



November 12, 2013

Honorable Kathleen H. Burgess
Secretary to the Commission
New York State Department of Public Service
Three Empire Plaza
Albany, NY 12223-1350

Submitted electronically via secretary@dps.ny.gov

RE: CASE 03-E-0188; CASE 13-M-0412

Dear Secretary Burgess:

Please find attached reply comments of the Solar Energy Industries Association in the above referenced docket.

Regards,

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Solar Energy Industries Association

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

November 12, 2013

CASE 03-E-0188 - Proceeding on Motion of the Commission Regarding a Retail
Renewable Portfolio Standard

CASE 13-M-0412 - Petition of New York State Energy Research and Development
Authority to Provide Initial Capitalization for the New York
Green Bank

**REPLY COMMENTS OF SEIA ON NYSERDA'S PETITION FOR
MODIFICATIONS OF THE NEW YORK SUN PROGRAM AND
ESTABLISHMENT OF A NEW YORK GREEN BANK**

I. INTRODUCTION AND BACKGROUND

In response to the Department of Public Service notice of September 13, 2013 in the above referenced proceedings, the Solar Coalition and numerous other parties submitted initial comments.¹ In accordance with the same notice of September 13, 2013, SEIA respectfully submits reply comments. SEIA's comments are limited and address specific issues raised by Multiple Intervenors, Natural Resource Defense Council/PACE and Joint Utilities.²

Established in 1974, the Solar Energy Industries Association (herein referred to as SEIA) is the national trade association of the U.S. solar energy industry. Through advocacy and education, SEIA and its member companies are building a strong solar industry to power America. As the voice of the industry, SEIA works to make solar a mainstream and significant energy source by expanding markets, removing market barriers, strengthening the industry and

¹ Vote Solar Initiative, Natural Resources Defense Council, Solar Energy Industries Association, Pace Energy and Climate Center, and New York Solar Energy Industries Association (hereafter referred to as the "Solar Coalition")

² The comments herein reflect those of SEIA, the national association, and not necessarily those of any individual member company.

educating the public on the benefits of solar energy. SEIA represents the entire solar industry, encompassing all major solar technologies (photovoltaics, concentrating solar power and solar heating and cooling) and all points in the value chain, including financiers, project developers, component manufacturers and solar installers.

II. COMMENTS REGARDING NYSERDA’S PETITIONS TO MODIFY THE NY-SUN PROGRAM AND ESTABLISH A GREEN BANK

1. Many Parties Support the MW Block Program

In its initial petition, New York State Energy Research and Development Authority (hereafter referred to as “NYSERDA”) proposed to move from the current framework to a MW Block style program.³ As stated in the initial comments of the Solar Coalition, the MW Block approach would increase competition and transparency, limit ratepayer impact, and create a framework for more comprehensive RPS planning (NYSERDA can target the blocks). Other parties also supported such a transition in their initial comments (*see* Multiple Intervenors, Independent Power Producers of New York, Joint Utilities).⁴

2. The NYSEDA Petition is a Transition to a Market Based Plan

In its initial filing, Multiple Intervenors states, “the Commission needs to develop a detailed plan that would transition the RPS to a market-based model.”⁵ NYSEDA’s proposal to move to a competitive bid program and declining block performance based incentive (PBI) *is* a transition to a market based model. As proposed, the MW Block program would incorporate a

³ Petition NY-Sun 2014-2014 Funding Considerations and Other Program Modifications, NYSEDA, pg 6

⁴ Initial Comments in Case 03-E-0188 Joint Utilities, pg 34

⁵ Initial Comments in Case 03-E-0188, Multiple Intervenors, pg 19-21

mechanism that allows for the automatic step-down in incentives as capacity blocks are filled. Under this approach, as solar costs decline so too do the incentive levels, which will ultimately lead to a self-sustaining industry. With regard to the current Competitive PV program that NYSERDA proposes to continue through 2014, that construct utilizes a competitive bidding process to set the incentive levels.

Thus, NYRSERDA's proposal addresses Multiple Intervenors' assertion that the Commission should develop a plan to transition the RPS to a market-based model.

3. Utility Sourced Solar Projects Should Be Encouraged, but Should Not Be Funded Through RPS Funds

In its initial filing, Joint Utilities suggest that the "Commission should allow utilities to directly access RPS funds for renewable resources installed on utility property."⁶ SEIA supports utility development of solar. However, use of the RPS funds by utilities to support projects is inconsistent with the original intent of the RPS program, following the deregulation of the electricity industry which required the investor owned utilities to divest from generating assets.⁷ Further, utility access to RPS funds would distort the competitive NY-SUN program because utilities are guaranteed a rate of return from ratepayers, while other developers are not.

Therefore, while SEIA generally supports utility facilitation - and under appropriate circumstances ownership and ratebasing - of solar generation assets, particularly to more expensive defer distribution system upgrades, we believe that utility investment should be recovered through funding mechanisms other than the RPS.

⁶ Initial Comments in Case 03-E-0188, Joint Utilities, pg 46

⁷Cases 94-E-0952 et al., In the Matter of Competitive Opportunities Regarding Electric Service, Opinion No. 96-12 (issued May 20, 1996); Case 94-E-0952, In the Matter of Competitive Opportunities Regarding Electric Service, Opinion and Order Establishing Regulatory Policies for the Provision of Retail Energy Services, Opinion No. 96-12 (issued May 20, 1996) and Opinion No. 97-5

4. The “Forty Percent of Installed Cost” Limit on Incentives Should Be Eliminated

Consistent with the Solar Coalition’s initial comments, the Joint Utilities support elimination of the “forty percent of installed cost” requirement.⁸ The requirement, while well intentioned, is nearly impossible to calculate. The reality of developing solar energy projects is that there are various tax implications – at the local, state, and federal levels – and other calculations that go into the final calculation on total cost. These differences make it difficult to apply the rule accurately.

Therefore, the Commission should eliminate the “forty percent of installed cost” limit on incentives.

5. The Commission Should Encourage Investment in Low to Moderate-Income Customer Systems

In order to address an ongoing gap in the market, SEIA encourages the Commissioner to consider the suggestion in the initial comments submitted by Natural Resource Defense Council, PACE and Others:

“New York should also continue to explore new policies that expand opportunities for low- to moderate-income customers, renters, and the multi-family building sector, among others, to directly participate in the state’s renewables programs.”⁹

III. CONCLUSION

SEIA and the Solar Coalition appreciate the opportunity to comment on the NYSERDA petitions and thanks the Commission for its consideration of the issues raised herein.

⁸ Initial comments in Case E-0188, Solar Coalition pg 10; Initial Comments in Case 03-E-0188 Joint Utilities, pg 34

⁹ Initial Comments in Case 03-E-0188, Natural Resource Defense Counsel, PACE and Others, pg 18

Respectfully Submitted,

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