ALLIANCE FOR CLEAN ENERGY NEW YORK, INC.
Promoting Clean Energy, A Healthy Environment
And A Strong Economy For The Empire State.

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

December 28, 2012

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

RE: Net Metering Limitations Pursuant to Public Service Law §66-j and §66-l
12-E-0485 Consolidated Edison Company of New York, Inc.
12-E-0486 New York State Electric and Gas Corporation
12-E-0487 Niagara Mohawk Power Corporation
12-E-0488 Orange and Rockland Utilities, Inc.
12-E-0489 Rochester Gas and Electric Corporation
12-E-0490 Central Hudson Gas & Electric Corporation

Dear Secretary Brilling,

Enclosed for filing are the comments of Alliance for Clean Energy New York (ACE NY) in response to the request for comments in Cases 12-E-0485 through 12-E-0490 – In the Matter of Net Metering Limitations Pursuant to Public Service Law §66-j and §66-l.

Sincerely,

Carol E. Murphy

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

Encl.

New York State
Public Service Commission

In the Matter of Net Metering Limitations Pursuant to Public Service Law §66-j and §66-l

Cases 12-E-0485 Consolidated Edison Company of New York, Inc.
12-E-0486 New York State Electric and Gas Corporation
12-E-0487 Niagara Mohawk Power Corporation
12-E-0488 Orange and Rockland Utilities, Inc.
12-E-0489 Rochester Gas and Electric Corporation
12-E-0490 Central Hudson Gas & Electric Corporation

COMMENTS OF ALLIANCE FOR CLEAN ENERGY NEW YORK

I. INTRODUCTION

Alliance for Clean Energy New York (ACE NY) respectfully submits these comments on minimum net metering capacity requirements in utility tariffs and net metering law for consideration by the Public Service Commission ("Commission"). ACE NY is a unique blend of energy industry and environmental interests working together to promote clean energy, energy efficiency, a healthy environment and a strong economy for New York State. Our diverse membership includes renewable energy and energy efficiency companies, environmental and economic development organizations, academic institutions, and consultants to the energy sector. ACE NY supports net metering for clean, on site power generation. We have participated in both legislative initiatives and Commission proceedings regarding net metering for many years.

ACE NY appreciates the opportunity to comment on potential increases in the required minimum capacity for net metering within a utility's territory. Our thoughts and arguments are detailed in the following pages but can be summarized as supporting an increase in the mandatory minimum sufficient to allay market uncertainty and accommodate expected on-site generation supported by the state's clean energy policies for the next 5 to 10 years; we believe this important goal can be accomplished in several different ways depending on the

Commission's preference. Clean, on-site generation has many recognized benefits to the environment, the economy, public health, energy security and grid resiliency, and customers' energy budgets. Net metering supports adoption of clean, on-site generation and does so without adversely impacting the grid or ratepayers. We believe the Commission and the utilities should be doing their part to ensure customers have access to clean, on-site generation as an energy supply option.

II. CLEAN, ON-SITE GENERATION PROVIDES BENEFITS

A. Net-Metered On-Site Generation Provides Societal Benefits

A customer with a net-metered clean energy system is able to net the system's energy production over the billing period, usually with an annual true-up, while allowing excess generation at any given time to flow to the grid to be used by others. In the case of solar systems, generation is often at periods of peak demand such as on hot, summer days. In the case of wind resources, output may be greatest on a cold winter night when the natural gas used for electric generation is in high demand for home heating. In both cases, reducing demand for natural gas-powered generation is beneficial to the system at large.

Net-metered clean energy systems reduce the air pollution that contributes to asthma and other public health problems, as well as environmental degradation. They also help create robust local markets in the clean-tech or green economy. Finally, clean energy resources can help lower wholesale energy prices by lowering demand and can reduce the need for costly investment in transmission.

