



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

July 25, 2011

Honorable Jaclyn A. Brillling
Secretary to the Commission
New York State Public Service Commission
Agency Building 3, Empire State Plaza
Albany, New York 12223-1350

**RE: Case 10-M-0457: Petition of New York State Energy Research and
Development Authority in the Matter of the System Benefits Charge IV
(SAPA No. 10-M-0457SP3)**

Dear Secretary Brillling,

Pursuant to the electronic filing guidelines of the Public Service Commission of the State of New York, enclosed for filing are the comments of the Alliance for Clean Energy New York in response to the Commission's request for comment on NYSERDA's "Operating Plan for Technology and Market Development Programs" in the System Benefits Charge IV proceeding (SAPA No. 10-M-0457SP3).

Sincerely,

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

Encl.

**New York State
Public Service Commission
Case 10-M-0457**

**Proceeding on Petition of New York State
Energy Research and Development Authority
In the Matter of the System Benefits Charge IV**

**COMMENTS OF THE
ALLIANCE FOR CLEAN ENERGY NEW YORK
ON THE PETITION OF THE NEW YORK STATE ENERGY
RESEARCH AND DEVELOPMENT AUTHORITY IN THE
MATTER OF THE SYSTEM BENEFITS CHARGE IV
(SAPA No. 10-M-0457SP3)**

I. Introduction

The Alliance for Clean Energy New York (ACE NY) submits these comments in support of NYSERDA's petition for continuation of the System Benefits Charge (SBC) to support clean energy development activities in the state of New York. ACE NY is a nonprofit organization whose mission is to promote the use of clean, renewable 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 renewable energy and renewable energy technologies, as well as energy efficiency services, in New York.

NYSERDA has submitted a revised Operating Plan that thoroughly explains the proposed programs and the multiple benefits the State will receive as a result. Past experience with the SBC programs also illustrates that New York's investment in clean energy programs provides environmental and economic benefits that would not be obtained otherwise.

We support the proposals in the Technology and Market Development programs presented by NYSERDA, including those not discussed in detail below such as *Advanced Buildings, Advanced Energy Codes and Standards, and Environmental Monitoring, Evaluation and Protection*. The SBC IV Operating Plan clearly is in keeping with and supportive of the goals of the most recent State Energy Plan. Implementation of the State Energy Plan and other statewide reviews of energy policies and programs, such as the Governor's Renewable Energy Task Force and the Climate Action Plan, are critically important tools for combating climate change and growing New York's green economy. The imperative to transition to a clean energy economy is stronger than ever, and the Commission should quickly approve the Operating Plan and continued collections to fully fund it.

II. Development of Renewable Marine Energy Resources

Offshore wind and tidal energy projects require a very large lead time, and sufficient research activities and supporting data must be compiled before construction can begin. New York has already begun to actively pursue the possibility of a large wind project off the coast of Long Island, which could provide emission-free power to New York's critical load center. We strongly support that effort and believe it is appropriate for NYSERDA to use SBC funds to help facilitate the process.

As we said in our previous comments in this proceeding, we support the use of SBC funds to lay the groundwork for development of our offshore wind and tidal energy resources. NYSERDA should explore which studies or activities will be most helpful to this effort, potentially including wind resource and wave assessment and collection of meteorological data (from state-of-the-art technologies such as LIDAR buoys), marine mammal studies, or transmission development studies, etc. In other words, SBC funds should be used for actions

that will complement the issuance of a Request for Proposals. Actions to facilitate development of offshore wind resources are proceeding aggressively in a number of the Mid-Atlantic States. New York should embrace this activity with coordinating efforts such as the Mid-Atlantic Regional Council on the Ocean (MARCO) and through serious and concrete studies and activities designed to facilitate permitting and answer stakeholder questions and concerns.

Failure to rapidly accelerate exploration and investment in our renewable marine energy resources will adversely impact New York's ability to reap the benefits of these clean sources of power, including investment opportunities encouraged by the development of offshore resources. Not only will New York forego the electricity that these resources can provide, but we also will miss the accompanying economic development opportunities such as port expansion, shipbuilding, and other transportation sector activities.

III. Support for Renewable Resources and Smart Grid Development

NYSERDA's clean power programs are an important tool for advancing clean energy industry innovation beyond resources that are market-proven and therefore already part of the EEPS and RPS resource acquisition programs. They also provide opportunities to reduce the cost of renewable resources and to support innovation tailor made to New York's specific needs. New York is a large and populated state with downstate load pockets and a downstate electric grid that differs from those found in most other states. NYSERDA is best positioned to encourage businesses to address state-specific needs.

