October 26, 2016

beaumont
SOLAR CO.

200 North Street
New Bedford, MA
02740

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

Dear Commissioner Judson and Director Judge,

Thank you for providing the opportunity to comment on the Next Generation Solar Incentive Straw Proposal as the successor program to SREC II. We appreciate all of the time and effort that has gone into the process to get to the point we are at today. Over the past 9 years our company, Beaumont Solar, has been most enthusiastic about deploying solar systems across all segments of state and local government, residential, agricultural, commercial and industrial sectors. In addition to developing solar, our company also owns and operates solar systems as well. Without a doubt, the programs introduced over the years have been wildly successful and we hope that this new phase will continue that trend.

Based on SEIA data, the solar industry in MA last year generated about $803M in annual revenue, installing 340 MW of solar electric capacity. In 2016 we expect to see a significant uptick from that number, maybe as high as $1B for the year. We do know that the incentives in MA have been some of the best in the country, and they need to be adjusted to reflect the current cost of capital, cost of construction, and the cost of electricity.

The Next Generation Straw Proposal does reign in the incentives to address the above concern, but it goes too far. Comparing the past program with the new straw proposal calculations show a 50% cut in incentives.

According to widely cited data, the cost of solar modules has decreased by 12% from last year, and there are more cost saving gains to be realized, however, this is not enough to offset the proposed incentive reductions. Our company has canvassed a large number of investors/long -term system owners, that own systems under the current programs to get their perspective. They all concur that at a high level, the cost of project development, system upgrades to the grid for ISA approval, and construction costs would yield either a price per kWh or an EPC cost that would not be viable. We believe that the incentives needed to make the IRR work should be roughly half of the SREC II incentive, and this would be in addition to allowing for net metering incentives that have recently been cut by 40%.

The following are suggested modifications to the straw proposal which we strongly urge you to consider:

1. Move away from a net metering cap based system- this serves no purpose, but on the contrary it provides a powerful lever for the IOUs to come back and ratchet up their demands each time the cap has been reached. If the cap is left in place, then any projects in NGRID territory (with the exception of behind the meter coincident generation and load systems) will be dead on arrival with the onset of this new tariff based system.
2. Provide clear definitions of restricted grounds where solar will not be allowed, do not restrict solar when other building types and construction would otherwise be permitted on the same site (for example, prime forest land).
3. Increase program size from 1.6 GW to 3.4 GW to allow MA to get to 5 GW by 2020.
4. Increase 250-1MW as well as 1MW-5MW categories from 15 years to 20 years.
5. Increase base rate from 18 cents/kWh to 20 cents/kWh for 250-1MW category and increase 1MW-5MW from 15 cents/kWh to 17 cents/kWh.
6. Provide greater program participation with a structure that allows for municipal light plants to participate in the program, either outside of the tariff or aligned with the tariff structure.

7. Remove block structure and set annual incentives in-line with RPS goals.
8. Provide a proper bridge structure to the new tariff program, with the ability to extend if the promulgation of the tariff takes longer than expected.

A solution that eliminates net metering caps is an important first step. Costs for system upgrades that need to be made to the grid should not be borne by the project developers and building owners. The structure that is currently in place incentivizes the grid operators to upgrade their infrastructure - which is old and aging - on the backs of the distributed generation industry.

Should the DOER and the DPU decide that the current proposed program is fair and reasonable, there would be a massive slowdown in solar development in the state, essentially shutting down a $1B industry overnight. It should be expected that companies will shutter, and that the RPS goals will not be met, revenue will drop to pre-2012 levels, and the market will reset. It is not our assertion that the DOER will not take any input and adjust the proposed program so that the above scenario does not become a grim reality.

As an active stakeholder, and an advocate for renewable energy development in the state, we believe that an incentive designed to support market growth, and one that will not destroy the current clean energy jobs in the state is needed.

We urge you to re-consider the current program to better align with interests of meeting our clean energy goals, not lining the pockets of large utilities and their shareholders.

Sincerely,

Phillip Cavallo
President & CEO
Beaumont Solar Co.