27 October 2016

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

Dear Governor Baker, Commissioner Judith Judson, and Director Michael Judge,

I am writing regarding the 'Next Generation Solar Incentive Straw Proposal.' First, I'd like to thank you for the chance to comment on this proposal and for your interest in continuing to grow solar in Massachusetts.

Currently, I am a solar consultant at Direct Energy Solar. I have been working in residential solar for over three years now, and have enjoyed my time in this industry. It has given me the opportunity to make a positive impact on the lives of our customers, our state, and the world, while providing good pay and good benefits.

I started working in solar upon graduating from college with a Bachelor's Degree at a time when job prospects were still lacking due to the recession. While many of my friends found themselves in dead-end jobs, or went back to school because their prospects were lacking, I saw income growth and career advancement. I have no doubt that much of my success can be attributed to this industry, and I feel very fortunate to have a place in it.

I am writing to you now because I am concerned about the impact this plan will have on solar in Massachusetts and on my career.

I agree that the tariff is a good fit and will help achieve several of your goals. While the SREC market has been successful, it does create soft costs in SREC brokerage and higher interest rates. It also increases risk and many customers dislike that uncertainty. I imagine the administrative costs are higher as well.

However, I think the value decrease from SREC II to this tariff would be too drastic, and that the rate drop from there would be even more damaging.

First, the proposal says the goal is to maintain robust growth. If we maintain a growth rate of roughly 40%, the 1,600 MW allotted would be gone in about two and a half years.

Under the SREC II extension program (with the decreased SREC values), a system priced at $3.35/W with a good site quality, with 30 275W panels, would save a customer $17,000 over ten years and pay for itself in five years if they bought the system outright. (One thing to note, I used the price of $3.35/W because that is usually the lowest price in the market. Most companies price quite a bit higher than that.)

With a tariff at $0.32/kWh (the rate we will most often see in residential solar, where most systems are roof-mounted), this same system would save the customer $7,500 over ten years and pay for itself in seven years.

While this option would still be appealing to some customers, a good amount would no longer be going solar.

If we do not see a precipitous drop in installation rates right off the bat, then I believe it would be right around the corner due to the continual drop in the subsequent blocks. If we maintained the current rates, within a year and two months or so, we would be into the fourth allotment in the tariff. At this point the customer would save $3,750 over ten years and pay for itself in eight years.

Growth will inevitably stagnate by this point and start to decline if it had not already. We will then see a loss of jobs that will only get worse from there and much of the progress we have made in growing this industry will be lost.

I understand that part of the goal of this tariff is to put downward pressure on the market. However, if we are to believe that the tariff of $0.32/kWh provides a sufficient return to continue growth, then companies would need to decrease their prices at the same rate the tariff drops. In order to keep up with this return, by the time we reach the eighth tariff allotment, companies will need to have dropped prices from $3.35/W (which again is where the lowest prices are) down to $2.20/W. There is no way to accomplish this while maintaining growth.

My recommendation is for the first block to be $0.40/kWh. Under this scenario the customer would save $13,921 over ten years, and the system would still pay for itself in five years. This 18% drop would immediately put downward pressure on the market, while providing a workable starting point. Customers would be motivated to go with this deal, and I don't think the subsequent drops would ever be enough to slow the growth.

Along with this, I think it is important to double the size of the blocks. If we are running through blocks every three of four months this is going to create a race. This will be difficult to keep track and will lead to things changing too quickly. If the blocks are larger it will allow more time for prices to drop in accordance with the program drops.

While it is important to consider that there are many Massachusetts jobs at risk, good jobs, that our economy cannot afford to lose, we must also consider the future jobs that are at stake, and the jobs in other states.