



September 9, 2009

Ms. Susan Leavitt
Massachusetts Office of Energy and Environmental Affairs
Massachusetts Department of Energy Resources
100 Cambridge St., Suite 1020
Boston, MA 02114

Dear Susan,

Thank you for the opportunity to comment on the MA DOER's Solar RPS Carve-Out Straw Proposal. Our perspective at GreenBridge Energy for the comments provided herein is based upon our experience as solar developers and Power Purchase Agreement integrators within the Commonwealth as well as the financial advisory expertise of our affiliate at Global Structured Finance Advisors ("GSF Advisors").

GreenBridge Energy's core business strategy is positioned to provide a two-prong line of services targeted principally for non-profit institutions. Our first focus of service is to provide unbiased energy conservation consulting and implementation of programs appropriate for the client's needs based upon an affordable energy measurement strategy. The second line of services is to offer small to mid-sized renewable energy systems at no cost to the client while offering substantial savings on their long-term power or steam needs which is achieved through a PPA arrangement. GreenBridge Energy has secured substantial funding for projects within the Commonwealth, the economics of which are driven by currently available incentives. For more details on GreenBridge Energy, visit www.greenbridgeenergy.com.

Our insights are also offered from our experience at GSF Advisors, which is one of the leading advisory firms in the country specializing in large scale tax and balance sheet oriented transactions (e.g., equipment leasing, film financing, renewable energy credits, affordable housing credits, like kind exchange structures and others). In the renewable area in particular, our focus is representing developers and institutional investors arrange financing or making investments in domestic and international utility scale projects. Historically we have advised on larger projects involving solar, wind, fuel cells, refined coal as well as, conventional fossil and nuclear generation. The current trend with the institutional investors in our market is to focus on larger utility scale projects. There is sufficient demand for capital but with tax base having been diluted in part during the economic downturn, it leaves a gap for funding projects under \$10



million. In response to the demand for tax-oriented funding from small developers, businesses, or communities seeking to develop their own projects, a large part of our current effort is focused on sourcing funding for this segment of the marketplace. For more information on our organization, please feel free to visit our web site www.gsfadvisors.com.

Our comments to the DOER's Straw Proposal presented on the August 26th include the following:

1. Targeted Scale created by under sizing of Minimum Standards. Slide 9 of the Straw Proposal presentation outlines that "minimum standard" would be set so that a total of only 3.4 MW of incremental solar generation would be produced in 2010 and 1.1 MWs in 2011. The first two years only represent 0.009% of the proposed overall RPS. GreenBridge Energy's focus involves developing distributed solar generation projects ranging from 50 – 200 kW for nonprofit organizations. We have arranged funding for our Program in Massachusetts that will enable us to install in the range of 2.5 MWs of solar capacity through 2010. We are concerned that this total of 4.5 MW could be entirely consumed by just a hand full of projects from the larger developers. We urge you to structure and substantially increase the minimum standards during the early years in order to incentivize a greater volume of purchases of the S-RECs.
2. Need to Incentivize for Small Distributed Generation. Large projects have substantial economies of scale which can bring down all aspects of the costs including procurement, financing, and installation. However, in spite of cost advantages of larger scale projects, they fall short in the efficiency in delivery to the end customer because of the advantage with small scale on site generation systems. This efficiency is evidenced by our ability to provide savings to our customers (assuming the incentive structure currently available from Commonwealth's Solar's Rebate Program); yet larger scale facilities will have trouble selling solar generation into the grid at competitive costs even with attractive S-RECs. Much of the ability to deliver hosts discounted energy costs from small scale projects comes from the Commonwealth Solar Rebate Program which gradually reduces the rebate as projects grow in size. Other markets (e.g., New Jersey) where the S-REC is the primary incentive have made it difficult for small scale projects to make economic sense. For this reason, we believe it is critical to incentivize substantial participation by hosts of small distributed solar generation projects over the life of the Solar RPS regime.

We recommend consideration of a specific set aside of a percentage of the Solar RPS minimum standard that would need to be met for small projects. This approach offers benefits to a much broader range of Massachusetts energy consumers, including schools, hospitals, churches, and many others in the nonprofit and municipal sectors, would be one obvious salutary result of such an approach.



3. Assumed Market. Slide 15 of the Straw Proposal identifies that distribution utilities will procure 75% of their projected S-REC compliance obligation through long-term contracts. Having these be offered through competitive 10-year contracts is helpful, but this approach may only benefit a few very larger scale developers. The structure needs to include a way for small projects to participate in the long term monetization of these contracts. In the absence of up-front funding from the rebate program, there must be a mechanism to incent the utility suppliers to buy from smaller producers. Currently the relevant utilities are in compliance because they are purchasing RECs or renewable power (e.g., existing hydroelectric facilities) from Canada or elsewhere out of state. What happens if the utilities choose to offer the contracts to counterparties who can only offer a given size stream of RECs. We urge DOER to structure the program to ensure the ability of small generators to sell S-RECs in the absence of utility demand.
4. Transitioning from rebates. Slide 17 of the Straw Proposal identifies that a transition plan will be put in place from rebates to S-RECs, for projects of different size. No specifics are provided, however, on what this transition will look like. Financing of our projects obviously relies heavily on the current rebate program. Our ability to initiate projects will be either enabled or greatly constrained depending on the details of this transition. We urge DOER to include; transitioning criteria tailored for solar projects less than 200 kW; to allow double-counting of rebates and S-RECs during the transition period; to recognize that most PPAs are structured using contract terms in excess of 10 years as compared to the shorter proposed life of the S-REC program; and to make draft versions of these criteria available to the public at the earliest possible time.

We look forward to continuing the dialogue about this program and seeing the next set of details that are released.

Sincerely,



Ted Jenkins
Chairman
GreenBridge Energy Consortium

