



June 30, 2016

Commissioner Judith Judson
Director Michael Judge
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Dear Commissioner Judson and Director Judge,

Thank you for providing the opportunity to comment on the DOER's considerations regarding the structure of and the transition to the next solar incentive program which will be designed to replace the current SREC II Solar Carve Out program.

MassSolar would recommend that the DOER provide a modified version of the SREC II Solar Carve Out program as a transitional program, until such a time as a tariff based incentive (or another alternative incentive) program could be defined, approved and implemented. Anything less would dramatically upset the orderly flow of solar project financing and would have the effect of stalling all but the smallest solar development projects in the Commonwealth.

While SRECs and tariff based incentive programs both have advantages and disadvantages, our main concern is the necessity of defining a "glide path" for a smooth transition from the current SREC II program to any new program.

A tariff based incentive or another alternative incentive program could easily take 6 – 9 months after January 8, 2017 to be designed and promulgated by the DPU, leaving Massachusetts without any incentive program whatsoever during the majority of 2017 for all but the smallest systems. This would cause serious financial hardships for many Massachusetts based solar companies and many companies may not survive without an incentive program in place for most of 2017. We should not create another unnecessary roadblock for the solar industry as we wait for a new incentive program to be defined and implemented.

A much better solution would be for the new solar incentive program to maintain the existing SREC II structure with some relatively simple adjustments to the ACP and floor prices. The SREC II program has a well-defined structure for encouraging policy objectives such as low income and community solar projects, solar canopies and brownfield installations.

The market is quite familiar and comfortable with the current SREC II structure. Adjustments to the ACP and floor prices would be easily understood and quickly adopted by the industry as a whole. We would also recommend maintaining the current ten-year term for a transitional SREC III program.

We believe that the best way to support low income and community solar projects is by providing them with the same net metering rates that are currently provided for residential and municipal projects. However, if the low income and community solar projects continue to receive net metering rates 40% lower than residential or municipal projects, we would ask that DOER compensate for this discrepancy by adjusting the SREC factor for these types of projects to make up that difference – not just over the first 10 years of operation, but over the full expected life of the systems.

If the DOER wishes to transition to an alternative incentive program, the DOER could develop a pilot program that would operate in parallel with an SREC III transition program and gradually grow into the main incentive program over a two to three year period that does not stall the growth of the solar industry in the near term.

Any new incentive program, whether it is structured as an SREC program or an alternative incentive program, should set a high enough goal that it would provide a consistent financing environment for the multi-year timeframe it takes to develop larger projects. MassSolar would recommend that the target should be set at a minimum of 5,000 MW of total solar capacity, including the current 1,600 MW SREC II program target.

We look forward to working with you on the design and implementation of these programs and would be happy to answer any questions you may have.

Best regards,

A handwritten signature in blue ink, appearing to read "Mark Sandeen", with a stylized, flowing script.

Mark Sandeen
President, MassSolar