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Via email to DOER.SREC@state.ma.us

January 29, 2014

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

Re: Comments on SREC-II Proposed Regulations

Dear Dr. Breger:

Please accept these brief comments on behalf of SunEdison LLC on the recently released Department of Energy Resources (DOER) proposed regulations governing the next phase of the Solar Carve-Out Program.

In general, SunEdison believes that the proposed rules create a workable and effective framework for the continued maturation of the Commonwealth's solar industry and will continue the glide path towards a self-sustaining industry. In particular, SunEdison appreciates the changes offered by DOER in the latest iteration of the proposed rules to more dynamically address the evolution of solar installation costs over time – more generally and within specific market segments – and how these changes are reflected in the SREC Factors going forward. Additionally, SunEdison welcomes the most recent changes proposed to provide a bit more certainty concerning the available market for Managed Growth projects at least in the near-term, and the shift to a fixed SREC Factor for this sector.

Nevertheless, SunEdison does have two residual concerns – both concerning the proposed annual capacity targets. First, and more generally, we are concerned that the near-term annual capacity targets are overly restrictive and will unduly constrict a market that the DOER has taken pains to establish. While we understand DOER's reticence in hard-coding the phenomenal year-over-year growth the Massachusetts solar market has experienced over the past few years, we do not accept that it is healthy for the market to be scaled back from current levels. Pent up demand remains strong since numerous projects were unable to find a home within the SREC-I program. We would therefore suggest that DOER consider a slightly different annual growth trajectory from the one proposed in the draft rules. While the

options here are numerous, we would suggest a steady state goal of 200 MW (less any overage from SREC-I) over the next six years. This would still achieve the Governor's terminal goal of 1,600 MW by 2020 without the destabilizing contractions and expansions inherent in the draft regulations.

Secondly, although the draft rules do represent an improvement by providing greater forward visibility into the Managed Growth sector via a rolling two-year forward schedule, we remain concerned that as currently conceived future development within this sector is dependent upon the unfettered markets not exceeding DOER's development expectations. We would therefore reiterate our proposal for a commitment to a baseline annual capacity for the Managed Growth sector at some fraction of the overall market, with a more limited potential for reconciliation based on actual development.

Outside these specific issues, SunEdison does have some concerns about how the Assurance of Qualification process will play out. However, we understand that DOER will soon be issuing draft guidelines and we therefore reserve specific commentary on that subject. For now, suffice it to say that the limited annual capacity that is available for Managed Growth projects relative to the potential market demand, coupled with the proposed first-come-first-served allocation scheme, makes it all the more imperative that only advanced-stage projects are initially qualified and that such projects continue to demonstrate forward progress if they are to preserve their place in the program. We strongly support the principles articulated in the Solar Energy Industries Association (SEIA) comments. The Assurance of Qualification process adopted by DOER should be able to effectively and efficiently separate real projects from those that are merely aspirational, and to quickly cull the queue of those projects that are in jeopardy. We believe DOER can most readily accomplish this through a combination of entry conditions and the posting of meaningful financial surety.

Ultimately, the two systems of assurance governing net metering and the solar carve-put program, respectively – developed at different times and for separate programmatic purposes - can and should be better integrated. We encourage DOER to work with the DPU and interested and affected stakeholders to coordinate these separate systems.

Sincerely,



Fred Zalcman
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