

Dear Sirs/Madam of the DOER,

First, Solar Design Associates truly appreciates the pioneering work that the DOER has been undertaking since the passage of the Green Communities Act in 2008. In becoming the first state to implement an SREC policy with a clearinghouse auction mechanism designed to backstop the established floor price, Massachusetts provided an innovative solution for failures of other state SREC markets.

Unfortunately, for a variety of reasons, due to a large oversupply of SRECs, it appears that the 2012 auction may fail and, short of an intervention by DOER, cause prices to become quite volatile for several years. In the interest of maximizing the "public benefit", it is important to find a balance between the interests of large, small, and medium SREC sellers and compliance buyers in order to efficiently transact the most production of kwh at a price within the intended parameters. In addition SDA would like to see the establishment of a stable and sustainable solar industry in Massachusetts and not another boom/bust cycle as we have experienced over the years in many states and countries. As a dedicated solar and renewables engineering firm for over 38 years in Massachusetts, SDA has witnessed many such cycles. We sincerely hope that DOER will recognize the importance of "getting it right this time" so that we do not create expectations and hopes only to dash them a few years later with a flawed policy.

Specifically we are concerned that a failure of the clearinghouse auction will send the wrong signal to other states, and to financial partners participating in Massachusetts solar projects. This could be avoided by establishing a firm floor price with a buyer of last resort (as proposed in the Calter bill).

By backstopping the auction and holding the floor price as firm, credit risk will be reduced and credit costs will decline, benefiting ratepayers and retail electricity suppliers as they won't have large fluctuations in SREC prices and fewer ACP penalties. This predictability and certainty will allow more projects to obtain financing, down to the residential level as well. It is onerous to be forced to provide 12%+ returns to investors willing to take on the current SREC risk, and would provide substantial saving if, instead, we could be accessing conventional lending like car loans to finance these systems.

By adding more SRECs to the compliance obligation for 2013, the risk of an auction failure will be reduced, but to what level? To determine the best method we encourage the DOER convenes a technical conference session to explain the assumptions and data behind them so multiple eyes can review the data and arrive at a solution that is transparent in a process that takes into account multiple scenarios.

SDA also opposes the rule change to end the program in 2023 without allowing the program to extend into 2024-2025, as many SREC sellers will be unable to collect the value that was initially promised.

In any program going forward, we strongly recommend there be a solid floor, with the electricity suppliers required to purchase all available SRECs at the auction floor price one way or another, which would be set with an adjustment factor annually, and applied to systems from the time of their qualification, to reflect the average sale price (ASP) of modules and cost of installations on a per Watt basis so the floor would be floating for annual tranches.

Please convene a technical conference asap and open up the next "Sun of SREC" program to a second public meeting where the idea of a firm floor is established as an option to consider seriously. That could reduce price volatility and uncertainty in exchange for stable but lower cost public subsidies.

Thank you for your consideration,

Haskell Werlin

Director of Business Development
solar design associates

280 Ayer Road
Harvard, Massachusetts 01451

617.519.1024 mobile
978.456.6855 x 22

hwerlin@solar design.com
www.solar design.com