



COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE OF  
ENERGY AND ENVIRONMENTAL AFFAIRS  
**DEPARTMENT OF ENERGY  
RESOURCES**

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Secretary

**Mark D. Sylvia**  
Commissioner

February 4, 2014

**VIA HAND DELIVERY**

Steven T. James  
Clerk of the House of Representatives  
24 Beacon Street, Room 145  
State House  
Boston, MA 02133

**RE: Proposed Amendments to 225 CMR 14;  
submission to General Court.**

Dear Clerk James:

On behalf of the Massachusetts Department of Energy Resources ("Department"), and in accordance with Section 12 of Chapter 25A of the Massachusetts General Laws ("Statute"), enclosed for filing please find proposed amendments to 225 CMR 14—Renewable Portfolio Standard-Class I ("RPS Class I"). The RPS Class I regulations require all retail electricity suppliers selling electricity to end-use customers in the Commonwealth to obtain a specific minimum percentage of their electricity supply from renewable energy generation sources. The proposed amendments address two primary topics: (1) establish a second phase of the RPS Class I "Solar Carve-Out;" and (2) make several other (non-solar) revisions to improve the RPS Class I program.

These proposed revisions to the Department's RPS Class I regulations are being submitted to your office for further action, after complying with all applicable provisions of Chapter 30A of the Massachusetts General Laws, except Section five. Also enclosed herewith is a document summarizing the proposed changes to the RPS Class I regulations, in layman's terms, as required by the Statute.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark Sylvia".

Mark Sylvia  
Commissioner

Enclosures

## **Summary of Proposed Changes**

### **225 CMR 14.02**

The amendments in this section of the proposed rule introduce new defined terms and modify existing terms necessary to implement the second phase of the RPS Class I solar carve-out program, as well as promulgate additional clarifying changes. In response to public comments, the Department made certain clarifying revisions to the definitions of Building Mounted Solar Generation Unit; Community Shared Solar Generation Unit; Emergency Power Generation Unit; and Solar Canopy.

### **225 CMR 14.05**

This section of the rulemaking provides the substantive revisions necessary to create and implement a second and distinct phase of the RPS Solar Carve-Out program, in order to support the continued growth of the solar market to a total of 1600 MW by the year 2020. The new program includes important revisions to the framework of the original solar carve-out to significantly reduce cost of the program to ratepayers.

In particular, the second phase of the solar carve-out program establishes lower incentive values for solar projects and reduces these incentive values over time and across market sectors that are viable at lower incentive values. With the introduction of “SREC Factors” as applied to prescribed “Market Sectors,” these incentive values will help move the market toward generation units being installed in residential, rooftop, landfill, brownfield, and on-site load applications.

The incentive values in the proposed rule simultaneously seek to manage the growth of the solar market to steadily reach the goal of 1600 MW by 2020 thereby managing the risk to ratepayers and providing a sustained path for solar development. The regulation does so particularly by allocating Capacity Blocks available for development in the Managed Growth sector which consists of large ground mounted arrays. The regulation also provides for a review of these SREC Factor incentive values for each Market Sector in 2017 and potential changes to the values to better calibrate the incentive values to economic need.

The Department made certain revisions to the SREC Factor and Managed Growth provisions in this section in response to public comments. These revisions include clarifying edits to each of the “Market Sectors.” Generation Units that serve low or moderate income housing were also added to the “Market Sector A” provisions. Further, additional changes were made to the Statement of Qualification and Assurance of Qualification provisions to remove ambiguity. Finally, the Department added a provision that would allow an electric distribution

company to petition the Department to establish a competitive program for all or some of the annual capacity block, provided such competitive program receives prior review and approval by the Department of Public Utilities.

#### **225 CMR 14.06**

The amendments to this section expand the qualification procedures so as to cover renewable generation units installed under the second phase of the RPS Class I solar carve-out program. In response to public comments, the Department made certain changes for purposes of consistency and clarity.

#### **225 CMR 14.07**

Under this section, the proposed changes introduce a new RPS Class I minimum standard provision for the second phase of the RPS Class I solar carve-out program. The proposed rule establishes the minimum standard for compliance years 2014 and 2015. Thereafter, the minimum standard will be set by the Department based upon a number of variables including the capacity of installed, qualified but not installed, and projected renewable generation units in the second phase of the solar carve-out, as well as additional variables based upon the functions of the program's auction mechanism. This calculation is designed to maintain market balance between the supply and demand for SREC-IIs during the program period. Taking account of public comment, the Department made certain revisions to the annual capacity targets to level out the targeted solar installation rate over the program life, and to the calculation to better ensure market balance.

#### **225 CMR 14.08**

The amendments to this provision expand the alternative compliance payment ("ACP") mechanism available to Retail Electricity Suppliers to satisfy their obligations under the second phase of the RPS Class I solar carve-out program. This new provision tracks the existing solar carve out provisions, however, the program begins with a significantly reduced ACP rate to protect ratepayer impact, and a declining ACP rate for subsequent compliance years to further reduce ratepayer risk as the solar industry matures and price reductions are met.

#### **225 CMR 14.09, 14.10, & 14.11**

The proposed changes to these provisions adjust the annual compliance filings, reporting, and inspection requirements necessary for the Department's oversight and administration of the second phase of the RPS Class I solar carve-out program.