Relay Power Public Comment for DOER Solar Incentive Program

October 13th, 2016

BY ELECTRONIC MAIL to DOER.SREC@state.ma.us
Mike Judge, Director, Renewable and Alternative Energy Division
Massachusetts Department Office of Energy Resources

Dear Mr. Judge and MA DOER Staff:

Thank you for the opportunity to submit public comments on the straw proposal for the next generation of Massachusetts solar incentives. We appreciate the hard work that went into crafting the proposal and are encouraged by the possibility of having a ~5 year runway on the new program and a path forward for solar without net metering caps. However, we are concerned that the proposed timeline of Summer 2017 for the program to go into effect will create a significant gap in new solar projects which will significantly affect the solar industry in MA. With the January 8th deadline to spend 50% of project costs even under the SRECII emergency extension, we are facing a minimum gap of 6 months from November/December to June/July where: 1) there is no certain revenue model to finance new projects and 2) no new applications can be filed with DOER.

Gap Creates Risks for Commercial and Community Solar

On this timeline there will be a significant gap where non-residential solar projects (commercial solar, community solar, low-income housing projects etc.) will be unable to move forward. This gap will put two of the DOER's key objectives at risk:

- Maintain robust growth across installation sectors
- Provide economic support and market conditions to maintain and expand PV market in MA

Currently the development of new non-residential projects in MA has largely stopped. Already, very few new sites are being prospected for development and most currently identified projects cannot risk money on permitting and other early stage costs to move projects forward without certainty around the successor program to SRECII.

Until the next generation program is finalized, there remains significant risk in investing time and effort in projects. New information about the program will help the solar industry plan for a future in Massachusetts but it will not significantly enough reduce this risk for work to proceed on a project level.

This gap puts the industry at risk to:

- **Lose existing jobs:** Massachusetts jobs in solar construction, engineering/design, site acquisition, offtake/participant acquisition for community solar and commercial solar, project management, etc. will be put at risk by a gap in their utilization.
- **Prevent job growth:** MA-based solar companies will avoid hiring some new employees given the uncertainty in their future workflow. While the solar industry in MA will exist beyond the

program gap, this gap will disproportionately affect jobs located directly in the state, putting local companies at a competitive disadvantage once the new program goes live.

- **Lose value from early-stage projects:** Projects that could otherwise move forward will be stalled and some projects will fall apart entirely during the gap. Even if the projects move forward, the delay will costs the site owner any lease payments from the intervening time and costs the developer time value of money for any time or money invested to date.
- **Damage perception of market security to investors:** When deciding to invest in solar, capital firms evaluate the certainty of policy between states. If the DOER and MA legislature allow this gap in the industry to proceed, it may do longer-term damage to investor confidence in the state.

Proposed Solution

We propose that the RPS Solar Carve-Out II Extension be further extended as is with an 80% haircut to SRECII values and continue until the next generation solar incentive program is live. New projects would already be subject to a net metering haircut of 40% to the retail rate, so the RPS Solar Carve-Out II Extension must be extended without further reduction in value.

New projects will still face net metering caps in National Grid but it would allow projects to move forward in Eversource territory (123 MW available under cap as of 10/13/2016).

The proposed extension is not the entire solution but will mitigate the significant risks to the solar industry described above.

Thank you for your consideration,

-Allen McGonagill

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