

January 19<sup>th</sup>, 2016

*via electronic mail to:* DOER.SREC@state.ma.us

Michael Judge  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 900  
Boston MA 02114

**RE: Proposed Revisions to RPS Solar Carve-Out II Assurance of Qualification Guideline**

Dear Mr. Judge,

The following comments are submitted on behalf of Nexamp, Inc. ("Nexamp") in response to the Department of Energy Resources ("DOER") Solar Carve-Out II Small Generator Set-Aside Announcement issued on January 4, 2016 (the "Notice"). As a Massachusetts-based solar company serving multiple market segments, Nexamp appreciates the opportunity to share its perspective on a reasonable and equitable course of action as the SREC-II program draws hastily toward a close. More specifically, Nexamp respectfully requests that the DOER considers existing Massachusetts solar market dynamics in its evaluation of the appropriate actions pursuant to Section 4(F) of the Assurance of Qualification Guideline.

The above-referenced Notice proposes a set-aside of 120 MW for Small Generation Units (herein referred to as "SGU"). Nexamp believes strongly that a set-aside of this magnitude represents an overgenerous preferential treatment of SGU at the expense of other project types capable of meeting the solar policy objectives of 225 CMR 14.00 in a comparable or more efficient manner. Instead, Nexamp suggests that a set-aside of 60 MW is sufficient to ensure an adequate runway of roughly 6 months for SGU projects (based on 2015 average installation rates of ~10MW/month) without introducing additional and unnecessary market disruption to non-SGU Market Subsectors. In fact, it is clear that SGU facilities have already enjoyed a decided advantage over non SGU facilities over the course of the last 9 months due to the existence of net metering caps in the Commonwealth.

National Grid service territory is home to 65% of SREC-II eligible capacity to date. Unfortunately, net metering caps (from which the majority of SGU are excluded) have been hit in National Grid territory since March of 2015, with no immediate relief in sight for commercial (non-SGU) generation units. Instead, these projects continue to be held up while SGU installations can continue unfettered. In effect, the desired "runway" intended by the SGU set-aside has been spread out over the course of the past several months, with non-SGU projects unable to move forward. An SGU set-aside of the magnitude proposed by DOER would amount

to “double-taxation” of non-SGU, of which roughly 150 MW – representing tens of millions of dollars in development capital invested to date - currently sit idly on the waiting list for net metering eligibility.

While Nexamp understands that a given solar project’s eligibility under the SREC-II program is necessarily distinct from its eligibility for net metering services (as administered by the Massachusetts System of Assurance of Net Metering Eligibility), the programs are undeniably related. Indeed, 225 CMR 14.00 and subsequent DOER communications suggest that net metering is a requisite of eligibility for certain SREC-II Market Subsectors, including socially desirable (as evidenced by their Market Sector A status) Community Shared Solar projects (“CSS”)<sup>1</sup>. The promise of Massachusetts’ CSS market, as encouraged and fostered by the SREC-II program, already faces significant regulatory uncertainty through both net metering caps and proposed legislative adjustments to net metering credits values. An excessive SGU set-aside would likely foreclose many late-stage CSS developments and almost certainly bring the market’s impressive growth to an abrupt halt.

As importantly, both common sense and the DOER’s own data indicate that CSS projects are far more cost-effective than SGU installations<sup>2</sup>, a fact which typically manifests itself as greater savings available for CSS participants. Coupled with the fact that CSS can deliver these benefits to Massachusetts residents and small businesses, the majority of which could not otherwise install an SGU on their own property, a concern for equity and ratepayer value demands that CSS be given at least equal weight to SGU in determining the proper set-aside capacity. Alternatively, Nexamp would request that CSS be included in the final set-aside.

Finally, the mere existence of the Notice is a conspicuous reminder that the SREC-II program is rapidly coming to a close. Following the Notice, only about 260 MW of capacity currently remains “available.” Based on publicly-available net metering data (including the ~150 MW on the waiting list and otherwise qualified to submit the Assurance of Qualification application), it is very likely that the majority of this “available” capacity is already accounted for. Therefore, Nexamp respectfully requests that DOER make the necessary efforts to improve stakeholder transparency in this final phase through more frequent updates of the Qualified Projects data (including those projects under review), and that those efforts be memorialized in the final revisions Assurance of Qualification Guidelines. In parallel, Nexamp urges the DOER to immediately commence formal efforts to introduce an SREC-II successor program.

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<sup>1</sup> Community Shared Solar Generation Unit. A solar photovoltaic Generation Unit that provides net metering credits to three or more utility accounts, whose participants have an interest in the production of the Generation Unit or the entity that owns the Generation Unit, in the form of formal ownership, a lease agreement, or a net metering contract. (225 CMR 14.00 - page 3 of 55)

<sup>2</sup> <http://www.mass.gov/eea/docs/doer/rps-aps/solar-carve-out-ii-qualified-units.xlsx>

Sincerely,

/s/ John T. Murphy

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