



VIA Email to: DOER.SREC@state.ma.us

March 25, 2013

Michael Judge, RPS Solar Carve-Out Program Coordinator  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020, Boston, MA 02114

Dear Michael,

**Re: Comments on Regulatory Changes to 225 CMR 14.00 RPS Class I**

Clean Asset Partners Corporation appreciates the opportunity to provide comments to the Department of Energy Resources ("Department") on the regulatory changes the Department proposed recently for 225 CMR 14.00.

Clean Asset Partners is a Massachusetts company that manages renewable energy system participation in Solar Renewable Energy Certificate ("SREC") and Renewable Energy Certificate ("REC") markets in Massachusetts and the New England region. We currently represent owners of over 100 photovoltaic systems in the Massachusetts RPS solar carve-out under 225 CMR 14.00. As such, we are very interested in the Department's regulatory changes to 225 CMR 14.00, and provide comments below.

**Removing ACP from Minimum Standard operative formula used prior to the sunset phase, and adjusting the figure for the capacity factor, will be positive and important changes**

The Department's proposed amendment to remove the Alternative Compliance Payment (ACP) term from the Minimum Standard formula under 225 CMR 14.07(2)(d) will help to address the current SREC oversupply, which is still expected to span multiple years, but which would be deeper and might last longer without that change. Revising the capacity factor used in the regulatory formulas also will be important, as an accurate capacity factor will help to keep the market in balance as the program transitions to the sunset phase. We support these changes, and believe they will improve the program's design and operation.

**Clarifying that SRECs can only be deposited into the Clearinghouse Auction once, without other changes, may leave reminted SREC holders unable to obtain \$285 before SRECs expire**

If the Massachusetts SREC market were to stay oversupplied for more than three years, any reminted SRECs returned to Clearinghouse Auction depositors could expire before the depositors are able to obtain a market price of \$285 or more. A regulatory limitation to a single deposit therefore could

mean PV system owners have no way of getting the \$285 minimum price intended for those who use the Clearinghouse Auction. We therefore recommend that the Department consider ways to address this, and offer below some potential approaches we believe could help.

**Further regulatory measures to encourage Clearinghouse Auction bids and help prevent the expiration of reminted SRECs before holders can obtain \$285 would be helpful**

Additional regulatory adjustments could further encourage Clearinghouse Auction bids if necessary while also helping to reduce the potential for any reminted SRECs to expire before they can be sold for \$285. For example, if the 3<sup>rd</sup> Clearinghouse Auction fails to clear, a 4<sup>th</sup> Auction could be held, in which the SRECs would be given a four-year life. This would add value to the SRECs to encourage bids, and would also help to reduce the potential for reminted SRECs to expire before they can be sold for a minimum of \$285. Alternatively, a four-year life could be assigned to reminted SRECs in the 3<sup>rd</sup> Clearinghouse Auction. As another alternative, or possibly in addition, if the 3<sup>rd</sup> Clearinghouse Auction fails to clear, a 4<sup>th</sup> Auction could add two times the number of SRECs deposited in the Clearinghouse Auction to the Minimum Standard for the Compliance Year two years following the Compliance Year in which the SRECs were deposited into the Clearinghouse Auction Account.

An additional year of SREC shelf life would help to incentivize Clearinghouse Auction bids and provide added protection to Clearinghouse Auction depositors without adding to an SREC undersupply in any year; likewise, under a range of scenarios, adding two times the amount of SRECs if the 3<sup>rd</sup> Clearinghouse Auction in 2012 failed to clear appears unlikely to create an undersupply in 2014 or to increase the Minimum Standard in subsequent years. After that, it may be unlikely that a stronger increase to the Minimum Standard would ever be triggered, reducing the possibility of adding to undersupply while maintaining a strong incentive for the Auctions to clear.

We urge the use of these or other measures to safeguard the price support mechanism in Clearinghouse Auctions held prior to the program's sunset phase, when they may be more likely to be needed; we also suggest that similar safeguards be considered for subsequent years, as stronger incentives could be needed during the program's sunset phase as well. These measures, or something similar, could help to add certainty that the price support mechanism would ultimately deliver a minimum of \$285 per SREC to those who made their PV investment decision accordingly and are able to wait, potentially for some years, to obtain the assured minimum price.

We greatly appreciate the Department's work to closely monitor the functioning of the Massachusetts SREC market and to make improvements to the program in ways that balance the needs of various stakeholders.

Sincerely,



Steven Kaufman  
Managing Director