



# *Commonwealth of Massachusetts*

JOINT COMMITTEE ON TELECOMMUNICATIONS, UTILITIES AND ENERGY

MASSACHUSETTS GENERAL COURT

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April 25, 2013

Mr. Mark Sylvia—Commissioner  
Department of Energy Resources  
100 Cambridge St., Suite 1020  
Boston, MA 02114

**RE: REPORT OF THE COMMITTEE ON PROPOSED CHANGES TO THE RPS  
SOLAR CARVE-OUT PROGRAM (225 CMR 14.00)**

Dear Commissioner Sylvia:

First, we would like to take this opportunity to express our appreciation to you and the staff at DOER for your efforts thus far in implementing our state's energy policies under the Restructuring Act, the Green Communities Act, and an Act Relative to Competitively Priced Electricity in the Commonwealth. We applaud your continued dedication to the promotion and development of renewable and alternative energy resources. Pursuant to Section 12 of Chapter 25A of the General Laws, the Joint Committee on Telecommunications, Utilities and Energy reviewed the proposed final regulation ("regulation") which make both solar carve-out and non-solar regulatory changes to the Renewable Energy Portfolio Standard ("RPS").

While the Committee supports many of the changes proposed in the rulemaking, especially: (i) changes made pursuant to Chapter 209 of the Acts of 2012, (ii) expanded depositor eligibility for the Solar Credit Clearinghouse Auction, (iii) an Assurance of Qualification process for the Solar Carve-Out, and, (iv) the adjustment to DOER's solar capacity factor to reflect actual capacity factors in Massachusetts instead of the assumed 13%; we respectfully bring to you our concerns identified through the Committee's investigation.

Section 14.07(2) alters the formula establishing the amount of SRECs each retail electricity supplier must purchase in the subsequent compliance year by striking out ACP subtraction. The proposed rulemaking applies the revised formula and Minimum Standard to both the 2013 compliance obligation, and future compliance years, provided that certain retail electricity supplier load is exempt from the increased obligation for 2013 with the amount of SRECs eligible for this exemption being purchased by DOER or its agent using ACP funds.

We are keenly aware of the oversupply that exists within the Massachusetts SREC market and appreciate DOER's attempt to alleviate existing market conditions with this proposed

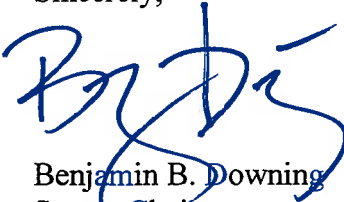
rulemaking. Stakeholders both within Massachusetts and beyond the Commonwealth's borders will watch the upcoming Solar Credit Clearinghouse Auction with interest, and we understand that if a substantial amount of SRECs deposited in the auction account fail to clear, there may be negative impacts on solar investment here. We are supportive of changes DOER believes are necessary to encourage the functioning of this mechanism as designed.

While we strongly support the Massachusetts Solar Carve-Out program and encourage necessary changes, we also expect that DOER has acted with hesitancy before altering the Minimum Standard formula. The Solar Carve-Out program has stimulated investment in an unprecedented amount of solar capacity in the Commonwealth very quickly, but was also originally designed with mechanisms, such as the one that DOER proposes to eliminate, that regulate the pace and potential impact of the program on ratepayers and retail electricity suppliers. While it has only been in place since 2010, DOER now proposes a change to the program that impacts the 2013 compliance year and compliance years going forward.


We are concerned that altering the Minimum Standard formula so soon after its implementation increases regulatory risk and introduces uncertainty regarding the possibility of more changes in the future. Investment will slow down for both solar development and competitive retail electricity supply in the Commonwealth if the business community feels that DOER is too willing to make regulatory changes that impact return on that investment after that investment has already occurred. A certain rule change may benefit investors today, but some future rule change could place the outcome of that same investment at risk. We trust that DOER has weighed the costs associated with the change against its benefits and believes that there are significant net benefits for the proposed changes to the Minimum Standard formula.

Thank you for taking the time to consider the Committee's concerns. The Committee urges DOER to refrain from making additional changes to the Minimum Standard formula for the first 400MW capacity block of the Solar Carve-Out program. In addition, we look forward to being a partner with DOER as the Commonwealth considers policy options to maintain the growth of solar PV market in Massachusetts at the least cost to ratepayers after the 400MW cap of the Solar Carve-Out is reached. Finally, the Committee appreciates DOER's proactive approach in managing those policy options for the future of the Commonwealth's solar incentive programs.

Sincerely,



Benjamin B. Downing  
Senate Chairman



John D. Keenan  
House Chairman