



Massachusetts SREC-II Update

January 19, 2017

CONTENTS



- MA SREC-II Eligible Cumulative Build Rates
- MA SREC-II Change in Solar Build Rates
- MA SREC-II Emergency Regulation Promulgated
- MA Exempt-Load Adjusted Compliance Obligations
- 2016 MA SREC Supply and Demand Forecast
- MA2016 SREC-II Pricing

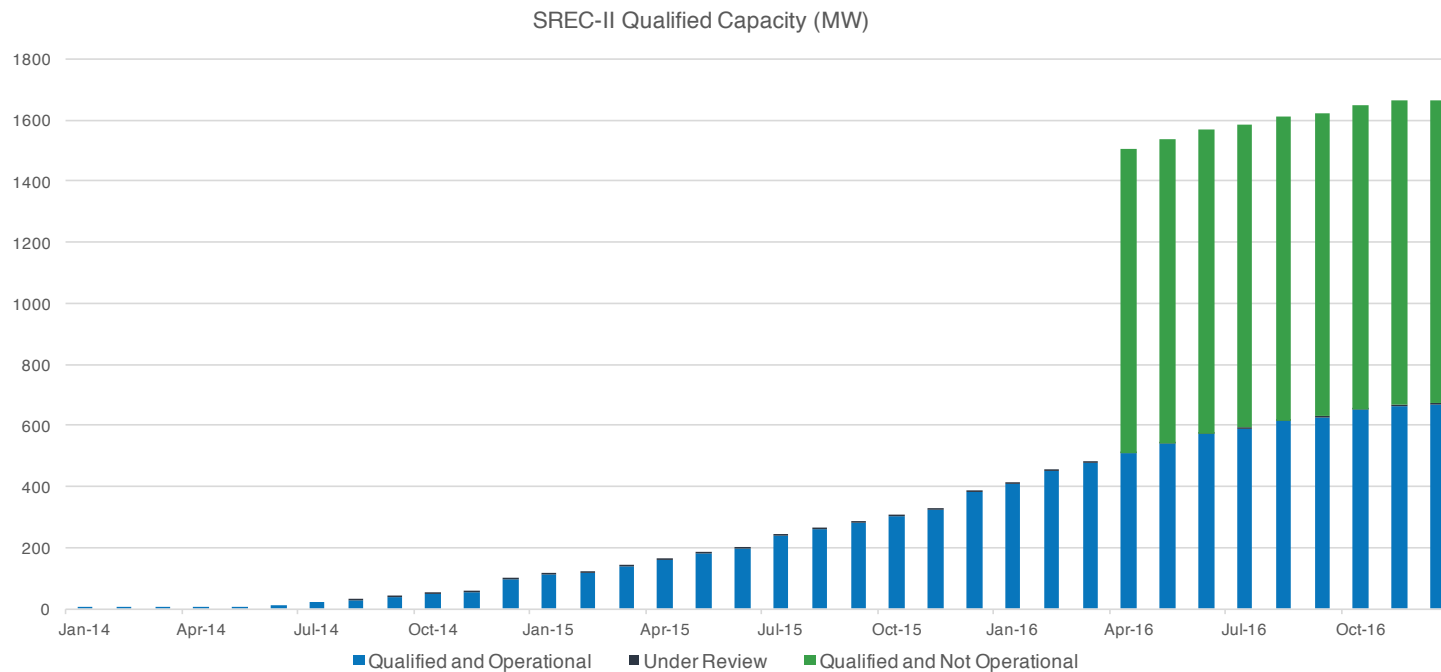
Disclaimer. This document, data, and/or any of its components (collectively, the "Materials") are for informational purposes only. The Materials are not intended as investment, tax, legal, or financial advice, or as an offer or solicitation for the purpose or sale of any financial instrument. SRECTrade, Inc. does not warranty or guarantee the market data or other information included herein, as to its completeness, accuracy, or fitness for a particular purpose, express or implied, and such market data and information are subject to change without notice. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Any comments or statements made herein do not necessarily reflect those of SRECTrade, Inc. SRECTrade, Inc. may have issued, and may in the future issue, other communications, data, or reports that are inconsistent with, and reach different conclusions from, the information presented herein.

