Pope Energy

April 7, 2013

Dwayne Breger, Ph.D.
Director, Renewable and Alternative Energy Development
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Massachusetts SREC / RPS Program and Post 400 MW Policy

Dear Dr. Breger:

After listening to the comments made at the public hearing on March 22, 2013, speaking and listening to others, it appears that significant change is required to continue to have a vibrant market made up of Massachusetts based businesses.

Most companies in Massachusetts who purchase, develop or utilize solar systems, which are not RPS compliance organizations, require debt. Organizations that provide debt are looking for a stable income stream. In a natural gas driven price market, the bulk of the revenue for debt repayment comes from the SREC incentive program. The following comments are based upon encouraging a stable program to secure equity based upon the dependable placement of debt financing.

1. **Establish long-term goals for installed capacity of renewable energy**. **Fifty-percent (50%) of Class I Renewables shall be solar**. Based upon the success of other state and national governments, establish goals for installed capacity in Massachusetts of 20% of renewable energy by 2020, 25% by 2025, 30% by 2030 and 40% by 2040.
2. **Establish a long-term floor price of $300 ($285 net) capable of spanning the term of the SREC program or change to a Feed-in-Tariff at the same levels. Using the utilities to be a floor-price provider of last resort, would also work.**

    a) While we have no objection to an indexing program based upon cost, it would be difficult to respond to market needs. Formulaic adjustments are not going to easily serve market requirements. For example: Just because we are able to "cash flow" a 300 kw solar PV roof mounted project that has existing infrastructure in place, with the business owner replacing the roof in addition to his 30% equity as a down payment and borrowing funds at 6.5% for ten-years based upon a $200 spot market SREC, does not mean the MA business owner is going to take the credit risk based upon that return and risk profile.

    b) Correspondingly, how do you account for larger ground mount, net-metered projects that have higher development soft cost as well

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as higher interconnection cost? A five-million dollar substation on a 6 MW project adds nearly 0.83 cents per watt. In some jurisdictions such infrastructure is considered a public improvement.

c) How do you balance the needs of residential systems and small commercial applications that do not have the benefit of scale?

3. **A second SREC market may need to be established if a floor price is unable to be established**. Increasing supply without a corresponding geometric increase in compliance levels will only depress existing SREC pricing. With a floor price, I believe all investors would not be hurt by the change in policy. They may not make the huge multiples in the event of a shortage in 2015, but they would benefit from a stable market from which to sell the assets.
4. **DOER needs to act on its own immediately to avoid businesses in Massachusetts** from running out of working capital in this sector and having larger firms leave the state in search of more profitable markets. Students and labor sectors that have invested in renewable energy education will be unable to find jobs in the fields that they have chosen.
5. **Central procurement is a bad idea**. It will concentrate the business to those firms who are accustomed to the public procurement process and stifle entrepreneurial energy. Once promulgated such laws would make this process potentially subject to the public procurement requirements including bonding, DCAM prequalification, prevailing wage and possibly even Designer Selection and public sector required compliance documentation. Without a public process, the utilities could be charged by DPU to have periodic RFP's to acquire solar PV generation and SREC's though a competitive process that could serve as a benchmarking method upon which DOER could evaluate.
6. **With larger goals in mind, remove unnecessary hurdles,** such as the net metering caps, the land subdivision restrictions.
7. **Maintain the value of the SREC incentive.** Over time as storage becomes more affordable, encourage storage on systems to contribute to grid management.

All stakeholders, from the debt and equity providers, the forward capacity market and grid system operators, legislators, and with the price suppression capability of renewable energy, the ratepayer, will all benefit from long-term stated goals and a stable, bankable, solar and renewable energy incentive program.

Respectfully Submitted,

Doug Pope
President