

Level Solar Inc.  
1 Glacier Drive  
Westwood, MA 02090

Massachusetts Department of Energy Resources  
100 Cambridge Street  
Boston, MA 02114

October 28, 2016

**RE: Comments on MA Solar Incentive Proposal**

Dear Commissioner Judson and Renewable Energy Division Director Judge,

Thank you for the opportunity to contribute to this important discussion concerning the new solar incentive program in Massachusetts.

I am the founder and CEO of Level Solar, one of the largest solar providers in the Northeast. Level currently employs over 300 people in New York and Massachusetts. As such, we make a large impact on local economies through our employment and operations; make a meaningful, positive impact on the environment by reducing carbon dioxide emissions; and are directly impacted by solar incentives.

I would like to contribute a few short comments and recommendations based on my experience working within and analyzing many solar incentive structures in different states and countries:

- (1) Known, fixed incentives, block structures or otherwise, are a sensible and welcome approach to motivating solar adoption.** In SREC programs the value of the SREC is determined by the balance of SREC supply and demand. Since this value varies over time (and is systemically designed to collapse as solar adoption expands), financiers apply a significant discount when valuing and purchasing SRECs. As the commission has correctly noted, this results in a transfer of value from the adopters of solar energy, the intended recipients of the incentive, to financial institutions, who serve no purpose other than to monetize the spread between the purchase and sale price of the SREC. In contrast, a fixed incentive system like the Commission is proposing is known to all participants, and as a result can be appropriately valued and monetized by all parties. This maximizes the impact of the incentive program.
- (2) Approve an initial incentive value that is attractive, and reduce it over time to maximize impact.** Businesses need stability to thrive. Transitioning from one incentive structure to another creates uncertainty and risk. This transition will require adaptation by all participants. If the initial incentive value is set too low, it will have an immediate negative impact on all market participants reflected in lost jobs and fewer solar installations. In contrast, if the value is set too high, it can be adjusted lower over time

with minimal disruption. We recommend the Commission err on the higher side initially, and then reduce the incentive appropriately given cost and budgetary constraints.

- (3) Simplicity and speed in incentive design benefits all market participants.** Level Solar operates in some jurisdictions that approve permits and incentives in one day, and in others that give approvals in three months. Many would-be solar adopters abandon solar installations when local jurisdictions or other agencies take too long to approve solar projects. Long approvals also increase working capital needs for solar providers, increasing cost. Simple incentive applications that are easy to complete are easy to read, easy to review, and easy to approve. We recommend the commission implement an approach and infrastructure designed for simplicity and quick approvals.
- (4) Recuperating solar costs through fixed monthly charges directly undermines the purpose and effectiveness of the incentive program.** The vast majority of homeowners install solar panels to save money on their utility bill. This savings is realized through a reduction of the homeowner's variable cost, i.e., the homeowner currently pays \$0.18/kWh, and solar energy is provided at \$0.14/kWh. Recuperating program costs through fixed monthly charges increases the fixed portion of the electricity bill, and reduces the variable portion of the bill. In many instances, utilities use this approach to transition variable costs that can be reduced with solar, to fixed costs that cannot, to the direct detriment to their customers and the public. This approach reduces the homeowner's savings potential and works to directly undermine the behavior the solar incentive is designed to promote. A better way to recuperate costs is through variable charges, which adjusts with growth in solar installations.
- (5) Design the program to enable long-term success.** Solar and energy management technologies are improving rapidly. Electric grids once thought to have very limited renewable capacity are now accommodating over 20% renewables. It is very likely that through battery technology, demand response, energy efficiency, active grid management and other technologies, the capacity of local and regional grids to seamlessly incorporate renewables will continue to increase, possibly into the 50-80+% range. We recommend that the Massachusetts incentive program be designed not around false near-term limits, but as a pathway and enabler toward this lower cost, cleaner energy future.

Thank you for your time and consideration of the above.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Keiser', followed by a horizontal line.

Richard Keiser

CEO, Level Solar