



May 25, 2016

VIA ELECTRONIC MAIL

DOER.SREC@state.ma.us

Kaitlin Kelly
Department of Energy Resources
100 Cambridge Street
Suite 1200
Boston, Massachusetts 02114

RE: Comments – SREC II Emergency Regulation

Dear Ms. Kelly;

Please find the enclosed comments regarding the SREC II Emergency Regulation. If you have any questions, or need any other information from SunConnect, please do not hesitate to contact us.

Regards,

Erica Buster
Development Associate

/enclosure

**SUNCONNECT COMMENTS FOR SUBMISSION
225 CMR 14.00: RENEWABLE ENERGY PORTFOLIO STANDARDS – CLASS I**

May 25, 2016

Introduction

This document contains comments regarding the SREC II Emergency Regulations as submitted by SunConnect Corporation d/b/a SunConnect MA12 LLC in the Commonwealth of Massachusetts.

Timeline Challenges - 225 CMR 14.06(9)(s)

1.) *Authorization to Interconnect / Permission to Operate.* 225 CMR 14.05(9)(s)(4) states: A Solar Carve-Out II Renewable Generation Unit with a rated capacity greater than 25 kW that has received a Statement of Qualification must receive its authorization to interconnect or permission to operate from its local distribution company within nine months of April 8, 2016, in order to retain its Statement of Qualification.

Per 225 CMR 14.05(9)(s)(4)(a), extensions may be granted:

“If a Solar Carve-out II Renewable Generation Unit can demonstrate to the Department’s satisfaction that its interconnection depends only upon receipt of notice of authorization to interconnect from the distribution company, its Statement of Qualification shall be extended indefinitely until such notice is received or denied.”

i.) Interconnection timelines outlined in the System Modifications Construction Schedule of Interconnection Service Agreements (ISAs) typically exceed twelve to eighteen months. The regulation, as currently written, requires completion of construction by the January 8, 2017 deadline. **This means that the constructed system may sit idle for six to twelve months until receiving authorization to interconnect.** The financial metrics of the project are significantly impacted by this waiting period due to the additional construction financing costs and the degradation of the equipment. During this period, the system degradation would reduce the expected production of the system upon interconnection; therein, reducing both the expected electricity and SREC revenue streams. The ideal scenario is for completion of construction and interconnection authorization milestones to occur as close to simultaneously as possible. We suggest revising the regulation to permit extensions based on the utility timelines provided in the System Modifications Construction Schedule. Therefore, allowing

developers to schedule construction of the system accordingly (at least ninety days after the interconnection timeline is finalized) while minimizing the risk exposure due to the factors mentioned above.

ii.) Coinciding with timeline issue referenced in section (i) is the variability of System Modification Costs as dictated by the utility. Within the ISA, there is a cost estimate with a tolerance of plus or minus twenty-five percent (+ / - 25%) based on the results of a System Impact Study (SIS). This large tolerance presents a potential financing issue where a developer must wait on a final estimate, which is provided upon the completion of the utility design phase, before commencing construction. This may result in a delay of several months, making a January 8, 2017 completion unfeasible. Our suggestion above, issuing extensions based on the utility timelines, would alleviate this issue as well.

2.) *Expired Interconnection Service Agreements and their effect on Statements of Qualification.* The expiration of ISAs has caused a roadblock in our ability to apply for Statements of Qualification. While waiting on Beacon Hill to determine appropriate action, many projects were put on hold. ISA payments were not made since we did not know if construction could ever occur. We were forced to resubmit Applications for Interconnection further delaying the commencement of construction, and therefore, making the January 8, 2017 construction deadline difficult. Our proposed suggestion in Section 1, issuing extensions based on the utility timelines, would alleviate this issue as well.

3.) *Ambiguity in Extension Criteria.* 225 CMR 14.05(9)(s)(4)(b) states that if a project can demonstrate “good cause” to warrant an extension, then the Department will extend the deadline for a determined amount of time. i.) This section needs to specify what exactly would warrant “good cause.” Our interpretation could mean a number of legal, permitting, utility, or construction issues that are out of the control of the project developer.

Conclusions

As a company doing business in Massachusetts, we are directly impacted by these regulations. The changes we have suggested help the regulations interact more succinctly with real-world system development. Our changes include revisions to construction and interconnection deadlines, as well as clarification of terminology used within the regulation. Specific to the deadlines as referenced above in Section 1 and 2: we’d like to see the construction completion date in line with the interconnection authorization date quoted within the Interconnection Service Agreement. The term “good cause” as referenced in Section 3, is ambiguous and needs specifically defined.