



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

September 27, 2019

**Re: SMART 400 MW Review Proposal**

Dear Commissioner Judson:

PowerOptions submits comments to the Massachusetts Department of Energy Resources (“DOER”) on the SMART 400 MW Review straw proposal (“Proposal”) on behalf of its over 400 members who are retail electricity and natural gas consumers in the Commonwealth.

We appreciate DOER’s efforts to update and expand the SMART program to address the barriers to participation, especially in the public sector. Overall, the Proposal is well-designed and will incentivize the type of actions and benefits anticipated in the enabling legislation.

PowerOptions provides comment on a narrow set of issues with the Proposal. We:

- Urge clarity from DOER regarding the timing of proposed changes so that customers are provided concrete incentive information that allows them to feel comfortable about signing long-term agreements with developers
- Oppose the requirement that projects greater than 500 kW be paired with storage as this will make many projects uneconomic
- Support the revisions intended to enhance public entity participation in SMART, while advocating for a 24-month reservation period for new construction and major renovation projects due to their unique challenges

## Clarity

To date, DOER has not provided guidance about which aspects of the Proposal will become effective immediately upon filing of emergency regulations, and which will be subject to a tariff proceeding. PowerOptions urges clarity in this regard, as it is critically important for ensuring developers are able to provide customers with concrete project economics over the next year. We are concerned that, in the absence of clear guidance, customers will be unwilling to sign long-term agreements with developers. This delay in solar deployment caused by uncertainty is exactly what SMART is intended to address, not exacerbate. As such, we urge clear guidance from DOER on this subject.

PowerOptions understands that the application of Alternative On-Bill Crediting to behind the meter systems, as well as the revisions to the value of energy calculation, will require a tariff proceeding at the Department of Public Utilities. Some projects that could benefit from these changes will obtain Statements of Qualification in the period between the filing of emergency regulations and the conclusion of a tariff proceeding. Again, we urge DOER guidance on whether these projects will be able to utilize behind the meter Alternative On-Bill Crediting or other provisions arising from a tariff proceeding. Clarity would be greatly beneficial for ensuring customers are provided the information necessary to commit to long-term contracts with developers.

## Storage Requirement

The Proposal contemplates requiring all SMART facilities greater than 500 kW be paired with storage. While we support the goal of pairing solar with storage, PowerOptions opposes this requirement. All of our members' potential solar projects already undergo a storage

potential analysis. These analyses reveal that many of the projects are not economic with the addition of storage. This is particularly true in National Grid territory as demand charges tend to be much lower than in Eversource. Further, this requirement would penalize members who have implemented considerable energy efficiency or undertaken other energy optimization strategies and often cannot benefit from the addition of storage as they have already improved their load factors, reducing the ability to offset demand charges. As such, we oppose the imposition of a storage requirement on projects greater than 500 kW.

### Public Entities

In response to low public entity participation in SMART, the Proposal calls for a doubling of the Public Off-taker Adder and revisions to qualification guidelines for public off-takers, which will allow projects with the Public Off-taker Adder to qualify for SMART 6 months earlier than they are currently able to and to obtain a statement of qualification upon evidence of contract award. These changes will provide the needed bolster to increase opportunities for public entities to benefit from the SMART program at more representative levels. Public projects are often more expensive than private projects, due to higher labor costs and other specific contractual and construction requirements. The increased adder will help align the public and private markets. PowerOptions is highly supportive of these changes.

The Proposal to allow projects with a Public Off-taker Adder to have an 18-month reservation period and obtain a statement of qualification upon award of a contract from a public entity is a big step in the right direction. This revision takes into account the long lead times that accompany public projects. PowerOptions supports DOER's efforts to accommodate the unique challenges facing public projects, but we request a 24-month reservation period for

new construction and major renovation projects. These projects involve substantial development and design lead time, while often requiring seasonally-constrained construction timelines. In order to ensure that solar is included in the design of new construction projects, certainty about the incentive level is needed early in process. For instance, public PowerOptions members considering solar on their new public schools are finding that the incentives are not able to be locked down early in the planning and design process. Without certainty around the incentive level, the size of the solar cannot be solidified and, then, the design parameters needed to host the solar on the school's roof cannot be finalized. This places these type of projects in jeopardy at a time when we should be encouraging the incorporation of solar into the design of every major new construction or renovation project. Thus, a 24-month reservation period for public projects requiring new construction or major renovation would account for the challenges to deployment that these projects face.

### Conclusion

PowerOptions appreciates DOER's Proposal and largely supports the revisions to SMART. Clarity from DOER regarding the timing of the effectiveness of all provisions in the Proposal is crucial for the stability of the industry. The requirement that projects greater than 500 kW be paired with storage should be eliminated. Lastly, the changes regarding public entities are sound and appreciated, but the reservation period for public entity projects requiring new construction or major renovation should be expanded to 24 months. We look forward to engaging with DOER and other stakeholders as this process continues.