

Commonwealth of Massachusetts
Executive Office of Energy and Environmental Affairs
DEPARTMENT OF ENERGY RESOURCES

RENEWABLE ENERGY PORTFOLIO STANDARD

GUIDELINE

ON THE

FORWARD SCHEDULE OF THE SOLAR CARVE-OUT ALTERNATIVE COMPLIANCE PAYMENT (ACP) RATE

Pursuant to the Renewable Energy Portfolio Standard Class I Regulation in 225 CMR 14.00

December 28, 2011

As provided in 225 CMR 14.08(3)(b)2, the Alternative Compliance Payment (ACP) Rate for the Solar Carve-Out Minimum Standard was set at \$600 per MWh for the first Compliance Year, 2010, and the Department of Energy Resources (DOER) has the discretionary authority to reduce the Rate for each subsequent Compliance Year by January 31 of that Compliance Year, with any such rate reduction limited to no more than 10%. Under this authority, DOER reduced the ACP Rate in 2011 from \$600 to \$550, or approximately 8%.

DOER recognizes the importance for project developers and project financiers, along with retail electric suppliers with compliance obligations, to have greater certainty of the ACP Rate further into the future. Additional certainty is expected to enhance parties' abilities to estimate expected SREC revenue streams and to facilitate project financing and negotiations for long-term contracts for SRECs. The ACP rate must be sufficient to ensure sufficient project profitability to stimulate market growth to meet the program goals, but avoid unnecessary costs to ratepayers.

DOER has met with various solar industry representatives and convened a stakeholder meeting where DOER and stakeholders discussed and agreed that a Guideline was an appropriate interim step, but that a permanent regulatory change will provide the necessary market certainty needed for the Solar-Carve Out to work optimally. Accordingly, as a first step, DOER provides in this Guideline a 10-year Forward Schedule for the Solar Carve-Out ACP Rate in the following table. DOER intends to codify this same schedule through a subsequent regulatory promulgation. The schedule maintains the Rate at its current level through Compliance Year 2013 and then reduces the Rate at 5% per year. As indicated in the table, DOER will announce by January 31 of each year the Solar Carve-Out ACP Rate for the Compliance Year ten years later, so that a 10 year forward schedule is maintained. (For example, by January 31, 2012, DOER will announce the Solar Carve-Out ACP Rate for Compliance Year 2022.) Each year, the

announcement of this Rate will follow a review of the proposed Rate by stakeholders. The announcement of this Rate will be published on DOER's website.

**Forward Schedule of the Solar Carve-Out
Alternative Compliance Payment (ACP) Rate**

Compliance Year	ACP Rate per MWh
2012	\$550
2013	\$550
2014	\$523
2015	\$496
2016	\$472
2017	\$448
2018	\$426
2019	\$404
2020	\$384
2021	\$365
2022 and after	added no later than January 31, 2012 (and annually thereafter) following stakeholder review