



September 27, 2019

Massachusetts Department of Energy Resources
100 Cambridge Street Suite 1020
Boston, MA 02114

**SEBANE Comments RE: SMART 400 MW Review Straw Proposal
In addition to Joint Solar Industry Comments**

The Solar Energy Business Association of New England (SEBANE) has signed on to the Joint Solar Industry Comments which were developed in conjunction with the Solar Energy Industries Association, the Coalition for Community Solar Access, MassSolar, the Northeast Clean Energy Council, and Vote Solar (the Solar Commenters) on behalf of our industry, member companies, and constituents. SEBANE wholeheartedly supports the positions laid forth in the Joint Solar Industry Comments, and here would like to emphasize several areas that stand to impact our 75 member companies. We thank the Department of Energy Resources (Department) and the Baker-Polito Administration for your careful consideration and continued dialogue around the Solar Massachusetts Renewable Target (SMART) program.

SEBANE's mission is to protect and promote the New England solar industry through informed policy intervention, coalition building and stakeholder education. Since 2001, we have brought solar businesses together with policy makers and other stakeholders to create a sustainable solar energy economy for New England. Our member companies, largely based and significantly invested in Massachusetts, are highly motivated to help the Department meet its clean energy and climate change goals. Below, we express specific concerns with the Department's straw proposal circulated on September 5, 2019.

Increase program capacity and prevent stagnation

SEBANE members and the solar industry at large are primarily concerned with the lack of commitment from the Department and the Administration toward meeting the Commonwealth's Renewable Portfolio Standard (RPS) and Global Warming Solutions Act (GWSA) requirements. A fundamental issue with the Department's straw proposal is its assumption that the pace of project applications thus far is realistic. The industry already faces stalling progress due to interconnection delays, unexpected transmission and cluster studies, and the threat of losing federal tax incentives. The SMART program provides solar developers with the confidence and consistency to ensure predictable investments in solar and to deliver on customer expectations. An increase in program capacity of only 800 MW would, we believe, undercuts confidence in the Massachusetts solar market and limit its growth by creating significant market uncertainty.

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The proposed program expansion of 800 MW would put into place yet another short term fix for an industry plagued with stops and starts, and would require the Department to undergo another lengthy process of program design and review in just two years (or less) if the SMART program is not expanded more significantly. We direct the Department to the Joint Solar Industry Comments for detailed analysis of this expected timeline based on figures presented in the Department's straw proposal. SEBANE supports these comments and encourages the Department to demonstrate its commitment to its climate change and renewable energy goals by expanding the SMART program by 3200MW.

In addition, SEBANE strongly supports limiting all block declines to 2% or less. It is our belief that even at 2%—let alone any amount greater than that—solar will cease to be economically viable in many areas, and both the solar industry and the Commonwealth's progress towards its renewable energy goals will stall. When the base compensation rates (BCR) were originally set, interconnection costs were assumed to be much lower¹, and have since doubled or tripled due to transmission upgrades from affected system operator studies. This dramatic shift in interconnection costs alone since the original program design, in addition to solar and steel tariffs, and the ITC drop-down, have dramatically impacted the economic cost of all systems, demonstrating that the current BCR is not likely to sustain projects moving forward at the 4% decline rate.

SEBANE also requests clarity on when new program requirements will go into effect. As stated in the straw proposal, the Department plans to file the amended SMART regulation as an emergency regulation, which will affect any projects that apply to the program after that date. In the meantime, however, the emergency regulations will be subject to a public comment period and may change, even if only slightly. SEBANE encourages the Department to specify which projects the new rules will apply to, especially in cases of land use and energy storage changes.

Continue to encourage behind-the-meter (BTM) development

SEBANE applauds the Department for proposing to extend alternative on-bill credit (AOBC) availability to BTM facilities. Allowing excess generation to be compensated at the basic service

¹ See *Developing a Post-1,600 MW Solar Incentive Program: Evaluating Needed Incentive Levels and Potential Policy Alternatives*, prepared for DOER by Sustainable Energy Advantage, 2016. The 2016 DOER report assumes interconnection costs of approximately \$0.15/W. Developers are now experiencing costs of \$0.40-0.50/W.

(<https://www.mass.gov/files/documents/2016/10/nf/developing-a-post-1600-mw-solar-incentive-program.pdf>)



value, just as Standalone facilities are, will encourage more developers to meet the Department's goal of dispatching more distributed generation throughout the state.

This extension of the AOBC will not, however, create the required predictability for BTM systems. SEBANE agrees with the Joint Solar Industry Comments and encourages the Department to consider "monthly netting" for BTM systems, whereby any system sized at or below load would not be penalized by reduced compensation for exported kWh when an interval meter is installed. This is particularly important for a school whose solar array produces well less than load during the week, but exports on the weekends when load is very low. A similar pattern reveals itself in Fall and Spring versus Summer months. Given the season fluctuations in load and production so pronounced in the Northeast, SEBANE believes the ideal solution would be to implement *annual* netting for BTM SMART systems.

