



March 25, 2013

Mark Sylvia, Commissioner  
Department of Energy Resources  
100 Cambridge St., Suite 1020  
Boston, MA 02114

Dear Mr. Sylvia,

I am writing as a stakeholder, in response to the DOER request for commentary regarding potential changes to regulations governing the Solar Carve Out Program (the “Program”). Our company, Sunbeam Capital, LLC (“SUNCAP”) has arranged private equity funding for Broadway Renewable Strategies, LLC’s project pipeline in Massachusetts.

There is a significant opportunity for Massachusetts to attract private equity investors to fund solar projects. SUNCAP has dialogued with a large number of private equity investors over the past two and a half years, as part of our engagement with Broadway. During our work, it has become clear that the primary concern that equity investors have with the Program is the variable opt-in term. Stated simply, equity investors have found that banks will only lend based on a worst-case assumption of the opt-in term, which amounts to a term that is two years less than the then current opt-in period. This results from the risk that term can be shortened between the time the loan is made and the date that the project qualifies to opt-in, due, for example, to the long delays that projects have experienced in getting interconnection agreements.

If DOER would like to maximize the benefit for the ratepayer, the best incremental change to the Program would be to fix the term at 10 years. This change would attract more investors, who would in turn compete for projects and bid lower PPA prices and result in lower costs for the consumer.

The other significant feedback that investors have given us is that the Program lacks “teeth” or cannot be enforced by DOER. Ideally, investors would like the State to guarantee the floor of \$285/SREC. Given that such a guarantee will not occur, investors would like to see some steps taken by DOER to demonstrate support of the Program. Investors have indicated that it would be good to have a formal coordination between DOER and Department of Public Utilities to enforce compliance with Program. So, for example, if a regulated utility did not purchase the amount of SREC required under its compliance obligation, then DPU would suspend its license to operate in the State. Another separate possibility that has been discussed is to dedicate the proceeds from ACP

payments to be used by DOER in the auction to purchase any SREC that are deposited for auction.

We hope that these comments may prove useful to DOER as it continually seeks to improve the Program. If we may be of any assistance, please feel free to contact us.

Best regards,

Mr. Kris Mahabir  
President, Sunbeam Capital, LLC