

**COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF ENERGY & ECONOMIC AFFAIRS
DEPARTMENT OF ENERGY RESOURCES**

**RENEWABLE ENERGY PORTFOLIO STANDARD (RPS) – CLASS I
SOLAR CARVE-OUT**

Reduction of the Alternative Compliance Payment (ACP) Rate

January 31, 2011

DOER is authorized under 225 CMR 14.08(3)(b)2 to reduce the Alternative Compliance Payment (ACP) rate pertaining to the Solar Carve-Out portion of the RPS Class I obligation. Any such rate reduction may be no more than 10% in any one Compliance Year, must be announced by January 31st of that year, and must be accompanied by an explanation.

DOER hereby reduces the Solar Carve-Out ACP Rate to \$550 per MWh, down by 8.3% from the program's 2010 initial rate of \$600/MWh. The new \$550/MWh rate is effective for Compliance Year 2011 and thereafter, unless and until DOER makes a further reduction by January 31st of any subsequent year.

DOER has reached this decision after careful consideration and deliberation on the market conditions facing solar development in Massachusetts since 2009, when the original \$600 ACP level was set. During this time, solar developers have enjoyed declining PV module costs and have used conservative financial assumptions.

Globally, over the past two years, PV module prices have experienced significant price drops, and some European solar feed-in tariff rates have been reduced. Locally, installed costs for projects qualified for the Solar Carve-Out have trended downward between 5% and 10% since the beginning of the program. Elsewhere, Lawrence Berkeley Laboratory reports installed solar PV prices dropping in 2010 about \$1/W in the major PV markets in California and New Jersey (<http://eetd.lbl.gov/ea/ems/reports/lbnl-4121e.pdf>).

DOER remains committed to the growth of our solar market and to achieving this growth at lowest cost to Massachusetts electric customers.