

Borrego Solar Systems, Inc.

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BORREGO SOLAR

March 15, 2011

Senator Fonfara
Representative Nardello
Members of the Energy and Technology Committee
300 Capitol Avenue
Hartford, CT 06106

RE: TESTIMONY IN SUPPORT OF S.B. 1 AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE

Dear Senator Fonfara, Representative Nardello, and members of the Energy and Technology Committee:

Thank you for the opportunity to testify today in support of the solar provisions in SB 1. My name is Andrew Reed and I'm the Director of Project Development for Borrego Solar. Borrego is a commercial-scale solar design and construction company, which means that we build solar arrays on large roof and multi-acre tracts of land. We've built projects in CA, MA, NH, NJ, PA, TX, and, I'm proud to say, in both the private and public sectors of CT. Massachusetts' strong support for solar is the reason why we located our east coast headquarters there a few years ago, why we ultimately made it our largest office and our national center of engineering, and why we continue to bring investment to the Commonwealth that creates good green jobs. We look forward to making a similar commitment here, and have already begun our project development efforts in hopes that this bill will become law.

Overall, we've been putting up solar panels for 30 years and we have over 30 MW of installed capacity all over the country. Most relevant for today, we are and have been market participants in each of the major markets in the northeast that have, like this bill, incentivized solar development through solar renewable energy credits, or SRECs – namely, New Jersey, Massachusetts, and Pennsylvania. So we have day-to-day, direct experience of what works and doesn't work in those markets, and we've learned and continue to learn valuable lessons for policy design. Based on that experience, we believe this policy is well designed to lead to the desired level of solar investment at the lowest cost to ratepayers, and we enthusiastically support it. As you work to finalize this policy in the coming weeks and months, we would welcome the chance to serve as a resource for the market-participant perspective.

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The single most important principle of policy design that we found to be important in developing and financing projects, and getting them built with minimal ratepayer impact, is this: minimize uncertainty. Where the public incentive structure is transparent and where we know exactly what the incentive is at the time of construction, ratepayer dollars will be used most efficiently, every one of those incentive dollars will go into the project. By the same token, though, when future incentives are uncertain, the project risks are higher and the cost of that risk is built into the project cost which creates an inefficient use of that incentive. When incentives and their payout schedules are transparent, projects can be more readily financed, and less money is wasted on capital costs and other market imperfections.

This bill does an excellent job of minimizing uncertainty. By requiring utilities to meet their compliance obligation through long-term contracts, we know what SREC values will be, and that can benefit project returns resulting in more efficient use of the incentive. By making sure that all of the utilities are in contract for most of their compliance obligation within a couple of years, confidence will exist that the incentive will remain in place through the life of the program described by this bill.

We have a couple of suggestions for how the policy could do an even better job of increasing certainty around the incentive payments and would be happy to share those if there is some interest among committee members and staff for that. Overall, though, we commend you on an excellent bill, and look forward to building solar in CT.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Reed', with a long horizontal line extending to the right.

Andrew Reed
Director of Project Development