



Judith Judson, Commissioner
Massachusetts Department of Energy Resources
100 Cambridge Street, 10th Floor

Comments of Vote Solar
Regarding: SMART Program 400 MW Review
Nathan Phelps, Regulatory Director
September 27, 2019

Introduction

Vote Solar appreciates the opportunity to submit comments to the Department of Energy Resources (“DOER”) on the review of the Solar Massachusetts Renewable Target (“SMART”) program. The review of SMART (“400 MW Review”) is an opportunity for interested parties to reflect on what is working well in SMART, and what needs to be improved.

In addition to these comments, Vote Solar is also submitting three other sets of joint comments: (1) the solar commenters;¹ (2) the low income and environmental justice advocates;² and (3) the Solar Conservation Parties.³ To the extent possible, Vote Solar has tried to work with likeminded entities in order to reduce repetition in comments. The immediate comments do *not* reiterate our joint comments, but Vote Solar’s position should be considered a collection of all the comments to which we are a signatory.

Vote Solar takes this opportunity to address a few discreet issues. Specifically, these comments address: (a) the Preferred Interconnection Adder/Subtractor; (b) consumer protection; and (c) eligibility updates for community shared solar.

About Vote Solar

Vote Solar is an independent 501(c)3 nonprofit working to repower the U.S. with clean energy by making solar power more accessible and affordable through effective policy advocacy. Vote

¹ These comments address a variety of issues, and are submitted jointly by the Solar Energy Industries Association, the Coalition for Community Solar Access, MassSolar, the Northeast Clean Energy Council, the Solar Energy Business Association of New England, and Vote Solar.

² These comments propose programs for low income customers and environmental justice customers. These comments are submitted by BlueHub Capital, Resonant Energy, and Vote Solar.

³ These comments propose a traffic-light approach to land use concerns, and are submitted by the American Farmland Trust, Conservation Law Foundation, and Vote Solar.

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Solar seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants. Vote Solar has over 80,000 members nationally, including over 2,000 members in Massachusetts. Vote Solar is not a trade group nor does it have corporate members.

Preferred Interconnection Adder/Subtractor

The interconnection adder/subtractor, as discussed on slide 24 of DOER's *SMART Program 400 MW Review* presentation dated September 5, 2019 ("400 MW Review Presentation"), appears to be in the early stages of development. As such, Vote Solar's comments on the interconnection adder/subtractor are meant to help inform the idea. Vote Solar recommends that DOER seek another round of comments on this topic since it is in the early stages of development, and we are happy to provide additional comments and recommendations once the proposal has been more fully developed.

Vote Solar supports the idea of promoting solar development in urban areas.⁴ Projects that are located in urban areas bring generation closer to load, and increase the likelihood that projects will be developed on previously disturbed land. In this regard, solar in urban areas increases the potential benefits for all ratepayers, and minimizes the potential negative land use implications associated with solar development. If the interconnection adder/subtractor is meant to incent urban development, then Vote Solar supports the objective of the proposal.

Nonetheless, the slide discussing the interconnection adder/subtractor is ambiguous on the objective of the proposal. The slide references "locational benefits," which could be interpreted as trying to determine the locational distribution system value of solar – which can be extremely complicated to calculate. Perhaps the most relevant example on the difficulties of calculating locational distribution system values of solar is New York. As part of the Value of Distributed Energy Resources ("VDER") proceeding, the Department of Public Service, electric distribution companies ("EDCs"), and many advocates have tried to determine the locational distribution system value of distributed energy resources. The VDER process has not gone very well, and several issues have become particularly problematic: (1) the EDCs do not employ the same methodology for marginal cost of service studies, which creates problems for standardizing the way in which distribution systems are valued; (2) a lack of advanced metering functionality means that most of the distribution systems below the substation level are modeled with very little transparency, which means determinations of the distribution value below the substation level are virtually impossible; and (3) the implementation of a compensating structure (e.g., uniform compensation for all hours or compensation for production in a few hours – including how many hours) for distributed energy resources for locational distribution system value has been contentious. For these reasons, New York Public

⁴ Reference to "urban areas" is meant to be shorthand for relative concentrations of the built environment, which could include suburban areas, industrial areas, and commercial areas. Solar development in these areas would likely be built on existing infrastructure (i.e., building mounted) and/or above existing infrastructure (i.e., parking canopies).

