



January 29, 2014

via electronic mail to [DOER.SREC@state.ma.us](mailto:DOER.SREC@state.ma.us)

Dwayne Breger  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

Re: Comments on Final Proposed Rules for SREC-II Program

Dear Dr. Breger,

The enclosed comments are submitted on behalf of the Solar Energy Industries Association (“SEIA”) and the New England Clean Energy Council (“NECEC”) in response to the proposed Solar Renewable Energy Credit, Second Phase (“SREC-II”) final program design put forth by the Department of Energy Resources (“DOER”) on January 3, 2014.<sup>1</sup>

SEIA and NECEC appreciate the opportunity to comment on DOER’s final proposal for the SREC-II program.<sup>2</sup> Please contact Carrie Cullen Hitt at SEIA with any questions.

Sincerely,

/s/ Carrie Cullen Hitt

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<sup>1</sup> Codified at 225 CMR 14.00

<sup>2</sup> The Solar Energy Industries Association (SEIA) is the national trade association for the U.S. solar industry and is a broad-based voice of the solar industry. SEIA’s companies work in all market segments – residential, commercial, and utility-scale. These comments represent the views of the trade association and not necessarily those of any individual member. The New England Clean Energy Council (NECEC) is a clean energy business association whose mission is to accelerate New England’s clean energy economy to global leadership by building an active community of stakeholders and a world-class cluster of clean energy companies. The Council’s members and sponsors include clean energy businesses, services and technology companies, venture investors, major financial institutions, universities, industry associations, utilities, labor and large commercial end-users. They span the broad spectrum of the clean energy sector, including energy efficiency, demand response, renewable energy (e.g., solar, wind, hydro, anaerobic digestion), combined heat and power (CHP), biofuels, advanced and “smart” technologies (e.g., smart grid, fuel cells, storage, batteries, materials), among others.

## **COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION AND THE NEW ENGLAND CLEAN ENERGY COUNCIL ON THE FINAL PROPOSED RULES FOR THE SREC-II PROGRAM**

SEIA and NECEC recognize the care taken by DOER to create an efficient, financeable, well-designed market for a smooth transition into the next phase of the SREC program. Both parties appreciate that DOER recognizes the urgency for setting forth a new program design, and that DOER has acted accordingly.

Overall, SEIA and NECEC support DOER's final design for the SREC-II program. It is clear that DOER has taken significant time and effort to address stakeholder concerns regarding certainty and flexibility throughout the program.

In addition to our overall support for the SREC-II program, SEIA and NECEC make the following specific recommendations:

### **1. 225 CMR 14.02 - Clarify Definitions:**

SEIA and NECEC request that DOER clarify the following definitions:

#### **a. Building Mounted Solar Generation Unit**

We recommend that DOER base the "50% of equipment" requirement on the nameplate direct current ("DC") capacity of modules in order to have a practical and verifiable definition for making the determination.

#### **b. Solar Parking Canopy**

Similarly, we recommend DOER base the "50% of equipment" requirement on the nameplate DC capacity of modules for the same reason as above.

#### **c. Emergency Power Generation Unit**

We recommend providing more detail as to what constitutes an Emergency Power Generation Unit.

### **2. 225 CMR 14.05(9)(a) & (b) - Adjust Project Requirements:**

SEIA and NECEC recommend the following adjustments to the proposed project requirements:

#### **a. Parcel Date Requirement**

Section 225 CMR 14.05(9)(a) requires that for any parcel of land for which a Solar Carve-Out II Generation Unit has submitted a Statement of Qualification Application, if its current boundaries are the result of a subdivision recorded after January 1, 2014, the Owner or Operator shall demonstrate to the Department that the subdivision was not for the purpose of obtaining eligibility as a Solar Carve-Out II Renewable Generation Unit.

We recommend changing the parcel record date from prior to January 1, 2014 to prior to January 1, 2010 (the original SREC-I parcel date) so as to avoid parcel gaming that may have occurred in anticipation of the SREC-II program.

**b. Online Date Requirement**

Section 225 CMR 14.05(9)(b) requires that a Solar Carve-Out II Renewable Generation Unit must have a Commercial Operation Date on or after January 1, 2012 and must not be qualified as a Solar Carve-Out Renewable Generation Unit under provisions in 225 CMR 14.05(4).

We recommend changing the earliest online date from January 1, 2012 to January 1, 2014 to provide SRECs to first movers and avoid unnecessarily subsidizing projects that were constructed without the need for SRECs.

**3. 225 CMR 14.05(9)(l)2 - Clarify or Remove This Section:**

Under the current rules, it is unclear how a project that meets the conditions for both the Managed Market and Market Sectors A-C will be treated for purposes of its associated SREC Factor. While we believe it is the intent of DOER that Market Sector A-C categorization take precedence over Managed Market categorization, Section 225 CMR 14.05(9)(l)2 contradicts this intent.

Section 225 CMR 14.05(9)(l)2 says that notwithstanding 225 CMR 14.05(9)(l)1, a Unit that meets eligibility criteria under the provisions for Solar Carve-Out II Managed Growth in 225 CMR 14.05(9)(m), shall be assigned its SREC Factor by the Department as provided in 225 CMR 14.05(9)(m).

Section 225 CMR 14.05(9)(l)2 seems to imply that the Managed Market categorization trumps the Market Sectors A-C categorization for assigning the SREC Factor. Therefore, we suggest either clarifying or removing Section 225 CMR 14.05(9)(l)2.

