

March 9, 2010

VIA E-MAIL

Natalie Howlett
Department of Energy Resources
100 Cambridge Street
Suite 1020
Boston, MA 02114
Email: DOER.SREC@state.ma.us



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Re: Implementation of Solar Carve-Out of the Class I Renewable Energy Portfolio Standard by the Department of Energy Resources (the "Department")

Dear Ms. Howlett:

TransCanada Power Marketing Ltd. ("TransCanada") is a competitive retail electricity supplier to customers in New England, including in the Commonwealth of Massachusetts. TransCanada agrees with and adopts the comments submitted by the Retail Energy Supply Association ("RESA") on March 2, 2010. Further, TransCanada hereby submits the following additional comments.

The Department has an overarching responsibility to implement RPS obligations in an even handed, fair and responsible manner. Failure by the Department to exempt existing retail supply agreements from the Solar Carve-Out will result in deleterious financial harm to retail electricity suppliers and their customers by undermining and impairing both suppliers' and customers' rights and reasonable expectations under their existing retail supply agreements. By placing such a huge cost burden on parties to existing good-faith contracts, the Department's regulations amount to nothing more than an unwarranted penalty. Such a penalty does not achieve greater efficiency for Massachusetts or any industry, which should be the ultimate objective of the Department's initiative. For TransCanada, the projected cost of the Department failing to exempt existing retail supply agreements represents a financially significant burden and, as a business reality, TransCanada will have no choice but to seek relief by available means, including through legislative action and/or legal action.¹

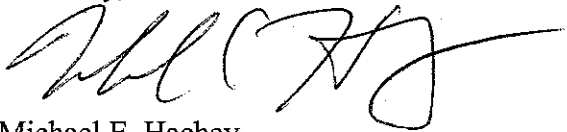
Further, TransCanada, as a long time proponent of the development of the competitive retail electricity supply market in New England, is concerned about the overall cost of the Solar Carve-Out Program and the manner in which it is being implemented. Based on our calculations, the program from inception to full build out will cost between 1.3 and 2.7

¹ At the reduced ACP for existing contracts, TransCanada will directly suffer a multi-million dollar cost impact if the Department does not exempt existing retail supply agreements from the Solar Carve-Out Program.

billion dollars to support the development of 400MW of solar photovoltaic generation. Also, the limitation of the Solar Carve-Out Program to generation located in the Commonwealth of Massachusetts creates a constrained market which limits the ability of competitive retail electricity suppliers to minimize the cost of this program for their customers in the event there exists out of state generation which would qualify for the program if not for this limitation. The ultimate cost of the Solar Carve-Out Program will be borne by retail suppliers (to the extent existing electricity supply contracts do not allow a pass through of change-in-law costs) and our customers. The significant overall cost of the Solar Carve-Out Program combined with the perception of undue regulatory risk arising from a failure to exempt existing retail supply agreements and the uncertainty associated with establishing the annual Solar Carve-Out obligation for future years (as described in the RESA comments) creates a large impediment to suppliers and customers entering into long term electricity supply contracts and therefore threatens the integrity of the competitive retail electricity supply market in New England.

Please contact the undersigned if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael E. Hachey', with a long horizontal flourish extending to the right.

Michael E. Hachey
Director, Eastern Commercial