Comments 06-E-0761 OGC OEE

Vote Solar

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

September, 22 2006

RE: Case 06-E-0761 **Comments in Support of 2MW Retail Rate Net Metering**
Case 06-E-0868 **Comments on Time-Based Metering**

Dear Secretary Brilling,

The Vote Solar Initiative is a 501(c)(3) non-profit organization working to bring solar energy into the mainstream by focusing on policies that remove regulatory barriers to burgeoning solar markets.

We appreciate the opportunity to submit comments on net metering service and time-based metering. We strongly support Commission efforts to strengthen, broaden and simplify retail rate net metering rules for PV systems up to 2 Megawatts (MW) and create time-based rates. In combination, net metering and time-based rates will more accurately value solar energy's contribution to reducing demand. While our comments are focused on PV, they are widely applicable to other small, distributed generation technologies.

Enclosed for filing are an original and five copies of comments in the above-referenced matters on behalf of The Vote Solar Initiative.

Sincerely,

Gwen Rose
Solar Advocate

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COMMENTS ON NET METERING

Net metering is critical to enabling development of customer-sited distributed generation in New York State and aids the Commission's efforts to encourage deployment of renewable energy resources. As noted in the Commission's Order for Customer-Sited Tier Implementation of the Renewable Portfolio Standard in Case 03-E-188, the state has an interest in accelerating the development of renewable technologies due to their environmental benefits and ability to be sited in urban, heavy-load areas. To fully exploit the benefits of solar, regulatory barriers to net metering must be addressed. Vote Solar recommends that the Commission consider the following changes to the net metering rules:

1. **Allow for participation by all customer classes.** Commercial and industrial customers should have access to net metering.
2. **Increase eligible system size from 10 kW to 2 MW.** Commercial-sized solar energy systems help to bring down the costs of solar.
3. **Eliminate the total system cap.** This would allow for substantial growth in capacity of solar.
4. **Annualized net metering.** Continue to carry surplus power from one billing period to the next for a one-year billing cycle.
5. **Net excess generation.** Continue to provide retail value for net excess generation.

These changes would complement the Commission's efforts to promote growth of customer-sited renewable energy technologies under the Renewable Portfolio Standard and greatly strengthen New York's position in the national solar market.

Why Net Metering is Important

There are several arguments for net metering. First, it greatly simplifies the operation of an interconnected solar system and lowers the cost of the system. Secondly, net metering enhances the viability of distributed generation (DG) solar, and DG solar provides numerous benefits to the grid and other ratepayers (e.g. reducing peak demand and peak energy purchases, diversifying fuel sources, reducing fuel consumption, improving grid efficiency, avoiding transmission and distribution upgrades, and reducing environmental degradation), savings which may more than make up for any perceived lost revenue.

Value of Distributed Generation Solar to the Grid. Every solar panel installed provides economic benefits for all utility customers by reducing the overall cost of producing and delivering electricity. As photovoltaics produce the most electricity during peak demand periods, the benefits of net metered solar systems are magnified. A true valuation of the impacts of net metering must examine the benefits as well as the costs.

Studies have established high values for distributed generation solar systems in New York. A study of the New York City area found that the avoided generation capacity benefits alone of PV was worth 9.1 cents/kWh, and when avoided transmission capacity

and line losses were accounted for, the benefits rose to 16.6 cents/kWh[1]. These values are significantly greater than retail power costs (meaning the solar energy system owner may be cross subsidizing other utility customers).

Properly oriented solar power systems can produce electricity that closely matches the use of air conditioning loads, thus reducing peak demand. Credit should be set based upon the effective load carrying capacity (ELCC). In New York City for instance, which has a summer peaking system, solar's ELCC is between 60 – 70%[2]. While solar generation is reduced on cloudy days, the PV availability factor on system peak days has proven highly reliable[3][4].

Net metering impacts are equivalent to other forms of energy reduction. A net metered solar system does reduce consumption—but the same is true of a utility customer who reduces load through conservation or installing energy efficiency technologies. In this scenario, a utility customer would not be expected to make a special payment to address their reduced contribution to fixed costs. As the impacts on the utility and other ratepayers are the same, net metered solar system owners should not be treated differently. In fact, the net metered customer is providing high value, peak kWh onto the grid at the low voltage distribution level, thereby reducing pressure on the overall transmission and distribution system. This arrangement is a benefit to the grid, and the net metered customer should be encouraged to do this, not discouraged.

Recommendations for Expanding Net Metering Service

Extend net metering to all customer classes

New York's net metering law (PSL 66-j) has been modified by the Legislature several times over the past few years to include new technologies and new customer classes. Currently, residents can net meter PV systems and wind generators, while agricultural customers can net meter wind generators and anaerobic digesters. However, commercial and industrial customers have not been allowed access to net metering. Exclusion of commercial and industrial sectors from net metering needlessly prevents larger energy customers from enjoying the same economic benefits as residential and farm customers and is likely a driving factor behind the relatively slow uptake of PV in those sectors.

