



August 26, 2013

Mr. Mark Sylvia, Commissioner
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, Massachusetts 02114

RE: Comments of GDF SUEZ Energy North America, Inc.: SREC-II Final Proposed Design

Dear Commissioner Sylvia,

GDF SUEZ Energy North America, Inc. (GSENA), appreciates the opportunity to comment on the SREC-II Final Proposed Design as discussed at the August 12 Stakeholder meeting and posted on the DOER website. We commend the Governor's 1600 MW Solar goal and DOER for implementing the program design, and we are proud to be part of the solar story in Massachusetts as owner and operator of one of the largest solar generating facilities in the Commonwealth, a 2 MW installation co-located on the property of our Northfield Mountain Pumped Storage Hydropower facility in Northfield, Massachusetts.

In New England, GSENA supplies LNG to local distribution companies, power generators and others through its Distrigas of Massachusetts subsidiary; generates over 2800 MW of electricity with assets consisting of natural gas, hydropower, pumped storage hydropower, biomass, solar and coal; and is a retail electricity provider. In addition, GSENA owns and operates 550 MWs of wind energy in Canada and 10 MW of solar, with 99 MW of wind and 10 MW of solar in development in that country.

GSENA is interested in DOER's development of the SREC-II program from a whole portfolio perspective, and we would encourage DOER to consider the following perspectives as you finalize this program design. The SREC-I program design features were among the most important considerations in making the decision to develop the Northfield Solar Project. As part of GSENA's ongoing review of options for future development opportunities, we are interested in the SREC-II program design. If we were to develop a new solar site or co-locate on the site of one of our other Massachusetts generating assets, some of the impediments we've identified in the current SREC-II Final Proposed Design would be the following:

1. Given the great expense and distinct challenges associated with creating a productive re-use of Brownfield redevelopment sites, we believe the SREC Factor for this market sector should be 1.0 or 0.9. A higher SREC Factor would recognize that the high cost of redevelopment would also result in enormous societal benefit.

Joe Dalton
Director, Government & Regulatory Affairs

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2. Along those lines, while regulatory certainty is important to efficient market outcomes and generally helps achieve public policy goals, the limited ability of DOER to exercise its discretion in creating SREC Factors for different market sectors or market sub-segments should be preserved in the program to accommodate those rare instances when a unique set of circumstances may require a unique set of solutions to produce the greatest policy/societal benefit.
3. The design feature resulting in a precipitous decline in auction floor level incentive will make project economics more difficult; a more gradual decline would be a better option for long-term financing, particularly in light of the abbreviated life (10-year term limit) of the program.
4. Associated with that concern is the decision of DOER to eliminate the program feature announced in the June 7 draft proposal which would allow a project to receive RPS Class I RECs for the non-SREC Factor qualified (i.e. – $1.0 \text{ SREC} \times 0.8 \text{ SREC Factor} = 0.2 \text{ SRECs}$ that could have qualified for MA RPS Class I RECs under previous proposal). While RPS compliance levels can and do fluctuate, the environmental attributes of this generation should be appropriately valued in the RPS Class I market separate and apart from or in lieu of being in the zero emissions system mix at NEPOOL-GIS.

In addition to those concerns of GSENA as a project developer, as a Massachusetts provider of retail electricity, we note with appreciation DOER's expressed openness during the August 12 meeting to exempting retail load under contract from new obligations in the middle of contract terms, and we are hopeful that the final program design provides exemption of SREC-II compliance obligations for contracts executed or extended prior to the effective date of the SREC-II regulations. This topic has been a long-running discussion between the retail supply community and DOER dating back to the inception of the Solar REC carve-out in the Green Communities Act.

Thank you again for the opportunity to comment on the SREC-II Final Proposed Design. GSENA looks forward to the opportunity to review the consultants' reports as they are released in the next few weeks and in continuing the dialogue with your department as the SREC-II Program design features are finalized. Please do not hesitate to contact me if you have any questions about GSENA's comments and suggestions.

Sincerely,



Joe Dalton

**Director, Government & Regulatory Affairs
GDF SUEZ Energy North America, Inc.**