



April 8, 2013

Michael Judge
MA Division of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114
doer.srec@state.ma.us

Re: The Development of a Post-400 MW Solar Policy for Massachusetts

Dear Michael Judge:

We applaud the state of Massachusetts and the DOER for helping to create and drive such a robust solar market, and thank you for soliciting our comments as part of the effort to develop an effective policy for the post-400 MW solar market. We support the intention of the DOER to move swiftly to determine the landscape of the future market, and will be eager to learn of the outcome by summer of this year. We echo the sentiments of others in the request that the DOER formulate its policy to have as long of a horizon as possible, so as to minimize political risk to project development in the future.

Sol Systems is a financial services firm that offers investor clients direct access to the renewable energy asset class, and provides developers with sophisticated project financing solutions. Our team assists developers in obtaining investment capital from our network of vetted investors, to bring commercial and utility-scale solar energy projects from concept to reality. To date, we have arranged financing for thousands of residential, commercial, and utility-scale projects and facilitated hundreds of millions in investment on behalf of Fortune 100 companies, private equity, family offices and individuals. Sol Systems' investor network has committed over \$2 billion for deployment into solar energy projects and has prior experience investing in other forms of renewable energy. We also introduce new investors to the clean energy financing space, such as large corporations with tax appetite.

In Massachusetts specifically, we have observed firsthand the struggle to finance commercial projects, due to investors' lack of confidence in the SREC market. This has been a limiting factor in the ability for Sol Systems to bring new investors into the Massachusetts market. At this time, only three of our 15+ investor partners are willing to take on the SREC risk for Massachusetts projects to fulfill their own internal requirements. Sol Systems is fortunate to have access to this unique source of capital, but we feel bankability and confidence in the Massachusetts SREC market must be regained in order to truly grow the state's solar market.

As the oldest and largest SREC aggregator in the country, we have been involved in SREC markets across the country since 2008 and have had extensive involvement in the Massachusetts solar market since its inception in 2010. We were one of the first to offer customers fixed-price contracts for their SRECs, and upfront financing solutions for installing solar power on their homes. We have nearly 150 customers with solar systems in Massachusetts, and transact with dozens of entities in the state's SREC market in spot market or long-term contracts. Our SREC pipeline and access to solar projects through our installer and developer network is unmatched in the solar community.

We provide these comments to you based on our project finance experience, our deep analysis and modeling of the Massachusetts SREC market, our participation in the public meetings held by the DOER in March, and ongoing conversations in the solar community regarding the post-400 MW solar policy. In summary:

- We support the creation of a second RPS program, or "SREC-II Market", rather than an increase in the 400-MW cap of the current program. This will protect the terms and assumptions on which the existing installed and queued capacity was financed, while helping to spur investments in solar – from small residential systems, to large commercial systems – moving forward. This is true whether or not a "real" floor is mandated as part of the auction mechanism.



- We are in favor of the creation of a truly firm auction floor by requiring that distribution companies purchase any SRECs that remain un-cleared in the final round of the Clearinghouse Auction. This will serve as a price stabilizer in the SREC market, so long as information on the number of SRECs purchased by these companies is disclosed.
- We do not support a central procurement framework for the SREC market. We note that having multiple procurement methods thus far has created a diversity of SREC monetization options for the market, which has been a positive support for solar development in Massachusetts. We are of the opinion that the current procurement mechanisms are not the issue in the state's SREC market, and therefore we do not support legislative energy being spent on designing and instituting a central procurement framework. Furthermore, the delay resulting from the need for legislation to be put in place for this option may stall the larger effort, for little gain or benefit to the market at large.
- We would advise against introducing new components to the formulas of the SREC market, such as an SREC Factor. Increasing the complexity of the market will make it less transparent, and may negatively affect the bankability of projects.
- We do not support the idea of forward minting of SRECs for residential systems, in which generation is estimated and SRECs are minted years in advance. This introduces another component to the Total Compliance Obligation Formula, thereby complicating the supply and demand dynamics of the SREC market.

Thank you for considering our comments among those of other stakeholders in the Massachusetts solar market. We look forward to remaining active participants in helping to reach the state's renewable energy goals.

Yours sincerely,

A handwritten signature in blue ink, reading "George E. Ashton III".

George Ashton
Vice President and CFO
Sol Systems, LLC