SOLAR-RELATED REGULATORY CHANGES IN MASSACHUSETTS LIKELY TO RAISE ENERGY COSTS; ACT BEFORE APRIL 25 TO AVOID PRICE INCREASE

The Massachusetts Department of Energy Resources (DOER) is finalizing regulations that will increase the percentage of solar power commercial and industrial customers must use. These rules will **raise energy costs for all ratepayers in the state**, regardless of their provider. But by taking action now, you have the opportunity to **avoid the price impact** of these changes.

Background: Massachusetts Increases Solar RPS Carve-Out

Under the state's Class I RPS Solar Carve-Out (SREC-I), Massachusetts set a target of having 250 MW of solar electric capacity installed by 2017. Although the effort began slowly, it eventually took off, and in the first part of 2013 there was a flurry of projects that sought qualification. The activity was so substantial that not only did Massachusetts reach the 250 MW target four years early, it exceeded the Carve-Out's 400 MW cap. As a result, Gov. Deval Patrick announced a new goal of 1,600 MW of installed solar capacity by 2020. In January, DOER proposed regulations designed to meet the 1,600 MW goal, SREC-II. (Click here to see SREC-II solar carve-out policy development.) A public hearing and comment period followed, and in February the proposal went to the Joint Committee on Telecommunications, Utilities, and Energy for its input. The rules are now expected to go into effect on or about **April 25, 2014**. (Click here to see regulatory proceedings for SREC-II and here to see proposed RPS Class I regulations enacting SREC-II.)

Some links to source information if you are interested in learning more:

MA DOER Solar Carve-Out Program

Background on Solar-II policy development

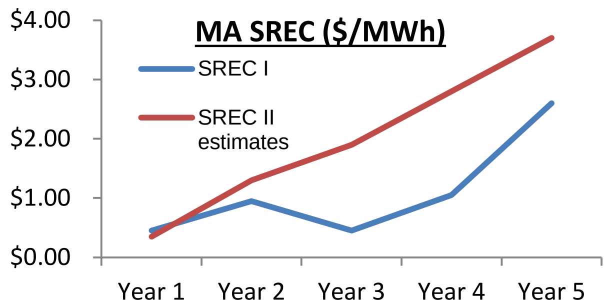
Presentation on final Solar-II proposal (may not reflect final regulations)

DOER ongoing regulatory proceedings

Proposed RPS Class I regulations enacting Solar-II (changes from existing Class I regulation highlighted; the relevant section is 225 CMR 14.07(3))

Impact On Customers: Electricity Prices To Increase For All Ratepayers

When SREC-I was implemented, prices escalated slowly at first, and then rose quite explosively. In that SREC-II requires an even greater percentage of your total usage to be supplied by solar – implementation of the new rules will have the same effect.



If you're currently under a contract that ends after April 25, you will not be subject to the regulatory changes. You will, however, bear the cost of the new solar obligations after that contract expires. Over the next five years, the impact of these new obligations are estimated at $10,000 for small commercial customers, $100,000 for medium commercial, and $1 million for large commercial industrial customers. (It should be noted that while we believe this "grandfathering" clause will remain as written in DOER's proposal, there is no absolute guarantee it will be included in the final language.)

What You Can Do To Avoid The SREC-II Price Increases

Although price increases from SREC-II are a certainty, GDF SUEZ Energy Resources is offering options to help you protect yourselves against the higher costs associated with the new regulations:

- **Extend your contract term now.** By extending contracts before the likely April 25 effective date, you can avoid the SREC II increases for the duration of the new contract.
- **OR Extend contract and also convert to a different product structure** whether it be fixed, index or a flexible combination of the two.

It's important to note that if you are on an indexed product structure or want to consider switching, you do not have to make decisions on pricing by April 25. You simply need to enter into a contract by that date in order to protect yourself against the inevitable price increases.

Please reach out to your Sales Rep at GDF SUEZ Energy Resources so you can mitigate this pending price increase on your current contract and discuss your options.