



DARREN SUAREZ

Director of Government Affairs

April 16, 2012

Honorable Jaclyn A. Brillling
Secretary to the Commission
New York State Public Service Commission
Agency Building 3, Empire State Plaza
Albany, New York 12223-1350

**RE: Case 03-E-0188: Proceeding on Motion of the Commission
Regarding a Retail Renewable Portfolio Standard**

Dear Secretary Brillling,

Enclosed for filing are the comments of the Business Council of New York State on the petition for expansion of the RPS Customer-Sited Tier photovoltaics program submitted by the New York State Energy Research and Development Authority (NYSERDA) as a contribution to the NY-Sun Initiative.

Sincerely,
Darren Suarez



**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**Proceeding on Motion of the Commission
Regarding a Retail Renewable Portfolio Standard Case 03-E-0188**

**COMMENTS OF THE BUSINESS COUNCIL OF NEW YORK STATE.
ON THE NYSERDA PETITION FOR EXPANSION OF THE CUSTOMER-
SITED TIER PHOTOVOLTAICS PROGRAM**

The Business Council of New York State, Inc (“The Business Council”) a statewide organization representing employers of all sizes in all of the state’s economic sectors, 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”).

In its Petition, NYSERDA requests the Public Service Commission (“the Commission”) authorize the Customer-Sited Tier (CST) of the RPS should be expanded to contribute to the State's achievement of the NY-Sun objectives. Specifically, NYSERDA recommends that the Commission approve a 4-yr expansion of the CST PV program from 2012 through 2015 in the amount of \$216 million; approve the previously requested reallocation of unencumbered CST funds for PV in the amount of \$17.5 million and authorize additional funding now for the first two-year increment of the expanded PV program (2012-2013) in the amount of \$90.5 million; consider the

reallocation of uncommitted funds in the amount of \$90.5 million from the Current Main Tier budget to the CST for the first two-years of the program, and reassess overall RPS funding needs and funding sources, including needs for the balance of expanded PV program, in the 2013 RPS Program Review.

Summary

The Business Council supports the NYSERDA Petition seeking approval to expand the goals and budget of the statewide CST program in support of Gov. Andrew Cuomo's NY-Sun initiative. The Business Council urges the Commission to approve an expanded CST PV program in a manner that delivers the most cost-effective solar PV development for the benefit of electric customers across the state.

The Business Council does not now support an increase in the currently approved RPS collections schedule to support the CST PV program. The Business Council supports this and other similar efforts to expand solar energy production in the state while keeping costs under control to protect ratepayer. The Business Council supports the NY-Sun initiative goal to quadruple annual development of solar by 2013. Solar PV has been identified as among the most environmentally benign technologies and easily deployable in urban/heavy load areas.

Renewable Portfolio Standard

A 2010 report by the Public Policy Institute (PPI) -- the research affiliate of The Business Council of New York State -- entitled "*Short-Circuiting New York's Recovery- How Energy Taxes Contribute to High Electric Rates in New York,*"¹ demonstrates

¹ <http://www.ppiny.org/reports/2010/ShortCircuitingNewYorksRecovery.pdf>

that State and local gross receipt taxes, sales taxes, assessments, income taxes, taxes on capital and, above all, property taxes help make New York's electricity prices the third highest in the US.

These staggering energy taxes create a host of negative consequences. Energy is one of the major cost factors that make New York State one of the least favorable locations in which to start or locate a business. As a result, New York loses essential jobs, opportunities for entrepreneurship and the ability to attract major new investments.²

Against this backdrop, The Business Council does not now support an increase in the currently approved RPS collections schedule to support the CST PV program. The RPS collections are supported entirely by mandatory surcharges imposed on captive electric customers, any increase in RPS collections will add to energy taxes.

RPS collections from customers have increased in recent years, and are scheduled to increase. Specifically, in 2009, the Commission authorized RPS collections of \$105.6 million; in 2012, RPS collections will increase to \$203 million; in 2013 RPS collections are scheduled to \$244 million and to approximately \$321.2 million in 2015.

