

June 20, 2013

Mr. Dwayne Breger
Director, Renewable and Alternative Energy Development
100 Cambridge St., Suite 1020
Boston, MA 02114

Re: SREC-II Policy Design Comments

Dear Mr. Breger,

Solect Energy Development focuses on developing and installing commercial-scale, behind-the-meter solar projects, and applauds DOER's focus on this market. This is probably the most difficult market to finance, but is one of the best applications for distributed generation with the presence of significant electricity demand and the economies of scale that can be realized on large roofs in the same place. We have a few comments on your June 7th presentation that we feel will enhance the program.

Implement Regulations as Quickly as Possible

The market for >100kW solar projects is on hold until the new regulations are in place as no one will finance a project based on "proposed" regulation. While we are pleased that we can still go forward with <100kW projects, the lack of larger-sized projects puts significant cash flow constraints on businesses like ours that had planned a much more robust project flow through the rest of the year. In addition, customers that were interested in putting solar on their building are more likely to lose interest if rulemaking takes too long. Please value speed above all else in this rulemaking.

Strengthen the Floor

The SREC-Factor of the proposed program adds an element of complexity that makes the investment proposition almost impossible to understand for the average small business/building owner. While we support the SREC-Factor as a positive feature of the program, investors need to be able to attribute a value to both SRECs and RECs now. If there is no firm floor to SRECs, only third-party solar investors will be able to take the time to understand the risk/return profile of Massachusetts SRECs and attribute a value to them. Therefore we would lose the owner-financed market, which is the market that returns the most value to Massachusetts businesses and residents. Throttling the development of utility-scale projects will help keep SREC supply and demand in balance, but there is likely more that can be done. To keep the owner-financed market viable we ask that the regulations be designed so that we can all trust the SREC auction to clear 100% every year.

SQA Transparency

As we have all seen over the last few weeks, greater real-time transparency of the Statement of Qualification Applications (SQA) is desperately needed. This becomes only more important if installation volumes are driving the SREC-Factor and therefore investment return. At risk of stating the obvious, a real-time web-based view into the SQA/installation queue is required as soon as these regulations are released (or sooner if possible).

Align Application Processes

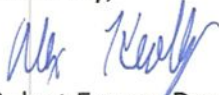
Today solar installers need to contend with separate applications for interconnection, net metering, SRECs, local permits, and rebates. These disconnected processes not only place an unnecessary burden on solar installers and drive up soft costs, but also can cause confusion in the market when the disparate systems give different information on the queue of installations in the Commonwealth. The SQA process should be combined with the current ACA process, and efforts should be made to align and share information between utility interconnection applications and ACA/SQA. In addition to aligning the processes, aligning the caps/goals of the SREC and net metering policies is another worthy goal. While industry is hard at work lowering the hard costs of solar, it is imperative that government partner with us to lower the soft costs.

Pre-Warning on Regulation Effective Date

Since many <100kW projects will be underway under the SREC-I program, it is important that enough time is given before the effective date of the new regulations so that projects are not caught in the middle (*i.e.*, sold under SREC-I but qualified under SREC-II).

Thank you for your consideration.

Sincerely,



Solect Energy Development, LLC

Alex Keally, Partner

Craig Huntley, Principal

Ken Driscoll, Principal

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