



Via email to doer.srec@state.ma.us

April 10, 2013

Dwayne Breger
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Comments – Post-400 MW Policy

Dear Mr. Breger:

The New England Clean Energy Council (“NECEC”) welcomes the opportunity to provide input to the Department of Energy Resources (“DOER”) on DOER’s post-400 MW solar incentive program policy design.

NECEC is the lead voice for hundreds of clean energy companies across New England on both the energy policy agenda and growth of the clean energy economy. NECEC has an abiding interest in a strong but sensible solar incentive program in Massachusetts. Such a program can not only support the Commonwealth’s budding solar energy industry and the many business and workers that are part of that industry but can also provide long-term financial benefits and grid reliability benefits to Massachusetts ratepayers and environmental benefits to all.

Modified RPS Solar Carve-Out Framework Offers Most Robust Policy Option.

As between maintaining and expanding the RPS Solar Carve-Out framework and establishing a new central procurement approach, NECEC believes that a modified version of the existing framework offers the best opportunity to quickly implement a successful follow-on program. A modified RPS Solar Carve-Out framework could maintain the momentum of solar energy development in the Commonwealth in a manner that appropriately balances recipient and ratepayer interests while encouraging participation from a diverse array of homeowners, businesses, developers of various stripes as well as a range of investors and lenders. While the current policy framework offers a good starting point, a successor program would certainly benefit from features designed to address weaknesses in the current program. As DOER has proposed, a successor program could have a firm incentive floor to enable market participation by a broader range of homeowners and businesses, as well as more dynamic mechanisms to provide “right-sized” incentives that can moderate ratepayer impacts by focusing on the reasonable needs of different market participants at different times.

That is not to say that a central procurement approach could not be an appropriate part of a suite of solar incentive programs. While central procurement approaches tend to involve limited and sporadic procurements and have timeframes that do not necessarily correspond with project development timeframes, layering some measure of central procurement on top of a version of the existing program may be a way to achieve a

portion of desired solar installation where cost-efficiency is elevated over other program objectives.

Separate Follow-on Program Best Respects Expectations of Participants in Current Program.

It may be appealing from a number of perspectives simply to expand and modify the current RPS Solar Carve-Out Program and attempt to do so in a manner that avoids weakening the near- and long-term market for SRECs under the current program. However, NECEC believes that this would be very difficult to achieve. The current program comprises a complex suite of regulatory mechanisms that can give rise to a range of potential market outcomes. To the extent that participants in the current program have made business decisions in reasonable reliance on their view of what those outcomes will be, DOER should not at this point upset those potential market outcomes by directly expanding the current program. Rather DOER should establish a second separate program.

Firm Floor a Critical Component of Follow-on Program.

While the current program design has been successful in encouraging investment and solar installations, it has been hampered by the lack of a firm floor on the solar incentive amount. Some potential market participants have held back from investing in solar installations in the Commonwealth because of the current clearinghouse auction mechanism lacks a firm floor. And a fair number of homeowners and businesses have invested in solar installations with a limited understanding of the absence of a firm floor. To incent healthy investment in new solar installations, a follow-on program should have a firm floor. Introduction of a firm floor to protect homeowners and business in times of oversupply can go hand in hand with reduction in solar alternative compliance payment levels to protect ratepayers in times of undersupply. At the same time, if there is a moderation of the opportunity of program participants to benefit from higher SREC levels in undersupplied markets, it will be all the more important to ensure that the floor alone provides an adequate incentive.

H. 2915, a bill filed by Representative Tom Calter, includes an approach to providing a firm floor that would require the distribution companies to purchase any SRECs that remain un-cleared in the final round of the clearinghouse auction. There may be other approaches. NECEC recommends serious consideration of this and other elements of the Calter bill.

Dynamic Incentive Levels Can Help Ensure Right-Sized Incentives.

NECEC sees merit in further exploration of the concept of “SREC factors” that DOER has shared as a potential design element of a follow-on program. We believe, however, that it needs further discussion. As we understand the concept, different types of facilities (e.g., small residential, small commercial, utility-scale) or facilities constructed at different times (e.g., a period in which solar equipment costs are higher, a period in which solar equipment costs are lower) could be awarded a different number of SRECs per each MWh of generation. Any adjustment along these lines should be transparent and readily understood by market participants.

Managing Impact of Solar Development on Agricultural and Forest Lands.

NECEC recognizes the potential for both environmental and economic harm to the Commonwealth and its communities from permanent loss of valuable agricultural and

forest lands. This issue warrants careful attention. At the same time, it may be the case that appropriate solar development offers a unique means for owners of agricultural and forest lands to generate a supplemental source of income that not only allows them to preserve a significant portion of those lands alongside the solar use but also allows the solar project site to revert to agricultural or forest use following decommissioning of the solar project. Nor should conversion to solar energy use be penalized in a manner not done for conversion to other uses. It will likely be most appropriate to have MDAR and/or EOEEA's MEPA Office address this issue and to do so in way that addresses conversion to both solar energy and other uses.

We are grateful for DOER's attention to these issues and stand ready to support DOER in further developing and implementing a new solar incentive program designed to foster a diverse solar energy industry in the Commonwealth that appropriately balances the interests of all stakeholders.

Sincerely,



Peter Rothstein
President



Janet Gail Besser
VP, Policy and Government Affairs