solectenergy™
Smart Solar. Smart Business.

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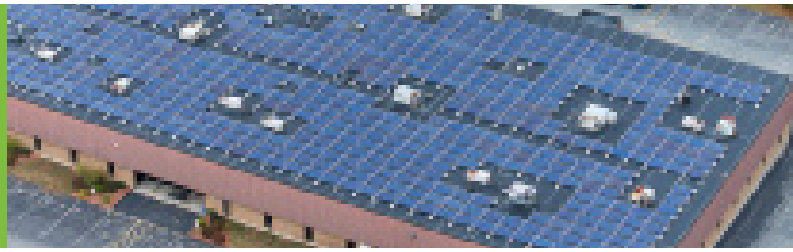
SREC II Program

Mass SREC Solar Goal: 1,600 MWatts by 2020.



Solar Renewable Energy Certificates (SRECs)

SRECs were created as part of the Solar Carve-Out Program, a market-based incentive program established to help utilities meet the Renewable Portfolio Standard (RPS) requirement of generating 15% of their electricity from renewable energy sources. The SREC program supports the development of new solar photovoltaic (PV) capacity across Massachusetts by offering solar array owners sellable credits for the amount of solar electricity they produce.

The SREC I program was originally capped at 400 MW with a goal to meet this amount by 2020. The cap was reached in the summer of 2013, showing the extreme popularity of the program. The SREC II program builds on the success of the original SREC program and has been revised to support the solar market until 1,600 MW of PV capacity has been installed statewide.

One of the key differences of the SREC II program is the introduction of SREC Factors, which are intended to create a more balanced development of solar across different Market Sectors (see below).

Approximately one SREC is created each time a solar PV system generates 1,000 kWh of energy. SRECs are then minted electronically and created quarterly in the generator's account. The Massachusetts Center for Clean Energy's (MassCEC) Production Tracking System (PTS) collects and manages all production data for the SREC Program.

Solar Projects are each assigned to a particular Market Sector

MARKET SECTOR	GENERATION UNIT TYPE	SREC FACTOR
A	1. Generation Units with a capacity of <=25 kW DC 2. Solar Canopy Generation Units 3. Emergency Power Generation Units 4. Community Shared Solar Generation Units 5. Low or Moderate Income Housing Generation Units	1.0
B	1. Building Mounted Generation Units 2. Ground Mounted Generation Units with a capacity of >25 kW DC with 67% or more of the electrical output on an annual basis used by an on-site load	0.9
C	1. Generation Units sited on Eligible Landfills 2. Generation Units sited on Brownfields 3. Ground Mounted Generation Units with a capacity of <= 650 kW DC with less than 67% of the electrical output on an annual basis used by an on-site load	0.8
MANAGED GROWTH	Unit that does not meet the criteria of Market Sector A, B or C	0.7

10-YEAR AUCTION FLOOR AND ACP SCHEDULE

Year	SREC Net Price	ACP Rate
2014	$285	$375
2015	285	375
2016	285	350
2017	271	350
2018	257	350
2019	244	333
2020	232	316
2021	221	300
2022	210	285
2023	199	271
2024	189	257
2025	TBD	TBD

SREC II Selling Process

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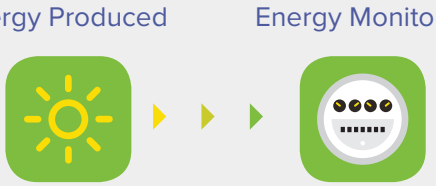
1 Customer Solar Array

Solar electricity is produced and recorded.



2 Energy Production Confirmed & Reported

On a monthly basis, solar output data is automatically sent to the Massachusetts Clean Energy Center (MassCEC).

MASSACHUSETTS CLEAN ENERGY CENTER

3 Quarterly Spot Market

Customers have option to sell their SRECs after quarterly mint date on the "Spot" Market (see schedule below).

Solect sells SRECs on behalf of customer and sends check to customer. $$$$

4 IF SRECs ARE NOT SOLD IN THE QUARTERLY SPOT MARKET THEY CAN BE DEPOSITED AND SOLD TO ELIGIBLE BUYERS IN THE ANNUAL AUCTION HELD EACH JULY.

Annual Auction – July

Fixed-price auction to support floor prices of SRECs.

Round(s)

1. Shelf life of deposited SRECs increased from 1-year life to 2 years and Renewable Portfolio Standard (RPS) increased by the quantity of deposited SRECs
2. If 1st round doesn't clear all SRECs, shelf life increased to 3 years and new auction held within 3 days
3. If 2nd round doesn't clear all SRECs:
   - RPS increased by deposited SRECs **again**
   - Customer receives check for value of sold SRECs $$$$
   - If any SRECs remain unsold, pro-rated share is returned to owner with 3-year life

Solect Energy Development is an authorized SREC Aggregator. As part of Solect's full-service solution offering, Solect will manage and sell SRECs on your behalf and issue checks for their value.

SREC Schedule

Quarter Generated	Date SRECs Minted
Q1 Jan 1 - Mar 31	Jul 15
Q2 Apr 1 - Jun 30	Oct 15
Q3 Jul 1 - Sep 30	Jan 15
Q4 Oct 1 - Dec 31	Apr 15

RPS Goal: 1,600 MWatts by 2020
SREC: Solar Renewable Energy Certificate
1 SREC = 1000 kWhrs
Term: 40 quarters or 10 years

For more information visit http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/solar/rps-solar-carve-out-2/