

August 26, 2013

**Via electronic mail**  
[DOER.SREC@state.ma.us](mailto:DOER.SREC@state.ma.us)

Dwayne Breger, PhD.  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

**Re: Comments on SREC-II Updated Proposed Design**

Dear Dr. Breger,

The Conservation Law Foundation (“CLF”) appreciates this opportunity to provide comments on the Solar Renewable Energy Certificate II updated proposed program design (“SREC II”). CLF supports the Commonwealth’s new solar goal of 1600 MW installed by 2020, and we applaud the Department of Energy Resources (“DOER”) for its commitment to maintain the growth of the solar photovoltaic (“PV”) market in Massachusetts following attainment of the current Renewable Portfolio Standard (“RPS”) Solar Carve-Out’s 400 MW cap. Robust growth of solar and other emissions-free renewable energy is essential for meeting the requirements of the Massachusetts RPS as well as the greenhouse gas emissions reduction requirements of the Massachusetts Global Warming Solutions Act (“GWSA”). Deployment of solar PV and other renewable energy resources also holds tremendous potential for promoting new clean energy jobs and investing in home-grown clean energy as a key element of the essential process of de-carbonizing the electric grid.

Consistent with the ambitious but achievable solar target identified by Governor Patrick, DOER has proposed a new solar PV carve-out program for 1200 MW additional installed capacity, or correspondingly less if the current SREC-I cap exceeds 400 MW. Participation in the solar carve-out would be limited to 10 years before projects transition to RPS Class I. Proposed program design elements include SREC Factors calibrated for different types of projects, a competitive bid process for “Managed Growth” projects,<sup>1</sup> and “Forward Minting” of 10 years of estimated SRECs for certain small residential solar PV projects.

In response to concerns raised earlier with regard to the adjusted SREC Factor, DOER instead is proposing to go forward with a declining SREC-II Auction Floor Price and Alternative Compliance Payment (“ACP”) Rate, with a constant SREC Factor for each market sector. DOER proposes to differentiate SREC factors by market sector, with the highest factor of 0.9 available only for residential, parking canopies, very small projects (<25kW), power for emergency services, roof-mounted systems, and ground-mounted systems over 25kW where at least 67% of the output is utilized on site. DOER August 12, 2013 Presentation at Slide 12. Projects on landfills and

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<sup>1</sup> We appreciate that one of DOER’s principal overall objectives appears to be to manage the solar market to ensure that there is not an oversupply of solar projects that will interfere with the Class I REC market.

brownfields are proposed to have an SREC factor of 0.8, ground-mounted projects under 500 kW with less than 67% of the power consumed onsite would be allocated an SREC Factor of 0.7, and a so-called “Managed Growth” segment for ground-mounted projects over 500kW with less than 67% of the power used on-site would be competitively bid. Id.

**SREC Factors:** To the extent DOER elects to utilize a system of SREC Factors to tailor solar incentives to different types of projects, CLF respectfully submits that the SREC Factor for brownfields redevelopment, particularly for development of solar PV projects on the site of any decommissioned fossil fuel-fired generating facility, should be set at the highest level available irrespective of project size or extent of on-site use of the project’s output. There are substantial advantages to be gained from clean energy re-use of historic fossil fuel generating sites, including economic and environmental benefits for the host community and access to electric transmission and distribution infrastructure. Indeed, equitable considerations weigh heavily in support of allocating robust incentives for clean energy redevelopment at brownfields sites that historically have hosted coal plants and other fossil generation.

At a minimum, DOER should retain broader discretion to adjust SREC Factors in the event of a major fossil/coal power plant closure in the Commonwealth and the consequent opportunity to redevelop the site with solar PV.<sup>2</sup> Discretion to adjust SREC Factors similarly should be retained in the event statutory net metering caps are reached prior to meeting the Commonwealth’s over-arching solar PV target.

**Forward Minting of SRECs:** Pursuant to the SREC II program proposal, Forward Minting would be made available as an opt-in offer to mint 10 years of estimated SRECs upon a facility’s first Commercial Operation Date. As proposed, Forward Minting would be available to residential projects that are owned directly by the property or building owner. Forward Minted SRECs would have 3-year shelf life – allowing the owner to hold or sell, subject to market conditions.

DOER seeks comment on whether Forward Minting of SRECs should be made available in the case of third-party ownership. CLF agrees with other stakeholders who note that all ownership models should be encouraged and that incentives should be extended to projects subject to third-party ownership. However, if Forward Minting should be included in the program design, DOER should ensure that no forward-minted SREC is counted toward GHG reductions under the GWSA until the solar unit is actually producing the clean power associated with that forward-minted SREC.

**“Managed Growth”:** DOER anticipates a minimum of two Managed Growth solicitations annually. Under the SREC II program, the annual competitively bid capacity would be set as the difference between future SREC obligations and the weighted average SREC production from the total

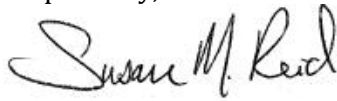
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<sup>2</sup> As proposed, DOER would have discretion to adjust SREC factors only in the event of (1) substantial external changes in market or policy conditions; or (2) where growth of installed capacity across the non-managed growth areas threatens to exceed the Targeted Cumulative Installed Capacities available in the program. Arguably, the closure of a baseload coal-fired electric generating plant or other large fossil fuel-fired generating facility would trigger the former condition; this should be made clear.

installed capacity in the market segments that are not subject to the proposed “managed growth” competitive bidding requirement. DOER proposes to conduct competitive solicitations “at least” semi-annually. To better accommodate project development schedules, we recommend three to four “managed growth” solicitations per year. In addition, DOER should provide as much advance guidance as possible regarding the amount of capacity that is likely to be available during near-term solicitations. This is essential for realistic project planning, and DOER ought to be able to provide twenty-four months’ advance notice of estimated capacity needs.

Thank you for the opportunity to submit comments on the updated proposed SREC II program. We are encouraged by the Patrick Administration’s ongoing commitment to foster robust development of the solar sector in Massachusetts, and by the tremendously strong response we have seen to date. With some relatively modest adjustments, the SREC II program has the potential to maximize the solar power opportunity in the Commonwealth, delivering cost-effective clean energy benefits that materially advance progress toward a clean energy economy.

Respectfully,



Susan M. Reid  
Director, CLF-Massachusetts