ACE NY
ALLIANCE FOR CLEAN ENERGY NEW YORK, INC.
Promoting Clean Energy, A Healthy Environment And A Strong Economy For The Empire State.

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By Electronic Delivery

April 2, 2012

Honorable Jaclyn A. Brilling
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 Brilling,

Enclosed for filing are the comments of the Alliance for Clean Energy New York on the Petition for Modification proposal submitted by the New York State Energy Research and Development Authority (NYSERDA) for the allocation of unencumbered 2011 Customer-Sited Tier funds.

Sincerely,

Carol E. Murphy

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

Encl.

New York State
Public Service Commission
Case 03-E-0188 **Proceeding on Motion of the Commission Regarding a Retail Renewable Portfolio Standard**

COMMENTS OF THE ALLIANCE FOR CLEAN ENERGY NEW YORK ON THE NYSERDA PROPOSAL REGARDING UNALLOCATED CST FUNDS

I. INTRODUCTION

The Alliance for Clean Energy New York (ACE NY) respectfully submits the following comments in the Renewable Portfolio Standard (RPS) program proceeding. 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.

These comments are provided to offer partial support for the petition submitted by NYSERDA to the Commission on January 31, 2012, with regard to unallocated funds in the Customer-Sited Tier (CST) of the RPS. ACE NY has traditionally opposed the transfer of funds from one technology to another and supported keeping unallocated funds dedicated to the technology to which it was originally allocated given demand can fluctuate from year to year, and some technologies have needed more "ramp up" time than others. However, given multi-year experience with these programs and changes in markets, we will offer some support for transferring funds among technologies at this time. Specifically, we agree with NYSERDA that the large amount of unallocated funds in the digester program will not be effectively used by that technology in the near term; we also acknowledge that demand for solar photovoltaic installations is significant and funding is deficient. However, we oppose transferring money from the fuel cell program and also oppose transferring the bulk of the unallocated funds to the Geographic Balance Initiative and believe these funds should be distributed more widely among the programs. Finally, we support NYSERDA's proposal to use reallocated funds for photovoltaics in months where demand exceeds the $2 million-per-month schedule previously set by the 2010 program Order and the proposal to revise the designations for residential, non-residential and not-for-profit in the solar program. We believe, however, that NYSERDA should also consider changes to the kW limits for residential and non-residential photovoltaic systems in order to ensure that all customers can install systems appropriate to their individual needs rather than be arbitrarily limited by program parameters.

II. UNALLOCATED FUEL CELL PROGRAM MONEY SHOULD REMAIN WITHIN THE FUEL CELL PROGRAM

We oppose the transfer of the unallocated funds in the fuel cell program and believe they should roll over and continue to be available for fuel cell installations. The amount is small relative to the total of unallocated funds and, as we argue below, we believe the unallocated funds should be partially reallocated to all of the programs rather than primarily to the Geographic Balance Initiative.

As we have noted in past comments and seen through experience in recent years, program stability is crucial to building our in-state green economy and to facilitate consumer and installer confidence in the RPS programs. Fuel cell manufacturers are continuing to invest in product development and marketing and we have seen their presence in New York increasing recently. NYSERDA itself notes in the proposal that market capacity is developing. Withdrawing money previously assumed to be available sends the market the wrong signal; this money should remain with the program to ensure continued consumer and corporate confidence in the program. The fuel cell program used substantially more funding than the $3.6 million budgeted for 2012, and ACE NY believes that close to double that amount was allocated to projects during 2011. We therefore believe that the total allocation for fuel cells for 2012 should increase via a more even distribution of the unallocated funds. Keeping the unallocated funds in the fuel cell program within that program and adding $2.4 million to the fuel cell budget for 2012 would provide funding approximately equal to what was committed during 2011.

III. THE MAJORITY OF THE UNALLOCATED FUNDS SHOULD NOT BE TRANSFERRED TO THE GEOGRAPHIC BALANCE PROGRAM

NYSERDA proposes to transfer the majority of the unallocated funds to the Geographic Balance Program. We oppose the extent of the proposed transfer for three reasons. First, the Geographic Balance Program was already funded by additional and separate money at a level deemed appropriate. Second, that program is neither open nor easily accessible to all technologies eligible under the CST. In fact, it is widely acknowledged that the vast majority of projects within the Geographic Balance Program will be solar photovoltaic installations. Therefore, money allocated to this program is money unavailable to fuel cells, customer-sited wind, and digester installations, which further skews the marketplace and could actually disadvantage upstate customers and installers. Finally, we believe much of the positive feedback on the Geographic Balance Program is due to the fact that it includes competitively awarded and performance-based funding. We suggest that NYSERDA explore the use of competitively awarded, performance-based funding for other CST programs where appropriate (i.e., for larger commercial installations) rather than skew program awards by reallocating the majority of the unallocated funds to the downstate region of the state.

A further concern with the Geographic Balance Program is that it is new and unproven. While awards have been made, we are unaware of any completed projects; in other words, the money has been encumbered but we do not yet have any good indicators of system installation or performance (e.g., no QA/QC). The other programs of the Customer-Sited Tier, on the other hand, do have proven track records.

IV. REALLOCATED FUNDS SHOULD BE MORE EVENLY DISTRIBUTED THAN PROPOSED BY NYSERDA

NYSERDA's proposal takes over thirteen million dollars from the digester program, over four million dollars from the solar thermal program, and over one million from the fuel cell program and reallocates the bulk of those dollars – over thirteen million dollars out of nineteen million – to the Geographic Balance Program. We suggest that the fuel cell money be rolled over within the fuel cell program and that additional funds be provided to fuel cells ($2.4 million), photovoltaics ($5 million), and wind ($3.1 million), with the Geographic Balance Program receiving additional funds (the remainder of over $8 million), but not as much as proposed by NYSERDA. NYSERDA itself notes that the customer-sited wind program is "poised for strong market growth," therefore we believe it should see a more substantial increase in funding to accommodate the increased demand expected from the removal of the arbitrary size cap on turbine size. The photovoltaic program certainly deserves additional funding, but it should be acknowledged that the Geographic Balance Program funds are also likely to fund this technology.

V. CONCLUSION

In summary, we offer partial support for NYSERDA's petition and urge the Commission to rapidly approve the request to roll over and reallocate funds. owever, we believe NYSERDA should be instructed to leave fuel cell funds within that program, and to adjust their proposed reallocation such that customer-sited wind, photovoltaics and fuel cells receive a more significant share of the reallocated digester funds. We also suggest either a less significant reduction for the solar thermal fund than the one proposed, or holding some money in reserve to ensure that there are sufficient funds available to meet demand for that technology as it increases its presence in the state.

Respectfully Submitted,

Carol E. Murphy

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

Albany, NY
April 2, 2012