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KEVIN A. CAHILL  
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October 18, 2012

Garry Brown, Chairman  
New York State Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223-1350

Dear Chairman Brown:

I write regarding the Public Service Commission's decision to approve the petition filed by Hudson Valley Clean Energy requesting an increase in the net metering cap within the Central Hudson Gas & Electric service territory from 12 MW to 36 MW. Action by the Commission became necessary after Central Hudson briefly stopped processing net metering applications this past summer upon reaching the previous cap.

In this instance, the utility ultimately acted within the best interests of their customers by taking advantage of the provision in the Public Service Law that allowed the company to voluntarily exceed the cap. Central Hudson's decision enabled many small businesses whose success is based, in-part, on the availability of net metering to remain open and viable.

It is clear, based on the fact that Central Hudson has exceeded its respective cap twice now in the last five years, that net metering is providing a significant boost to the rapid growth of the clean energy installation industry resulting in the creation of many good paying jobs. The policy, first adopted in the 1990s and rapidly enhanced in recent years, has benefited the public and the state as a whole by offering consumers the opportunity to hedge against volatile energy costs, reducing stress on the electric grid, and providing valuable environmental, public health, and energy security attributes.

As referenced above, the laws governing net metering have been amended several times in recent years. Changes have included extending the program to cover all customer classes, removing arbitrary limits on the size of installations, allowing certain customers to spread credits over multiple meters, and the addition of new technologies. As a result, solar, farm waste, micro-combined heat and power, fuel cell and micro-hydro electric generating equipment are now subject to the same cap making it all the more likely programs will once again be subjected to disruptions as the State continues to pursue policies promoting efficiency and increased deployment of renewable energy systems.

The continued utilization of this system of caps by utility service territory does not serve the public interest as it will only add to market uncertainty and customer confusion. I urge the Commission to use its upcoming review as an opportunity to eliminate the caps state-wide and deal with net metering issues on a utility by utility basis, recognizing that each company has differing demands based on their size, customers, infrastructure and the regions in which they operate.

Net metering should be examined in the context of the efforts to modernize our transmission and distribution system under the guidance of the soon to be adopted State Energy Plan. Our fifty plus year old system was designed as a one way street to transport power from large-scale generation sources to consumers. Society's growing reliance on electricity along with advancements in smart grid, clean distributed generation and storage technologies have made the old model obsolete.

I invite you to join me and my colleagues as we work to improve upon legislative initiatives introduced in the previous session in order to provide the market certainty and predictability the clean energy sector needs to grow here in New York State. These include bills designed to directly involve utilities in achieving mandated increases in the deployment of solar power, consolidate and simplify the net metering statutes, and encourage the repowering of our aging fleet of generators. We also have many new challenges that must be addressed like the shift to smart grid, utility workforce development and matters associated with planned upgrades to our existing transmission system.

The Commission's decision to raise Central Hudson's net metering limitations and the announcement of a statewide review is a positive step. However, it is clear, given the monumental task we have before us, New York will need to enact a comprehensive and coordinated plan of action for the future.

Sincerely,



Kevin A. Cahill  
Chair of the Assembly Energy Committee

cc: Honorable Patricia L. Acampora, Commissioner  
Honorable James L. Larocca, Commissioner  
Honorable Gregg C. Sayre, Commissioner  
Honorable Maureen F. Harris, Commissioner  
Honorable Jaclyn A. Brillling, Secretary  
Hon. George Maziarz, Chair, Senate Committee on Energy and Telecommunications