

June 30, 2016



**SENT VIA ELECTRONIC MAIL**

Kaitlin Kelly  
Department of Energy Resources  
100 Cambridge Street Suite 1020  
Boston, MA 02114

**RE:** SunRaise Investments comments on the new solar incentive program

Dear Ms. Kelly,

Please find the enclosed public comments of SunRaise Investments LLC (SunRaise) on the designing of the new solar incentive program (the Program) pursuant to Chapter 75 of the Acts of 2016. SunRaise would like to thank the DOER for the opportunity to comment.

[Continuity](#)

As a financier of commercial scale solar facilities, SunRaise recognizes the concerns of investors and lenders when these entities are considering placement of project level capital. Uncertainty is a key concern for these institutions and individuals, as a complete understanding of programs, like those administered by the DOER, is necessary prior to making any investment or capital placement into a project. As the DOER is developing this Program it should be cognizant that any successor to SREC II that differs sharply from SREC I and II may result in an initial decrease in investment and lending to projects in the Massachusetts solar market as investors and lenders will need to completely reanalyze the Program.

[Timely Decision Making](#)

Investor confidence and uncertainty should be motivating factors for the DOER to make a timely decision on the type of program it intends to put in place. As the length of time that the DOER waits to release information on the Program increases, investor confidence will decrease and there will be less capital placed by equity investors and debt lenders into the Massachusetts solar market. This will ultimately hurt Massachusetts businesses, particularly those that require a steady stream of cash flow to finance new projects, pay employees, and cover ongoing operating expenses.

[Financial Reduction of a Successor Program](#)

The DOER should take into consideration the declining cost of solar equipment and solar installations as it is developing the Program. As a result of the decreasing cost of solar equipment

costs, the capital needed for a solar installation has declined and it has become incrementally easier to cover debt service and earn standard financial payback on the capital invested.

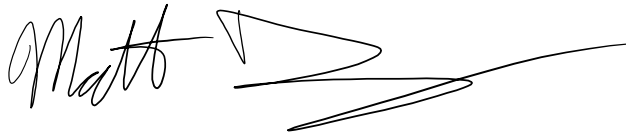
Reducing the SREC II Solar Credit Clearinghouse Auction (SCCA) prices by 15% in each year of SREC eligibility would ultimately translate to a lower spot market price. This 15% reduction would fairly reduce the incentive to a level in line with the rate of decline that solar installation costs. According to GTM Research and SEIA's U.S. Solar Market Insight 2015 Year in Review, overall solar photovoltaic pricing in the U.S. fell by up to 17% over 2015<sup>1</sup>. It is likely that this cost trend will continue moving forward which is why a 15% reduction in the SCCA is a reasonable financial reduction for the incentive.

### LMI Involvement and Net Metering Credit Considerations

The recent net metering law should also be taken into consideration as the Program is being developed. Net metering rates for private commercial projects were reduced by 40% and this will undoubtedly have a negative impact on many projects that benefit private affordable housing properties. SREC II incentivized the development of low-to-moderate income (LMI) projects by placing an SREC factor of 1.0 on these projects. The Program will also need to provide a maximum incentive to LMI projects to partially off-set this 40% reduction in net metering credit value that private LMI housing properties will experience. This can be done in a similar way as it was in SREC II by allocating higher "factors" of the incentive to solar development and investment that is either generally more expensive to install and operate, or that the DOER feels should be incentivized more due to the merits of its operation.

If you have any questions about these comments, please do not hesitate to contact me.

Thank you,

A handwritten signature in black ink, appearing to read 'Matt', followed by a long, sweeping horizontal line that extends to the right.

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<sup>1</sup> <http://www.greentechmedia.com/articles/read/Pricing-For-Solar-Systems-in-the-US-Dropped-17-in-2015>