

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

---

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

---

Case 03-E-0188

---

**PETITION REGARDING UNENCUMBERED CST FUNDS**

Introduction

The New York State Energy Research and Development Authority (“NYSERDA”) respectfully files its proposal for the allocation of unencumbered 2012 Customer-Sited Tier (“CST”) funds, in accordance with the Commission’s April, 2010 Order (“2010 Order”).<sup>1</sup>

As is set forth in detail below, NYSERDA requests: (1) that the entire balance of unencumbered 2012 Anaerobic Digester Gas to Electricity (ADG) program funds be allocated to the ADG program for 2013; (2) that a portion of the unencumbered 2012 funds for the Fuel Cell and On-Site Wind programs be reallocated to those technologies for 2013; and (3) that the remaining unencumbered funds be allocated to the Solar PV program.

1. Allocation of Unencumbered CST Funds

The 2010 Order directed that, at the conclusion of each calendar year, NYSERDA is to calculate the unencumbered funding balance in each CST technology category.<sup>2</sup> Based on those calculations, and in consultation with DPS Staff, NYSERDA is to file a proposal as to whether those unencumbered funding balances should be added to the same technology category budgets, for the present year, or reallocated.

Table 1 presents the CST unencumbered funds, life-to-date as of close-of-business on December 31, 2012.<sup>3</sup> Tables 2 and 3 present the 2013 and “lifetime” budgets, should NYSERDA’s

---

<sup>1</sup> Case 03-E-0188, In the Matter of a Renewable Energy Portfolio Standard, *Order Authorizing Customer-Sited Tier Program Through 2015 and Resolving Geographic Balance and Other Issues Pertaining to the RPS Program*, issued and effective April 2, 2010.

<sup>2</sup> The 2010 Order did not impose this requirement on the Geographic Balance Program (now renamed the Competitive PV Program); unencumbered funds in that program automatically roll-over into and remain in the program. Accordingly, those funds are not discussed in this Petition.

<sup>3</sup> NYSERDA calculated the unencumbered funding balances in accordance with the Commission’s *Order Authorizing Reallocation of Unencumbered Customer-Sited Tier Program Funds Through 2010 and Resolving*

recommended reallocations be approved. Table 4 provides NYSERDA's reasoning and rationales for the proposed reallocations.

**Table 1. Unencumbered 2012 CST Funds\***

CST Program	Unencumbered Funds as of COB 12/31/12
Solar PV	\$ 568,880
Fuel Cell	\$ 6,875,000
ADG	\$ 12,931,014
On-site Wind	\$ 3,956,794
Solar Thermal	\$ 4,700,847
<b>Total</b>	<b>\$ 29,032,535</b>

\*Excludes Geobalance/Competitive PV Program

**Table 2. Current and Proposed Budgets for CST Programs in 2013\***

CST Program	Current 2013 Budgets	NYSERDA's Recommendation for Reallocation of Unencumbered Funds	Proposed 2013 Budgets
Solar PV	\$ 37,500,000	\$11,601,521	\$49,101,521
Fuel Cell	\$ 3,600,000	\$3,000,000	\$6,600,000
ADG	\$ 11,600,000	\$ 12,931,014	\$ 24,531,014
On-site Wind	\$ 3,100,000	\$ 1,500,000	\$ 4,600,000
Solar Thermal	\$ 4,300,000	\$ 0	\$ 4,300,000
<b>Total</b>	<b>\$ 60,100,000</b>	<b>\$ 29,032,535</b>	<b>\$ 89,132,535</b>

\*Excludes Geobalance/Competitive PV Program

**Table 3. Lifetime Budgets for CST Programs (from inception through 2015)\***

CST Program	Budgets Prior To Proposed Adjustments	NYSERDA's Recommendation for Budget Adjustments	Budgets if Reallocation Herein Proposed is Implemented
Solar PV	\$282,716,894	\$11,032,641	\$293,749,535
Fuel Cell	\$22,532,210	(\$3,875,000)	\$18,657,210
ADG	\$75,859,269	\$0	\$75,859,269
On-site Wind	\$21,445,772	(\$2,456,794)	\$18,988,978
Solar Thermal	\$20,320,855	(\$4,700,847)	\$15,620,008
<b>Total</b>	<b>\$422,875,000</b>	<b>\$0</b>	<b>\$422,875,000</b>

