



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

April 16, 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 the Alliance for Clean Energy New York on the petition for expansion of the RPS Customer-Sited Tier photovoltaics program submitted by the New York State Energy Research and Development Authority (NYSERDA) as a contribution to the NY-Sun Initiative.

Sincerely,

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

Encl.

**COMMENTS OF
THE ALLIANCE FOR CLEAN ENERGY NEW YORK
ON THE NYSERDA PROPOSAL FOR “NY-SUN”**

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.

ACE NY is committed to wider adoption of clean energy resources in New York, and welcomes NYSERDA’s petition issued in response to Governor Cuomo’s call for additional resources for solar installations. We do, however, caution that the proposed program is more limited in nature than what we feel is needed to support development of a vibrant in-state solar sector, and we can only support the proposal as long as it does not adversely impact other RPS technologies (both Main Tier and Customer-Sited Tier) for which New York has a nascent in-state industry. Furthermore, we believe the time is ripe for recommitting ourselves as a state to our clean energy goals through an extension of the Renewable Portfolio Standard beyond 2015.

II. PROPOSED FUNDING MECHANISMS FOR EXPANSION OF SOLAR DEPLOYMENT

As matter of principle, ACE NY has been opposed to transferring RPS funds from one technology to another, which has generally been applicable to Customer-Sited Tier (CST) technologies, but applies equally to transferring funds from the Main Tier to the CST (i.e., solar). NYSERDA's four-year proposal in this petition is to transfer Main Tier funds to solar programs for the first two years and leave the source of funding for the remaining two years to be decided during 2013.

Although we are in principal opposed to the transfer of funds from the Main Tier to the CST, as a practical matter the proposed reallocation does not appear to have an adverse impact on the Main Tier given current financial issues and the timeline for development of Main Tier resources. We can only provide limited support for the proposal, however, with this support being contingent on Main Tier solicitations continuing as previously planned and at the same funding level as previously anticipated, and also contingent on avoidance of an adverse impact on other Customer-Sited Tier technologies. Customers should not be induced to choose one eligible resource over another merely because of a more generous incentive; the CST incentives should place technologies on equal footing from the customer's vantage point. In other words, a customer with a viable solar resource and a viable wind resource should not need to choose solar solely because of a state incentive that makes it the better choice financially. In addition, we believe the Commission, if it chooses to transfer Main Tier funds to the Customer-Sited Tier programs, must be clear that the transfer is limited in amount and limited to those two years. In other words, funds for NY-Sun in years three and four must come from increased collections or an alternative approach.

III. NEED TO EXTEND NEW YORK'S COMMITMENT TO CLEAN ENERGY BEYOND 2015

The current RPS is only authorized to procure new resources through 2015. It is clear that New York will not meet its clean energy goals by 2015, and it is increasingly clear that the state and the nation need to accelerate the transition to a clean energy economy. ACE NY believes the time is ripe for a renewal of the state's commitment to clean energy through a renewal and extension of the RPS.

In its petition, NYSERDA suggests that the Commission "reassess overall RPS funding needs and funding sources, including the needs for the balance of the expanded PV program, in the 2013 RPS Program Review." The Commission, Department of Public Service (DPS) and NYSERDA have long realized the importance of continuity and long-term commitments to instill confidence in programs that require large upfront investments by companies (who can and will take their investment dollars elsewhere if they lose confidence). The RPS is scheduled to procure new resources for New Yorkers only through 2015. ACE NY strongly opposes any indication that funding previously assumed to be available for procurement of RPS resources may be unavailable in 2014 or 2015 because of the 2013 review. While we agree that an assessment in 2013 can be invaluable, it should be forward looking for *all* RPS resources, not just NY-Sun, and how the state can meet its long-term clean energy goals.