Service Commission staff proposed to eliminate the idea of locational distribution system value all together in January 2019. In short, Vote Solar does not recommend an adder or subtractor based on the locational distribution system value at this point in time.

Instead, Vote Solar proposes that any potential SMART interconnection incentive be based on the hosting capacity of the distribution system. Our expectation is that hosting capacity maps (a.k.a., heat maps) will provide developers a better idea of where interconnecting projects will be easier and, ultimately, less expensive than congested areas. Although Vote Solar has not yet seen any hosting capacity maps for Massachusetts, we anticipate that the areas with a lot of hosting capacity will be more urban than areas of the distribution system with little hosting capacity. If this is true, then an adder for the areas with a lot of hosting capacity might encourage projects in urban areas. As mentioned earlier, solar development in urban areas is a goal that Vote Solar supports.

In order for an adder based on hosting capacity to be functional, there will need to be a high quality hosting capacity analysis completed across the state. The analysis will need to be done using a methodology that closely approximates what a utility's interconnection analysis would produce, otherwise projects will either be directed to locations incorrectly or deterred from locations that in fact might have capacity. The results will need to be publicly available in a manner that allows project developers to readily access the information and use it to make siting decisions. It will need to be updated frequently enough that it can be used to make timely siting decisions. Vote Solar believes it is possible to accomplish this with hosting capacity methodologies that are currently available, but it will be important to select a methodology and implementation plan that can meet these minimum requirements.

However, Vote Solar is not convinced that a subtractor for congested areas makes sense. Market signals (*i.e.*, interconnection upgrade costs) already exist to deter interconnections on areas of the distribution system with little hosting capacity. The problem is that there is currently very little transparency into the location of congested areas of the distribution system, and therefore developers do not understand that the interconnection upgrade costs will be (at least potentially) substantial. If the hosting capacity maps successfully convey areas with greater hosting capacity, then development should gravitate toward the areas with greater hosting capacity and away from congested areas. Nonetheless, if DOER does decide to proceed with an interconnection subtractor, Vote Solar encourages DOER to exempt behind-the-meter systems (especially smaller behind-the-meter systems of 25 kilowatts or less). The customers with behind-the-meter systems do not have the luxury of relocating their load to uncongested areas of the distribution system.

Vote Solar recognizes that an interconnection adder has the potential to promote solar development in urban areas. If the objective of the interconnection adder is to promote solar in urban areas, then Vote Solar thinks the idea merits additional consideration. Nonetheless, we think the hosting capacity maps need to be developed first before any consideration can be given to incentives layered on top of the maps. Vote Solar is happy to continue the conversation on this topic via additional DOER-led process.

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Consumer Protection

Vote Solar appreciates DOER putting forward a proposal for consumer protection. DOER's three-strike proposal⁵ is a very good starting point for consumer protection. Vote Solar believes that consumer protection is vitally important to ensuring that the benefits of solar flow through to consumers. Consumer protection is important for all customers, but especially low income customers. We hope that these comments are helpful in considering the implementation of consumer protection in SMART.

Vote Solar believes that a "strike" needs to be further defined. We recommend that DOER explicitly define a strike as an instance per customer. So, if a developer submits a batch of applications that contains three instances, then the developer is barred from submitting any new SMART applications for one year. Submitting a batch of applications should *not* be considered one instance. Developers must be vigilant when serving all customers, including actions by any contractors or sub-contractors on behalf of the developer. Stated differently, a developer must be held accountable for actions taken on behalf of the developer.

Vote Solar also thinks that DOER needs to further define the definition of an "applicant." While we believe that the vast majority of developers abide by the rules, we are worried that there is a potential loophole for unscrupulous actors. Specifically, Vote Solar is concerned that a "barred" applicant could change their name (*i.e.*, create a "new" company) and continue operations without penalty. While Vote Solar does not have a specific recommendation at this time, we encourage DOER to consider a process that takes into account not only the name of the barred applicant, but also the leadership of the applicant.