\*Excludes Geobalance/Competitive PV Program

**Table 4. Rationales for NYSERDA’s Recommendation for Reallocation of CST Unencumbered Funds**

<b>CST Program</b>	<b>Rationales for NYSERDA’s Recommendation for Reallocation of Unencumbered Funds</b>
<b>Solar PV</b>	This reallocation will retain solar funding for smaller-scale projects by reallocating the full amount of unencumbered Solar Thermal funds and Solar PV funding, and a portion of both the unencumbered On-Site Wind and Fuel Cell funding (\$11,601,521) to the Solar PV program. The reallocated funds will provide market stability and support an expansion of the NY-Sun objectives, in response to the 2013 State of the State address. <sup>4</sup> Additionally, while program demand for 2012 was approaching \$3.5M per month, the current 2013 budget is \$3.125M per month.
<b>Fuel Cell</b>	In the aftermath of Superstorm Sandy, marketplace participants have indicated an increased interest in large-size fuel cells for daily use, with the provision that the systems can run during a grid outage as a resiliency feature. The program now has projects involving two vendors of large-size fuel cells (Bloom Energy and UTC Power) which should result in an increase in marketplace participation in 2013. Any fuel cell funds not committed by the end of 2013 will be proposed for reallocation to another technology category for 2014.
<b>ADG</b>	The increase of the program’s per project funding cap from \$1 million to \$2 million will stimulate greater market uptake of the program. The higher cap, temporarily offered in late December 2012 and January 2013 using “bridge” funds made available from NYPA, stimulated the marketplace as was anticipated. The new \$2 million cap will remain in force per the Commission’s recent order <sup>5</sup> .
<b>On-site Wind</b>	Market demand for the on-site wind program could increase given industry projections and potential policy decisions. This increase is not likely to be large enough to fully use the unencumbered 2012 budget; therefore, NYSERDA proposes that only \$1.5 million be reallocated to the on-site wind budget. Any on-site wind funds not committed by the end of 2013 will be proposed for reallocation to another technology category for 2014.
<b>Solar Thermal</b>	Experience in 2012 indicates that there is inadequate market capacity to handle more than the original 2013 budget. The Solar Thermal Awareness and Outreach efforts will be commencing in 2013.

2. Impact of Reallocation on Targets

Table 5 presents the forecasted MW and MWh for 2006-2012 based on anticipated full encumbrance of the budgets for 2006-2012 and the forecasted MW and MWh for 2013-2015 based in large part on the 2012 CST Operating Plan. Table 6 presents the actual MW and MWh for 2006-2012 based on the actual encumbrances in 2006-2012. The actual encumbrances are approximately \$29 million (the unencumbered funds that are the subject of this Petition) less than the full budgets for 2006-2012. Table 6 also incorporates the revised ADG program

<sup>4</sup> The NY-Sun initiative was announced by the Governor in his 2012 State-of-the-State address, and establishes a goal of doubling the 2011 customer-sited PV capacity additions in 2012, and quadrupling them by 2013. Those goals were reiterated and expanded in the Governor’s 2013 State-of-the-State address.

<sup>5</sup> Case 03-E-0188, In the Matter of a Renewable Energy Portfolio Standard, *Order Authorizing the Increase of Maximum Project Incentive for the Anaerobic Digester Gas-to-Electricity Program*, issued and effective January 23, 2013.

projections presented by NYSERDA in its October, 2012 Petition and acknowledged in the Order granting that Petition.<sup>6</sup> Having encumbered \$29 million less than budgeted for 2006-2012, the program is delivering approximately 23 fewer MW and approximately 89,000 fewer MWh than anticipated had the full budget been encumbered. The reallocation of this \$29 million into the 2013 budgets increases the forecast for MW and MWh in 2013 relative to the original forecast, which will counteract a portion of the shortage in 2012.

