

New York Solar Energy Industries Association

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Via Federal Express

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

SUBJECT: CASE 07-E-0437
New York Solar Energy Industries Association and Sustainable Hudson Valley – Joint 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

Dear Public Service Commission,

The New York Solar Energy Industries Association ("NYSEIA") has reviewed Central Hudson Gas and Electric Corporation's (Central Hudson) July 31, 2007 filing in response to the Public Service Commission's (PSC) June 21, 2007 Order relative to this case.

As stated in our original petition on this matter submitted to the PSC jointly with Sustainable Hudson Valley (SHV) on April 5, 2007, NYSEIA continues to support the increase of Central Hudson's net metering ceiling to 3.0 MW, effective immediately. In addition, the NYSEIA encourages the PSC to take all steps necessary to plan and prepare for additional increases in the future, to accommodate expected continued growth in markets for solar, wind, and other renewable energy technologies.

Currently, over 100 companies in New York State manufacture, distribute, sell, and/or install solar products that generate electricity, heat buildings, and provide hot water. New York solar companies employ from 500 to 1,000 workers and generate \$25-30 million in annual revenue. Nationally, the solar industry is growing at about 30% per year. New York companies, including those in the Hudson Valley region, could experience similar (or greater) growth if adequate and consistent public policies and regulations are in place – including those for net metering.

Net metering is a simple, low-cost, easily administered method of encouraging customer investment in clean, distributed, on-site energy generation technologies (such as solar, wind, etc.). Increased use of such technologies is essential to meeting the energy efficiency and renewable energy, peak load management, economic development, and climate change mitigation objectives articulated by Governor Spitzer, broadly supported

by the general public, and embedded throughout multiple state agency programs and initiatives.

Having easy, direct, access to net metering with the local utility is the most essential ingredient for consumers in New York who wish to invest in clean, distributed, onsite generation, such as photovoltaics (PVs). This is especially important in the Hudson Valley region which is the “hottest” and most rapidly growing market for PVs in New York state at this time.

While NYSEIA agrees that a utility such as Central Hudson needs to operate in a business environment in which electric utilities can prosper, we do not agree with the conclusions stated by Central Hudson in their July 31, 2007 filing.

- NYSEIA continues to assert that expanding the Central Hudson net metering limit to 3.0 MW is in the public interest.
- NYSEIA does not agree with Central Hudson’s conclusion that “Given that the Commission has found that an increase in the ceiling is warranted by the “public interest,” the costs must be funded by the public, not Central Hudson.” There are many who would argue (and demonstrate quantitatively) that the net societal costs of increased use of clean, distributed, onsite generation, such as photovoltaics, are substantially lower than those of continuation of business as usual absent expanded net metering. The work of Dr. Richard Perez, nationally known solar radiation scientist at University at Albany, definitely documents this in several different utility markets in the U.S.
- In addition, it is well documented scientifically (also by Dr. Richard Perez and others) that photovoltaic installations in NYS offset the dirtiest and most expensive summer peak load power. In Central Hudson’s financial analysis, they conspicuously neglect to account for many positive financial impacts of increased distributed, onsite PV generation, such as peak load reduction and voltage support.
- NYSEIA does not agree with Central Hudson that mechanisms should be developed for the utility to be reimbursed for lost revenue due to net-metered customers. This is similar to saying to Exxon that they should receive reimbursement from customers who decrease gasoline revenue by shifting to fuel-efficient hybrid vehicles. Such approaches make absolute no sense in the marketplace.
- Furthermore, if Central Hudson were able to claim lost revenue from their net metered customers, then those same customers would need to be able to claim the savings they created for Central Hudson’s ratepayers when the PV systems reduced marginal peak load at very high prices. Is this the direction the PSC wishes to head in future ratemaking and reimbursement scenarios? NYSEIA suggests not.

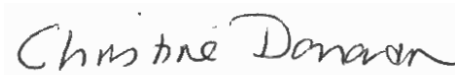
- NYSEIA agrees that future discussions about a revenue decoupling mechanism (RDM) for Central Hudson should contemplate how best to incentivize utility investment in, and support for, increased efficiency and clean, onsite, distributed generation. However, that future discussion should not prevent the PSC from expanding Central Hudson's net metering ceiling to 3.0 MW in the meanwhile.

Requested Action

As requested in our original petition, NYSEIA continues to request that the Commission increase the ceiling on the photovoltaic net metering load for Central Hudson Gas and Electric Corporation to 3.0 MW, effective immediately.

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

Sincerely,

A handwritten signature in cursive script that reads "Christine Donovan".

Christine Donovan, Executive Vice President/Executive Director
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