

# Massachusetts Solar Owners Association

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Department of Energy Resources  
100 Cambridge Street Suite 1020  
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## Public Comment: **Regulatory Changes to 225 CMR 14.00 RPS Class I**

Dear Mr. Judge & Dr. Breger,

The membership of MASOA is made up those who installed solar energy systems before incentives such as Net Metering, RECs or SRECs, and those who installed solar power just last week. What our members have in common is the belief that the investment in clean energy such as solar is a vital and necessary component to the solution of climate change, detoxification of our environment and energy independence.

We believe the Governor clearly agrees, and we agree with him that solar produced electricity is at this juncture the best and most reliable source of clean energy for our state, and applaud his new goal of 1600 MW of solar electric generation by 2020.

So with this in mind, the question is simple, do the proposed regulatory changes encourage solar growth so as to meet Governor's goal by 2020, and are these changes that will improve Massachusetts residents and businesses understanding and ability to invest in solar electric systems, create local jobs and stimulate our economy here in Massachusetts?

**The simple answer is no.** The SREC II program is clearly intended to slow solar electric growth by hobbling large solar farms through "factoring" and other new conditions. Even more moderate solar development is "factored" such as installations on a landfill or Brownfield location, something you would think the Commonwealth would want to encourage. This would require shifting growth to the 25 kW and less sector that has for the last few years eroded from 18% to about 5% in 2013, and is forecast to decline to 3% by the end of the original SREC program in June of 2014. Small solar system ownership has further declined due to the rapid increase in leasing programs offered by mostly out-of-state large capital corporations. Even the new proposed solar loan program will not be enough to encourage solar electric ownership with the end of front-end incentives through Commonwealth Solar II in June 2014.

The SREC program changed owning solar electric systems from an investment into a risk on top of the risk that is Mother Nature. Keep in mind, that unlike a farmer, a solar owner is unable to get crop production insurance. Subjecting the return on solar investment via SRECs that are unfixed, confusing and trade in a unstable marketplace has made the offer of leasing with a fixed return such as set costs far more attractive. In addition many homeowners are unlikely to be able to take full advantage of tax credits and equipment depreciation. Yet another advantage for leasing is that most leased systems are less than 25kW and will not be subject to "factoring" in SREC II, even though the Capital Corporate leasers own many megawatts of solar electric throughout the state. The bottom line remains, leased or owned small solar (<25kW) as the

primary incentivized sector under SREC II will not encourage enough new solar electric development, but instead will cause a rapid decline in solar growth and likely cause most smaller solar installers to go out of business as the ratio of solar ownership to solar leasing declines to less than 1%.

**Can Massachusetts maintain solar electric growth while encouraging local ownership that strengthens the small solar businesses, and our state economy?**

The simple answer is yes ... but if you are the DOER it will require rethinking current policies such as SRECs and RECs in general. These certificates are pollution offsets, a trade for electric power cleanly produced. Like a tax on cigarettes is to discourage smoking, RECs are intended to discourage pollution, and should be priced so that one day soon pollution will no longer exist. The idea that a REC will therefore no longer exist because all electricity will be produced by renewables is unforeseeable, just as the need to encourage investment in renewable energy through incentives like RECs is also unforeseeable and necessary. Thus it is a simple formula to determine the value of a REC based on the past year level of pollution output and the level of damage and tolerance we as a people accept (total tons of pollution / estimated \$ damage per ton = REC value). With this formula the REC now has a fixed unit value for the current year. It is from here the DOER can affect the growth of renewables. Renewables could be separated by clean producers (solar, wind and hydro) and dirty producers (biomass, waste burning, etc.). If DOER wants to encourage clean renewables they could, like the SREC, give clean kW production a 10% or more increase in REC value, and decrease accordingly the dirty renewable REC value to 90% or less.

An alternative to “factoring” could be other forms of regulation such as zoning, forest conservation, preservation of productive farmland, etc. However bear in mind if the DOER’s goal is to severely reduce the number of very large solar installations, it will need to greatly increase the number of smaller solar installations, and to maximize the benefit to the state’s economy, that will mean reversing the downward trend of solar ownership of small solar (under 25kW) installations.

**Proposals to achieve the governor’s goal with simple and direct solutions:**

- ***Separate Clean vs. Dirty Renewables:*** Keep solar, wind and hydro in the Renewable Energy Portfolio Standard (RPS) 225 CMR 14.00. Move all others to a “Net-Zero Energy Portfolio Standard” (NEPS).
- ***Incentivize Desirable Technology, Form of Ownership, and Installation Sizes:*** Solar PV is the governor’s primary renewable choice, incentives must be created to achieve 1200 MW of new growth within the next six years, or 171.4 MW per year. Since the DOER wants to reverse the past growth pattern where large and medium installations represented 90% of new growth, future incentives would need to encourage small solar investment. If 5 kW is the average installation for residential, this would be 34,280 new installations per year (Note: there were  $\pm 2000 < 10$  kW installations in 2013). And to best benefit the state and local economy, that would be by solar ownership through pre and post installation incentives and loan programs.
- ***Eliminate SRECs:*** With only clean or pure renewable solar, wind and hydro (located

within the state) remaining in the RPS, the value of a REC should be at a fixed rate per year, and valued equally regardless of the clean renewable technology method produced or the age of the installation. With stable and predictable RECs solar investment will become more attractive to lenders and encourage residential and business ownership. Furthermore this would eliminate the need for a SREC auction that we learned last August is no guarantee to future SRECs holding any set market value.

- ***Keep and Change Commonwealth Solar II Incentives:*** Base the residential and business incentives on need rather than fixed kW installations, and increase the maximum amount to 50% of the cost of the system required using a five year electric evaluation. Add-ons would remain for property value and applicant income. New incentives for small business employment and rental properties.
- ***Create Solar Loan Fund with ACP Funds:*** Based on the model of the HEAT loan program for solar thermal systems, it could further aid in consumer protection for solar investors, as well as, encourage solar ownership, support local business and investment dollars within our state.
- ***Encourage Solar Installations on Landfills and Brownfields:*** It is hard to understand why the DOER would want to factor down and limit the size of a solar electric installation for any such undesirable property. When it comes to accepting the location of a large to medium solar farm, these properties should be a priority and without any form of reduction in RECs or other incentive.
- ***Community Solar:*** Is a welcome addition, however, we suggest rather than limit each account holder to a set 30 MW per year, we propose that production be limited between 100% to 200% of the account holder's electric consumption per year. This would allow a range of from small residential to a farmer to small business to participate when their locations restrict their own solar investment.

Sincerely,

Christopher Smith, Secretary, [www.MASOA.org](http://www.MASOA.org)  
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cc: Governor Deval Patrick