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Massachusetts Municipal Wholesale Electric Co. Project 202A (Cotton Solar Project): Fitch New Issue Report

The 'AA-' rating reflects the credit quality of the two largest of the six participants in the Massachusetts Municipal Wholesale Electric Company (MMWEC) Project 2020A (the Cotton Solar Project): Ipswich Electric Light Department (34.8%) and Peabody Municipal Light Plant (29.0%). Payments from the project participants — all municipal electric utilities operating in Massachusetts — are made pursuant to identical take-or-pay power sales agreements (PSAs) with MMWEC that are absolute and unconditional, irrespective of whether the project is completed or operable. The rating is capped by the credit quality of the two largest participants given the sizable share of the project each of those participants holds, and the limited 25% step-up provision in the PSAs. Amounts collected from the remaining participants would be insufficient to meet either of those utilities' obligations in the event of a default.

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