Finally, The Business Council supports the CST PV program proposed by NYSERDA because it would utilize a defined budget drawn from existing, unencumbered Main Tier resources during the 2012-2013 periods, opposed to the imposition of a statutory solar quantity obligation that would cost many billions of dollars to implement over several decades. The Business Council would be remiss if it did not

² Recent enactment of Chapter 97 of the Laws of 2011 (*Enacts major components of legislation relating to real property tax levies, rent regulation, exemption from local taxation and mandate relief*) and other steps have been taken to curtail energy taxes.

express that the clearly best use of unencumbered Main Tier funds would be to reduce future RPS collection from ratepayers an approach the Commission recently deemed beneficial with respect to the System Benefits Charge and the Energy Efficiency Portfolio Standard surcharge.

Statutory Solar Quantity Obligation Approach

The Business Council does not support statutory solar quantity obligation approaches adopted in neighboring states, as these approaches have resulted in broad and long-lasting obligation for the State's to procure an increasing amount of solar renewable energy credits., and the Business Council instead supports the CST PV program proposed by NYSERDA, as preferable alternative.

If enacted, SolarRec (SREC) legislation would impose unsuccessful statutory mandate. The SREC legislation would demand ratepayers procure an arbitrary quantity amount of installed PV capacity statewide. Fixed obligations remove the ability to accelerate or mitigate the level and the pace of SREC procurement in response to changing circumstances. Further, the Business Council recommends a more measured, fiscally prudent solar policy and investment strategy that is both flexible and responsive.

As a result of, SREC legislation being ridged it is very costly. A recent NYSERDA study³ has calculated that the cost to ratepayers could be as high as \$9 billion and a loss of 2,500 jobs.

³ New York Solar Study: An Analysis of the Benefits and Costs of Increasing Generation from Photovoltaic Devices in New York, January, 2012. <http://www.nysenda.ny.gov/en/publications/energy-analysis-reports/solar-study.aspx>

The study strongly states that a requirement that utilities to purchase 5,000 MW of solar power will adversely impact the State's employment and Gross State Product (GSP). The study concluded that:

- Economy-wide jobs would be reduced by 750 through 2049 because of a loss of discretionary income that would have supported employment in other sectors in the economy;
- The Gross State Product (GSP) would be reduced by \$3 billion through 2049, representing an annual decrease in GSP of less than 0.1 percent;
- The Low Cost scenario would lead to a creation of 700 jobs economy-wide through 2049, while the High Cost scenario would lead to a loss of 2,500 jobs;
- The consumer impact under a High Cost scenario would be approximately \$9 billion; and
- The maximum annual net impact could be as high as 5 percent.

Conclusion

The Business Council requests that the Commission approve the changes requested by NYSERDA in support of the NY Sun initiative. Additionally a clear demonstration of net customer benefits coupled with cost effective allocation of existing resources should be developed by NYSERDA. The Business Council urges the Commission to approve an expanded CST PV program in a manner that delivers the most cost-effective solar PV development for the benefit of electric customers across the state.

The Business Council remains concerned over the significant cost of Solar PV when compared with other renewable. The U.S. Energy Information Administration (EIA) uses a comprehensive system of levelized cost to determine the true, full cost of

electric generation from various sources. Levelized cost reflects the cost of capital, fuel, operations, maintenance and financing, as well as an assumed utilization rate.

There is little doubt that cost of solar has been declining, but The U.S. Energy Information Administration (EIA)⁴ uses a comprehensive system of levelized cost to determine the true, full cost of electric generation from various sources. Levelized cost reflects the cost of capital, fuel, operations, maintenance and financing, as well as an assumed utilization rate.

Using levelized cost, the EIA has determined that the cost of solar is four times that of conventional means of generation, and twice the cost of other renewables. Solar power is expensive, in part, due to its utilization rate — it does not work at night, when demand can be at its peak — and solar has a relatively high capital cost.

The Business Council supports this and other similar efforts to expand solar energy production in the state while keeping costs under control to protect ratepayer. The Business Council supports the NY-Sun initiative goal to quadruple annual development of solar by 2013, while not adversely effecting ratepayers. Solar PV has been identified as among the most environmentally benign technologies and easily deployable in urban/heavy load areas.

⁴ http://www.eia.gov/oiaf/beck_plantcosts/pdf/updatedplantcosts.pdf