



Aug 26th, 2013

Via Email

Dear Michael Judge,

Thank you for the opportunity to provide these comments on the Department of Energy Resources' (DOER) final proposed design for the SREC-II Solar Carve-Out and thank you for conducting the stakeholder meeting held on Aug 12th in Boston.

**My Generation Energy Comments on the DOER Final Proposed Design for the SREC-II Solar Carve-Out**

My Generation Energy appreciates the DOER's work on this important matter with regards to the second phase of the Solar Renewable Carve Out program. We look forward to reviewing the draft regulation and are hopeful the final regulation will be in place in a timely manner so as to ensure business continuity, marketplace predictability and to progress the Commonwealth towards its important energy, economic development and environmental goals - all to the benefit of Massachusetts citizens and ratepayers.

We support the key design features as outlined by the DOER as we believe they are thoughtful, balanced and should drive a diverse and vibrant marketplace for customers and local communities. The focus on solar being sited closer to load - where consumers use their energy - is especially encouraging as the Commonwealth will be better positioned to gain greater economic benefit from truly distributed generation. With systems closer to load interconnection costs should be eased and the state will further reduce the need for unnecessary transmission infrastructure.

Market Mechanisms

As a new market support mechanism is contemplated we believe incremental improvements can be made to better aid a healthy marketplace. Increasing the responsiveness of the market support mechanism is one such area as a two-year lag between supply and the utility compliance obligation in the current SREC-I program has created wide swings in installation activity and pricing. We believe more accurately projecting new supply (i.e. by using verified interconnection data), using more current data in formula calculations and actively managing the largest projects will go a long way to achieve greater market equilibrium and diminish imbalances from the effects of technical lag. Before implementation of the regulation, or soon thereafter, we support a rigorously modeled market support mechanism that considers a wide range of risks both quantitative and behavioral to help inform future market participants of potential scenarios. We say this fully recognizing the limitations of modeling market dynamics; however, believe there is significant merit regardless.

### SREC Factors

My Generation Energy supports the SREC Factors as outlined and believes the removal of the fractional Renewable Energy Certificates (RECs) considered in the prior proposal is prudent as using only one environmental attributes - a SREC - will make the program easier to administer for regulators, system owners and brokers. This will help to lower program soft costs and provide greater clarity to market participants. With regards to the SREC Factor classifications, and SREC qualification classifications, we believe these should be sufficiently detailed to avoid incentive gaming and uphold the intent of providing different values to different market segments. Additionally as the DOER has proposed having some discretion to modify the SREC Factors prospectively, although their discretion would be limited, we believe to the extent possible the DOER should outline when adjustments could be made and when they can't. This guidance will aid long-term business planning and mitigate regulatory risk further lowering program soft costs.

### Incentive Levels

As proposed the price support levels and ACP levels outlined should aide in providing a fair economic result for the SREC-II solar program and for implementing this critical clean energy infrastructure. At the same time significant market risks still exist and key state and local policy decisions could dramatically affect the soft costs of installing these systems. Issues within the control of policymakers such as taxation, permitting costs and licensing could ultimately require higher incentive levels. External changes or market conditions, as the DOER noted, could also have a substantial effect on the sufficiency of the incentives to drive the Commonwealth towards its goals.

### Managed Growth and Solicitations

To keep the market in greater balance, foster truly distributed generation consistent with the intent of the Green Communities Act, and meet the Targeted Cumulative Installed Capacity goals, throttled growth is critically important for the largest of systems and a measure we fully support as proposed. This approach is an important tool to complement the state's focus on on-site generation in meeting its energy, environmental and economic development goals ensuring the most benefit for the public good.

### Forward Minting

My Generation Energy supports forward minting for residential projects that are owned solely by the property or building owner. As direct ownership provides greater benefits to homeowners and to the local economy, cultivating these community owned resources should be a key priority of the SREC II program. Not coincidentally the leading country for solar, Germany, has high amounts of directly owned solar installations.<sup>1</sup>

"The Germans are ahead not because they have better sun, but because they set up a policy framework in which everybody can invest in renewables and come out ahead...It made it easy to become a renewable energy investor,

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<sup>1</sup> <http://www.greentechmedia.com/articles/read/why-germanys-solar-is-distributed>

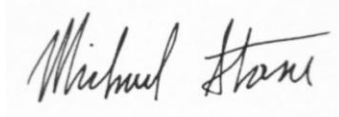
democratized ownership, and created strong and resilient political support for renewables." - Institute for Local Self-Reliance John Farrell

Enabling more citizens and ratepayers to directly own solar installations means providing true choice and moves the Commonwealth towards becoming a more independent and resilient energy consumer that is sending fewer dollars out of the state. Extending forward minting to 3rd-Party owned systems would be counter to those goals.

### **Conclusion**

In closing we express our support for the DOER's Final Proposed Design for the SREC-II Solar Carve-Out as we strongly believe the program outlined will benefit the citizens and ratepayers of the Commonwealth for decades to come. We appreciate the opportunity to provide these comments and certainly do not hesitate to contact me with any questions or clarifications.

Very truly yours,

A handwritten signature in black ink that reads "Michael Stone". The signature is written in a cursive, flowing style.

Michael T. Stone,  
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