



April 8, 2013

Michael Judge  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

Re: Post-400 MW Solar Program Policy Design

Dear Mr Judge,

Knollwood Energy of MA LLC appreciates the opportunity to provide input to the Mass DOER on the plans for the very successful solar program once we reach the initial 400MW.

We want to congratulate the DOER for designing a system which looks to avoid most of the issues that other state SREC markets have run into. The ability to dynamically change the demand based on the rate of installation without legislative change was very well thought out and will keep the market from experiencing the type of boom/bust cycle that we see in other states. We feel the market has become comfortable and knowledgeable about the way the program works and we would recommend a similarly designed program for the post-400MW program.

#### Extending/Revising the RPS Solar Carve-out

As we mentioned above, we believe that the DOER has designed the best SREC market that we have seen. We are confident in the framework and the outcomes. For investors willing to take the market risk, they can utilize the floor mechanism. For other facilities that need price certainty, they can transact at below floor prices at prices set by installation costs. This allows the utilities to reduce their costs of meeting their SREC obligations, while providing some of the price certainty needed by investors. We have seen more interest in long term contracting (over 5 years) in the MA market than in any other SREC market. The advantage of a tradable SREC market with a fixed size, is that as

installation costs continue to drop, the price required by facilities requiring price certainty will also drop, again driving down the cost for ratepayers. Since the size of the program is limited, facilities will compete to get these contracts which again will drive down pricing.

### One SREC Market or Two

We would strongly oppose an expansion of the current 400MW program. First, the original market and floor were designed when solar installation prices were much higher. There is no need for a floor price at this level for the next program, it would simply be too expensive for ratepayers. Second, the DOER has expended time and energy explaining that the current program would not be expanded, which has enabled more long term contracts to be signed in the market. An increase in size of the current program would make the pricing models that those long-term contracts were based on null and void. We do not believe that the additional compliance burden of a second program would be that difficult to manage.

While the other models being discussed are interesting, we believe that the best testament to the current program is in its success. There is no doubt that systems are being installed at rates well exceeding the program's initial expectations. So, we see limited reason for change. We believe that a new system with a much lower floor to recognize the lower cost of installation and accompanying lower ACP, will accomplish most of DOER's goals with the least amount of disruption.

Thank you again for the opportunity to comment on the 400MW Cap.

Alane Lakritz  
President  
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