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January 29, 2014

Michael Judge, Associate RPS Program Manager
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA, 02114

Dear Michael,

South Mountain Company, Inc. would like to thank the MA DOER for their continued efforts in support of solar photovoltaic installations in the Commonwealth, and for the opportunity to provide comments on the Draft Revisions of 225 CMR 14.00. We submit the following for your consideration as you work to finalize the regulation.

40-Quarter Participation –Start Time

In the previous SREC program, generating units with a utility Commercial Operation Date (COD) near the end of a quarterly calendar period had the option to begin their 40-quarter Opt In at the beginning of the subsequent calendar quarter. This enabled applicants to start their 40 quarters of participation in the Clearinghouse Auction with a full quarter's production, rather than a partial quarter for a system that became operational with only a few weeks, or even days, remaining in a quarter.

The draft regulation would require all SREC II projects to begin their 40-quarter SREC II participation the day PTO is provided, 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 Solar Carve-Out II Renewable Generation 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."

With SREC II only allowing participation for a fixed 40-quarter period for each generating unit, the 40 full quarters of program participation is likely to be viewed as more important than in the previous program, where the 40 quarters just applied to the period when generating units could use the Clearinghouse Auctions. While system owners and installers may make efforts to receive a COD that enable 40-quarters of participation at full production, circumstances beyond their control will result in some CODs being received at the very end of a 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 duration of time prior to the end of a calendar quarter within

which, if a unit's COD occurs, the unit owner or representative has the option to begin program participation the following quarter.

Suggested Revision

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. **Units whose Commercial Operation Date is six calendar weeks or less from the end of a calendar quarter that have not been issued a Statement of Qualification prior to this Commercial Operation Date may elect to have their RPS Effective Date established as the first day of the calendar quarter following their Commercial Operation Date.**"

Community Shared Solar Generation Unit

Community Shared Solar presents an exciting opportunity for those with limited solar aperture, limited access to capital, or other barriers to installation of PV. We expect the market's definition of Community Shared Solar will continue to develop as projects are qualifying for SREC II, and therefore believe it is important that MA DOER's definition allows for that development. We believe the intent of the draft language is to align SREC factors for Community Shared Solar participants with the rest of Market Sector A, and exclude projects with the characteristics and attributes that place them in Market Sectors B & C, or the Managed Growth Sector. Draft definition is provided below for reference:

"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, 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."

While participant ownership should be encouraged, broadening the definition to encompass arrangements in which project participants have contracts with the Generating Unit owner to lease or obtain the net metering credits associated with a share of the Generating Unit, or specified capacity of generating equipment, will enable these projects to take advantage of the economies of scale associated with higher installed capacity. Such arrangements are currently used to develop 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 cannot benefit from the federal solar tax credits through direct ownership. Furthermore, these arrangements could facilitate the development of community shared solar as a partnership between homeowners and local businesses.

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 share than other project shareholders. As with the proposed definitions for "solar parking canopy", "landfill", and "brownfield" projects, the definition of Community Shared Solar could be based on a percentage of the Generating Unit's owners' accounts receiving net metering credits from capacity shares, or specified capacity of generating equipment, that do not exceed a designated limit.

Suggested Revision

Community Shared Solar Generation Unit. A solar photovoltaic Generation Unit that provides net metering credits to two or more utility accounts, whose **participants** have a formal stake, **either as a shareholder, lessee, or contract holder for net metering credits, or as a direct owner of a specified amount of generating equipment,** in

the Generation Unit or the entity that owns the Generation Unit. Each participant is known as a Stakeholder. There is no limit to the number of Stakeholders per project, but no more than one Stakeholder may act as an off-taker of net-metering credits in excess of those produced annually by 25kW of capacity, and the total percent of said Stakeholder's capacity shall not exceed 50% of the total generating capacity.

ACP Funded Financing Program

To encourage a direct ownership stake in Community Shared Solar Generating 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.

Compliance Obligation Calculations for 2014 & 2015

In section 14.07(3)(c) and (d), compliance obligations and installed capacity for 2014 & 2015, across all SREC II Market Sectors are listed as:

- 41,279MWH generated by 85MW of capacity
- 161,958MWH generated by 230MW of capacity

We believe there is confusion in the market in regard to the apparent misalignment of generation and capacity in this calculation. For example, 85MW of capacity would likely produce 102,000MWH of electricity in Massachusetts. We suspect that SREC factors for various Market Sectors, and the expectation that SREC II will begin in Q2 2014 effect the calculation, hence the misalignment of generation and capacity.

Request for Clarification

We request that the DOER provide clarification of the calculation, and the formula used to calculate generation, including the effect of SREC factors for the various Market Sectors.

Thank you again for the opportunity to provide comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Meyers', with a stylized flourish at the end.

Rob Meyers
Energy Services General Manager