From: Haskell Werlin [mailto:hwerlin@solardesign.com]
Sent: Monday, August 26, 2013 9:45 PM
To: SREC, DOER (ENE)
Subject: Comments: SREC-II Updated Proposed Design

Dear Commissioner Sylvia, Dr. Breger and Mr. Judge:

Solar Design Associates appreciates the opportunity to provide comments regarding the proposed framework for the second round of the Massachusetts Solar Carve Out program for renewable energy credit (SREC II). Solar Design Associates also appreciates the Department's efforts at crafting a new SREC program that tries to address the many and varied goals of a wide variety of stakeholder and ratepayer interests.

As an engineering and architecture firm with clients of all of the various market sectors, we are looking at the big picture and recognize that there are inherent differences between the various size projects and market sectors.

We are concerned about adding unnecessary complexity and uncertainty into the program design. Not only do
we need to have a clear understanding of the risks and mechanisms of the new program design, but we in turn will need to communicate this simply and concisely to our customers without confusing them or losing their interest and their business.

One of the DOER's stated goals is to "minimize regulatory complexity and maintain flexibility to respond to changing conditions"

This proposal however, particularly for large ground mounts on green fields, appears to add more complexity, risk and uncertainty as to the ten year value of an SREC II.The industry seeks simplicity, transparency and support to obtain the best ratepayer value by reducing the risk premium charged to finance projects greater than 500 kW, and thus deliver solar pv electricity at the lowest cost per watt of all the market sectors and providing between 60-80% of all solar capacity in SREC II. This sector's success directly impacts the potential to meet the Governor's stated goal of 1600 mW. By establishing a competitively bid SREC II price, the DOER creates a race to the bottom, incentivizing the lowest quality systems.

We are trying to engineer and design 25 year life systems and insure funds are there for ongoing O&M and DAS monitoring. Massachusetts needs cost effective quality installations. If a developer must risk over $100k to explore the potential for a site to become fully permitted and receive an ISA only to be outbid for an SREC factor, this will eliminate 90% of the existing developers from submitting a parcel for consideration.

We at SDA agree with the need for emphasis on rooftop and brownfield/landfill installations.
However, without large scale greenfield development of the 500 kW - 6 mW arrays, the DOER would be hard pressed to achieve the Governor's goal of 1600 mW by 2020 as these systems comprise over 80% of the current market, and will continue to provide the bulk of kilowatt hours at the least cost per Watt, requiring the least amount for ratepayer subsidies. By creating a race to the bottom for lowest bid SREC factors, many projects will be either unfinanceable and/or risk becoming such low quality installations as to need constant repair throughout their lifetime. By using an RFQ system of non price criteria, the best quality and most efficient systems can be selected to fulfill a set allocation annually. Although a FIT is prohibited by the Green Communities Act, it may be worthwhile at this time to examine submitting new legislation to enact a solar feed in tariff in the near future to create certainty and lower risk.

A three month adjustment period is far too short a time for a utility scale project to compensate for what is normally a 12-18 month process for site development from scratch to fully executed ISA's and all non-ministerial permits. Changing ACP and floor prices should be with a long term notice, eg: 15 months minimum to allow for projects in the pipeline time to be completed under the original rules.

SDA fundamentally opposes the competitive bid system for selecting a limited number of lowest priced bids for SREC factors. Connecticut's ZREC program is not a model for Massachusetts, especially as the ZREC provides the certainty from a fixed 15 year term contract with the utility, a financeable creditworthy counterparty at a rate that is reasonable. Without a firm floor such as the Calter bill would provide, SREC IIs would be an uncertain bet with price volatility and below floor pricing in long years.

Forward minting of SRECs specifically to assist homeowners for direct purchases is beneficial for the residential scale system financing though specifically in support of direct ownership rather than third party ownership. We remain concerned that system performance becomes the responsibility of the SREC broker or aggregator, who under the proposed rule should have to maintain and operate PV systems for which they are not the direct owners.

SDA strongly believes that community shared solar projects such as the Harvard Solar Garden should be exempted from the managed growth sector and treated similarly to rooftop solar as it meets the CEC grant criteria and is essentially an aggregation of households who are ineligible for rooftop solar.

Lastly, without an increase in the net metering cap, this SREC proposal all becomes moot. Though only a third of project revenue streams rely on the net metering credits, without this crucial element in the Mass solar program, there would be very little solar pv activity. Even given the DOER's flexibility to raise the SREC Factor to 1 for net-metered projects, it appears to have limited benefit if net-metering should end. It is urgent that the legislature addresses this cap limitation.

Sincerely,

Luke McKneally &
Haskell Werlin
Solar Design Associates (SDA)
280 Ayer Road
Harvard, Massachusetts 01451

617.519.1024 mobile
978.456.6855 x 22

hwerlin@solardesign.com
www.solardesign.com

Haskell Werlin

Director of Business Development
solar design associates
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Harvard, Massachusetts 01451

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