Solterra LLC

Via email to DOER.SREC@state.ma.us

August 26, 2013

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

Re: SREC-II Policy Design Comments

Dear Dr. Breger:

Thank you for the opportunity to comment on the DOER's proposed design of "SREC-II."

As noted in the DOER's presentation on August 12, 2013, 80% of solar development in Massachusetts consisted of systems over 500 kilowatts. Massachusetts has been an attractive market in large part because the SREC-I incentives were specific enough, and high enough, to incentivize developers of larger projects to take on the costs and risks of development and the uncertainty of the SREC Auction Floor process. While the pace of applications increased in 2013, we do not think it makes sense to extrapolate development pace based on the surge of applications in the spring of 2013 as developers feared they may be left out of any SREC program.

In our view, the state's incentive program should attempt to avoid unduly disrupting the most important segment of larger projects. Larger projects in particular have long lead times that can exceed two years, and decisions about allocating significant time and financial resources must be made early in the process. The proposed addition of a "Managed Growth Sector" to the SREC program that requires potential solar developers to competitively bid an SREC Factor for an unknown amount of remaining capacity will reduce returns and increase risk for such projects. Managed Growth will tend to chill development and some developers will allocate resources elsewhere, where they don't have to "stand by" hoping for an uncertain allocation of incentives.

We respectfully make the following suggestions for your consideration:

1. Treat all larger projects the same in a non-managed, non-competitive sector to reduce uncertainty and maintain participation of a larger number of developers. ACP and SREC Auction Floor values should be known early in the process when decisions have to be made about allocating resources.
2. Reduce unnecessary complexity by managing overall growth directly through declining ACP and Auction Floor prices.
3. Consider only modestly reducing the value of ACP and SREC Auction Floor prices for a period of time, until the impact of the changes can be assessed in the absence of fear of the end of the SREC program.
4. Consider retaining discretion to increase the value of ACP and SREC Auction Floor prices to the extent that development slows too much, or if net metering caps (which work together with SRECs to make solar viable) are fully allocated.
5. Eliminate the criterion of on-site load in determining a project's SREC Factor. One of the important features of the solar programs in Massachusetts was to permit projects to remotely net meter and the on-site load criterion works against that.

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6. In recognition of the public policy goal of the DOER to incentivize development on certain types of property, such as Landfills or Brownfields, we suggest that projects located on property of non-profit entities be treated the same, and have the same SREC Factor, as those on Landfills or Brownfields.

Thank you for your consideration.

Sincerely,

Solterra LLC

By:

Steven E. Plonsker
President