SEBANE urges the Department to consider that the majority of BTM projects currently qualified under SMART are in Eversource territory, where net metering caps have not yet been hit, and monthly netting is available to all projects. We do not see the same level of BTM development in National Grid territory because the risk of reduced compensation without monthly netting is prohibitive. While both the SMART program and net metering purport to be statewide initiatives, the availability or not of net metering cap space creates an inequity by service territory. Not all customers are able to access the same benefits from these programs. The Department's own analysis in the straw proposal establishes that net metering provides additional value to BTM customers. SEBANE believes this analysis could serve as a platform for DOER to pursue a legislative solution to address this inequity and fully support larger BTM installations. SEBANE encourages the Department to not only consider our requests as laid out here, but also to use their advocacy tools to push for net metering cap increases across Massachusetts for a "belt and suspenders" approach to supporting this critical project type.

Developers also require greater certainty on how the Department plans to roll out changes to the AOBC mechanism in conjunction with the new value of energy (VOE) calculation for BTM facilities. While SEBANE supports the Department's proposed changes to VOE calculations for BTM facilities, it remains unclear when the new calculation will go into effect. Specifically, we request clarity on whether the Department will honor the new VOE before the AOBC extension is promulgated through a DPU regulatory proceeding. If the Department honors new VOE calculations and the AOBC extension is not approved, projects need certainty that their final VOE and SMART incentive will match regardless. SEBANE urges the Department to offer clarity on the overlap of these changes and how projects will be compensated. Without explicit timeframe expectations, this otherwise positive change only increases uncertainty for solar developers, investors, and customers.



Revise land use proposals

SEBANE stands behind the revisions called for in the Joint Solar Industry Comments. We particularly encourage the Department to reconsider the 5x increase of the greenfield subcontractor. SEBANE member companies are responsibly developing the community solar and large scale ground-mount projects that are necessary to meet the Commonwealth's RPS and GWSA mandates. While abiding by local zoning laws and dealing with increasingly lengthy interconnection timelines, these developers spend a considerable sum² up front on requirements such as leases, permits, and ISA applications under the assumption that the SMART program will not increasingly penalize them. Applying this subcontractor, an essential double-counting of their efforts, could result in significant sums of money spent going down the drain.

In addition, according to the Solar Energy Industries Association, there were 2,465.48 MW of solar built in Massachusetts as of December 31, 2018³. While this number includes all ground mount, rooftop and other solar, if the entire installed capacity were entirely ground mount, at four acres per MW, the land use would total 9,862 acres, or 15.41 square miles. The total land area in Massachusetts, not including water bodies, is 7,838 square miles. This means that all solar installed in Massachusetts as of December 31, 2018 would fit on less than 1/5 of 1% of the entire land area of the state. Taking into account that the land impact of solar thus far has been minimal, SEBANE does not dispute that solar developers should follow practices that preserve community character, responsibly site projects, and protect environmentally sensitive lands in Massachusetts. However, SEBANE believes the proposed changes to the SMART program may not be the most effective means to achieve these outcomes.

SEBANE therefore encourages the Department to develop appropriate buffering guidelines or best practices for developers to respond to and counter local resistance to otherwise responsible solar development, much like the Department's adoption of a model solar by-law and other tools for municipalities in the development of solar. Without overreaching their authority, the Department can develop a buffer zone model and vegetation management guide to complement solar zoning bylaws, which would remain the gold standard in each city and town. Framing these new buffering guidelines as best practice will allow developers to respond to local concerns while empowering them to develop the kinds of solar projects that help us reach our clean energy and climate change goals. This would also retain ultimate control in the hands of municipalities, while providing more tools for communities to make informed decisions.

² See Footnote 1. As demonstrated in Table 18, interconnection costs alone for ground-mount projects are expected to range from \$95 - \$158 (medium estimate) per kw-DC.

³ See *SEIA/GTM Research U.S. Solar Market Insight*, 2019.

(https://www.seia.org/sites/default/files/2019-09/Factsheet_Massachusetts.pdf)



Caution against undefined adders/subtractors

SEBANE agrees with the Joint Solar Industry Comments with regards to increasing interconnection costs⁴ under the purview of the SMART program. In particular, we ask that the Department work to provide public data, including hosting capacity maps, that will increasingly inform developers of either over or under saturated areas. Real-time “heat” maps of distributed generation saturation can help developers, utilities, and the Department identify more and less desirable sites for solar and solar plus storage⁵. This data will be invaluable to the solar industry even outside the scope of the SMART program, but will continue to serve the Department’s goal of siting SMART-qualified distributed generation projects closer to load.

If there are areas where the EDCs would like to encourage greater solar development, then we would welcome the use of a new adder to do so. However, we strongly recommend against the use of subtractors; we believe that a properly structured pre-app, along with capacity maps as outlined above, will be sufficient to direct solar development to undersaturated and preferred areas.

