

August 26, 2013

Michael Judge, Associate RPS Program Manager
Dwayne Breger, Ph.D., Director, Renewable and Alternative Energy Development
Mark Sylvia, Commissioner
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020, Boston, MA 02114

Re: Comments – SREC-II Updated Proposed Design

Dear Mike, Dwayne, and Mark,

Clean Asset Partners appreciates the opportunity to provide comments to the Department of Energy Resources (DOER) on the RPS Solar Carve-Out “SREC II” program design proposed by DOER on August 12, 2013. Clean Asset Partners is a Massachusetts company that manages renewable energy system participation in Solar Renewable Energy Certificate (SREC) and Renewable Energy Certificate (REC) markets in Massachusetts and the New England region.

In our public comments on April 8, 2013 we expressed support for the idea of forward minting, although we realize that this mechanism could create uncertainty and cause problems for market stability unless it applies to a very limited amount of the overall PV capacity participating in the SREC II program. We therefore recommend extending the forward minting option only to a limited subset of small PV systems, such as those owned by the site owner.

We also previously recommended that forward minting be structured in a way that encourages optimal system operations, and suggested that this might be done by crediting and minting SRECs for an initial period of years, for example 5 years, with a subsequent crediting, such as for 5 more years, with the amount of additional credit adjusted upward or downward based on metered data from the initial 5-year crediting period. An approach that credits and mints the full anticipated stream of SRECs upfront would have the benefit of providing a greater financial boost at, or nearer to, the time the PV system is purchased, but DOER’s proposal to impose penalties for underperformance would create a potential liability for system owners that could diminish the attractiveness of forward minting. Underperformance penalties could also complicate market intermediation arrangements on which the owners of small PV systems typically depend.

Since on-site electricity production and the reduced need to purchase electricity from the grid are important in motivating PV system purchases and play a significant role in PV system

economics, if a full 10 years of SREC credit is provided upfront, we encourage DOER to consider whether requiring continuous metering and periodic production reporting may, on its own, be adequate to encourage continued system operations without the need for underperformance penalties. If DOER maintains the proposed 10 year forward minting option with penalties for underperformance, it could be helpful to clarify in advance what penalties would apply.

We applaud DOER's work to develop policies that support the growth and sustainability of the PV market and industry, and the increased use of clean energy systems, in Massachusetts. I would be pleased to discuss with you forward minting or other issues related to SREC II program design if that might be helpful.

Sincerely,

A handwritten signature in cursive script that reads "Steven Kaufman".

Steven Kaufman
Managing Director