

Comments of The Alliance for Solar Choice on the Development of the Next Solar Incentive Program

In response to the Department of Energy Resources' (DOER) request for written comments, The Alliance for Solar Choice (TASC) offers the following comments on the development of the new solar incentive program being designed pursuant to Chapter 75 of the Acts of 2016.

TASC leads advocacy across the country for the rooftop solar industry. TASC's member companies are actively involved in Massachusetts' growing distributed generation industry. TASC is committed to offering Massachusetts citizens a viable choice in energy providers and advancing near-term, low-cost technologies for customers that preserve both the health of the solar industry and the public interest at large.

TASC appreciates the opportunity to provide these comments on the development of the new solar incentive program and shares the DOER's goal of creating "a long-term sustainable incentive program to promote cost-effective solar development in the Commonwealth."¹ The success of the previous solar incentive programs – SREC I and SREC II – have demonstrated the ability of the solar carve-out structure to drive the Massachusetts solar market forward. The solar carve-out programs have created investments in the local economy and thousands of quality jobs. Moreover, the SREC programs have generated industry scale that has reduced costs and made solar more easily available to Massachusetts residents and businesses. TASC therefore believes the DOER should design a new incentive program that continues to use the SREC format. TASC also recommends that, to the extent cost reductions are warranted, the DOER consider reducing the duration of the SREC offering, before considering other alternatives such as a reduction in the alternative compliance payment (ACP). Finally, future rate designs and incentives should focus on encouraging market evolution toward smart energy solutions for customers and the grid.

1. The next program should build on the success of SREC I and SREC II by continuing the SREC format.

At this stage of market development, the next solar incentive program should build on the success of the SREC I and SREC II programs by continuing to utilize the SREC format as the foundational support for solar incentives in Massachusetts. Continuing to utilize SRECs in this fashion will maintain market continuity and market understanding of the basics of the state's solar incentive program. The DOER has been administering the SREC program since 2010.² In that time, SREC has driven the development of the solar market in Massachusetts and has become well understood by market participants. The result has been the creation of significant market confidence for customers as well as investors and lenders. The next incentive program should build upon this success by continuing to use the SREC format. SREC has proved successful in driving market development, and using the same program format will create

¹ DOER, Development of the Next Solar Incentive, <http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/rps-aps/development-of-the-next-solar-incentive.html>.

² DOER, Solar Carve-Out / SREC I, <http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/solar/rps-solar-carve-out/>.

continuity and ensure understanding for market participants that will guarantee continued confidence in the program.

2. In assessing costs the next solar incentive program should consider reducing the duration of the SREC offering as a potential cost savings mechanism.

TASC recommends that the next solar incentive program should use the SREC formant and seek to reduce program costs by appropriately reducing the duration of the SREC offering by some number of years based on industry analysis. If necessary, further cost reduction could be achieved by a reasonable reduction in the ACP for the incentive program.

3. Future rate designs and incentive structures should focus on developing market evolution toward smart energy solutions for consumers and the grid.

A continuation of the SREC construct for the next solar incentive program would provide a smooth transition to an un-incentivized market structure in Massachusetts within the next several years. In the interim, the DOER along with the Department of Public Utilities (DPU) should consider forward-looking rate designs and incentive structures that are focused on developing market evolution toward smart energy solutions for consumers and the grid from distributed generation. Incentives for technologies like storage paired with solar should be the next horizon for modernizing Massachusetts' energy policy. In addition, the investigation and creation of a smart home rate to encourage residential consumers to modify behavior and utilize distributed generation resources to provide additional ancillary benefits to the smart grid of the future should be a focus of forward looking policy objectives.

TASC appreciates the opportunity to comment on the next solar incentive and looks forward to continued engagement with the DOER to ensure the continued growth of solar in Massachusetts.

Respectfully submitted,

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