

## **COMMENTS FROM SEVERAL CURRENT SYSTEM OWNERS ON THE POST-400 MW SOLAR POLICY**

### *NEW SOLAR PROGRAM MUST BE SEPARATE AND DISTINCT FROM 400 MW SOLAR CARVE-OUT*

March 27, 2013

We commend the Patrick Administration and the Department of Energy Resources for their commitment and success in making Massachusetts a national leader in renewable energy. In particular, the Massachusetts Solar Carve-Out program has exemplified the potential for smart policy to encourage private investment and transform the clean energy landscape. The program has attracted hundreds of developers and investors and has created thousands of local jobs for installers and manufacturers across the Commonwealth.

Through a combination of smart program design and regulatory stability, the Solar Carve-Out has enabled a smooth transition from a rebate program to a production-based incentive program in the form of Solar Renewable Energy Credits. Evidential of the program's success, Massachusetts has seen robust growth in annual installed solar capacity and is on pace to reach its 400 MW goal by 2015.

As DOER considers moving to a second phase of the program and going beyond 400 MWs, we write as a group of owners of third-party-owned SREC-generating installed capacity to emphasize one point of particular importance to investors like us in this transition.<sup>1</sup>

The integrity of the current program and associated project investments lies in the clarity of the 400 MW goal. Given the low prices and lack of liquidity in the SREC market, our companies could not and would not have made the substantial investments that we did in the absence of the 400 MW program cap. The cap is the most important firewall on the program, because it assures those with a long SREC position that the market cannot get extremely oversupplied for a long time if new capacity comes online quickly, as it did in 2012 and as we expect it will continue to do in 2013. This is a critical difference between the MA solar program and those of NJ and PA, where no such safeguard was in place, and where the markets became very oversupplied, bringing local solar development to an abrupt and painful stop.

The program's success – new solar is being built while SREC prices are low – is driven by this design element as much as anything else, and it is precisely why we believe a simple expansion of the current program would be unwise. While we are supportive of a new program with its own separate cap, a change in the cap for the existing program would derail the assumptions that have driven growth in the industry and call into question the program integrity that has encouraged such strong investment. Our main purpose in writing is to make sure that DOER understands, from our perspective, how fundamental the 400 MW cap actually is to the design of the existing program.

Instead, we strongly believe that a successful expansion of solar policy will require a program that is completely distinct from the existing carve-out. The second phase of the carve-out should embrace the

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<sup>1</sup> Individual signatories may file separate comments on the merits, scope and design of the next program phase.

most successful aspects of the current program and refine the key elements that will enable a stable solar market over the long-term, but without retroactively impacting the existing 400 MW program.

We would like to thank the DOER for its continued leadership and look forward to discussing the mechanics of the new program in more detail. Massachusetts' commitment to developing local sources of renewable energy has encouraged millions of dollars of investment and resulted in a clean energy economy home to over 200 companies in the solar industry alone.

Sincerely,

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