



June 13, 2019

Commissioner Judith Judson
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Proposed Regulatory Changes to SREC I Eligibility 225 CMR 14.00

Dear Commissioner Judson:

As small business owners of a 200kw Solar power facility currently eligible for SREC I's, we are writing to express strong opposition to DOER's proposal to end SREC I eligibility for existing solar projects beyond 40 quarters.

1. The regulatory change proposed is not a "clarification," as labeled in the proposed amendments but a substantive policy change. No clarification is necessary. The regulations have been clear from the beginning of the SREC I program until now. Solar Projects qualified under SREC I will generate SRECs for the life of the SREC I program, which is slated to terminate in 2023. DOER has confirmed the intent and meaning of the regulations in numerous publications. The proposed limitation on SREC generation for 40 quarters is a material change that clearly contradicts the current regulatory language and prior DOER public statements on the issue. The SREC II regulations explicitly limit eligibility to 40 quarters in contrast to the SREC I program which underscores the fact that DOER was well aware of this clear difference for years.
2. The proposed amendment would significantly devalue thousands of solar investments made in reliance on the DOER regulatory policy and guidance guaranteeing SREC I eligibility for the life of the program. Pulling the rug out from under small businesses like ours, and many other homeowners and solar owners with SREC I eligible projects, would be grossly unfair and punish the people who took the biggest risks early on in supporting the Commonwealth's legislatively enacted greenhouse gas reduction goals. It is important to note that early solar adopters like us paid much higher prices for our projects than people pay today. In fact, early adopters helped bring solar technology down the cost curve making solar now much less expensive than when we invested. But early adopters don't benefit from falling solar costs the way that the market, the ratepayers and later solar adopters have benefitted. We paid for our systems in full when they were much more expensive.

3. This substantial rule change would send a troubling signal to the market that solar projects can be risky investments due to regulatory uncertainty. The solar industry is recovering from a slow-down caused in part by the regulatory uncertainties of 2015-18. Regulatory policy changes that constitute a material adverse effect on the economics of past energy transactions create difficult market conditions to attract capital for healthy future growth of the industry.

We strongly urge the DOER not to adopt this rule change that would abruptly change DOER longstanding policy; cause economic hardship and unfairly deprive the early solar adopters of the benefits of their bargains struck in reliance on the policy; and undermine confidence in the Massachusetts solar market.

Let me share with you some specifics about our project to give you a better sense of the impact this major change will have on small owners and installers. When we built our system in 2011, solar power was nearly three times as expensive as it is today. Every year we sell our SRECs to help the utilities meet their requirements under the Renewable Portfolio Standard. These revenues provide roughly 3/4 of our project revenues and enable us to offer the energy and provide energy savings to the tenants at the Western Avenue Studios in Lowell. If we were to lose the SREC revenues and seek to collect the lost revenues from our customers, we would have to triple or quadruple their rates. But we can't. We agreed to sell them energy at a fair price and provide some energy savings. We didn't provide in our Agreement that we could raise their rates whenever we felt like it. Even if we had the ability or legal right, we wouldn't treat them like that. But that is what the Commonwealth is proposing to do to us.

In the announcement of this substantial and material regulatory change, the DOER stated that this change would save the ratepayers \$150 million dollars, but we are also "ratepayers" and every dollar they "save" will be coming out of our pockets and the 10,000 other affected ratepayers who invested in solar power in reliance on the SREC I program and commitments of the Commonwealth.

When we built our 200 kW system in 2011 it was one of the largest commercial rooftop systems in the Commonwealth. We were early adopters because we believed in the importance of reducing our carbon emissions. Our "Opt In" qualification term will expire in 2021. We understand we will not be able to opt-in to the clearing house auction thereafter. But we have never relied on the auction, we have always sold our SRECs on the open market. And we are planning to do so in 2022 and 2023. We took out a significant loan in order to help pay for the system. That loan continues until 2022. If our SREC eligibility is ended in 2021, we will not have sufficient revenues to be able to make our loan payments. Our investment will become a money losing proposition. We could lose everything we have put into the system over the past eight years. By our estimate, this material change in regulations could result in a loss of more than \$150,000 in SREC revenues over the lost two years of eligibility. While that may not seem like a lot to a large company, it's a pretty big hit to a small family business like ours. It is college tuition for at least one kid.

A flourishing solar industry is critical to fostering a competitive and cost effective energy grid and advancing the GHG reduction goals of the Commonwealth's Global Warming Solutions Act. The solar industry has also saved rate payers in the near term by reducing the costs of providing energy during peak demand periods on the grid. It has brought tens of thousands of jobs to the Commonwealth, and offset its GHG emissions by putting over 2,000 MW of solar capacity online, providing an enormous contribution to a cleaner environment and mitigation of global warming. Today more than 100,000 people work in the clean tech sector. This success was not accidental. It was result of the foresight of the Massachusetts Legislature, DOER and successive Administrations working together to develop policies that fostered innovation and business development. Regulatory risk is a major factor when investors are deciding where and whether to invest. States that demonstrate they cannot be trusted will deter business and jobs from investing.

State regulations going forward should send a positive signal to the marketplace encouraging confidence in the reliability of investment in Massachusetts solar businesses. A successful solar and renewable energy sector in Massachusetts brings a vibrant, job creating economy, provides stable, reliable and lower energy rates and mitigates climate change, the real cost danger to taxpayers in the future.

For the above reasons we ask that the proposed rule change in Section 14.05 be rejected, and existing SREC I projects remain eligible to generate SRECs throughout the life of the program.

Respectfully submitted,

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