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By Electronic Delivery

December 17, 2012

Honorable Jaclyn A. Brillig
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 Brillig,

Enclosed for filing are the comments of Alliance for Clean Energy New York (ACE NY) on the programmatic suggestions to the Customer-Sited Tier of the Renewable Portfolio Standard submitted by the Distributed Wind Energy Association (DWEA) and Sustainable Energy Developments, Inc. (SED).

Sincerely,

Carol E. Murphy, Executive Director
Alliance for Clean Energy New York, Inc.

Encl.

**COMMENTS OF ALLIANCE FOR CLEAN ENERGY NEW YORK ON PROGRAMMATIC
SUGGESTIONS TO THE CUSTOMER-SITED TIER OF THE RENEWABLE PORTFOLIO STANDARD
SUBMITTED BY DWEA AND SED**

I. INTRODUCTION

The Alliance for Clean Energy New York (ACE NY) urges the Commission to act expeditiously on the petition submitted by the Distributed Wind Energy Association (DWEA) and Sustainable Energy Developments, Inc. (SED) in this proceeding on October 2, 2012. ACE NY is a nonprofit organization whose mission is to promote the use of clean electricity technologies and energy efficiency in New York State in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. Members of ACE NY include nonprofit environmental, public health and consumer advocacy organizations, educational institutions, and private companies that develop, produce and sell clean energy and clean energy technologies, as well as energy efficiency services, in New York.

The requests of DWEA and SED include removal of the \$400,000 per project funding cap for larger projects under the on-site wind program, establishing competitive procurement within the on-site wind program, and making modifications to the Main Tier of the RPS in order to facilitate development of larger on-site and community-based clean energy projects. DWEA and SED also request that a generation attribute tracking system be implemented as soon as possible. We agree with DWEA/SED that some programmatic changes will help ensure a level playing field among technologies and ensure cost effective and appropriate development of clean energy installations in New York, as discussed below.

II. PROPOSED PROGRAMMATIC SUGGESTIONS

A. REMOVE THE PER-PROJECT FUNDING CAP: Three keys to successful implementation of programs to support on-site clean energy are program certainty, program longevity and program flexibility. It takes time to develop an in-state industry and it takes time for that industry to cultivate a client base. New York has made substantial progress in ramping up the on-site wind industry but could support a much more vibrant market.

When the on-site wind program was first established it did not provide support for larger installations, which undercut the economics of a project for large energy users. Lifting the cap on turbine size made project development much more feasible. However, recent changes to the solar program now tilt project economics in favor of solar over wind rather than providing a level playing field in which the customer can choose one technology or the other. The fact is if a customer has space for a large on-site wind turbine, a solar resource is also present given that both types of systems require a reasonably sized plot of land with no large trees or other tall structures immediately adjacent (the inverse is not true as a customer can have a solar resource but no wind resource). As the figures in DWEA and SED's petition illustrate, a wind energy project can provide more kWh of energy compared to the same sized solar project, and yet cannot receive an equivalent incentive from the state program and therefore has a longer payback period and lower rate of return. Lifting the project cap for larger wind turbines would remedy the situation for that project scale, which is where the disparity is most egregious. As discussed in the petition the set-aside for smaller wind projects should remain as is with its dedicated budget at this time.

B. USE A COMPETITIVE PROCUREMENT: The initial programs for support of clean energy used rebates or similar direct incentives based upon projects meeting certain specified criteria (for both wind and solar projects of various sizes). In more recent years, as the in-state clean energy industry has grown, NYSERDA and the Commission have created solar and multi-technology Main Tier programs based on competitive, pay-as-bid solicitations because these can be more cost effective methods of supporting project development.

DWEA/SED request a program change to a competitive procurement for larger on-site wind installations. ACE NY agrees that instituting a competitive procurement with no per-project funding cap will result in the most cost effective projects and will therefore help New York meet its on-site generation goals. Competitive procurement has been used successfully in both the Main Tier and solar programs of the RPS, and should be extended to the customer-sited wind energy program as well.

C. INSTITUTE A GENERATION ATTRIBUTE TRACKING SYSTEM: The recently enacted law requiring development of a generation attribute tracking system should be implemented as quickly as possible. Furthermore, the system should not only be compatible with neighboring systems but should also include provisions for tracking attributes from distributed generation.

D. CHANGES TO THE MAIN TIER OF THE RPS: The Commission extended Main Tier eligibility to behind-the-meter installations in 2010. However, the Commission and NYSERDA did not make changes to the Main Tier participation requirements to facilitate participation of small and/or behind-the-meter projects. The existing interconnection and deposit requirements, along with a lack of economies of scale,

make it impossible for small projects to effectively compete in the Main Tier, which, combined with existing Customer-Sited Tier program parameters, impedes some project development.

DWEA and SED request certain changes to the Main Tier bid requirements to facilitate participation by behind-the-meter wind installations and community wind projects, defined as less than 20 MW where 51% of the ownership is local. ACE NY believes that there are a number of changes to the Main Tier that would accelerate development of clean energy projects in New York (bringing all of the attendant benefits and allowing the state to meet its clean energy goals), including changes to contract terms for all Main Tier participants, and looks forward to seeing these issues addressed in the RPS review in 2013. New York is indeed leaving megawatts of clean energy undeveloped simply because of program constraints, including the lack of energy or bundled energy/REC contracts, even though these undeveloped projects could contribute to achieving the state's clean energy goals and could provide economic development, public health, and environmental benefits. ACE NY supports an exploration of how best to provide incentives to small and community wind projects that currently cannot participate in the Customer-Sited Tier, although we do not believe Main Tier multipliers are necessarily the appropriate tool.

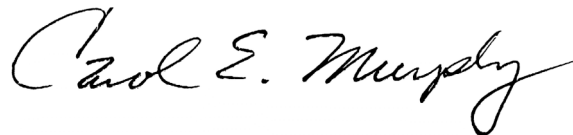
III. CONCLUSION

ACE NY urges the Commission to act on the petition expeditiously and to direct NYSERDA to revise its Customer-Sited Tier wind programs by removing the per-project cost cap and allowing competitive procurement for larger scale projects, as well as accelerate development of a generation attribute tracking system as required by law. The Commission should also consider

how best to provide support for small and community wind projects within a more comprehensive review of the RPS in 2013.

Programmatic changes can create a more vibrant clean energy sector and facilitate installation of the most cost effective clean energy projects needed to meet New York's clean energy goals with a diverse portfolio of projects in terms of both technology and size. New York cannot and should not miss the opportunity to allow towns, school districts and businesses to take advantage of appropriately sized clean energy installations that allow them to control their energy costs.

Respectfully Submitted,

A handwritten signature in black ink that reads "Carol E. Murphy". The signature is written in a cursive, flowing style.

Carol E. Murphy, Executive Director
Albany, NY
December 17, 2012