

June 30, 2016

Mr. Michael Judge  
Director  
Renewable Energy Division  
Department of Energy Resources  
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Boston, MA 02114

Sent Via: [DOER.SREC@state.ma.us](mailto:DOER.SREC@state.ma.us)  
[Michael.Judge@state.ma.us](mailto:Michael.Judge@state.ma.us)

RE: NECEC Comments on Design of a New Solar Program

Dear Mr. Judge:

The Northeast Clean Energy Council (NECEC) appreciates this opportunity to provide written comments in response to the request from the Department of Energy Resources (DOER) for recommendations from stakeholders to inform the design of a new solar incentive program in Massachusetts pursuant to Chapter 75 of the Acts of 2016. NECEC strongly supports DOER's efforts to "create a long-term sustainable solar incentive program to promote cost-effective solar development in the Commonwealth," as noted in the invitation to the recent listening sessions.

NECEC's mission is to create a world-class clean energy hub in the Northeast delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including energy efficiency, demand response, renewable energy, combined heat and power, energy storage, fuel cells and advanced and "smart" technologies. Many of our members are operating and investing in Massachusetts, and many more are interested in doing so.

As Commissioner Judson noted at DOER's June 22 listening session, Massachusetts has a rapidly growing solar energy industry that is producing measurable economic, environmental and energy benefits for public and private customers in every region of the Commonwealth. With well-designed incentives, the Commonwealth can sustain and accelerate the growth of solar in Massachusetts, delivering the economic, energy and environmental benefits of clean energy to the citizens, businesses and industries of the Commonwealth for the long-term, which include supporting thousands of jobs, increasing energy diversity and security, and reducing greenhouse gas emissions.

As the Commonwealth develops a new solar incentive program, NECEC offers the following recommendations:

#### **(1) Incentive Program Structure**

NECEC recommends that DOER build the new incentive program on the foundation of the current SREC II structure. Solar companies and consumers in Massachusetts are already well-

versed and acclimated to the SREC program, so a modification of SREC II for the next incentive program would work well, and avoid the transaction costs and disruption of moving to an entirely new incentive model. “Starts and stops” and changes in net metering and the SREC program over the last year put a premium on consistency and a smooth transition to a new incentive program. Companies and customers in the solar market are looking for as much predictability and certainty as possible, with an incentive that is sufficient to sustain continued solar investment in the Commonwealth. Continuing an SREC incentive program with which they are familiar will be easier and faster to implement, even though it may have some inherent complexities.

While NECEC continues to believe that a well designed Declining or Adjusting Block Incentive (DBI/ABI) would be one option to provide long-term support to the solar industry, we note that many of its features apply to a SREC model as well. Both programs have the advantage of being “open access” such that incentives are continuously available to market participants; impose market discipline as incentive levels step down; and are well suited to adjusting incentive levels to account for changes in net metering compensation levels and to provide for additional incentives to support other public policy priorities, such as brownfield redevelopment, community shared solar, and providing the benefits of solar to low-income communities.

Under either incentive scenario, NECEC recommends that a successful program should address the uneven levels of development across utility service territories. This could be accomplished by adjusting incentive levels in each territory.

NECEC does not recommend a competitive procurement model because of the “on and off” nature of such programs, high transaction cost for solar developers and their customers, and the central role for utilities, rather than supporting direct developer-customer relationships.

## **(2) Transition to the New Program**

DOER should assure that there is no gap between the conclusion of SREC II and the beginning of a new incentive program. Solar companies in Massachusetts have struggled with uncertainty and change in solar policy over the last several years. Policymakers should work to guarantee that there will be no gap between the end of SREC II, and the beginning of a new program. If it is not possible to have the next solar incentive program in place by January 2017, NECEC recommends that DOER use its authority to the extend some version of the current program to assure a smooth transition, lower transition costs, and keep solar industry workers employed.

## **(3) Incentive Program Length**

Extending the incentive program to cover a longer period of years would deliver a more effective program. NECEC notes that SREC II program regulations were filed in April 2014, and that the SREC II capacity for projects greater than 25 kW was fully subscribed by January 2016 – just 20 months later. This short time period to capacity repeated a similar trajectory that characterized SREC I.

When incentive programs change over a short period of time, solar companies (especially smaller businesses) find it hard to hire new employees, and often are forced to reduce the number of the employees recently hired as soon as programs expire. Incentives that start and stop frequently also unnecessarily drive up costs for businesses, consumers and ratepayers.

NECEC recommends that the next Massachusetts solar incentive program be designed to last at least five years to assure the steady and continued growth of solar capacity within a stable and predictable environment.

#### **(4) Targeted incentives**

NECEC recommends that DOER continue incentives for solar projects that support public policy goals. For example, NECEC strongly encourages specific incentives for projects that make productive use of “brownfields”, landfills, highway median strips and other designated land uses. We especially encourage support for Community Shared Solar and projects that serve low-income customers, and note that the April, 2016 passage of H.4173 significantly reduced electricity compensation rates for a substantial portion of the solar industry, including community-shared and low-income solar facilities, which the Act specifically directs DOER to consider in the design of the new incentive program. Given the unique benefit associated with these project types, NECEC believes that it is critical for DOER to support their feasibility and development at the highest available incentive program under the new program.

#### **(5) SEIA and SEBANE Comments**

NECEC broadly supports the comments of the Solar Energy Industries Association (SEIA) and the Solar Energy Business Association of New England (SEBANE), submitted to DOER on June 30, 2016, as part of this process.

Thank you for this opportunity to provide comments on the development of a new solar incentive for Massachusetts. We look forward to working together with DOER and the entire community of stakeholders through the process of designing a new solar incentive program that will achieve a long-term sustainable solar policy framework for the Commonwealth.

Sincerely,



Peter Rothstein  
President



Janet Gail Besser  
Executive Vice President

cc: Dan Bosley  
Kevin Doyle