



Martin O'Malley, *Governor*
Anthony G. Brown, *Lt. Governor*
Abigail R. Hopper, Esq., *Director*

August 8, 2013

Dear Association for the Advancement of Sustainability in Higher Education (AASHE):

As the Solar Program Manager for the Maryland Energy Administration (MEA), I would like to signal my strong support for the University of Maryland's Office of Sustainability in their application for Innovation Credits under your Innovation Credits under the Sustainability Tracking, Assessment and Rating System (STARS) program.

In particular, I have been impressed with the University's use of innovative Power Purchase Agreements (PPAs) to make solar photovoltaics (PV) more cost-effective and nearly risk-free for tax-exempt entities such as universities, colleges, churches, and local governments. PPAs allow tax-exempt entities to install PV at no upfront cost by partnering with solar developer and installer teams, to take advantage of Federal incentives such as the Investment Tax Credit (ITC) and the Modified Accelerated Cost Recovery System (MACRS) which can reduce installed costs by 50%, and to assume no system performance or operating risk. In addition, PPA's allow tax-exempt entities to more accurately predict their energy expenditures since PPA rates are locked in for 20 years. And, typically, PPA rates are lower than conventional electricity rates, especially if the PV system is sized and sited for onsite generation and consumption using net metering.

As part of MEA's Project Sunburst, I was fortunate to work with Ms. Susan Corry in the University of Maryland's PV installation at their Severn Building. The objective of Project Sunburst was to leverage American Reinvestment and Recovery Act (ARRA) funding to promote the installation of renewable energy systems on public buildings. The University worked with MEA, the Department of General Services, and the local solar industry to install their 630-kW PV array on the Severn Building's rooftop, a significant part of Project Sunburst's 8.9-MW of total installed PV capacity. As a result of this project, the entire University System is now collaborating with DGS and other State agencies to contract large-scale, sustainable power using PPAs.

Feel free to contact me should you have any questions.

A handwritten signature in black ink, appearing to read "DH".

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Cc: Devon Dodson, Chief of Staff
Frederick H. Hoover, Clean Energy Director