

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

August 26, 2013

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



Re: Comments of the Vote Solar Initiative on SREC-II Final Proposed Design

Dear Dr. Breger:

The Vote Solar Initiative (Vote Solar) sincerely appreciates the opportunity to comment on the Department of Energy Resource's (DOER) proposed design for Massachusetts' RPS Solar Carve-Out II program (SCO-II). As detailed during a stakeholder meeting hosted by DOER on August 12, 2013, the policy objectives of SCO-II are intended to ensure that the state's solar market continues to grow in a balanced and sustainable manner. Vote Solar is in general support of DOER's policy perspective and believes that SCO-II is well positioned to achieve the state's solar goal of developing 1,600 MW by 2020.

Vote Solar is a non-profit, grassroots organization working to foster economic opportunity and mitigate climate change by making solar a mainstream energy resource across the United States. Since 2002, Vote Solar has engaged in state, local and federal venues to remove regulatory barriers and implement the key policies needed to bring solar to scale. With nearly 1,000 members in Massachusetts, Vote Solar is particularly interested in seeing the Commonwealth continue its solar market success thereby enabling more residents and businesses to invest in solar for their energy needs.

Vote Solar commends DOER for its well-conceived SCO-II proposal as well as their transparency and responsiveness to stakeholder feedback. We appreciate DOER's attention to designing a program that is efficient and financeable while remaining sensitive to ratepayer interests. While the SCO-II proposal will undoubtedly support the maturation of the state's solar market, we offer the following comments and suggestions in hopes that they will contribute to successful program design.

As a general principle, we appreciate DOER's explicit objective to ensure that the state's solar market supports a diversity of system sizes and opportunities for electricity customers. Considering that the benefits offered by solar energy vary according to the size and particular application of a solar system, DOER is rightly motivated to ensure that its programs encourage various market segments and business models.

Notwithstanding the importance and value of this objective, however, striking a balance between market intervention and market forces is a challenging proposition amidst rapidly changing market conditions, particularly those surrounding energy industries such as solar. In developing its SCO-II proposal, it is clear that DOER has been calculated in investigating this balance. While we are generally supportive of the specific aspects of DOER's proposal, there are a few essential improvements that will help to ensure that the SCO-II program supports a robust and sustainable solar market in Massachusetts.

1. SREC Factors – striking a balance between discretion and certainty

As we understand the SCO-II proposal, DOER has proposed the SREC Factor concept in order to support various solar market segments within the state. DOER is particularly interested in feedback from stakeholders as to whether discretion over adjusting SREC Factors would be prudent given the regulatory uncertainty that this can present.

Vote Solar appreciates DOER's ability to respond both timely and effectively to rapidly evolving market conditions. Based upon our experience designing solar policies and programs in states across the country, we are especially sensitive to the various and dynamic factors that influence the success of a given market. It is of utmost importance to ensure that the policies and regulations influencing solar systems work in concert rather than against one another.

In Massachusetts, Vote Solar is particularly concerned with the interaction between the 1,600 MW solar objective and state's net metering program. As one of the foundational policy pillars supporting customer-sited solar and the transformation of state markets, the future of Massachusetts' net metering program holds significant consequence for the proposed SCO-II program. We appreciate DOER recognizing the influence that the state's net metering program has upon the solar market, and agree that granting DOER discretion over adjusting the SREC Factor will help to address challenges presented by this or any other changes in policy or market conditions. Should the state's net metering program cap be reached prior to achieving the 1,600 MW solar goal, for instance, DOER would be equipped with a tool to potentially address such a challenge.

While we support DOER's proposal to seek limited discretion to modify SREC Factors due to "substantial external factors in policy or market conditions," we believe that added program certainty is needed to address the "prospect of unsustainable growth in the non-managed market segments." Although it is reasonable that intervention could help to address these types of market disruptions, we are concerned that without standards or guidance around when and how DOER would intervene, there would be significant uncertainty and risk around the SRO-II program. We therefore suggest that DOER consider an approach whereby the regulations would provide greater certainty around SREC Factors and their potential adjustment. In addition to stipulating the process and procedure by which SREC Factors are adjusted, we offer general support for the approach suggested by SunEdison in which regulations would specify a formula-based change in SREC Factors.

2. Reduce uncertainty regarding solicitations in the managed growth sector

Although we appreciate DOER's objective to ensure that the development of larger, ground mounted solar projects is balanced with other market segments, we believe that the uncertainty around several aspects of the proposal will frustrate successful deployment of systems in this sector. Specifically, we believe it is essential to provide more certainty around the timing and available capacity offered through competitive solicitations. We are concerned that without additional certainty for this market segment, developers and investors will be risk adverse to committing resources to these types of projects, which will potentially result in the waning of this market segment.

In order to ensure that Massachusetts continues to reap the benefits of solar systems falling into this market segment, we suggest that DOER consider the recommendations offered by SEIA/NECEC in regards to committing a specific capacity allocation on a rolling multi-solicitation basis. As an alternative to this approach, we also support the recommendation of SunEdison to establish a two-part annual capacity allocation for the managed growth sector. We are confident that these approaches would maintain the robust market activity in this segment while ensuring a diverse solar energy portfolio across the state.

In addition, we also suggest greater certainty regarding the non-price criteria utilized for evaluating projects that competitively bid into the solicitations for this market segment. While we recognize the value of these non-price criteria in meeting public policy objectives of the Commonwealth, we believe that providing additional and explicit details regarding these criteria will ensure that project evaluation is fair, transparent and efficient.

Finally, we look forward to reviewing and commenting upon the solicitation documents developed for this market segment in an effort to ensure that barriers to entry are balanced with requirements to minimize speculation.

3. SCO-II should be designed to encourage all types of ownership models

While Vote Solar works closely with all aspects of the solar energy industry around the country, our commitment is to the transformation of solar energy markets rather than any one particular business model or ownership arrangement. In broadening access to solar for a greater number of residents and businesses in Massachusetts, we believe solar programs should support both customer owned and third-party owned solar systems. We further believe that solar programs should balance public policy objectives with the competitive forces of customer choice. In considering the manner by which customer owned and third-party owned solar systems are supported and incentivized under SCO-II, we stress that care should be given for ensuring that program design is equitable.

In closing, we thank DOER for the opportunity to comment upon its proposed SCO-II program and are always available to answer any questions about our comments and suggestions. We look forward to working with DOER and other Massachusetts stakeholders in maintaining the Commonwealth as a national solar leader.

Sincerely,

Peter Olmsted
East Coast Policy Advocate
The Vote Solar Initiative
529 West Chestnut Street
Lancaster, PA 17603
717-305-0045
peter@votesolar.org