Copyright. This document is protected by copyright laws and contains material proprietary to SRECTrade, Inc. This document, data, and/or any of its components (collectively, the "Materials") may not be reproduced, republished, distributed, transmitted, displayed, broadcasted or otherwise disseminated or exploited in any manner without the express prior written permission of SRECTrade, Inc. The receipt or possession of the Materials does not convey any rights to reproduce, disclose, or distribute its contents, or to manufacture, use, or sell anything that it may describe, in whole or in part. If consent to use the Materials is granted, reference and sourcing must be attributed to the Materials and to SRECTrade, Inc. If you have questions about the use or reproduction of the Materials, please contact SRECTrade, Inc.

MA SREC-II CUMULATIVE SOLAR BUILD



MA SREC-II eligible installed operational capacity through December 12, 2016 is 671.2 MW; total qualified capacity, inclusive of 993.8 MW of qualified/NOT-operational capacity is 1,665 MW

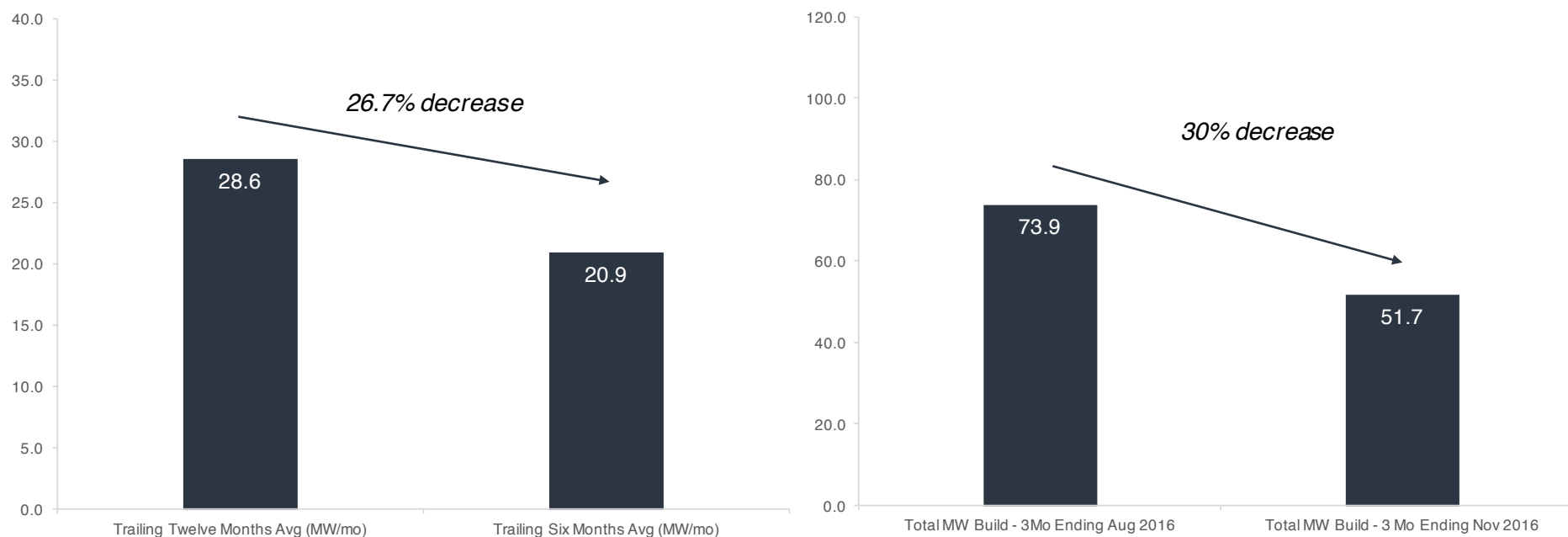


Source: MA DOER "RPS Solar Carve-Out II Qualified Renewable Generation Units" Report as of December 12, 2016

MA SREC-II SOLAR BUILD RATES (MW)



Monthly build over the last 6 months has decreased by 26.7% to 20.9 MW/month as compared to the longer term TTM average. Total quarterly MW build for the period ending November 2016 is also lower.



Source: MA DOER. Note TTM and TSM data through November, 2016. December data is omitted as the total amount reported in the December 12th DOER report does not represent a full month of capacity data.

