

United States Senate
WASHINGTON, DC 20510

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FINANCE
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August 6, 2012

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

Dear Chairman Garry Brown,

I write to urge you to approve Hudson Valley Clean Energy, Inc. recent petition to the Public Service Commission (PSC) requesting an increase in the Net Metering Limit for Central Hudson Gas & Electric (CHG&E) under Public Service Law §66-j. As you know, under New York State's current law, privately-owned utilities must only provide net metering access for residential and other solar power generators up to 1 percent of their "peak demand" in the year 2005. Up until last week, no utility in our State had reached this artificial limit, allowing homeowners and businesses to freely fill the electric grid with clean, reliable energy and our local communities with hundreds of green jobs designing and installing these systems. A few days ago, CHG&E reached their 12 MW limit and quickly announced that they would no longer accept applications for solar net metering installations in their service territory. Considering Public Service Law §66-j explicitly provided utilities the ability to voluntarily exceed their caps and that CHG&E's cap is an extremely small percentage of the company's overall energy portfolio, I was disappointed in this announcement. Fortunately for New York's clean energy economy, however, the law also provides the PSC the authority to raise the limit if it determines that action would be in the public interest.

New York State has become a hotbed for solar energy innovation and leadership. In April of last year, I was proud to announce that after many months of advocacy, SEMATECH and the College of Nanoscale Science and Engineering (CNSE) at UAlbany secured a \$57.5 million federal grant for the U.S. Photovoltaic Manufacturing Consortium (PVMC). With this federal funding, the partnership will conduct cutting-edge research in solar technology so that New York can increase the United States' share of the photovoltaic technology and products market, and potentially create thousands of new clean jobs over the next decade. There are over 80 companies in this consortium and the funding will allow the Capitol region to continue to attract small and medium sized companies working in the solar engineering and materials supply chain. And on the back end of the solar equation - new installations - New York has seen massive growth in the firms providing these services over the past decade due to federal, state and local incentive programs and the efforts of private and public utilities. Studies have shown that New

York is one of the top ten states in the U.S. for solar jobs. Without even accounting for academic or service-related positions tied to solar, a 2011 report showed that New York had the fifth highest number of solar businesses in the country with 840 shops.

Despite this great progress, Hudson Valley Clean Energy issues a dire warning for this growing industry in their recently filed petition. Jeff Irish, President of the 40-employee solar design and installation company out of Rhinebeck, NY, argued that without a short-term tripling of CHG&E's capacity to 36 MW and an immediate push by the PSC to get the utility to re-active their program, the regional PV market would shut down entirely. It is my understanding that scheduled installations are already being canceled at the time of this writing. Irish went on to say that companies like his also subcontract to vulnerable local electricians, excavators, structural engineers, and electrical inspectors and purchase electrical and construction material from local suppliers. "A slowing down of the market," Irish wrote, "will result in immediate job losses in the Hudson Valley at a time when New York State can least afford it."

While the CHG&E petition is today's main focus, there is also a long-term issue with the 1% cap that the PSC must begin to consider. If New York State is to maintain its leadership role in solar technology innovation, homeowners and businesses alike must also maintain the ability to receive net metering from the private utilities managing the electric grid. Simply put, solar manufacturers and installers need customers and New York State should be ground zero for their sales. Though it is not publicly available information, it is reasonable to assume that New York's other privately owned utilities could approach their "aggregate capacity limit" in the not-so-distant future. Moreover, other solar pioneer states like California and New Jersey have much higher limits for net metering capacity. I readily acknowledge that as solar use grows that other changes in the net metering rules may also be needed in order to fairly compensate the utilities for the cost of distributing solar-generated power. But if New York State is to continue to lead in solar technology jobs and innovation, the PSC must consider doing a comprehensive review of the state's aggregate capacity limit to send a signal to the solar industry, electric utilities and future solar customers that the net metering program is going to be open for business.

Again, I ask you, in the interest of the growth of the State's solar industry, to exercise this authority as soon as possible and put our solar industry back to work.

Sincerely,



Charles E. Schumer
United States Senator