



Massachusetts Taxpayers Foundation



October 19, 2015

Senator Benjamin B. Downing, Chairman
Joint Committee on Telecommunications
Utilities and Energy
Room 413-FState House
Boston, MA 02133

Representative Thomas A. Golden Jr, Chairman
Joint Committee on Telecommunications
Utilities and Energy
Room 473B State House
Boston, MA 02133

Dear Chairmen,

As leaders of organizations responsible for providing comments on policy issues that have an impact on our members and the broader Massachusetts business community, we believe it is time to register our collective concerns over the possibility that the Commonwealth’s solar subsidies will be extended well into the future, without concern for the ratepayers who are responsible for sustaining these programs.

Collectively, we support solar development to broaden our energy portfolio while helping the state achieve the emission targets under the Massachusetts Global Warming Solutions Act. However, as we have seen from Legislative testimony and the Legislature’s Net Metering Task Force, Massachusetts is an outlier among states, promoting the highest solar subsidies in the continental United States. In 2015, the costs of these incentives will approach \$600M, more than half of which is paid by large and small employers across the Commonwealth. This puts us at a competitive disadvantage and diverts resources from investments in innovation, expansion, and job creation.

A recent report prepared by the Massachusetts Taxpayers Foundation highlights that the electricity costs for industrial and commercial customers are the third and sixth highest in the United States respectively, exceeding even our neighboring states. Much of those increased costs are related to the support provided to energy policies tied to strict environmental goals. While we understand that there are limits to what policymakers can do to lower electric bills, there is an opportunity to keep those increases in check by adopting programs that maximize environmental benefits while limiting the subsidies paid to achieve those benefits. The most immediate area where that can be achieved is in the debate over the future policies supporting solar development.

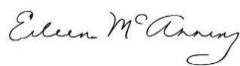
We now have a mature solar industry that is prepared to stand on its own in a competitive environment. While solar installation costs have decreased by 35% since 2011 – and are projected to decline another 60% by 2025 – solar subsidies have not declined correspondingly. In fact, they have not declined at all. As we look to the future and see that Massachusetts investor-owned utility customers will be paying approximately \$4.4 billion from 2015 to 2020 and approximately \$8 billion by 2025 to support 1,600 MW of solar, we now know that we may have missed an opportunity to secure those same environmental benefits at a much-reduced cost. We do not need to do that again. Therefore, we strongly encourage the Legislature and Baker Administration to adopt solar subsidies that are based on competition, that are more aligned with the true costs, that are transparent, and that guarantee that the most solar will be constructed at the lowest possible prices.

For these reasons we urge you to adopt a mechanism that moves towards a competitive model to ensure the most cost effective outcomes for businesses and consumers and limit any net metering payments for excess generation to a more rational value, such as the wholesale rate for electricity.

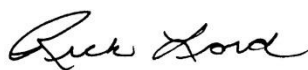
Raising the net metering cap is not necessary given that solar installations continue to move forward even with the cap in place.

With these mechanisms in place, businesses and ratepayers in Massachusetts can be more confident that the money that they will be paying for new subsidies will be as cost-effective as possible.

Sincerely,



Eileen McAnney, President
Massachusetts Taxpayers
Foundation



Richard C. Lord, President
& CEO
Associated Industries of
Massachusetts



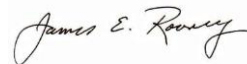
J.D. Chesloff, Executive Director
Massachusetts Business Roundtable



Jon B. Hurst, President
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James E. Rooney, President & CEO
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CC: Members of the Massachusetts General Court