



January 29, 2014

Michael Judge, Associate RPS Program Manager
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 ("DOER") on DOER's recently released draft 225 CMR 14.00 regulation.

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 are very interested in DOER's regulatory changes to 225 CMR 14.00, especially as they relate to the establishment of the "SREC II" program, and provide comments and below.

Provide the option for generating units to begin their 40-quarter SREC II participation in the quarter of their Commercial Operation Date ("COD") or the following quarter, provided they have not yet received a Statement of Qualification; or, provide that option for units with a COD five days or less from the end of a calendar quarter.

The draft regulation would require all SREC II projects to begin their 40-quarter SREC II participation on their COD or the quarter after they receive a Statement of Qualification, whichever is earlier. Language under 14.05(9)(k)1 establishes that a generating unit's 40-quarter participation will begin "with the calendar quarter in which each ... Unit's RPS Effective Date occurs, as prescribed in 225 CMR 14.06(4)." Draft 225 CMR 14.06(4)(c) says "in the case of Solar Carve-Out II Generation Units, the RPS Effective Date shall be the Commercial Operation Date or the first day following the calendar quarter in which the Unit receives its Statement of Qualification, whichever is earlier."

DOER's "SREC I" policy enabled applicants to choose to begin their SREC I participation in a quarter after they received their authorization to operate ("ATO" – i.e., COD for units connected to an end-use customer's side of the electric meter) because there was no prohibition against it and no requirement for the "Opt In" to start earlier. Many SREC I applicants with PV systems that went online in the last few days of a calendar quarter chose to have their SREC I participation, and their 40

quarters of Opt In to participate in the Clearinghouse Auctions, begin the following quarter so they would not use a full quarter of Opt In for a comparatively small amount of SREC credit. With SREC II, while incentive values decline over time, the 40 quarters could be viewed as more important since each unit can only participate in the SREC II carve-out for 40 quarters overall. Inevitably and by circumstances largely beyond their control, some generating units will obtain ATO's in the last few days of a quarter, and the unit owners may appreciate the option to have their 40 quarters start at the beginning of the following quarter.

We recommend that DOER allow projects that have not already been qualified to participate in SREC II, but that are online and can provide an administratively complete SREC application, to have the option to begin their 40 quarters of SREC II participation in the quarter when their COD falls, or the following quarter. Alternatively, perhaps DOER could specify a number of days prior to the end of a calendar quarter within which, if a unit's COD occurs, the unit owner or representative would have the option to begin SREC II participation the following quarter.

We ask DOER to consider revising 14.06(4)(c) to read: "in the case of Solar Carve-Out II Generation Units, the RPS Effective Date shall be the Commercial Operation Date or the first day following the calendar quarter in which the Unit receives its Statement of Qualification, whichever is earlier, **provided that Units [whose Commercial Operation Date is five calendar days or less from the end of a calendar quarter] that have not been issued a Statement of Qualification prior to their Commercial Operation Date may elect to have their RPS Effective Date be the first day of the calendar quarter following their Commercial Operation Date**" or something to that effect. Please note that the clause in brackets could be included to provide this option within a limited timeframe.

Revise the definition of "Community Shared Solar Generation Unit" to limit participant share size by capacity rather than generation and to accommodate arrangements where participants do not have a direct ownership stake in the generation unit per se.

The draft regulation defines "Community Shared Solar Generation Unit" as a "solar photovoltaic Generation Unit that provides net metering credits to two or more utility accounts, whose owners have a formal ownership stake in the Generation Unit or the entity that owns the Generation Unit, and for which the net metering credits provided to each account do not exceed a value in excess of the equivalent of 30 MWh of generation on an annual basis."

Shares in community shared solar projects are typically dominated in kW capacity, not kWh energy generation. We recommend that a limit on the size of an ownership stake, or something similar, be based on capacity, not generation or the equivalent. A capacity limit would provide more clarity for community shared solar developers and participants and avoid their inadvertently exceeding annual limits during years with unusually favorable generation conditions. For example, 25 kW of capacity might not typically exceed 30 MWh per year in Massachusetts, but in some years it might.

While participant ownership should be encouraged, we recommend that the definition of Community Shared Solar be broadened to encompass arrangements where project participants have contracts with the Generation Unit owner to lease or obtain the net metering credits associated with a share of the Generation Unit. Such arrangements are common in projects generally considered to be community shared solar. Leasing or other third party ownership arrangements could facilitate the

development of community shared solar projects that include participation by entities such as municipalities and non-profit organizations that do not pay income taxes and cannot benefit from the federal solar tax credits through direct ownership.

Allowing some percentage of community shared solar project stakeholders to exceed the general capacity limit could be advantageous as well, and would be more consistent with other project category definitions used for SREC factors. Some private companies, government entities, or non-profit organizations may wish to host a community shared solar project and/or serve as an anchor investor with a larger participation stake than other participants. Similar to the proposed definitions for “solar parking canopy”, “landfill”, “brownfield”, and “building mounted” units, we suggest that the definition of Community Shared Solar should be based on a percentage of the Unit’s owners’ accounts receiving net metering credits from capacity shares that do not exceed a specified limit. We recommend considering a definition whereby participants receiving net metering credits from a capacity stake of no more than 25 kW account for no less than 50% of a Generation Unit’s output.

We suggest considering the following definition: “Community Shared Solar Generation Unit. A solar photovoltaic Generation Unit that provides net metering credits to two or more utility accounts, whose owners have a formal ownership stake in the Generation Unit or the entity that owns the Generation Unit **or have an agreement to lease or receive net metering credits from a portion of the Generation Unit’s capacity**, and for which the net metering credits provided to ~~each account accounts~~ **that together comprise no less than 50% of the Unit’s capacity** do not exceed a value in excess of the ~~equivalent of 30 MWh of generation on an annual basis~~ **electricity generated from 25 kW DC of capacity**” or something to that effect.

Allow ownership financing enhancement program to support ownership in Community Shared Solar Generation Units

To encourage a direct ownership stake in Community Shared Solar Generation Units, and to extend the option of enhanced PV financing to those without adequate siting or with other constraints that prevent onsite PV installation, we ask DOER to consider allowing participation in its planned ACP funded financing program for ownership stakes in community shared solar units that are net metered to residential and 501(c)(3) non-profit organization electricity accounts.

We appreciate and support DOER’s work to structure the next round of solar incentives for Massachusetts, and are grateful for the opportunity to submit comments on the draft regulation.

Sincerely,



Steven Kaufman
Managing Director