

Commonwealth of Massachusetts
Executive Office of Energy and Environmental Affairs
DEPARTMENT OF ENERGY RESOURCES
DEPARTMENT OF AGRICULTURAL RESOURCES

SOLAR MASSACHUSETTS RENEWABLE TARGET PROGRAM
(225 CMR 20.00)

GUIDELINE

Guideline on Establishing SMART Compensation Rates

Effective Date: April 18, 2019

This document provides information on how Compensation Rates are set under unique circumstances that do not align with the criteria established in 225 CMR 20.07(3)(c) and the *Guideline on Capacity Blocks, Base Compensation Rates, and Compensation Rate Adders*. All capitalized terms are defined in 225 CMR 20.00.

The Department of Energy Resources (“Department”) clarifies that there are two situations under which the it may manually set the Compensation Rate of a Solar Tariff Generation Unit (“STGU”):

1. **Blended Rate:** Multiple STGUSs qualifying for different Compensation Rates that are being interconnected behind the same retail meter.
2. **Combined Rate:** If more than one standalone STGU is qualified on one parcel or across contiguous parcels and the combined capacity of the STGUs does not exceed 5MW AC, the Base Compensation Rate is established using the total combined capacity of the STGUs.

Blended Rate

Due to billing constraints, an Electric Distribution Company may not be able to read the meters for multiple systems that qualify for different Compensation Rates connected behind one retail meter.

In these instances, the Department will calculate a singled bended rate for each of the STGUs. A SMART Applicant should submit each individual STGU for qualification separately. The Department will then determine a unique, capacity weighted, blended rate, which will be the same on each Statement of Qualification for the systems in question. The blended rate will be based on the Total Compensation Rate (base and any applicable adders and/or subtractor) for each system but will be weighted based on the AC capacity of each system that will be connected behind the same retail meter.

Please note, this only applies to STGUs that qualify for an exception from the Project Segmentation rules and are behind the same retail delivery point as another STGU. The blending of the rates also only applies to the Base Compensation Rate and does not impact any Compensation Rate Adders that may apply.

Example A (two systems >25kW)

A 1 MW Building Mounted STGU is connected behind the same retail meter as a 500 kW Canopy STGU. The 1 MW Building Mounted STGU is eligible for a \$0.17/kWh Total Compensation Rate and the Canopy STGU is eligible for a \$0.25/kWh Total Compensation Rate.

Blended Total Compensation Rate= $[(500 \text{ kW} / 1500 \text{ kW}) * \$0.17] + [(1000 \text{ kW} / 1500 \text{ kW}) * \$0.25]$

Blended Total Compensation Rate= \$0.223/kWh

Example B (one system is <25 kW and one system is >25 kW)

In the instance where multiple systems that qualify for different Compensation Rates are connected behind one retail meter and receive different Tariff Terms due to their sizes, the Department will calculate a singled bended rate for each of the STGUs. A SMART Applicant should submit each individual STGU for qualification separately. The Department will then determine a unique, capacity and term length weighted, blended rate, which will be the same on each Statement of Qualification for the systems in question. The blended rate will be based on the Total Compensation Rate (base and any applicable adders and/or subtractor) for each system but will be weighted based on the AC capacity and Tariff Term length of each system that will be connected behind the same retail meter.

Example: A 100 kW Canopy STGU is connected behind the same retail meter as a 20 kW Building Mounted STGU. The 100 kW Canopy STGU is eligible for a \$0.315/kWh Total Compensation Rate for 20 years and the 20 kW Building Mounted STGU is eligible for a \$0.34/kWh Total Compensation Rate for 10 years.

Blended Total Compensation Rate=

First ten years: $[(100 \text{ kW} / 120 \text{ kW}) * \$0.315] + [(20 \text{ kW} / 120 \text{ kW}) * \$0.34] = \$0.319167/\text{kWh}$

Second ten years: \$0.315/kWh

Blended 20-year Total Compensation Rate = $(\$0.319167 + \$0.315) / 2 = \$0.31708/\text{kWh}$

Combined Rate

In the instance when there are two or more systems being installed on one parcel or across contiguous parcels, have a combined capacity that does not exceed 5MW AC, and do not meet one of the established exceptions to the project segmentation rules set forth in 225 CMR 20.05(5)(g), the Department may establish the Base Compensation Rate based on the combined capacity the STGUs. The Base Compensation Rate will not be calculated based on capacity for each individual STGU. The Base Compensation Rate will be calculated using the combined capacity of the eligible STGUs that are assigned to the Statement of Qualification. At the Department's discretion, and as part of the request for an exception to the project segmentation rules per 225 CMR 20.05 (5)(f)7, the Department may elect to use the following method to set the Base Compensation Rate:

- The applicant will be asked to submit a single application for the combined capacity installed on each of the parcel(s). The application must include an Interconnection Service Agreement for

each of the individual systems being included under the single application, which will be treated as a single STGU for qualification purposes.

- The applicant may be required to install a separate utility owned generation meter for each separate array.
- The Department will issue a single Statement of Qualification for a single STGU with a single Base Compensation Rate that would be calculated based on the combined capacity of the systems.