We recommend that commercial and industrial customers be given access to retail net metering and exemption from back-up, stand by and demand charges, similar to net metering service currently enjoyed by residential and farm customers.

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[1] Perez, P., T. Hoff, L. Burtis, S. Swanson, C. Herig: *Quantifying Residential PV Economics—Payback vs. Cash Flow, Determination of Fair Energy Value*. Proceedings of ASES 2003, funded in part by NREL.
[2] Maps and discussion: http://www.nrel.gov/ncpv/documents/pv_util.html
[3] Perez, P., C. Herig, S. Letendre: PV and Grid Reliability: *Availability of PV Power During Capacity Shortfalls*. Funded by NREL and NYSERDA.
[4] Herig, Christy: *Using Photovoltaics to Preserve California's Electricity Capacity Reserves*. NREL.

Increase allowable system size to 2 MW

The Commission should allow high capacity systems to participate in net metering, in order to further enable larger energy consumers to take full advantage of on-site generation facilities. Data has shown that larger PV systems can be installed at a lower cost per watt. As larger systems are usually less expensive, increasing the size of allowable systems will enable New York ratepayers to install the cheapest systems.

Data from California's Self-Generation Incentive Program, as of November 2005:

Size (kW)	Median Installed Cost	% Cost Reduction
50-100kW	$8.80	-2%
100-250 kW	$8.26	-6%
250-500 kW	$8.00	-3%
500-1000kW	$7.31	-9%

Since standard interconnection rules at the state and federal level use 2 MW as a breakpoint for simplified interconnections, and larger solar systems are generally cheaper, we recommend that the Commission consider 2 MW as the limit for the size of systems allowed to net meter.

It is worthwhile noting that at least 33 states have set higher net metering size limits than those set under PSL 66-j. California, with the most solar installed, offers net metering up to 1 MW. New Jersey, with a pragmatic and effective approach to stimulating more distributed generation, has the country's best standard at 2 MW. Colorado and Pennsylvania have also recently adopted a 2 MW standard.

Remove Differential Treatment by Technology

Currently, net metering rules set different caps for different renewable technologies and varying system sizes. This is unnecessary from a metering and billing standpoint. We encourage the Commission to consider placing caps on generation capacity based on technical studies of the local grid, according to industry standard best practice.

Both under state law and as filed pursuant to FERC Order 2006, all of New York's utilities offer interconnection up to a uniform 2MW threshold for all resources (with technical screens and additional requirements for each technology established by empirical engineering considerations.)

This 2MW technical breakpoint, as established in state and federal regulations can be justified by technical practice. This is effectively the same as in New Jersey's Administrative Code and Pennsylvania's proposed regulations.

Eliminate the total system cap

The current cap, set at one-tenth of one percent, is too low. An artificially low cap will undermine efforts to build renewable energy markets. We would suggest that the Commission instead rely on interconnection and technical considerations to set limits based on the reality of local system operation. New Jersey and Pennsylvania, two states

with renewable portfolio standards and large solar requirements have both opted for this approach and have eliminated net metering caps entirely.

As net metering reduces transmission and distribution investments and helps shave peak load—providing benefits for all ratepayers—we believe that there should not be cap on total capacity at all.

COMMENTS ON TIME-BASED METERING

Time-based rates can be very beneficial to the economics of solar and the overall operational efficiency of the grid. By exposing customers to the true costs associated with the generation and transmission of the electricity they use, there is potential to actively engage customers in the process of managing system demands. Customers also stand to benefit financially for better managing their energy use during peak demand times. When the power is produced with the sun, time-differentiated rates reflect solar's peak-shaving value on local distribution grids. The ability to net meter under a time-differentiated rate structure will encourage the siting of distributed generation systems in a way that maximizes the value to both the customer-generator and the grid.

However, given the relatively short timeframe for comments, we reserve comment at this time on whether prior Commission initiatives have adequately addressed the PURPA standard, pending the receipt of initial comments and more information from the utilities and Staff.

CONCLUSION

Net metering is critical to the rapid development of renewable energy systems. If New York succeeds in strengthening its current net metering law to provide for 2 MW retail rate net metering and removes the total system cap, it will take a significant step towards bringing solar energy into the mainstream. These changes would complement the Commission's efforts to promote growth of customer-sited renewable energy technologies under the Renewable Portfolio Standard and greatly strengthen New York's position in the national solar market.

Comments OGC
06-E-0761 OEE

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File No.
8997-16-3

September 22, 2006

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

RE: Case 06-E-0868 -- Proceeding on Motion of the Commission to Consider Time-Based Metering and Communications Standard Pursuant to the Amended Public Utility Regulatory Policies Act.