Clarify new community solar requirements and prioritize consumer protection

SEBANE echoes the Solar Commenters in thanking the Department for encouraging developers to demonstrate that low-income customers are receiving direct savings on their bills. We are encouraged by the Department’s commitment to expanding access to solar through this requirement as well as through expanding the definition of low income and environmental justice communities.

We additionally encourage the Department to consider how the proposed cutoff for the community shared solar (CSS) adder will affect incentive values, particularly because the queue for this adder is so saturated. Through the proposed mechanism that projects must demonstrate compliance with adder requirements upon operation, we anticipate that the queue will shift to lower incentive values more quickly than anticipated. As projects are shuffled out of the queue, meaningful incentive values will be lost. SEBANE encourages the Department to consider solutions to capturing this lost value, as doing so would increase the likelihood of more projects serving CSS customers. We suggest that the Department reorder CSS adder tranches toward this end, essentially allocating qualified projects beginning in tranche one once the grace period is over. This would allow any projects that rightly qualify for the adder to keep their tranche and maximize the intended value of this incentive.

⁴ See Footnote 1.

⁵ Eversource currently provides such hosting capacity maps in Connecticut.

(<https://eversource.maps.arcgis.com/apps/webappviewer/index.html?id=4a8523bc4d454ddaa5c1e3f9428d8d8f>).



SEBANE cautions the Department against allowing distribution companies to handle billing for community shared solar. The industry already relies on utilities to manage interconnection costs and timelines, metering requirements, and administering the SMART program, all processes which have resulted in delays and rising costs. We encourage the distribution companies to focus their efforts on streamlining these processes without taking on additional responsibility. Our member companies wish to maintain already established ties with their customers, ensuring that they receive adequate support and realize direct benefits from solar incentives. The Department should maintain their goal of protecting consumers in this way and keep CSS billing management in the hands of locally invested solar companies.

Continue empowering public partnerships

SEBANE, in conjunction with the Solar Commenters, thanks the Department for their proposed increase of the public adder from \$0.02 to \$0.04/kWh. We also appreciate the Department's commitment to providing more time for public projects to be constructed. However, the proposed extension to an 18-month reservation period does not account for the long period of time it takes municipalities to enter into arrangements with a developer after issuing a request for proposal. We echo the Solar Commenters in asking the Department to extend this time frame, using the example below from one of our members, Cape and Vineyard Electric Cooperative (CVEC).

CVEC's most recent RFP, and their first in the SMART program, began in 2018 with 21 projects and three vendors. Towns will sign contracts by mid-October 2019, enabling the interconnection process to begin during a period of transition for the updated SMART program. When the RFPs were first advertised, CVEC asked that all bids be as per Block 2, but only once CVEC has a Block award (now, likely far lower than the expected Block 2) can they go back to the towns with accurate proformas and see if the numbers still support moving forward with the construction. Unfortunately, some contracts may be terminated if projects end up in a Block that renders them unfeasible, a likely scenario after 10 months into this public process plus six to seven additional months due to interconnection timelines and the SMART review. The resulting 16+ month process will end up costing the towns about \$30,000 for RFP management, contract development and negotiations. The Department must extend SMART reservation period timelines for such projects that end up unfeasible after significant investment by our ratepayers and citizens.

Simplify metering requirements

SEBANE thanks the Department for their proposals to improve metering requirements in such a way that will increase deployment of distributed generation and decrease costs for developers, customers, utilities, and the Department. We wholeheartedly support the Department's proposal to allow customer owned revenue grade meter reporting for both AC and DC solar plus storage



coupled systems, as laid out in the Joint Solar Industry Comments. In addition, we note that extending this protocol to solar not paired with storage makes perfect sense to continue to keep program costs low.

Summary

SEBANE thanks the Department for their consideration of our above comments as well as the perspectives presented in the Joint Solar Industry Comments. In summary, we believe that the following changes to the Department's straw proposal will greatly improve the SMART program and allow the solar community to best assist the Department in meeting its clean energy and climate change goals:

- Expand the SMART Program by an additional 3200MW.
- Implement monthly or annual netting for BTM facilities.
- Clarify implementation timelines for program updates during the filing of emergency regulations, especially in the case of changing VOE calculations for BTM facilities.
- Revisit proposed greenfield subtractor changes and develop a buffer zone model and vegetation management guide to complement solar zoning bylaws.
- Work with utilities to provide public data on interconnection saturation and hosting capacity maps.
- Ensure that CSS adder capacity value is not lost.
- Foster market based low income inclusion and consumer protection.
- Extend lead time for SMART qualifying public projects.
- Extend allowances for revenue grade meter reporting for systems not paired with storage.

SEBANE thanks the Department for their accessibility throughout the process of drafting and amending the SMART program. We appreciate the Department's consideration of our comments regarding the 400MW review straw proposal, and look forward to continued discussion of our shared goals and proposed solutions.

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