strong showing in the early solicitations under the Geobalancing Program reflect enormous pent-up demand within the commercial, governmental, and industrial sectors – all previously ineligible for state incentives under the standard offer rebate program.

Expansion of the CST solar program is consistent with the Governor’s New York Sun Initiative to enable more New York homeowners, businesses and local governments to fulfill their goal of deploying clean and renewable distributed solar, and will contribute to the continued growth of the state’s burgeoning green economy. As reflected in the recent solar cost-benefit analysis prepared by NYSERDA (“NYSERDA Solar Cost Benefit Study”), the steady and measured growth and deployment of PV are part and parcel of sound and balanced state renewable energy policy. NYSERDA Solar Cost Benefit Study, Summary of Findings and Recommendation. Additional program costs incurred under an expanded

program must be weighed against the significant and varied value streams derived as a result of PV deployment. As documented in the NYSERDA Solar Cost Benefit Study, these benefits include:

- **Wholesale Energy Market Value:** the estimated dollar value of the electricity exported to the grid;
- **Wholesale Capacity Market Value:** the value of a PV system to the grid's generation capacity market;
- **Avoided Losses:** this value reflects the benefits of generating power closer to its point of consumption, reflected as a reduction in energy lost to transmission and distribution inefficiencies;
- **Price Suppression:** this is the value to electricity consumers of reducing electricity demand in the wholesale market, lowering electricity prices for all customers;
- **Avoided Distribution Costs:** installation of distributed generation such as PV can reduce or defer the need to upgrade the utility distribution system;
- **Monetized Carbon Values:** this is the monetized value of avoiding future carbon emissions.

NYSERDA Solar Cost Benefit Study at ES-15.

In addition to our support of NYSERDA's request for an overall expansion of CST solar PV program, our companies also support NYSERDA's proposed allocation of 75% of incremental funding to the Geobalancing Program; and 25% of incremental funding to the standard offer program for residential and small commercial systems. NYSERDA Petition at 4. Early results of the Geobalancing Program are quite promising, demonstrating the power of a competitive mechanism for allocating scarce incentive funding in the most cost-effective manner. Additional funding for the Geobalancing Program would enable a statewide offering of this very promising program design and address the existing program gap in support for net metered systems above 50kw located outside the greater New York metropolitan area.

## **II. The Commission Should Approve Full Funding to Enable Realization of the Four-Year NY-Sun Initiative and Identify the Source of Such Funds.**

NYSERDA is requesting an additional \$216 million in solar funding over the current base budget in order to meet the four-year NY-Sun Initiative's capacity targets. NYSERDA recommends that funding for 2012-13, or roughly half the total expected incremental expenditure, be firmed up now through: 1) a reallocation of \$90.5 million in currently uncommitted Main Tier funding; and 2) a reallocation of \$17.5

