



August 26, 2013

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

Via email

Dear Commissioner Sylvia:

EOS Ventures LLC is pleased to provide stakeholder feedback to the Massachusetts Department of Energy Resources (DOER) regarding the proposed design for the "RPS Solar Carve-Out II" program as presented at the Department's August 12th stakeholder meeting in Boston. We appreciate the efforts taken by the Patrick-Murray Administration together with the DOER to ensure that Massachusetts remains a leader in the new energy economy. Toward that end we offer the following observations and comments in the spirit of continuing the work that has already begun.

EOS Ventures has successfully developed several mid-sized solar projects under the SREC program. As a small regional developer we have taken a cautious approach to larger projects due in part to the uncertainties expressed by financial markets to the stability of the Massachusetts programs. We believe that the SREC-II program offers the Commonwealth the opportunity to clarify its intention of supporting the renewable energy industry for the benefit of Massachusetts's residents, utility ratepayers, and local businesses.

Encouraging Massachusetts-Based Businesses

One of the goals of the Governor's renewable energy initiative is to increase employment in the green sector within the State. We believe that if the utility scale ground-mounted installation segment of the market is only made available through a managed-growth bidding process, then the only winners will be national firms. The market presence and buying power enjoyed by such developers enables them to under bid smaller local businesses. We believe this runs counter to the Governor's objective of encouraging growth of the local renewable energy industry within the Commonwealth. EOS, along with other developers within the state appreciates the incentives that have allowed our industry to grow at its current pace. However, basing the right to develop solely on the lowest SREC bid value will only hurt the long-term growth and stability of the solar industry within the state.



“Lowest Bid” Drawbacks

Having participated in lowest bid programs in other areas, EOS has seen first hand the problems that such programs create. It is not uncommon for bidders to enter unrealistically low cost-to-build values at the time of bidding, resulting in projects that win the right to proceed but are unable to do so. While we understand the need for competition there must be a significant penalty placed on winning bidders who fail to meet strict project deadlines. This will require that a significant form of financial surety must be provided to the Department at the time of bidding indicating the developer’s ability and willingness to proceed. In the absence of such a requirement the program is likely to see high failure rates, ultimately hurting all stakeholders.

Non-Price Criteria

We applaud the introduction of non-financial qualifications in the managed growth bidding process. As a small business, we have developed a pipeline of projects that require more than simply a balance sheet to express. But we are concerned that a lack of clarity in the non-price criteria may result in program uncertainties. We suggest that the list of non-price criteria as suggested at the August 12th meeting be included in the program language, along with a numerical ranking system enabling developers to judge the quality of each project. As a small business, our cost to hold potential projects in our pipeline is significant and we’d like to ability to triage our plans effectively.

Forward minting

EOS strongly suggests that DOER not extend the proposed forward minting program element to 3rd party ownership models. We are concerned that this will effectively shift the SREC II program from a production-based incentive into a grant program. While the early recapture period is useful to encourage development of the direct ownership market sector, if the program is expanded to include corporate ownership it will likely result in an unforeseen impact in the solar capital markets as a whole.

On-Site Electricity Usage Component

The proposed SREC Factor table helps to clarify the Department’s strategy for meeting market sector objectives. Basing the SREC Factor on a requirement that projects utilize greater than 67% of the generated electricity on-site ignores one important market sector. Projects developed in conjunction with the Public Net Metering program implemented by the Department of Public Utilities (DPU) are a unique market sector and should be recognized as such, regardless of the installation technology. In the event that a municipality had the available rooftop space for their system, the new program encourages its development by providing a generous SREC Factor of .9. But if the Town has planned to install their system in an open field, or in conjunction with other Towns and Public Entities in their region on similar public or private space, the SREC II program forces these projects into the managed-growth sector. The result will be catastrophic in terms of securing



financing for such projects. For this reason we believe that projects, regardless of size or installation technology, that will serve Public entities under the Net Metering program implemented by the DPU, be given an aptly-named market sector with an SREC Factor of .9. This is the same SREC Factor offered to the rooftop-version of the Town's project. We believe this will allow those projects that are prepared in close cooperation between the public and private sectors the ability to offer the maximum benefit to the users of the locally generated clean power.

Thank you for the opportunity to present our comments. We look forward to the expeditious announcement of the new program.

A handwritten signature in black ink, appearing to read "John Guerin", with a long, sweeping horizontal stroke extending to the right.

John Guerin
Vice President, Operations & Sales
EOS Ventures
37 Corey Rd.
Hancock, MA 01237