



January 29, 2009

RGGI Programs
NYSERDA
17 Columbia Circle
Albany, NY 12203-6399

RE: Written Comments on the RGGI Revised Operating Plan Summary Document

After reviewing the Summary Document of recommendations for use of proceeds from the New York CO₂ Allowance Auction Program, the New York Power Authority (“NYPA” or “the Authority”) would like to take the opportunity to highlight the potential that the \$2.4 million *Statewide School Power Naturally Program*, cut from the latest RGGI Operating Plan, can have to support our recently announced 100 MW Statewide Solar Initiative and facilitate the installation of 25 MW of solar PV at schools throughout New York.

In connection with the Authority’s commitment to the environment and in support of Governor Paterson’s “45 by 15” goal, NYPA recently issued a Request for Proposals (“RFP”) seeking the development of 100 MW of distributed solar photovoltaic generating facilities (“SGF”). The SGF’s will be installed primarily at schools, government facilities and other Authority customer locations throughout New York State. All SGF will be installed, owned and operated by a solar developer who will sell all energy and environmental attributes to NYPA subject to a 20-year power purchase agreement. Installation of the SGF is expected to begin in 2010, and anticipated to be in service by December 31, 2014.

As part of the Initiative, NYPA is inviting public and private schools and government buildings throughout the state to serve as Host Sites for a roof- or ground-mounted SGF. The solar arrays will be installed at no upfront cost to the Host Sites, and will provide participating Host Sites with pre-determined pricing for solar energy for the duration of the power purchase agreement, along with protection from future energy price increases. The Authority’s hope is that through this highly structured program, schools through New York State will be incentivized to actively participate in the program.

NYPA allocated approximately 25 MW of its 100 MW initiative to public and private K-12 schools statewide. To encourage schools to participate in the program, NYPA will work to offset any net difference between the cost of solar energy and their current electric rates. Thus, schools who host SGF will not incur any added costs and will be shielded from any future rate increases. The SGF will be net-metered and any excess solar energy not consumed by the schools will be exported into the grid and offset the need for fossil-fuel generation.

While NYPA’s program provides K-12 schools with significant benefits, further incentive is needed to ensure that these projects come to fruition. Since school districts are not receiving any added benefits in the short run, and may be forgoing any potential property

tax assessments and/or lease payments resulting from the installation of the SGF, these solar projects will be a tough sell. Furthermore, the current difficult economic environment has hit educational facilities particularly hard with numerous budget cuts. As a result, school districts and other educational facilities are scrambling to seek out additional sources of funds. Our hope is that the combination of SGF and some token lease payment will convince schools that a long term investment in solar is a worthwhile endeavor.

Unfortunately, the \$2.4 million *Statewide School Power Naturally Program* was cut in the Revised RGGI Operating Plan. This program would have supported 100 solar PV and solar thermal installations at K-12 schools over the next three years and would have provided valuable system performance data and educational opportunities for students.

NYPA was eager to encourage schools to apply to this program for PV funding opportunities. But under the Revised RGGI Operating plan, the \$12 million in PV incentives funded by RGGI will instead be dedicated to customers of the Long Island Power Authority and participants of Renewable Portfolio Standard programs operated by NYSERDA. While NYPA applauds these programs, not all school districts are eligible to apply to them, and there are tremendous statewide benefits to be realized through RGGI funding to our 100 MW Statewide Solar Initiative as well.

NYPA is requesting that the *Statewide School Power Naturally Program* be reinstated and coordinated with our 100 MW Statewide Solar Initiative to fund and facilitate the implementation of SGF at schools across New York State. RGGI funds can be utilized to lease space at K-12 Schools for the Solar PV installations. NYPA estimates a lease payment to schools for the SGF occupancy at \$20 per kW of installed SGF capacity per year. As an example, a school hosting a 100 kW SGF would obtain \$2,000 in lease payments per year over a 20-year term, or a simple single upfront payment of \$40,000. The full 25 MW school program would therefore require \$10 million in lease payment funding (\$0.40 per Watt of installed capacity) – RGGI funding could be a significant step to meeting this goal.

A goal of the RGGI program is to promote and implement renewable or non-carbon emitting technologies. NYPA's 25 MW allotment to K-12 Schools Statewide not only helps offset carbon emissions from fossil fuel generation, but in addition, it serves as an educational and community outreach tool showcasing the benefits of Solar Photovoltaic and other renewable technologies. The *Statewide School Power Naturally Program* will facilitate the installation of these valuable community resources.

Thank you for your consideration.



Rich Hackman
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