Any concerns raised by utilities that net-metered systems unfairly transfer fixed costs for transmission and distribution from customers hosting such systems to customers that

do not should not be taken at face value. The many benefits provided by these systems must be accounted for in any reviews of costs and benefits. However, we would argue that such calculations are unnecessary at this time given the myriad benefits provided at minimal cost. Furthermore, New York utilities are provided with regulated guaranteed returns on their investments and can use revenue decoupling to separate rates of return from the amount of energy used by their customers.[1]

B. Net-Metered On-Site Generation Helps Consumers Control Energy Costs and Facilitates Customer Choice

Net metering is a simple and effective method for enabling customers to exert some control over their current and future budgets while reducing the harmful emissions from electric generation. Controlling energy costs can be particularly important for municipalities and school districts, as well as homeowners and businesses, that face rising and uncertain energy costs and for whom planning on fixed costs several years out greatly helps the budget process.

Installing clean, on-site generation allows customers to choose cost effective green energy and should be considered an important means of facilitating energy choices for consumers; choice that also provides long lasting benefits for us all.

C. Net-Metered On-Site Generation Helps New York Meet Its Clean Energy Goals

New York's clean energy programs have for many years included on-site generation as a fundamental component. In fact, Governor Cuomo recently expanded the on-site photovoltaic program within the Renewable Portfolio Standard (RPS) as the NY-Sun

[1] For discussion of benefits see: R. Thomas Beach and Patrick G. McGuire, *Re-evaluating the Cost-Effectiveness of Net Energy Metering in California*, Crossborder Energy, January 17, 2012; Steven Weissman and Nathaniel Johnson, *The Statewide Benefits Of Net-Metering In California,* UC Berkeley School of Law, February 17, 2012.

program, and his New York Energy Highway Blueprint recommends extending the RPS past 2015. Net metering is absolutely essential to achievement of NY-Sun, the RPS and the state's overall clean energy goals. Net metering ensures that the hosts, who have invested their own money in the on-site generating system, will benefit from all of the energy produced by the system.

The RPS program for on-site, net-metered systems is the Customer-Sited Tier. This program has been revised several times by the Commission to ensure the state and its ratepayers benefit from the program to the greatest extent possible. The Customer-Sited Tier has been expanded to include a "geographic balancing" initiative for larger systems in the downstate region and again to incorporate Governor Cuomo's NY-Sun program, which accelerated adoption of behind-the-meter systems and expanded the geographic balancing approach statewide. It is absolutely essential that net metering be available for the systems that these programs support; without net metering, New Yorkers will not find the economics in their favor and will not install a system, or alternatively, the state support necessary to meet the targets will have to increase substantially. An increase in the incentives paid under the RPS, including NY-Sun, would mean that the Commission would have to increase the RPS ratepayer surcharge to enable each system host to receive a larger payment from the NYSERDA-run program. ACE NY believes net metering provides a much simpler and fairer approach, and one that has been consistently used across the nation for years. New York's clean energy goals include installation of clean, on-site generation and we will not meet those goals, and receive the benefits investing in clean energy provides, without robust net metering in place.[2]

[2] For information on NY's goals for on-site generation, see: *The New York State Renewable Portfolio Standard Performance Report through December 31, 2011*, NYSERDA, release date March 20, 2012;

III. CURRENT MINUMUM NET METERING CAPACTIES IN UTILITY TARIFFS SHOULD BE RAISED

A. Minimums Should Be Raised Sufficiently to Accommodate State Policy Goals and Reduce Market Uncertainty

As the Commission correctly noted in its Order in Case 12-E-0343, the capacity numbers based on percentage of load contained in net metering law are not "caps" or "ceilings," although they may have been expressed as such within utility tariff filings.[3] Rather, as the Commission explains, these are minimums required by law and both the utility and the Commission may allow more net-metered capacity than the minimum percentage originally established. Furthermore, the dates and percentages chosen appear to be arbitrary and, we believe were originally set at a modest level since at that time New York had limited experience with net metering and on-site distributed generation, and have only been raised slightly since.