Specific to low income customers, Vote Solar is encouraged by the prospect of DOER reviewing contracts in order to ensure savings. We think this is a positive direction to protect low income customers. Nonetheless, Vote Solar recommends that DOER standardize the assumptions used to review contracts and ensure savings. For instance, DOER should publish the assumptions that will be used in the evaluation, such as the discount rate and escalation rate of future electricity prices. The assumptions need to be standardized in order to prevent contracts that – at some point – could be financially detrimental and ultimately have a net negative value for the low income customer.

Vote Solar also notes that the ensured savings for low income customers becomes even more difficult for on-site⁶ solar (compared to community shared solar). Unlike community solar, on-site solar includes future costs that the low income customer could incur. In order to account for these future costs and ensure that the low income customer is not left with an expense that they cannot cover, developers should be required to create a fund in order to cover the costs of: (1) future inverter replacement; (2) decommissioning costs; and (3) other incidentals. If the

⁵ The "three-strike proposal" is in reference to slides 25-26 of the 400 MW Review Presentation.

⁶ On-site solar is meant to include both behind-the-meter solar and residential scale solar that is on the customer's property but has a different utility account.

future costs for on-site solar are taken into account during the evaluation of the contract, then DOER can reasonably conclude that the contract is a net benefit for the customer.

Eligibility Updates- Community Shared Solar

Vote Solar is encouraged by the proposed eligibility updates for community shared solar, with a few caveats. First, the elimination of the customer disclosure requirement for anchor tenants makes sense. Anchor tenants will almost certainly have greater sophistication and a more intense review process, which obviates the need for customer disclosures.

Second, Vote Solar is concerned about EDC involvement in a competitive market. Vote Solar asserts that a monopoly enterprise should not be involved in a competitive market when the market is functioning effectively. As the participation rates in SMART demonstrate, low income community shared solar is underperforming, and there may be an opportunity for EDCs to facilitate the deployment of low income community shared solar. However, the facilitation should be restricted to low income community shared solar. Vote Solar recommends that any EDC proposal be reviewed on a case-by-case basis.

Third, Vote Solar supports eliminating the need for customer disclosures (at least as currently drafted) in situations where no contracts (a.k.a., no cost) are required. The only exception to this proposal is a requirement that customers be made aware that they will not be required to pay for the benefits they receive. Such a requirement will, hopefully, reduce the likelihood of customers being solicited to pay for these services in the future.

Finally, Vote Solar strongly supports the requirement that applicants must demonstrate compliance with a reserved adder when operational. The current lack of a compliance requirement introduced a lot of uncertainty into the future makeup of solar deployment in the Commonwealth; interested parties do not know how much of the reserved capacity for community shared solar and/or low income community shared solar will actually manifest. This result actually raises the possibility that much – if not all – of the currently reserved low income community shared solar will not operate as initially reserved, which could mean there is far less low income solar in SMART than currently appears. The current lack of a compliance requirement also exposes the potential that the adders have artificially declined too quickly. Vote Solar recommends that DOER consider an evaluation of the viability of the current adder levels.

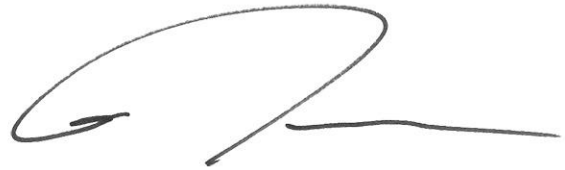
Conclusion

Once again, Vote Solar appreciates the opportunity to submit comments on the review of SMART. In addition to the joint comments that Vote Solar submitted, we have a few additional recommendations. First, Vote Solar supports the idea of promoting solar development in urban areas, and the Preferred Interconnection Adder/Subtractor might be an appropriate mechanism. Nonetheless, additional process is needed in the development of a Preferred Interconnection Adder/Subtractor. Second, Vote Solar strongly supports consumer protection

provisions in SMART. Third, Vote Solar generally supports eligibility updates to community shared solar, but some additional revisions are required.

Vote Solar looks forward to continuing to work with DOER and other interested parties on improving SMART. Vote Solar is available to answer any questions that DOER might have on our comments. Vote Solar sincerely thanks DOER for the opportunity to present our perspective. We look forward to working on this issue in the future.

Respectfully submitted this 27th day of September 2019 by:

A handwritten signature in black ink, consisting of a large, stylized 'N' followed by a horizontal line.

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