

PENDING PETITION MEMO

Date: 4/12/2007

TO : OE&E
OGC

FROM: CENTRAL OPERATIONS

UTILITY: NEW YORK SOLAR ENERGY INDUSTRIES ASSOCIATION

SUBJECT: 07-E-0437

Joint Petition of New York Solar Energy Industries Association and Sustainable Hudson Valley to Expand the Ceiling on the Photovoltaic Net Metering Load for Central Hudson Gas and Electric Corporation from 1.2 MW to 3.0 MW.

STATE OF NEW YORK
PUBLIC SERVICE
COMMISSION
OSSEO FALLS-ALBANY

2007 APR 12 AM 10: 34

TO: Jaclyn A. Brillling, Secretary
NYS Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

FROM: New York Solar Energy Industries Association
533 Woodford Avenue
Endicott, NY 13760

and

Sustainable Hudson Valley
PO Box 4112
Kingston NY 12401

DATE: 5 April 2007

SUBJECT: Petition to Expand the Ceiling on the Photovoltaic Net Metering Load for
Central Hudson Gas and Electric Corporation from 1.2 MW to 3.0 MW

Background

The New York Solar Energy Industries Association (“NYSEIA”) is a not-for-profit solar industry trade and membership association with over 100 solar industry members throughout New York State.

Sustainable Hudson Valley (“SHV”) is a leadership group of entrepreneurs, scientists, educators, planners, artists and strategists. SHV’s vision is a creative economy that brings together science and technology, the arts, Main Street renewal and local entrepreneurship to create prosperous communities in a restored environment. SHV’s monthly newsletter reaches over 1,000 active citizens, entrepreneurs and community leaders from New York City to Albany.

On December 13, 2006, the Commission approved an increase of the ceiling on the photovoltaic net metering load for Central Hudson Gas and Electric Corporation from 0.8 MW to 1.2 MW under CASE 06-E-1146. This increase was requested by Central Hudson because the company expected that the 0.8 MW or 0.1% of 1996 peak demand limit would be reached in the near future.

Discussion

Central Hudson has indicated to solar system installers active in its territory that customer applications for net metered photovoltaic systems will total approximately 1.125 MW as of March 31, 2007. Therefore, with the ceiling currently set at 1.2 MW, only 0.075 MW

of capacity remains for new applications. The new ceiling has been approached much more rapidly than Central Hudson expected.

Data from the New York State Energy Research and Development Authority indicates strong growth in the photovoltaic market in Central Hudson territory in recent years. Data from NYSERDA PON-716 shows the annual volume of new photovoltaic applications by customers of Central Hudson to be:

<u>Year</u>	<u>MW</u>	<u>Number of Customers</u>
2003	0.075	15
2004	0.262	38
2005	0.363	48
2006	0.449	69
2007 to March 12	0.227	29

The above data excludes photovoltaic systems not funded by NYSERDA or funded by NYSERDA programs other than PON-716, and therefore slightly underestimates the total market. Nevertheless, the data indicates an average annual growth rate in the last two years of approximately 30% in terms of MW, and 35% in terms of number of customers. This high rate of market growth is roughly equivalent to that of the photovoltaic market globally, and indicates a strong and growing demand by customers in the Hudson Valley region to invest in photovoltaic systems and generate a portion of their electricity cleanly and on-site. It is also driving investment and job creation and growth in the region for designers, installers, inspectors and suppliers to the industry. Hudson Valley Community College and Ulster County BOCES have both recently introduced courses to train designers and installers for the growing local photovoltaic industry.

The vast majority of the systems being installed are residential under 10 kw AC rated power, and are therefore eligible for net metering. Net metering is a simple, easily-administered method of encouraging customer investment in renewable energy technologies. Without net metering, the financial attractiveness of investing in a photovoltaic system is severely reduced. NYSEIA and Sustainable Hudson Valley believe that the market for photovoltaic systems would be immediately and severely reduced if new customers did not have a clear signal and commitment from the regulatory authorities that their system would be allowed to net meter.

NYSEIA believes that the recently increased net metering limit of 1.2 MW will now be reached in the first half of 2007.

Section 66-j of the Public Service Law authorizes the Commission to increase the ceiling on cumulative installations after January 1, 2005, if the Commission determines that the additional net metering is in the public interest. The installation of photovoltaic systems by residential customers is contributing to the generation of electricity from clean, renewable, distributed sources. This is clearly in the public interest. Furthermore, photovoltaic systems in the Hudson Valley provide localized voltage support, help relieve

transmission bottlenecks in the down-state corridor, and assist in offsetting peak loads during hot summer afternoons. The growing photovoltaic industry is driving investment and creating jobs in the region for educators, designers, installers, inspectors and suppliers. All of this is in the public interest.

In 2006, Central Hudson delivered 5,499 million kwh of electricity to its customers. Data from approximately 100 photovoltaic systems currently operating in the Hudson Valley indicates that such systems generate on average 1100 kwh annually per kw of AC rated power. If a new net metered ceiling of 3.0 MW was implemented and fully installed, the portion of Central Hudson's electricity which would be generated by net metered customers on-site would be about 3.3 million kwh or 0.06% of the company's total. Therefore the effect on Central Hudson would be very small, and the argument cannot be made that the increased limit would materially affect the company's revenue or profitability.

Requested Action

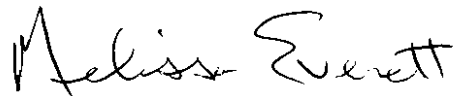
The New York Solar Energy Industries Association and Sustainable Hudson Valley request that the Commission increase the ceiling on the photovoltaic net metering load for Central Hudson Gas and Electric Corporation from 1.2 MW to 3.0 MW. This action needs to be taken quickly to prevent a severe disruption in the market for solar systems in the company's territory by summer 2007.

Thank you very much for your prompt attention to this matter.

Sincerely,



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