

04/05/10

RE: The value of S-RECs

To The Commissioners:

I argue that the value of an S-REC in the “Standard Offer Contract” needs to be sufficiently large to attract capital to finance such systems.

A system of federal tax credits, utility rebates (i.e. \$2.00/DC Watt), purchased S-RECs and energy savings may provide a Missouri residential customer a 5 year or less payback. This may appear to be eye-popping to a good utility man used seeing long paybacks for large coal-fired or nuclear power plants. Utilities have direct access to capital markets selling common and preferred stock and bonds as needed. Access is not nearly so good for the system owners contemplated under these rules.

There is no doubt many who are ready (have the solar resource and area) and are willing (desire to find a way to contribute to lessening climate change or foreign dependence for oil, or both) but may not be able to participate without financing. Investment into solar must be relatively attractive to the finance industry in a time that other good investment opportunities with two or three year paybacks go begging.

By making the “Standard Offer Contract” to what may appear to some as initially “high”, the Commission will assure that the utilities will have a sufficient supply of Missouri generated S-RECs to meet their compliance. If the Commission creates the environment of rapid investment, we may bump into the rate ceiling. This would be a clear sign of the Commission’s success in implementing Proposition C.