The "smart grid" at present covers a wide variety of technologies and approaches to electricity production and distribution. Much work remains to be done to determine the best methods for improving the delivery of electricity to end users and providing end users with more and better information that will enable them to use electricity more efficiently. NYSERDA

programs have and, with appropriate funding, will continue to provide demonstration projects and market information to help in the creation of “smart” consumers and a truly smart grid. NYSERDA programs are key because the private sector is looking for state leadership and support for innovative approaches. Not all of them will succeed, but without the attempts, failure is guaranteed.

We also support efforts to build the infrastructure needed for more widespread adoption of electric vehicles. However, we believe NYSERDA’s programs should focus on encouraging programs that utilize and support using renewable fuels for transportation, including hydrogen fuel cells for public transit options.

IV. Combined Heat and Power (CHP)

ACE NY supports NYSERDA’s request for funds for CHP project support. CHP is not supported by the RPS, nor do we believe it should be unless it is provided by an otherwise eligible technology such as a fuel cell. We are particularly interested in seeing NYSERDA focus their CHP initiatives on support for units that use RPS-eligible and renewable fuels and for eliminating market barriers to more widespread adoption of CHP fuel cells.

V. Market and Clean Energy Business Development

The existence of the EEPS and the RPS does not obviate the need for continued investment in energy efficiency and renewable energy programs with the use of SBC funds. As the comments of Pace Energy and Climate Center/NRDC have clearly pointed out and with which ACE NY concurs, the SBC has served a purpose that goes well beyond the type of outcomes one finds in the EEPS programs, particularly given the restricted “total resource cost” test used in EEPS and the broader view of benefits historically used by System Benefits Charge programs. Therefore, we support using SBC funds to address market barriers, to support

widespread adoption of existing technologies and practices, *and* to promote the development and testing of new and innovative approaches.

ACE NY believes that SBC funds should be used to address market barriers to technology adoption, conduct market research, and build the infrastructure necessary to support wide-scale adoption of efficiency and clean energy technologies. Access to capital and inadequate information prevent consumers and small businesses from taking advantage of energy efficiency and clean energy options. Targeted programs funded by the SBC can help overcome these barriers. Market research and analysis projects can help identify needs and opportunities that lead to more widespread use of low- and zero-emission technologies.

ACE NY also believes it is essential to continue SBC programs focused on business and market development and building market demand for clean energy. These initiatives help support in-state clean energy businesses and, therefore, provide multiple benefits: they help support in-state entrepreneurial efforts and help consumers lower their emissions profiles and control their energy expenditures.

VI. Generation Attribute Tracking System

NYSERDA should ensure that SBC money is available for the development of a generation attribute tracking system (often also called a renewable energy credit or REC tracking system). In past funding rounds of the SBC, NYSERDA has allocated limited funds to help New York transition from its current “conversion transaction” system to one more compatible with the green power market and other jurisdictions. Much progress on this issue was made through NYSERDA's efforts and stakeholder input, including a successful conference organized by DPS and NYSERDA staff. Such a system will need very little, if any, ongoing state funding but, rather, will be paid for by users. However, if NYSERDA funds to help start a tracking system

are no longer available, we believe a small amount of SBC IV money should be allocated for this purpose.

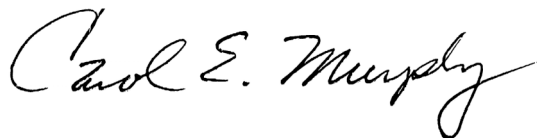
VII. Advice and Oversight

ACE NY strongly supports the Plan's proposal to establish a T&MD Advisory Committee, which is similar to the SBC Advisory Board used in the past. Input provided by the Committee, as well as the broader universe of stakeholders included at the annual program conferences NYSERDA proposes, will help ensure the SBC IV programs are operating as effectively as possible. In addition, we believe NYSERDA's description of their policies and procedures for administration and oversight of the program are appropriate.

VIII. Conclusion

In summary, we strongly support the continuation of the System Benefits Charge and support the approach to spending this money as outlined in the Operating Plan for Technology and Market Development Programs submitted by NYSERDA on May 16, 2011.

Respectfully Submitted,

A handwritten signature in black ink that reads "Carol E. Murphy". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Carol E. Murphy, Executive Director
Alliance for Clean Energy New York, Inc.
Albany, NY
July 25, 2011