



April 15, 2015

VIA U.S. MAIL AND EMAIL

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

We are writing regarding the discontinuation of the NYSERDA On-Site Wind Turbine Incentive Program, to strongly urge you to continue this or a similar program for five years to maintain momentum in the small wind industry, and allow New Yorkers, particularly farmers and rural homeowners, to continue to realize its benefits.

NYSERDA's On-Site Wind Turbine Incentive Program (PON 2439) provides financial assistance to residents, farmers, and businesses seeking to invest in on-site wind turbines that are smaller than 2 megawatts. Most customers are farmers who use the electricity generated by the turbines to power farm operations, and thereby reduce their electric bills. The program has been in place since January 2012 and is currently set to expire at the end of 2015. Over the last four years, this program has supported the installation of 124 small wind energy projects, at a total program cost ranging between \$800,000 and \$2.7M per year. By continuing the program for an additional five years, New York will be invigorating a homegrown renewable energy industry and allowing family farmers and small rural businesses to become a part of the State's energy future.

We are well aware that New York is in the midst of your landmark Reforming the Energy Vision (REV) initiative, and that the reorientation of NYSERDA's programs is a part of the REV process. The small wind industry has been actively participating in the REV proceeding and has been impressed by its breadth and ambition. We look forward to continuing to work in New York within the new REV framework, when it comes to fruition. We expect that certain REV initiatives – such as community net metering, community choice aggregation, valuing distributed generation in new utility tariffs, and demonstration projects – could provide new and exciting opportunities for the small wind industry.

We need to maintain our momentum until these REV initiatives are in place, and not disrupt business opportunities in New York to the point where there is no small wind

industry to take advantage of the new REV framework. For this reason, we strongly urge you to continue the NYSERDA PON 2439 program, in some form, in the near term, to avoid a cliff in the small wind industry.

A cliff for small wind will disrupt our trajectory towards grid parity, which is the goal for distributed wind, like other distributed generation technologies. Our industry has made progress towards that goal:

- ✓ **New leasing arrangements** are allowing small wind, like solar, to acquire customers who would otherwise not be able to pay the initial capital costs of purchasing the turbines, but who will immediately realize savings on their monthly electric bills. This has greatly increased market demand for the on-site wind industry. Because of new leasing arrangements, the industry expects to install more turbines in 2015 than in the previous four years combined, based on the amount of leases now being negotiated with customers.
- ✓ **Costs for smaller distributed wind are dropping.** Installation economies from the increased volume due to leasing have lowered costs approximately 5% in 2014 and will further lower costs in 2015. The leading small turbine OEM's all have next-generation products in development that have larger rotors which will deliver cost reduction to the order of 10–25%.
- ✓ **Our potential market is conservatively estimated to be 1,200 MW**, based on the number of landowners with greater than five acres in locations with adequate wind resources. These opportunities are largely in central and western New York.
- ✓ **This program is now leveraging federal support** through the Investment Tax Credit (ITC) available for small wind projects. If NYSERDA chooses to discontinue this program at year-end, New Yorkers would be unable to benefit from the federal incentive.
- ✓ **Distributed wind peaks in the winter and correlates with winter peak demand.** Wind directly affects heat loss, increasing building heating requirements. Distributed wind complements solar and provides the most feasible clean energy alternative to fuel oil and propane heating. It also helps with power quality on rural feeders by providing voltage and VAR support.

We had previously suggested a program modeled after NY-Sun in meetings with NYSERDA and DPS staff. Like solar, a system of declining incentives based on the amount of megawatts deployed would provide a long-term signal to the industry and a strong incentive to continue to reduce costs. Further, achieving scale will itself reduce costs as customer acquisition, design and construction, and permitting costs come down due to economies of scale.

Through the installation of small wind turbines, family farmers and other small businesses are able to engage in the energy market, diversify the State's renewable energy portfolio, increase local grid resiliency, and reduce carbon emissions. All of these results mirror the

State's objectives of the REV proceeding. While the various REV initiatives continue to be designed and implemented, it is imperative to continue NYSERDA support for on-site wind turbines and keep this industry thriving in the Empire State.

We urge you to continue offering an incentive program tailored for on-site wind, and we thank you for your consideration.

Sincerely,

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