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BY ELECTRONIC MAIL

March 9, 2010

Natalie Howlett
Department of Energy Resources
natalie.howlett@state.ma.us

Dear Ms. Howlett:

I am writing on behalf of NSTAR Electric Company (“NSTAR Electric” or the “Company”) in response to issues raised by the proposed revisions to the Department of Energy Resource’s (“DOER”) RPS Class I emergency regulations that created the RPS Solar Carve Out Program. See 225 C.M.R. 14.00 et seq. (January 8, 2010). As the Company has made clear throughout the proceedings, NSTAR Electric generally supports the Administration’s efforts to promote solar development in the Commonwealth and has appreciated the opportunity to participate in DOER’s process to create the Solar Carve Out Program.

With these comments, NSTAR Electric requests that DOER revisit its determination to impose an Alternative Compliance Payment (“ACP”) obligation for that portion of a Retail Supplier’s obligations under contracts that have been executed prior to January 1, 2010. See 225 C.M.R. 14.08(3)(b)(3) and 225 C.M.R. 14.08(3)(b)(3)(proposed).¹ While NSTAR Electric appreciates DOER’s reduction of the applicable ACP Rate to \$325/MWh from \$400/MWh for Compliance Year 2010, the Company submits that an imposition of any obligation on existing contracts is unduly burdensome. At the very least, NSTAR urges DOER to further reduce the applicable ACP Rate to the currently existing Class I ACP Rate of \$60.93/MWh as that ACP Rate could arguably have been anticipated by affected Retail Suppliers. The cost to ratepayers of an ACP of \$325/MWh in comparison to the average market rate for Class I RECs is about \$1.8 million.

¹ The currently operative emergency regulations provide that the “ACP Rate for that portion of a Retail Supplier’s obligation under contracts entered into prior to January 1, 2010, shall be \$400 per MWh for Compliance Year 2010, \$450 per MWh for Compliance Year 2011, and \$500 per MWh for Compliance Year 2012.” 225 C.M.R. 14.08(3)(b)(3). At the public hearing on March 2nd, DOER announced and subsequently posted to its website revisions to this provision. The relevant portion of the provision now provides that the “ACP Rate for that portion of a Retail Supplier’s obligation under contracts executed prior to January 1, 2010, shall be \$325 per MWh for the duration of such contracts.” 225 C.M.R. 14.08(3)(b)(3) (proposed). Further, DOER clarifies that “[t]his provision does not apply to contracts extended on or after January 1, 2010.” 225 C.M.R. 14.08(3)(b)(3) (proposed).

The Company's primary concern at this stage of the proceedings is that the imposition of an ACP obligation on load served under existing contracts would be unduly and unfairly burdensome to the Company and its ratepayers.

In closing, the Company wishes to reiterate its belief that successful markets are those that are simple for administrators and have clear, sensible rules for participants. Both the emergency regulations and the proposed revisions demonstrate that DOER is on the right path. The Company looks forward to continuing to work with DOER and various stakeholders in the ongoing development and implementation of the program in order to ensure that the program is a success. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cheryl M. Kimball". The signature is fluid and cursive, with the first name "Cheryl" being more prominent than the last name "Kimball".

Cheryl M. Kimball