

COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF
ENERGY AND ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENERGY RESOURCES
100 CAMBRIDGE ST., SUITE 1020
BOSTON, MA 02114
Telephone: 617-626-7300
Facsimile: 617-727-0030

Charles D. Baker
Governor

Matthew A. Beaton
Secretary

Karyn E. Polito
Lt. Governor

Judith F. Judson
Commissioner

September 21, 2015

Phil Spillane
Chief Financial Officer
Glacial Energy of New England, Inc.
555 Pleasantville Road, S107
Briarcliff Manor, NY 10510

RE: Notice of Non-compliance with Massachusetts RPS & APS for 2014

Dear Mr. Spillane,

The Department of Energy Resources ("DOER") hereby finds that Glacial Energy of New England, Inc., ("Glacial") has failed to comply with the requirements of the Renewable and Alternative Energy Portfolio Standards (RPS and APS) under the regulations in 225 CMR 14.00 (RPS Class I), 225 CMR 15.00 (RPS Class II) and 225 CMR 16.00 (APS). Glacial was initially in Non-compliance by not submitting its required *RPS & APS Compliance Filing* by July 1, 2015, and subsequently by not submitting the Alternative Compliance Payments ("ACPs") required to meet its shortfalls of NEPOOL GIS Generation Certificates (variously termed RECs, SRECs, WECs, and AECs) needed to meet its obligations under the several Minimum Standards of RPS and APS. Glacial's Non-compliance commenced in July, and will be in effect until Glacial takes the steps required to return to compliance. The next paragraph describes the events that have lead to this finding.

Glacial failed to submit to DOER by July 1, 2015, its *RPS Class I & II and APS Annual Compliance Filing for 2014*. On July 2, the RPS & APS Program Manager, Howard Bernstein, emailed a reminder to Andrew Luszcz, Glacial's VP Energy Supply, to which he received on July 7 an Out-of Office message that said Mr. Luszcz was away 7/6-7/12 and to contact you in case of an emergency. Mr. Bernstein thereupon emailed you the same day (copied to Mr. Luszcz), requesting a response prior to July 12 regarding the past-due compliance filing. Mr. Luszcz emailed back on July 8, apologizing and promising to try filing by the following week. DOER did receive the electronic *Compliance Filing* on July 13 and the signed, notarized, hard copy *Filing* on July 21. In an email from Mr. Luszcz on July 16, replying to Mr. Bernstein's July 14 email asking about the ACPs, Mr. Luszcz wrote, "In regards to the ACP Receipts, we are waiting to hear from bankruptcy counsel regarding a payment plan." Hearing nothing more from Mr. Luszcz, on August 7, Mr. Bernstein emailed him with a statement that Glacial was in Non-compliance and that DOER would begin the formal Non-compliance procedure. Finally, Mr. Bernstein sent on August 18, 2015 an email to you (copy to Mr. Luszcz) that stated DOER's intention to

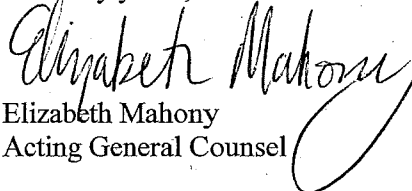
issue a formal Notice of Non-Compliance if Glacial did not send by August 31, 2015, the ACPs owed for 2014 MA RPS & APS compliance, which totaled **\$345,979.82**, according to the data in Glacial's *Compliance Filing*, Table 13. As of today's date, DOER has not received a response from Glacial, neither the ACPs nor any firm assurance about if and when it will complete that compliance obligation.

The above facts have led DOER to find that Glacial has failed to comply with the RPS & APS Minimum Standards in 225 CMR 14, 15, & 16.00 by not making the Alternative Compliance Payments provided in 225 CMR 14/15/16.08(3) as a means of meeting shortfalls in its ownership of the appropriate GIS Generation Certificates to comply with the Minimum Standards in 225 CMR 14/15/16.07 and, consequently, failing to provide documentation of such ACPs provided in 14/15/16.09(2)(e). Therefore, pursuant to the provisions of Section 12 of each of the three RPS & APS Regulations (225 CMR 14.00, 15.00, & 16.00), DOER issues this Notice of Non-compliance. Furthermore, the following actions are required under those provisions:

1. DOER will post a copy of this Notice at the RPS & APS section of the DOER webpage (www.mass.gov/energy/rps) and on the homepage of the NEPOOL Generation Information System (www.nepoolgis.com). The Notice will remain posted until such time as DOER determines that Glacial has returned to compliance.
2. DOER requires Glacial to submit a plan for achieving compliance for Compliance Years 2015, 2016, and 2017 by the date required for each year. Such plan must be filed with DOER no later than October 15, 2015, addressed to me.
3. DOER will refer this finding of Non-compliance to the Massachusetts Department of Public Utilities ("DPU"), where Glacial may be subject to the DPU Licensure Action under 220 CMR 11.07(4)(c)1. At such time as DOER determines that Glacial has returned to compliance, DOER will so inform the DPU.

Please contact me with regard to any aspect of this finding of Non-compliance or with respect to Glacial's plan to correct this deficiency.

Sincerely yours,


Elizabeth Mahony
Acting General Counsel