ACE NY suggests the minimums be raised to five percent of load or at least triple the current megawatt minimum, with set provisions to revise these minimums to ensure they increase as needed to accommodate additional on-site generation for the next five to ten years. It also is important to realize that net-metered systems, as all generating resources, do not operate at 100 percent capacity. Therefore, when a minimum is said to be a given number of megawatts in nameplate capacity, the amount of energy produced by those systems is less. While not every utility will reach its minimum at or near the same time, given the uncertainty in the rate of adoption across the state, a uniform percentage is

---

and, Case 03-E-0188 – *Proceeding on Motion of the Commission Regarding Retail Renewable Portfolio Standard, 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).

[3] Case 12-E-0343 – *Order Raising Net Metering Limit*, October 12, 2012.

simple and sensible. For example, Consolidated Edison is currently far from its minimum yet the rate of installations within that territory is expected to increase faster than many others because of the targeted geographic balancing initiative of the RPS and the various Department of Energy programs that are in place in New York City (Solar America City, SunShot Rooftop Challenge).

B. Minimums Need Not Be Technology Specific

Current net metering law is in two sections of Public Service Law. PSL 66-j covers net metering for solar, farm waste, micro-combined heat and power, fuel cell, and micro-hydroelectric generating equipment, while PSL 66-l covers net metering for wind generating equipment. Each section has separate minimum capacity levels for the utilities. ACE NY and others have advocated consolidating these two sections of law and ensuring consistent language is used; we hope to see action on consolidating the two sections during the upcoming legislative session. In keeping with this practical goal, which will help eliminate confusion on how to apply net metering law, we also suggest that minimum capacity levels for installations within a utility territory (or statewide as discussed below) be applicable to the cumulative installations of all technologies, rather than having separate limits apply to wind versus other technologies. Doing so will also simplify tracking the capacity of installed systems – also discussed below. However, we ask for a single minimum only if the Commission acts as we request and raises the minimum to fully accommodate expected installations for at least five, and preferably ten, years. If the minimum is not raised sufficiently, then it will be preferable to reserve a set amount of net-metered capacity for on-site wind energy since adoption of this

technology may continue to be slower than photovoltaics and we must ensure that there is room for customers to install net-metered wind turbines if they so choose.

C. A Statewide Minimum as an Alternative to Utility-Specific Minimums

As an alternative to utility-specific minimum capacities for net-metered installations, ACE NY would support a cumulative statewide minimum, providing the minimum is sufficiently high to accommodate expected installations for five to ten years. Clearly, the Commission would also have the right to revert back to utility-specific minimums if so warranted by circumstances.

D. Publicly Available Routine Monitoring and Reporting Are Essential

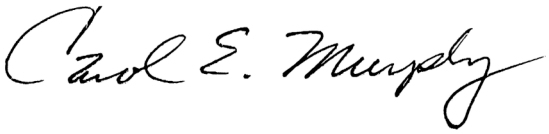
The Commission should ensure that utilities report at least twice per year on the total amount of net-metered capacity installed and in the interconnection queue within their territories, and that these reports be user-friendly and available to the public on the utility, Commission and NYSERDA websites. This will help ensure that all parties are well aware in advance of when any "caps" on net-metered installations in a utility's tariff are close to being met, and that if necessary the Commission can begin a proceeding to raise the minimum net metering capacity in a timely manner to prevent disruption of the market or the state's clean energy programs.

IV. CONCLUSION

ACE NY requests that the Commission raise the minimum net metering capacities for all utilities. New York has created an in-state solar market with local installers and local worker training programs that cannot survive if net metering starts and stops, as has been the case in one utility territory; the industry and utility customers need the market certainty that a larger minimum provides. The minimum should be able to accommodate the system installations

expected under the state's clean energy programs, most importantly the Renewable Portfolio Standard, including the NY-Sun photovoltaic program.

Respectfully Submitted,



Carol E. Murphy, Executive Director
Albany, NY
December 28, 2012