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Gavin J. Donohue, *President &
Chief Executive Officer*

April 16, 2012

Via email at: Secretary@dps.ny.gov and rps@dps.state.ny.us

Ms. Jaclyn A. Brillling, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

Re: PSC Case Number 03-E-0188; I.D. No. PSC-09-12-00010-P

Dear Secretary Brillling:

IPPNY is a not-for-profit trade association representing the independent power industry in New York State. IPPNY's members¹ are companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. IPPNY has been an active participant in the New York State Public Service Commission's (PSC) Renewable Portfolio Standard (RPS) proceeding.

According to the February 29, 2012 issue of the New York State Register, the PSC is considering a petition by the New York State Energy Research and Development Authority (NYSERDA), which proposes to implement the NY Sun Initiative as part of the RPS. IPPNY submits the following comments on NYSERDA's petition.

IPPNY strongly opposes NYSERDA's suggestion to reallocate \$90.5 million in funding from the current RPS Main Tier budget to the Customer-Sited Tier (CST). IPPNY also disagrees with NYSERDA's rationale for transferring Main Tier monies to the CST. In its justification for proposing the transfer of Main Tier monies, NYSERDA states that:

"The question of whether federal investment grants and/or production tax credits (PTC) will be extended beyond 2012 has created a great deal of uncertainty in the market for

¹ All of the views expressed in IPPNY's comments do not necessarily represent the positions of each of our members. Since IPPNY represents a broad spectrum of companies, we anticipate some of our members also may submit comments on their own.

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large-scale renewable development, on a national level. Expectations as to the near-term level of interest in future Main Tier opportunities are, in turn, subject to continuous reevaluation. However, because Main Tier contracts are long-term and entirely production-based, NYSERDA does not expect this reallocation from the Main Tier to affect either the schedule or outcome of Main Tier procurements in the 2012-2013 timeframe, even if the PTC is extended, given the available Main Tier budget. In the 2013 RPS program review, the Commission could consider all available funding options to support the expanded PV program, potentially including a modest increase in collections. As stated, given the planned overall 2013 RPS Program review, a reallocation from the Main-Tier to fund 2012 and 2013 PV program activity may be the most prudent option at this time.”

Contrary to NYSERDA’s statements, renewable energy developers are not slowing down their investment due to uncertainty about the PTC, and Renewable Energy Credit (REC) contracts still are needed and should continue to be supported by the RPS Main Tier with its current and full allocation of funding. The Main Tier RFP process must continue to be transparent and regular. Furthermore, NYSERDA should not take steps to increase investment uncertainty. The RPS program needs to have certainty for investment, and transferring away Main Tier monies increases the uncertainty of an already complex situation. Indeed, as NYSERDA’s petition admits, the PSC also can decide whether to increase the collection of RPS funding to support activities of the CST, as part of the PSC’s planned overall 2013 RPS Program Review.

New York State should continue to allocate Main Tier monies to secure additional beneficial investment. As evidenced by a review of the outcome of RPS Main Tier solicitations², the allocation of Main Tier funding has resulted in the successful development of many renewable energy projects:

- In June of 2011, NYSERDA awarded \$191 million to 17 contracts.
- In March of 2010, NYSERDA provided \$204 million to 8 contracts.
- In October of 2009, NYSERDA selected 5 proposals to receive \$96 million.
- In November of 2007, NYSERDA awarded \$118.6 million to 11 proposals.
- In December of 2006, NYSERDA provided \$263.7 million to 21 proposals.
- In January of 2005, NYSERDA chose 5 proposals to receive \$173.6 million.

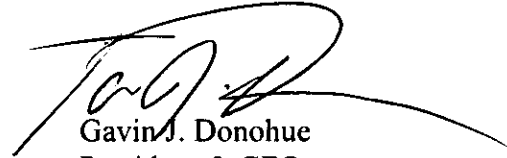
IPPNY also would like to make comments on the program parameters of the proposed NY Sun Initiative, separate from the issue of funding. To allow for better and longer-term market development, the program needs to have greater certainty in terms of duration and could be extended beyond a 2015 time horizon; otherwise, the state would be embarking on a four year (at best) program. To allow for better business planning, the procurement schedule needs to be defined in advance, with regular and enforceable timing. Additionally, the New York Solar Study should be updated as the program proceeds in 2014 and coincident with any program

² <http://www.nyserdera.org/rps/pastSolicitations.asp#pastsolicitations>

extensions, in order to account for new information as well as technology development and improvements.

Thank you for the opportunity to provide these comments, and IPPNY urges you to incorporate them into your decision-making. If you have any questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Donohue', with a long horizontal flourish extending to the right.

Gavin J. Donohue
President & CEO

CC: Robert Hallman, Governor Cuomo's Deputy Secretary for Energy
Thomas Congdon, Governor Cuomo's Assistant Secretary for Energy
Francis J. Murray, Jr., NYSERDA President & CEO