

# Energy Consumers Alliance of New England

doing business as



September 9, 2009

Susan Leavitt  
Massachusetts Department of Energy Resources  
100 Cambridge St., Suite 1020  
Boston, MA 02114

Re: DOER Solar RPS Carve-out Straw Proposal

Dear Ms. Leavitt,

Following are comments from Energy Consumers Alliance of New England, doing business as Massachusetts Energy Consumers Alliance ("Mass Energy") in Massachusetts and as People's Power & Light in Rhode Island. We are a non-profit organization providing affordable and sustainable energy solutions in both states. We appreciate the opportunity to comment on the following issues relating to the straw proposal.

## **Solar Growth Assumptions:**

We would appreciate seeing the details behind the assumptions that installed capacity will grow by nine (9) MW in 2010 and 2011 from the combination of Commonwealth Solar and SRECs (excluding federal stimulus dollars). If state support was made at a value of \$3 per watt, this would cost \$27 million. Where would those funds be coming from? This has implications for the SREC target levels for 2010 and 2011. It also concerns us that the solar goal could crowd out support for Commonwealth Wind.

## **Eligibility for rebates and SRECs**

If the DOER is confident that it has the authority to exclude systems that have received these rebates from being eligible for SRECs, we would assume that DOER would deem it allowable to offer limited rebates to SREC recipients. We think that is worth considering for the transition, but we are not ready to recommend that at this time. In fact, we think that it may be a smoother transition to make clear to all prospective PV generators how much rebate money is available and that is available on a first-come, first-served basis. Also, DOER & MRET may want to consider limiting Commonwealth Solar rebates to certain classes of customers (i.e. municipal) that may be less likely to move forward with a 2010 installation with SRECs than with a rebate.

## **Expenditure of Alternative Compliance Payments**

We assume that DOER intends on folding ACPs from the SREC program in with ACP revenue from the general RPS. Please provide us with more details about your intentions. We believe that the SREC program will generate significant revenue that could be used to provide Commonwealth Solar rebates in 2011 and possibly thereafter which could be used to directly finance PV installations. Given that, we

encourage DOER & MRET to look ahead and determine whether this would free up some MRET funds for Commonwealth Wind. While our organization supports the Governor's goal of 250 MW of solar, we are also supportive of his goal of 2000 MW of wind power. And given that DOER is not electing to use this carve-out in the RPS to support wind projects, we would like to see more support for wind through other means.

### **2009 SRECs should qualify and banking should be allowed**

Generally, we believe that the regulations should include a banking provision. As the DOER intends to promulgate regulations December 31, 2009, there would still be time to include 2009 SRECs to be traded in the NE-GIS Q3 and Q4 2009 trading periods. We suggest that if the DOER is not going to require retail suppliers to allocate SRECs for the carve-out in 2009, that the DOER allow these SRECs to be banked for 2010 compliance, and to increase the 2010 requirement percentage accordingly, in order to stimulate solar development sooner rather than later.

### **Carve-out requirements should be higher for 2010 and 2011**

Slide 9 of the DOER presentation suggests 2010 and 2011 obligations that are, in our opinion, too low. A higher requirement would stimulate more direct development, and also possibly result in ACPs that could support more indirect development (which would buy more time to make securitization effective). This would take some pressure off the 2012 goal.

### **Securitization Does Not Necessarily Require Dependence Upon Distribution Companies**

We agree that renewable energy systems require long-term, securitized contracts. However, we encourage DOER to consider using MRET as a vehicle, rather than distribution companies, in order to take advantage of economies of scale and to eliminate market distortions, particularly as they might affect competitive suppliers and aggregators. Another approach would be to allow competitive suppliers equal access to any SRECs aggregated or auctioned through state action.

### **Long-Term Contracts Require More Certainty After 2020**

If we are going to operate on the assumption that generators need some revenue certainty for ten years, then more consideration needs to be given to the project that would be initiated in, say, 2014. What would the ACP be for 2024?

### **What is Commercially Reasonable for Long-Term Contracts?**

We would like to see DOER's financial model. We understand that it assumes that PV costs will decline over time and that is a reasonable assumption. But ideally, over time SREC values would be set as an inverse function to retail electricity prices. We do not know what DOER is assuming for future electricity prices and we do not see how DOER regulations would account for a sustained increase in retail prices for electricity.

Thank you for your consideration,

A handwritten signature in black ink, reading "Larry F. Chretien". The signature is written in a cursive, flowing style.

Larry Chretien, Executive Director