

Michael Judge
Department of Energy Resources
100 Cambridge Street, Suite 1020
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Christopher Derby Kilfoyle
January 13, 2014

Re: Comments on the draft revised Renewable Energy Portfolio Standard –Class I Regulation 225 CMR 14.00

Dear Mr. Judge,

Thank you for the opportunity to submit these comments and questions in advance of the January 24, 2014 Stakeholders meeting.

1. The regulation changes which now expand the Solar Carve Out omit production incentive parity for pre -2010 solar owners.

This revision of **225 CMR 14.00** may be the last time to redress this wrong. Section 14.05(9) Paragraph (b) should read :

“A Solar Carve-Out II Renewable Generation Unit must have a Commercial Operation Date on or after December 31, 1997 and must not be qualified as a Solar Carve-Out Renewable Generation Unit under provisions in 225 CMR 14.05(4) and must forfeit a qualification if any as an RPS Class I Renewable Generation Unit under 225 CMR 14.05 (1) to re-qualify as a Solar Carve-Out II Renewable Generation Unit under the provisions of 225 CMR 14.05(9) and 14.06.”

One consequence of the Solar Carve Out II program will be reduced demand for *generic* RPS Class I RECs, the production incentive class to which these early solar adopters are eligible. The DOER consultants study and reports for the Post-400 MW Solar policy development last year ignored the impact of the Solar Carve Out on these solar early adopters. A list of points at the end of this letter detail why to include this disenfranchised small group in the Solar Carve -Out II program, many of whom have been forced into self – retiring their attributes.

2. Two other issues arise from this draft revision .

First, 225 CMR 14:00 needs a thorough definition of the word “ retire” as used in parts of the regulation including these draft revisions. **Second,** either incorporated in this Regulation revision or discussed and promulgated in a DOER issued guideline **the status of attribute(s) from solar generation units which are self –retired by PV owners needs to be examined in light of the revised definition by DOER of a GIS certificate encoded as Solar Photovoltaic.**

In the parlance of RPS compliance, *retire* means an action performed by DOER to attribute(s) offered in the Clearinghouse Auction which do not clear but then can be *reissued* or *re-minted* for return to their owners. Instead of using the word “retire” the Regulation might be clearer if the word *re-valued* or the neologism , *re-vintaged* was used. For Load Serving Entities , the attribute(s) are *retired* after they are purchased, meaning they cannot be re-sold or claimed in any other venue. *Retired* attributes are RECS or SRECS or SRECS II that have been created (‘ minted” like currency) and counted.

This revision adds a new entity: GIS Certificate encoded as Solar Photovoltaic as one of two certificates created from new solar capacity units to be eligible for the SRECS II program. A GIS Certificate encoded as Solar Photovoltaic must be *retired* by the PV owner (or aggregator) as part of their generation unit (s) Statement of Qualification. It's purpose is to act as the base on which the SREC factor is calculated to create a transferable SREC II certificate. The function of MWh as the metric of solar renewable generation is carefully preserved in this entity: GIS Certificate encoded as Solar Photovoltaic but the revision further qualifies this Certificate as without RPS Class I or Solar Carve Out II attributes. Earlier comments on this regulation by my firm since 2009 discuss the logical inconsistencies that arise when separating attribute(s) from electrons. Among these is the whole concept of *vintage* as a stand alone attribute or attribute of an attribute. **If a GIS Certificate encoded as Solar Photovoltaic is something that must be *retired* under the metric of a full MWh but without attributes then when the reflexive SREC II is created , is the fuel source as an attribute lost?**

This leads us to the second issue on PV owners who self-retire attribute(s).

A PV owner who does not sell the attribute(s) of their generation effectively retains the attribute(s) with the electrons. They still own a Solar Photovoltaic Renewable Generation facility and assuredly contribute to a healthier environment and if they participated in Massachusetts grant or rebate programs or legally had their PV system interconnected then their capacity counts towards the state's tally of solar MWs installed. Many of these PV customers register and record monthly their *attribute retained* production on the MassCEC PTS. It would be a misnomer to say they self-retire their RECS or SRECS or SRECS II since these certificates are created only after attribute(s) are separated from the electricity. **Should these PV owners be issued an automatically retired GIS Certificate encoded as Solar Photovoltaic in the same manner as for the SREC II program ?**

The point of this question is not to add transaction costs to the PV owner or GIS but to be sure the record shows there are solar MWhs generated in Massachusetts that do not burden all ratepayers with RPS compliance program costs.

What record is there at DOER to quantify Solar Photovoltaic Renewable generation in state which is not GIS certificate encoded?

In the same way there is a public record of projects,(DOER frequently updates) which lists all who sell their SRECS, why not have a comparable list showing projects that do not sell their attributes?

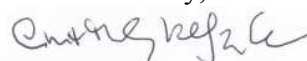
Few solar consumers understand that any authentic personal claim to environmental benefits for generating and using PV generated electricity is negated by selling the attribute(s). Those who do understand this and retain the attribute(s) are setting a standard that deserves recognition. This distinction is one consumers do not hear from most solar marketers nor by officials through MassCEC and DOER programs like Solarize. Since December 2012, this distinction has been codified by the Federal Trade Commission, enforceable under Section 5 of the F.T.C. Act 15 U.S.C. (45) and discussed in their "Green Guide" publication which explains Section 260 of that Act. The relevant language on "Renewable Energy Claims" is in Section 260.15 and on solar PV in particular in paragraph 5 on page 34. Go to :

<http://www.ftc.gov/sites/default/files/greenguides.pdf>

Does DOER or MassCEC feel any obligation to require solar marketers to disclose this in sales presentations, proposals, and contracts?

I look forward to hearing these questions addressed by DOER at the stakeholders' meeting.

Sincerely,



Why Pre -2010 PV System Production should be eligible for SRECS II:

- Changes in 220 CMR 14.00 have reduced the value of Class I RECS to <\$30. each.
- RECS were introduced in 2003 at \$50. each and extolled as a value increasing production incentive.
- Small system owners are not allowed to use the PTS as a 3rd party verifier for RECS except through one broker. A very uncompetitive market.
- DOER & 220 CMR 14:00 granted waivers to large systems of this era to allow SRECS eligibility, based on grant % of total costs. No waivers, no special provisions for small system owners with equal or less grant % of total costs.
 - If vintage of commercial date of operation is an attribute then no waivers should have been allowed to large pre-2010 PV systems.
- These early systems provided the technical proof of concept for the Solar Carve Out.
- To expand a pre-2010 system means redundant metering costs to comply for SRECs
- Most 1997-2008 PV owners did not receive the 30 % federal tax credit
- While rebates were higher , PV equipment costs were much higher in this era.
- Inverter efficiencies of this era were and are lower.
- Inverter warranties were shorter.
- Most pre-2010 system owners will need to replace inverters in next five years.
Eligibility for SRECS II makes that cost more affordable
- If all pre -2010 capacity were to opt in for SRECS II that means they'll reserve <1% of all SRECS II in the compliance budget through 2024.
- If solar as the fuel source is an attribute then these systems are eligible for SRECS II and should've been eligible for SRECS I
- If vintage of production is an attribute then today's energy from a pre -2010 PV system is just as valuable as today's energy from a post 2010 PV system.
- This is a small gesture that vastly improves the 'bankability' of PV production incentives for the next ten years of capacity expansion in Massachusetts.