

**Comments on CASE 05-M-0090:  
“In the Matter of the Systems Benefits Charge III”**

**submitted to:**

State of New York Public Service Commission

**Submitted by:**

Bergey Windpower Co.  
Michael Bergey, President

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Bergey Windpower Co. appreciates the opportunity to provide input to the York Public Service Commission as it considers the future of the New York Systems Benefits Charge program under CASE 05-M-0090.

Bergey Windpower, located in Norman, Oklahoma, is a leading supplier of small wind turbines for residential, farm, and small business use. We have benefited from NYSERDA demonstration programs and the relatively new NYSERDA small wind rebate program introduced in late 2003. In 2004 we shipped 60 kW of small wind systems to customers in New York. We expect New York installations to double or triple in 2005, solely attributable to the SBC-funded NYSERDA rebate program. The New York sales, while modest, add to our manufacturing volume of 10 kW wind turbines and move us closer to manufacturing economies of scale. We believe that the New York market has very good growth potential in the coming years provided that the purchaser subsidies can be maintained.

With that background, we offer the following responses to the questions posed in the Notice Soliciting Comments issued by the PSC on January 28, 2005.

**1. To what extent have the goals and objectives established by the Commission been achieved?**

Substantial progress has been made by NYSERDA in the small scale renewable energy technologies, solar and wind power. In the case of small wind, NYSERDA has funded modest demonstration and outreach programs, created a very useful wind resource map, and recently created a rebate program aimed at homeowners, farmers, small businesses, and institutions. The Commission, acting through NYSERDA, has given our technology a foot in the door, but we are far from achieving a firm foothold in the marketplace. It will take more time to build market momentum through consumer familiarity and confidence in small wind

products and it will take more time to address the local permitting issues that our tall towers raise.

**2. Should the SBC program continue beyond its current expiration date of June 30, 2006? If so, for what duration should the SBC be extended and at what funding level?**

Yes, the SBC should be continued and we would recommend that the extension run to the end of 2013. The industry needs 5-10 years of program surety and stability to allow for needed investments in market development and product distribution. Further, we would recommend that all of the SBC funded programs be expanded through a higher levy on electricity sales and a new levy on natural gas sales. A more ambitious EnergySmart program would seem to be justified by the increased enthusiasm for clean energy demonstrated by the administration, the legislature, and the public over the last few years.

**3. Have conditions changed since the establishment of the SBC that would necessitate a change in the overall goals and objectives of the SBC? If so, what changes are recommended?**

No, the goals are still valid and, although some energy prices have gone up significantly, clean energy technologies have not achieved critical mass. Please stay the course.

**4. If assuming continuation of the SBC, how should programs be prioritized to meet those goals and objectives?**

We believe that supporting the goals of the RPS is an important new element in the SBC arena. However, we would hope that existing programs aimed at supporting smaller-scale, distributed renewable energy applications will be both maintained and strengthened. Allowing consumers choices ranging from buying green power to investing in clean self-generation adds competition to the energy marketplace and builds public support for the state clean energy programs. Large scale projects do create clean kilowatt hours more efficiently than smaller dispersed installations, but they do not put renewable energy projects and equipment where the people paying the levies can see them. A balance is needed.

**5. How might the SBC programs be adjusted given the Commission's order, issued September 24, 2004, regarding a Renewable Portfolio Standard (Case No. 03-E-0188)?**

In terms of the small scale customer-sited mandate of the RPS, we believe that the maintenance and expansion of the existing NYSEERDA rebate programs will be essential to achieving the goals. Eliminating the rebate program and replacing it with some sort of "command and control"

program will shunt the recent momentum and completely disrupt the supply chain now taking root in New York. It is far better to build on what is working now than to go back to the drawing board.

**6. In what ways might the current SBC fund collection and allocation process be improved?**

The process seems to be working fine. The levy, however, should be increased to bring it more inline with the regional average.

**7. What specific program(s) should be eliminated, expanded or created?**

We believe that the small wind turbine rebate program, PON 792, should be extended and its funding, now at \$2.5 million, should be increased. It is a new program that is proving popular with the public and which we believe has good growth potential.

**8. How can future SBC funded programs be more responsive to the needs of New York's energy consumers?**

The programs are responsive, but NYSERDA could be faster in setting up and reworking programs. In the area of small wind there is a need for a state-wide zoning guidance to help reduce the unintentional permitting barrier caused by height restrictions that never anticipated uninhabited tall structures on residential property. California passed state-wide guidance in AB 1207 and it has served to reduce permitting barriers without creating a public backlash.

**9. How can SBC programs be marketed more effectively?**

There could be more outreach to the residential and farmer markets. We have found that the NYSERDA rebate programs are not well known in these markets. For small wind, focusing outreach efforts in the parts of the State that have good wind resources, high electric rates, and numerous rural homes (property size of one acre or more) would target likely buyers. We have found direct mail and local seminars to be effective. Outreach campaigns by NYSERDA carry more credibility than similar efforts by private companies. In the area of emerging renewable technologies credibility is very important because there is so little marketplace experience with the products.

**10. In what ways can NYSERDA improve its administration of the SBC?**

In the case of PON 792, the small wind rebate program, we believe that usage of the program is bottlenecked by unnecessarily restrictive requirements for our dealers to be qualified as "Eligible Installers". Only "Eligible Installers" can access the NYSERDA rebates so the number of

“Eligible Installers” directly affects program utilization. After approximately two years only 8 of our 31 dealers in New York have qualified. The requirements for qualification need to be reconsidered in light of industry experience and the way in which larger programs in other states operate.

**11. Is the current NYSERDA program evaluation process adequate? How might it be improved?**

Relative to PON 792, we believe that program effectiveness and the impacts of certain administrative constructs within the program could be evaluated more often.

**12. Should SBC funds be extended to programs that encompass research and development into retail and/or wholesale electric market competitiveness issues, or transmission and/or distribution of the state’s energy resources?**

Only with a proportional increase in the levies to fund these activities.

**13. Should the scope of the SBC programs be expanded to include programs for natural gas customers?**

Yes, mirroring the electric program. Renewable energy can offset natural gas consumption nearly as well as it can offset electric consumption.

**14. Do you have any other suggestions for improving the overall SBC program that are not addressed by the above questions?**

No. Again we thank you for the opportunity to comment.