Given the time needed for stakeholders and the Commission to explore the best method for meeting state energy goals, it makes sense to move seamlessly from a 2013 review to a continuation of the RPS proceeding and adopting an "RPS II" program extending beyond 2015. The proceeding should consider potential changes to the incentive and procurement structure since much has changed in the financial community at large and in the clean energy economy specifically since adoption of the RPS in 2004. However, there should be no break in funding or

regular procurement, which means that the time to consider the extension of the RPS – and any needed program changes for the post-2015 period – is now.

IV. NY-SUN IMPLEMENTATION DETAILS

NYSERDA proposes to double current PV investment in the CST but states that the funding proposal to achieve the increase in installations is but one piece of the broader NY-Sun effort. The overall effort, according to NYSERDA, includes LIPA initiatives, streamlined permitting and decreased balance of system costs, a sales tax exemption for commercial systems, and an expansion of income tax credit to leased systems. However, not all of these efforts are moving forward as planned (the income tax credit and sales tax exemption did not make it into the final budget bill that was passed) and are therefore unlikely to have the intended effect. The state should continue working to ensure that these additional pieces are implemented successfully.

In its petition, NYSERDA argues that the proposal will support 269 MW in 2012-2015 and an additional 110 MW thereafter (from lags between funding and installation). The proposal requires an additional \$54 million per year in addition to the existing \$54 million per year dedicated to solar installations, setting total funding at \$108 million per year: \$24 million for a statewide rebate program, \$30 million for the Geobalance program, and an additional \$54 million for the new NY-Sun initiative. The proposal suggests using 75% of the reallocated funds for a competitively bid program for larger systems in a manner similar to the Geobalance program, and 25% for additional funds for the standard offer program for smaller systems. ACE NY has supported the awarding of funds through competitive bidding but cautions the Commission and NYSERDA that the Geobalance program does not yet have a proven track record – the awards may have been made but to the best of our knowledge the systems have not

yet been successfully installed. Furthermore, this approach to supporting solar installations appears to only support behind-the-meter installations and does not incorporate larger, wholesale energy market oriented systems; it also appears to bifurcate the market into small (rebate program) and large (competitive auction) installations, potentially leaving out mid-sized systems. The state's solar programs should support a variety of system sizes from small to medium to large.

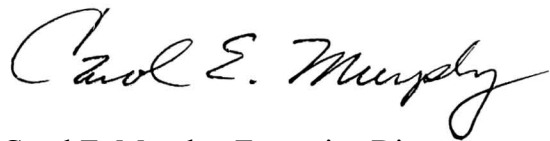
The overall goals in the petition also depend upon the use of reallocated unencumbered funds from within the CST as proposed by NYSERDA in an earlier petition. ACE NY has offered partial support for that previous reallocation request. We suggested that the Commission change the requested distribution of unencumbered CST funds to ensure all CST technologies receive a fair share. This would reduce the amount available to solar installations and may require a reevaluation of the number of MWs expected. Additionally, the NY-Sun proposal drastically increases the amount of money available for solar installations while leaving the amounts for other technologies static at a low level. For example, the NYSERDA petition, if approved, would essentially be providing \$108 million/year to solar while the previously submitted NYSERDA petition, if approved as is, would provide only a small fraction of that for the other CST technologies. The technologies do not require exactly the same per-kWh level of support nor exactly equal funding, but this great disparity in funding will not allow for customers to view a level playing field when choosing a renewable energy system.

V. CONCLUSION

In summary, ACE NY believes additional resources are needed for solar installations and we can provide partial support for NYSERDA's proposal providing it does not in any way adversely impact the solicitations for Main Tier resources or have the unfortunate outcome of

swaying customers' decisions regarding the type of renewable energy systems they install because of incentive structures that prioritize one eligible technology more than another. Furthermore, the Commission should use this opportunity to recommit the state to clean energy resource development and our state energy goals over the long term by considering how to extend the RPS beyond 2015.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Carol E. Murphy". The signature is written in black ink and is positioned above the typed name and title.

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

Albany, NY
April 16, 2012