

Memo to: Mass DOER

RE: APS Straw Proposal: Solar Thermal

Date: 08-17-21

Thank you for creating your Straw Proposal for changes to the APS program. We appreciate your work to move the program forward and to help the Solar Thermal industry thrive. As you know, our industry has taken a big hit with the recent elimination of the MassCEC rebate and the crash of the AECs market. Restoration of the AECs market is essential for our industry to sell projects, provide jobs, and reduce fossil fuel usage for domestic water heating, space heating, process water heating, and pool heating. Solar Thermal is an integral technology in achieving electrification of buildings since it dramatically offsets fossil fuel loads and can include electric-based back-up systems. With regard to your proposed changes, please find our comments and recommendations below:

AECs Capacity

The Straw Proposal outlines an increase in the AEC limit from 1.5% to 2% in 2023 with future increases of ¼% a year. This small increase will be helpful but needs to be instigated as soon as possible in 2021 in order to restabilize the market. Also, if limits are approached, we suggest an amendment to quickly add more capacity at a lower rate. This can mimic Solar PV 'blocks', whereby if one block gets filled, a new block is introduced but at a lower incentive. For example, you could add an additional .5% capacity at 25% reduced incentive. This rolling limit would add some stability to the market.

Reporting & Pre-minting

When proposing new projects, we include AEC quantities and pricing to give system owners an estimate of their potential return on investment. If your reporting is done only once per year, and capacity has been reached, the market will be startled and it will result in a dramatic drop in AECs pricing. We would recommend quarterly reporting to help forecast out at least six months.

Also, in order to reduce volatility in the market, we recommend the option of buying pre-minted AECs six months in advance to create consistency between pricing shown in project proposals and the actual sales price.

Multipliers

Given our perception of proposed AEC pricing in the future, we believe the multipliers should be increased. Also considering natural gas is much cheaper than other fossil fuels, it makes sense to vary the multiplier according to fuel type. Our recommendation would be to increase the multiplier for natural gas to 10, and for oil, propane and electric to 6. As you suggest these multipliers would apply to all possible system offsets (DHW, space heating and pool heating).

System Sizing

In reducing the number of system sizes from three to two we recommend increasing the non-metered smaller system size to 1300 sq ft collector area, and for systems over 1300 sq ft a commercial meter would be required. Smaller systems would generate pre-minted AECs, while larger systems would require metering and quarterly reporting.

We appreciate your consideration and hope to continue this important discussion. Thank you for all you do.

Signatories:

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