



Dear Mike Judge,

SunEdison appreciates this opportunity to summarize the comments we have shared with the Department to date on the design and execution of Massachusetts' next solar incentive program.

We see market continuity and stability as paramount to maintaining the pace of solar deployment seen under the SREC I and II programs. Our financial partners have grown comfortable over time with mechanics and value of these incentive structures. However, uncertainty about the start date for the next program has already reduced the capital readily available for investment in both currently Qualified projects and new projects under development. We are concerned that, without a seamless transition, solar installations will slow through the end of 2016, and then require up to a year to rebound once a new incentive program is launched. For this reason, we are aligned our industry colleagues in recommending an indefinite extension of the SREC II program until the date that the future incentive regime comes into effect.

While we recognize it may not be feasible to extend SREC II at its current value for all projects, the Department should balance cost concerns with the importance of continued support for priority market sectors. Projects within Market Sector A – including community shared solar, projects benefiting low-income housing, and solar canopies – as well landfill and brownfield projects deliver value to a wide base of customers and complement the work of other state agencies. We hope to see SREC factors preserved for these important project classes in an SREC II extension. In light of the Department of Public Utilities' transition to Market Net Metering Credits, we believe it is also necessary to increase the value of incentives for projects sited in WMECO territory, which this change affects disproportionately.

We welcome the idea of exploring reduced reliance on net metering within the next incentive program. Our experience in development of grid-connected projects suggests that issues such as the volatility of nodal pricing, complexity of contracts for differences, potential for out-of-state market participants, and the reduced value of wholesale supply relative to net metering credits will need to be carefully considered in program design. We are happy to provide our expertise to the Department in these areas as it the proposed incentive program takes shape.

We look forward to our continued work together advancing clean energy in Massachusetts.

Sincerely,

Steve Raeder
General Manager, East Coast Distributed Generation