CleanCapital

June 6, 2019

Judith Judson, Commissioner
Massachusetts Department of Energy Resources
100 Cambridge Street, 10th Floor
Boston, MA 02116

**Re: Proposed regulatory changes to SREC I eligibility, 225 C.M.R. 14.00**

Dear Commissioner Judson,

CleanCapital LLC ("**CleanCapital**") appreciates the opportunity to provide detailed comments and thoughtful analysis to the Massachusetts Department of Energy Resources' ("**DOER**") proposal to modify 225 C.M.R. 14.00. As the owner/manager of 18 projects totaling 37 MW in the SREC I program as well as many other small-scale C&I assets across the state and the country, we have a vested interest in the long-term viability of renewable markets.

We believe that the current proposal is inequitable, as well as being contrary to the market's long-standing perspective on the eligibility period. In this response to the DOER proposal, we will outline the key issues that we view as most pertinent as well as providing analysis and potential different outcomes.

It is our understanding that the intention of this change is to drive savings to the ratepayers. Unfortunately, this is far from what the results will achieve. By creating uncertainty in the long term clean energy market, Massachusetts will be viewed a risky investment on assets like these, driving up the overall cost of capital and cost of doing projects. For instance, according to the U.S. Department of Energy, 64% of the cost of solar projects are "soft costs" including financing. This is even higher in newer assets like energy storage. These types of assets have similar investors, and creating risks in one will significantly affect the other. This will drive up the costs of projects overall in Massachusetts and counter the intent of saving money for the rate payers.

We appreciate the hard work and leadership from the DOER staff, and we commit to working with all stakeholders to ensure that the final regulations achieve the administration's goals.

Here are the key issues that we have identified:

***1. Modification not clarification:***

DOER's proposed amendment to 225 C.M.R. 14.00 that limits the generation of SRECs for SREC I facilities to the first 40 quarters in which they are eligible fundamentally changes how the program operates. Investments in projects that built up and now sustain the Massachusetts' solar market were made with the understanding that qualified SREC I projects will generate SRECs until the Solar Carve-Out program concludes. DOER's proposed amendment places those investments at risk. This deviation from DOER's historic interpretation of the regulations surrounding the SREC I program indicates that this amendment goes further than a simple clarification.

***2. Long-standing interpretation of regulations:***

Since the beginning of the SREC I program in 2010, it was well established that qualified SREC I facilities would generate SRECs until end of the Solar Carve-Out program. Documents and presentations released by DOER regularly and clearly state that this is the case. For example, a presentation from DOER dated December 18, 2012, titled *Massachusetts Solar Carve-Out (SRECs): Overview and Program Basics*, notes that "already-qualified projects will continue to generate SRECs until the Solar Carve-Out program ends", while another presentation dated September 10, 2014, titled *Solar Incentive Programs in Massachusetts*, in showing the key differences between SREC I and SREC II, states "Qualified projects generate SREC IIs for 40 quarters (10 years) from quarter in which they qualify." These are two of many examples that show DOER's longstanding intent to allow SREC I facilities to generate SRECs until the end of the program.

***3. Discouraging future renewable investment:***

The consequences of this proposal go beyond directly impacted SREC I facilities. It risks future renewable energy investment in Massachusetts. A stable policy environment is critical to attracting long term investment in the Commonwealth. This proposal, which jeopardizes investment in SREC I facilities, is a signal to the market that future investments in renewable projects could face similar challenges. As Massachusetts continues to move towards achieving its GHG reduction goals and increases its renewable portfolio, a strategy to attract long term investors to the Commonwealth will make reaching these goals more attainable. Implementing policies that create uncertainty in the market will have ripple effects in the Commonwealth as it attempts to build and sustain additional renewable initiatives moving forward.

In our opinion, DOER should ensure that all MA SREC I projects maintain eligibility after each project's initial forty (40) quarters of operation. In order to update the program, DOER should look at alternative options to what they proposed such as modifying capacity factors, degradation assumptions, and/or overall demand characteristics for the program. CleanCapital would make our team and resources available to assist DOER in these efforts.

It is completely understandable for the DOER to continuously assess the ongoing market conditions, technical assumptions and related costs to ratepayers. What the market will find unacceptable is changing the rules and providing uncertainty to the markets' long-standing perspective on the eligibility period.

**About CleanCapital**

CleanCapital is an industry-leading clean energy investment platform. Our seasoned investment team uses cutting edge data and analytics to canvass the market for quality clean energy projects with strong cash flows. CleanCapital's innovative technology streamlines the acquisition process, organizing information and process flow and enabling us to underwrite, diligence, and manage renewable energy portfolios efficiently. Our proven ability to close deals in under 60 days and ready access to capital results in faster liquidity for project owners. By making direct investment in distributed clean energy portfolios newly accessible to investors, we are accelerating the flow of institutional capital into renewable energy generation.

CleanCapital, along with its capital partners, today owns and manages $300 million of distributed operating solar energy assets in the United States and is on track to add another estimated $125 million of distributed solar and storage assets by the end of 2019. The firm operates 108 solar energy systems in 11 states with a combined capacity of more than 100 MW, ranging in size from 25 kW to 12.6 MW. Our active approach to asset management and optimization is a value-add to both energy off takers and investors.

CleanCapital LLC was founded in 2015 and is headquartered in New York, NY. Founded by Thomas Byrne, Jon Powers, and Marc Garrett, the company remains privately held. Our team is comprised of experts in finance, law, public policy, and technology. The litany of our combined past experience includes the financing of landmark clean energy deals—like NRG's California Valley Solar Ranch, Caithness' Shephards Flat Wind Project, and Terra Gen's Alta Wind Energy Center—and the shaping of public policy as Federal Chief Sustainability Officer under President Barack Obama.

Thank you for your consideration.

Yours respectfully,

| | |
|---|---|
| Jon Powers | Matt Eastwick |
| Jon Powers | Matt Eastwick |
| President<br>CleanCapital LLC | Chief Investment Officer<br>CleanCapital LLC |