MA SREC-II EMERGENCY REGULATION PROMULGATED



On July 1st, 2016, the emergency changes to the SREC-II program that the Massachusetts Department of Energy Resources filed on April 8th, 2016, were officially promulgated and put into effect. These regulations adopted the following changes:

- Project eligibility for the SREC-II program is officially extended until January 8, 2017, subject to the following criteria:
- Projects under 25kW must submit an SQA with PTO by January 8, 2017 to receive current SREC factors. Systems that do not submit ahead of this deadline will continue to be eligible under SREC-II until a new program is established, but at a lower SREC factor -
<http://www.srectrade.com/blog/srec-markets/doer-issues-draft-guidelines-for-revised-srec-ii-market-factors>
- Projects over 25kW must have PTO or prove they are “mechanically complete” by January 8, 2017. If projects cannot make either of these demonstrations, but can demonstrate that they has expended at least 50% of their construction costs, the new PTO/mechanically complete deadline will by May 8, 2017 for the system to be SREC-II eligible at a reduced SREC factor

MA EXEMPT-LOAD ADJUSTED COMPLIANCE OBLIGATION



On November 9, 2016 the DOER released updated RPS compliance exemption data. These figures are important as the exempt load reduces the number of SRECs needed to be purchased for the MA SREC-II program. Figures below demonstrate 2016 and 2017 obligation

SREC II Exemption (Pre-4/25/14 Contracts)						
Year	Total Projected Load (MWh) ¹	Actual/Projected Exempt Load (MWh) ²	Exempt Load (%) ³	Compliance Obligation (MWh) ⁴	Projected Reduction in Obligation (MWh)	Projected Adjusted Obligation (MWh) ⁵
2014	48,129,294	23,171,635	48.14%	41,279	19,874	21,405
2015	48,009,723	10,516,104	21.90%	161,958	35,475	126,483
2016	48,030,025	4,804,203	10.00%	377,877	37,797	340,080
2017	47,860,302	2,563,914	5.36%	969,635	51,944	917,691
2018	47,670,277	1,352,100	2.84%	TBD	TBD	TBD
2019	47,580,137	972,225	2.04%	TBD	TBD	TBD
2020	47,283,730	213,852	0.45%	TBD	TBD	TBD

¹ Taken from 2015 RPS Annual Compliance Report (forthcoming)

² Aggregated from data provided by retail suppliers

³ Data taken from 2015 RPS Annual Compliance Report (forthcoming)

⁴ Established for 2014 and 2015 in 225 CMR 14.07(3)(c) and (d). Calculated using the formula in 225 CMR 14.07(3)(e) for all subsequent years.

⁵ The Projected Adjusted Obligation provides DOER's best estimate of the overall compliance obligation and hence market demand by factoring in the reported Exempt Load. The actual Compliance Obligation will be based on the actual Load and Exempt Load served in that year.

MA2016 SREC-II FORECAST

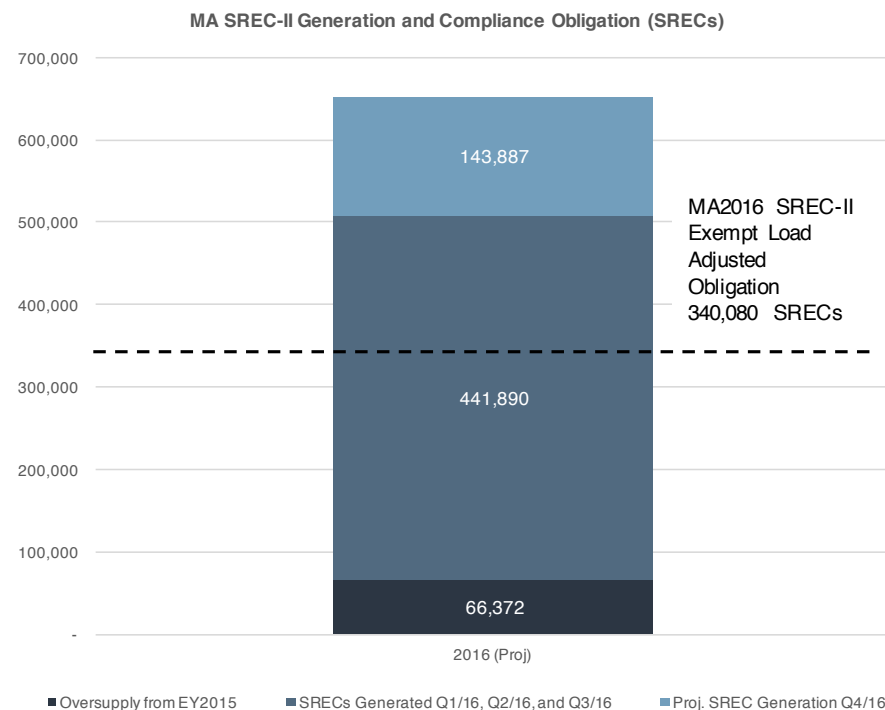


2015 SREC-II generation

- Q1 – Q4 SRECs generated: **192,855**
- Exempt Load Adjusted Obligation: **126,483**
- Oversupply: **66,372** (52.5% of obligation)

