



**Comments of IGS Energy regarding the design of a new solar incentive program
pursuant to Chapter 75 of the Acts of 2016**

June 30, 2016

Dear Mr. Judge,

IGS Solar, IGS Energy, and IGS Generation (collectively “IGS Energy” or “IGS”), appreciates the opportunity to provide written comments to the Department of Energy Resources (DOER) regarding the design of a new solar program pursuant to Chapter 75 of the Acts of 2016.

IGS Energy and its affiliated companies provide a diverse range of energy services to customers throughout the country. Those products and services include retail natural gas and electric supply, distributed energy generation resources (“DER”), demand response, frequency regulation, energy efficiency and home warranty products. IGS serves over 1 million customers in over 15 states including electric and distributed energy customers in Massachusetts. Using its own balance sheet, IGS both develops and finances solar projects in the Commonwealth.

IGS supports the DOER’s goal of creating a long-term sustainable solar incentive program to promote cost-effective solar development in the Commonwealth. A transparent and predictable policy environment is a critical element in an industry’s ability to scale, streamline business practices, and reduce costs. A long-term goal with a transparent and predictable policy environment, sustained market activity, and clear pricing is critical to bringing investment into the Commonwealth at the least cost to ratepayers.

We understand that DOER does not have purview over all the levers to provide such a glide path, however the smooth and rapid transition to a successor program is a critical element under DOER’s control. **IGS supports an SREC III program with a multi-year target and adjustments to the various components (i.e. SACP, SREC floor price, SREC factors) to reduce costs and set incentives appropriately by project type and location.**

IGS commends the DOER and the DPU for a swift and effective handling of the SREC II Extension and NEM Transition, allowing sufficiently advanced projects to move to completion by January 8, 2017. However, the sales and development of new commercial, municipal, and community solar projects – which take approximately 6 – 12 months – have already halted during this period where there is little to no clarity on the parameters of the new program. Hence, expediency in establishing the successor incentive program is critical to maintaining market momentum, since the front end of the development cycle has already stalled.

IGS is concerned that the timeline to establish a tariff-based incentive program, with the additional regulatory process required to develop it, would cause severe disruption to the ecosystem of businesses, resulting in inefficiencies due to business failure and lost investment that would then need

to be rebuilt. Such a disruption could also lead to a higher cost of capital moving forward, as investors perceive greater policy risk from a boom-bust business cycle. Furthermore, developers, financiers, and customers are already familiar with the SREC incentive structure which has been in place since 2010.

Within the SREC structure, DOER has many ways to adjust various components to reach its goals of reducing cost and setting incentives by project type, and IGS believes that DOER should explore various combinations to achieve policy goals.

By definition in the Acts of 2016, apart from net metering facilities of a municipality or other governmental entity, the compensation provided to projects receiving Market Net Metering Credits has already been reduced. When establishing the parameters in the new incentive program for projects receiving the Market Net Metering Credit, DOER must account for this reduction in compensation.

At the two listening sessions, DOER began to explore whether there was a way to utilize retail supply contracts to enable community solar. From an operational perspective, IGS does not immediately see a fatal flaw and would support further exploration of the concept. However, it is critical that DOER recognize that this mechanism would undercompensate these systems for the many benefits that solar brings to the Commonwealth.

Additionally, IGS assumes that this would be a *voluntary* option available and would not be a requirement placed on retail suppliers.

IGS appreciates the opportunity to provide comment and looks forward to continuing to work with the DOER and other stakeholders to develop and smoothly transition to a more cost-effective incentive program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Katie Bolcar Rever', followed by a horizontal line.

Katie Bolcar Rever
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