



194 Washington Avenue
Suite 320, Albany, NY 12210
Ph. 518.432.1405 • Fx. 518.432.1407
info@aceny.org • www.aceny.org

By Electronic Delivery

September 28, 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 12-E-0343–Petition of Hudson Valley Clean Energy, Inc. to Increase
Central Hudson Gas & Electric Corporation's Net Metering Limit**

Dear Secretary Brillig,

Enclosed for filing are the comments of Alliance for Clean Energy New York on the petition of Hudson Valley Clean Energy, Inc. to increase Central Hudson Gas & Electric Corporation's net metering limit.

Sincerely,

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

cc: Robert Hallman, Executive Chamber
Thomas Congdon, Executive Chamber
Commissioner Garry Brown, Chairman, PSC
Commissioner Maureen Harris, PSC
Commissioner James Larocca, PSC
Commissioner Patricia Acampora, PSC
Commissioner Gregg Sayre, PSC

COMMENTS OF ALLIANCE FOR CLEAN ENERGY NEW YORK

I. INTRODUCTION

Alliance for Clean Energy New York (ACE NY) is a unique blend of energy industry and environmental interests working together to promote clean energy, energy efficiency, a healthy environment and a strong economy for New York State. Our diverse membership includes renewable energy and energy efficiency companies, environmental and economic development organizations, academic institutions, and consultants to the energy sector. ACE NY supports net metering for clean, on-site power generation using renewable resources. We have worked on both legislation and Commission proceedings regarding net metering for many years.

We are submitting these brief comments as a follow-up to the comments we filed on July 26, 2012 in support of Hudson Valley Clean Energy's petition. We request that the Commission raise Central Hudson's cap for net metered installations to *at least* 36 MW and require that the utility provide notice to the public and the Commission at least six months prior to reaching a level at which they will no longer provide net metering without further Commission action. We also note for the record that the cap does not apply solely to solar installations. Furthermore, we request that the Commission address the issue of net metering caps more broadly – for all utilities and for all net metered technologies. The Commission must ensure that ample notice of a utility potentially reaching its cap is made in such a manner that the Commission has the ability to raise it without harming customers or the industries providing the installations. Customers and installers need continuity and assurances that net metering will be available as they develop plans for systems at their homes and businesses.

II. BACKGROUND

Net metering is a simple, easily administered method of encouraging customer investment in renewable energy technologies. Without net metering, the financial attractiveness of investing in on-site clean power generation is severely reduced. In addition, without net metering, owners of these systems would at times be providing power for free to their utility, who would in turn sell it to others at retail rates. As such, the utility would be increasing its profits at the expense of the consumers with on-site systems. Each of the PSC-regulated utilities has a cap on net metered systems set by statute, with the caveat that they may exceed the cap at any time at their discretion and, in addition, that the Commission can raise the cap if it finds doing so is in the public interest.

In July, Central Hudson notified renewable energy system installers and customers in its service territory that it would no longer provide net metering since it had reached its cap of 12 MW. This cessation of net metering had an immediate impact on customers' willingness to install a system and, as a consequence, on the installers. Hudson Valley Clean Energy (HVCE) filed a petition to have the net metering cap raised, and after public airing of the issue that included support from elected officials and various groups, Central Hudson agreed to continue to provide net metering to new installations while the Commission considered the petition. This action was essential as many solar installers are small, local businesses that cannot survive without a continuous stream of projects. A disruption of several months for consideration of the petition may very well have driven some of them out of business.

Increased use of on-site renewable power is in keeping with state energy policy as evidenced by NYSERDA programs in support of the customer-sited tier of the Renewable Portfolio Standard (RPS), including the additional target added via the NY-Sun initiative. Public Service Law authorizes the Commission to increase the ceiling on the total megawatts eligible for net metering from cumulative installations if the Commission determines that additional net metering is in the public interest. The installation of photovoltaic, on-site wind systems, anaerobic digesters and fuel cells is contributing to the generation of electricity from clean, renewable, distributed sources. Net metering assists customers by providing stable-priced clean power, supports economic development by supporting local businesses, and reduces stress on the grid at times of peak demand, without contributing to the erosion of air quality. Given these broad benefits, net metering is clearly in the public interest.

III. THE COMMISSION MUST ELIMINATE OR RAISE NET METERING CAPS

There are net metering caps in place for each utility that cover the various technologies identified in net metering law. While the petition at hand concerns only the cap of Central Hudson, we respectfully suggest that the time is ripe for the Commission to review the caps of all utilities. One possible approach to ensuring continuity and confidence in the marketplace for on-site clean generation is to remove the caps entirely. Then, if a utility feels the number of net-metered installations is having an adverse financial impact on ratepayers, it could file a petition to cap or end net metering providing it has adequate justification. If this is not possible because caps are included in the net metering statute, the Commission should raise the caps to ensure the state can meet its goals for on-site generation under the RPS, including NY-Sun.

IV. THE COMMISSION MUST ENSURE ADEQUATE OVERSIGHT FOR ADVANCE NOTICE OF A CAP BEING REACHED

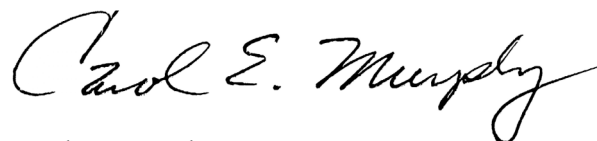
When net metering caps are in place, we firmly believe it is the Commission's responsibility to require the utilities to provide adequate notice of when they are reaching their caps. The notice must be sufficient to allow for the Commission to receive comment and act on raising the limits before they are reached. We understand that the utilities will not be able to accurately predict demand for on-site generation but they can provide a provisional notice six

months prior to when they believe they may reach the cap based on the previous history of installations in their territories. Also, they could be required to report every 3 to 6 months on the number of megawatts being net metered, and the DPS staff could evaluate when it is appropriate to address the cap, which should be well before it is reached. NYSERDA may also be a useful source of information on the number of installations and total number of megawatts expected given most of the systems will receive an RPS award under NYSERDA's customer-sited tier, geographic balancing and NY-Sun programs.

V. CONCLUSION

ACE NY urges the Commission to act expeditiously to ensure confidence and continuity in the on-site renewable energy marketplace. Net metering caps for each utility must be high enough to at least cover the expected installations under the NY-Sun and other RPS customer-sited tier programs. In addition, the Commission should ensure that utilities submit periodic and complete reports to the Commission on the amount of net metered installations in their service territories and that DPS staff monitor these reports and address the caps as needed well before any are reached. Continued increases in the use of clean power generation benefits the public at large, helps consumers control their electric bills, and merits PSC and utility support.

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
September 28, 2012