2016 SREC-II forecast generation

- Excess 2015 supply: **66,372**
- 2016 Q1, Q2 and Q3 issued SRECs: **441,890**
- 2016 Q4 projected SREC generation: **143,887**
- Exempt Load Adjusted Obligation: **340,080**
- Oversupply: **312,069** (92% of obligation)

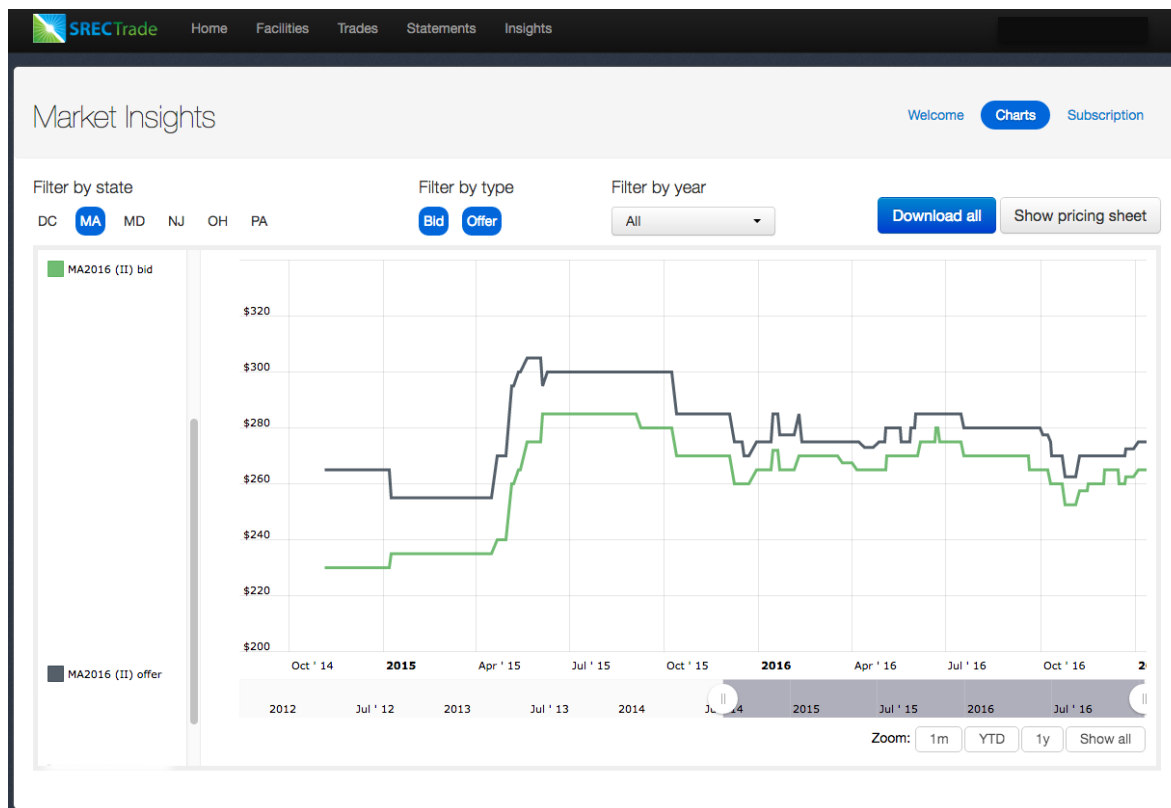


Note: Forecast assumes trailing twelve month factor-adjusted average build rate of 28.6 MW/month. Projection is based on assumption TTM average is held constant through 2016. 2015 oversupply assumed to be applied towards 2016 obligations.

MA2016 SREC-II PRICING



Current MA16 SREC-II market: \$270 bid @ \$276 offer



Source: SRECTrade Market Insights