Dear Ms. Brilling:

Enclosed please find an Original and five (5) copies of the **"Initial Comments of Hunt Technologies, Inc and Elster Electricity, LLC."** Please enter this into the docket and time-stamp the additional two (2) copies and return to us in the enclosed self addressed stamped envelope.

If you have any questions regarding this filing, please do not hesitate to call us at (717) 234-2401.

Sincerely,

Scott H. DeBroff, Esq.
Counsel for Elster Electricity LLC &
Hunt Technologies, Inc.

SHD/ddm

BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF NEW YORK

PROCEEDING ON MOTION OF THE COMMISSION TO CONSIDER TIME-BASED METERING AND COMMUNICATIONS STANDARD PURSUANT TO THE AMENDED PUBLIC UTILITY REGULATORY POLICIES ACT.	CASE 06-E-0868

INITIAL COMMENTS OF HUNT TECHNOLOGIES, INC. & ELSTER ELECTRICITY, LLC TO THE COMMISSION ORDER INSTITUTING PROCEEDINGS AND NOTICE SOLICITING COMMENTS

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DATED: SEPTEMBER 22, 2006

COUNSEL FOR ELSTER ELECTRICITY, LLC & HUNT TECHNOLOGIES, INC.

BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF NEW YORK

PROCEEDING ON MOTION OF THE COMMISSION TO CONSIDER TIME-BASED METERING AND COMMUNICATIONS STANDARD PURSUANT TO THE AMENDED PUBLIC UTILITY REGULATORY POLICIES ACT.	CASE 06-E-0868

INITIAL COMMENTS OF HUNT TECHNOLOGIES, INC. & ELSTER ELECTRICITY, LLC TO THE COMMISSION ORDER INSTITUTING PROCEEDINGS AND NOTICE SOLICITING COMMENTS

INTRODUCTION

AND NOW COMES **Scott H. DeBroff, Esquire** of Smigel, Anderson & Sacks, LLP, on behalf of his clients, **Elster Electricity LLC** ("Elster") and **Hunt Technologies, Inc.** ("Hunt"), parties in the prior combined dockets found at Case 02-M-0514 (PROCEEDING ON MOTION OF THE COMMISSION TO INVESTIGATE COMPETITIVE METERING FOR NATURAL GAS SERVICE), Case 00-E-0165 (IN THE MATTER OF COMPETITIVE METERING) and Case 94-E-0952 (IN THE MATTER OF COMPETITIVE OPPORTUNITIES REGARDING ELECTRIC SERVICE), also known as the "Competitive Metering" cases, and intervene in the above-captioned proceeding. Hunt and

Elster request full party status in this proceeding and file their Initial Comments in response to the Commission's "Order Instituting Proceedings" on August 4, 2006. They aver the following:

1. Hunt Technologies is a leading global provider of reliable, accurate and fully functional Advanced Meter Reading (AMR) and Advanced Metering Infrastructure (AMI) utility data systems. Hunt, with its international headquarters in Pequot Lakes, Minnesota, provides electric, water, and gas automated meter reading systems for Investor-Owned Utilities, Rural Electric Cooperatives, and Municipal Utilities.

2. Elster Electricity with its headquarters in Raleigh, North Carolina, and operations in 22 countries, serving customers in over 70 countries, is a leading provider of advanced metering infrastructure (AMI) solutions that help utility companies improve revenue cycle services, customer service, delivery reliability, and workforce utilization. With more than 100 years of electricity metering experience (formerly as Westinghouse Electric Corporation and ABB Electricity Metering), Elster Electricity understands the unique requirements of utility customers worldwide.

3. On August 8, 2005, President Bush signed the Energy Policy Act of 2005 into law. EPACT 2005 amends PURPA and requires state regulatory authorities, with respect to electric utilities, to consider and make a determination regarding net metering, smart metering, cogeneration and small production purchase and sale requirements and interconnection.

4. On August 4, 2006, this Commission issued and made effective an "Order Instituting Proceedings and Notice Soliciting Comments" on consideration of Time-Based Metering and Communications Standards Pursuant to the Amended Public Utility Regulatory Policies Act.

5. Attorney DeBroff will represent Elster and Hunt in this case, and we request that copies of each document hereafter issued by this Commission in this matter be directed to the following address:

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PURPA PROCEDURAL REQUIREMENTS

6. PURPA instructs states to comply with several procedural requirements in fulfilling their obligations. While the Commission writes that "determinations must be made by August 8, 2008, on the net-metering standard, and by February 8, 2007, for the time-based metering and communications standard", we read the language of Section 1252 differently, and concur with many other Commissions who have indicated that the law intends that the state commissions commence discussion on the time-based metering standards within one year of August 8, 2006 and conclude such process within two years of that date. We would contend that this Commission has until August 8, 2007 to conclude such a process addressing smart metering.

