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August 20, 2013

Mr. Michael Judge  
Department of Energy Resources  
100 Cambridge Street  
Suite 1020  
Boston, MA 02114

Re: SREC-II Updated Proposed Design Comments

Dear Mr. Judge,

Knollwood Energy would like to congratulate the MA DOER on designing another innovative solar program. We are optimistic about the structure and outcomes of the new program. We would like to provide a few comments on areas that we feel need either some clarification or suggestions for improvements.

#### **SREC Factor Question**

The SREC factor creates some uncertainty with regards to carry forwards. Currently, a system that generates 1,100 kwh of electricity in a quarter would have one SREC sent to Nepoch and 100kwh left in their carry forward that is tracked by the CEC. With a .90 factor that is tracked by Nepoch, how will CEC track the carry forward. In this example, no SREC would be created and someone needs to track the entire 1,100 kwh of carry forward. It seems impossible in the current setup for Nepoch to track the carry forward without a significant amount of investment in technology. We would recommend that the factoring be applied by the CEC, so that the carry forwards can be tracked correctly.

#### **Initial SREC Factors**

Based on the discussion above, if the factoring is tracked by the CEC, then we would again request that the initial factors start with a 1.00 for the .90 group, as that will reduce the confusion on homeowners that the factors will inevitably cause. Also, if the factoring is done in the CEC, the issue of the SREC factor being greater than 1.00 should be moot.

#### **Upfront minting of SRECs**

The entire purpose of upfront minting of SRECs was to provide an incentive for direct ownership of solar facilities. We therefore do not think that the third party owners should be able to receive that benefit in addition to all the tax benefits that they currently receive. We would suggest not providing the benefit to third party owners for a couple of years and then evaluating the relative rates of residential installations.



### **Upfront minting of SRECs – Bankability**

The initial program design discusses the Upfront SRECs having a three year life, but no clarity on their ability to be placed into the auction the year that they are created. We would recommend that Upfront minted SRECs be allowed to be placed into the auction the year they are created, just like a normal SREC. This would then give them a total of 4 years of life vs 3. We believe that this would remove the need to have a new classification of SREC in Neeopool and keep the program simpler for SREC buyers and sellers.

### **Annual solicitation**

The purpose of the annual solicitations for large scale systems is to manage the annual supply and demand in the market. To accomplish this, the DOER should base the solicitations on MWh, not MW. Because the awarded SREC factors will be unknown at the time of the solicitation, it will be impossible to manage the supply and demand if the solicitations are only based on MWs.

### **10 year life**

SREC I was based on a 40 qtr opt-in term, we are looking for clarification on the meaning of 10 years of SRECs. Will a system that comes online in August generate eligible production through July (a full 120 months) or the end of June (40 quarters but only 119 months). We recommend that a customer receive a full 120 months of eligible SREC production.

Thank you for the opportunity to comment on the proposed Solar II Program. If you have any questions or would like clarification, please do not hesitate to email or call.

*Alane Lakritz*

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