**4. 225 CMR 14.05(9)(l)3a - Include Parking Garage Roofs in Market Sector A:**

Market Sector A is defined as any Generation Unit with a capacity equal to or less than 25 kW, Solar Parking Canopy Generation Unit, Emergency Power Generation Unit, or Community Shared Solar Generation Unit.<sup>3</sup>

Solar Parking Canopy is defined as a solar photovoltaic Generation Unit with at least 50% of the equipment used for generating power installed on top of a parking surface.<sup>4</sup>

Finally, for the purposes of Market Sector A, a Unit's capacity shall be measured as the total nameplate capacity of the qualified Solar Carve-Out II Renewable Generation Units on a single parcel of land or on a roof of a single building, whichever is less.<sup>5</sup>

We interpret the "installed *on top of a parking surface*" stipulation to mean that only parking canopies with a dedicated support structure, and not panels placed directly on parking garage roofs, fall under Market Sector A.

First, we request clarification on whether our interpretation of "installed *on top of a parking surface*" is correct.

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<sup>3</sup> 225 CMR 14.05(9)(l)3a

<sup>4</sup> 225 CMR 14.02

<sup>5</sup> 225 CMR 14.05(9)(l)3a

Second, if our interpretation is correct, we request that DOER include PV installations on parking garage roofs in Market Sector A, and not limit Market Sector A to parking lot canopies. Understanding that the goal of SREC Factors is to conserve land and optimize solar installation locations, parking garage roofs should be included in Market Sector A because solar on top of a parking garage is an optimal, efficient application of solar technology. Therefore, while we agree that parking canopies are appropriately included in Market Sector A, we also suggest that Market Sector A include PV installations on parking garage roofs to account for the efficiency of parking garage roof-mounted solar.

5. 225 CMR 14.05(9)(l)3b - Clarify the 67% Annual Electric Output Calculation Under Market Sector B:

Market Sector B is defined as any Building Mounted Generation Unit, or ground mounted Generation Unit with a capacity of greater than 25kW for which 67% or more of its annual electric output is used on-site as prescribed in 225 CMR 14.05(9)(a).<sup>6</sup>

SEIA and NECEC request that DOER provide clarity on exactly how it will determine that 67% or more of a ground mounted generation unit's annual electric output is used on-site.

6. 225 CMR 14.05(9)(l)3c – Increase the 500 kW Cap to a 650 kW Cap in Market Sector C:

Market Sector C is limited to Eligible Landfill or Brownfield projects and Generation Units with a nameplate capacity of less than or equal to 500 kW.<sup>7</sup>

A typical interconnect cut off for a System Impact Study or upgrade is 500 kW alternating current ("AC") or 600 to 650 kW DC. A typical cost effective inverter configuration is 500 kW AC, which can support up to 650 kW DC. It is in the interest of the end-user, ratepayers, and the solar industry to have a cut off that is consistent with these natural characteristics of the market. Therefore, SEIA and NECEC request that DOER increase the cap from 500 kW to 650 kW.

7. 225 CMR 14.06(3)(f) – Adjust Assurance Qualification Guidelines:

Section 225 CMR 14.06(3)(f) states that Statements of Qualification for Solar Carve-Out II Renewable Generation Units shall only be granted to those Units that have been provided an Assurance of Qualification under 225 CMR 14.05(9)(o) or can demonstrate that they have been granted the approval to interconnect by the local distribution company.

We recommend the removal of the final option in this section granting Statements of Qualification to units that can demonstrate that they have been granted the approval to interconnect by the local distribution company. If DOER chooses to preserve this option, we recommend that it should only apply to non-managed growth projects as the language may be perceived to allow projects that need to go through the managed growth process to automatically qualify for SRECs by receiving permission to interconnect in lieu of going through the managed growth process.

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<sup>6</sup> 225 CMR 14.05(9)(l)3b

<sup>7</sup> 225 CMR 14.05(9)(l)3c

8. Provide Guidance For an Oversubscribed Market Scenario:

The proposed rules state that the Managed Growth market capacity will be allocated on a first-come-first-served basis to those meeting the assurance of qualification process.<sup>8</sup> Further, as DOER confirmed at the January 24<sup>th</sup> stakeholder meeting, the agency will be issuing additional guidelines and structure around assurance of qualification. In developing these guidelines, it will be imperative for DOER to establish entry conditions that ensure that qualification is limited to those advanced-stage projects with a high degree of likelihood to achieve commercial operation, and to provide some reasonable cure period to allow the developer to address unanticipated delays. As an adjunct, our organizations would support attaching some financial requirement to any extension of assurance, set at a level and designed to filter out troubled projects and to internalize the social costs of denying access to the SREC market of other potentially market-ready projects. As much as possible within a first-come-first-served allocation system, the goal should be to equitably and efficiently provide access to those projects most ripe for development, a mechanism to ensure that such projects hit appropriate development milestones, to quickly cull the queue of dormant or non-viable projects, and to provide a means for wait-listed projects to assume their place.

The rules should provide guidance on what happens if the market is oversubscribed. While there is reference to a queue in the rules, it is unclear for example, whether projects in the queue are first up when additional capacity is allocated under the next annual period. We recommend that DOER provide further information on steps that will be taken if the SREC-II program is oversubscribed.

More generally, SEIA and NECEC encourage DOER to work with DPU and other interested and affected stakeholders to reconcile and integrate as much as possible the currently distinct systems for providing assurance of net metering and SREC qualification, respectively. Although SRECs and net metering are distinct policies, they both play important roles and should be re-examined to determine whether they can be better aligned or combined to simplify and rationalize the solar market in the Commonwealth.

SEIA and NECEC appreciate the work done by DOER over the last several months to effectively develop the next phase of the SREC program. The parties are confident that the SREC-II program as proposed, with the suggestions included herein, will ensure the continued growth of the Massachusetts solar market.

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<sup>8</sup> 225 CMR 14.05(9)(m)2

Sincerely,

/s/ Carrie Cullen Hitt

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/s/ Peter Rothstein

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