PRIOR IMPLEMENTATION INITIATIVES

7. As indicated earlier, we have participated in the three (3) prior aggregated dockets that examined "Competitive Metering", which resulted in a significant Commission order on

August 1, 2006, that established the policy that advanced metering technologies should be deployed if they reduce the utilities' costs and will not increase stranded costs.

8. A significant portion of that Order is the review and evaluation of the proposals to be submitted by the New York State utilities by the end of this year as to their position on deployment of advanced metering capabilities on their systems for the benefit of their customers.

9. We hardily concur with the Commission when they indicate on page 6 of their Order "that a strong advanced metering infrastructure will not only expand the potential for offering of time-differentiated rates, but could also widen availability of a variety of other products and services."

10. We acknowledge that this Commission has supported the development of *optional* time-of-use rates for all residential customers (Case 97-E-1795) and that the utilities have been required to mandate that their largest customer classifications participate in time-of-use rates (Case 03-E-0641).

11. We agree with the Commission that there are still significant barriers to entry, and we believe that we need to pursue those issues in this proceeding. The Energy Policy Act of 2005, at Section 1252, spells out requirements that need to be examined, not the least being the ability for every customer to be able to request an advanced meter capable of responding to time-variant pricing in tariffs.

12. While we believe that this Commission has made significant strides in the promotion of time-of-use tariff offerings and advanced metering issues, we also believe that the heart of the EPACT process will begin in December and into January of next year, as the New York State utilities file their evaluations of advanced metering and report back to this Commission. We believe that those findings and reports will be the basis for a discussion as to what next steps this

Commission needs to take to bring about the deployment of an advanced metering infrastructure that would enable and support so many of the tariff offerings that the Commission has set forth prior to this proceeding.

CONCLUSION

Elster Electricity and Hunt Technologies look forward to working with the New York PSC, the various utilities and other parties to this proceeding in exploring the development of next steps towards creation of an advanced metering infrastructure and the development of even more significant time-variant pricing and tariff offerings that provide benefits to the customer and operational efficiencies to the utilities.

Respectfully submitted,

Dated: **September 22, 2006** By:

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BEFORE THE
PUBLIC SERVICE COMMISSION OF THE STATE OF NEW YORK

PROCEEDING ON MOTION OF THE COMMISSION TO CONSIDER TIME-BASED METERING AND COMMUNICATIONS STANDARD PURSUANT TO THE AMENDED PUBLIC UTILITY REGULATORY POLICIES ACT.	CASE 06-E-0868

CERTIFICATE OF SERVICE

I certify that I have by electronic mail and by first class mail, as necessary, provided under the above listed docket numbers, this day served a true and correct copy of the original attached, **INITIAL COMMENTS OF ELSTER AND HUNT,** in this proceeding upon the following:

Dated: **September 22, 2006** By:

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Counsel for Hunt Technologies Inc. & Elster Electricity, LLC

I certify that I have by first class mail, and electronic mail as possible, served this day a true and correct copy of the original attached **"Initial Comments of Elster Electricity, LLC and Hunt Technologies, Inc. to the Commission Order Instituting Proceedings and Notice Soliciting Comments"** to the parties to this proceeding.

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COUNSEL FOR HUNT TECHNOLOGIES, INC. AND ELSTER ELECTICITY, LLC

In establishing those programs and rates before August 5, 2005, the PSC engaged in "prior state action" as defined in PURPA and adopted net metering and time-based rate standards "comparable" to the applicable PURPA standards. The implementation of those comparable standards militates against any expansion of the existing programs and rates at this time. As recognized by the PSC, more time is needed to obtain valuable operational experience with respect to net metering. Indeed, an expansion of net metering to other customers without such experience could exacerbate operational and billing problems and hamper the development of additional on-site generation. With respect to time-based rates, more time will yield valuable implementation experience while allowing the PSC's advanced metering initiative to reach maturation.

Should the Commission conclude that expanding the existing net-metering programs and time-based rates to cover additional customers is in the public interest, the Companies urge the Commission to adhere to certain parameters to ensure that program expansion is undertaken in a measured way that minimizes implementation and operational problems and recognizes that the Companies' customers are entitled to equitable rates under PURPA. Chief among these parameters with respect to net metering is the establishment of compensation for excess generation based on a utility's avoided energy cost, and not its full retail rate. This structure will ensure that net-metered customers are properly compensated and not subsidized by those customers that cannot avail themselves of net metering service. With respect to time-based rates, the PSC should carefully consider the cost/benefit of implementing additional time-based rate offerings and the potential for revenue erosion if significant migration occurs under the existing service classification structure of the Companies.