**Table 5. Expected Results by Program Prior to Reallocation<sup>7</sup> \*/\*\***

CST Program	2006-2012	2013-2015	Total
Solar PV MW	76.98	80.00	156.98
Solar PV MWH	90,372	93,907	184,279
Fuel Cell MW	4.28	4.35	8.63
Fuel Cell MWH	32,382	33,693	66,075
ADG MW	21.4	9.6	31.0
ADG MWH	150,680	63,072	213,752
On-site Wind MW	10.20	15.29	24.49
On-site Wind MWH	24,094	37,816	61,910
Solar Thermal MW	11.29	23.76	35.05
Solar Thermal MWH	12,864	27,090	39,954
<b>Total MW</b>	<b>124.15</b>	<b>133.00</b>	<b>257.15</b>
<b>Total MWH</b>	<b>310,392</b>	<b>255,578</b>	<b>565,970</b>

\*All values refer to capacity in MW encumbered or annual generation in MWh encumbered by year-end.  
 \*\*Excludes Geobalance/Competitive PV Program

<sup>6</sup> *Id.*, pp. 6-7. In its Petition, NYSERDA stated that, if granted, NYSERDA would request that the entire unencumbered 2012 ADG budget be reallocated to the ADG program for 2013. The MW/MWh projections here differ slightly from the Petition due to the receipt of an additional \$5 million in funding from NYPA.

<sup>7</sup> Expected results are based on the 2012 CST Operating Plan and January, 2013 Order regarding the ADG program per project funding cap. The 2006-2012 projections are based on the 2012 Op Plan program structure with a \$1 million cap, while the 2013-2015 projections are based on the new program with a \$2 million cap. This number does not take into account the additional NYPA funding.

**Table 6. Expected Results by Program if Proposed Reallocation is Approved<sup>8</sup> \*/\*\***

CST Program	Actual 2006-2012	Forecasted 2013-2015	Total
Solar PV MW	79.75	91.93	171.68
Solar PV MWH	93,608	107,908	201,516
Fuel Cell MW	1.25	4.19	5.44
Fuel Cell MWH	8,518	31,930	40,448
ADG MW	15.48	11.82	27.30
ADG MWH	112,746	73,485	186,231
On-site Wind MW	2.71	11.75	14.46
On-site Wind MWH	4,943	26,039	30,982
Solar Thermal MW	1.27	23.76	25.03
Solar Thermal MWH	1,439	27,090	28,529
<b>Total MW</b>	<b>100.46</b>	<b>143.44</b>	<b>243.90</b>
<b>Total MWH</b>	<b>221,254</b>	<b>266,452</b>	<b>487,706</b>

\*All values refer to capacity in MW encumbered or annual generation in MWh encumbered by year-end.

\*\*Excludes Geobalance/Competitive PV Program

### 3. Targets; Administration; Cost Recovery Fee; QA/QC

NYSERDA understands that an overall examination of administrative costs, including QA/QC, and the CRF, will be addressed as part of the scheduled 2013 program review. Given possible changes in future market conditions, such as the potential for continued Solar PV cost decline, NYSERDA proposes that any adjustments to the CST targets should also be considered as a part of that review.

<sup>8</sup> For those budgets being increased, the Table 6 forecasts of 2013 MW and MWh were calculated for the Solar PV program as a straight-line extrapolation of impacts, dividing the yearly budget by the projected per watt incentive. Calculations for the Fuel Cell program assume that \$100,000 will deliver 45 kW of capacity for small fuel cells, that \$1 million will deliver 300 kW of capacity for large fuel cells, and, to calculate MWh projections, that large fuel cells will run at a 90% capacity factor. Calculations for the ADG program assume that \$2 million dollars will deliver 600 kW of capacity, and, to determine MWh, that ADG systems will run at a 75% capacity factor. The calculations also assumed that a small portion of the budget would be used to provide additional funding to existing projects. For the on-site wind program, based on program experience, NYSERDA estimated that a certain number of turbines would be installed each year, with a small number of very large turbines presumed to occur in the furthest out years.

Conclusion

NYSERDA respectfully seeks the Commission's approval to reallocate the unencumbered 2012 CST program funds into the 2013 CST budgets as described herein.

Dated: January 30, 2013

Respectfully submitted,

A handwritten signature in black ink, reading "Francis J. Murray, Jr." in a cursive script.

Francis J. Murray, Jr.

President and CEO

NYSERDA

17 Columbia Circle

Albany, New York 12203-6399

518.862.1090

[fjm@nyserda.ny.gov](mailto:fjm@nyserda.ny.gov)