



HEARTWOOD GROUP, INC.

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Fred Unger PUC Testimony Regarding Renewable Energy Long Term Contracts 9/29/09

Background

My name is Fred Unger, I am president of Heartwood Group, Inc. in Providence. Currently I manage operations for the largest aggregation of solar in Massachusetts, 1.25 MW currently additional under contract, third party PPA ownership –affordable housing and municipal buildings saving money and stabilizing energy costs for 20 year contracts. I also managed design and permitting for the largest behind the meter wind project in Massachusetts at 3 MW, which is now out to bid for construction. Previously I have been hired to coordinate the feasibility study for putting solar on Massachusetts State House as well as feasibility studies for several public and utility owned 1 to 3 MW wind projects.

Recommendations Regarding The Solar Portion of Long Term Contract Regulations

My comments are in reference to the solar portion of the long-term contracts bill:

- 1) Solar is best utilized behind the meter and can utilize power at host facility at retail value
- 2) Please allow utilities to buy RECs and/or Energy. Do not require both.
- 3) Long term contracts for RECs are more important than long term power contracts. Long terms contracts are essential to provide financing based on future REC revenue
- 4) Large scale solar aggregation will take time to develop – please allow for at least two months from release of RFP until bids are due
- 5) Please release solar portion of RFP as soon as possible so developers can take advantage of ARRA Federal Grant. The 30% Federal Tax Grant allows businesses to accept a cash grant from the US Treasury instead of a tax credit. To receive a grant the system must be placed in service either during 2009 or 2010 or after 2010 with some restrictions if the construction of the project began in 2009 or 2010. This subsidy is far simpler to utilize than the tax credits and will result in lower cost projects for the long term contracts.

Thank you very much for considering these recommendations.

A handwritten signature in black ink, appearing to be 'Fred Unger', written over a horizontal line.

Fred Unger