

October 1, 2012

**BY ELECTRONIC MAIL**

Hon. Jaclyn A. Brillig  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223-1350

Re: NYSERDA Comments – SAPA Notice No. PSC-33-12-00012-P

Dear Secretary:

The above-referenced Notice invites comments on the petition filed by Hudson Valley Clean Energy, Inc. (HVCE) on July 20, 2012 (Petition). In its Petition, HVCE asks the Commission: (1) to increase the mandatory minimum net metering capacity limit in the Central Hudson Gas & Electric Company (Central Hudson) service territory from 12 MW to 36 MW, and (2) to direct Central Hudson to resume accepting and processing net metering applications. NYSERDA respectfully submits these comments.

NYSERDA supports HVCE's request for an increase in the mandatory minimum net metering capacity limit (Capacity Limit) to 36 MW, or 3%, in the Central Hudson service territory, which has been among the most fertile areas of the State for net metered installations over the past several years. NYSERDA also supports an increase of the Statewide Capacity Limit to 3%, and, for the reasons stated below, submits that a Statewide increase to 3% would be in the public interest.

The Capacity Limit for solar, farm waste, micro-combined heat and power, fuel cell and micro-hydro electric generating equipment is set by the Public Service Law for each utility service territory at 1% of the utility's electric demand for the year 2005.<sup>i</sup> Based on information provided by Department of Public Service (DPS) Staff, 1% of the aggregate 2005 statewide load converts to a Capacity Limit of 12 MW in the Central Hudson territory and 243 MW Statewide.

Solar and farm waste equipment are eligible resources under the Renewable Portfolio Standard Customer-Sited Tier (CST) program. According to the CST Program Operating Plan 2012-2015 (CST Plan), the combined goals for the solar and farm waste CST programs are projected to involve total capacity installations of 442 MW, nearly double the current limit.<sup>ii</sup> Included in this number is the goal for the NY-Sun initiative, which was only recently approved by the Commission.

Eligibility for net metering was assumed in the setting of all of the individual CST goals and in the calculations estimating the amounts of incentive funding that would be required to achieve the goals of each program. If the net metering capacity limit is not increased, net metering will eventually become unavailable to new participants, which will have a direct and substantial impact on the cost to potential program participants and, in turn, on the ability of the CST programs to achieve their goals.

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While the projected capacity additions indicate that, on a Statewide basis, a smaller increase might be sufficient, as the Petition demonstrates, the rate of capacity additions varies across the service territories. A Statewide increase to 3% will avoid the sort of disruption in other service territories that is the subject of the Petition. An increase to 3% should not result in any negative impact on electric system impacts. On a micro level, all utilities retain the right to deny net metering to an installation that threatens the network. On the macro level, because solar PV is relatively peak coincident, any negative impact due to the non-dispatchable nature of additional PV capacity will be minimal.

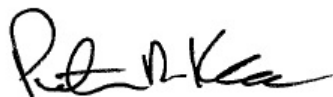
The Commission is authorized by § 66-j to increase the Statewide mandatory net metering capacity limit percentage if it “determines that additional net energy metering is in the public interest.” In its April 24, 2012 Order, the Commission authorized NYSERDA to expand its solar photovoltaic programs and to reallocate more than \$90 million in unencumbered RPS Main Tier funding to that expansion, finding such action to be reasonable, cost-effective, and the most efficient method of increasing solar PV penetration.<sup>iii</sup> The aggregate goals and funding amounts were included in the CST Plan, which was submitted at the Commission’s direction and approved by DPS Staff as consistent with the Order. Given the importance of net metering to the achievement of the CST goals, NYSERDA submits that a Statewide expansion of its availability to 3% would be in the public interest.

As to HVCE’s request that Central Hudson be directed to resume accepting net metering applications, we understand that Central Hudson voluntarily did so within a week of its initial action, pending the Commission’s decision on the Petition. NYSERDA appreciates Central Hudson’s cooperation in limiting the disruption to the industry caused by this situation, and its support of behind-the-meter renewable energy installations over the past several years.

Finally, NYSERDA suggests that, in order to avoid future unanticipated disruptions, it would be in the interest of all parties to establish, in conjunction with the utilities, on-going close monitoring of net metering applications and installations in each service territory as compared to the applicable mandatory net metering capacity limit.

NYSERDA appreciates the opportunity to file these comments.

Respectfully submitted:



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<sup>i</sup> § 66-j(3)(a).

<sup>ii</sup> See CST Plan at p. 7, Table 2-3.

<sup>iii</sup> Case 03-E-0188; “Order Authorizing the Expansion of the Solar Photovoltaic and Geographic Balance Programs from 2012 through 2015 and the Reallocation of Main-Tier Unencumbered Funds,” issued and effective April 24, 2012, at p. 9.