



MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION

c/o Rutgers EcoComplex, Suite 208-B
1200 Florence-Columbus Road, Bordentown, NJ 08505

April 11, 2014

Via e-mail

B. Scott Hunter
Renewable Energy Program Administrator
Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08625

Kristi Izzo
Secretary

RE: Draft Solar Development Volatility Report

Dear Mr. Hunter:

Please accept the following comments by MSEIA in regard to the above-referenced matter. MSEIA appreciates this opportunity to comment regarding the Draft Solar Development Volatility Report.

MSEIA is a solar industry trade organization, who since 1997 has represented solar energy companies in New Jersey, Pennsylvania, and Delaware, as well as national and international companies. MSEIA is devoted to: (1) developing and promoting policies that will grow the market for solar energy; (2) delivering solar power at the least possible cost to ratepayers and with the greatest value as a public good; and (3) promoting diversity in the solar industry and its customer base, thus creating local economic growth and local job creation.

MSEIA offers the following comments regarding the draft report:

1. The draft report and the presentation to stakeholders highlight the expiration of the federal 1603 grant program and the timing of its occurrence (shortly before the start of a rapid decline in solar development in New Jersey) – implying that the 1603 expiration was an important factor in the decline. It should be noted, however, that the nationwide U.S. market for solar development expanded rapidly after the expiration of the 1603 grant. MSEIA believes that the 1603 expiration was not a key factor contributing to the New Jersey decline. MSEIA believes that the volatility and decline in the SREC market was by far the most important factor in solar development decline.

2. The draft report evaluates eight policy options for New Jersey to minimize solar development volatility, and rates each of the eight policy options according to seven criteria. Five of the seven criteria are concerned with the value of the option in achieving policy goals, and the other two are implementation feasibility and whether the option is a complementary or stand-alone policy. According to the draft report, **only the Competitive Procurement of Long-Term Contracts option scored “High” on each of the five criteria concerning value in achieving policy goals***, as shown in the table below. In fact, only one other policy option rated more

* For the “Increase Market Diversity” criteria, the score for this option was “Potentially High”

than one “High” score – the Standard-Offer Contracts with Volume-Based Price option, with four “High” scores.

It is very clear when comparing the ratings in the report that this policy option was shown to be the best at achieving policy goals.

| Options | Increase Stability | Minimize Ratepayer Cost | Ratepayer Cost Volatility | Implementation Feasibility | Increase Market Diversity | Long-term Incentive Reduction | Complementary vs. Stand-Alone |
|--|--------------------------------------|--------------------------------------|---------------------------|----------------------------|---|-------------------------------|-------------------------------|
| Expand EDC Programs | Medium | Low | Unknown | High | Medium (Loan + Solicitation) Low (EDC Direct Ownership) | Medium | Complementary |
| Green Bank Financing | Medium | Medium/Low | Low | Medium | High | Medium | Complementary |
| Standard Offer Contracts with Volume-Based Price | High | Moderate | High | Low | Potentially high depending on policy choices | High | Stand-Alone |
| Competitive Procurement of Long-Term Contracts | High | High | High | Low | Potentially High | High | Stand-Alone |
| SREC Price Floor | Low to Moderate depending on details | Low to Moderate depending on details | Medium | Low | Unclear | Low | Complementary |
| Supply Responsive Demand Formula | High | Neutral | High | Medium | Neutral | Neutral | Complementary or Stand-Alone |
| BGS Tranche | Unclear | Unclear | High | Low | Low | Medium | Complementary |
| RPS Obligation to EDCs | Medium | Medium | High | Low | Neutral to Low | Medium | Stand-Alone |

Regarding the other two criteria, the Competitive Procurement option was rated as a “stand-alone” option, and was rated “low” in Implementation Feasibility. The feasibility rating was the only downside expressed about this policy option. The low feasibility rating was noted to be due to the policy requiring “significant change”; requiring a central contracting authority or EDC involvement; and having potential transition issues for existing system owners.

Regarding this question of feasibility, MSEIA believes the fact that this policy would require a significant change is a challenge to the political will of state government and the BPU. If, as shown in the draft report, the policy option for Competitive Procurement of Long-Term Contracts is a clear winner in meeting public policy goals, then undertaking a significant change to implement it should not be a barrier to undertaking the policy. In other words, if the policy has the most value, it’s worth working harder to get it.

Regarding the need for either a central contracting authority or EDC involvement, MSEIA believes that these paths to implementation, if crafted carefully with the needs of all stakeholders in mind, can be workable. Furthermore, MSEIA believes that there are alternatives that would not require either of those measures.

Regarding the transition issues for existing system owners, MSEIA acknowledges that this is a significant issue that must be addressed. However, MSEIA believes that there are straightforward ways to ensure that the interests of existing owners are addressed **more effectively within this policy option** than with the other policy options.

3. The draft report details a policy option termed “BGS SREC Auction Tranche”. This option was one of three suggestions by three different stakeholders in filings under BPU Docket No. ER12020150, Review of the Basic Generation Service Procurement Process. The other two options, one by MSEIA and one by the Office of the Rate Counsel, were not detailed in the draft report. MSEIA believes that all three options that were offered by different stakeholders under this category should be discussed in the final report.

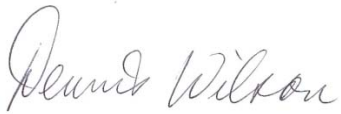
4. MSEIA believes that Green Bank financing, a complementary policy option, should be considered seriously by the BPU as an addition to the most advantageous stand-alone policy option.

MSEIA hopes that the BPU will take bold and decisive action before solar development volatility again becomes a crisis.

Respectfully yours,

A handwritten signature in black ink that reads "Lyle Rawlings". The signature is written in a cursive style with a large, prominent initial "L".

Lyle Rawlings
VPresident

A handwritten signature in black ink that reads "Dennis Wilson". The signature is written in a cursive style with a large, prominent initial "D".

Dennis Wilson
Vice-President, New Jersey