

Bravo for your support over the years for the greater use of renewable energy for Massachusetts residents!

As a homeowner in Needham with a photovoltaic electricity system installed in July 2010, I have benefited from SRECs, and from your design of the SREC system. Having purchased the \$50,399 system with a 10-year fixed rate loan, we've been in the black since our system's first full year. We expect to remain at least at the break-even point through, the life of our loan, IF and only if the state honors its commitments for SREC pricing.

You designed the SREC system well, to an uncanny degree: at the conclusion of our ten-year loan and ten years of SRECs, we'll be even (a graph and calculations are attached). That seems fair, since the taxpayers (and, indeed, all animals that breathe) will benefit from the completely clean production of electricity. Knowing that, I've been very vocal about solar energy to friends, have spoken at community gatherings, and have convinced several friends to go solar.

One assumption has been crucial: that the price of the SRECs remains at least at \$285. Not a hypothetical, or probable, or if-it-clears-at-a-last-chance-auction \$285, but a real \$285, via a check in my pocket within a year of generating the SRECs. Doubtful signals to SREC sellers about the real floor price will depress the auction price and set expectations that will remain low. At \$200, for example, we'd be in the red in a few years. Knowing that, I would no longer be able to promote solar honestly to my friends. Nor could salespersons for solar systems make credible cases to prospective solar purchasers, which would curtail the growth of solar energy.

We purchased our system after my careful financial analysis, for which we were assured by the DOER website and our salesman that SRECs would remain at least at \$285. Later, our aggregator, SRECTrade, reaffirmed that in its message to all its customers in July 2012, mentioning "the price of \$285 promised by the Last Chance Auction (Massachusetts' price support mechanism)."

Please send a clear message in the revised rule to the sellers and buyers of SRECs, that sellers of SRECs minted since June 2011 will receive at least \$285 per SREC within a year of the minting. The re-minting process as it is described in the draft wording merely kicks the can down the road, making sellers of SRECs anxious, discouraging would-be purchasers of solar systems, and needlessly, harmfully, and lengthily depressing the likely SREC auction values.

Thank you for your consideration of this, and your past support for solar energy.

I'd be happy to discuss this if you'd like.

Sincerely,

Ken Farbstein
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Calculations

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|-----------------|---|--|----------|------|---------------------------|--|---------------------------|
| Equipment: | 30 solar panels, online in July 2010 <ul style="list-style-type: none">• Produce 8,500 kilowatt hours/year (8 SRECs)• Provide about 60% of our yearly household electric use | | | | | | |
| Price: | <table><tr><td></td><td>\$50,399</td></tr><tr><td>less</td><td><u>5,500</u> state rebate</td></tr><tr><td></td><td>\$44,899 financed by loan</td></tr></table> | | \$50,399 | less | <u>5,500</u> state rebate | | \$44,899 financed by loan |
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| Financing: | Entire amount financed by fixed-rate loan, later refinanced at 3.25% over 10 years (monthly payment: \$418) | | | | | | |
| Payback Period: | Less than one year. Federal Income Tax Refund of \$15,120 received in April 2011 for 30% renewable energy tax credit | | | | | | |

See attached graph of yearly savings (in black) and costs (in red) over 20 years.

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|---|--|
| Monthly cost: | \$418 loan repayment |
| Monthly saving: | \$108 in lower electricity bills |
| Quarterly saving: | 2 SRECs |
| Yearly cost: | \$5,016 (\$418 x 12) |
| Yearly savings: | $\$3,405 = \$1,296 + \$2,109 = \$108 \times 12 + \$285 \times 92.5\% \times 8 \text{ SRECs}$ |
| Yearly erosion of the initial \$15,120 Federal tax credit which had put us in the black = \$1,611 | |
| Total erosion over 10 years: \$16,110 (= \$1,611 x 10), putting us briefly about \$1,000 in the red in year 10. | |

Conclusion: With SRECs at \$285, we stay at least even throughout; otherwise, we'd be in the red for years.